

**INDEPENDENT
ACCOUNTANT'S AUDIT REPORT**

**SOUTHERN PRAIRIE
LIBRARY SYSTEM**

JUNE 30, 2023

BY



Southern Prairie Library System

Altus, Oklahoma

Year Ended June 30, 2023

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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, 2023, 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, 2023, 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 the 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 August 23, 2023, 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 & ASSOCIATES, PC

Lawton, Oklahoma

August 23, 2023

Southern Prairie Library System
Altus, Oklahoma
Statement of Net Position
(Modified Cash Basis)
June 30, 2023

	<u>ASSETS</u>	
	<u>Governmental Activities</u>	<u>Great Plains Literacy Council</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 1,788,086	\$ 9,395
Investments	30,285	0
Other Current Assets	81	0
	<hr/>	<hr/>
Total Current Assets	1,818,452	9,395
<u>Other Assets</u>		
Capital Assets	349,349	0
Accumulated Depreciation	(322,534)	0
	<hr/>	<hr/>
Total Other Assets	26,815	0
	<hr/>	<hr/>
Total Assets	<u><u>\$ 1,845,267</u></u>	<u><u>\$ 9,395</u></u>
 <u>LIABILITIES & NET POSITION</u> 		
<u>Liabilities</u>		
Payroll Liabilities	\$ 1,573	\$ 0
	<hr/>	<hr/>
Total Liabilities	1,573	0
<u>Net Position</u>		
Net Investment in Capital Assets	26,815	0
Restricted	0	9,395
Unrestricted	1,816,879	0
	<hr/>	<hr/>
Total Net Position	1,843,694	9,395
	<hr/>	<hr/>
Total Liabilities & Net Position	<u><u>\$ 1,845,267</u></u>	<u><u>\$ 9,395</u></u>

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Altus, Oklahoma
Statement of Activities
(Modified Cash Basis)
Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
Primary Government:						
Governmental Activities:						
Library Services	\$ 695,010	\$ 0	\$ 9,896	\$ 0	\$ (685,114)	
Total Government Activities	<u>\$ 695,010</u>	<u>\$ 0</u>	<u>\$ 9,896</u>	<u>\$ 0</u>	(685,114)	
Component Unit:						
Great Plains Literacy Council	\$ 60,836	\$ 0	\$ 48,025	\$ 0		\$ (12,811)
Total Component Units	<u>\$ 60,836</u>	<u>\$ 0</u>	<u>\$ 48,025</u>	<u>\$ 0</u>		<u>(12,811)</u>
<u>General Revenue</u>						
					768,054	0
					15,080	0
					11,156	0
					5,842	0
					<u>800,132</u>	<u>0</u>
					115,018	(12,811)
					<u>1,728,676</u>	<u>22,206</u>
					<u>\$ 1,843,694</u>	<u>\$ 9,395</u>

Please see accompanying notes to the financial statements.

Southern Prairie Library System

Altus, Oklahoma

Balance Sheet

(Modified Cash Basis)

Governmental Funds

June 30, 2023

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Assets</u>			
Cash - Herring Bank	\$ 1,670,560	\$ 0	\$ 1,670,560
Cash - National Bank of Commerce	39,623	0	39,623
Stock - Principal Financial Group	23,436	0	23,436
Cash - Great Plains National Bank	17,796	0	17,796
Cash - Stockman's Bank	12,663	0	12,663
Investment - Midfirst Bank CD	6,849	0	6,849
Accrued Interest Income	81	0	81
Cash - Change Fund	40	0	40
Cash - First National Bank	0	47,404	47,404
Total Assets	<u>\$ 1,771,048</u>	<u>\$ 47,404</u>	<u>\$ 1,818,452</u>
<u>Liabilities</u>			
Payroll Liabilities	<u>\$ 1,573</u>	<u>\$ 0</u>	<u>\$ 1,573</u>
Total Liabilities	1,573	0	1,573
<u>Fund Balance</u>			
Nonspendable	0	0	0
Restricted	0	47,404	47,404
Committed	0	0	0
Assigned	0	0	0
Unassigned	1,769,475	0	1,769,475
Total Fund Balance	<u>1,769,475</u>	<u>47,404</u>	<u>1,816,879</u>
Total Liabilities and Fund Balance	<u>\$ 1,771,048</u>	<u>\$ 47,404</u>	

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Altus, Oklahoma
Balance Sheet
(Modified Cash Basis)
Governmental Funds
June 30, 2023

Fund Balances	\$ 1,816,879
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets Used by Governmental Activities of \$349,349 Net of Accumulated Depreciation of \$322,534 are not financial resources and, therefore, are not reported in the funds.	<u>26,815</u>
Net Position of Governmental Activities	<u><u>\$ 1,843,694</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, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenue</u>			
Property Taxes	\$ 768,054	\$ 0	\$ 768,054
State Aid	15,080	0	15,080
Miscellaneous Revenue	11,156	0	11,156
Contributions	7,996	1,497	9,493
Interest and Dividend Income	5,842	38	5,880
Grant Revenue - State	1,900	0	1,900
Total Revenue	810,028	1,535	811,563
<u>Expenditures</u>			
Salaries and Wages	372,128	0	372,128
Informational Materials	76,381	0	76,381
Payroll Taxes and Insurance	76,056	0	76,056
Contract Services	40,883	375	41,258
Supplies	31,057	141	31,198
Capital Outlay	25,805	0	25,805
Equipment Expense	13,209	0	13,209
Revaluation	11,266	0	11,266
Program Expense	10,896	0	10,896
Direct Grant Expenditures	9,840	0	9,840
Telephone	8,445	0	8,445
Insurance and Bond	5,153	0	5,153
Postage and Freight	4,587	0	4,587
Travel	2,651	0	2,651
Miscellaneous and Other Expense	2,008	1,170	3,178
Automobile Expense	777	0	777
Educational Reimbursement	0	0	0
Total Expenditures	691,142	1,686	692,828
Revenue Over (Under) Expenditures	118,886	(151)	118,735
Fund Balance, June 30, 2022	1,660,665	37,479	
Fund Balance, June 30, 2023	\$ 1,779,551	\$ 37,328	

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, 2023

Reconciliation to Statement of Activities

Net Changes in Fund Balance - Total Governmental Funds	\$ 118,735
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	12,693
Depreciation Expense	<u>(16,410)</u>
 Change in Net Assets of Governmental Activities	 <u><u>\$ 115,018</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, 2023

	<u>Great Plains Literacy Council</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ <u>9,395</u>
Total Assets	\$ <u><u>9,395</u></u>
<u>Liabilities and Fund Balance</u>	
Liabilities	\$ 0
Fund Balance	
Restricted	<u>9,395</u>
Total Liabilities and Fund Balance	\$ <u><u>9,395</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, 2023

	<u>Great Plains Literacy Council</u>
	<u>Revenue</u>
Grants	\$ 45,640
Miscellaneous Income	2,385
	<hr/>
Total Revenue	48,025
	 <u>Expenditures</u>
Direct Grant Expenditures	53,531
Miscellaneous	7,305
	<hr/>
Total Expenditures	60,836
	<hr/>
<u>Revenue Over (Under) Expenditures</u>	(12,811)
	 <hr/>
<u>Fund Balance, June 30, 2022</u>	22,206
	<hr/>
<u>Fund Balance, June 30, 2023</u>	\$ 9,395
	<hr/> <hr/>

Please see accompanying notes to the financial statements.

Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2023

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, 2023

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, 2023

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, 2023

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, 2023, totals \$34,758, which includes earned but unused vacation leave.

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, 2023, 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, 2023

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, 2023

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 June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 87 improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The System adopted GASB 87 on July 1, 2022, for the June 30, 2023, reporting year, which did not have a significant impact on the System's financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides accounting and financial reporting guidance for the governmental end users of subscription-based information technology arrangements (SBITAs). GASB 96 defines an SBITA, establishes right-to-use assets and corresponding liabilities, and

Southern Prairie Library System
Altus, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

provides capitalization criteria and the note disclosures required for SBITAs. The System adopted GASB 96 on July 1, 2022, for the June 30, 2023, reporting year, which did not have a significant impact on the System's financial statements.

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.

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.

Date of Management's Review of Subsequent Events

Subsequent events were evaluated through August 23, 2023, which is the date the financial statements were available to be issued.

Southern Prairie Library System
Altus, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following accounts:

General Fund	
Herring Bank - Checking	\$ 1,670,560
National Bank of Commerce - Money Market	39,623
Great Plains National Bank - Money Market	17,796
Stockmans Bank - Checking	12,664
Change Fund	40
Other Governmental Funds	
First National Bank - Acquisitions Savings	26,222
First National Bank - Replacement Savings	21,181
Great Plains Literacy Council	
National Bank of Commerce	9,395
	<u>\$ 1,797,481</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 \$3,025,000 to cover deposits in excess of the F.D.I.C. 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.

	A	B	C	Total
Cash	\$ 1,797,441	\$ 0	\$ 40	\$ 1,797,481

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

Southern Prairie Library System
Altus, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

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 \$6,849 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, 2023.

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 \$84,637 at June 30, 2023.

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.

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.

Southern Prairie Library System
Altus, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

Current year changes in fixed assets were as follows:

	Property, Plant and Equipment	Accumulated Depreciation
Balance as of 07/01/2022	\$ 336,656	\$ 306,124
Additions	12,693	16,410
Disposals	0	0
Balance as of 06/30/2023	\$ 349,349	\$ 322,534

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.

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

Southern Prairie Library System
Altus, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

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, 2023, totals \$34,758, which includes earned but unused vacation leave.

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 2023. Property tax revenues are recognized when received.

Ad Valorem Tax Revenue	
Jackson County	\$ 675,740
Harmon County	95,314
	\$ 771,054

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 Arts Council	\$ 1,900	\$ 0
Oklahoma Arts Council	0	1,200
Oklahoma Department of Libraries	0	7,674
Total	\$ 1,900	\$ 8,874

Southern Prairie Library System
Altus, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

Great Plains Literacy Council		
	Grant Receipts	Grant Expenditures
Oklahoma Department of Libraries	\$ 18,000	\$ 18,000
Oklahoma Department of Libraries	0	7,500
Oklahoma Department of Libraries	9,600	9,600
Oklahoma Department of Libraries	9,000	9,000
Oklahoma Department of Libraries	4,500	4,500
Oklahoma Literacy Coalition	0	1,000
ARPA	0	1,942
Operation Round Up	3,000	2,500
Total	<u>\$ 44,100</u>	<u>\$ 54,042</u>

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, 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated August 23, 2023.

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

August 23, 2023

Southern Plains Library System

Altus, Oklahoma

General Fund

Budgetary Comparison Schedule

(Modified Cash Basis)

Year Ended June 30, 2023

	Budget	Actual	(Over) Under
<u>Revenue</u>			
Property Taxes	\$ 678,613	\$ 768,054	\$ (89,441)
State Aid	15,318	15,080	238
Miscellaneous Revenue	15,000	11,156	3,844
Contributions	0	7,996	(7,996)
Interest and Dividend Income	0	5,842	(5,842)
Grant Revenue - State	0	1,900	(1,900)
Total Revenue	708,931	810,028	(101,097)
<u>Expenditures</u>			
Salaries and Wages	402,687	372,128	30,559
Informational Materials	197,000	76,381	120,619
Payroll Taxes and Insurance	99,062	76,056	23,006
Contract Services	56,876	40,883	15,993
Supplies	43,206	31,057	12,149
Capital Outlay	30,000	25,805	4,195
Equipment Expense	18,376	13,209	5,167
Revaluation	15,673	11,266	4,407
Program Expense	19,500	10,896	8,604
Direct Grant Expenditures	13,689	9,840	3,849
Telephone	11,749	8,445	3,304
Insurance and Bond	7,169	5,153	2,016
Postage and Freight	6,381	4,587	1,794
Travel	3,688	2,651	1,037
Miscellaneous and Other Expense	2,793	2,008	785
Automobile Expense	8,500	777	7,723
Educational Reimbursement	0	0	0
Total Expenditures	936,349	691,142	245,207
<u>Revenue Over (Under) Expenditures</u>	(227,418)	118,886	(346,304)
<u>Fund Balance, June 30, 2022</u>	1,660,665	1,660,665	0
<u>Fund Balance, June 30, 2023</u>	\$ 1,433,247	\$ 1,779,551	\$ (346,304)

Please see accompanying notes to the financial statements.

Southern Plains Library System
Altus, Oklahoma
Notes to Budgetary Comparison Schedule
Year Ended June 30, 2023

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, 2023

	Grant Period	Grant Receipts	Grant Expenses
<u>Oklahoma Arts Council</u>			
Universe of Stories	06/09/22 - 06/30/22	\$ 1,900	\$ 0
Summer Program 2023	06/01/23 - 06/30/23	0	1,200
	Totals	\$ 1,900	\$ 1,200
 <u>Oklahoma Department of Libraries</u>			
American Rescue Plan Act		\$ 0	\$ 7,674
	Total Grants	\$ 1,900	\$ 8,874

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, 2023

	Grant Period	Grant Receipts	Grant Expenses
<u>Oklahoma Literacy Coalition</u>			
	05/01/21 - 12/15/21		
OLC-TFCU Partnership Grant	05/01/22 - 12/15/22	\$ 0	\$ 1,000
<u>Oklahoma Department of Libraries</u>			
Immigration & Citizenship Serv.	08/30/22 - 07/31/23	18,000	18,000
Adult Literacy	05/01/22 - 04/30/23	0	7,500
ODL-24 Community Literacy Grant	08/01/22 - 06/30/23	9,600	9,600
ODL Health Literacy Grant	09/09/22 - 08/04/23	9,000	9,000
Literacy Dev. Grant	05/13/22 - 11/15/22	4,500	4,500
	Totals	<u>41,100</u>	<u>48,600</u>
<u>American Rescue Plan Act</u>			
American Rescue Plan Act		<u>0</u>	<u>1,942</u>
<u>Operation Round Up/SW Rural Electric</u>			
Operation Round Up		<u>3,000</u>	<u>2,500</u>
	Total Grants	<u>\$ 44,100</u>	<u>\$ 54,042</u>

Please see accompanying notes to the financial statements.