

CLARKSVILLE - MONTGOMERY COUNTY

PUBLIC LIBRARY

AUDITED FINANCIAL STATEMENTS

AND OTHER INFORMATION

JUNE 30, 2010

CLARKSVILLE - MONTGOMERY COUNTY PUBLIC LIBRARY

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INDEPENDENT AUDITOR'S REPORT

January 24, 2011

Board of Trustees
Clarksville-Montgomery County Public Library
350 Pageant Lane
Clarksville, Tennessee

We have audited the accompanying financial statements of the governmental activities and the general fund of the Clarksville-Montgomery County Public Library (the Library), a component unit of Montgomery County, 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of the Clarksville-Montgomery County Public Library Foundation, which comprises the Library's discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Clarksville-Montgomery County Public Library Foundation, is based on the reports of other auditors.

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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the discretely presented component unit of the Library as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows 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 24, 2011, on our consideration of the 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 Library has not presented the Management 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.

Accounting principles generally accepted in the United States of America require that the schedule of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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 use with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The other financial information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

One Source Accounting & Tax

CLARKSVILLE-MONTGOMERY COUNTY PUBLIC LIBRARY
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS
JUNE 30, 2010

	General Fund	Adjustments	Statement of Net Assets	Component Unit - Library Foundation 12/31/09
<u>ASSETS</u>				
Cash on Hand	\$ 1,750	\$ -	\$ 1,750	\$ -
Cash in Bank	123,353	-	123,353	486,733
Restricted Cash	32,598	-	32,598	-
Restricted Investments	-	-	-	2,200,092
Customer Receivables	382,546	-	382,546	-
Allowance for Uncollectible Accounts	(191,272)	-	(191,272)	-
Prepaid Expenses	18,608	-	18,608	-
Capital Assets, Net of Accumulated Depreciation	-	1,524,466	1,524,466	-
Total Assets	<u>367,583</u>	<u>1,524,466</u>	<u>1,892,049</u>	<u>2,686,825</u>
<u>LIABILITIES</u>				
Accounts Payable	35,935	-	35,935	-
Payroll Liabilities Payable	638	-	638	-
Accrued Compensated Absences	46,505	-	46,505	-
Total Liabilities	<u>83,078</u>	<u>-</u>	<u>83,078</u>	<u>-</u>
<u>FUND BALANCES/NET ASSETS</u>				
Fund Balances:				
Unreserved	284,505	(284,505)	-	-
Total Fund Balances	<u>284,505</u>	<u>(284,505)</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>367,583</u>	<u>(284,505)</u>	<u>-</u>	<u>-</u>
Net Assets				
Invested in Capital Assets		1,524,466	1,524,466	-
Restricted		32,598	32,598	2,686,825
Unrestricted		251,907	251,907	-
Total Net Assets		<u>\$ 1,808,971</u>	<u>\$ 1,808,971</u>	<u>\$ 2,686,825</u>

See accompanying notes and auditor's report.

CLARKSVILLE-MONTGOMERY COUNTY PUBLIC LIBRARY
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Adjustments	Statement of Activities	Component Unit - Library Foundation 12/31/09
Revenues:				
Montgomery County	\$ 1,604,251	\$ -	\$ 1,604,251	\$ -
Fines and Fees	156,032	-	156,032	-
Interest	2,499	-	2,499	61,668
Computer and Copy Machine	14,537	-	14,537	-
Gracey Trust income	94,583	-	94,583	-
Memorial Income	5,693	-	5,693	-
Donations	5,033	-	5,033	-
Miscellaneous Income	10,642	-	10,642	-
Restricted Donations	-	-	-	136,555
Loss on Sale of Investments	-	-	-	(83,267)
Net Increase (Decrease) in the Fair Value of investments	-	-	-	388,508
Bequests	131,489	-	131,489	-
Total revenues	2,024,759	-	2,024,759	503,464
Expenditures:				
Current:				
Salaries and Benefits	1,290,384	-	1,290,384	-
Communication Expenses	4,573	-	4,573	-
Custodial Services	17,190	-	17,190	-
Data Processing	22,987	-	22,987	-
Postage and Shipping	10,270	-	10,270	-
Professional Services	25,042	-	25,042	3,000
Repairs and Maintenance	37,411	-	37,411	-
Supplies	30,941	-	30,941	-
Utilities	94,320	-	94,320	-
Travel	4,712	-	4,712	-
Insurance	7,602	-	7,602	-
Depreciation	-	466,609	466,609	-
Other	729	-	729	20
Library Support	-	-	-	275,000
Investment Fees	-	-	-	16,182
Capital Outlay:				
Printed Materials	323,658	(323,658)	-	-
Equipment and Furnishings	219,375	(215,974)	3,401	-
Total expenditures/ expenses	2,089,194	(73,023)	2,016,171	294,202
Net Change in fund balances/net assets	(64,435)	73,023	8,588	209,262
Fund balances/net assets:				
Beginning of year	348,940	1,451,443	1,800,383	2,477,563
End of year	<u>\$ 284,505</u>	<u>\$ 1,524,466</u>	<u>\$ 1,808,971</u>	<u>\$ 2,686,825</u>

See accompanying notes and auditor's report.

CLARKSVILLE-MONTGOMERY COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Clarksville-Montgomery County Public Library (the Library), for financial purposes, includes all of the funds for which the Library is considered to be financially accountable. The Library is a special purpose single-program government with only governmental activities. The Library is a Component Unit of Montgomery County Government. The board is comprised of members that are appointed by the Montgomery County Commission. The County provides approximately 79% of the revenue of the Library.

B. Combination Government-Wide and Fund Financial Statements

Combination government-wide and fund financial statements are presented for the Library since it is a special purpose single-program governmental entity. The first column of the statements represents the fund financial statements of the Library. The second column from the right of the statements represents the government-wide financial statements for the Library. The adjustment column represents the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements. The explanations of the reconciling items are presented in the Notes 2 and 3 of the notes to the financial statements.

C. Government Wide Financial Statements

The government-wide financial statements include a statement of net assets and a statement of activities. These statements present summaries of governmental activities for the Library.

Government-wide statements are prepared using an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the Library's assets and liabilities are included in the accompanying statement of net assets.

D. Fund Financial Statements and Measurement Focus

Fund financial statements report detailed information about the Library. The focus of the fund financial statements is on major funds rather than fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which report on sources and uses of current financial resources.

E. Basis of Presentation and Measurement Focus

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library has only governmental type funds.

Governmental Fund Types

Governmental fund types are used to account for the Library's general government activities. Governmental fund types include the following for the Library:

General Fund

The general fund is the general operating fund of the Library. It is used to account for all financial resources and expenditures.

F. Property, Plant and Equipment

All property, plant and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated items are valued at their estimated fair value on the date donated. No interest was capitalized during the audit period.

Depreciation is computed on capital assets using the straight-line method over the following useful lives:

Furniture and Equipment	5 - 10 years
Building Improvements	10 years
Books and Videos	5 years

Property with an expected life of five years or greater and that is susceptible to misappropriation is capitalized. There is no dollar threshold.

G. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses 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 Library is subject to the accounting directives issued by the Governmental Accounting Standards Board (GASB) and, therefore, has adopted, in all material respects, the provisions of all applicable GASB pronouncements and all applicable pronouncements of the Financial Accounting Standards Board issued through November 30, 1989, which do not conflict with GASB pronouncements.

The Library utilizes the modified accrual basis of accounting as required for governmental fund types. Revenues are recognized when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Library considers revenues to be available if they are collected within sixty days of the end of the fiscal year. All major revenues are susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

H. Donated Services

Donated services are not valued as contributions and are not recorded as expenditures.

I. Donated Supplies and Equipment

Donated supplies and equipment are recorded as gifts at fair market value on date donated. Supplies are recorded as expenditures at the same value and donated equipment is capitalized.

J. Accrued Compensated Absences

The Library accrues unused annual leave as compensated absences. Unused sick leave is not valued since it is paid only when actually used.

K. Major Funding

The Library is primarily funded by transfers of funds from Montgomery County. Cessation of funding by Montgomery County would have a major economic impact on the Library and might adversely affect the Library's ability to continue operations.

L. Grant Accounting

Grants are accounted for separately and separate bank accounts are utilized for large grants. The Library received no material grants during the audit period.

M. Restricted/Unrestricted Resources Usage

The Library's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Date of Management Review

Subsequent events have been evaluated through January 24, 2011, which is the date the financial statements were available to be issued.

O. Other Significant Accounting Policies

Other significant accounting policies are described throughout the notes section of this audit report or disclosed in the statement formats.

2. RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET TO STATEMENT OF NET ASSETS

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

Total fund balances - governmental funds	284,505
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	<u>1,524,466</u>
Total net assets of governmental activities	<u><u>1,808,971</u></u>

3. RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

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

Net change in fund balance - total government funds	(64,435)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	<u>73,023</u>
Change in net assets of governmental activities	<u><u>8,588</u></u>

4. BANK DEPOSIT INFORMATION

Statement No. 40, "Deposit and Investment Risk Disclosures," of the Governmental Accounting Standards Board, states "If a government has no deposit or investment policy that addresses a specific type of risk that it is exposed to, the disclosure should indicate that fact." The Library does not have an official investment policy. Although there is no official investment policy for the Library, in order to provide a safe temporary medium for investment of the Library's idle funds, the Library invests those idle funds under the provisions of Tennessee Code Annotated 6-56-106. The Library is a passive investor, in that investments are held to maturity. The investments made by the Library are authorized by Section 6-56-106 of the Tennessee Code Annotated. The Library recognizes its investments may have one or more risks: (1) custodial credit risk, (2) concentrations of credit risk, (3) interest rate risk, and (4) foreign currency risk; however because of the relative safety of the investments authorized in T.C.A. 6-56-106 (a) 1-6 and 8, the exposure to risk is generally limited to interest rate risk.

State statutes authorize the Library to invest in: (1) U.S. government securities and obligations guaranteed by the U.S. Government; (2) deposit accounts at state and federally chartered banks and savings and loan associations; and (3) the Local Government Investment Pool of the State of Tennessee. During the current

fiscal year, the Library invested funds in regular demand deposits. At year-end the carrying amount of the Library's cash deposits was \$155,951 and the bank balances were \$178,811. The cash deposits at year-end were held by a bank that is a member of the Tennessee bank collateral pool.

The Library's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the State. The FDIC insures the first \$250,000 of the Library's deposits at each financial institution. Deposit balances over \$250,000 are insured by the collateral pool. State statutes provide for additional amounts to be assessed on a pro rata basis to financial institutions in the collateral pool in the event that the pool's funds would be insufficient to cover a loss.

5. GRACEY TRUST INCOME

The Library was named as a beneficiary of a portion of the estate of Mrs. Donald Gracey. The principal of the bequest is held in trust for a period of thirty years from the settlement of the estate. Twenty-eight and one-half percent of the income from this trust is to be paid to the Library on at least a quarterly basis. Upon expiration of thirty years, twenty-eight and one-half percent of the trust corpus will be delivered to the Library. The estate was settled in 1992. During the current year, income of \$94,583 was donated to the Library. The bequest is to be used for general Library purposes as directed by its board.

6. MEMORIAL INCOME

The memorial income is used to receive and expense memorial and other special donations to the Library. The funds are restricted and are accounted for as part of the general fund. The restricted cash balance on June 30, 2010 is \$32,598.

7. COMPONENT UNIT

The Clarksville-Montgomery County Public Library Foundation is a legally separate, tax-exempt component unit of the Library. The Foundation's primary purpose is to provide assistance to the Library through fund raising activities and through the management, investment and administration of the funds under the Foundation's control. The funds raised by the Foundation are not to be used for the funding of day-to-day operations of the Library but for special programs, activities and capital projects. The three-member board is self-perpetuating and consists of residents of Montgomery County with diverse business, personal and professional experience. Although the Library does not control the timing or amount of receipts from the Foundation, the majority of the resources that the Foundation holds are restricted to Library purposes. Because these resources can only be used by or for the benefit of the Library, the Foundation is considered a component unit of the Library. The Foundation is required to disburse between 25% and 75% of the annual interest or dividends earned on Foundation investments during the previous year ending December 31.

The Foundation's year end, December 31, differs from the Library's year-end. The December 31, 2009 audited financial statements are included in the Library's June 30, 2010 basic financial statements. The Foundation's by-laws, adopted April 1, 2005, require the Foundation's account to be audited annually.

Complete financial statements for the Foundation can be obtained from the Secretary/Treasurer, Clarksville-Montgomery County Public Library Foundation, 350 Pageant Lane, Suite 501, Clarksville, Tennessee, 37040.

8. CAPITAL ASSETS

Changes in the capital assets for the year were as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<u>Depreciable Assets</u>				
Furniture, Fixtures, Equip- ment and Software	\$ 1,668,986	\$ 215,974	\$ -	\$ 1,884,960
Building Improvements	120,976	-	-	120,976
Library Resources	4,065,475	323,658	603,095	3,786,038
Total	<u>5,855,437</u>	<u>539,632</u>	<u>603,095</u>	<u>5,791,974</u>
<u>Accumulated Depreciation</u>				
Furniture, Fixtures, Equip- ment and Software	1,193,256	134,424	-	1,327,680
Building Improvements	43,871	16,808	-	60,679
Library Resources	3,166,867	315,377	603,095	2,879,149
Total	<u>4,403,994</u>	<u>466,609</u>	<u>603,095</u>	<u>4,267,508</u>
<u>Capital Assets Net of</u>				
<u>Accumulated Depreciation</u>	<u>\$ 1,451,443</u>	<u>\$ 73,023</u>	<u>\$ -</u>	<u>\$ 1,524,466</u>

The building and related facilities are furnished to the Library by Montgomery County and the City of Clarksville. Depreciation expense for the year is \$466,609.

9. PENSION INFORMATION

A. Plan Description

Employees of the Library 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 the system prior to July 1, 1979 were vested after four years of service. Benefits 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 the Library 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 <http://www.tn.gov/treasury/tcrs/PS/>.

B. Funding Policy

The Library has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

The Library is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2010 was 13.40% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Library is established and may be amended by the TCRS Board of Trustees.

C. Annual Pension Cost

For the year ending June 30, 2010, the Library's annual pension cost of \$92,618 to TCRS was equal to the Library's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The Library's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 8 years. An actuarial valuation was performed as July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2010	\$ 92,618	100.00%	\$0.00
6/30/2009	85,849	100.00%	\$0.00
6/30/2008	88,379	100.00%	\$0.00

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 82.54% percent funded. The actuarial accrued liability for benefits was \$1.63 million, and the actuarial value of assets was \$1.34 million, resulting in an unfunded actuarial accrued liability (UALL) of \$0.28 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0.65 million, and the ratio of the UAAL to the covered payroll was 43.37% percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Actuarial Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2009	\$ 1,342	\$ 1,626	\$ 284	82.54%	\$ 655	43.37%
7/1/2007	\$ 1,185	\$ 1,354	\$ 169	87.52%	\$ 640	26.41%

10. 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. The Library has elected to obtain various insurance policies to transfer risk to a commercial insurance company either directly or through the Tennessee Municipal League Pool. Insurance settlements have not been in excess of insurance coverage in any of the prior three fiscal years.

11. CUSTOMER RECEIVABLES

There were customer receivables of \$382,546 and uncollectible amounts of \$191,272 which includes uncollectible, waived, or returned items. Gross customer receivables include not only fines and fees receivable, but also an amount due the Library for lost books. When a book is returned, the amount due the Library is reduced by the cost of the book, but the Library receives no cash in this situation. The estimate of uncollectible, waived and returned items is based on statistical information traced by the Library of amounts due and amounts collected by month.

CLARKSVILLE-MONTGOMERY COUNTY PUBLIC LIBRARY
 REQUIRED SUPPLEMENTAL INFORMATION
 JUNE 30, 2010

12. PENSION PLAN - SCHEDULE OF FUNDING PROGRESS FOR THE LIBRARY

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Actuarial Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b)-(a)	(a/b)	(c)	((b-a)/c)
7/1/2009	\$ 1,342	\$ 1,626	\$ 284	82.54%	\$ 655	43.37%
7/1/2007	\$ 1,185	\$ 1,354	\$ 169	87.52%	\$ 640	26.41%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial costs method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial costs method went into affect during the year of the 2007 actuarial valuation, therefore only the two most recent valuations are presented.

CLARKSVILLE-MONTGOMERY COUNTY PUBLIC LIBRARY
OTHER FINANCIAL INFORMATION
JUNE 30, 2010

BUDGETARY INFORMATION

Through the budget, the Library Board of Trustees sets the direction of the Library and establishes its priorities. The annual budget assures the efficient and effective use of the Library's economic resources.

The annual budget serves from July 1 to June 30, and is used to communicate the Library's priorities to Montgomery County, the main source of support for the Library. It also provides the foundation for the effective financial planning for the Library.

The Library Board of Trustees adopts an annual operating budget. This budget is presented to Montgomery County during County budget discussions before the County approves the Library subsidy for the upcoming year. The budget is not a legally adopted budget which requires formal amendment when variances from the budget occur. Line item budget variances are discussed with the Library Board of Trustees, and verbal consent is given for changes made in the budget.

CLARKSVILLE-MONTGOMERY COUNTY PUBLIC LIBRARY
 BUDGETARY COMPARISON SCHEDULE - ALL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Montgomery County	\$ 1,527,251	\$ 1,604,251	\$ 77,000
Fines and Fees	107,000	156,032	49,032
Interest	2,100	2,499	399
Copy Machine	8,000	14,537	6,537
Gracey Trust	90,600	94,583	3,983
Memorial Income	8,000	5,693	(2,307)
Miscellaneous Income	6,750	10,642	3,892
Bequests	-	131,489	131,489
Unbudgeted Income (Donations)	-	5,033	5,033
Total Revenue	<u>1,749,701</u>	<u>2,024,759</u>	<u>275,058</u>
<u>EXPENDITURES</u>			
Audit Services	8,000	10,000	(2,000)
Auto Insurance	-	3,371	(3,371)
Building and Contents Insurance	4,500	-	4,500
Communications	3,600	4,573	(973)
Custodial Supplies	-	17,190	(17,190)
Data Processing Equipment	5,000	215,959	(210,959)
Data Processing Services	22,000	22,987	(987)
Data Processing Supplies	6,000	6,357	(357)
Debt Collection Services	12,000	15,042	(3,042)
Drug Control Services	540	364	176
Duplicating Supplies	2,000	1,919	81
Electricity	92,000	80,373	11,627
Food Supplies	-	6	(6)
Freight	3,000	5,179	(2,179)
Fringe Benefits	311,217	354,034	(42,817)
Natural Gas	15,000	9,061	5,939

CLARKSVILLE-MONTGOMERY COUNTY PUBLIC LIBRARY
 BUDGETARY COMPARISON SCHEDULE - ALL FUNDS (CONT'D)
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>EXPENDITURES</u>			
Office Supplies	5,000	4,319	681
Other	22,300	729	21,571
Other Equipment	1,000	1,675	(675)
Furniture and Fixtures	1,000	1,741	(741)
Instructional Materials/Supplies	15,000	18,340	(3,340)
Maintenance Agreements	15,500	18,769	(3,269)
Office Equipment	1,000	-	1,000
Personnel	942,564	935,986	6,578
Pest Control	300	125	175
Postal Charges	5,500	5,091	409
Printed Materials	303,000	323,658	(20,658)
Repairs and Maintenance - Building	10,000	14,181	(4,181)
Repairs and Maintenance - Equipment	2,500	4,336	(1,836)
Travel	1,500	4,712	(3,212)
Water and Sewer	5,000	4,886	114
Workman's Compensation Insurance	5,500	4,231	1,269
Total Expenditures	<u>1,821,521</u>	<u>2,089,194</u>	<u>(267,673)</u>
 <u>EXCESS REVENUES OVER (UNDER) EXPENDITURES</u>			
	<u>\$ (71,820)</u>	(64,435)	<u>\$ 7,385</u>
 <u>FUND BALANCE BEGINNING</u>			
		<u>348,940</u>	
 <u>FUND BALANCE ENDING</u>			
		<u>\$ 284,505</u>	

See accompanying notes and auditor's report.



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

Board of Trustees
Clarksville-Montgomery County Public Library
350 Pageant Lane
Clarksville, Tennessee

We have audited the accompanying financial statements of the governmental activities and the general fund of the Clarksville-Montgomery County Public Library (the Library), a component unit of Montgomery County, 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 24, 2011. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the Clarksville-Montgomery County Public Library Foundation, as described in our report on the Library's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Clarksville-Montgomery County Public Library Foundation were not audited in accordance with *Government Auditing Standards*.

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 of 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as

described in the accompanying Schedule of Findings and Recommendations, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 following deficiency to describe in the Schedule of Findings and Recommendations to be a material weakness: 10-1.

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*.

This report is intended solely for the information and use of management, others within the organization, the County Commissioners and other awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

One Source Accounting & Tax

January 24, 2011

CLARKSVILLE-MONTGOMERY COUNTY PUBLIC LIBRARY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2010

PRIOR YEAR FINDINGS

None

CURRENT YEAR FINDINGS

10-1 Management Oversight of Financial Reporting

We noted control deficiencies in management oversight of accounts receivable and accounts payable. Adjusting entries were required for the Library's financial statements to be in conformity with generally accepted accounting principles.

Recommendation

We recommend management implement procedures to ensure that the financial statements are prepared in conformity with generally accepted accounting principles

Management Response

Procedures will be implemented for assuring Accounts Receivable and Accounts Payable adjusting entries are made prior to the audit.