

**ACCOUNTANT'S AUDIT REPORT**  
**WESTERN PLAINS LIBRARY SYSTEM**

**JUNE 30, 2013**

BY



**Western Plains Library System**  
**Clinton, Oklahoma**  
**Year Ended June 30, 2013**

**Table of Contents**

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>1-2</b>
 <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 .....	7-8
Statement of Net Assets- Enterprise Fund.....	9
Statement of Revenue, Expenses and Changes in Fund Net Assets.....	10
Statement of Cash Flows .....	11
Notes To Financial Statements .....	12-19
 <b><u>SUPPLEMENTAL INFORMATION</u></b>	
Report on Internal Control Over Financial Reporting and On Compliance And Other Matters Based on an Audit of Financial Statements.....	20-21
Statement of Revenue,Expenditures, and Changes in Fund Balance Actual vs. Budget.....	22-23
Notes to Supplemental Information.....	24
Combining Balance Sheet- Nonmajor Governmental Funds .....	25
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance- Nonmajor Governmental Funds .....	26
Schedules of Grant Activities .....	27



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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Western Plains Library System  
Clinton, Oklahoma

We have audited the accompanying financial statements of the governmental activities and the business-type activities of Western Plains Library System (the System), as of and for the year ended June 30, 2013, which collectively comprise the System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Western Plains Library System management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 business-type activities of Western Plains Library System, as of June 30 2013, and the respective changes in financial position, and cash flows, where applicable, thereof for the year than ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2013, on our consideration of the Western Plains 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 22 and 23 be presented to supplement the basic financial

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



FURRH & ASSOCIATES, PC

Certified Public Accountants

July 30, 2013

# Western Plains Library System

Clinton, Oklahoma

## Statement of Net Assets

June 30, 2013

	<u>Governmental Activities</u>	<u>Enterprise Activities</u>	<u>Total</u>
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents	\$ 878,107	\$ 1,501	\$ 879,608
Investments	110,248	0	110,248
Ad Valorem Tax Receivable	182,551	0	182,551
Accts Receivable-Library Board	883	0	883
Prepaid Equipment Maintenance	2,309	0	2,309
Prepaid Insurance	13,016	0	13,016
Prepaid Subscriptions	24,675	0	24,675
Inventory	0	2,898	2,898
	<hr/>	<hr/>	<hr/>
Total Current Assets	1,211,789	4,399	1,216,188
<b><u>Other Assets</u></b>			
Fixed Assets, net of Accum Depreciation	1,133,077	0	1,133,077
	<hr/>	<hr/>	<hr/>
Total Other Assets	1,133,077	0	1,133,077
	<hr/>	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 2,344,866</b>	<b>\$ 4,399</b>	<b>\$ 2,349,265</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 7,329	\$ 0	\$ 7,329
Unpaid Compensated Absences	43,443	0	43,443
Accrued Payroll	12,464	0	12,464
	<hr/>	<hr/>	<hr/>
Total Liabilities	63,236	0	63,236
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Related Debt	1,133,077	0	1,133,077
Restricted	0	4,399	4,399
Assigned	282,500	0	282,500
Unassigned	866,053	0	866,053
	<hr/>	<hr/>	<hr/>
Total Net Assets	2,281,630	4,399	2,286,029
	<hr/>	<hr/>	<hr/>
Total Net Assets and Liabilities	<b>\$ 2,344,866</b>	<b>\$ 4,399</b>	<b>\$ 2,349,265</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Please see accompanying notes to the financial statements.



# Western Plains Library System

Clinton, Oklahoma

Balance Sheet

Governmental Funds

June 30, 2014

	General	Nonmajor Funds	Total Governmental Funds
<b><u>Assets</u></b>			
Petty Cash	\$ 50	\$ 0	\$ 50
Cash - Mid First Bank, Weatherford	2,496	0	2,496
Cash - Mid First Bank, Weatherford	10,362	0	10,362
Cash - MidFirst Bank, Weatherford	878,901	0	878,901
Cash - Oklahoma Bank & Trust, Clinton	31,851	10,209	42,060
Cash - First Bank and Trust, Clinton	0	4,169	4,169
CD - Security State	60,580	0	60,580
CD - Bank of the West	100,081	0	100,081
Ad Valorem Tax Receivable	257,710	0	257,710
Accts Receivable-Library Board	400	546	946
Prepaid Equipment Maint.	1,390	0	1,390
Prepaid Insurance	17,226	0	17,226
Prepaid Subscriptions	24,775	0	24,775
Fixed Assets	1,804,276	0	1,804,276
Accumulated Depreciation	(1,804,276)	0	(1,804,276)
Total Assets	\$ 1,385,822	\$ 14,924	\$ 1,400,746
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 9,104	\$ 0	\$ 9,104
Unpaid Compensated Absences	47,915	0	47,915
Accrued Payroll	21,219	0	21,219
Payroll Liabilities	9,622	0	9,622
Total Liabilities	87,860	0	87,860
<b><u>Fund Balance</u></b>			
Restricted	0	0	0
Committed	0	0	0
Assigned	323,000	0	323,000
Unassigned	974,962	14,924	989,886
Total Fund Balance	1,297,962	14,924	1,312,886
Total Liabilities and Fund Balance	\$ 1,385,822	\$ 14,924	\$ 1,400,746

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

Net Assets	\$ 1,312,886
Amounts Reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital Assets Used by Governmental Activities of \$1,804,276 Net of Accumulated Depreciation of \$666,788 are not financial resources and, therefore, are not reported in the funds.	<u>1,137,488</u>
Net Assets of Governmental Activities	<u><u>\$ 2,450,374</u></u>

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenue</u></b>			
Ad Valorem Tax Revenue	\$ 1,784,008	\$ 0	\$ 1,784,008
State Aid	48,114	0	48,114
Branch Library Income	12,234	0	12,234
Interest Income	2,524	39	2,563
Miscellaneous Revenue	1,635	0	1,635
State Grants	115	0	115
Donations	0	12,025	12,025
Total Revenue	<u>1,848,630</u>	<u>12,064</u>	<u>1,860,694</u>
<b><u>Expenditures</u></b>			
Personnel Services			
Salaries and Wages	666,481	0	666,481
Employee Insurance	91,774	0	91,774
Payroll Taxes	55,600	0	55,600
Retirement Costs	31,735	0	31,735
Total Personnel Services	<u>845,590</u>	<u>0</u>	<u>845,590</u>
Informational Materials			
Books	108,248	2,455	110,703
Databases	59,015	0	59,015
Downloadables	39,394	0	39,394
Audio Books	19,336	0	19,336
DVDs	19,130	0	19,130
Magazines/Newspapers	1,916	0	1,916
Microfilm	436	0	436
Total Informational Materials	<u>247,475</u>	<u>2,455</u>	<u>249,930</u>
Public and Technical Services			
Programming Fees & Supplies	23,451	0	23,451
Technical Services	11,934	0	11,934
Total Public & Technical Services	<u>35,385</u>	<u>0</u>	<u>35,385</u>
Operating Expenses			
Internet Access	67,721	0	67,721
Professional Consulting	48,113	0	48,113
Building Maintenance	26,018	10,122	36,140

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Expenditures</u></b>			
Professional Development	\$ 26,011	\$ 0	\$ 26,011
Insurance	25,705	0	25,705
Vehicle Expense	17,781	0	17,781
Contingency Expense	17,490	0	17,490
Equipment Expense	16,837	0	16,837
Advertising & Marketing	16,220	0	16,220
Staff Development	15,958	0	15,958
Utilities	12,233	0	12,233
Supplies	11,651	0	11,651
Postage and Freight	9,007	0	9,007
Human Resources Expense	8,051	0	8,051
Computer & Equipment Expense	7,044	0	7,044
Travel	6,537	0	6,537
Collection Agency	6,005	0	6,005
Furniture Expense	5,592	0	5,592
Temporary Rent Expense	925	0	925
Miscellaneous Expense	837	0	837
Banking Service Fees	553	102	655
Grant Expenses	0	0	0
Capital Outlay (Depreciation)	314,505	0	314,505
Total Operating Expenses	<u>660,794</u>	<u>10,224</u>	<u>671,018</u>
Total Expenditures	1,789,244	12,679	1,801,923
Revenue Over (Under) Expenditures	59,386	(615)	58,771
Fund Balance, June 30, 2012	<u>1,072,748</u>	<u>16,714</u>	<u>1,089,462</u>
Fund Balance, June 30, 2013	<u>\$ 1,132,134</u>	<u>\$ 16,099</u>	<u>\$ 1,148,233</u>

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Enterprise Fund**  
**Statement of Net Assets**  
**Year Ended June 30, 2013**

<u><b>Assets</b></u>		
Current Assets:		
Cash - MidFirst Bank, Weatherford	\$	1,501
Inventory		2,898
Total Current Assets	\$	4,399
Noncurrent Assets:		
Capital Assets		0
Accumulated Depreciation		0
Total Noncurrent Assets		0
Total Assets	\$	4,399
<u><b>Liabilities</b></u>		
Unearned Revenue	\$	0
Total Liabilities	\$	0
<u><b>Net Assets</b></u>		
Restricted		4,399
Total Net Assets		4,399
Total Net Assets and Liabilities	\$	4,399

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Enterprise Fund**  
**Statement of Revenue, Expense, and Changes in Fund Net Assets**  
**Year Ended June 30, 2013**

<b><u>Operating Revenue</u></b>	
Sales	\$ 3,490
 <b><u>Operating Expense</u></b>	
Cost of Inventory	<u>1,847</u>
Net Operating Income (Loss)	1,643
 <b><u>Nonoperating Revenue (Expense)</u></b>	
Transfers from Western Plains	
Net Nonoperating Revenue (Expense)	<u>1,072</u>
Net Revenue (Loss)	2,715
Total Net Assets, June 30, 2012	<u>1,684</u>
Total Net Assets, June 30, 2013	<u><u>\$ 4,399</u></u>

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Enterprise Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2013**

<b><u>Cash Flows from Operating Activities</u></b>	
Receipts from Customers	\$ 3,490
Payments to Suppliers	(4,362)
	(872)
Net Cash Provided by Operating Activities	
	(872)
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Transfers from Western Plains	1,072
	1,072
Net Cash Provided (Used) by Noncapital Financing Activities	
	1,072
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Capital Assets Purchased	0
Capital Assets Sold	0
	0
Net Cash Provided (Used) by Capital and Related Financing Activities	
	0
<b><u>Cash Flows from Investing Activities</u></b>	
Interest Income	0
	0
Net Cash Provided by Investing Activities	
	0
Net Increase (Decrease) in Cash and Cash Equivalents	
	200
Cash and Cash Equivalents - June 30, 2012	
	1,301
Cash and Cash Equivalents - June 30, 2013	
	\$ 1,501
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u></b>	
Operating Income	\$ 1,643
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Increase in Inventory	(2,515)
	(2,515)
Net Cash Provided by Operating Activities	
	\$ (872)

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2013**

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

The Western Plains 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 trustees appointed by the county commissioners of Custer, Dewey, Roger Mills, and Washita Counties, and by all cities in the four counties with populations of 2,000 or more. Presently, there are the following cities, Clinton, Weatherford, Cordell, Taloga, and Cheyenne, Oklahoma, that are represented on the board of trustees.

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

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

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

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

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

**Note 2 – Fund Accounting**

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

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2013**

classified as governmental, proprietary, and fiduciary fund types. The following fund types are used by the System.

Governmental Fund Types

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

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

- a. Memorial Fund
- b. Friends of the Library Fund
- c. Honor Fund

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

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

Proprietary Fund Types

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

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

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2013**

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

**Note 3 – Budgetary Accounting**

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

**Note 4 – Cash and Cash Equivalents**

Cash and cash equivalents include the following accounts:

General Fund	
Petty Cash	\$ 50
MidFirst Bank	1,203
MidFirst Bank	2,023
Oklahoma Bank and Trust	127,260
MidFirst Bank	732,018
Memorial Fund	
Oklahoma Bank and Trust	9,922
Friends of The Library Fund	
First Bank and Trust	4,154
Honor Fund	
Oklahoma Bank and Trust	1,477
	\$ 878,107

The cash on deposit with the MidFirst Bank of Clinton, Oklahoma, is not only covered by F.D.I.C. insurance (up to \$250,000.00) but also a collateral pledge of \$715,000.00 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:

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2013**

- 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	\$ 878,057	\$ 0	\$ 50	\$ 878,107

**Note 5 – Investments**

The System invests \$50,000 in a Certificate of Deposit at the High Plains Bank in Cordell, Oklahoma. The interest rate on this investment is 0.30%. The interest pays at maturity. The maturity date is June 29, 2013.

The System also invests \$60,000 in a Certificate of Deposit at the Security State Bank in Cheyenne, Oklahoma. The interest rate on this investment is 0.55%. The interest pays at quarterly. The maturity date is July 10, 2013.

**Note 6 – Ad Valorem Taxes Receivable**

Custer County owes the System majority of the outstanding ad valorem taxes. Several major industries in the Custer County claim an ad valorem manufacturer exemption. The State of Oklahoma will reimburse the counties for the industries that claim this exemption. Custer County has a policy of not passing along the ad valorem taxes for these industries until they receive the money from the State. Custer County expects to be able to pass the 2012/2013 funds to the System in the 2013/2014 fiscal year.

**Note 7 – Prepaid Expenses**

Prepaid expense includes the unamortized portion of the annual expense for the following:

Prepaid Equipment Maintenance Contract	\$ 2,309
Prepaid Insurance	13,016
Prepaid Subscriptions	24,675
Total	\$ 40,000

# Western Plains Library System

Clinton, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2013

## Note 8 – Fixed Assets

All capital assets acquired prior to June 30, 2004 were considered to be fully depreciated. All fixed assets acquired before June 30, 2004 were valued at historical cost or estimated historical cost if actual historical cost was not available. Amounts were recorded for fixed asset purchases, for control purposes, with a corresponding amount recorded in the accumulated depreciation account. Donated assets were valued at their estimated fair market value as of the date donated. The System has adopted a capitalization policy of not recording, for depreciation purposes, items costing less than \$500 per unit.

Current year changes in fixed assets were as follows:

	Property, Plant and Equipment	Accumulated Depreciation
Balance as of 07/01/2012	\$ 1,474,572	\$ 587,729
Additions	314,505	68,271
Disposals	0	0
	<hr/>	<hr/>
Balance as of 06/30/2013	<u>\$ 1,789,077</u>	<u>\$ 656,000</u>

## Note 9 – Accrued Payroll and Compensated Absences

The System accrues a payroll liability and a liability for vacation pay or other compensated absences. The cost is recognized when a claim is made for the accrued compensation by the employee. The amount of earned unpaid compensated absences liability at June 30, 2013 was approximately \$43,443. The amount of earned unpaid compensation at June 30, 2013 was \$12,464.

## Note 10 – Reserve Fund Balance

The governing Board has set aside a portion of the fund balance as an equipment replacement reserve. The reserve fund balance as of June 30, 2013 was as follows:

Vehicle Replacement	\$ 88,000
Computer Reserve	\$ 60,000
Building Maintenance	\$ 50,000
Bookmobile Book Reserve	\$ 50,000
Salaries Evaluations	\$ 12,000
Branch Carpet Reserve	\$ 32,500

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2013**

The restrictions for vehicle replacement, building maintenance, signage, and computer reserve are imposed by the Board of Trustees action only; consequently, the restrictions may be rescinded by action of the Board.

**Note 11 – Tax Revenues**

Approximately 90.48% 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 Custer, Dewey, Roger Mills, and Washita counties. Approximately 62.86% of the ad valorem tax revenues were received in December 2012 and January 2013.

<u>Ad Valorem Tax Revenue</u>	
Custer County	\$ 843,025
Dewey County	277,399
Roger Mills County	374,433
Washita County	<u>239,503</u>
Total	<u>\$ 1,734,360</u>

**Note 12 – 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

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2013**

**Note 13 – Grant Revenues**

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

	Grant Receipts	Grant Expenditures
Oklahoma Department of Libraries		
Contract No. F-12-290	\$ 115	\$ 0
Total	\$ 115	\$ 0

**Note 14 – Retirement Plan**

In January 2006, the System adopted a SEP/457 combination retirement plan with Waddell and Reed Financial Services. The plan is flexible as to the amount of contribution for the employers and employees. The employer can determine the percentage of salaries to contribute on an annual basis. Contributions are optional by the employees; however, the employee must be 18 years old to qualify for participation in the plan, must have completed one year of service, and must have earned at least \$450 during the preceding year. Currently, the employer is paying 5% of the employee salary to the plan. The previous plan employee accounts were rolled over into the new plan.

Total pension cost for the current year and the previous two years.

	6/30/13	6/30/12	6/30/11
Employer Contributions	\$ 26,626	\$ 20,745	\$ 14,027
Employee Contributions	26,434	16,520	13,928
Total	\$ 53,060	\$ 37,265	\$ 27,955

**Note 15 – Related Party Transactions**

The cities of Clinton, Weatherford, Thomas, Seiling, Cheyenne, Cordell, and Sentinel, Oklahoma, provide financial support to the Western Plains 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.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2013**

**Note 16 – Contingencies**

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



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees  
Western Plains Library System  
Clinton, Oklahoma

We have audited the financial statements of the governmental activities and the business-type activities of Western Plains Library System, as of and for the year ended June 30, 2013, which collectively comprise Western Plains Library System's basic financial statements and have issued our report thereon dated July 30, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Western Plains Library System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Western Plains Library System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Western Plains Library System's internal control over financial reporting.

*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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Western Plains Library 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*.

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Furrh & Associates, PC*  
FURRH & ASSOCIATES, PC  
Certified Public Accountants  
July 30, 2013

**Western Plains Library System**  
**Clinton, Oklahoma**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
Ad Valorem Taxes	\$ 1,600,000	\$ 1,784,008	\$ (184,008)
State Aid	48,000	48,114	(114)
Branch Library Income	9,500	12,234	(2,734)
Interest Income	3,500	2,524	976
Miscellaneous Income	500	1,635	(1,135)
Grant Revenue	0	115	(115)
Total Revenue	<u>1,661,500</u>	<u>1,848,630</u>	<u>(187,130)</u>
<b><u>Expenditures</u></b>			
Personnel Services			
Salaries and Wages	700,000	666,481	33,519
Employee Insurance	104,400	91,774	12,626
Payroll Taxes	62,803	55,600	7,203
Retirement Costs	32,622	31,735	887
Total Personnel Services	<u>899,825</u>	<u>845,590</u>	<u>54,235</u>
Informational Materials			
Books	125,000	108,248	16,752
Vendor Processing	3,500	3,055	445
Downloadables	45,000	39,394	5,606
Databases	50,000	55,960	(5,960)
DVDs	20,000	19,130	870
Magazines/Newspapers	8,250	1,916	6,334
Audio Books	25,000	19,336	5,664
Microfilm	800	436	364
Total Informational Materials	<u>277,550</u>	<u>247,475</u>	<u>30,075</u>
Public and Technical Services			
Technical Services	12,000	11,934	66
Programming Fees & Supplies	25,000	23,451	1,549
Total Public and Technical Services	<u>37,000</u>	<u>35,385</u>	<u>1,615</u>

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Operating Expenses			
Advertising & Marketing	17,000	16,220	780
Banking Service Fees	500	553	(53)
Building Maintenance	27,500	26,018	1,482
Computer	12,000	7,044	4,956
Capital Outlay	62,500	314,505	(252,005)
Collection Agency	0	6,005	(6,005)
Contingency Expense	18,000	17,490	510
Equipment Expense	20,000	16,837	3,163
Furniture Expense	8,000	5,592	2,408
Human Resources Expense	8,500	8,051	449
Insurance	28,000	25,705	2,295
Internet Access	70,000	67,721	2,279
Miscellaneous Expense	2,000	837	1,163
Postage and Freight	8,500	9,007	(507)
Professional Consulting	60,000	48,113	11,887
Professional Development	28,500	26,011	2,489
Rent Expense	1,000	925	75
Staff Development	18,000	15,958	2,042
Supplies	13,000	11,651	1,349
Travel	7,000	6,537	463
Utilities	16,000	12,233	3,767
Transfer to Enterprise Fund	0		0
Vehicle Expense	20,000	17,781	2,219
Total Operating Expenses	<u>446,000</u>	<u>660,794</u>	<u>(214,794)</u>
Total Expenditures	<u>1,660,375</u>	<u>1,789,244</u>	<u>(128,869)</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 1,125</u>	<u>\$ 59,386</u>	<u>\$ (58,261)</u>
<u>Fund Balance, June 30, 2012</u>	<u>0</u>	<u>1,072,748</u>	<u>(1,072,748)</u>
<u>Fund Balance, June 30, 2013</u>	<u>\$ 1,125</u>	<u>\$ 1,132,134</u>	<u>\$ (1,131,009)</u>

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Required Supplemental Information**  
**Year Ended June 30, 2013**

**Note 1 - Budgetary Policies**

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

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

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

# Western Plains Library System

Clinton, Oklahoma

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2013

	<u>Memorial Fund</u>	<u>Friends of the Library Fund</u>	<u>Honor Fund</u>	<u>Total</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 9,922	\$ 4,154	\$ 1,477	\$ 15,553
Accounts Receivable	0	546	0	546
Total Assets	<u>\$ 9,922</u>	<u>\$ 4,700</u>	<u>\$ 1,477</u>	<u>\$ 16,099</u>
<u>Liabilities and Fund Balance</u>				
Fund Balance	9,922	4,700	1,477	16,099
Unreserved				
Total Liabilities and Fund Balance	<u>\$ 9,922</u>	<u>\$ 4,700</u>	<u>\$ 1,477</u>	<u>\$ 16,099</u>

Please see accompanying notes to the financial statements.

# Western Plains Library System

Clinton, Oklahoma

## Combining Statement of Revenue, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended June 30, 2013

<u>Revenue</u>	<u>Memorial Fund</u>	<u>Friends of the Library Fund</u>	<u>Honor Fund</u>	<u>Total</u>
Donations and Fund Raising	\$ 1,990	\$ 10,035	\$ 0	\$ 12,025
Interest Income	39	0	0	39
Total Revenue	2,029	10,035	0	12,064
<u>Expenditures</u>				
Books	2,455	0	0	2,455
Bank Service Charges	0	30	72	102
Building Improvements	0	10,122	0	10,122
Pass Through Expenses	0	0	0	0
Total Expenditures	2,455	10,152	72	12,679
<u>Revenue Over (Under) Expenditures</u>	(426)	(117)	(72)	(615)
<u>Fund Balance, June 30, 2012</u>	10,348	4,817	1,549	16,714
<u>Fund Balance, June 30, 2013</u>	\$ 9,922	\$ 4,700	\$ 1,477	\$ 16,099

Please see accompanying notes to the financial statements.

**Western Plains Library System**

Clinton, Oklahoma

**Oklahoma Department of Libraries- "Branching Out" Grant**

Revenue and Expenditures Compared with Budget

(Modified Cash Basis)

Year Ended June 30, 2013

	<u>Budget</u>	<u>Cumulative 06/30/12</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>					
State Grant	115	0	115	115	0
Total Income	115	0	115	115	0
<u>Expenditures</u>					
Travel Expenses	115	115	0	115	0
Total Expenditures	115	115	0	115	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ (115)</u>	<u>\$ 115</u>	<u>\$ 0</u>	<u>\$ 0</u>

Budget Period 05/15/12 - 07/12/12  
 Contract No. F-12-290

Please see accompanying notes to the financial statements.