

**WILSON COUNTY LIBRARY BOARD**

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2011**

**WILSON COUNTY LIBRARY BOARD**

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

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**WILSON COUNTY LIBRARY BOARD**

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

**BOARD OF DIRECTORS**

Diane Weathers, Board Chairman  
7800 Central Pike  
Mt Juliet, TN 37122

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

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

Betty Stone, Secretary  
241 West End Circle  
Lebanon, Tennessee 37087

Carolyn Miller  
79 Lakeview Circle  
Mt. Juliet, Tennessee 37122

Jim Mills  
110 Oak Hill Circle  
Lebanon, Tennessee 37087

Kevin Huddleston  
224 Sycamore St  
Lebanon, Tennessee 37087

Peggy Simpson  
1320 S. Commerce Rd  
Watertown, TN 37184

**INDEPENDENT AUDITOR'S REPORT**

To 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 and the major funds of Wilson County Library Board, a component unit of Wilson County, as of and for the year ended June 30, 2011 which collectively comprise the Board's basic financial statements 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 the 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, 2011, 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 February 14, 2012, 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 on pages 4 through 7 and the schedule of funding progress for OPEB on page 22 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.

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 Vantase & Follis, PLLC*

Lebanon, Tennessee  
February 14, 2012

## **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, 2011. Please read it in conjunction with the financial statements, which follow this section.

### **Financial Highlights**

- The Organization's net assets decreased \$149,599 over the course of this year's operations. This is a 13.29% decrease from restated net assets at June 30, 2010.
- During the year, the Organization's expenses exceeded revenues by \$149,599. In the prior year, expenses exceeded revenues by \$115,638. 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, benefits and maintenance and repairs.
- The total cost of the Organization's activities rose 5.86% in the fiscal year ended June 30, 2011.
- Balances of cash increased \$23,976 (14.82%) during the fiscal year ended June 30, 2011.

### **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 \$149,599 between fiscal years 2010 and 2011. In comparison, net assets for the fiscal year ended June 30, 2010 decreased \$115,638 from the fiscal year ended June 30, 2009.

Wilson County Library Board  
 Net Assets  
 June 30, 2011 and 2010

	2011	2010	% Change
Capital Assets	\$ 1,063,008	\$ 1,127,575	-5.73%
Other Assets	185,809	167,961	10.63%
Total Assets	<u>\$ 1,248,817</u>	<u>1,295,536</u>	<u>-3.61%</u>
Liabilities	<u>\$ 272,967</u>	<u>\$ 163,959</u>	<u>66.48%</u>
Net Assets:			
Invested in Capital Assets	1,063,008	1,127,575	-5.73%
Unrestricted	<u>(87,158)</u>	<u>4,002</u>	<u>-2277.86%</u>
Total Net Assets	<u>975,850</u>	<u>1,131,577</u>	<u>-13.76%</u>
Total Liabilities and Net Assets	<u>\$ 1,248,817</u>	<u>\$ 1,295,536</u>	<u>-3.61%</u>

**Changes in Net Assets.** The Organization's operating revenues increased \$22,584 due to an increase in grants, memorials and other income. The Organization's primary sources of non-operating income are local government allocations and other revenues. Local government allocations increased \$13,960. The total cost of all programs increased by \$67,225 (5.86%) due to the GASB OPEB, depreciations, benefits and maintenance and repairs.

Wilson County Library Board  
Changes in Net Assets  
June 30, 2011 and 2010

	2011	2010	% Change
Operating Revenues	\$ 111,873	\$ 89,289	25.29%
Operating Expenses	1,213,974	1,146,749	5.86%
Net Income from Operations	(1,102,101)	(1,057,461)	4.22%
Non-Operating Income	952,502	941,822	1.13%
Increase in Net Assets	<u>\$ (149,599)</u>	<u>\$ (115,639)</u>	29.37%

**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	1,141,706	-	-	1,141,706
Furniture and Equipment	413,517	-	-	413,517
Collections	1,393,886	142,098	57,216	1,478,768
Total Other Capital Assets, at Historical Cost	<u>2,949,109</u>	<u>142,098</u>	<u>57,216</u>	<u>3,033,991</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	498,815	29,417	-	528,232
Furniture and Equipment	288,819	36,209	-	325,028
Collections	1,111,400	141,039	57,216	1,195,223
Total Accumulated Depreciation	<u>1,899,034</u>	<u>206,665</u>	<u>57,216</u>	<u>2,048,483</u>
Other Capital Assets, Net	<u>1,050,075</u>	<u>(64,567)</u>	<u>-</u>	<u>985,508</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,127,575</u>	<u>\$ (64,567)</u>	<u>\$ -</u>	<u>\$ 1,063,008</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, 2011**

**Assets**

Cash in Banks	\$	185,809
Capital Assets:		
Nondepreciable Assets		
Land		77,500
Depreciable Assets		
Buildings and Improvements		1,141,706
Furniture and Equipment		413,517
Collections		1,478,768
Less Accumulated Depreciation		<u>(2,048,483)</u>
Total Capital Assets		<u>1,063,008</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>1,248,817</u></b>

**Liabilities**

Accrued Vacation	\$	21,965
Deferred Grant Revenue		2,762
OPEB Liability		<u>248,240</u>
<b>Total Liabilities</b>		<b>272,967</b>

**Net Assets**

Invested in Capital Assets		1,063,008
Unrestricted		<u>(87,158)</u>
<b>Total Net Assets</b>		<b><u>975,850</u></b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$</b>	<b><u>1,248,817</u></b>

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, 2011**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Operating Grants and Contributions	Charges for Services	
Functions and Programs				
Library Operations	\$ 1,213,974	29,122	82,751	\$ (1,102,101)
General Revenues				
Interest Income				622
Local Government Support				935,308
Miscellaneous Public Support				16,572
Decrease in Net Assets				(149,599)
Net Assets, Beginning				1,131,577
Prior Period Adjustment				(6,128)
Net Assets, Ending				\$ 975,850

See notes to financial statements

**WILSON COUNTY LIBRARY BOARD**  
**A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

ASSETS	Lebanon	Mt Juliet	Watertown	Total Major Funds
Cash and Cash Equivalents	\$ 83,219	\$ 82,855	\$ 19,735	\$ 185,809
Total Assets	\$ 83,219	\$ 82,855	\$ 19,735	\$ 185,809
<b>LIABILITIES AND FUND BALANCE</b>				
Accrued Vacation	\$ 2,804	\$ 3,107	\$ 450	\$ 6,361
Deferred Revenue	-	2,762	-	2,762
Fund Balances				
Unassigned	80,415	76,986	19,285	176,686
Total Liabilities and Fund Balance	\$ 83,219	\$ 82,855	\$ 19,735	\$ 185,809
Reconciliation to Statement of Net Assets:				
Fund Balance				\$ 176,686
Capital Assets (net) are not reported on the fund financial statements				1,063,008
OPEB Liabilities are not reported on the fund financial statements				(248,240)
Long Term compensated absenses are not reported on the fund financial statements				(15,604)
Net Assets				\$ 975,850

See notes to financial statements

**WILSON COUNTY LIBRARY BOARD**  
**A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Lebanon	Mt Juliet	Watertown	Total Major Funds
<b><u>Revenues</u></b>				
Wilson County Appropriation	\$ 335,267	\$ 283,830	\$ 73,051	\$ 692,148
Cities' Appropriations	112,673	105,976	24,511	243,160
Proceeds-Fundraising Event	6,787	-	-	6,787
Grants	16,517	12,605	-	29,122
Gifts	115	5,015	7	5,137
Memorials	2,682	810	1,155	4,647
Fines and Lost Materials	26,838	29,876	2,620	59,333
Copy/Fax Machines	7,098	5,592	1,740	14,430
Interest	319	253	50	622
Other Income	282	175	127	585
Book Sales	3,871	3,926	608	8,405
<b>Total Revenues</b>	<b>512,449</b>	<b>448,058</b>	<b>103,869</b>	<b>1,064,376</b>
<b><u>Expenditures</u></b>				
Salaries and Labor	215,672	192,363	35,593	443,628
Fringe Benefits	111,389	88,653	27,071	227,113
Books	41,172	44,932	9,736	95,840
Audio Visuals	22,512	20,295	3,451	46,258
Periodicals	1,467	1,138	354	2,959
Capital Expenditures	-	-	-	-
Printing and Binding	316	471	-	787
Utilities	25,761	14,356	4,691	44,808
Telephone and Postage	3,419	5,812	1,645	10,876
Supplies	15,040	13,693	4,944	33,677
Maintenance and Repairs	48,032	43,333	6,863	98,228
Insurance	5,450	4,088	1,284	10,822
Accounting	1,800	1,800	900	4,500
Fundraising Costs	3,020	-	-	3,020
Special Programs	6,621	6,985	2,047	15,653
Travel	1,898	983	1,096	3,977
Miscellaneous	1,196	403	180	1,779
<b>Total Expenditures</b>	<b>504,765</b>	<b>439,305</b>	<b>99,855</b>	<b>1,043,925</b>
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	7,684	8,753	4,014	20,451
Fund Balances, Beginning, restated	72,731	68,233	15,271	156,235
Fund Balances, Ending	<b>\$ 80,415</b>	<b>\$ 76,986</b>	<b>\$ 19,285</b>	<b>\$ 176,686</b>

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 BALANCES TO STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Total Major Funds
Reconciliation to Statement of Activities:	
Excess of Revenues over Expenditures	\$ 20,451
Depreciation Expense is not recorded in the fund statements	(206,665)
OPEB expense is not an expenditure in Fund Statement	(103,367)
Changes in Long Term Portion of Compensated Absences Expense is not an expenditure in Fund Statement	(2,116)
Capital Expenditures are reported in the Statement of Net Assets	142,098
	\$ (149,599)

See notes to financial statements

## WILSON COUNTY LIBRARY BOARD

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

JUNE 30, 2011

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, 2011

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.

The Board's general spending prioritization policy is to consider restricted resources to have been used first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

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, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –**

**Capital Assets**

Capital asset activity for the year ended June 30, 2011 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	1,141,706	-	-	1,141,706
Furniture and Equipment	413,517	-	-	413,517
Collections	1,393,886	142,098	57,216	1,478,768
Total Other Capital Assets, at Historical Cost	<u>2,949,109</u>	<u>142,098</u>	<u>57,216</u>	<u>3,033,991</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	498,815	29,417	-	528,232
Furniture and Equipment	288,819	36,209	-	325,028
Collections	1,111,400	141,039	57,216	1,195,223
Total Accumulated Depreciation	<u>1,899,034</u>	<u>206,665</u>	<u>57,216</u>	<u>2,048,483</u>
Other Capital Assets, Net	<u>1,050,075</u>	<u>(64,567)</u>	<u>-</u>	<u>985,508</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,127,575</u>	<u>\$ (64,567)</u>	<u>\$ -</u>	<u>\$ 1,063,008</u>

**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 General 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, 2011**

**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 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, 2011**

**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, 2011, the bank balance of the demand deposits are \$228,456. 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, 2011, the Library funded \$46,560 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, 2011**

**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, 2011

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, 07/01/2010	144,873
Net OPEB obligation, 06/30/2011	<u><u>\$ 248,240</u></u>

**WILSON COUNTY LIBRARY BOARD**

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

**June 30, 2011**

**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
06/30/09	Postemployment Benefits Plan	\$ 41,505	0%	\$ 41,505
06/30/10	Postemployment Benefits Plan	\$ 103,368	0%	\$ 144,873
06/30/11	Postemployment Benefits Plan	\$ 103,367	0%	\$ 248,240

**Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2011 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, 2011**

**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**

An accounts receivable from the City of Watertown was recorded incorrectly for year ended June 30, 2010. All monies due to the Wilson County Library Board from the City of Watertown as required by their agreement were reported and received in that fiscal year. Accordingly, for the fiscal year ended June 30, 2010, change in net assets in the government-wide financial statements was overstated by \$6,128 and net assets were overstated by \$6,128.

**SUPPLEMENTARY INFORMATION**

**WILSON COUNTY LIBRARY BOARD**

**A COMPONENT UNIT OF WILSON COUNTY**

**June 30, 2011**

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 went into effect during the year of the 2007 actuarial valuation, therefore only the two most recent valuations are 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

**WILSON COUNTY LIBRARY BOARD**  
**A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE**  
**GENERAL FUND - LEBANON LIBRARY**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Wilson County Appropriation	\$ 335,267	\$ 335,267	\$ 335,267	\$ -
Cities' Appropriations	112,673	112,673	112,673	-
Proceeds-Fundraising Event	10,000	6,800	6,787	(13)
Grants	5,000	16,017	16,517	500
Gifts	2,500	200	115	(85)
Memorials	4,000	3,000	2,682	(318)
Fines and Lost Materials	24,000	24,000	26,838	2,838
Copy/Fax Machines	5,000	5,000	7,098	2,098
Interest	-	-	319	319
Other Income	10,100	10,100	282	(9,818)
Book Sales	9,000	3,925	3,871	(54)
<b>Total Revenues</b>	<u>517,540</u>	<u>516,982</u>	<u>512,449</u>	<u>(4,533)</u>
<b>Expenditures</b>				
Salaries and Labor	223,022	219,022	215,672	3,350
Fringe Benefits	117,292	114,292	111,389	2,903
Books	40,315	41,215	41,172	43
Audio Visuals	21,750	22,550	22,512	38
Periodicals	1,600	1,600	1,467	133
Capital Expenditures	36,560	28,761	-	28,761
Printing and Binding	500	350	316	34
Utilities	24,300	26,500	25,761	739
Telephone and Postage	4,686	3,586	3,419	167
Supplies	10,734	15,300	15,040	260
Maintenance and Repairs	16,500	23,490	48,032	(24,542)
Insurance	5,531	5,531	5,450	81
Accounting	1,816	-	1,800	(1,800)
Fundraising Costs	3,000	4,841	3,020	1,821
Special Programs	7,500	6,650	6,621	29
Travel	1,634	1,934	1,898	36
Miscellaneous	800	1,360	1,196	164
<b>Total Expenditures</b>	<u>517,540</u>	<u>516,982</u>	<u>504,763</u>	<u>12,219</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	7,684	<u>\$ 7,684</u>
Fund Balances, Beginning			<u>72,731</u>	
Fund Balances, Ending			<u>\$ 80,415</u>	

See notes to financial statements

**WILSON COUNTY LIBRARY BOARD**  
**A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE**  
**GENERAL FUND - MT JULIET LIBRARY**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Wilson County Appropriation	\$ 283,830	\$ 283,830	\$ 283,830	\$ -
Cities' Appropriations	105,976	105,976	105,976	-
Grants	1,800	15,367	12,605	(2,762)
Gifts	6,000	5,100	5,015	(85)
Memorials	1,500	900	810	(90)
Fines and Lost Materials	28,000	28,000	29,876	1,876
Copy/Fax Machines	4,500	4,500	5,592	1,092
Interest	-	-	253	253
Other Income	17,400	12,700	175	(12,525)
Book Sales	4,000	4,000	3,926	(75)
<b>Total Revenues</b>	<b>453,006</b>	<b>460,373</b>	<b>448,058</b>	<b>(12,315)</b>
<b>Expenditures</b>				
Salaries and Labor	189,785	196,285	192,363	3,922
Fringe Benefits	92,448	92,448	88,653	3,795
Books	43,543	48,843	44,932	3,911
Audio Visuals	20,800	21,000	20,295	705
Periodicals	1,200	1,200	1,138	62
Capital Expenditures	22,300	26,667	-	26,667
Printing and Binding	500	500	471	29
Utilities	19,000	14,500	14,356	144
Telephone and Postage	6,830	5,830	5,812	18
Supplies	16,000	17,700	13,693	4,007
Maintenance and Repairs	25,900	18,300	43,333	(25,033)
Insurance	5,200	5,200	4,088	1,112
Accounting	1,800	1,800	1,800	-
Special Programs	5,700	7,500	6,985	515
Travel	1,000	1,100	983	117
Miscellaneous	1,000	1,500	403	1,097
<b>Total Expenditures</b>	<b>453,006</b>	<b>460,373</b>	<b>439,303</b>	<b>21,070</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>8,753</b>	<b>\$ 8,753</b>
Fund Balances, Beginning			68,233	
Fund Balances, Ending			<u>\$ 76,984</u>	

See notes to financial statements

**WILSON COUNTY LIBRARY BOARD**  
**A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE**  
**GENERAL FUND - WATERTOWN LIBRARY**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Wilson County Appropriation	\$ 73,051	\$ 73,051	\$ 73,051	\$ -
Cities' Appropriations	24,511	24,511	24,511	-
Grants	-	-	-	-
Gifts	450	50	7	(43)
Memorials	1,500	1,200	1,155	(45)
Fines and Lost Materials	2,000	2,000	2,620	620
Copy/Fax Machines	1,000	1,000	1,740	740
Interest	-	-	50	50
Other Income	400	200	127	(74)
Book Sales	1,500	650	608	(42)
<b>Total Revenues</b>	<u>104,412</u>	<u>102,662</u>	<u>103,869</u>	<u>1,207</u>
<b>Expenditures</b>				
Salaries and Labor	38,524	36,524	35,593	931
Fringe Benefits	27,729	27,329	27,071	258
Books	10,250	10,050	9,736	314
Audio Visuals	2,750	3,550	3,451	99
Periodicals	350	360	354	6
Capital Expenditures	5,680	5,030	-	5,030
Utilities	5,400	5,000	4,691	309
Telephone and Postage	1,950	1,950	1,645	305
Supplies	2,000	5,100	4,944	156
Maintenance and Repairs	4,900	1,890	6,863	(4,973)
Insurance	1,423	1,423	1,284	139
Accounting	900	900	900	-
Special Programs	1,356	2,156	2,047	109
Travel	950	1,150	1,096	54
Miscellaneous	250	250	180	70
<b>Total Expenditures</b>	<u>104,412</u>	<u>102,662</u>	<u>99,855</u>	<u>2,807</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	4,014	<u>\$ 4,014</u>
Fund Balances, Beginning			<u>15,271</u>	
Fund Balances, Ending			<u>\$ 19,284</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 of Wilson County Library Board, (the "Board") a component unit of Wilson County, as of and for the year ended June 30, 2011, which collectively comprise the Wilson County Library Board's basic financial statements and have issued our report thereon dated February 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Wilson County Library Board is responsible for establishing and maintaining effective 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 entity'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 as follows:

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 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 + Fells, PLLC*  
Lebanon, Tennessee  
February 14, 2012