

WILSON COUNTY LIBRARY BOARD

**A COMPONENT UNIT OF
WILSON COUNTY, TENNESSEE**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

CONTENTS

	<u>PAGE</u>
Board of Directors	1
Independent Auditors' Report	2 - 3
Management's Discussion and Analysis	4 - 7
Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Balance Sheet – Governmental Fund	10
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	11 - 12
Notes to Financial Statements	13 - 21
Required Supplementary Information	
Schedule of Funding Progress for OPEB	22
Supplementary Information:	
Budgetary Comparison Schedule – Special Revenue Fund Lebanon Library	23
Budgetary Comparison Schedule – Special Revenue Fund Mt. Juliet Library	24
Budgetary Comparison Schedule – Special Revenue Fund Watertown Library	25
Internal Control and Compliance:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <u>Government Auditing Standards.</u>	26 - 27

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

BOARD OF DIRECTORS

Betty Stone, Board Chairman
241 West End Circle
Lebanon, Tennessee 37087

William Taylor, Vice-Chairman
100 South Commerce Rd.
Watertown, Tennessee

Dr. Connie Wright, Treasurer
2124 N. Greenhill Road
Mt. Juliet, Tennessee 37122

Diane Weathers, Secretary
7800 Central Pike
Mt Juliet, TN 37122

Carolyn Miller
79 Lakeview Circle
Mt. Juliet, Tennessee 37122

Jim Mills
100 Oak Hill Circle
Lebanon, Tennessee 37087

Kevin Huddleston
224 Sycamore St
Lebanon, Tennessee 37087

George Harding
222 Bartonwood Drive
Lebanon, Tennessee 37087

Peggy Simpson
1320 S. Commerce Rd
Watertown, TN 37184

INDEPENDENT AUDITOR'S REPORT

The Comptroller of the Treasury and
The Board of Directors
Wilson County Library Board
A Component Unit of Wilson County, Tennessee
Lebanon, Tennessee

We have audited the accompanying financial statements of the governmental activities, the major funds Wilson County Library Board, a component unit of Wilson County, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of Wilson County Library Board'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 *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.

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 major funds of the Wilson County Library Board as of June 30, 2010, and the respective changes in financial position 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 December 15, 2010, on our consideration of the Wilson County Library Board'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 that the management's discussion and analysis and on pages 4 through 7 and the schedule of funding progress for OPEB on page 22 are 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 inquiries 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.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Wilson County Library Board'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 relates 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.

Dempsey, Vantrouse & Follis, PLLC

Lebanon, Tennessee
December 15, 2010

Management's Discussion and Analysis

This section of the Wilson County Library Board's (a component unit of Wilson County, Tennessee) audited financial statements presents our discussion and analysis of the Organization's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

- The Organization's net assets decreased \$115,638 over the course of this year's operations. This is a 9.27% decrease from restated net assets at June 30, 2009.
- During the year, the Organization's expenses exceeded revenues by \$115,638. In the prior year, expenses exceeded revenues by \$76,486. Increased expenses in the current year were almost entirely funded by increased allocations from local governments and fundraising. Therefore, the increased expenses were due to the GASB OPEB, depreciations and library supplies.
- The total cost of the Organization's activities rose 6.06% in the fiscal year ended June 30, 2010.
- Balances of cash decreased \$10,039 (5.84%) during the fiscal year ended June 30, 2010.

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Organization:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Organization's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Organization, reporting the Organization's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

The government wide statements report information about the Organization as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Organization's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Organization's net assets and how they have changed. Net assets – the difference between the Organization's assets and liabilities – is one way to measure the Organization's financial health, or position.

- Over time, increases or decreases in the Organization's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Organization you need to consider additional non-financial factors.

Fund Financial Statements

The fund financial statements provide more detailed information about the Organization's most significant funds – not the Organization as a whole. Funds are accounting devices that the Organization uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- Other funds are established to control and manage money for particular purposes or to show that the government is properly using taxes.

The Organization has only one kind of fund:

- Governmental funds – Most basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation is presented at the bottom of the

government funds statements, or on the subsequent page, that explains the relationships (or differences) between them.

Financial Analysis of the Organization as a Whole

Net Assets. The Organization’s net assets after restatement decreased \$115,638 between fiscal years 2009 and 2010. In comparison, net assets for the fiscal year ended June 30, 2009 decreased \$76,486 from the fiscal year ended June 30, 2008.

Wilson County Library Board

Net Assets

June 30, 2010 and 2009

	2010	2009	% Change
Capital Assets	\$ 1,127,575	\$ 1,141,954	-1.26%
Other Assets	167,961	171,872	-2.28%
Total Assets	<u>\$ 1,295,536</u>	<u>1,313,826</u>	<u>-1.39%</u>
Liabilities	<u>\$ 163,959</u>	<u>\$ 93,110</u>	<u>76.09%</u>
Net Assets:			
Invested in Capital Assets	1,127,575	1,141,954	-1.26%
Unrestricted	<u>4,002</u>	<u>78,762</u>	<u>-94.92%</u>
Total Net Assets	<u>1,131,577</u>	<u>1,220,716</u>	<u>-7.30%</u>
Total Liabilities and Net Assets	<u>\$ 1,295,536</u>	<u>\$ 1,313,826</u>	<u>-1.39%</u>

Changes in Net Assets. The Organization’s operating revenues decreased \$1,781 due to a reduction in grants and fines, partially offset by an increase in other income. The Organization’s primary sources of non-operating income are local government allocations and other revenues. Local government allocations increased \$23,932. The total cost of all programs increased by \$65,478 (6.06%) due to the GASB OPEB, depreciations, and library supplies.

Wilson County Library Board

Changes in Net Assets

June 30, 2010 and 2009

	2010	2009	% Change
Operating Revenues	\$ 92,321	\$ 94,102	-1.89%
Operating Expenses	1,146,749	1,081,271	6.06%
Net Income from Operations	(1,054,428)	(987,170)	6.81%
Non-Operating Income	938,790	910,684	3.09%
Increase in Net Assets	<u>\$ (115,638)</u>	<u>\$ (76,486)</u>	51.19%

Capital Assets. During the current year, the Organization had the following activity in its capital assets:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	77,500	\$ -	\$ -	\$ 77,500
Other Capital Assets:				
Buildings and Improvements	1,135,536	6,170	-	1,141,706
Furniture and Equipment	372,934	40,583	-	413,517
Collections	1,349,851	140,960	96,925	1,393,886
Total Other Capital Assets, at Historical Cost	<u>2,858,321</u>	<u>187,713</u>	<u>96,925</u>	<u>2,949,109</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	469,301	29,514	-	498,815
Furniture and Equipment	252,135	36,684	-	288,819
Collections	1,072,432	135,893	96,925	1,111,400
Total Accumulated Depreciation	<u>1,793,868</u>	<u>202,091</u>	<u>96,925</u>	<u>1,899,034</u>
Other Capital Assets, Net	<u>1,064,453</u>	<u>(14,378)</u>	<u>-</u>	<u>1,050,075</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,141,953</u>	<u>\$ (14,378)</u>	<u>\$ -</u>	<u>\$ 1,127,575</u>

Contacting the Organization's Financial Management

This financial report is designed to provide the citizens, taxpayers, and customers of Wilson County of the Organization's finances and to demonstrate the Organization's accountability for the money it receives. If you have questions about this report or need additional information, contact the Wilson County Library Board, 108 South Hatton Ave., Lebanon, Tennessee, 37087.

FINANCIAL STATEMENTS

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
STATEMENT OF NET ASSETS
JUNE 30, 2010

Assets

Cash in Banks	\$	161,833
Accounts Receivable		6,128
Total Current Assets		167,961
Capital Assets:		
Nondepreciable Assets		
Land		77,500
Depreciable Assets		
Buildings and Improvements		1,141,706
Furniture and Equipment		413,517
Collections		1,393,886
Less Accumulated Depreciation		(1,899,034)
Total Capital Assets		1,127,575
Total Assets	\$	1,295,536

Liabilities

Accrued Vacation	\$	18,586
Deferred Grant Revenue		500
OPEB Liability		144,873
Total Liabilities		163,959

Net Assets

Invested in Capital Assets		1,127,575
Unrestricted		4,002
Total Net Assets		1,131,577
Total Liabilities & Net Assets	\$	1,295,536

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Assets
Functions and Programs			
Library Operations	\$ 1,146,749	\$ 92,321	\$ (1,054,428)
General Revenues			
Interest Income			621
Local Government Support			921,348
Miscellaneous Public Support			16,821
			(115,638)
Decrease in Net Assets			(115,638)
Net Assets, Beginning			1,220,716
Prior Period Adjustment			26,499
Net Assets, Ending			\$ 1,131,577

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

ASSETS	<u>Lebanon</u>	<u>Mt Juliet</u>	<u>Watertown</u>	<u>Total Major Funds</u>
Cash and Cash Equivalents	\$ 75,351	\$ 70,911	\$ 15,571	\$ 161,833
Accounts Receivable	-	-	6,128	6,128
 Total Assets	<u>\$ 75,351</u>	<u>\$ 70,911</u>	<u>\$ 21,699</u>	<u>\$ 167,961</u>
 LIABILITIES AND FUND BALANCE				
Accrued Vacation	\$ 2,118	\$ 2,678	\$ 300	\$ 5,096
Deferred Revenue	500	-	-	500
Fund Balance	<u>72,733</u>	<u>68,233</u>	<u>21,399</u>	<u>162,365</u>
 Total Liabilities and Fund Balance	<u>\$ 75,351</u>	<u>\$ 70,911</u>	<u>\$ 21,699</u>	<u>\$ 167,961</u>
 Reconciliation to Statement of Net Assets:				
Fund Balance				\$ 162,365
Capital Assets (net) are not reported on the fund financial statements				1,127,575
OPEB Liabilities are not reported on the fund financial statements				(144,873)
Long Term compensated absenses are not reported on the fund financial statements				(13,490)
 Net Assets				<u>\$ 1,131,577</u>

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Lebanon	Mt Juliet	Watertown	Total Major Funds
Revenues				
Wilson County Appropriation	\$ 330,454	\$ 275,794	\$ 71,159	\$ 677,407
Cities' Appropriations	113,454	105,976	24,511	243,941
Proceeds-Fundraising Event	7,840	-	-	7,840
Grants	-	-	-	-
Gifts	1,550	7,223	208	8,981
Memorials	1,993	747	292	3,032
Fines and Lost Materials	24,376	29,042	3,301	56,719
Copy/Fax Machines	6,414	5,784	1,479	13,676
Interest	330	226	65	621
Other Income	10,270	205	247	10,723
Book Sales	3,357	3,784	1,031	8,172
Total Revenues	500,038	428,781	102,293	1,031,112
Expenditures				
Salaries and Labor	214,694	193,531	34,116	442,341
Fringe Benefits	105,774	82,982	20,104	208,860
Books	39,616	42,646	11,310	93,572
Audio Visuals	23,917	19,824	3,648	47,388
Periodicals	1,588	1,296	295	3,179
Capital Expenditures	33,783	9,370	3,600	46,753
Printing and Binding	483	405	-	888
Utilities	22,327	14,328	4,404	41,059
Telephone and Postage	4,112	4,680	1,839	10,630
Supplies	14,579	13,785	5,311	33,675
Maintenance and Repairs	26,023	28,868	10,237	65,130
Insurance	5,431	3,824	1,088	10,343
Accounting	1,800	1,800	900	4,500
Fundraising Costs	3,795	-	-	3,795
Special Programs	7,703	4,663	2,021	14,387
Travel	1,407	807	794	3,008
Miscellaneous	377	841	86	1,304
Total Expenditures	507,409	423,650	99,751	1,030,812
Revenues Over (Under) Expenditures	(7,371)	5,131	2,542	300
Fund Balance, Beginning	80,104	63,102	18,857	162,063
Fund Balance, Ending	<u>\$ 72,733</u>	<u>\$ 68,233</u>	<u>\$ 21,399</u>	<u>\$ 162,363</u>

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Total Major Funds</u>
Reconciliation to Statement of Activities:	
Excess of Expenditures over Revenues	\$ 302
Depreciation Expense is not recorded in the fund statements	(202,091)
OPEB expense is not an expenditure in Fund Statement	(103,368)
Change in long-term compensated absences	1,806
Capital Expenditures are reported in the Statement of Net Assets	<u>187,713</u>
	<u>\$ (115,638)</u>

See notes to financial statements

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

The accounting methods and procedures adopted by the Wilson County Library Board (the Board) conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Library's general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity:

The Wilson County Library Board was established for the purpose of providing library services to residents of Wilson County.

The Board is a component unit of Wilson County, Tennessee, the primary government. Wilson County appoints the board members of the Board and must approve the Board's issuance of debt. The Board is financially dependent on the County, because a significant portion of funding is provided by County appropriations.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Board as a whole. Individual funds are not displayed in the government-wide financial statements and the Board has only governmental activities supported by grants, local government allocations, and general revenues.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Organization's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for the governmental funds.

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the Board are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Board considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Fund Types and Major Funds

The Board reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Assets and Depreciation

The Board's capital assets consist primarily of land and buildings, computers and furniture and its book collection. Capital assets with a cost of \$5,000 or more are capitalized and depreciated using the straight-line method over their estimated useful lives, ranging from 4 to 40 years. The costs of normal repairs and maintenance that do not add to the asset value or materially extend useful lives are expensed. Books are depreciated using a composite depreciation method over 5 years. Books that are discarded are charged off against the cost and accumulated depreciation using the most recent average cost.

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

Capital asset activity for the year ended June 30, 2010 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 77,500	\$ -	\$ -	\$ 77,500
Other Capital Assets:				
Buildings and Improvements	1,135,536	6,170	-	1,141,706
Furniture and Equipment	372,934	40,583	-	413,517
Collections	1,349,851	140,960	96,925	1,393,886
Total Other Capital Assets, at Historical Cost	2,858,321	187,713	96,925	2,949,109
Less Accumulated Depreciation for:				
Buildings and Improvements	469,301	29,514	-	498,815
Furniture and Equipment	252,135	36,684	-	288,819
Collections	1,072,432	135,893	96,925	1,111,400
Total Accumulated Depreciation	1,793,868	202,091	96,925	1,899,034
Other Capital Assets, Net	1,064,453	(14,378)	-	1,050,075
Governmental Activities Capital Assets, Net	\$ 1,141,953	\$ (14,378)	\$ -	\$ 1,127,575

Budgets and Budgetary Accounting:

The Board is not required to legally adopt a budget, however, the Board follows these procedures in establishing the budgetary data reflected in the supplementary information:

- a. Formal budgetary integration is employed as a management control device during the year for the Special Revenue Funds. This budget is adopted on a basis consistent with generally accepted accounting principles.
- b. The Board of Directors approves a detailed annual budget. Any revisions made during the year must be approved by the Board of Directors. The Board is required to maintain a balanced budget and not allow expenditures to exceed appropriations.
- c. The budget amounts shown in the supplementary schedules are the final authorized amounts as revised during the year.

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Annual Leave and Sick Leave:

The Organization's policy for accumulating annual (vacation) and sick leave is as follows:

Annual Leave

An eligible employee earns and accumulates annual leave for each month of service or major fraction thereof. The rates of accumulation and maximum accumulation vary according to employee length of service.

<u>Years of Service</u>	<u>Rate of Accumulation</u>	<u>Maximum Accumulation</u>
Less than 5	1 day (7.0 hrs)/month	30 days (210 hours)
5 to 10	1.5 days (10.5 hrs)/month	36 days (252 hours)
10 to 15	1.75 days (12.25 hrs)/month	39 days (273 hours)
15 or more	2 days (14.0 hrs)/month	42 days (294 hours)

Upon final separation, the employee is paid for any unused annual leave accumulation unless terminated for gross misconduct or similar offense.

Sick Leave

Sick leave is accrued per employee at the rate of one day (7.0 hours) for each month or major fraction thereof. A full time employee, who has accumulated the maximum number of allowable annual leave days, has any additional annual leave days accrued transferred to his sick leave account. There is no ceiling on accumulation of sick leave. Unused sick leave can be transferred towards creditable service upon retirement.

Upon re-employment in regular status, the sick leave account of a former County employee shall be credited with the sick leave accumulation at the time of termination provided it can be verified from official records.

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 2 - DEPOSITS

State statutes authorize the Board to invest in obligations of the United States Government and its agencies; the Local Government Investment Pool of the State of Tennessee and certificates of deposit at federal or state chartered banks and savings and loan associations. Funds deposited with financial institutions are required to be secured by the state bank collateral pool or by collateral pledged by the institution whose market value is equal to 105% of the value of the deposit in excess of FDIC insurance.

The Board's policy is to deposit all funds into cash accounts at FDIC insured banks that are members of the State of Tennessee's bank collateral pool. These accounts are designated as governmental funds by the bank.

At June 30, 2010, the bank balance of the demand deposits are \$199,303. The deposits are entirely insured through FDIC insurance and the state bank collateral pool.

NOTE 3 - OWNERSHIP OF PLANT ASSETS

The Board has a life interest in the land, building, and improvements at its Mt. Juliet, Tennessee and Watertown, Tennessee locations. If, at any time the Wilson County Library Board ceases to utilize these facilities as libraries, title to said facilities reverts back to their previous owners.

NOTE 4 - RETIREMENT

The Board employees participate in the Tennessee Consolidated Retirement System under the Wilson County membership. All information relating to the plan is reported in the general fund of the County. The County has been funding all employee contributions prior to the fiscal year ended June 30, 1993. For the year ended June 30, 2010, the Library funded \$43,243 on behalf of the employees eligible to participate in the County plan.

NOTE 5 - SELF-INSURANCE-UNEMPLOYMENT COVERAGE

The Board has elected to be a reimbursing employer for unemployment insurance purposes. Reimbursing employers are essentially self-insured. They are required to reimburse to the State Department of Employment Security dollar for dollar for their proportionate share of benefits paid to a former employee. A significant turnover in employees could result in a liability being incurred, however the effect on the financial position or results of operations cannot be determined.

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 6 - RISK FINANCING

It is the policy of the Board to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability and property and casualty. The Board employees are covered for group health and life under the commercial insurance policy purchased by Wilson County. The Board reimburses the County for its portion of those premiums. The Board employees are covered for workers compensation under the commercial insurance policy purchased by Wilson County.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Board receives a substantial amount of its support from state and local governments. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the Board's activities.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS(OPEB)

The District's full-time employees are included in Wilson County's plan for health, dental and prescription coverage. The Wilson County plan is a single employer plan that offers pre-65 retirees and dependents one of two plans depending on when the participant is hired (before or after March 1, 2000). Once a participant turns age 65, the health plan provision provides medical benefits through a Medicare Supplement Plan and prescription drug benefit through the county's self-insured plan. Upon death, retirees receive a \$2,000 life insurance benefit. An employee who retires or becomes disabled from the District is eligible for retiree health coverage upon meeting one of the following requirements: (1) hired prior to July 1, 1992; ten years of service with the last eight consecutive, (2) hired between July 1, 1992 and August 31, 1998; age 45 with ten years of service with the last eight consecutive, or (3) hired on or after September 1, 2008; the earlier of age 55 with ten years of service with the last eight consecutive; age 60 with ten years of service with the last year under the plan; or at any age with 30 years of service.

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

If a retiree is eligible for health insurance coverage and spouse coverage has been in effect for a minimum of one year prior to the employee's retirement, the plan will also provide health coverage for the retiree's spouse. This coverage will continue for as long as the spouse lives, even if the retiree dies before the spouse.

Eligible retirees are not required to share the cost of health insurance. Eligible dependents and disabled former employees who do not meet retirement eligibility requirements are required to share the cost of health insurance.

Annual OPEB Cost and Net OPEB Obligation

The OPEB cost and net OPEB obligation were estimated based on the January 1, 2009 actuarial valuation for Wilson County's plan as a whole, which includes the Library's employees. The Library's net OPEB obligation is the cumulative difference between the annual OPEB cost and the Library's contributions to the plan since the implementation date. The ARC is the periodic required contribution to fund the postemployment health care benefits of both active and retired employees. The OPEB cost is included in library operations on the statement of revenues, expenses and changes in net assets.

ARC	\$ 108,327
Interest on the NPO	3,982
Adjustment to the ARC	<u>(6,079)</u>
Annual OPEB cost	106,230
Amount of contribution	<u>(2,863)</u>
Increase/(decrease) in NPO	103,367
Net OPEB obligation, 07/01/2009	41,506
Net OPEB obligation, 06/30/2010	<u>\$ 144,873</u>

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year end
06/30/10	Postemployment Benefits Plan	\$ 103,368	0%	\$ 144,873
06/30/09	Postemployment Benefits Plan	\$ 41,505	0%	\$ 41,505

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010 is as follows:

Actuarial valuation date	01/01/09
Actuarial accrued liability (AAL)	\$ 732,412
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 732,412
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	NA
UAAL as a % of covered payroll	NA

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Actuarial Methods and Assumption

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point.

Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used to include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. In the January 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5 percent discount rate, an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of 5.5 percent after six years, and an annual dental cost trend rate of four percent. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

NOTE 9 – PRIOR PERIOD ADJUSTMENT

As described in Note 8, the Wilson County Library Board was required to begin accruing a liability in the government-wide financial statements for its post employment benefit programs in the fiscal year ended June 30, 2009. The actuarial study done for Wilson County's post employment benefits did not separate out certain component units and other participants in its post employment benefits program, including the Wilson County Library Board. Accordingly, the liability recorded for June 30, 2009 was made from the best information available at that time which now appears to be overstated by \$26,499. Accordingly, for the fiscal year ended June 30, 2009, change in net assets in the government-wide financial statements was understated by \$26,499 and net assets was understated by \$26,499.

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY

June 30, 2010

The Governmental Accounting Standards Board (GASB) requires the presentation of the Schedule of Funding Progress for other post employment benefits. The requirement to present the Schedule of Funding Progress was a change made during the current fiscal year, therefore only one year is presented.

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2007	\$ -	\$ 618,106	\$ 618,106	0%	\$ 313,158	197%
1/1/2009	\$ -	\$ 732,412	\$ 732,412	0%	NA	NA

*Data not available for one preceding year

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
SPECIAL REVENUE FUND - LEBANON LIBRARY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Wilson County Appropriation	\$ 330,660	\$ 330,660	\$ 330,454	\$ (206)
Cities' Appropriations	112,673	112,673	113,454	781
Proceeds-Fundraising Event	14,000	14,000	7,840	(6,160)
Grants	5,000	5,000	-	(5,000)
Gifts	2,500	2,500	1,550	(950)
Memorials	4,000	4,000	1,993	(2,007)
Fines and Lost Materials	24,000	24,000	24,376	376
Copy/Fax Machines	5,000	5,000	6,414	1,414
Interest	-	-	330	330
Other Income	5,500	5,500	10,270	4,770
Book Sales	9,000	9,000	3,357	(5,643)
Total Revenues	<u>512,333</u>	<u>512,333</u>	<u>500,038</u>	<u>(12,295)</u>
Expenditures				
Salaries and Labor	222,422	222,422	214,694	7,728
Fringe Benefits	116,645	107,545	105,774	1,771
Books	40,165	40,665	39,616	1,049
Audio Visuals	21,600	24,900	23,917	983
Periodicals	1,500	1,600	1,588	12
Capital Expenditures	32,281	39,681	33,783	5,899
Printing and Binding	1,000	1,000	483	517
Utilities	24,300	22,330	22,327	3
Telephone and Postage	5,136	4,386	4,112	274
Supplies	11,334	12,834	14,579	(1,745)
Maintenance and Repairs	15,000	14,170	26,023	(11,853)
Insurance	5,350	5,450	5,431	19
Accounting	1,816	1,816	1,800	16
Fundraising Costs	3,000	3,000	3,795	(795)
Special Programs	7,750	8,100	7,703	397
Travel	2,034	1,434	1,407	27
Miscellaneous	1,000	1,000	377	623
Total Expenditures	<u>512,333</u>	<u>512,333</u>	<u>507,409</u>	<u>4,924</u>
Revenues Over (Under)				
Expenditures	<u>\$ -</u>	<u>\$ -</u>	(7,371)	<u>\$ (7,371)</u>
Fund Balance, Beginning			<u>80,104</u>	
Fund Balance, Ending			<u>\$ 72,733</u>	

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
SPECIAL REVENUE FUND - MT JULIET LIBRARY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Wilson County Appropriation	\$ 275,794	\$ 275,794	\$ 275,794	\$ (0)
Cities' Appropriations	105,976	105,976	105,976	-
Grants	1,800	1,800	-	(1,800)
Gifts	6,000	6,000	7,223	1,223
Memorials	1,500	1,500	747	(753)
Fines and Lost Materials	28,000	28,000	29,042	1,042
Copy/Fax Machines	4,000	4,000	5,784	1,784
Interest	-	-	226	226
Other Income	17,400	17,400	205	(17,195)
Book Sales	4,000	4,000	3,784	(216)
Total Revenues	<u>444,470</u>	<u>444,470</u>	<u>428,781</u>	<u>(15,689)</u>
Expenditures				
Salaries and Labor	191,285	195,285	193,531	1,754
Fringe Benefits	88,272	84,772	82,982	1,790
Books	43,033	43,033	42,646	387
Audio Visuals	20,300	21,100	19,824	1,276
Periodicals	1,200	1,200	1,296	(96)
Capital Expenditures	20,300	20,300	9,370	10,930
Printing and Binding	500	500	405	95
Utilities	20,500	15,500	14,328	1,172
Telephone and Postage	7,880	5,080	4,680	400
Supplies	14,000	14,000	13,785	215
Maintenance and Repairs	22,300	28,800	28,868	(68)
Insurance	5,200	5,200	3,824	1,376
Accounting	1,800	1,800	1,800	-
Special Programs	5,700	5,700	4,663	1,037
Travel	1,200	1,200	807	393
Miscellaneous	1,000	1,000	841	159
Total Expenditures	<u>444,470</u>	<u>444,470</u>	<u>423,650</u>	<u>20,820</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	5,131	<u>\$ 5,131</u>
Fund Balance, Beginning			<u>63,102</u>	
Fund Balance, Ending			<u>\$ 68,233</u>	

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
SPECIAL REVENUE FUND - WATERTOWN LIBRARY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Wilson County Appropriation	\$ 71,159	\$ 71,159	\$ 71,159	\$ (0)
Cities' Appropriations	24,511	24,511	24,511	-
Grants	-	-	-	-
Gifts	450	450	208	(242)
Memorials	1,500	1,500	292	(1,208)
Fines and Lost Materials	2,000	2,000	3,301	1,301
Copy/Fax Machines	1,000	1,000	1,479	479
Interest	-	-	65	65
Other Income	3,500	3,500	247	(3,253)
Book Sales	1,500	1,500	1,031	(469)
Total Revenues	<u>105,620</u>	<u>105,620</u>	<u>102,293</u>	<u>(3,327)</u>
Expenditures				
Salaries and Labor	38,424	35,424	34,116	1,308
Fringe Benefits	25,617	20,617	20,104	513
Books	11,250	12,250	11,310	940
Audio Visuals	3,750	3,750	3,648	102
Periodicals	350	350	295	55
Capital Expenditures	4,000	7,500	3,600	3,900
Utilities	5,400	4,900	4,404	496
Telephone and Postage	1,700	2,000	1,839	161
Supplies	3,500	5,500	5,311	189
Maintenance and Repairs	3,000	3,500	10,237	(6,737)
Insurance	1,423	1,423	1,088	335
Accounting	900	900	900	-
Special Programs	856	1,856	2,021	(165)
Travel	650	850	794	56
Miscellaneous	300	300	86	214
Total Expenditures	<u>101,120</u>	<u>101,120</u>	<u>99,751</u>	<u>1,369</u>
Revenues Over (Under) Expenditures	<u>\$ 4,500</u>	<u>\$ 4,500</u>	2,542	<u>\$ (1,958)</u>
Fund Balance, Beginning			<u>18,857</u>	
Fund Balance, Ending			<u>\$ 21,399</u>	

See notes to financial statements

INTERNAL CONTROL & COMPLIANCE

**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**

To the Comptroller of the Treasury
and the Board of Directors
Wilson County Library Board
Lebanon, Tennessee

We have audited the financial statements of the governmental activities and the major fund information Wilson County Library Board, (the "Board") as of and for the year ended June 30, 2010, which collectively comprise the Wilson County Library Board's basic financial statements and have issued our report thereon dated December 15, 2010. 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 Board'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 Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board'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 Board'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. However, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting. The Board has a limited number of personnel, therefore adequate segregation of duties over receipts, purchases and disbursements is not possible. It is important that the Board of Directors continue to closely monitor the expenditures and investigate any deviations from budget. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wilson County Library Board'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, the Board, 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.

Dempsey Vantrase + Hollis, PLLC

Lebanon, Tennessee
December 15, 2010