

**INDEPENDENT
ACCOUNTANT'S AUDIT REPORT**

**SOUTHERN PRAIRIE
LIBRARY SYSTEM**

JUNE 30, 2024

BY



Southern Prairie Library System

Altus, Oklahoma
Year Ended June 30, 2023

Table of Contents

	<u>Page</u>
<u>INDEPENDENT AUDITOR'S REPORT</u>	1 – 3
<u>FINANCIAL STATEMENTS</u>	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position (Modified Cash Basis)	4
Statement of Activities (Modified Cash Basis)	5
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet – (Modified Cash Basis).....	6 – 7
Statement of Revenues, Expenditures and Changes in Fund Balance – (Modified Cash Basis)	8 – 9
<i>Discretely Presented Component Unit Financial Statements:</i>	
Statement of Net Position – (Modified Cash Basis)	10
Statement of Activities – (Modified Cash Basis)	11
Notes to the Financial Statements.....	12 – 23
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Independent Auditors Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24 – 25
<u>SUPPLEMENTARY INFORMATION</u>	
Budgetary Comparison Schedule – General Fund (Modified Cash Basis).....	26
Notes to Budgetary Comparison Schedule	27
Schedule of Grant Activities	28 – 29



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Southern Prairie Library System
Altus, Oklahoma

Opinion

We have audited the accompanying financial statements of the governmental activities and the discretely presented component units of the Southern Prairie Library System, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the discretely presented component units of the Southern Prairie Library System, as of June 30, 2024, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southern Prairie Library System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Southern Prairie Library System's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Southern Prairie Library System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Southern Prairie Library System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2024, on our consideration of the Southern Prairie 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 Southern Prairie Library System's internal control over financial reporting and compliance.

Furrh & Associates, PC

FURRH & **A**SSOCIATES, PC

Lawton, Oklahoma

September 3, 2024

Southern Prairie Library System

Altus, Oklahoma

Statement of Net Position

(Modified Cash Basis)

June 30, 2024

	<u>ASSETS</u>	
	Governmental Activities	Great Plains Literacy Council
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 2,020,525	\$ 29,746
Investments	30,597	0
Other Current Assets	9,665	0
Total Current Assets	2,060,787	29,746
<u>Other Assets</u>		
Capital Assets	622,389	0
Lease Asset	5,399	0
Accumulated Amortization	(1,350)	0
Accumulated Depreciation	(359,201)	0
Total Other Assets	267,237	0
Total Assets	\$ 2,328,024	\$ 29,746
<u>LIABILITIES & NET POSITION</u>		
<u>Liabilities</u>		
Grant Liabilities	\$ 5,148	\$ 0
Lease Liability	3,456	0
Payroll Liabilities	709	0
Total Liabilities	9,313	0
<u>Net Position</u>		
Net Investment in Capital Assets	263,188	0
Restricted	0	29,746
Unrestricted	2,055,523	0
Total Net Position	2,318,711	29,746
Total Liabilities & Net Position	\$ 2,328,024	\$ 29,746

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Altus, Oklahoma
Statement of Activities
(Modified Cash Basis)
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Discretely Presented Component Unit	
Primary Government:							
Governmental Activities:							
Library Services	\$ 932,980	\$ 0	\$ 536,985	\$ 0	\$ (395,995)		
Total Government Activities	<u>\$ 932,980</u>	<u>\$ 0</u>	<u>\$ 536,985</u>	<u>\$ 0</u>	<u>(395,995)</u>		
Component Unit:							
Great Plains Literacy Council	\$ 46,499	\$ 0	\$ 66,850	\$ 0		\$ 20,351	
Total Component Units	<u>\$ 46,499</u>	<u>\$ 0</u>	<u>\$ 66,850</u>	<u>\$ 0</u>		<u>20,351</u>	
		<u>General Revenue</u>					
		Property Taxes			825,415	0	825,415
		State Aid			15,036	0	15,036
		Miscellaneous			21,594	0	21,594
		Investment Income			8,967	0	8,967
		Total General Revenue			<u>871,012</u>	<u>0</u>	<u>871,012</u>
		<u>Change in Net Position</u>			475,017	20,351	495,368
		<u>Net Position, June 30, 2023</u>			1,843,694	9,395	1,853,089
		<u>Prior Period Adjustment</u>			<u>0</u>	<u>0</u>	<u>0</u>
		<u>Net Position, June 30, 2024</u>			<u>\$ 2,318,711</u>	<u>\$ 29,746</u>	<u>\$ 2,348,457</u>

Please see accompanying notes to the financial statements.

Southern Prairie Library System

Altus, Oklahoma

Balance Sheet

(Modified Cash Basis)

Governmental Funds

June 30, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash - Herring Bank	\$ 1,891,286	\$ 0	\$ 1,891,286
Cash - First National Bank	57,988	0	57,988
Cash - National Bank of Commerce	40,278	29,746	70,024
Stock - Principal Financial Group	23,436	0	23,436
Cash - Great Plains National Bank	17,963	0	17,963
Cash - Cattlemen's Bank	12,970	0	12,970
Prepaid Assets	9,665	0	9,665
Investment - Midfirst Bank CD	7,161	0	7,161
Cash - Change Fund	40	0	40
Total Assets	<u>\$ 2,060,787</u>	<u>\$ 29,746</u>	<u>\$ 2,090,533</u>
<u>Liabilities</u>			
Grant Liabilities	\$ 5,148	\$ 0	\$ 5,148
Payroll Liabilities	709	0	709
Total Liabilities	<u>5,857</u>	<u>0</u>	<u>5,857</u>
<u>Fund Balance</u>			
Nonspendable	0	0	0
Restricted	0	29,746	29,746
Committed	0	0	0
Assigned	0	0	0
Unassigned	2,054,930	0	2,054,930
Total Fund Balance	<u>2,054,930</u>	<u>29,746</u>	<u>2,084,676</u>
Total Liabilities and Fund Balance	<u>\$ 2,060,787</u>	<u>\$ 29,746</u>	<u>\$ 2,090,533</u>

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Altus, Oklahoma
Balance Sheet
(Modified Cash Basis)
Governmental Funds
June 30, 2024

Fund Balances	\$ 2,084,676
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets Used by Governmental Activities of \$622,389 Net of Accumulated Depreciation of \$359,201 are not financial resources and, therefore, are not reported in the funds.	263,188
Lease Assets Used by Governmental Activities of \$5,399 Net of Accumulated Amortization of \$1,350 are not financial resources and, therefore, are not reported in the funds	4,049
Lease Liability that is not financial obligations and, therefore, are not reported in the funds	<u>(3,456)</u>
Net Position of Governmental Activities	<u><u>\$ 2,348,457</u></u>

Please see accompanying notes to the financial statements.

Southern Prairie Library System

Altus, Oklahoma

Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Governmental Funds

Year Ended June 30, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenue</u>			
Property Taxes	\$ 825,415	\$ 0	\$ 825,415
Grant Revenue - State	536,735	48,600	585,335
Miscellaneous Revenue	21,594	18,250	39,844
State Aid	15,036	0	15,036
Interest and Dividend Income	8,967	0	8,967
Contributions	250	0	250
Total Revenue	<u>1,407,997</u>	<u>66,850</u>	<u>1,474,847</u>
<u>Expenditures</u>			
Salaries and Wages	362,742	2,325	365,067
Direct Grant Expenditures	234,217	42,276	276,493
Grant Related Capital Outlay	273,041	0	273,041
Informational Materials	82,227	0	82,227
Payroll Taxes and Insurance	78,105	993	79,098
Contract Services	49,788	0	49,788
Equipment Expense	25,960	0	25,960
Supplies	17,529	0	17,529
Revaluation	12,726	0	12,726
Program Expense	12,043	0	12,043
Telephone	9,930	0	9,930
Postage and Freight	5,357	0	5,357
Miscellaneous and Other Expense	4,260	905	5,165
Travel	3,700	0	3,700
Insurance and Bond	1,215	0	1,215
Automobile Expense	588	0	588
Total Expenditures	<u>1,173,428</u>	<u>46,499</u>	<u>1,219,927</u>
Revenue Over (Under) Expenditures	234,569	20,351	254,920
Fund Balance, June 30, 2023	1,779,551	9,395	1,788,946
Prior Period Adjustment	<u>40,810</u>	<u>0</u>	<u>40,810</u>
Fund Balance, June 30, 2024	<u><u>\$ 2,054,930</u></u>	<u><u>\$ 29,746</u></u>	<u><u>\$ 2,084,676</u></u>

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Altus, Oklahoma
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Governmental Funds
Year Ended June 30, 2024

Reconciliation to Statement of Activities

Net Changes in Fund Balance - Total Governmental Funds	\$ 254,920
Government Funds report Capital Outlay as expenditures while Governmental Activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital Assets Purchased and Capitalized	273,041
Depreciation Expense	(36,667)
Government Funds do not report Lease obligations	
Net effect of Lease obligations	<u>4,074</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 495,368</u></u>

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Altus, Oklahoma
Component Unit - Statement of Net Position
(Modified Cash Basis)
June 30, 2024

	<u>Great Plains Literacy Council</u>
<u>Assets</u>	
Cash and Cash Equivalents	<u>\$ 29,746</u>
Total Assets	<u><u>\$ 29,746</u></u>
<u>Liabilities and Fund Balance</u>	
Liabilities	\$ 0
Fund Balance	
Restricted	<u>29,746</u>
Total Liabilities and Fund Balance	<u><u>\$ 29,746</u></u>

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Altus, Oklahoma
Component Unit - Statement of Activities
(Modified Cash Basis)
Year Ended June 30, 2024

		Great Plains Literacy Council
	<u>Revenue</u>	
Grants		\$ 48,600
Miscellaneous Income		18,250
Total Revenue		66,850
	<u>Expenditures</u>	
Direct Grant Expenditures		42,276
Salaries & Wages		2,325
Payroll Taxes & Insurance		993
Office Expense		566
Miscellaneous		339
Total Expenditures		46,499
<u>Revenue Over (Under) Expenditures</u>		20,351
<u>Fund Balance, June 30, 2023</u>		9,395
<u>Fund Balance, June 30, 2024</u>		\$ 29,746

Please see accompanying notes to the financial statements.

Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Southern Prairie Library System's (the "System") financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The Southern Prairie Library System is a multi-county quasi-governmental organization under Title 65 (Multi-County Act) of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. Based on an overall evaluation of the foregoing criteria, the Great Plains Literacy Council Fund is included in the System's annual report as a discretely presented component unit. The Great Plains Literacy Council, Inc. is a corporation recognized under section 501(c)3 of the Internal Revenue Code as a tax-exempt nonprofit corporation. The System is the beneficiary of the Great Plains Literacy Council Fund, which is designated to the support of the literacy programs provided by the System. Management of the Great Plains Literacy Council Fund is delegated by its board of directors to the System's management.

The System is governed by a board of trustees appointed by the county commissioners of Jackson and Harmon Counties, and by all cities in the two counties with populations of 2,000 or more. Presently, there are only two cities, Altus and Hollis, Oklahoma, that are represented on the board of trustees.

Basis of Presentation

The System's basic financial statements include both government-wide (reporting the System as a whole) and the fund financial statements (reporting the System's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The System does not have any activities classified as business-type activities.

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.

Government-Wide Financial Statements

The Southern Prairie Library System keeps its records and prepares its financial statements on the modified cash basis of accounting. Revenues and the related assets are recognized when received, and expenditures are recognized when paid. This method of accounting is permitted under the laws of State of Oklahoma but is a comprehensive basis of accounting other than accounting principles

Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2024

generally accepted in the United States of America. The System has elected not to follow generally accepted accounting principles and to continue to prepare its financial statements on the modified cash basis of accounting.

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 municipality (a political sub-division of the State of Oklahoma), the System is exempt from federal and state income taxes.

At the end of the fiscal year, the books are held open until checks were issued for all purchases or encumbrances for the year.

The System provides no pension or retirement benefits to its employees. Therefore, no pension accounting information is included in the financial statements.

The nature and amounts of adjustments necessary to reconcile the differences between the basis used to account for actual revenues and expenditures and accounting principles generally accepted in the United States of America cannot readily be determined.

Fund Financial Statements

The accounts of the System are organized on a basis of funds, each of which is considered 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.

Southern Prairie Library System
Altus, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2024

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 funds include:

- a. Special Acquisition Fund
- b. Plant Replacement Fund

Discretely-Presented Component Unit:

Great Plains Literacy Council

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

Modified Cash

The fund financial statements are presented on the modified cash basis of accounting. Under the modified cash basis, the pure cash basis is modified to report certain assets and liabilities, generally at the amounts that would be reported under either the historical cost basis or the current value basis.

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,500 or more and all books and materials are reported at historical cost or estimated historical cost, net of accumulated depreciation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	30 years
Furniture and fixtures	7 years
Computer equipment	4 years
Vehicles	5 years
Books and materials	5 years

Southern Prairie Library System
Altus, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2024

Compensated Absences

Due to the accounting method chosen by the System, modified cash basis, the compensated absences liability is not recorded on the financial statements.

Annual Budget

The System is required by state law to prepare an annual budget. The Board of Directors of the System formally approves the annual budget for the General Fund.

Cash and Cash Equivalents

The System considers all cash on-hand, demand deposits, and certificates of deposit held at an individual bank which are subject to early withdrawal penalties, no matter what the maturity period, to be cash and cash equivalents.

Investments

In accordance with *GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments held at June 30, 2024, with original maturities greater than 1 year are stated at fair value.

Property Tax Revenues

The System is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property Jackson and Harmon.

State Revenues

The System receives revenue from the Oklahoma Department of Libraries to administer certain library materials.

Contributed Facilities and Services

The System operate two branches located in government-owned buildings and receives certain services without charge. The estimated fair rental values of the premises and services are not reported in the accompanying statements of revenues, expenditures, and changes in fund balance.

Grants

The System records income from grants in the period received or to the extent of expenses paid prior to reimbursement by grant.

Southern Prairie Library System
Altus, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2024

Income Taxes

The System was established under the provisions of the Oklahoma Constitution and as such is exempt from income taxes under the Internal Revenue Code as a unit of government.

Restricted Resources

The System records gifts and grants as restricted when the donor specifies a restriction on the timing or use of the gift or grant. Expenses are allocated first to the restricted resources. If additional expense is incurred, the expense is allocated to unrestricted funds when the restriction has been depleted.

Use of Estimates

The preparation of financial statements 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.

Equity Classification - Government-Wide Financial Statements

Equity is classified as net position and displayed in three categories in the government-wide financial statements:

- a) Net investment in capital assets: Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position: Consists of net position with constraints placed on the use either by (i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (ii) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position: All other net positions that do not meet the definition of “restricted” or “net investment in capital assets”.

It is the System’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2024

Equity Classification - Fund Statements:

Governmental fund equity is classified as fund balance in the fund statements. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. The classifications are defined as:

- a) Nonspendable fund balance: Includes amounts that cannot be spent because they are either (i) not in spendable form or (ii) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash, including prepaid expenses. It is the responsibility of the System's management to identify and report all nonspendable funds appropriately in the System's financial statements.
- b) Restricted fund balance: Consists of amounts with constraints placed on the use of resources either (i) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (ii) imposed by law through constitutional provisions or enabling legislation. It is the responsibility of the System's management to identify and report all restricted funds appropriately in the System's financial statements.
- c) Committed fund balance: Reflects specific purposes pursuant to constraints imposed by formal action of the System's highest level of decision-making authority. Also, such constraints can only be removed or changed by the same form of formal action.

Recent Accounting Pronouncements

Governmental Accounting Policies Adopted During Current Year

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). GASB 99 is a technical omnibus statement that addresses issues or concerns from previous statements that were discovered during implementation and application of those statements. GASB 99 covers several topics including but not limited to, financial guarantees, derivatives, leases, non-monetary transactions, future revenue pledges and terminology updates. The System adopted the sections that were effective immediately for the June 30, 2023, reporting year. The remaining sections will be adopted by the System for the June 30, 2024, reporting year, as required by GASB 99. The System does not expect GASB 99 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 proscribes accounting and financial reporting for accounting changes and error corrections to the financial statements. GASB 100 defines what constitutes an accounting change versus a change in accounting principle or error correction and outlines the appropriate note disclosures in each circumstance. The System will adopt GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The System does not expect GASB 100 to have a significant impact on the financial statements.

Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2024

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 outlines the definition of compensated absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the employees pay rate at the financial statement date and that certain salary related payments, such as Social Security and Medicare, should be included in such measurement. The System will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The System has not determined the impact that GASB 101 will have on the financial statements.

In January 2024, GASB issued Statement No. 102, *Certain Risks Disclosures* (GASB 102). GASB 102 addresses financial reporting regarding certain concentrations or constraints and related events that may have a substantial impact and negatively affect the level of service a government provides. The System has not adopted GASB 102 for the June 30, 2024 reporting year. GASB 102 did not have a material impact on the financial statements. They will implement for the June 30, 2025 year.

Date of Management's Review of Subsequent Events

Subsequent events were evaluated through September 3, 2024, which is the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following accounts:

General Fund	
Herring Bank - Checking	\$ 1,891,286
National Bank of Commerce - Money Market	40,278
Great Plains National Bank - Money Market	17,963
Cattlemens Bank - Checking	12,970
Change Fund	40
Other Governmental Funds	
First National Bank - Acquisitions Savings	24,785
First National Bank - Replacement Savings	33,203
Great Plains Literacy Council	
National Bank of Commerce	29,746
	<u>\$ 2,050,271</u>

Custodial Credit Risk - Deposits

The cash on deposit with the Herring Bank of Altus, Oklahoma, is not only covered by F.D.I.C. insurance (up to \$250,000.00) but also multiple collateral pledges totaling \$1,993,157 to cover deposits in excess of the F.D.I.C. coverage.

Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2024

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.

	A	B	C	Total
Cash	<u>\$ 2,050,231</u>	<u>\$ 0</u>	<u>\$ 40</u>	<u>\$ 2,050,271</u>

NOTE 3 – INVESTMENTS

The System's investment policies are governed by State statutes. Permissible investments include direct obligations of the U.S. government and agencies; negotiable certificates of deposit of savings and loan associations and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Non-negotiable certificates of deposit are considered to be cash equivalents. Collateral is required for demand deposits and certificates of deposit on all amounts not covered by Federal Deposit Insurance Corporation insurance.

The System invests \$7,161 in a Certificate of Deposit at the MidFirst Bank in Altus, Oklahoma. The interest rate on this investment is 0.2%. The interest pays at maturity. The maturity date is July 2, 2024.

The System owns 1,116 shares of Principal Financial Group stock. This stock was acquired in October 2001 when Principal Financial Group changed from a mutual company to a stock company. The value of the stock at acquisition was approximately \$23,436 with a market value of \$88,901 at June 30, 2024.

Custodial Credit Risk - Investments

Investments are made under the custody of the System's management in accordance with investment policies complying with State statutes and the System's policy.

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the System will not be able to recover the value of its investments. Investment securities are exposed to custodial risk if they are uninsured, are not registered in the name of the System, or are held by a counterparty or the counterparty's trust department but not in the name of the System. While the investment policy does not specifically address custodial credit risk, all investments are held in the name of the System.

Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 4 – COLLECTIONS

The System has not capitalized existing inexhaustible collections, including research books, because the values are not readily determinable.

NOTE 5 – CAPITAL 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. The System has adopted a capitalization policy of not recording, for depreciation purposes, items costing less than \$1,500 per unit.

Current year changes in fixed assets were as follows:

	<u>Property, Plant and Equipment</u>	<u>Accumulated Depreciation</u>
Balance as of 07/01/2023	\$ 349,348	\$ 322,534
Additions	273,041	36,667
Disposals	0	0
Balance as of 06/30/2024	<u>\$ 622,389</u>	<u>\$ 359,201</u>

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Grant Program 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.

Legal

From time to time, the System is involved in certain legal proceedings arising in the normal course of business. In the opinion of management, the ultimate disposition of such proceedings will not have a material effect on the System's financial statements.

Southern Prairie Library System
Altus, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2024

Leases

The System engaged in a long-term lease with the following entity:

- Pitney Bowes on April 3, 2023. This lease is a 60-month contract with monthly payments of \$90.

Under *GASB Statement No. 87, Leases*, this lease is considered an asset that is subject to depreciation.

The System reports the future lease payments as liabilities on the financial statements. The future payments are as follows:

	Pitney Bowes		
	Principal	Interest	Total Payments
FYE 06/30/2025	\$ 907	\$ 173	\$ 1,080
FYE 06/30/2026	953	127	1,080
FYE 06/30/2027	898	182	1,080
FYE 06/30/2028	669	141	810
	<u>\$ 3,427</u>	<u>\$ 623</u>	<u>\$ 4,050</u>

Risk Management

The System maintains the following insurance coverage as protection against possible loss contingencies:

- Commercial Automobile Coverage
 - Liability
 - Uninsured Motorists
 - Comprehensive and Collision
- Workers Compensation
- Employer Liability
- Position Fidelity Bond
- Business Liability & Personal Property

NOTE 7 – COMPENSATED ABSENCES

Due to the accounting method chosen by the System, modified cash basis, the compensated absences liability is not recorded on the financial statements. The accrued liability for compensated employee absences as of June 30, 2024, totals \$37,439, which includes earned but unused vacation leave.

Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 8 – TAX REVENUES

Approximately 85% 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 Jackson and Harmon counties. Approximately 81.28% of the ad valorem tax revenues were received in January and February 2024. Property tax revenues are recognized when received.

Ad Valorem Tax Revenue		
Jackson County	\$	728,012
Harmon County		97,403
	\$	<u>825,415</u>

NOTE 9 – GRANT REVENUES

Following is a summary of the grant receipts and disbursements during the year:

Southern Prairie Library System		
	Grant Receipts	Grant Expenditures
Oklahoma Art Council	\$ 2,700	\$ 3,617
Oklahoma Humanities	6,750	6,750
Oklahoma Historical Society	20,000	20,000
The Priddy Foundation	497,297	467,353
Altus SW Area EDC Tourism	5,000	5,000
Oklahoma Department of Libraries	4,988	4,988
Total	<u>\$ 536,735</u>	<u>\$ 507,708</u>

Great Plains Literacy Council		
	Grant Receipts	Grant Expenditures
Oklahoma Literacy Coalition	\$ 2,000	\$ 0
Oklahoma Department of Libraries	32,600	32,600
Dollar General Literacy Foundation	7,500	0
Operation Round Up	1,500	4,250
ProLiteracy Worldwide	5,000	5,000
Total	<u>\$ 48,600</u>	<u>\$ 41,850</u>

Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 10 – RELATED PARTY TRANSACTIONS

The cities of Altus and Hollis, Oklahoma, provide financial support to the Southern Prairie Library System by furnishing buildings and buildings operating expensing, 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.



**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
Southern Plains Library System
Altus, 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 modified cash basis financial statements of the governmental activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Southern Prairie Library System (the System), Altus, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated September 3, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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

FURRH & **A**SSOCIATES, PC

Lawton, Oklahoma

September 3, 2024

Southern Plains Library System

Altus, Oklahoma

General Fund

Budgetary Comparison Schedule

(Modified Cash Basis)

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
<u>Revenue</u>			
Property Taxes	\$ 708,996	\$ 825,415	\$ (116,419)
Grant Revenue - State	0	536,735	(536,735)
Miscellaneous Revenue	24,424	21,594	2,830
State Aid	15,318	15,036	282
Interest and Dividend Income	0	8,967	(8,967)
Contributions	0	250	(250)
Total Revenue	<u>748,738</u>	<u>1,407,997</u>	<u>(659,259)</u>
<u>Expenditures</u>			
Salaries and Wages	414,767	362,742	52,025
Grant Related Capital Outlay	0	273,041	(273,041)
Direct Grant Expenditures	0	234,217	(234,217)
Informational Materials	201,000	82,227	118,773
Payroll Taxes and Insurance	95,440	78,105	17,335
Contract Services	56,900	49,788	7,112
Equipment Expense	42,000	25,960	16,040
Supplies	28,100	17,529	10,571
Revaluation	15,500	12,726	2,774
Program Expense	25,500	12,043	13,457
Telephone	10,000	9,930	70
Postage and Freight	5,400	5,357	43
Miscellaneous and Other Expense	5,500	4,260	1,240
Travel	13,500	3,700	9,800
Insurance and Bond	9,500	1,215	8,285
Automobile Expense	8,500	588	7,912
Capital Outlay	30,000	0	30,000
Educational Reimbursement	2,500	0	2,500
Total Expenditures	<u>964,107</u>	<u>1,173,428</u>	<u>(209,321)</u>
<u>Revenue Over (Under) Expenditures</u>	<u>(215,369)</u>	<u>234,569</u>	<u>(449,938)</u>
<u>Fund Balance, June 30, 2023</u>	<u>1,433,247</u>	<u>1,779,551</u>	<u>(346,304)</u>
<u>Prior Period Adjustment</u>	<u>0</u>	<u>40,810</u>	<u>(40,810)</u>
<u>Fund Balance, June 30, 2024</u>	<u>\$ 1,217,878</u>	<u>\$ 2,054,930</u>	<u>\$ (837,052)</u>

Please see accompanying notes to the financial statements.

Southern Plains Library System
Altus, Oklahoma
Notes to Budgetary Comparison Schedule
Year Ended June 30, 2024

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 or its discretely-presented component unit. Specific grant funds operated within the General Fund, Special Revenue Funds and discretely-presented component unit are operated under budgets required by the grant documents. The System prepares its annual operating budget on the modified cash basis of accounting.

The System operated within its budget for the current year.

Southern Prairie Library System
Altus, OK
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2024

	Grant Period	Grant Receipts	Grant Expenses
<u>Oklahoma Arts Council</u>			
Summer Program	6/1/23 - 6/30/23	\$ 1,200	\$ 1,200
Summer Program	6/9/22 - 6/30/22	1,500	1,500
Summer Program	6/30/2023	0	917
	Totals	<u>\$ 2,700</u>	<u>\$ 3,617</u>
<u>Oklahoma Humanities</u>			
Chautauqua Project	6/30/2024	<u>\$ 6,750</u>	<u>\$ 6,750</u>
<u>Oklahoma Historical Society</u>			
OK Heritage Preservation	2/16/23 - 2/15/24	<u>\$ 20,000</u>	<u>\$ 20,000</u>
<u>The Priddy Foundation</u>			
Rural Library Technology	6/30/2024	\$ 457,297	\$ 457,297
Community Impact	6/30/2024	<u>40,000</u>	<u>10,056</u>
	Totals	<u>\$ 497,297</u>	<u>\$ 467,353</u>
<u>Altus SW Area EDC Tourism</u>			
EDC Grant	6/30/2024	<u>\$ 5,000</u>	<u>\$ 5,000</u>
<u>Oklahoma Department of Libraries</u>			
LSTA Tech Grant	8/1/23 - 11/15/23	<u>\$ 4,988</u>	<u>\$ 4,988</u>
	Total Grants	<u>\$ 536,735</u>	<u>\$ 507,708</u>

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Great Plains Literacy Council
Altus, OK
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2024

	Grant Period	Grant Receipts	Grant Expenses
<u>Oklahoma Literacy Coalition</u>			
Oklahoma Literacy Coalition	06/30/204	\$ 2,000	\$ 0
<u>Oklahoma Department of Libraries</u>			
Immigration & Citizenship Serv.	8/1/23 - 8/30/24	14,000	14,000
ODL-24 Community Literacy Grant	8/1/23 - 6/30/24	9,600	9,600
ODL Health Literacy Grant	9/19/23 - 8/5/24	9,000	9,000
	Totals	32,600	32,600
<u>Dollar General Literacy Foundation</u>			
Dollar General Literacy Foundation	6/30/2024	7,500	0
<u>Operation Round Up/SW Rural Electric</u>			
Operation Round Up 2024	6/30/2024	1,500	1,250
Operation Round Up 2023	8/1/23 - 12/31/23	0	3,000
	Totals	1,500	4,250
<u>ProLiteracy Worldwide</u>			
ProLiteracy Literacy Opportunity Fund	6/30/2024	5,000	5,000
	Total Grants	\$ 48,600	\$ 41,850

Please see accompanying notes to the financial statements.