

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, 2011

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, 2011

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INTRODUCTORY SECTION

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, 2011

BOARD OF DIRECTORS

| | |
|----------------------|----------------|
| Robert L. Harrington | President |
| Dianne N. Donner | Vice President |
| Nancy B. West | Secretary |
| Douglas B. Haynes | Treasurer |
| Carol Harris | Board Member |
| Joan Ryland | Board Member |
| Kay Fowlkes | Board Member |
| Don Crews | Board Member |
| Emily Coleman | Board Member |
| Mary A. Wittber | Board Member |
| Tommy Allmon | Board Member |
| Katie Winchester | Board Member |
| Joe Emery | Board Member |
| Vince Haymon | Board Member |
| Penny H. Law | Board Member |
| Sylvia Palmer | Board Member |
| Porter Ryland | Board Member |

AUDITED FINANCIAL STATEMENTS

Members

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

A division of



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, 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, 2011, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the budgetary comparison statement of the McIver's Grant Public Library as of June 30, 2011, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Library's basic financial statements. The accompanying schedule of expenditures of state awards and other information, such as the schedule of officials are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of state awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule and schedule of expenditures of state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The schedule of officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standard

In accordance with Government Auditing Standards, we have also issued our report dated January 13, 2014, 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 and 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.



Dyersburg, TN
January 13, 2014

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, 2011

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 is 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 during the 2010-2011 fiscal year.

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 \$186,585 and \$2,189,554 respectively as of June 30, 2011. The net assets for the Library and the Foundation were \$212,808 and \$59,123 as of June 30, 2010. 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 decreased slightly from the prior year at \$214,810.

The operating expenses increased slightly from \$248,400 to \$253,961.

The Foundation

The Foundation began taking donations and set up its own bank accounts during the year. It also purchased a building and began renovations during the fiscal year. The building and subsequent renovations are not currently being depreciated because construction is still in progress.

Condensed Financial Information

Condensed statement of net assets for the Library

| | Governmental Activities | | Component Unit | | Total | |
|--|-------------------------|-------------------|---------------------|------------------|---------------------|-------------------|
| | 6/30/2011 | 6/30/2010 | 6/30/2011 | 6/30/2010 | 6/30/2011 | 6/30/2010 |
| Current Assets | \$ 20,761 | \$ 34,278 | \$ 1,713,931 | \$ 59,123 | \$ 1,734,692 | \$ 93,401 |
| Net fixed assets | 165,824 | 178,530 | 475,623 | - | 641,447 | 178,530 |
| Total Assets | \$ 186,585 | \$ 212,808 | \$ 2,189,554 | \$ 59,123 | \$ 2,376,139 | \$ 271,931 |
| Current Liabilities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net assets invested in capital assets, net of related debt | 165,824 | 178,530 | 475,623 | - | 641,447 | 178,530 |
| Unrestricted net assets | 20,761 | 34,278 | 1,713,931 | 59,123 | 1,734,692 | 93,401 |
| Total liabilities and net assets | \$ 186,585 | \$ 212,808 | \$ 2,189,554 | \$ 59,123 | \$ 2,376,139 | \$ 271,931 |

Condensed statement of activities

| | Governmental Activities | | Component Unit | | Total | |
|---------------------------------------|-------------------------|-------------------|---------------------|------------------|---------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenue from County & City | \$ 214,810 | \$ 218,810 | \$ 14,034 | \$ - | \$ 228,844 | \$ 218,810 |
| Fines and donations | 6,807 | 7,909 | 2,108,324 | - | 2,115,131 | 7,909 |
| Other revenue | 6,121 | 21,617 | 42,056 | - | 48,177 | 21,617 |
| Total revenue | 227,738 | 248,336 | 2,164,415 | - | 2,392,152 | 248,336 |
| Total general government expenditures | 253,961 | 248,400 | 33,984 | - | 287,945 | 248,400 |
| Transfers In (Out) | - | (59,123) | - | 59,123 | - | - |
| Change in net assets | (26,223) | (59,187) | 2,130,431 | 59,123 | 2,104,207 | (64) |
| Fund balance, beginning | 212,808 | 271,995 | 59,123 | - | 271,931 | 271,995 |
| Fund balance, ending | \$ 186,585 | \$ 212,808 | \$ 2,189,554 | \$ 59,123 | \$ 2,376,138 | \$ 271,931 |

Current year compares favorably with the prior year. The Foundation began receiving revenues, incurring expenses, and making capital purchases within the fiscal year.

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 \$186,585, a decrease of \$26,223 in comparison with the previous year. \$20,761 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 | \$214,810 |
| Fines and donations | 5,500 | 6,800 | 6,807 |
| Other | <u>2,312</u> | <u>2,453</u> | <u>6,121</u> |
| Total revenues | 226,622 | 228,063 | 227,738 |
| Total expenditures | <u>247,068</u> | <u>249,268</u> | <u>241,255</u> |
| Change in fund balance | (20,446) | (21,205) | (13,517) |

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, 2011 amounted to \$25,035.

Economic Factors and Next Year's Budgets

The Foundation has purchased a new location, and renovation of the building is currently in progress. Construction is estimated to be completed by Fall of 2013.

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 410 West Court Street, 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, 2011

| | <u>Primary Government</u> Governmental Activities | <u>Component Unit</u> Library Foundation |
|---------------------------------|---|--|
| <u>ASSETS</u> | | |
| Current Assets | | |
| Cash | \$ 15,513 | \$ 296,577 |
| Certificates of deposit | - | 83,520 |
| Prepaid expenses | 5,248 | 2,307 |
| Accrued interest receivable | - | - |
| Pledges and grants receivable | - | 1,331,527 |
| Total Current Assets | 20,761 | 1,713,931 |
| Capital Assets | | |
| Building | 178,476 | - |
| Building renovation in progress | - | 475,623 |
| Equipment | 161,385 | - |
| Furniture & fixtures | 14,397 | - |
| Books & periodicals | 466,314 | - |
| Less: Accumulated depreciation | (654,748) | - |
| Net Capital Assets | 165,824 | 475,623 |
| TOTAL ASSETS | \$ 186,585 | \$ 2,189,554 |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------------|------------|--------------|
| Current Liabilities | | |
| Accounts payable | \$ - | \$ - |
| Total Current Liabilities | - | - |
| Net Assets | | |
| Invested in capital assets | 165,824 | 475,623 |
| Unrestricted net assets | 20,761 | 1,713,931 |
| Total Net Assets | 186,585 | 2,189,554 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 186,585 | \$ 2,189,554 |

See accompanying notes and independent auditor'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, 2011

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenue and Changes in Net Assets</u> | |
|--------------------------------------|-----------------|-------------------------------------|---|--|--|
| | | <u>Charges for Services</u> | <u>Capital Grants & Contributions</u> | <u>Primary Government Governmental Activities</u> | <u>Component Unit Library Foundation</u> |
| Government activities: | | | | | |
| General government | \$ 253,961 | \$ - | \$ 214,810 | \$ (39,151) | - |
| Total governmental activities | <u>253,961</u> | <u>-</u> | <u>214,810</u> | <u>(39,151)</u> | <u>-</u> |
| Component Unit | | | | | |
| Library Foundation | 33,984 | - | 2,122,359 | - | 2,088,375 |
| Total component unit | <u>33,984</u> | <u>-</u> | <u>2,122,359</u> | <u>-</u> | <u>2,088,375</u> |
| General revenues | | | | | |
| Fines and donations | | | | 6,807 | - |
| Interest and dividends | | | | 752 | 2,256 |
| Miscellaneous | | | | 5,369 | - |
| Rent | | | | | 39,800 |
| Total general revenues and transfers | | | | <u>12,928</u> | <u>42,056</u> |
| Changes in net assets | | | | (26,223) | 2,130,430 |
| Net assets - beginning | | | | <u>212,808</u> | <u>59,123</u> |
| Net assets - ending | | | | <u>\$ 186,585</u> | <u>\$ 2,189,554</u> |

See accompanying notes and independent auditor'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, 2011

ASSETS

| | |
|-----------------------------|----------------------|
| Current Assets | |
| Cash | \$ 15,513 |
| Prepaid expenses | 5,248 |
| Accrued interest receivable | <u>-</u> |
| TOTAL ASSETS | <u>\$ 20,761</u> |

LIABILITIES AND FUND BALANCE

| | |
|--|----------------------|
| Liabilities | |
| Accounts payable | <u>\$ -</u> |
| Total Liabilities | - |
| Fund Balance | <u>20,761</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 20,761</u> |

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

| | |
|---|-------------------|
| Fund balance per balance sheet | \$ 20,761 |
| Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. | <u>165,824</u> |
| Net assets of governmental activities | <u>\$ 186,585</u> |

See accompanying notes and independent auditor'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, 2011

| | |
|-----------------------------|------------|
| Revenues | |
| Intergovernmental revenues | \$ 214,810 |
| Fines & donations | 6,807 |
| Interest | 752 |
| Miscellaneous | 5,369 |
| Total Revenues | 227,738 |
| Expenditures | |
| Salaries | 124,392 |
| Books & periodicals | 24,199 |
| Janitorial services | 4,284 |
| Repairs & maintenance | 4,342 |
| Payroll taxes | 9,522 |
| Library supplies | 5,305 |
| Postage & freight | 10,397 |
| Utilities & phone | 18,843 |
| Insurance | 26,270 |
| Professional services | - |
| Miscellaneous | 1,866 |
| Capital Outlay | 835 |
| Donation expense | 11,000 |
| Total Expenditures | 241,255 |
| NET CHANGE IN FUND BALANCE | (13,517) |
| Fund Balance, July 1, 2010 | 34,278 |
| Fund Balance, June 30, 2011 | \$ 20,761 |

See accompanying notes and independent auditor'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 THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
June 30, 2011

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) | \$ (13,517) |
| 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. | (12,706) |
| Change in net assets of governmental activities (page 9) | <u>\$ (26,223)</u> |

See accompanying notes and independent auditor'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, 2011

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Favorable (Unfavorable)</u> |
|-------------------------------|----------------------------|-------------------------|------------------|--|
| Revenues | | | | |
| Intergovernmental Revenues | \$ 218,810 | \$ 218,810 | \$ 214,810 | \$ (4,000) |
| Fines and donations | 5,500 | 6,800 | 6,807 | 7 |
| Interest | 212 | 231 | 752 | 521 |
| Miscellaneous | 2,100 | 2,222 | 5,369 | 3,147 |
| Sale of books | - | - | - | - |
| Total Revenues | <u>226,622</u> | <u>228,063</u> | <u>227,738</u> | <u>(325)</u> |
| Expenditures | | | | |
| Salaries | 110,338 | 120,239 | 124,392 | (4,153) |
| Books & periodicals | 32,800 | 32,850 | 24,199 | 8,651 |
| Janitorial services | 4,500 | 4,285 | 4,284 | 1 |
| Repairs & maintenance | 1,850 | 4,479 | 4,342 | 137 |
| Payroll taxes | 10,980 | 9,523 | 9,522 | 1 |
| Library supplies | 5,500 | 5,344 | 5,305 | 39 |
| Postage & freight | 20,000 | 10,397 | 10,397 | - |
| Utilities & phone | 32,500 | 18,879 | 18,843 | 36 |
| Insurance | 5,000 | 26,858 | 26,270 | 588 |
| Professional services | 1,800 | 0 | - | - |
| Miscellaneous | 10,800 | 11,205 | 1,866 | 9,339 |
| Capital outlay | 11,000 | 5,209 | 835 | 4,374 |
| Donation expense | - | - | 11,000 | (11,000) |
| Total Expenditures | <u>247,068</u> | <u>249,268</u> | <u>241,255</u> | <u>8,013</u> |
| CHANGE IN FUND BALANCE | <u>(20,446)</u> | <u>(21,205)</u> | <u>(13,517)</u> | <u>7,688</u> |
| | | | | |
| Fund Balance, July 1, 2010 | <u>34,278</u> | <u>34,278</u> | <u>34,278</u> | |
| Fund Balance, June 30, 2011 | <u>\$ 13,832</u> | <u>\$ 13,073</u> | <u>\$ 20,761</u> | <u>\$ 7,688</u> |
| | | | | |
| Budget basis | | \$ (25,756) | | |
| Revenue accruals | | 3 | | |
| Expenditure accruals | | 660 | | |
| GAAP basis | | <u>\$ (25,093)</u> | | |

See accompanying notes and independent auditor'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, 2011

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, 2011

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 discreetly 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, 2011

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, 2011 and January 13, 2014, 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, 2011, was \$15,513, 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, 2011

Note 3 - Capital Assets (Continued)

A summary of general capital assets follows:

| <u>Capital Assets Being Depreciated</u> | <u>Balance July 1, 2010</u> | <u>Additions</u> | <u>Balance June 30, 2011</u> |
|---|---------------------------------|--------------------|----------------------------------|
| Building | \$ 178,476 | \$ - | \$ 178,476 |
| Equipment | 161,385 | - | 161,385 |
| Furniture & Fixtures | 14,397 | - | 14,397 |
| Books & Periodicals | 441,279 | 25,035 | 466,314 |
| Total Capital Assets Being Depreciated | <u>795,537</u> | <u>25,035</u> | <u>820,572</u> |
| Less Accumulated Depreciation: | | | |
| Building | 121,577 | 3,755 | 125,332 |
| Equipment | 154,611 | 4,735 | 159,346 |
| Furniture & Fixtures | 12,086 | 499 | 12,585 |
| Books & Periodicals | 328,733 | 28,752 | 357,485 |
| Total Accumulated | <u>617,007</u> | <u>37,741</u> | <u>654,748</u> |
| Total Capital Assets Being Depreciated, Net | <u>\$ 178,530</u> | <u>\$ (12,706)</u> | <u>\$ 165,824</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 Foundation began taking donations and receiving grant money in the year ended June 30, 2011. The Foundation is considered a component unit of the Library and is discreetly presented in the accompanying financial statements.

The Foundation has acquired a building for renovation and began construction in the year ended June 30, 2011. The estimated completion time of construction is Fall of 2013.

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, 2011.

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, 2011

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.

Note 10 – Lease Agreements

The Foundation purchased the property that is addressed 410-416 West Court Street, Dyersburg, Tennessee. They leased the office space located at 416 West Court Street, Dyersburg, Tennessee, to Cable One, Inc. The lease continues until April 30, 2017, unless terminated sooner. Payments of \$3,750 began in November 2010, totaling \$30,000 for the fiscal year ended June 30, 2011.

The Foundation also leased another portion of this address to the State of Tennessee. The lease payments of \$1,400 began in December of 2010. A total of \$9,800 was received for the fiscal year ended, June 30, 2011.

Note 11 – USDA Loan

In the 2010-2011 fiscal year, the Foundation secured a construction loan of \$2,408,000 from the USDA for the purchase and renovation of a new library facility. These funds will not be received until the 2011-2012 fiscal year.

Note 12 – Foundation Pledges

The Foundation received financial pledges totaling \$1,331,527 during the fiscal year. Individual pledges are generally collected over a five-year period.

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, 2011

ASSETS

| | | |
|-------------------------------|----|--------------------------------|
| Current Assets | | |
| Cash | \$ | 296,577 |
| Certificates of deposit | | 83,520 |
| Prepaid expenses | | 2,307 |
| Pledges and grants receivable | | <u>1,331,527</u> |
| TOTAL ASSETS | | <u><u>\$ 1,713,931</u></u> |

LIABILITIES AND FUND BALANCE

| | | |
|--|----|--------------------------------|
| Liabilities | | |
| Accounts payable | \$ | - |
| Total Liabilities | | <u>-</u> |
| Fund Balance | | <u>1,713,931</u> |
| TOTAL LIABILITIES AND FUND BALANCE | | <u><u>\$ 1,713,931</u></u> |

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

| | |
|---|----------------------------|
| Fund balance per balance sheet | \$ 1,713,931 |
| Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. | <u>475,623</u> |
| Net assets of governmental activities | <u><u>\$ 2,189,554</u></u> |

See accompanying notes and independent auditor'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, 2011

| | |
|-------------------------------------|---------------------|
| Revenues | |
| Intergovernmental Revenues | \$ 14,034 |
| Donations | 2,097,325 |
| Interest | 1,432 |
| Dividends | 824 |
| Rent | 39,800 |
| Donations from Library | 11,000 |
| Total Revenues | <u>2,164,415</u> |
| | |
| Expenditures | |
| Advertising | 159 |
| Bank Fees | 75 |
| Building reconstruction in progress | 475,623 |
| Insurance | 2,771 |
| Miscellaneous | 333 |
| Office Supplies | 767 |
| Postage | 211 |
| Printing | 1,409 |
| Professional fees | 23,295 |
| Repairs and maintenance | 1,127 |
| Taxes | 2,796 |
| Utilities | 1,041 |
| Total Expenditures | <u>509,607</u> |
| | |
| NET CHANGE IN FUND BALANCE | 1,654,808 |
| | |
| Fund Balance, July 1, 2010 | <u>59,123</u> |
| Fund Balance, June 30, 2011 | <u>\$ 1,713,931</u> |

See accompanying notes and independent auditor's report.

SUPPLEMENTARY INFORMATION

MCIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
June 30, 2011

| Federal Grantor/Pass-through Grantor/Program or Cluster Title | Federal CFDA Number | State Contract Number | Beginning Balance | Receipts | Expenditures | Ending Balance |
|--|---------------------------|--------------------------|----------------------|-----------------|-----------------|-------------------|
| Department of State Tennessee State Library and Archives | 45.310 | 30504-00311-65 | \$ - | \$ 3,050 | \$ 3,050 | \$ - |
| TOTAL FEDERAL AWARDS | | | <u>\$ -</u> | <u>\$ 3,050</u> | <u>\$ 3,050</u> | <u>\$ -</u> |

MCIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
COMPONENT UNIT - LIBRARY FOUNDATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
June 30, 2011

| Federal Grantor/Pass-through Grantor/Program or Cluster Title | Federal CFDA Number | State Contract Number | Beginning Balance | Receipts | Expenditures | Ending Balance |
|--|---------------------------|--------------------------|----------------------|------------------|------------------|-------------------|
| Department of State Tennessee State Library and Archives | 45.310 | 30504-00111-34 | \$ - | \$ 14,034 | \$ 14,034 | \$ - |
| TOTAL FEDERAL AWARDS | | | <u>\$ -</u> | <u>\$ 14,034</u> | <u>\$ 14,034</u> | <u>\$ -</u> |

See accompanying notes and independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE

Members

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

A division of



INDEPENDENT AUDITOR'S 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, in accordance with the 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, the financial statements of the governmental activities, the discretely presented component unit, each 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, 2011, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated January 13, 2014.

Internal Control Over Financial Reporting

Management of the Library is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings, Recommendations, and Responses as Findings 2009-1 and 2009-2 to be material weaknesses.

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.

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 from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings, Recommendations and Responses as items 2011-1 and 2011-2.

The Library's Responses to Findings

The Library's response to the findings identified in our audit is described in the accompanying Schedule of Findings, Recommendations, and Responses. The Library's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dyersburg, Tennessee
January 13, 2014

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, 2011

Current Year Findings

2011 – 1 Finding

Due to the Foundation receiving donations and grant money, the Board opened three bank accounts. One is dedicated to a USDA loan, one for a governmental grant, and the other for the general fund. The Board also purchased CD's for the Foundation during the fiscal year. However, there was no approval of these actions in the minutes.

Recommendation

Before proceeding with the purchase of a new financial account, present a motion to the Board so the necessary action can be rendered.

Management Response

We concur.

2011 – 2 Finding

During the 2010-2011 fiscal year, the Library overspent their budget. This is due in part to the rapid progression of the Foundation's construction project and the need to advertise fund raising events.

Recommendation

The Library must amend the budget once management is aware the expenses are more than expected.

Management Response

We concur.

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.