

**INDEPENDENT  
ACCOUNTANT'S AUDIT REPORT  
SOUTHEAST OKLAHOMA LIBRARY SYSTEM**

**JUNE 30, 2021**

BY



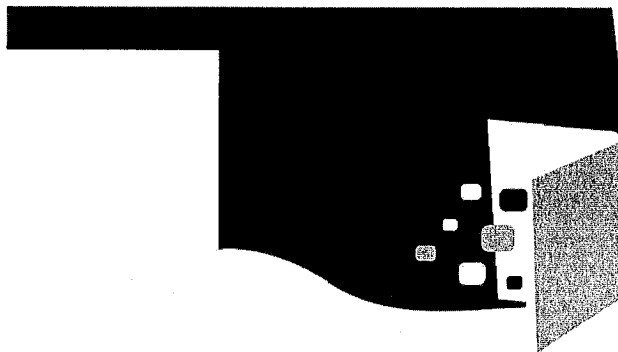
# Southeast Oklahoma Library System

McAlester, Oklahoma

Year Ended June 30, 2021

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# **SOUTHEAST OKLAHOMA LIBRARY SYSTEM**

Prepared by  
Michael Hull, Executive Director

Management's Discussion and Analysis  
Southeast Oklahoma Library System  
For Fiscal Year Ending June 30, 2021

August 12, 2021

Introduction

COVID. Politics. Opportunity. Those three words encapsulate almost the entirety of Southeast Oklahoma Library System's FY 2021. It was year full of frustrations, uncertainties, and unknowns. Yet, as the end of the year came closer it became more and more apparent that we had turned all of that into opportunities. I believe in future years we will even look back on FY 2021 as the most transformative and groundbreaking year for the library system this century.

Like everyone else, the COVID-19 pandemic hit us hard. At various times we closed multiple libraries as either the number of active cases necessitated closures or because so many staff had to quarantine that we could not keep doors open. Use of our services plummeted, save for the use of our downloadable content which exploded. But through it all we kept staff employed, avoided staff reductions, and experimented with new models. By the end of June all services had been restored and crowds began finding their way back into the libraries.

A greater threat to us than the virus sweeping through the nation was a small but potent political crisis. In spring of 2020 the Coal County Commissioners discussed placing a reduction of the library's ad valorem tax on the November ballot. Had they done so and been successful, I've no doubt similar actions would spread not only to other SEOLS counties but across the state, permanently crippling Oklahoma library systems. Thankfully, by the end of this fiscal year, a series of plans to increase library service in Coal County had begun and the commissioners expressed overall satisfaction with the situation. This crisis forced the organization to consider capital expenditures, expansion of outlets, and some reductions in service to balance expenses among member counties. While the immediate threat is passed and the future looks bright, much work remains in ensuring we do not find ourselves in a similar situation in the future.

That brings us to opportunity. The expansion of services described in the previous paragraph has lead to the purchase of a bookmobile, the potential for adding 16<sup>th</sup> library to our system, and the immediate updating of furniture in several SEOLS libraries. The way the Board thinks about SEOLS assets and SEOLS' role in updating libraries has evolved drastically in a very short period of time. Now, more than ever before, it feels as though this library system is poised to do whatever it takes to be a leader in our field.

I want to express both appreciation and gratitude to the Board of Trustees for the opportunity to continue serving them and this growing organization. The following pages will expand upon these brief summaries. I hope you will find as much encouragement in reading about the past year as I found writing about it.

Respectfully,

Michael Hull, Executive Director

## Governance

The majority of FY 2021 Board Meetings were conducted virtually. Normally we cannot meet virtually, but the state legislature passed two different temporary amendments to the Open Meeting Act in response to the pandemic that permitted virtual attendance by public bodies throughout most of the year. In November, the window between those two amendments, we could not obtain a quorum to meet.

The limitations imposed by COVID and the nature of virtual meetings made it extremely difficult to have deep, meaningful conversations in many meetings. This in no doubt contributed to the struggles retaining some trustees. We found ourselves searching for mid-year replacements in Broken Bow, Valliant, Talihina, and Idabel. Still, the Board managed to find a way to tackle major projects, discuss serious matters, and keep the organization moving forward.

In June Board Vice-Chair Miriam Costilow termed out. I will miss the wisdom and leadership Miriam brought to the board. Her voice and guidance will be sorely missed.

Fiscal Year 2021 Trustees were as follows:

<u>Board Member</u>	<u>Represents</u>	<u>Location</u>
Steve Bryant	City	Wister
Carol Burgess	City	Arkoma
Lori Chrestman	City	Wilburton
Miriam Costilow	City	Hugo
Martha Gann	County	Choctaw
Steve Harrison	City	McAlester
Marty Henson	City	Valliant
Don Holt	City	Stigler
Paulette LaGasse	City	Broken Bow
Richard Marrow	City	Talihina
Joy Maxwell	County	Haskell
Elise Mitchell	County	LeFlore
Cindy Munn	City	Hartshorne
Joe Pasquali	County	Coal
Betty Pollard	County	McCurtain
Lynn Robbins	City	Heavener
Jayna Santine	County	Pittsburg
Sarma Retchloff	City	Poteau
Les Silka	City	Spiro
Tina Thomas	City	Idabel
Cheryl Wood-Myers	County	Latimer
Joanne Verbridge	City	Coalgate

## FY 2021 Activities and Services in Review

I believe we would all find bizarre an apt adjective to describe the past year. The bizarre pandemic altered library services and forced many closures. Bizarre winter weather closed all SEOLS locations for nearly a week. Bizarre political pressure led to the purchase of a bookmobile, purchase of property, and plans to introduce a 16<sup>th</sup> library into the system. While many organizations would have balked or cowered in the midst of all of this pressure, SEOLS rose to the challenge and found ways to not only survive, but to thrive despite the tumultuous world we found ourselves living in.

We could not have come out on top as we have without our amazing team. Our leaders refused to let this organization lose hope or morale as we dealt with the most unusual times I hope any of us ever see in our lives. I wish to extend a special thanks to our core leadership team consisting of Business Manager Rhonda Tidwell, Regional Supervisors Linda Potts and Leslie Langley, Technical Services Librarian Miranda Wisor, Human Resources Officer Jo Hunt, and McAlester Manager Ellen Barlow.

I would be very remiss not to also spotlight administrative assistants Charlene McDonald and Ryan Ward who both work very hard to keep the inner workings clean and in motion. Their ability to focus on and maintain so many of the fine details frees me to handle bigger problems.

### **Name and Logo Change**

We started the new year with an official change to our name. The awkward Southeastern Public Library System of Oklahoma (SEPLSO) gave way to Southeast Oklahoma Library System (SEOLS) and a new logo. We scrambled for over six months making the official name change with banks, the IRS, and various governmental and banking institutions. Replacing the logo throughout the system remains a work in progress. Until you go through a logo change, you don't realize how much content contains your logo. Our new Marketing Coordinator is collecting a list of anything still containing the former name and logo as he walks through our various libraries. Hopefully within a few months of this writing the process will finally be complete.

Accompanying this change in identity, our new website launched in the fall of 2020. The new site offers mobile responsiveness, meeting room bookings, an integrated event calendar, and better navigation. We have received tremendously positive feedback on our website. At the recent Oklahoma Library Association, a library student seeking employment with us even commented that one of the reasons she wanted to work for us so strongly was because of how our website showed us to be an energetic, growing and thriving library system.

### **County Equity**

In FY 2020 our library system faced the direst threat in its history as the Coal County Commissioners recognized the surplus of ad valorem funds collected annually by the library system from their county and discussed offering voters the chance to reduce the library millage. As FY 2021 started SEOLS focused on more detailed tracking of individual library expenses and

creating plans to increase services in counties that have historically produced a surplus for the system while reducing expenses in counties that produced a deficit.

In our accounting we entered more details in the breakdown of expenses in order to more accurately record and report expenses by location. The information this improved reporting provides will allow SEOLS to better budget and plan for maintaining county equity – a task over which we must stay constantly vigilant. Tax payers do have the right to expect a balance of sorts between how much money we collect in their county and how much we spend. While that balance will never net a zero, it must fall within a reasonable margin so that voters feel they are receiving appropriate value from the library system. In FY 2022 the SEOLS Board should develop goals and methods to monitor this issue in the future.

In September the Board approved the purchase of a bookmobile. For SEOLS, a bookmobile represents a crucial method for delivery to our most rural customers. The largest portion of our bookmobile's time will be spent in Coal and Pittsburg Counties as a method to help bring balance to spending within our counties. Due to problems with supply chains, the delivery date of the bookmobile has currently moved from September to late December 2021.

In Pittsburg County we initiated a trial with the Quinton volunteer library, then designated as a reading center through SEOLS policies and agreements, to become the 16<sup>th</sup> SEOLS library. In March of 2022, both the SEOLS Board and the board of the Nelda Clark Myers Public Library (NCMPL) will consider allowing SEOLS to assume all operations of the library with NCMPL handling building maintenance and upkeep.

At the January 2021 Board Meeting, the SEOLS board approved major furniture upgrades at Coal County and Hartshorne Public Libraries. These projects will cost a total of \$180,000. Unfortunately, pandemic related supply restrictions prevented the installation of the furniture in FY 2021. The currently scheduled delivery time for both libraries falls in mid-September. In Hartshorne, our actions prompted the local city to seek a grant to replace the roof and carpet from Choctaw Nation while the Friends of the Library have invested in new paint. Even in Coal County, where concerns over county equity began for us, the commissioners expressed interest in investing in new carpet and paint for the library, even though they eventually decided not to follow through. As we invest and show ourselves to be partners with our communities, it spurs other local entities to at least consider making other investments and become partners in updating our libraries.

While we invested strongly in our two counties with historical surpluses, we also had to address our two counties with historical deficits, LeFlore and McCurtain Counties. Collections in McCurtain County have risen drastically in recent years with no signs of abatement. So while McCurtain County has historically operated in a deficit, their increasing collections have quickly closed that gap. With the greater detail we put into tracking individual library costs, FY 2021 showed McCurtain County as a net supporter of the library system. LeFlore County does not sit in such a comfortable position with its six libraries therein operating with a net loss of approximately \$350,000 each of the past many years. The Board therefore adopted an action plan in which we would reduce expenses by the end of FY 2022. Unfortunately, the only expense reductions that we can implement that make significant impact while allowing the

libraries to operate is personnel costs. So while the action plan did include reducing programming and material purchases, it mostly involved reducing staff positions at LeFlore County libraries. Fortunately, between December and March the staff reductions stated in the plan had occurred naturally. We transferred staff as positions came open while not filling others. Coincidentally, collections in LeFlore County increased by more than 10% over FY 2020. So while we will still have to be careful with LeFlore County expenses, the future looks much brighter for it than it did a year ago. The net loss for LeFlore County this past fiscal year was only \$160,000. Another year of strong collection in LeFlore County could resolve most of our issues there.

### **COVID-19 Impact**

The COVID-19 pandemic affected every aspect of library operations and services this past year. While Oklahoma did not reach some of the high rates seen in other states, we still found ourselves adjusting to a sometimes frightening world. The SEOLS Board chose to allow me as Executive Director to establish COVID protocols and to report on my decisions at SEOLS Board Meetings. As much as possible, I based my actions on two criteria. First, I monitored Center for Disease Control recommendations. Second, we monitored daily the number of active cases of COVID in each of our cities and counties. It was not until near the end of the fiscal year that we resumed most library services and restrictions to normal.

At year's end our only COVID restriction was that staff who had not received the COVID vaccination were required to wear a face covering and could not travel offsite.

### **Closures**

With the exception of Wilburton, COVID-related circumstances forced closures at all SEOLS libraries at some point in FY 2021. We monitored active cases by county and community daily in order to determine whether each library should open. In some instances, staff exposure to the virus forced us to close, and in others we closed because all of the staff in a location were quarantined. The majority of these closures occurred between August and September, with the last closure coming in January. As much as we could during these closures we continued to offer curbside service. New and strategically placed Wi-Fi access points ensured parking lots had sufficient coverage for customers.

### **Reduced Services**

Though it broke our hearts, we did not offer in person programs during most of FY 2021. We also removed many of our chairs and tables to reduce congregation within library buildings. We also closed meeting rooms so that the public could not book or use them until June. Although June, our first month back at mostly normal operations, was slow, foot traffic and use of rooms picked up tremendously in July 2021.

### **Board Meetings**

While temporary amendments to the Oklahoma Open Meetings Act allowed us to meet and approve business items virtually, the lack of face-to-face meetings left most meetings feeling disjointed and prevented newer members from obtaining the real experience and development that normally occurs. So while I do not look forward to difficulties we may encounter obtaining



a quorum this year, I do look forward to in person meetings. The one month in FY 2021 we could not meet virtually we failed to obtain a quorum (November). I do not expect the legislature to approve any further virtual amendments to the Open Meetings Act.

## **Buildings and Facilities**

### **Broken Bow**

The Broken Bow City Council approved \$140,000 for updating the library carpet, paint and window treatments in FY 2022. In our revised budget I will be proposing replacing the library's service desk in conjunction with the city's work.

### **Coalgate**

The SEOLS Board approved major furniture updates for Coalgate. We spent \$18,000 on shelves we received for adult fiction. The furniture bought with the remaining \$72,000 will arrive in September 2021.

### **Hartshorne**

The SEOLS Board approved major furniture updates for Hartshorne. This furniture will arrive in September 2021.

### **McAlester**

The City of McAlester decided this spring that patching the McAlester Public Library roof was no longer tenable. While waiting for the city to create a plan to replace the roof the library experienced major leaks. In June the McAlester City Council approved a bid to replace the library roof.

## **Long Range Plan**

Goals from the Long Range Plan took a back seat to circumstances created by the COVID pandemic and our county equity crisis. As the world returns to normal it is time to revisit our Long Range Plan in FY 2022.

## **Staff**

### **Broken Bow Library Manager**

In early June Tonya Schaefer resigned after 8 years of service. We recently completed our search process. Sherri Blake will start August 23<sup>rd</sup>, bringing with her 18 years of management and leadership knowledge that she received as a manager at the Broken Bow Wal-Mart.

### **Hartshorne Library Manager**

Cathy Tucker retired in July of 2020 after 22 years of service to the library system. Looking at the needs of the library we did not replace her position. Instead we promoted Cindy Bedford, who had been with us nearly 19 years, to assistant manager reporting to Regional Supervisor Leslie Langley. This arrangement has worked well as such a small library does not have many managerial requirements, particularly during COVID times. As traffic picks up we will move Cindy into the position of Library Manager I.

### **Hugo Library Manager**

Lila Swink retired in January of 2021 after 16 years of service to the library system. Unfortunately, Lila passed away shortly after her retirement. When looking to find her successor, we set our sights high, advertising in both professional library venues as well as locally. We thought we had a good chance of finding an MLS degreed librarian to step into the role, but if not we felt confident our good pay and benefits would attract someone local with a bachelors' degree and leadership experience. In reality, this proved to be the most challenging recruitment of my career. In four months we attracted only six candidates, none of whom qualified for the job. Just as I began to despair and consider lowering the position requirements we received two strong applications. We interviewed both, and though they were neck and neck, Bessi Black emerged as the top candidate. She accepted the position and started on May 25<sup>th</sup>. Bessi worked for several years with Texas Health and Human Services, receiving several promotions during her four years with them. Bessi has already made an impact and provided some much needed direction and stability to the library. We anticipate some great things to come from her in the future.

#### Talihina Library Manager

Lee Toliver resigned in January of 2021 after 15 years of service to the library system. Looking at the needs of the library we did not replace her position. Instead we promoted Ruth McClard, who had been with us for 13 years, to assistant manager reporting to Regional Supervisor Linda Potts. This arrangement has worked well as such a small library does not have many managerial requirements, particularly during COVID times. As traffic picks up we will move Ruth into the position of Library Manager I.

#### Administrative Assistant

In January I moved Ryan Ward, a Library Assistant in Poteau, to our central office and promoted him to an Administrative Assistant. Ryan has worked for the library system since 2015, but for years before then the City of Poteau employed him to work at the library. Ryan is incredibly intelligent and tech savvy, with high proficiency with tools such as Excel and video production software. He earned a bachelors' in accounting, though he stopped just short of earning his CPA credentials. In his new duties he directly assists the Executive Director and coordinates the library system's inventory. With the loss of Kameran Huggins and Lee Toliver, he assumed responsibility for assembling monthly report packets and coordinating IT work. Knowing that at some point we will need someone ready to succeed Charlene McDonald, who primarily handles accounts payable, we have also started teaching Ryan how to back Charlene up on assignments.

#### Marketing Coordinator

Kameran Huggins, our Consumer Technology Coordinator, possessed a broad and unique skillset. He could work extremely fast and juggle many projects ranging from IT to marketing. His unexpected departure in December of 2020 forced us to reconsider the organizational structure. Finding someone with Kam's skillset and proficiencies would be highly unlikely. I passed some of his duties to Ryan Ward, leaving me only the marketing duties to consider. It made sense to update our job titles and organizational chart in order to focus on creating a new Marketing Coordinator position.

We found ourselves very impressed with the applicants we received for this new position. We had a number of both internal and external candidates who could have created great graphic

content, but we had our sights set on finding someone capable of collaborating with staff while creating a comprehensive marketing plan for the library system. Eddie Gray, who had worked several years as the Tourism Director for the City of McAlester, fit the bill perfectly and started the job on April 19<sup>th</sup>.

Eddie has been widely accepted by the staff both for his enthusiastic personality and the high quality of material he produces. He thinks and works collaboratively and arrived just in time to help promote the summer reading program.

#### Other Positions

**Courier Driver** – We had been using two part-time workers to drive the courier van and deliver materials between our libraries. One of the drivers, Ira Sumner, could not return from medical leave in July. We went the next several months with a reduced delivery schedule, which worked just fine with our pandemic-reduced business. As traffic picked up and the reduced schedule struggled to meet the volume of deliveries, I considered how hard it had been to find drivers and decided to promote our single, part-time courier driver to full-time status in March.

**LeFlore Shuffling** – In order to meet the goals of our LeFlore County Equity plan, we considered ways to use every opening in LeFlore County libraries to reduce expenses. When Mary Michelle Turner, our Programs Coordinator, left in December, I promoted Spiro manager Shannon Elder part-time into the programs role as she continues to manage the Spiro library. When a Spiro part-time position opened, we moved an Arkoma part-time employee to Spiro. Another Arkoma part-time worker was transferred to Stigler and promoted to full-time when an opening occurred. Because of our creativity and staff flexibility, we have been able to meet all of the staff reductions listed in the LeFlore County Equity plan.

**COVID Related Staff Losses** – All across the country many workers decided to stay home with family, change careers, or to simply take a break. Many of the breaks have come as workers try to protect themselves or their families from COVID. SEOLS did not miss out on this impact. We had staff members all across the system that either resigned or asked for reduced hours in order to stay with family or take extra precautions against the pandemic.

#### Updates and Additions to Policies

Although we did not start the year with plans to update many policies, reading below will show that we ended up updating or creating numerous policies. We have now updated almost all operating policies within the past six years. Only two remain for us to update in 2022.

Updated September 15, 2021: Board Travel Policy

The Board approved reimbursement for overnight travel to meetings if a trustee's drive to a meeting is greater than 75 miles. The hope and intention is that trustee retention increases if this helps some trustees avoid night travel.

Added September 15, 2020: Emergency Executive Powers

The pandemic forced us all to think about emergency situations. This policy, borrowed from the Tulsa-City County Library, authorizes the Executive Director to declare an

emergency and to implement temporary practices, suspend policies, and make purchases in order to navigate the crisis until the next SEOLS Board Meeting.

Updated January 19, 2021: Fees and Charges Policy; Circulation Policy

With these policy amendments SEOLS went overdue fine free! I first broached this idea several years ago and received no support. This go around I carefully collected data, basically presenting the Board with a research paper narrating how eliminating overdue fines increases the rate of return on borrowed materials while increasing circulation. SEOLS still charges customers for lost and damaged items, but no longer do we make paying late fees a barrier to receiving library service. Immediately after approval staff received stories of members of the public who returned to the library after months or years-long absences because they could not afford small fines.

Added January 19, 2021: Criteria for SEOLS Library Facilities

With planning bookmobile service and considering accepting Quinton as the 16<sup>th</sup> SEOLS library, the Board approved this policy to provide guidance on the establishment of library service outlet. It also states SEOLS responsibilities toward each outlet type and SEOLS' expectations of local entities.

Rescinded March 23, 2021: Reading Centers Policy

With requirements and guidelines for reading centers (volunteer libraries supported by SEOLS) established in the newer Criteria for SEOLS Library Facilities Policy, this standalone policy no longer served any purpose.

Updated March 23, 2021: Vehicle Policy

At the behest of our insurance carrier, we tightened the language of this policy to restrict distracted driving by staff members as well as to clarify expectations for employees who drive a personal vehicle for SEOLS business.

Updated March 23 & June 15, 2021: Classification and Pay Policy

In March we updated the language of the policy to reflect current job titles and to eliminate language that referenced the already-accomplished implementation process. In June the Board voted to increase the tables by 1.5%.

Updated March 23, 2021: Internet Use Policy

We updated this policy to reflect current practice and requirements under USAC rules for E-Rate.

Updated May 18, 2021: Orientation of New Board Members

Updated to reflect current practices.

Updated May 18, 2021: Gifts and Donation Policy

We removed the word “gift” and focused solely on the term “donation.” The limit at which the SEOLS Board must formally accept a donation increased from \$2,500 to \$5,000. Language referencing donations to entities other than SEOLS was removed.

Updated May 18, 2021: Weather or Emergency Closings Policy

The policy now requires the local person in charge to try notifying the Executive Director before making a decision to close a library or office. New language emphasizes the importance of staff and public safety, including allowing the local staff person in charge to make an immediate call if safety is threatened. The process of notifying the public of emergency closures was updated.

Rescinded May 18, 2021: People Left after Closing Policy

Our Behavior Policy explicitly addresses unattended children. Our other policies and procedures do not allow staff to stay after closing with customers. With all possibilities for people left after closing addressed, this policy was redundant.

Updated June 15, 2021: Volunteer Recognition Policy

New language encourages managers to recognize volunteers throughout the year. Volunteers who work more than 12 hours a year are now eligible for a service award from the service award catalog that employees select anniversary gifts from.

Updated June 15, 2021: Personnel Files Policy

We updated language that restricts access to personnel files to only the administrative staff who need access during the scope of their duties. Trustees may now only access the files if and when they participate in a disciplinary review hearing for an employee.

## **Continuing Education**

Besides regular staff and managers meetings, usually conducted virtually, SEOLS continuing education ground to a near halt last year. The pandemic forced cancellations of public library certification classes through ODL, the Oklahoma and American Library Associations’ annual conferences, and more. Staff did attend a few webinars, but FY 2022 began with a great hunger and need for continuing education opportunities.

## **Furniture Projects**

Although we received \$20,000 worth of shelving for Coalgate, the bulk of the furniture the Board approved purchasing for Coalgate and Hartshorne (about \$160,000 worth) will not arrive until mid-September 2021. Problems with supply chains caused the bulk of this delay. However, we did learn quite a bit through these first attempts to update our libraries’ furniture. In future projects we will generally break the process into three parts. The first will focus on the service desk, often the most difficult selection and the most crucial to design. The second and third parts will focus on shelving and seating respectively. While the process may take longer, we can ensure we receive quality pieces that will last longer and create a more cohesive aesthetic in the end. This year we will tidy up the furniture needs in Coalgate and Hartshorne while starting the process in Valliant and Broken Bow. If the revised budget allows, we will also try to replace Spiro’s shelving.

## **Bookmobile**

In September 2020 the SEOLS board approved the purchase of a bookmobile. At that time the factory estimated a 12-month turnaround to delivery time. Unfortunately, supply issues, namely obtaining the chassis, created major delays. With any luck, we will receive the bookmobile in December 2021.

## **Central Services and Bookmobile Storage**

The purchase of the bookmobile resulted in a search for permanent storage for it. Unfortunately, by January we could not find any current locations we could purchase or rent large enough for our needs. In addition, the Board recognized that central services (Administration, Technical Services, and Marketing & Outreach) have long exceeded the capacity of the McAlester Public Library basement. The basement will also be needed for a pending remodel and expansion of the library. The Board therefore in March purchased a lot in north McAlester to construct a new facility for all of these purposes. Unfortunately, after the development of designs and architectural plans, high construction costs forced us to pause this project until at least fall 2021.

## **Weather Closures**

Once in a lifetime winter weather (we hope) bombarded Oklahoma and forced most SEOLS locations to close a week or more. We actually received hits from two different storm systems in February. The first brought several inches of snow. The second brought extreme freezing, snow and ice, knocking out power and water in several communities. Thankfully no SEOLS library experienced major damage.

## **Mobile Printing**

In the fall we made mobile printing available through our website. Customer may now use their personal computers or phones to send material to our libraries for printing.

## **Quinton Library Trial**

In March the Board approved the start of a one-year trial with the Quinton reading center (Nelda Clark Myers Public Library). The Quinton library recently built and moved into a new building. The foundation that has been operating it realizes that the best way to ensure this facility benefits their community is if SEOLS operates the library. We have provided a staff member, catalogued collection, and equipment with which to assess the usage of the library. SEOLS and the library foundation will come together again in March 2022 to discuss adding Quinton as the 16<sup>th</sup> SEOLS library.

## **Backyard Explorers and OSU Partnership**

A couple years back I began a casual partnership with Oklahoma State University on their spotty rain/citizen science initiatives. My hopes were that OSU would develop as a rich resource for program speakers, activities, and physical resources. In FY 2021 our McAlester program, Backyard Explorers, became involved with this relationship. Developed by Assistant Manager Heath Stanfield, this program encourages children to learn about nature. Heath and our virtual program team developed an amazing series of program videos as part of this program. The quality of these programs is astounding, and OSU leaped onto them. As part of their April

citizen science month initiatives, they partnered with us and promoted the Backyard Explorers program all across the country. The response, both locally for our program and national for OSU partnership with us, has been acclaimed. OSU and Heath will present on this partnership and program at the upcoming Association for Rural and Small Libraries conference as a preconference workshop. Soon librarians from all across the country will learn about the great program Heath developed, with some support from OSU.

### **December Break In**

On December 11<sup>th</sup>, 2020, a burglar forced his way into the McAlester Public Library basement (service center) after hours. Because the only door being monitored by security system at that time was the main glass door, no intruder alarm was triggered, leaving the thief several hours to leisurely remove items from the office to his stash. Security footage shows that he made several trips. While we filed a police report and submitted the video to the police, no arrest has yet been made.

The thief stole \$1,093 in cash from several money bags in Business Manager Rhonda Tidwell's Office, which he forced open. He also stole some laptops and tablet. The total value of SEOLS loss in cash and property was \$4,986. The perpetrator also busted the window into my office and stole over \$1,000 of personal items (a McAlester Rotary laptop I held onto for meetings and several collectibles off of my shelves).

That same night a different individual broke into the actual library in McAlester. How this thief got in and whether he was connected with the downstairs thief we do not know. He stole one tablet that we could identify.

After the incident SEOLS invested in a security system for the Service Center that consists of door and window sensors and panic buttons. Except for the event of a power outage, a repeat of these events could not happen without the police receiving notification.

### **Oklahoma Library Association Leadership**

This spring I was honored when the Oklahoma Library Association membership elected me as treasurer for the next two years. In addition to monitoring the financial transactions of the association, I now serve on OLA's executive board. I am excited with the opportunity to represent SEOLS and affect changes that benefit our library system through this position. The president-elect is Tim Miller, the director of Western Plains Library System. Together, over the next two years we will bring an unprecedented representation from rural library systems to the association.

## Financial Discussion and Analysis of Fiscal Year 2021<sup>1</sup>

We began FY 2021 uncertain of how the pandemic would affect our ad valorem collections. With the courthouses often closed, would citizens mail in their tax payments? Would property owners, feeling an economic crunch, have the money to make their tax payments? Would several major protests by businesses to their taxes end favorably for us? The FY 2021 budgets took an extremely conservative approach to budgeting. In hindsight, this seems laughable as our collections exceeded budget projections by more than \$250,000.

Greatly reduced expenses due to the pandemic aided our bottom line. Our banking accounts and investment balances increased from \$6,099,186 on June 30, 2020 to \$6,625,677 on June 30, 2021. That's a growth of \$526,491. At the beginning of May our cash and investment balances sat at an all-time high of just over \$7 million. Thankfully the Board has initiated several projects to use this money wisely and constructively. We still have nearly \$200,000 to pay toward the bookmobile when it arrives, and we expect our central services and bookmobile site to cost \$1.5 million. The furniture ordered last year and scheduled for delivery this September will cost an additional \$160,000.

### **Revenue**

SEOLS receives the majority of its funding from a voter-approved millage levy (ad valorem tax). We currently receive 4 mills in each of our seven counties, which accounts for 98% of our income. Besides ad valorem funds, SEOLS' notable income types include state aid, fees and charges, and interest. We will typically receive minor revenues in the form of donations or grants that typically carry with them restrictions for use and must be spent within a specified timeframe.

#### **Ad Valorem**

FY 2021 saw SEOLS' ad valorem collections grow, despite the troubled economy, from \$5,042,549 to \$5,417,372 (7.43%), exceeding budget projections by \$270,000 (5.26%). Most exciting to see was growth in Latimer County, whose revenues had declined in my first several years with SEOLS, and for LeFlore County's collections to grow by 13% year over year (\$140,000). Hopefully FY 2022 will see continued growth in both counties' collections. If LeFlore County can experience two more years of similar growth, it will have addressed any of our concerns with county equity for their county.

#### Fiscal Year 2020 to Fiscal Year 2021 Ad Valorem Comparison

	FY 2020	FY 2021	Variance	
	Amount Received	Amount Received	\$	%
Choctaw	\$311,147.08	\$334,682.43	\$23,535.35	7.56%
Coal	\$445,657.03	\$475,130.37	\$29,473.34	6.61%
Haskell	\$282,096.56	\$285,991.67	\$3,895.11	1.38%
Latimer	\$252,671.95	\$262,710.57	\$10,038.62	3.97%
LeFlore	\$1,077,135.04	\$1,217,306.19	\$140,171.15	13.01%
McCurtain	\$1,024,496.69	\$1,105,820.21	\$81,323.52	7.94%
Pittsburg	\$1,649,344.62	\$1,735,730.51	\$86,385.89	5.24%
Total	\$5,042,548.97	\$5,417,371.95	\$374,822.98	7.43%

<sup>1</sup>Numbers used reflect our CPA's end-of-year work and not any additional adjustments made by our auditor.



#### State Aid Grant

All Oklahoma public libraries that meet the public hours and service requirements of the Oklahoma Department of Libraries (ODL) receive state aid grants each year. The money ODL uses to fund these grants comes from a combination of state appropriations and funds received from the Institute of Museum and Library Services (IMLS). ODL then distributes these funds based upon a formula using population and community size. State aid grant money cannot be spent on capital improvements or replacements, and annually we must report what we used the money for. SEOLS used its FY 2021 state aid (\$89,864) to purchase online databases.

Within our FY 2021 budgets we drastically reduced the amount of state aid due to fears state budget woes would severely impact appropriations. Thankfully those fears proved unfounded and state aid decreased by only \$3,000 from the previous year. A relatively stable revenue base for the state means state aid in FY 2022 should remain flat.

Despite my optimism for the current state of this funding source, I still believe it highly likely that it could face drastic reductions or even elimination in future years.

#### Fees and Charges

Fees and charges encompasses anything for which we could charge customers, from overdue fines to copy charges. Although a relatively small portion of our budget, these fees indicate quite a bit of activity when you consider how many 10 cent copies it takes to get into thousands of dollars. Many people do not realize the volume of faxing we do for the public either; in our rural areas, home health care providers who must fax their reports have nowhere else to go. Prior to COVID, we have saw annual declines in fees and charges in the amount of \$4,000-\$5,000 as the world embraced more digital transactions. During COVID, the fees and charges we collected greatly decreased.

Not all of the decrease this year can be lain at COVID's feet. In January the Board eliminated overdue fines for books returned in useable condition. This doubtless had an impact in our collections of at least a few thousand dollars.

Despite the oddity of this year's operations and the elimination mid-year of overdue fines, I found the \$47,000 brought in through fees and charges very encouraging.

#### Interest

At all of our meetings this year I expressed disappointment with the incredibly low interest rates available through certificates of deposit. In the spring, rates were so low that we moved most of our money into our money market account as certificates matured. To no one's surprise, our interest revenue from FY 2020 to FY 2021 dropped by nearly 50% to \$30,000. We should expect similar earnings in FY 2022.

#### Grants and Donations

While SEOLS received almost no designated donations or grants, the libraries received a very healthy amount of undesignated donations. The bulk of this came from the sale of used books through Thriftbooks, a vendor who accepts our discarded books, then sells them and returns to

SEOLS a portion of the sale. We have not weeded as heavily in recent months so we expect the Thriftbooks income to settle down moving forward.

## Expenses

We took precautions not to spend money just to spend it during this COVID-plagued year. We did not fill some positions until foot traffic picked up (some we still have not filled), we did not travel to any continuing education activities, and offered far fewer programs than we typically do. As a result, all expenses fell far within budget expectations by more than \$260,000.

### Payroll Expenses

As stated above, we delayed filling several positions throughout the year. When possible, we took advantage of open positions to move staff around in accordance with our LeFlore County Action Plan in order to reduce expenses. Since this is by far our largest expense, we created massive savings. Even after the auditor adjusts the final payroll, we will have come under budget for personnel costs by around \$200,000.

During most of the year we realized some savings with payroll tax credits created under the Families First Corona Response Act. When an employee took time off under the act's provisions, we received payroll tax credits totaling 66-100% of their wages. We did not exercise the option to extend the FFCRA protections to staff beyond March 2021.

### Public and Technical Services

This budget expense category typically pushes the limit due to summer reading. However, with no paid performers for summer reading and only a handful of in person programs, we simply did not spend near as much as we normally do on special programs.

### Operating Expenses

While our final budget vs actual for the year report shows \$300,000 not spent beneath the operating expenses budget, \$160,000 of that was furniture that was delayed in delivery to Coalgate and Hartshorne. Our biggest savings otherwise came from a lack of travelling (both for internal business and for continuing education), and a staff turnover that did not allow time to expend all of the marketing budget.

### Informational Materials Expenses

Technical Services Librarian Miranda Wisor tried her best to spend all of the materials budget. Unfortunately, publisher delays and title cancellations made predicting what would arrive FY 21 vs FY 22 impossible. That fact that we spent over 90% of the materials budget is a testament to her hard work to maximize the budget and get what was available.

### Capital Expenses

In September the Board authorized the purchase of a bookmobile from Farber Specialty Vehicles. Upon signing the contract, we paid Farber a \$76,000 down payment.

### Property Purchase

In March the Board approved the \$140,000 purchase of a lot in north McAlester on which to construct a central services office and bookmobile center. We have since proceeded with developing architectural plans but find ourselves paused while waiting for constructions costs to stabilize.

## County Equity

The largest concern for the Board of Trustees in the coming years should be monitoring and adjustment of expenses based upon county equity. The term county equity has become our key buzz word. It means simply that a reasonable balance exists between how much ad valorem we collect in each county and how much we spend. While we never expect these numbers to balance (that's simply not how government works), we want the ability to assure concerns citizens and political figures that SEOLS is wisely handling their money and that taxpayers receive a solid return on their investment into the library system.

### Direct Costs

This year we took shared expenses and broke them down to the most local levels possible. The methodology for breaking down these expenses varied based on the expense. So for downloadable books, we broke it down as a direct expense to each library based on their number of active cardholders. If our marketing coordinator ordered pamphlets, he broke it down so it could reflect as a direct expense to each library based on how many they received. So the direct costs shown in the table below include both expenses made just for that county and the shared portion.

### Shares

A few costs could not be broken down as efficiently, such as costs for the Administration department for example. After year's end our accountant made an adjustment splitting the Administration department's expenses as an administrative share applied to each county (based on their overall percentage of total direct costs). The salaries for the Marketing and Technical Services departments provided equivalent challenges, so we had the accountant adjust them as shared expenses as well.

	<u>Choctaw</u>	<u>Coal</u>	<u>Haskell</u>	<u>Latimer</u>	<u>LeFlore</u>	<u>McCurtain</u>	<u>Pittsburg</u>
Direct Costs	\$263,090	\$244,400	\$199,648	\$207,203	\$962,887	\$730,216	\$855,761
Administrative Share <sup>1</sup>	\$73,576	\$65,570	\$52,031	\$53,698	\$263,963	\$198,381	\$214,352
Marketing & Outreach Share <sup>2</sup>	\$10,571	\$4,530	\$10,571	\$10,571	\$58,897	\$21,142	\$34,734
Technical Services share <sup>3</sup>	\$22,264	\$19,897	\$20,380	\$16,566	\$95,939	\$57,798	\$81,165
Total Costs	\$369,502	\$334,399	\$282,631	\$288,039	\$1,381,688	\$1,007,539	\$1,186,014
Ad Valorem	\$334,682	\$475,130	\$285,991	\$262,710	\$1,217,306	\$1,105,820	\$1,735,730
Surplus/Deficit	-\$34,820	\$140,731	\$3,360	-\$25,328	-\$164,382	\$98,280	\$549,716

<sup>1</sup> Includes all of the costs for the library system's administration department, board expenses, and any other costs involved in the administration of the library system.

<sup>2</sup> Mostly the salary share of our marketing coordinator. Split according to estimates of his time spent working for projects at each county.

<sup>3</sup> Mostly the salaries of the Technical Services Librarian, Cataloger, Assistants, Interlibrary Loan, and Courier Driver. Split according to the number materials purchased for each county in FY 2021.

## Balance

Considering that this was the first year we tried to accurately track and actively bring balance to expenses, I was satisfied with the result. Choctaw, Haskell and Latimer Counties fell close to balance. In previous years using different methodologies to allocated shared costs, McCurtain County fell in the negative. This year, for the first time, we reflect a very healthy surplus for McCurtain County. This leaves us with only three “problem” counties.

We know LeFlore County has operated heavily with surplus from other counties for several years. Past years with past allocations showed a deficit of \$350,000 or more. This year, between different methodology for allocations, strategic consolidation and elimination of expenses, and greatly increased ad valorem collections, that deficit was only \$160,000. We hope ad valorem continues to grow strongly so that the county’s expenses approach closer to neutral.

Coal County has been one of our two net supporter counties, and recently the most vocally concerned about such. While the \$140,000 surplus is much higher than we wanted, I am actually very pleased with how we have closed the gap this year. That number would have been \$80,000 less had we received our furniture delivery within the fiscal year. We also did not fill a part-time position for most of the year due to reduced operations. These two expenses would have brought the surplus number closer to \$40,000. Factor in that direct expenses were also down due to COVID, we should be proud. In FY 2022 adding the bookmobile and hopefully one or two Wi-Fi centers should help us to bring recurring service expenses that help with the equity. I feel we will still need to consider other services we can provide to create more recurring expenses to fully address equity in the coming years.

Pittsburg County remains the largest anomaly in terms of county equity. The surplus of over \$500,000 should concern every SEOLS trustee. While adding Quinton as a SEOLS library and operating a bookmobile should bring that number down, the reality is that we will still need to find additional services or projects on which to spend more money. In the coming months I and McAlester Trustee Steve Harrison will present a proposal through which SEOLS could contribute to the McAlester library remodel. Such a proposal would create an immediate plan to spend more money while making a significant investment in Pittsburg County.

## FY 2022

We start FY 2022 with multiple large projects to juggle: receiving furniture in Coalgate and Hartshorne, soliciting furniture for Valliant and Broken Bow, receiving and launching bookmobile service, constructing the central services and bookmobile center, soliciting an organizational effectiveness study, leading the McAlester library remodel campaign, and continuing to navigate a worldwide pandemic. Despite the excitement and energy behind all of these projects, the matter of county equity must maintain its status as our top priority.

Coal County Commissioners expect us to follow through on our promise to address the situation. Other political and community leaders are starting to take notice. We took great initial steps in addressing the issue this past year, but we must continue to strategically plan for the future.

We expect collections, as a whole, to continue steady growth. However, if valuations for LeFlore County do not demonstrate another year of strong growth, we may find it necessary to consider more cuts among LeFlore County libraries. Fortunately, I believe creative solutions can be found that allow us to avoid considering closures or mass layoffs.

By mid-year we should have started serious discussions and drafted tangible plans for increasing services and expenses in Pittsburg County. Pittsburg equity looms as the biggest threat to the system.

Overall, we should all take delight in the many projects and evolutions in the works for SEOLS libraries. We have a healthy balance sheet, phenomenal staff, and plans to bring our libraries into the 21<sup>st</sup> century. Few organizations, let alone libraries, currently sit in a position to accomplish as much as we are planning to accomplish in the coming years.

### Summary

Fiscally we could never have hoped for a better year than we had in FY 2021. But 2021 will be an aberration. Expenses will shoot up dramatically in FY 2022 as we strive to move beyond COVID limitations and the bills come in for the furniture and bookmobile we have ordered. We have sufficient reserves to continue investing in these kinds of projects, but we must make those investments with county equity in mind. In short, we must not allow ourselves to go on wild shopping sprees, but now is the time to invest in bold and innovative projects.



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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Southeast Oklahoma Library System  
McAlester, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and the discretely presented component units of the Southeast Oklahoma Library System (formerly Southeastern Public Library System of Oklahoma), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the discretely presented component units of the Southeast Oklahoma Library System, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-1 thru A-17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Budgetary Comparison Schedule on pages 20-22 and the Notes to the Required Supplementary Information on page 23 are also presented according to Governmental Accounting Standards Board requirements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule and Notes to the RSI are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The combining nonmajor fund financial statements and grant schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the grant schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the grant schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2021, on our consideration of the Southeast Oklahoma Library System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

*Furrh & Associates, PC*  
**F**URRH & **A**SSOCIATES, PC

Lawton, Oklahoma  
September 9, 2021



# **Southeast Oklahoma Library System**

**McAlester, Oklahoma**

## **Statement of Net Position**

**June 30, 2021**

### **Current Assets**

Cash and Cash Equivalents	\$ 5,949,764
Investments	5,270,805
Ad Valorem Tax Receivable	84,158
Accounts Receivable	447
Prepaid Assets	<u>34,469</u>

Total Current Assets \$ 11,339,643

### **Other Assets**

Fixed Assets, Net of Accum Depr.	<u>479,386</u>
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Total Other Assets 479,386

**Total Assets** \$ 11,819,029

### **Liabilities**

Compensated Absences Liability	\$ 149,931
Accrued Salaries	77,675
Accounts Payable	<u>19,903</u>

Total Liabilities \$ 247,509

### **Net Position**

Invested in Capital Assets, Net of Debt	479,386
Restricted	1,236,260
Unrestricted	<u>9,855,874</u>

Total Net Position 11,571,520

**Total Net Position and Liabilities** \$ 11,819,029

Please see accompanying notes to the financial statements.

# Southeast Oklahoma Library System

## McAlester, Oklahoma

### Statement of Activities Year Ended June 30, 2021

		Program Revenues		Net (Expense) Revenue & Changes in Net Assets		
Primary Government	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business Type Activities	Total
Governmental Activities:						
Operating Expenses	\$ 1,857,644	\$ 47,529	\$ 0	\$ (1,810,115)	\$ 0	\$ (1,810,115)
Personnel Services	3,222,279	0	0	(3,222,279)	0	(3,222,279)
Informational Materials	709,621	0	255	(709,366)	0	(709,366)
Public & Technical Services	175,922	0	0	(175,922)	0	(175,922)
Total Governmental Activities	\$ 5,965,466	\$ 47,529	\$ 255	\$ (5,917,682)	\$ 0	\$ (5,917,682)
<u>General Revenue</u>						
				5,406,664	0	5,406,664
				1,259,301	0	1,259,301
				89,864	0	89,864
				30,346	0	30,346
				29,954	0	29,954
				1,369	0	1,369
				946	0	946
				6,818,444	0	6,818,444
<u>Change in Net Position</u>						
				900,762	0	900,762
<u>Net Position, June 30, 2019</u>						
				10,670,758	0	10,670,758
<u>Net Position, June 30, 2020</u>						
				\$ 11,571,520	\$ 0	\$ 11,571,520

Please see accompanying notes to the financial statements.

# **Southeast Oklahoma Library System**

## **McAlester, Oklahoma**

### **Balance Sheet**

#### **Governmental Funds**

**June 30, 2021**

	<b>General Fund</b>	<b>Pension Fund</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>			
Cash in Bank - Operating Account	\$ 111,596	\$ 0	\$ 111,596
Cash in Bank - Sweep Account	5,838,168	0	5,838,168
Investments	700,049	4,570,756	5,270,805
Ad Valorem Tax Receivable	84,158	0	84,158
Accounts Receivable	447	0	447
Prepaid Assets	34,469	0	34,469
Fixed Assets	1,957,384	0	1,957,384
Accumulated Depreciation	(1,957,384)	0	(1,957,384)
Total Assets	<u>\$ 6,768,887</u>	<u>\$ 4,570,756</u>	<u>\$ 11,339,643</u>
<b><u>Liabilities</u></b>			
Compensated Absences Liability	\$ 149,931	\$ 0	\$ 149,931
Accrued Salaries	77,675	0	77,675
Accounts Payable	19,903	0	19,903
Total Liabilities	<u>247,509</u>	<u>0</u>	<u>247,509</u>
<b><u>Fund Balance</u></b>			
Nonspendable	34,469	4,570,756	4,605,225
Restricted	31,627	0	31,627
Committed	1,204,633	0	1,204,633
Assigned	2,109,000	0	2,109,000
Unassigned	3,141,649	0	3,141,649
Total Fund Balance	<u>6,521,378</u>	<u>4,570,756</u>	<u>11,092,134</u>
Total Liabilities and Fund Balance	<u>\$ 6,768,887</u>	<u>\$ 4,570,756</u>	

Please see accompanying notes to the financial statements.

**Southeast Oklahoma Library System**  
**McAlester, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

Fund Balances

Amounts Reported for Governmental Activities in the  
Statement of Net Position are different because:

Capital Assets Used by Governmental Activities of \$1,957,384  
Net of Accumulated Depreciation of \$1,477,998 are not financial  
resources and, therefore, are not reported in the funds.

479,386

Net Position of Governmental Activities

\$ 11,571,520

Please see accompanying notes to the financial statements.

**Southeast Oklahoma Library System**  
**McAlester, Oklahoma**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2021**

	<b>General Fund</b>	<b>Pension Fund</b>	<b>Total Governmental Funds</b>
<b><u>Revenue</u></b>			
Ad Valorem Tax Revenue	\$ 5,406,664	\$ 0	\$ 5,406,664
State Aid	89,864	0	89,864
Branch Library Income	47,529	0	47,529
Investment Income	30,346	838,862	869,208
Donations	29,954	0	29,954
Surplus Sales	1,369	0	1,369
Insurance Proceeds	946	0	946
Grant Income	255	0	255
Employee (er) Contributions	0	420,439	420,439
Total Revenue	5,606,927	1,259,301	6,866,228
<b><u>Expenditures</u></b>			
Personnel Services			
Salaries and Wages	2,351,646	0	2,351,646
Retirement Costs	285,023	0	285,023
Employee Insurance	424,239	0	424,239
Payroll Taxes	161,371	0	161,371
Total Personnel Services	3,222,279	0	3,222,279
Informational Materials			
Branch Information Materials	410,545	0	410,545
Downloadables	136,264	0	136,264
Databases	130,381	0	130,381
Grant and Donation Expenses	32,431	0	32,431
Total Informational Materials	709,621	0	709,621
Public and Technical Services			
Technical Services	140,236	0	140,236
Program Fees, Supplies & Travel	35,686	0	35,686
Total Public & Technical Services	175,922	0	175,922

Please see accompanying notes to the financial statements.

**Southeast Oklahoma Library System**  
**McAlester, Oklahoma**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2021**

<u><b>Expenditures (cont.)</b></u>	<u><b>General Fund</b></u>	<u><b>Nonmajor Governmental Funds</b></u>	<u><b>Total Governmental Funds</b></u>
Operating Expenses			
Capital Outlay	\$ 137,942	\$ 0	\$ 137,942
Revaluation Fees	96,667	0	96,667
Computer Expense	74,445	0	74,445
Automation	66,686	0	66,686
Equipment Expense	54,945	0	54,945
Insurance	42,273	0	42,273
Professional Fees	41,694	2,195	43,889
Supplies	39,320	0	39,320
Telephone and Internet	37,983	0	37,983
Human Resources Expense	28,649	0	28,649
Marketing	21,238	0	21,238
Audit Expense	16,986	0	16,986
Vehicle Expense	13,515	0	13,515
Travel	12,590	0	12,590
Miscellaneous Expense	10,153	0	10,153
Postage and Freight	9,123	0	9,123
Furniture Expense	5,919	0	5,919
Memberships	4,675	0	4,675
Professional Development	4,595	0	4,595
Utilities	3,904	0	3,904
Withdrawals / Distributions	0	1,132,147	1,132,147
Total Operating Expenses	<u>723,302</u>	<u>1,134,342</u>	<u>1,857,644</u>
Total Expenditures	4,831,124	1,134,342	5,965,466
Revenue Over (Under) Expenditures	775,803	124,959	900,762
Fund Balance, June 30, 2020	<u>6,224,961</u>	<u>4,445,797</u>	<u>10,670,758</u>
Fund Balance, June 30, 2021	<u><u>\$ 7,000,764</u></u>	<u><u>\$ 4,570,756</u></u>	<u><u>\$ 11,571,520</u></u>

Please see accompanying notes to the financial statements.

# **Southeast Oklahoma Library System**

## **McAlester, Oklahoma**

### **Notes to Financial Statements**

**Year Ended June 30, 2021**

#### **Note 1 – Summary of Significant Accounting Policies**

The Southeast Oklahoma Library System (the System, formerly Southeastern Public Library System of Oklahoma) is a multi-county quasi-governmental organization under Title 65 (Multi-County Act) of the Oklahoma Statutes. The System was established in the late 1960's when four counties voted to approve ad valorem taxes to support the multi-county library system. Today, the System has fifteen (15) libraries operating in seven (7) counties. The System is governed by a board of trustees who are appointed by the city and county commissioners for the respective communities or counties they represent. The following counties are represented: Choctaw, Coal, Haskell, Latimer, LeFlore, McCurtain and Pittsburgh. The following cities are represented: Arkoma, Broken Bow, Coalgate, Hartshorne, Heavener, Hugo, Idabel, McAlester, Poteau, Spiro, Stigler, Talihina, Valliant, Wilburton, and Wister.

For financial reporting purposes, the System includes all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the System's executive or legislative branches. Control by or dependence on the System was determined on the basis of oversight responsibility, scope of public service, and special financing relationships. Oversight responsibility includes financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

The Southeast Oklahoma Library System keeps its records and prepares its financial statements on the accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available.) "Measurable" means the amount of the transaction can be determined; and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

Purchases of all materials and supplies are charged to operations in the period in which purchases are made. Amounts of inventories on hand are not considered material and are not included in the financial statements.

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The System is a multi-county quasi-governmental organization under the laws of the State of Oklahoma. As a library system (a political sub-division of the State of Oklahoma), the System is exempt from federal and state income taxes.

# **Southeast Oklahoma Library System**

## **McAlester, Oklahoma**

### **Notes to Financial Statements**

**Year Ended June 30, 2021**

#### **Note 2 – Fund Accounting**

The accounts of the System are organized on a basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the financial statements and are classified as governmental, proprietary, and fiduciary fund types. The following fund types are used by the System.

#### **Governmental Fund Types**

General Fund – The general fund is the primary operating fund of the System. It is used to account for all financial resources except those required to be accounted for in another fund. All general operating revenues not restricted as to use are recorded in the general fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue resources that are legally or administratively restricted to expenditures for specific purposes. The System's current special revenue fund include:

#### **Pension Fund**

According to GASB 54, fund balances in the Governmental Funds are to be properly reported within one of the fund balance categories below:

1. Nonspendable – Nonspendable funds are associated with inventories, prepaid assets, and long-term receivables.
2. Restricted – Restricted funds are associated with amounts that only can be spent for specific purposes as stipulated by the bylaws, granting agencies, or enabling legislation.
3. Committed – Committed funds are associated with amounts that only can be spent for specific purposes as determined by a formal action of the Board of Trustees.
4. Assigned – Assigned funds are associated with amounts that can be spent for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – An unassigned fund is the residual classification for the System's general fund and includes all spendable amounts not contained in the other classifications.

#### **Proprietary Fund Types**

Enterprise Fund – The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises.



**Southeast Oklahoma Library System**  
**McAlester, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2021**

Fund balances in the Proprietary Funds are to be properly reported within one of the fund balance categories listed below:

1. Invested in Capital Assets, Net of Related Debt – These funds are associated with capital assets minus any notes payable.
2. Restricted – Restricted funds are associated with amounts that only can be spent for specific purposes.
3. Unrestricted – An unrestricted fund is the residual classification for the System's enterprise fund and includes all amounts not contained in the other classifications.

**Note 3 – Budgetary Accounting**

The System's budgetary accounting procedures are discussed in the notes to the required supplementary information.

**Note 4 – Cash and Cash Equivalents**

Cash and cash equivalents include the following accounts:

The Bank - Money Market Account	\$ 5,838,168
The Bank - Operating Account	<u>111,596</u>
	<u><u>\$ 5,949,764</u></u>

The cash on deposit with The Bank, is not only covered by FDIC insurance (up to \$250,000) but also a collateral pledge of \$7,200,000 to cover deposits in excess of the FDIC coverage.

The System's cash, deposits, and investments are classified in the following categories:

- A. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- B. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- C. Uncollateralized.

# **Southeast Oklahoma Library System**

## **McAlester, Oklahoma**

### **Notes to Financial Statements**

**Year Ended June 30, 2021**

	<u>A</u>	<u>B</u>	<u>C</u>	<u>Total</u>
Cash	<u>\$ 5,949,764</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,949,764</u>

#### **Note 5 – Investments**

The System invests \$700,049 in Certificate of Deposits at the multiple banks. The interest rates vary from 0.70% to 2.10%. The interest pays on various schedules that range from monthly to maturity. The maturity dates range from 49 days to 6.5 months.

#### **Note 6 – Ad Valorem Taxes Receivable**

Multiple counties owe the System outstanding ad valorem taxes. As of June 30, 2021, the amount owed is \$84,158. These funds are expected to pay within the next 12 months.

#### **Note 7 – Prepaid Assets**

Prepaid assets include the unamortized portion of the annual expense for the following:

Prepaid Automation	\$ 16,757
Prepaid Insurance	9,940
Prepaid Computer Equipment & Software	5,973
Prepaid Air Medicare	740
Prepaid Operating	569
Prepaid Downloadable Materials	490
	<u>\$ 34,469</u>

#### **Note 8 – Fixed Assets**

All capital assets acquired prior to June 30, 2004 were considered to be fully depreciated. All fixed assets acquired before June 30, 2004 were valued at historical cost or estimated historical cost if actual historical cost was not available. Amounts were recorded for fixed asset purchases, for control purposes, with a corresponding amount recorded in the accumulated depreciation account. Donated assets were valued at their estimated fair market value as of the date donated.

# **Southeast Oklahoma Library System**

## **McAlester, Oklahoma**

### **Notes to Financial Statements**

**Year Ended June 30, 2021**

Current year changes in fixed assets were as follows:

	Property, Plant and Equipment	Accumulated Depreciation
Balance as of 07/01/2020	\$ 1,695,837	\$ 1,393,557
Additions	261,547	84,441
Disposals	0	0
Balance as of 06/30/2021	<u>\$ 1,957,384</u>	<u>\$ 1,477,998</u>

#### **Note 9 – Accrued Payroll and Compensated Absences**

The System accrues a payroll liability and a liability for vacation pay or other compensated absences. The cost is recognized when a claim is made for the accrued compensation by the employee. The amount of earned unpaid payroll and earned unpaid compensated absences liability at June 30, 2021 was approximately \$77,675 and \$149,931, respectively.

#### **Note 10 – Assigned Fund Balance**

The governing board has set aside a portion of the fund balance for replacement reserve accounts. The assigned fund balances for these purposes as of June 30, 2021 were as follows:

Building Construction	\$ 1,500,000
Vehicle Replacement	176,000
Furniture Replacement	170,000
Building Maintenance	113,000
Endowment	100,000
Organizational Study	50,000
	<u>\$ 2,109,000</u>

These restrictions are imposed by the Board of Trustees action only; consequently, the restrictions may be rescinded by action of the Board.

#### **Note 11 – Committed Fund Balance**

The governing board has implemented a new cash management policy that commits 3 months of operating expenses. The committed fund balance for this purpose as of June 30, 2021 was \$1,204,633. This policy was implemented by the Board of Trustees action only; consequently, the policy may be rescinded by action of the Board.

# **Southeast Oklahoma Library System**

## **McAlester, Oklahoma**

### **Notes to Financial Statements**

**Year Ended June 30, 2021**

#### **Note 12 – Tax Revenues – Economic Dependency**

Approximately 97.3% of the total revenue of the library system for the current year was received from ad valorem taxes from a special tax levy voted by the citizens of Choctaw, Coal, Haskell, Latimer, LeFlore, McCurtain, and Pittsburg counties. Approximately 67.6% of the ad valorem tax revenues were received in January and February 2021. Any change in Oklahoma statutes regarding library tax levies or changes in state funding might affect the System's operations.

Ad Valorem Tax Revenue	
Pittsburg County	\$ 1,735,731
LeFlore County	1,217,306
McCurtain County	1,105,820
Coal County	464,422
Choctaw County	334,682
Haskell County	285,992
Latimer County	262,711
	<u>\$ 5,406,664</u>

#### **Note 13 – Risk Management - Insurance Coverage**

The System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The System maintains the following insurance coverage as protection against possible loss contingencies:

- Commercial Automobile Coverage
  - Liability
  - Uninsured Motorists
  - Comprehensive and Collision
- Commercial Package
- Employment Practices Liability
- Workers Compensation
- Employer Liability
- Position Fidelity Bond

# **Southeast Oklahoma Library System**

**McAlester, Oklahoma**

**Notes to Financial Statements**

**Year Ended June 30, 2021**

## **Note 14 – Pension Plan**

Effective January 1, 1989, the System initiated a pension plan for its employees. The plan type was revised effective January 1, 2003 to become a 401(k) plan. The library system is the trustee for the plan. The plan eligibility requirements are as follows: minimum age of 18 and minimum service of 500 hours in 6 consecutive months.

For each eligible participant, a discretionary contribution is made equal to a uniform percentage of each participant's compensation. The exact percentage, if any, is to be determined each year by the library system. For fiscal year ending June 30, 2021, the library system budgeted approximately 15.2% of the annual payroll costs.

Employee contributions are not required. The plan contributions are invested in individual accounts on behalf of the employees. All required contributions were made by the library system. Benefits to be paid to employees upon retirement will be limited to the actual cash value of their individual accounts.

Contributions and costs for the current year and two previous years were as follows:

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>
Employee Contributions	\$ 97,522	\$ 107,650	\$ 87,414
Employer Contributions	322,917	504,172	328,806
Administration Costs	<u>2,195</u>	<u>3,163</u>	<u>4,513</u>
Total	<u>\$ 422,634</u>	<u>\$ 614,985</u>	<u>\$ 420,733</u>

Employer contribution of \$322,917 represents approximately 12.8% of the total payroll of \$2,513,017 for the fiscal year ending June 30, 2021.

Plan assets as of June 30, 2021 were \$4,570,756.

The plan is administered by:

Midwest Pension & Profit-Sharing Services, Inc.  
121 South 8<sup>th</sup> Street, Suite 630  
Minneapolis, MN 55402

The plan funds are maintained by:

Mass Mutual  
1295 State Street  
Springfield, MA 01111

# **Southeast Oklahoma Library System**

**McAlester, Oklahoma**

**Notes to Financial Statements**

**Year Ended June 30, 2021**

## **Note 15 – Related Party Transactions**

The cities of Choctaw, Coal, Haskell, Latimer, LeFlore, McCurtain, and Pittsburg, Oklahoma, provide financial support to the Southeast Oklahoma Library System by furnishing buildings and building operating expenses, including utilities and building and contents insurance, for the operation of the library. The System is dependent upon this related party support as part of its operational costs.

## **Note 16 – Contingencies**

In the normal course of operations, the System disburses funds from numerous federal and state grant programs. These expenditures are subject to audit and approval by the grantors or their representatives. Such audits could lead to claims for reimbursement of expenditures deemed unallowable under the terms of the grants. Presently, management is unaware of any liability for such expenditures, and in the opinion of management, any such amounts would not be considered material.

## **Note 17 – Subsequent Events**

Subsequent events were evaluated through September 9, 2021, which is the date the financial statements were available to be issued.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
Southeast Oklahoma Library System  
McAlester, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of the Southeast Oklahoma Library System (formerly Southeastern Public Library System of Oklahoma), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Southeast Oklahoma Library System's basic financial statements, and have issued our report thereon dated September 9, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Southeast Oklahoma Library System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Southeast Oklahoma Library System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Furrh & Associates, PC*

**F**URRH & **A**SSOCIATES, PC

Lawton, Oklahoma

September 9, 2021



# Southeast Oklahoma Library System

## McAlester, Oklahoma

### General Fund

#### Statement of Revenue, Expenditures, and Changes in Fund Balance Budget and Actual Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b><u>Revenue</u></b>				
Ad Valorem Taxes	\$ 4,944,492	\$ 5,146,627	\$ 5,406,664	\$ 260,037
State Aid	51,500	61,800	89,864	28,064
Branch Library Income	42,632	42,632	47,529	4,897
Interest Income	40,000	40,000	30,346	(9,654)
Insurance Proceeds	30,000	30,000	4,636	(25,364)
In-Kind Donations	15,000	15,000	25,318	10,318
Donations	10,000	10,000	255	(9,745)
Grant Income	4,000	4,000	1,369	(2,631)
Surplus Sales	500	500	0	(500)
Miscellaneous Income	0	0	946	946
Total Revenue	5,138,124	5,350,559	5,606,927	256,368
<b><u>Expenditures</u></b>				
Personnel Services				
Salaries and Wages	2,503,779	2,444,949	2,351,646	93,303
Employee Insurance & Retirement	847,906	911,755	709,262	202,493
Payroll Taxes	213,600	208,581	161,371	47,210
Total Personnel Services	3,565,285	3,565,285	3,222,279	343,006

Please see accompanying notes to the financial statements.

# Southeast Oklahoma Library System

## McAlester, Oklahoma

### General Fund

#### Statement of Revenue, Expenditures, and Changes in Fund Balance Budget and Actual Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
Informational Materials				
Branch Information Materials	422,500	360,762	410,545	(49,783)
Databases	156,514	133,643	130,381	3,262
Downloadables	156,900	133,973	136,264	(2,291)
Grant and Donation Expenses	5,000	4,268	32,431	(28,163)
Total Informational Materials	740,914	632,647	709,621	(76,974)
Public and Technical Services				
Technical Services	140,000	140,000	140,236	(236)
Programming Fees, Supplies & Travel	50,130	39,125	35,686	3,439
Total Public and Technical Services	190,130	179,125	175,922	3,203
Operating Expenses				
Furniture Expense	\$ 252,415	\$ 199,000	\$ 143,861	\$ 55,139
Revaluation	129,832	97,914	96,667	1,247
Computer	124,508	93,899	74,445	19,454
Equipment Expense	94,524	71,286	54,945	16,341
Automation	87,130	65,710	66,686	(976)
Professional Consulting	65,397	49,320	41,694	7,626
Supplies	62,387	47,050	39,320	7,730

Please see accompanying notes to the financial statements.

# Southeast Oklahoma Library System

## McAlester, Oklahoma

### General Fund

#### Statement of Revenue, Expenditures, and Changes in Fund Balance Budget and Actual Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
Insurance	61,819	46,621	42,273	4,348
Travel	61,654	46,497	12,590	33,907
Human Resources Expense	54,604	41,180	28,649	12,531
Marketing	49,724	37,500	21,238	16,262
Internet Access	49,048	36,990	37,983	(993)
Audit	22,966	17,320	16,986	334
Professional Development	22,025	16,610	4,595	12,015
Vehicle Expense	19,890	15,000	13,515	1,485
Utilities	9,945	7,500	3,904	3,596
Postage and Freight	9,571	7,218	9,123	(1,905)
Memberships	8,684	6,549	4,675	1,874
Miscellaneous Expense	5,921	4,465	10,153	(5,688)
Total Operating Expenses	1,192,044	907,629	723,302	184,327
Total Expenditures	5,688,373	5,284,686	4,831,124	453,562
Revenue Over (Under) Expenditures	\$ (550,249)	\$ 65,873	\$ 775,803	\$ 709,930
Fund Balance, June 30, 2020	550,249	284,042	6,224,961	5,940,919
Fund Balance, June 30, 2021	\$ 0	\$ 349,915	\$ 7,000,764	\$ 6,650,849

Please see accompanying notes to the financial statements.

**Southeast Oklahoma Library System**  
**McAlester, Oklahoma**  
**Notes to Required Supplemental Information**  
**Year Ended June 30, 2021**

**Note 1 - Budgetary Policies**

The System's annual operating budget represents appropriations authorized by the governing board and approved by the county governments in accordance with the Oklahoma Statutes.

The System's General Fund budget is limited by law to 90% of the amount of revenue collected in the prior fiscal year plus unreserved fund balances. The legal level of control is the expenditure category. It is the System's policy that all appropriations lapse at the end of the fiscal year.

The System prepares an annual operating budget for its General Fund. The System does not prepare an operating budget for its Special Revenue Funds. Specific grant funds operated within the General Fund and the Special Revenue Funds are operated under budgets required by the grant documents. The System prepares its annual operating budget on the accrual basis of accounting.

**Southeast Oklahoma Library System**  
**McAlester, OK**  
**Oklahoma Department of Libraries**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2021**

<u>Revenue</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
State Grant	\$ 255	\$ 0	\$ 255	\$ 255	\$ 0
Cost Share Funds	4	4	0	4	0
Total Revenue	259	4	255	259	0
<u>Expenditures</u>					
Continuing Education	180	180	0	180	0
Memberships	79	79	0	79	0
Total Expenditures	259	259	0	259	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ (255)</u>	<u>\$ 255</u>	<u>\$ 0</u>	<u>\$ 0</u>

Contract No. F-21-069 CE OLA 2020 Virtual Conference Grant-LSTA

Please see accompanying notes to the financial statements.