

**INDEPENDENT  
ACCOUNTANT'S AUDIT REPORT**

**SOUTHERN PRAIRIE  
LIBRARY SYSTEM**

**JUNE 30, 2014**

BY



**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Year Ended June 30, 2014**

**Table of Contents**

	<u>Page</u>
<b><u>INDEPENDENT AUDITOR'S REPORT</u></b> .....	1 - 2
 <b><u>FINANCIAL STATEMENTS</u></b>	
Statement of Net Assets .....	3
Statement of Activities .....	4
Balance Sheet – Governmental Funds .....	5 - 6
Statement of Revenue, Expenditures, and Changes in Fund Balance .....	7 - 9
Balance Sheet –Special Revenue Funds .....	10
Statement of Revenue, Expenditures and Changes in Fund Balance – Special Revenue Funds .....	11
Notes To Financial Statements .....	12 - 17
 <b><u>SUPPLEMENTAL INFORMATION</u></b>	
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 <i>Government Auditing Standards</i> .....	18 - 19
Statement of Revenue, Expenditures, and Changes in Fund Balance Budget vs. Actual.....	20 - 21
Notes to Supplemental Information.....	22
Schedules of Grant Activities .....	23 - 33



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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Southern Prairie Library System  
Altus, Oklahoma

We have audited the accompanying modified cash basis financial statements of the governmental activities, the blended component unit, each major fund, and the aggregate remaining fund information of Southern Prairie Library System (the System), Altus, Oklahoma, as of and for the year ended June 30, 2014, which collectively comprise the System's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the blended component unit, each major fund, and the aggregate remaining fund information of the System as of June 30, 2014, and the respective changes in modified cash basis financial position, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules and information presented are not necessary for a fair presentation of the financial statements for the year ended June 30, 2014, but are presented for purposes of additional analysis. The accompanying supplemental schedules and information was subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The System has not presented management's discussion and analysis that the *Governmental Accounting Standards Board* has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2014, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

*Furrh and Associates, PC*

**FURRH & ASSOCIATES, PC**

Lawton, Oklahoma  
December 2, 2014

# Southern Prairie Library System

Altus, Oklahoma

Statement of Net Assets

(Modified Cash Basis)

June 30, 2014

## ASSETS

	<u>Governmental Activities</u>
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 633,276
Prepaid Insurance	5,167
	<hr/>
Total Current Assets	638,443
<b>Other Assets</b>	
Fixed Assets	303,640
Accumulated Depreciation	(192,285)
Other Assets	29,810
	<hr/>
Total Other Assets	141,165
	<hr/>
<b>Total Assets</b>	<b>\$ 779,608</b>

## LIABILITIES & NET ASSETS

<b>Liabilities</b>	
Payroll Liabilities	\$ 0
	<hr/>
Total Liabilities	0
<b>Net Assets</b>	
Capital Assets - Net of Related Debt	111,355
Unreserved	668,253
	<hr/>
Total Net Assets	779,608
	<hr/>
<b>Total Liabilities and Net Assets</b>	<b>\$ 779,608</b>

Please see accompanying notes to the financial statements.

# Southern Prairie Library System

Altus, Oklahoma

Statement of Activities

(Modified Cash Basis)

Year Ended June 30, 2014

		Program Revenue		
	Expense	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue & Changes in Net Assets
<b><u>Activities</u></b>				
Library Services	\$ 662,923	\$ 8,868	\$ 201,098	\$ (452,957)
			<u>General Revenue</u>	
			Property Taxes	616,094
			State Aid	20,736
			Miscellaneous	6,114
			Interest	2,404
				645,348
			Total General Revenue	
				192,391
			<u>Changes in Net Assets</u>	
				587,217
			<u>Net Assets, June 30, 2013</u>	
				779,608
			<u>Net Assets, June 30, 2014</u>	

Please see accompanying notes to the financial statements.

# Southern Prairie Library System

Altus, Oklahoma

Balance Sheet

(Modified Cash Basis)

Governmental Funds

June 30, 2014

	General	Other Governmental Funds	Great Plains Literacy Council	Total Governmental Funds
<u>Assets</u>				
Petty Cash	\$ 267	\$ 0	\$ 0	\$ 267
Cash - First State Bank	511,256	0	0	511,256
Cash - National Bank of Commerce	38,614	0	11,279	49,893
Cash - Great Plains National Bank	17,348	0	0	17,348
Cash - Stockman's Bank	12,015	0	0	12,015
Cash - MidFirst Bank CD	6,374	0	0	6,374
Cash - First National Bank	0	42,497	0	42,497
Stock - Principal Financial Group	23,436	0	0	23,436
Prepaid Insurance	5,167	0	0	5,167
Total Assets	\$ 614,477	\$ 42,497	\$ 11,279	\$ 668,253
<u>Liabilities and Fund Balance</u>				
Liabilities				
Payroll Liabilities	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance				
Unreserved	614,477	42,497	11,279	668,253
Total Liabilities and Fund Balance	\$ 614,477	\$ 42,497	\$ 11,279	\$ 668,253

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Balance Sheet**  
**(Modified Cash Basis)**  
**Governmental Funds**  
**June 30, 2014**

Net Assets	\$ 668,253
Amounts Reported for Governmental Activities in the	
Statement of Net Assets are different because:	
Capital Assets Used by Governmental Activities of \$303,640	
Net of Accumulated Depreciation of \$192,285 are not financial	
resources and, therefore, are not reported in the funds.	
Net Assets of Governmental Activities	\$ 779,608

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, 2014

<u>Revenue</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Great Plains Literacy Council</u>	<u>Total Governmental Funds</u>
Property Taxes	\$ 616,095	\$ 0	\$ 0	\$ 616,095
Grant Revenue - State	3,500	0	14,840	18,340
State Aid	20,736	0	0	20,736
Contributions	157,703	6,537	5,518	169,758
Charges for Services	8,867	0	0	8,867
Grant Revenue - Private	6,000	0	7,000	13,000
Miscellaneous Revenue	5,643	211	260	6,114
Interest Dividend Income	2,284	62	58	2,404
Total Revenue	<u>820,828</u>	<u>6,810</u>	<u>27,676</u>	<u>855,314</u>
<u>Expenditures</u>				
Salaries and Wages	332,257	0	8,698	340,955
Payroll Taxes and Insurance	111,456	0	2,877	114,333
Informational Materials	61,948	367	0	62,315
Capital Outlay	59,732	0	0	59,732
Contract Services	30,392	0	0	30,392
Telephone	12,045	0	0	12,045
Equipment Expense	10,836	0	0	10,836
Revaluation	10,803	0	0	10,803
Direct Grant Expenditures - Private	6,000	0	12,059	18,059
Direct Grant Expenditures - State	2,000	0	13,816	15,816

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, 2014

	General Fund	Other Governmental Funds	Great Plains Literacy Council	Total Governmental Funds
Supplies	8,458	188	578	9,224
Program Expense	4,342	0	0	4,342
Postage and Freight	3,760	109	113	3,982
Travel	2,507	0	0	2,507
Insurance and Bond	2,192	0	0	2,192
Automobile Expense	1,877	0	0	1,877
Miscellaneous and Other Expense	1,245	1,038	179	2,462
<b>Total Expenditures</b>	<b>661,850</b>	<b>1,702</b>	<b>38,320</b>	<b>701,872</b>
<u>Revenue Over (Under) Expenditures</u>	158,978	5,108	(10,644)	153,442
<u>Fund Balance, June 30, 2013</u>	455,406	37,389	21,961	514,756
<u>Fund Balance, June 30, 2014</u>	\$ 614,384	\$ 42,497	\$ 11,317	\$ 668,198

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, 2014

	Other Governmental Funds	Great Plains Literacy Council	Total Governmental Funds
<u>Reconciliation to Statement of Activities</u>			
Net Changes in Fund Balance - Total Governmental Funds	\$		153,442
Governmental 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			59,732
Depreciation Expense			<u>(20,783)</u>
Change in Net Assets of Governmental Activities	\$		<u><u>192,391</u></u>

Please see accompanying notes to the financial statements.

# Southern Prairie Library System

Altus, Oklahoma

## Combining Balance Sheet

(Modified Cash Basis)

Special Revenue Funds

June 30, 2014

	<u>Special Acquisition Fund</u>	<u>Plant Replacement Fund</u>	<u>Total Special Revenue Funds</u>
<u>Assets</u>			
Cash - First National Bank	\$ 41,232	\$ 1,265	\$ 42,497
Total Assets	<u>\$ 41,232</u>	<u>\$ 1,265</u>	<u>\$ 42,497</u>
<u>Liabilities and Fund Balance</u>			
Liabilities	0	0	0
Fund Balance			
Unreserved	<u>41,232</u>	<u>1,265</u>	<u>42,497</u>
Total Liabilities and Fund Balance	<u>\$ 41,232</u>	<u>\$ 1,265</u>	<u>\$ 42,497</u>

Please see accompanying notes to the financial statements.

# Southern Prairie Library System

Altus, Oklahoma

## Combining Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Special Revenue Funds

Year Ended June 30, 2014

<u>Revenue</u>	<u>Special Acquisition Fund</u>	<u>Plant Replacement Fund</u>	<u>Total Special Revenue</u>
Contributions	\$ 6,537	\$ 0	\$ 6,537
Miscellaneous Revenue	211	0	211
Interest Dividend Income	61	1	62
 Total Revenue	 6,809	 1	 6,810
 <u>Expenditures</u>			
Postage	109	0	109
Miscellaneous	1,038	0	1,038
Supplies	188	0	188
Informational Materials	367	0	367
 Total Expenditures	 1,702	 0	 1,702
 <u>Revenue Over (Under) Expenditures</u>	 5,107	 1	 5,108
 <u>Fund Balance, June 30, 2013</u>	 36,125	 1,264	 37,389
 <u>Fund Balance, June 30, 2014</u>	 \$ 41,232	 \$ 1,265	 \$ 42,497

Please see accompanying notes to the financial statements.

# Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2014

## Note 1- Accounting Policies

The Southern Prairie Library System (the System) is a multi-county quasi-governmental organization under Title 65 (Multi-County Act) of the Oklahoma Statutes. The System is governed by a board of directors 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 2 cities, Altus and Hollis, Oklahoma, that are represented on the board of directors.

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.

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 blended 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 control to the System's management.

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 the State of Oklahoma, but is a comprehensive basis of accounting other than accounting principles 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.

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

### Governmental Fund Types

1. 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, 2014

2. 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
  
3. Component Unit- Great Plains Literacy Council

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.

At the end of the fiscal year, the books were 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.

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.

The System is exempt from federal and state income taxes.

## **Note 2 - Budgetary Accounting**

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

# Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2014

## Note 3 - Cash and Cash Equivalents

Cash and cash equivalents include the following accounts:

Cash Change Fund	\$	40
Petty Cash Fund		227
First National Bank - Plant Replacement Checking		1,265
National Bank of Commerce - GPLC checking		11,279
Stockman's Bank - Checking		12,015
Great Plains National Bank - Money Market		17,348
National Bank of Commerce - Money Market		38,614
First National Bank - Acquisition Checking		41,232
First State Bank - Checking		511,256
Total Cash & Cash Equivalents	\$	633,276

The cash on deposit with the First State Bank of Altus, Oklahoma, is covered by F.D.I.C. insurance (up to \$250,000.00) and a collateral pledge of \$1,000,000 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
\$ 633,009	\$ 0	\$ 267	\$ 633,276

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2014**

**Note 4 - Fixed Assets**

Current year changes in fixed assets were as follows:

	<u>Property, Plant and Equipment</u>	<u>Accumulated Depreciation</u>
Balance as of 07/01/2013	\$ 243,908	\$ 171,502
Additions	59,732	20,783
Disposals	<u>0</u>	<u>0</u>
Balance as of 06/30/2014	<u>\$ 303,640</u>	<u>\$ 192,285</u>

**Note 5 - Other Assets**

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 \$56,336 at June 30, 2014.

The System also owns a Certificate of Deposit in the amount of \$6,374 at MidFirst Bank with a twelve year term that matures on 2-27-15, with an interest rate of 0.449%.

**Note 6 - 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, 2014 totals \$35,820 which includes earned but unpaid annual leave, vacation pay and compensatory wages.

**Note 7 - Tax Revenues**

Approximately 72% 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 citizen's of Jackson and Harmon counties. Approximately 83% of the ad valorem tax revenues were received in December 2013 and January and February 2014. Property tax revenues are recognized when received.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2014**

**Note 8 - Grant Revenues**

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

	<u>Grant Receipts</u>	<u>Grant Expenditures</u>
Oklahoma Department of Libraries		
Contract No. F-13-70	\$ 0	\$ 461
Contract No. F-14-006	10,840	10,840
Contract No. F-14-069	4000	2555
 Oklahoma Art Council		
Contract No. FY 2642-4108	2,500	0
Contract No. FY 3231-5040	0	1,000
 Oklahoma Literacy Coalition		
Literacy	1,000	1,000
 Oklahoma Humanities Council		
Literacy	1,000	1,000
 Dollar General Literacy Foundation		
Literacy	0	6,875
 Wichita Falls Area Community Foundation		
Literacy	6,000	6,000
 Tinker Federal Credit Union		
Literacy	1,000	1,000
 Rural Okla Community Foundation		
Grant No. 20122653	5,000	4,185
Total	<u>\$ 31,340</u>	<u>\$ 34,916</u>

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2014**

**Note 9 - Insurance Coverage**

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

**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.

**Note 11 - Contingencies**

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

**Note 12 - Contributions**

The System received a one time contribution in the amount of \$156,526 from the Kimberlin Trust. It was recorded as contribution income with no restrictions.



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

Board of Directors  
Southern Prairie 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 blended component unit, each major fund, and the aggregate remaining fund information of Southern Prairie Library System (the System), Altus, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 2, 2014.

**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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the System's financial statements are free of 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 organization'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 and Associates, PC*

FURRH & ASSOCIATES, PC

Lawton, Oklahoma  
December 2, 2014

# Southern Prairie Library System

Altus, Oklahoma

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

Budget and Actual

(Modified Cash Basis)

Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
Property Taxes - Jackson County	\$ 457,534	\$ 534,819	\$ (77,285)
Property Taxes - Harmon County	58,196	81,275	(23,079)
State Aid - OK Department of Libraries	20,498	20,736	(238)
Charges for Services	8,600	8,868	(268)
Interest Dividend Income	4,400	2,284	2,116
Contributions	0	157,703	(157,703)
Grant Revenue	0	9,500	(9,500)
Miscellaneous Revenue	11,000	5,643	5,357
Total Revenue	<u>560,228</u>	<u>820,828</u>	<u>(260,600)</u>
<b><u>Expenditures</u></b>			
Salaries and Wages	340,464	332,257	8,207
Employee Insurance	99,900	81,787	18,113
Informational Materials - Books	97,425	42,476	54,949
Reserves	40,000	0	40,000
Payroll Taxes	29,791	27,303	2,488
Contract Services	27,000	30,392	(3,392)
Capital Outlay	23,000	59,732	(36,732)
Informational Materials - Serials	15,500	15,391	109
Equipment Expense	13,800	10,836	2,964
Revaluation	11,500	10,803	697
Supplies	10,500	8,458	2,042
Telephone	15,088	12,045	3,043
Program Expense	6,900	4,342	2,558
Insurance and Bond	8,700	2,192	6,508
Travel	6,000	2,507	3,493
Informational Materials - Audiovisual	6,000	4,081	1,919
Postage and Freight	5,000	3,760	1,240
Automobile Expense	5,000	1,877	3,123
Workers Compensation Insurance	3,405	2,366	1,039
Miscellaneous	3,000	1,245	1,755

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2014**

	<b>Original Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
Informational Materials - Other	1,000	0	1,000
Direct Grant Expenditures	0	8,000	(8,000)
Total Expenditures	768,973	661,850	107,123
<u>Revenue Over (Under) Expenditures</u>	(208,745)	158,978	(367,723)
<u>Fund Balance, June 30, 2013</u>	141,193	455,406	(314,213)
<u>Fund Balance, June 30, 2014</u>	\$ (67,552)	\$ 614,384	\$ (681,936)

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Notes to Required Supplemental Information**  
**Year Ended June 30, 2014**

**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 blended component unit. Specific grant funds operated within the General Fund, Special revenue Funds and blended component unit are operated under budgets required by the grant documents. The System prepares its annual operating budget on the revenue and expenditures.

The System operated within its budget for the current year.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Great Plains Literacy Council**  
**Oklahoma Department of Libraries-Community Literacy Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2014**

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
State Grant	\$ 10,840	\$ 10,840	\$ 0
<b><u>Expenditures</u></b>			
Personnel	9,980	9,980	0
Payroll Tax	661	661	0
Miscellaneous	199	199	0
Total Expenditures	<u>10,840</u>	<u>10,840</u>	<u>0</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Budget Period 08/01/13 - 06/30/14  
Contract No. F-14-006

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Great Plains Literacy Council**  
**Oklahoma Department of Libraries-Health Literacy Project Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2014**

	<u>Budget</u>	<u>Cumulative 06/30/13</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>				
State Grant	\$ 3,000	\$ 3,000	\$ 0	\$ 0
<b><u>Expenditures</u></b>				
Travel	246	246	0	0
Personnel	2,754	2,293	461	0
Total Expenditures	3,000	2,539	461	0
Revenue Over (Under) Expenditures	<u>\$ 0</u>	<u>\$ 461</u>	<u>\$ (461)</u>	<u>\$ 0</u>

Budget Period 09/07/2012 - 08/31/2013  
Contract No. F-13-70

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Oklahoma Arts Council - Dig into Art**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2014**

	<u>Budget</u>	<u>Cumulative 06/30/13</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>				
State Grant	\$ 2,500	\$ 0	\$ 2,500	\$ 0
<b><u>Expenditures</u></b>				
Programs	<u>2,500</u>	<u>2,500</u>	<u>0</u>	<u>0</u>
<b><u>Revenue Over (Under) Expenditures</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ (2,500)</u></b>	<b><u>\$ 2,500</u></b>	<b><u>\$ 0</u></b>

Budget Period 05/16/13 - 06/30/2013  
Contract No. 2642-4108

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Great Plains Literacy Council**  
**Oklahoma Literacy Coalition**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2014**

	<b>Budget</b>	<b>Current Year</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>			
State Grant	\$ 1,000	\$ 1,000	\$ 0
<b><u>Expenditures</u></b>			
Program Expenses	1,000	1,000	0
<b><u>Revenue Over (Under) Expenditures</u></b>	\$ 0	\$ 0	\$ 0

Budget Period 07/01/13 - 06/30/2014

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Great Plains Literacy Council**  
**Dollar General Literacy Foundation Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2014**

	<u>Budget</u>	<u>Cumulative 06/30/13</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>				
Grant Income	\$ 7,500	\$ 7,500	\$ 0	\$ 0
<b><u>Expenditures</u></b>				
Personnel	<u>7,500</u>	<u>625</u>	<u>6,875</u>	<u>0</u>
<b><u>Revenue Over (Under) Expenditures</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ (6,875)</u></b>	<b><u>\$ 0</u></b>

Budget Period 05/24/2013 - 06/30/2014

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Wichita Falls Area Community Foundation**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2014**

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
Grant Income	\$ 6,000	\$ 6,000	\$ 0
Matching Funds	4,268	4,268	0
Total Income	10,268	10,268	0
<b><u>Expenditures</u></b>			
Early Literacy Stations	5,149	5,149	0
After School Edge	2,499	2,499	0
Tablet Early Literacy	2,620	2,620	0
Total Expenditures	10,268	10,268	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Budget Period 10/01/13 - 12/31/13

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Great Plains Literacy Council**  
**Rural Oklahoma Community Foundation Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2014**

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
Grant Income	\$ 5,000	\$ 5,000	\$ 0
<b><u>Expenditures</u></b>			
Personnel	4,650	4,185	(465)
Travel	<u>350</u>	<u>0</u>	<u>(350)</u>
Total Expenditures	<u>5,000</u>	<u>4,185</u>	<u>(815)</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 815</u>	<u>\$ (815)</u>

Budget Period 09/01/13 - 08/15/14  
Grant No. 20140365

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Great Plains Literacy Council**  
**Tinker Federal Credit Union**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2014**

	<b>Budget</b>	<b>Current Year</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>			
State Grant	\$ 1,000	\$ 1,000	\$ 0
<b><u>Expenditures</u></b>			
Program Expenses	1,000	0	1,000
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>

Budget Period 04/01/14 - 09/30/2014

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Oklahoma Arts Council-Summer Arts Fizz**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2014**

	<b>Budget</b>	<b>Current Year</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>			
State Grant	\$ 1,150	\$ 0	\$ 1,150
<b><u>Expenditures</u></b>			
Program Expenses	1,150	1,000	150
<u>Revenue Over (Under) Expenditures</u>	\$ 0	\$ (1,000)	\$ 1,000

Budget Period 07/03/14 - 07/31/2014  
Contract No. 3231-5040

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Oklahoma Humanities Council-Let's Talk About It Oklahoma**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2014**

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
State Grant	\$ 1,000	\$ 1,000	\$ 0
<b><u>Expenditures</u></b>			
Program Expenses	<u>1,000</u>	<u>1,000</u>	<u>0</u>
<b><u>Revenue Over (Under) Expenditures</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>

Budget Period 08/01/13 - 10/31/2013

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Great Plains Literacy Council**  
**Oklahoma Department of Libraries-Health Literacy Project Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2014**

	<b>Budget</b>	<b>Current Year</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>			
State Grant	\$ 4,240	\$ 4,000	\$ (240)
<b><u>Expenditures</u></b>			
Personnel	3,360	2,410	(950)
Supplies	864	145	(719)
Travel	16	0	(16)
Total Expenditures	4,240	2,555	(1,685)
<b>Revenue Over (Under) Expenditures</b>	<b>\$ 0</b>	<b>\$ 1,445</b>	<b>\$ 1,445</b>

Budget Period 09/01/2013 - 08/30/2014  
Contract No. F-14-069

Please see accompanying notes to the financial statements.