

McIVER'S GRANT PUBLIC LIBRARY

A JOINT VENTURE OF
THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S
REPORT AND SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2010

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
For the Fiscal Year Ended June 30, 2010

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Members

American Institute of Certified Public Accountants
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Private Companies Practice Section

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Chairman and Members of the
McIver's Grant Public Library Board
Dyersburg, Tennessee

We have audited the accompanying financial statements of the governmental activities, the discreetly presented component unit and the major fund, and the budgetary comparison statement of McIver's Grant Public Library (the Library), a joint venture of the City of Dyersburg and Dyer County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's 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 Governmental 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discreetly presented component unit and the major fund, and of the Library as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparison thereof 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 January 14, 2012 on our consideration of the Library's internal control over financial reporting and 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.

Chairman and Members of the
McIver's Grant Public Library Board
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The management's discussion and analysis on pages 4 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dyersburg, Tennessee
January 14, 2012



McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG AND DYER COUNTY, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010

Introduction

This audit report the financial activities of the McIver's Grant Public Library, which for the purposes of this audit should be understood as a conflation of two distinct organizations: the McIver's Grant Public Library, a governmental entity jointly owned by the City of Dyersburg and Dyer County, Tennessee, and managed by a Board of Directors members of which are appointed by the two governments; and the Dyersburg Dyer County Public Library Foundation, a nonprofit organization formed as a 501(c)3 entity under the Internal Revenue Service tax code, and which exists solely to support the activities and programs of the McIver's Grant Public Library. The Foundation is considered for reporting purposes a component unit of the Library. For purposes of this discussion, the two entities will be referred to as "the Library" and "the Foundation."

The value of all of the property of the Library are reported on the financial statements of the Library even though the governments noted herein assisted the Library in the acquisition of the building and land where the Library is presently located. The other assets and liabilities are reported in the accompanying financial statements.

The Foundation was formed for the express purpose to pursue the acquisition of a new facility for the Library. A capital campaign to raise the funds necessary to acquire a new facility began subsequent to June 30, 2010.

The following financial statement review presents the audit report from management's perspective.

Financial Statement Review

Statement of Financial Position

The net assets for the Library and the Foundation are \$212,808 and \$59,123 respectively as of June 30, 2010. The net assets for the Library were \$271,995 as of June 30, 2009. The Foundation was formed during the year ended June 30, 2010 and certain investments of the Library that were earmarked for building improvements were transferred to the Foundation.

Statement of Activities

The Library

The grants and contributions from the governmental entities remained the same from the prior year at \$218,810.

The operating expenses decreased from \$229,437 to \$248,400.

The Foundation

The only financial activity of the Foundation during the year after it was formed was the transfer of \$59,123 in certificates of deposits from the Library.

Condensed Financial Information

Condensed statement of net assets for the Library

	Governmental Activities		Component Unit		Total	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Current Assets	\$ 34,278	\$ 90,467	\$ 59,123	\$ -	\$ 93,401	\$ 90,467
Net fixed assets	178,530	183,623	-	-	178,530	183,623
Total Assets	\$ 212,808	\$ 274,090	\$ 59,123	\$ -	\$ 271,931	\$ 274,090
Current Liabilities	\$ -	\$ 2,095	\$ -	\$ -	\$ -	\$ 2,095
Net assets invested in capital assets, net of related debt	178,530	183,623	-	-	178,530	183,623
Unrestricted net assets	34,278	88,372	59,123	-	93,401	88,372
Total liabilities and net assets	\$ 212,808	\$ 274,090	\$ 59,123	\$ -	\$ 271,931	\$ 274,090

Condensed statement of revenues, expenditures and changes in net assets

	Governmental Activities		Component Unit		Total	
	2010	2009	2010	2009	2010	2009
Revenue from County & City	\$ 218,810	\$ 218,810	\$ -	\$ -	\$ 218,810	\$ 218,810
Fines and donations	7,909	8,885	-	-	7,909	8,885
Other revenue	21,617	17,314	-	-	21,617	17,314
Total revenue	248,336	245,009	-	-	248,336	245,009
Total general government expenditures	248,400	229,437	-	-	248,400	229,437
Transfers In (Out)	(59,123)	-	59,123	-	-	-
Change in net assets	(59,187)	15,572	59,123	-	(64)	15,572
Fund balance, beginning	271,995	256,423	-	-	271,995	256,423
Fund balance, ending	\$ 212,808	\$ 271,995	\$ 59,123	\$ -	\$ 271,931	\$ 271,995

Current year compares favorably with prior year with the exception of general government expenditures and transfers.

Notes to the Financial Statements

Notes provide additional information essential to a full understanding of data provided in the financial statements.

Financial Analysis

Net assets may serve as a useful indicator of a government's financial position.

The remaining balance of unrestricted net assets may be used to meet ongoing obligations to citizens and creditors.

At the end of the current fiscal year, McIver's Grant Public Library is able to report a positive balance in net assets. A positive net asset from the previous year is also true. McIver's Grant Public Library uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At the close of the current fiscal year, the Library's governmental funds reported a net asset balance of \$212,808, a decrease of \$59,187 in comparison with the previous year. \$34,278 of the net asset balance amount constitutes unrestricted net assets, which is available for spending at the Library's discretion.

Budget Analysis

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues			
Governmental appropriation	\$218,810	\$218,810	\$218,810
Fines and donations	6,500	5,137	7,909
Other	1,670	12,689	21,617
Total revenues	226,980	236,636	248,336
Total expenditures	<u>226,330</u>	<u>249,398</u>	<u>302,430</u>
Change in fund balance	650	(12,762)	(54,094)

Revenues from other sources were slightly higher than anticipated this year. This includes revenue from the book sale the Library has every year.

Total budgeted expenditures originally estimated significantly lower salaries, but also less revenue.

Capital Assets

Investment in capital assets for its governmental activities as of June 30, 2010 amounted to \$34,014.

Economic Factors and Next Year's Budgets

The Library is currently looking for a new location. The Board of Directors has not decided on whether or not building a structure from the ground up or occupying an existing structure is in the best interest of the Library. Funding by the City and County will probably remain frugal so our budget will reflect the same.

Request for information

This financial report is designed to provide a general overview of McIver's Grant Public Library's finances. Questions concerning any of the information provided in this report per requests for additional financial information should be addressed to: McIver's Grant Public Library 204 N. Mill Ave. Dyersburg, TN 38024

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
STATEMENT OF NET ASSETS
June 30, 2010

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component Unit</u> <u>Library</u> <u>Foundation</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 27,582	\$ -
Certificates of deposit		59,123
Prepaid expenses	6,306	
Accrued interest receivable	390	
Total Current Assets	34,278	59,123
Capital Assets		
Building	178,476	
Equipment	161,385	
Furniture & fixtures	14,397	
Books & periodicals	441,279	
Less: Accumulated depreciation	(617,007)	
Net Capital Assets	178,530	
TOTAL ASSETS	\$ 212,808	\$ 59,123
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ -	\$ -
Total Current Liabilities		
Net Assets		
Invested in capital assets	178,530	
Unrestricted net assets	34,278	59,123
Total Net Assets	212,808	59,123
TOTAL LIABILITIES AND NET ASSETS	\$ 212,808	\$ 59,123

See accompanying notes and accountant's report.

McIVERS GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Capital Grants & Contributions	Primary Government Governmental Activities	Component Unit Library Foundation
Government activities:					
General government	\$ 248,400	\$ -	\$ 218,810	\$ (29,590)	\$ -
Total governmental activities	248,400	-	218,810	(29,590)	-
Component Unit					
Library Foundation	-	-	-	-	-
Total component unit	-	-	-	-	-
General revenues					
Fines and donations				7,909	
Interest				340	
Miscellaneous				21,277	
Transfer				(59,123)	59,123
Total general revenues and transfers				(29,597)	59,123
Changes in net assets				(59,187)	59,123
Net assets - beginning				271,995	
Net assets - ending				\$ 212,808	\$ 59,123

See accompanying notes and accountant's report.

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
BALANCE SHEET - GENERAL FUND
June 30, 2010

ASSETS

Current Assets	
Cash	\$ 27,582
Prepaid expenses	6,306
Accrued interest receivable	<u>390</u>
 TOTAL ASSETS	 <u><u>\$ 34,278</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ <u>-</u>
Total Liabilities	-
 Fund Balance	 <u>34,278</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 34,278</u></u>

Amounts reported for governmental activities in the statement of net assets are different because:

Fund balance per balance sheet	\$ 34,278
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	<u>178,530</u>
Net assets of governmental activities	<u><u>\$ 212,808</u></u>

See accompanying notes and accountant's report.

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND
For the Year Ended June 30, 2010

Revenues	
Intergovernmental revenues	\$ 218,810
Fines & donations	7,909
Interest	340
Miscellaneous	21,277
Total Revenues	248,336
Expenditures	
Salaries	122,363
Books & periodicals	29,854
Janitorial services	4,284
Repairs & maintenance	2,273
Payroll taxes	9,232
Library supplies	5,736
Postage & freight	1,271
Utilities & phone	17,075
Insurance	27,688
Professional services	1,800
Miscellaneous	17,571
Capital Outlay	4,160
Transfer to component unit	59,123
Total Expenditures	302,430
NET CHANGE IN FUND BALANCE	(54,094)
Fund Balance, July 1, 2009	88,372
Fund Balance, June 30, 2010	\$ 34,278

See accompanying notes and accountant's report.

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
June 30, 2010

Amounts reported for governmental activities in the statement of activities (page 9) are different because:

Net change in fund balances-total governmental funds (page 11)	\$ (54,094)
In the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay, and capitalized books and periodicals.	(5,093)
Change in net assets of governmental activities (page 9)	<u>\$ (59,187)</u>

See accompanying notes and accountant's report.

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GOVERNMENTAL FUND

For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues				
Intergovernmental Revenues	\$ 218,810	\$ 218,810	\$ 218,810	\$ -
Fines and donations	6,500	5,137	7,909	2,772
Interest	70	99	340	241
Miscellaneous	1,400	12,445	21,277	8,832
Sale of books	200	145	-	(145)
Total Revenues	<u>226,980</u>	<u>236,636</u>	<u>248,336</u>	<u>11,700</u>
Expenditures				
Salaries	108,645	122,942	122,363	579
Books & periodicals	32,150	32,150	29,854	2,296
Janitorial services	4,285	4,285	4,284	1
Repairs & maintenance	5,000	5,000	2,273	2,727
Payroll taxes	9,880	9,880	9,232	648
Library supplies	2,300	6,300	5,736	564
Postage & freight	500	1,300	1,271	29
Utilities & phone	18,500	18,500	17,075	1,425
Insurance	30,000	30,000	27,688	2,312
Professional services	1,700	1,800	1,800	-
Miscellaneous	2,870	11,241	17,571	(6,330)
Capital outlay	10,500	6,000	4,160	1,840
Transfer to Foundation	-	-	59,123	(59,123)
Total Expenditures	<u>226,330</u>	<u>249,398</u>	<u>302,430</u>	<u>(53,032)</u>
CHANGE IN FUND BALANCE	<u>650</u>	<u>(12,762)</u>	<u>(54,094)</u>	<u>(41,332)</u>
Fund Balance, July 1, 2009	<u>88,372</u>	<u>88,372</u>	<u>88,372</u>	
Fund Balance, June 30, 2010	<u>\$ 89,022</u>	<u>\$ 75,610</u>	<u>\$ 34,278</u>	<u>\$ (41,332)</u>
Budget basis		\$ (25,756)		
Revenue accruals		3		
Expenditure accruals		660		
GAAP basis		<u>\$ (25,093)</u>		

See accompanying notes and accountant's report.

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

Note 1 - Summary of Significant Accounting Policies

The accounting policies followed by McIver's Grant Public Library conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Library's significant accounting policies are summarized as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Library has no business type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Books and records are maintained by the Library on a cash basis and are converted to the modified accrual basis as required for financial statement purposes.

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Library utilizes only one fund category (governmental) and one fund type (general) as no other resources of the Library are required to be accounted for in another fund.

The discretely presented component unit reports one fund category (governmental) and one fund type (general). The General Fund is the Foundation's primary operating fund. It accounts for all financial resources of the entity.

Amounts reported as program revenues include operating grants and intergovernmental revenues. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all fines and miscellaneous revenues.

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed.

Budget

The Librarian submits an annual budget to the Library Board in accordance with the operating policy of the Library. In March, the Library Board adopts the annual fiscal year budget. Once approved, the Library Board may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. The budget is prepared on a cash basis. Revenues and expenditures are budgeted in the year the receipt or expense is expected.

The appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and character which constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions are subject to final review by the Library Board. Revisions to the budget were made during the year.

Capital Assets

Capital assets are recorded at cost or at estimated historical cost and depreciation is computed using the straight line method over the estimated useful lives of the assets. Construction period interest, if applicable, is capitalized in the cost of appropriate capital assets and then shown as part of the carrying value.

Investments

Investments of the Library consist primarily of certificates of deposit at area banks. Investments are valued at cost. State statutes authorize the Library to invest in obligations of the United States Treasury, commercial paper, repurchase agreements, and the State Treasurer's Investment Pool, and certificate of deposit at state and federal chartered banks and savings and loans.

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Vacation and Sick Leave Policies

The Library provides two weeks of paid vacation annually for its salaried librarians. After ten years of employment, an additional week of vacation will be accrued, and after twenty years an employee will be entitled to four weeks of vacation. The maximum accumulation of vacation time will be two weeks. An employee may receive compensation during the fiscal year for vacation time not used.

Salaried librarians accumulate one day of paid sick leave for each month of service up to a maximum of fifty days.

No payment will be made for unused vacation or sick leave upon separation.

Events Occurring After Reporting Date

The Library has evaluated events and transactions that occurred between June 30, 2010 and January 14, 2012, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Note 2 - Cash in Bank

The total amount of cash in bank for the Library at June 30, 2010, was \$27,582, all of which is insured by the Federal Deposit Insurance Corporation.

Note 3 - Capital Assets

In 1966, the building that is now the Library was renovated at a cost of \$130,000. The City of Dyersburg, Tennessee, and Dyer County, Tennessee, each contributed \$20,000 and individuals and businesses contributed \$25,000. These local funds were matched by \$65,000 of federal funds provided by the Federal Library Assistance Act.

Capital assets are defined by the Library as equipment and furniture with an initial cost of more than \$500 and an estimated useful life of more than one year and additions to the book collection. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Books, equipment and furniture are depreciated using the straight-line method over the estimated useful life of the assets.

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2010

Note 3 - Capital Assets (Continued)

A summary of general capital assets follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental Activities:			
Capital Assets Being Depreciated			
Building	\$ 178,476	\$ -	\$ 178,476
Equipment	161,385	-	161,385
Furniture & Fixtures	14,397	-	14,397
Books & Periodicals	<u>407,265</u>	<u>34,014</u>	<u>441,279</u>
Total Capital Assets Being Depreciated	761,523	34,014	795,537
Less Accumulated Depreciation:			
Building	117,822	3,755	121,577
Equipment	148,450	6,161	154,611
Furniture & Fixtures	11,560	526	12,086
Books & Periodicals	<u>300,068</u>	<u>28,665</u>	<u>328,733</u>
Total Accumulated	<u>577,900</u>	<u>39,107</u>	<u>617,007</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 183,623</u>	<u>\$ (5,093)</u>	<u>\$ 178,530</u>

Note 4 – Dyersburg Dyer County Public Library Foundation

During the year ended June 30, 2010, a group of citizens with the approval of the Library Board of Directors formed the Dyersburg Dyer County Public Library Foundation (Foundation). The main purpose of the Foundation is to support a fund raising effort that will enable the Library to acquire and as necessary renovate a facility for the Library that will better serve the functions of the Library. The only transaction that is included in the financial statements of the Library and the Foundation is the transfer of certificates of deposit from the Library to the Foundation in the amount of \$59,123. The Foundation is considered a component unit of the Library and is discreetly presented in the accompanying financial statements.

The Foundation has pursued the raising of funds and acquiring financing for the acquisition of a building with the renovation of the building beginning in the fall of 2011.

Note 5 - Contributions to Retirement Plan

Four full-time employees of the Library participate in the group retirement plan of Dyer County, Tennessee. The Group Annuity Contract was signed with The Travelers Insurance Company and became effective on September 1, 1975. The Plan requires employee contributions of at least 2 1/2% of gross salary to be eligible for Library contributions of 2 1/2%. The Library did not make a contribution to the plan for the year ended June 30, 2010.

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2010

Note 6 - Joint Venture Between City of Dyersburg, TN and Dyer County, TN

McIver's Grant Public Library is a joint venture with the City of Dyersburg, TN and Dyer County, TN, each providing almost equal funding towards the operations of the Library. The fourteen member Board consists of seven members appointed by each government. Each governmental entity has a 50% share in the net assets of the Library.

Note 7 - Economic Dependency

The Library is economically dependent upon local government as approximately 85-90 percent of the Library's revenue comes from the City and County appropriations.

Note 8 - Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Note 9 - Risk Management

The Library manages the various types of risk that apply through the use of commercial insurance. The Library insures against the risk of loss of property. There were no settlements in excess of insurance coverage in any of the past three years.

SUPPLEMENTARY INFORMATION

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
COMPONENT UNIT - LIBRARY FOUNDATION
BALANCE SHEET
June 30, 2010

ASSETS

Current Assets	
Certificates of deposit	<u>\$ 59,123</u>
 TOTAL ASSETS	 <u><u>\$ 59,123</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	<u>\$ -</u>
Total Liabilities	-
 Fund Balance	 <u>59,123</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 59,123</u></u>

See accompanying notes and accountant's report.

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
COMPONENT UNIT - LIBRARY FOUNDATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2010

	Revenues	
Transfer from Library		<u>\$ 59,123</u>
	Total Revenues	<u>59,123</u>
	Expenditures	<u>-</u>
	Total Expenditures	<u>-</u>
	NET CHANGE IN FUND BALANCE	59,123
Fund Balance, July 1, 2009		<u>-</u>
Fund Balance, June 30, 2010		<u><u>\$ 59,123</u></u>

Net changes in Fund Balance agrees to the change in net assets.

See accompanying notes and accountant's report.

Members

American Institute of Certified Public Accountants
Tennessee Society of Certified Public Accountants
Private Companies Practice Section

CERTIFIED PUBLIC ACCOUNTANTS

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

Chairman and Members of the
McIver's Grant Public Library Board
Dyersburg, Tennessee

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit and each major fund of McIver's Grant Public Library (the Library), a joint venture of the City of Dyersburg, TN and Dyer County, TN as of and for the year ended June 30, 2010, which collectively comprise the Library's basic financial statements and have issued our report thereon dated January 14, 2012. 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 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 the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library'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 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. We consider the deficiencies in internal control described in the accompanying Schedule of Findings, Recommendations and Responses as Findings 2009-1 and 2009-2 to be material weaknesses.

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. A *significant deficiency* is a deficiency, or 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.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
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Chairman and Members of the
McIver's Grant Public Library Board
Dyersburg, Tennessee
Page 2

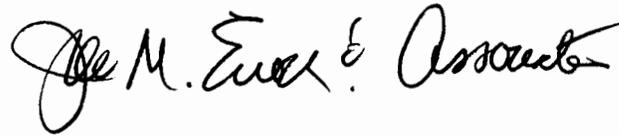
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

The Library's responses to the findings identified in our audit are described in the accompanying schedule of findings, recommendations and responses. We did not audit the Library's responses and, accordingly, we express no opinion on them.

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

Dyersburg, Tennessee
January 14, 2012



McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
SCHEDULE OF FINDINGS, RECOMMENDATIONS AND RESPONSES
June 30, 2010

Prior Year Findings

2009 - 1 Finding

The person responsible for the accounting and reporting function lacks the skill and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.

Recommendation

The person responsible for the accounting and reporting function should endeavor to acquire the necessary skills and knowledge.

Management Response

We concur, however, acquiring additional staff with those skills would not be the most efficient use of our limited resources.

2009 - 2 Finding

Due to practical limitations in the size of the accounting staff, adequate segregation of duties is not present in the Library's internal control structure. During the year the Board took an active interest in the financial transactions of the organization by reviewing detail transactions on a regular basis.

Recommendation

Management and the Board need to continue their efforts in complying with the control procedures that are in place to insure that transactions are properly documented and approved. The Board should continue to take an active interest in the financial transactions of the organization by reviewing detail transactions on a regular basis.

Management Response

We concur.