TIPTON COUNTY LIBRARY

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

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WTC Whitehorn Tankersley & Co., PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Tipton County Library
Covington, Tennessee

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Tipton County Library, Tipton County, Tennessee as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the management of the Tipton County Library. 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 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.

As discussed in Note 1, the financial statements of the Tipton County Library, Tipton County, Tennessee, are intended to present the financial position and changes in financial position of only that portion of the governmental activities and the aggregate remaining fund information of Tipton County that is attributable to the transactions of the Tipton County Library. They do not purport to, and do not, present fairly the financial position of Tipton County, Tennessee, as of June 30, 2009, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 General Fund of the Tipton County Library, Tipton County, Tennessee as of June 30, 2009, and the changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then 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 August 14, 2009, on our consideration of the Tipton County Library'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 the 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.

The Tipton County Library, Tipton County, Tennessee has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of. the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tipton County Library's basic financial statements. The schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Whitehorn Jakeley & Co., PLLC

August 14, 2009

FINANCIAL STATEMENTS

TIPTON COUNTY LIBRARY
STATEMENT OF NET ASSETS
JUNE 30, 2009

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash	$ 106,645
Capital assets. net of accumulated depreciation	88,722
TOTAL ASSETS	$ 195,367
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	$ 4,856
TOTAL LIABILITIES	4,856
NET ASSETS	
Invested in capital assets	88,722
Unrestricted	101,789
TOTAL NET ASSETS	190,511
TOTAL LIABILITIES AND NET ASSETS	$ 195,367

See notes to financial statements

TIPTON COUNTY LIBRARY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: GOVERNMENTAL ACTIVITIES
Governmental activities					
Public library	$ 178,885	$ 15,346	$ -	$ 1,825	$ (161,714)
TOTAL GOVERNMENTAL ACTIVITIES	178,885	15,346	-	1,825	(161,714)
GENERAL REVENUES					
Intergovernmental revenues					80,000
Investment earnings					117
Miscellaneous					5,522
TRANSFERS					80,000
TOTAL GENERAL REVENUES AND TRANSFERS					165,639
CHANGE IN ASSETS					3,925
NET ASSETS					
Balance at July 1, 2008					186,586
Balance at June 30, 2009					$ 190,511

See notes to financial statements

TIPTON COUNTY LIBRARY
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2009

	GOVERNMENTAL FUND - GENERAL FUND
ASSETS	
Cash	$ 106,645
TOTAL ASSETS	$ 106,645
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	$ 4,856
TOTAL LIABILITIES	4,856
FUND BALANCE	
Fund balance - unreserved	
Designated for capital improvements and maintenance	53,575
Undesignated	48,214
TOTAL FUND BALANCE	101,789
TOTAL LIABILITIES AND FUND BALANCE	$ 106,645

See notes to financial statements

TIPTON COUNTY LIBRARY
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

	TOTAL GOVERNMENTAL FUND
TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUND	$ 101,789
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund balance sheet.	88,722
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 190,511

See notes to financial statements

TIPTON COUNTY LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2009

REVENUES	
Intergovernmental revenues	
City of Covington, Tennessee	$ 80,000
State of Tennessee	1,825
	81,825
Miscellaneous	
Interest income	117
Memorials	540
Book fines and sales	15,346
Other.	4,982
	20,985
TOTAL REVENUES	102,810
EXPENDITURES	
Salaries	102,556
Employee taxes and benefits	12,799
Supplies	5,243
Repair and maintenance	3,051
Utilities and telephone	9,974
Insurance	4,553
Professional fees	4,200
Miscellaneous	4,077
Capital outlay	
Library collections	22,111
Equipment and fixtures	8,908
TOTAL EXPENDITURES	177,472
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(74,662)
OTHER FINANCING SOURCES	
Operating transfer in - Tipton County, Tennessee	80,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	5,338
FUND BALANCE	
Balance at July 1, 2008	96,451
Balance at June 30, 2009	$ 101,789

See notes to financial statements

TIPTON COUNTY LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	$ 5,338

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays capitalized	31,019
Depreciation expense	(32,432)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ (3,925)

See notes to financial statements

TIPTON COUNTY LIBRARY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2009

	GENERAL FUND		
	BUDGETED AMOUNTS		
	ORIGINAL	FINAL BUDGET	ACTUAL
REVENUES			
Intergovernmental revenues			
City of Covington, Tennessee	$ 80,000	$ 80,000	$ 80,000
State of Tennessee	-	-	1,825
	80,000	80,000	81,825
Miscellaneous			
Interest income	-	-	117
Memorials	-	-	540
Book fines and sales	6,000	6,000	15,346
Other	-	-	4,982
	6,000	6,000	20,985
TOTAL REVENUES	86,000	86,000	102,810
EXPENDITURES			
Salaries	97,400	97,400	102,556
Employee taxes and benefits	13,200	13,200	12,799
Supplies	3,000	3,000	5,243
Repair and maintenance	4,000	4,000	3,051
Utilities and telephone	10,000	10,000	9,974
Insurance	6,000	6,000	4,553
Travel	1,000	1,000	-
Professional fees	-	-	4,200
Miscellaneous	4,000	4,000	4,077
Capital outlay			
Library collections	22,400	22,400	22,111
Equipment and fixtures	5,000	5,000	8,908
TOTAL EXPENDITURES	166,000	166,000	177,472
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(80,000)	(80,000)	(74,662)
OTHER FINANCING SOURCES			
Operating transfer in - Tipton County, Tennessee	80,000	80,000	80,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-	-	5,338
FUND BALANCE			
Balance at July 1, 2008	96,451	96,451	96,451
Balance at June 30, 2009	$ 96,451	$ 96,451	$ 101,789

Note: The budgetary basis of accounting is the same as the accounting basis used for fund reporting purposes.

See notes to financial statements

TIPTON COUNTY LIBRARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY - The Tipton County Library (Library) is governed by a board of directors appointed by the Mayor of Tipton County, Tennessee. Based on criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board (GASB #14). there are no organizations requiring consideration for inclusion in the Library's financial reporting entity.

Under criteria in GASB #14. the Library is determined to be a fund of Tipton County, Tennessee (County), and is included in the financial statements of the County as a special revenue fund. The Library has elected to present its financial statements as a department of the County.

The Library's operating budget is funded by contributions from the City of Covington, Tennessee (City) and operating transfers from the County. In addition. the Library is located in a building owned by the City. The Library is not charged any rent for use of the building. Capital improvements are funded by federal and state grants. contributions by the City, and operating transfers from the County.

BASIS OF PRESENTATION - The accounting and reporting policies of the Library conform to accounting principles generally accepted in the United States applicable to governmental units. Generally accepted accounting principles are defined as those principles prescribed by the GASB.

The Library also presents fund financial statements for all funds relevant to operations of the Library.

The Library's accounts are organized and operated on the basis of fund types. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The Library's financial activities reported in the accompanying financial statements are classified into one fund type *(Governmental)*:

General Fund - used to account for all resources.

MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements of net assets and activities are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred. The types of transactions reported as program revenues for the Library are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified 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. The Library considers revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Library before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Library has a legal claim to the resources, the liability for deferred revenue is removed from the statement of net assets/balance sheet and revenue is recognized.

BUDGETS, BUDGETARY ACCOUNTING, AND ENCUMBRANCES - The budget of the Library is approved by the Tipton County Commission. The budget is adopted on a basis consistent with generally accepted accounting principles. Appropriations lapse at the end of the year. Encumbrance accounting is not used since it is not legally required.

DEPOSITS - Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. Although the Library has not formally adopted a policy regarding collateralization of deposits, the Library follows collateralization requirements of State statutes.

INVESTMENTS - Statutes authorize the Library to invest in obligations of the U.S. Treasury, agencies, instrumentalities and obligations guaranteed as to principal and interest by the United States or any of its agencies, repurchase agreements, the Tennessee local government investment pool, certificates of deposit at State and federally chartered banks and savings and loan associations, money market funds approved by the State director of local finance, and Tipton County's bonds and notes. The Library has not adopted a formal investment policy that limits its interest rate or credit risk.

TIPTON COUNTY LIBRARY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

CAPITAL ASSETS - Capital assets, which includes equipment, fixtures, and library collection, are reported in the statement of net assets. The Library does not have a formal capitalization policy, but generally only assets with an individual cost of at least $250 and an estimated useful life in excess of one year are capitalized. All capital assets are valued at historical cost. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Equipment and fixtures	5-10 years
Library collection	5 years

NET ASSETS - Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Library elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

NOTE 2 - DEPOSITS

The bank balances of deposits as of June 30, 2009 were entirely insured by federal depository insurance.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows:

	BALANCE AT JULY 1, 2008	ADDITIONS	DEDUCTIONS	BALANCE AT JUNE 30, 2009
Library collection (books and audio-visual materials)	$ 145,681	$ 22,111	$ (30,278)	$ 137,514
Equipment and fixtures	73,898	8,908	-	82,806
Total assets	219,579	31,019	(30,278)	220,320

TIPTON COUNTY LIBRARY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2009

NOTE 3 - CAPITAL ASSETS - CONTINUED

	BALANCE AT JULY 1, 2008	ADDITIONS	DEDUCTIONS	BALANCE AT JUNE 30, 2009
Less accumulated depreciation				
Library collection (books and audio-visual materials)	$ (91,294)	$ (22,888)	$ 30,278	$ (83,904)
Equipment and fixtures	(38,150)	(9,544)	-	(47,694)
Total accumulated depreciation	(129,444)	(32,432)	30,278	(131,598)
Net capital assets	$ 90,135	$ (1,413)	$ -	$ 88,722

The City allows the Library to use the building without the payment of rent. Depreciation expense of $32,432 was charged to governmental activities - public library.

NOTE 4 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All insurable risks of loss are covered under commercial insurance policies. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There was no significant reduction in the amount of coverage provided during this year.

NOTE 5 - RETIREMENT PLAN

Plan Description

Employees of Tipton County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34 - 37 of the *Tennessee Code Annotated* (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as

NOTE 5 - RETIREMENT PLAN - CONTINUED

Tipton County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us/tcrs/PS/.

Funding Policy

Tipton County requires employees to contribute 5.0 percent of earnable compensation.

Tipton County is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009 was 9.51% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Tipton County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost, Trend Information, and Funded Status and Funding Progress

For the year ending June 30, 2009, the Library's annual pension cost was $2,133. Further information regarding annual pension cost, trend information, and funded status and funding progress of the Library is not available since the Library information is included in the calculations for Tipton County General as a whole and is not separately identifiable.

SCHEDULES

TIPTON COUNTY LIBRARY
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2009

GRANTOR/PROGRAM TITLE	GRANTOR'S NUMBER	(RECEIVABLE) DEFERRED BALANCE AT JULY 1, 2008	RECEIPTS	DISBURSEMENTS	(RECEIVABLE) DEFERRED BALANCE AT JUNE 30, 2009
CASH AWARDS					
Tennessee State Library and Archives					
State Library Program (Technology Grants)	N/A	$ -	$ 1,825	$ 1,825	$ -

TIPTON COUNTY LIBRARY
SCHEDULE OF SALARIES AND OFFICIAL BONDS OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2009

OFFICIAL	SALARY	OFFICIAL BOND
Director	$ 21,579	$ 85,000

WTC Whitehorn Tankersley & Co., PLLC

CERTIFIED PUBLIC ACCOUNTANTS

110 EAST PLEASANT AVENUE / P.O. BOX 369 / COVINGTON, TENNESSEE 38019 / (901) 476-8275 / (901) 476-0867 FAX

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*

The Board of Directors
Tipton County Library
Covington, Tennessee

We have audited the financial statements of the governmental activities and the General Fund of the Tipton County Library, Tipton County, Tennessee as of and for the year ended June 30, 2009, and have issued our report thereon dated August 14, 2009. 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 the Tipton County Library'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 the Tipton County Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tipton County Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Tipton County Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Tipton County Library's financial statements that is more than inconsequential will not be prevented or detected by the Tipton County Library's internal control. We consider the deficiency described in the accompanying schedule of findings (Item No. 2007-01) to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Tipton County Library's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above, (No. 2007-01), is considered to be a material weakness.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Tipton County Library'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*.

Tipton County Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit Tipton County Library's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Whitlow Jorkesley & Co., PLLC

August 14, 2009

TIPTON COUNTY LIBRARY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

SIGNIFICANT DEFICIENCIES

Item No. 2007-01: Adjustment of General Ledger Account Balances and Preparation of Financial Statements

Condition: The Library does not have an employee or member of management that possesses the skills and knowledge to apply generally accepted accounting principles in maintaining the general ledger on the modified accrual basis of accounting or in preparing its annual audited financial statements.

Criteria: Certain liability account balances require year end adjustments to reflect the correct liability amount. In addition, the Library is responsible for internal controls extending through the financial statement preparation process.

Effect: Certain liability account balances were misstated. There is a lack of internal control over the preparation of its annual audited financial statements.

Recommendation: Consideration should be given to retaining a qualified individual to assist in the adjustment of the year end general ledger account balances and in the review of the draft of the annual audited financial statements.

Management response: We believe the cost to correct this deficiency would exceed the benefits to be derived. As such, we will continue to rely on the auditor to propose year end adjustments and to draft the annual audited financial statements.

TIPTON COUNTY LIBRARY
STATUS OF PRIOR YEARS' FINDINGS
YEAR ENDED JUNE 30, 2009

ITEMS CORRECTED

Item Nos. 2003-01 and 2007-02

ITEMS NOT CORRECTED

Item No. 2007-01