

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, 2012

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
For the Year Ended June 30, 2012

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Board of Directors.....	1

AUDITED FINANCIAL STATEMENTS

Independent Auditor's Report.....	2-4
Management's Discussion and Analysis	5-8

Basic Financial Statements

Statement of Net Assets.....	9
Statement of Activities	10
Balance Sheet – General Fund	11
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Fund	14
Notes to Financial Statements.....	15-20

Discretely Presented Component Unit

Balance Sheet	21
Statement of Revenue, Expenditures and Changes in Fund Balance	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	23

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal and State Awards.....	24
---	----

INTERNAL CONTROL AND COMPLIANCE

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	25-26
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	27-29
Schedule of Findings and Questioned Costs.....	30-33

INTRODUCTORY SECTION

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
For the Year Ended June 30, 2012

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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major fund, and the budgetary comparison statement of McIver's Grant Public Library (the Library), a joint venture of the City of Dyersburg and Dyer County, Tennessee, as of and for the year ended June 30, 2012, 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.

Auditor's 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, the major fund, and the budgetary comparison statement information of the McIver's Grant Public Library, as of June 30, 2012, 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 information 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 collectively comprise McIver's Grant Public Library's basic financial statements. The introductory section and discretely presented component unit fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

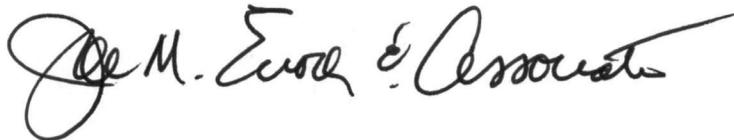
The schedule of expenditures of federal awards and discretely presented component unit fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements of the Library 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 schedule of expenditures of federal awards and discretely presented component unit fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Chairman and Members of the
Mclver's Grant Public Library Board
Page 3

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements of the Library and discretely presented component unit and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of Mclver's Grant Public Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mclver's Grant Public Library's internal control over financial reporting and compliance.



Dyersburg, TN
June 27, 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 Year Ended June 30, 2012

Introduction

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

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

The Foundation was formed for the express purpose to pursue the acquisition of a new facility for the Library. A capital campaign to raise the funds necessary to acquire a new facility began 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 \$176,378 and \$2,542,325 respectively as of June 30, 2012. The net assets for the Library and the Foundation were \$186,585 and \$2,086,543 as of June 30, 2011. 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 increased slightly from the prior year at \$216,710.

The operating expenses decreased slightly from \$253,961 to \$235,912.

The Foundation

The Foundation continued taking donations during the year. It also continued renovations as planned during the fiscal year. The building and subsequent renovations are not currently being capitalized because construction is still in progress.

Condensed Financial Information

Condensed statement of net assets

	Governmental Activities		Component Unit		Total	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Current Assets	\$ 18,604	\$ 20,761	\$ 1,870,347	\$ 1,610,920	\$ 1,888,951	\$ 1,631,681
Net fixed assets	157,774	165,824	1,865,178	475,623	2,022,952	641,447
Total Assets	\$ 176,378	\$ 186,585	\$ 3,735,525	\$ 2,086,543	\$ 3,911,903	\$ 2,273,128
Current Liabilities	\$ -	\$ -	\$ 1,193,200	\$ -	\$ 1,193,200	\$ -
Net assets invested in capital assets, net of related debt	157,774	165,824	671,978	475,623	829,752	641,447
Unrestricted net assets	18,604	20,761	1,870,347	1,610,920	1,888,951	1,631,681
Total liabilities and net assets	\$ 176,378	\$ 186,585	\$ 3,735,525	\$ 2,086,543	\$ 3,911,903	\$ 2,273,128

Condensed statement of activities

	Governmental Activities		Component Unit		Total	
	2012	2011	2012	2011	2012	2011
Revenue from County & City	\$ 216,710	\$ 214,810	\$ 489,604	\$ 14,034	\$ 706,314	\$ 228,844
Fines and donations	6,662	6,807	-	2,005,313	6,662	2,012,120
Other revenue	2,333	6,121	3,958	42,057	6,291	48,178
Total revenue	225,705	227,738	493,562	2,061,404	719,267	2,289,142
Total general government expenditures	235,912	253,961	37,781	33,984	273,693	287,945
Transfers In (Out)	-	-	-	-	-	-
Change in net assets	(10,207)	(26,223)	455,781	2,027,420	445,574	2,001,197
Net assets, beginning	186,585	212,808	2,189,554	59,123	2,376,139	271,931
Adjustment to net assets	-	-	(103,010)	-	(103,010)	-
Net assets, beginning, as restated	186,585	212,808	2,086,544	59,123	2,273,129	271,931
Net assets, ending	\$ 176,378	\$ 186,585	\$ 2,542,325	\$ 2,086,544	\$ 2,718,703	\$ 2,273,128

Current year compares favorably with the prior year. The Foundation started receiving USDA Loan funds during the 2011-2012 fiscal year. These monies are to be spent in full by September 30, 2015, which then begins the repayment period.

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 \$176,378, a decrease of \$10,207 in comparison with the previous year. \$18,604 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	\$ 216,710
Fines and donations	6,000	6,700	6,662
Other	305	1,711	2,333
	<u>225,115</u>	<u>227,221</u>	<u>225,705</u>
Total revenues	225,115	227,221	225,705
	<u>200,100</u>	<u>201,900</u>	<u>227,862</u>
Total expenditures	200,100	201,900	227,862
Change in fund balance	25,015	25,321	(2,157)

Revenues from other sources were slightly lower 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

The Library's investment in capital assets for its governmental activities as of June 30, 2012 amounted to \$26,345. The Foundation invested \$1,389,554 towards renovation of the newly purchased building during the 2011-2012 fiscal year.

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, 2012

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Library Foundation</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 13,093	\$ 599,378
Certificates of deposit	-	83,520
Prepaid expenses	5,511	2,351
Accrued interest receivable	-	462
Pledges receivable	-	1,184,636
Total Current Assets	18,604	1,870,347
Capital Assets		
Building	178,476	-
Construction in progress	-	1,865,178
Equipment	161,385	-
Furniture & fixtures	14,397	-
Books & periodicals	492,659	-
Less: Accumulated depreciation	(689,143)	-
Net Capital Assets	157,774	1,865,178
TOTAL ASSETS	\$ 176,378	\$ 3,735,525

LIABILITIES AND NET ASSETS

Liabilities		
USDA Loan Payable	\$ -	\$ 1,193,200
Total Liabilities	-	1,193,200
Net Assets		
Invested in capital assets, net capital debt	157,774	671,978
Unrestricted net assets	18,604	1,870,347
Total Net Assets	176,378	2,542,325
TOTAL LIABILITIES AND NET ASSETS	\$ 176,378	\$ 3,735,525

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 ACTIVITIES
For the Year Ended June 30, 2012

<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	\$ 235,912	\$ -	\$ 216,710	\$ (19,202)	\$ -
Total governmental activities	<u>235,912</u>	<u>-</u>	<u>216,710</u>	<u>(19,202)</u>	<u>-</u>
Component Unit:					
Library Foundation	<u>37,781</u>	<u>-</u>	<u>489,604</u>	<u>-</u>	<u>451,823</u>
Total component unit	<u>\$ 37,781</u>	<u>\$ -</u>	<u>\$ 489,604</u>	<u>-</u>	<u>451,823</u>
General revenues					
Fines and donations				6,662	-
Interest and dividends				209	3,733
Miscellaneous				2,124	225
Transfer				-	-
Total general revenues and transfers				<u>8,995</u>	<u>3,958</u>
Changes in net assets				<u>(10,207)</u>	<u>455,781</u>
Net assets - beginning				186,585	2,189,554
Adjustment to net assets (Note 12)				<u>-</u>	<u>(103,010)</u>
Net assets - beginning, as restated				<u>186,585</u>	<u>2,086,544</u>
Net assets - ending				<u>\$ 176,378</u>	<u>\$ 2,542,325</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, 2012

ASSETS

Current Assets		
Cash	\$	13,093
Prepaid expenses		5,511
Accrued interest receivable		-
		<hr/>
TOTAL ASSETS	\$	<u>18,604</u>

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts payable	\$	-
Total Liabilities		<hr/>
		-
Fund Balances		
Nonspendable		5,511
Unassigned		13,093
		<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$	<u>18,604</u>

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

Fund balance per balance sheet	\$	18,604
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		<hr/>
		157,774
Net assets of governmental activities	\$	<u>176,378</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, 2012

Revenues	
Intergovernmental revenues	\$ 216,710
Fines & donations	6,662
Interest	209
Miscellaneous	2,124
Total Revenues	225,705
Expenditures	
Salaries	119,945
Books & periodicals	26,345
Janitorial services	4,313
Repairs & maintenance	4,952
Payroll taxes	8,088
Library supplies	3,673
Postage & freight	4,452
Utilities & phone	22,034
Insurance	27,295
Professional services	2,500
Miscellaneous	4,265
Capital outlay	-
Transfer to component unit	-
Total Expenditures	227,862
NET CHANGE IN FUND BALANCE	(2,157)
Fund Balance, July 1, 2011	20,761
Fund Balance, June 30, 2012	\$ 18,604

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 GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
June 30, 2012

Amounts reported for governmental activities in the statement of activities (page 10) are different because:

Net change in fund balances-total governmental funds (page 12)	\$ (2,157)
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.	(8,050)
Change in net assets of governmental activities (page 10)	<u>\$ (10,207)</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, 2012

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
Revenues				
Intergovernmental Revenues	\$ 218,810	\$ 218,810	\$ 216,710	\$ (2,100)
Fines and donations	6,000	6,700	6,662	(38)
Interest	205	211	209	(2)
Miscellaneous	100	1,500	2,124	624
Sale of books	-	-	-	-
Total Revenues	<u>225,115</u>	<u>227,221</u>	<u>225,705</u>	<u>(1,516)</u>
Expenditures				
Salaries	120,000	119,950	119,945	5
Books & periodicals	-	-	26,345	(26,345)
Janitorial services	4,000	4,350	4,313	37
Repairs & maintenance	4,900	5,000	4,952	48
Payroll taxes	8,000	8,100	8,088	12
Library supplies	3,600	3,750	3,673	77
Postage & freight	4,400	4,500	4,452	48
Utilities & phone	22,000	22,100	22,034	66
Insurance	27,200	27,300	27,295	5
Professional services	1,800	2,500	2,500	-
Miscellaneous	4,200	4,350	4,265	85
Capital outlay	-	-	-	-
Total Expenditures	<u>200,100</u>	<u>201,900</u>	<u>227,862</u>	<u>(25,962)</u>
CHANGE IN FUND BALANCE	<u>25,015</u>	<u>25,321</u>	<u>(2,157)</u>	<u>(27,478)</u>
Fund Balance, July 1, 2011	<u>20,761</u>	<u>20,761</u>	<u>20,761</u>	
Fund Balance, June 30, 2012	<u>\$ 45,776</u>	<u>\$ 46,082</u>	<u>\$ 18,604</u>	<u>\$ (27,478)</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 Year Ended June 30, 2012

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 Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Budget

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

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

Capital Assets

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

Investments

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

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2012

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, 2012 and June 27, 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, 2012, was \$13,093, 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 Year Ended June 30, 2012

Note 3 - Capital Assets (Continued)

A summary of general capital assets follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental Activities:			
Capital Assets Being Depreciated			
Building	\$ 178,476	\$ -	\$ 178,476
Equipment	161,385	-	161,385
Furniture & Fixtures	14,397	-	14,397
Books & Periodicals	466,314	26,345	492,659
Total Capital Assets Being Depreciated	<u>820,572</u>	<u>26,345</u>	<u>846,917</u>
Less Accumulated Depreciation:			
Building	125,332	3,755	129,087
Equipment	159,346	2,039	161,385
Furniture & Fixtures	12,585	468	13,053
Books & Periodicals	357,485	28,133	385,618
Total Accumulated	<u>654,748</u>	<u>34,395</u>	<u>689,143</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 165,824</u>	<u>\$ (8,050)</u>	<u>\$ 157,774</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 discretely 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 year began with \$475,623 of building renovation in progress and closed with \$1,865,178 for the 2011-2012 fiscal year. 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, 2012.

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 Year Ended June 30, 2012

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 seventeen member Board consists of eight members appointed by the county government and nine members appointed by the city 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 - Capital Debt

During the fiscal year ended June 30, 2012, the Foundation began receiving loan proceeds from the USDA to aid in the reconstruction of the Library's new facility. The Foundation was approved for a loan of \$2,408,000. This loan is a term-limited loan. During the 2011-2012 fiscal year, the Foundation received \$1,193,200 of these funds. The funds must be fully dispersed by September 30, 2015. It bears an interest rate of 3.75% and will be repaid by 2049.

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 Year Ended June 30, 2012

Note 11 – Foundation Pledges

The Foundation received financial pledges totaling \$1,331,527 during the 2010-2011 fiscal year. During the 2011-2012 fiscal year, the Foundation collected \$43,879 of those pledges, leaving a remaining balance of \$1,287,648 in the pledges receivable account. Individual pledges are generally collected over a five-year period.

Unconditional promises to give collected within one year are recorded at their net realizable value. Those that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Discount rates of 3% were used in these calculations and allowance for uncollectibles are based on a rate of 5% being uncollectible.

Unconditional promises to give at June 30, 2012 are as follows:

Unrestricted promises	\$1,287,647
Less: unamortized discount	38,629
Net present value	<u>1,249,018</u>
Less: allowance for uncollectibles	64,382
Net unconditional promises to give	<u><u>\$1,184,636</u></u>

Note 12 – Adjustment to Foundation Fund Balance

The audit for the year ended June 30, 2012 included an adjustment to fund balance for the Foundation. The adjustment of \$103,010 in this year's financial statements represent the change the Library believes is necessary to correctly state the beginning fund balance. This adjustment relates to the unamortized discount and uncollectible amounts of pledges receivable.

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, 2012

ASSETS

Current Assets	
Cash	\$ 599,378
Certificates of deposit	83,520
Prepaid expenses	2,351
Accrued interest receivable	462
Pledges and grants receivable	<u>1,184,636</u>
 TOTAL ASSETS	 <u><u>\$ 1,870,347</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$ -
Total Liabilities	<u>-</u>
Fund Balances	
Nonspendable	2,351
Unassigned	<u>1,867,996</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 1,870,347</u></u>

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

Fund balance per balance sheet	\$ 1,870,347
Loan proceeds that are shown as revenues in the fund.	(1,193,200)
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	<u>1,865,178</u>
Net assets of governmental activities	<u><u>\$ 2,542,325</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, 2012

Operating Revenues	
Intergovernmental revenues	\$ 2,042
Donations	487,562
Miscellaneous	225
Total Revenues	489,829
Operating Expenses	
Advertising	1,002
Bank Fees	305
Building reconstruction in progress	1,380,491
Software	9,063
Insurance	7,209
Miscellaneous	72
Office Supplies	1,656
Printing	102
Professional fees	12,814
Repairs and maintenance	1,095
Taxes	11,226
Utilities	2,300
Total Expenditures	1,427,335
OPERATING INCOME	(937,506)
Nonoperating Revenues	
USDA proceeds	1,193,200
Dividends	824
Interest	2,908
Total Nonoperating Revenues	1,196,932
Net Change in Fund Balance	259,426
Fund Balance, July 1, 2011	1,713,931
Adjustments to fund balance (Note 12)	(103,010)
Fund Balance, July 1, 2011, as restated	1,610,921
Fund Balance, June 30, 2012	\$ 1,870,347

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
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
June 30, 2012

Amounts reported for governmental activities in the statement of activities (page 10) are different because:

Net change in fund balances-total governmental funds (page 22)	\$ 259,426
In the statement of activities the cost of capital assets are not currently accruing depreciation. This is the amount of construction in progress expense to be depreciated when the construction has ceased.	1,389,555
In the statement of activities loan proceeds are accounted for as a revenue source. This amount is not considered part of the program revenues.	<u>(1,193,200)</u>
Change in net assets in governmental activities (page 10)	<u><u>\$ 455,781</u></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 FEDERAL AND STATE AWARDS
June 30, 2012

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	\$ -	\$ 1,900	\$ 1,900	\$ -
			<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ 1,900</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 FEDERAL AND STATE AWARDS
June 30, 2012

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	\$ -	\$ 2,042	\$ 2,042	\$ -
United States Department of Agriculture Direct Programs ARRA - Community Facilities Loans and Grants	10.780		-	1,193,200	1,193,200	-
			<u>\$ -</u>	<u>\$ 1,195,242</u>	<u>\$ 1,195,242</u>	<u>\$ -</u>

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, the major fund, and the budgetary comparison statement of McIver's Grant Public Library (the Library), a joint venture of the City of Dyersburg and Dyer County, Tennessee, as of and for the year ended June 30, 2012, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 27, 2014.

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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 2012-1 and 2012-2 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
June 27, 2014



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited McIver's Grant Public Library's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of McIver's Grant Public Library's major federal programs for the year ended June 30, 2012. McIver's Grant Public Library's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of McIver's Grant Public Library's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about McIver's Grant Public Library's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of McIver's Grant Public Library's compliance.

Opinion on Each Major Federal Program

In our opinion, Mclver's Grant Public Library and the discretely presented component unit complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect for the year ended June 30, 2012.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as items 2012-3. Our opinion on each major federal program is not modified with respect to these matters.

Mclver's Grant Public Library's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Mclver's Grant Public Library's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Mclver's Grant Public Library is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mclver's Grant Public Library's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mclver's Grant Public Library's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

Chairman and Members of the
Mclver's Grant Public Library Board
Dyersburg, Tennessee
Page 3

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Mclver's Grant Public Library's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Mclver's Grant Public Library's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Library and the discretely presented component unit as of and for the year ended June 30, 2012, and have issued our report thereon dated June 27, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Joe M. Enoch & Associates
A Division of Cowart Reese Sargent, CPAs, PC
Dyersburg, Tennessee
June 27, 2014



McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

SECTION I - Summary of Auditor's Results:

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Library and its discretely presented component unit.
2. There were two reported instances of a material weakness during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Library of the discretely presented component unit were disclosed during the audit.
4. Material weaknesses were disclosed during the audit of internal control over major federal awards programs.
5. The auditor's report on compliance for the major federal awards program for the Library and the discretely presented component unit expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with OMB Circular A-133 are reported in this schedule.
7. The program tested as a major program includes the Department of Agriculture Direct Programs – ARRA – Community Facilities (CFDA #10.780)
8. The threshold used to distinguish between Types A and B programs was \$300,000
9. The Library was not determined to be a low-risk auditee.

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

SECTION II – Financial Statement Findings

Prior 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.

Current year follow-up

This has been resolved

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.

Current year follow-up

This has been resolved

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.

Current year follow-up

This issue is repeated

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.

Current year follow-up

This issue is repeated

Current Year Findings

2012 - 1 Finding (repeat of 2009-1)

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.

SECTION III – Federal Award Findings and Questioned Costs

2012 – 2 Finding (A-133 compliance)

The Foundation failed to obtain or document the review of the certified payrolls from the hired contractors. This is a violation of compliance with the Davis-Bacon Act.

Recommendation

Management and the Board need to continue their efforts in complying with the control procedures that are in place to insure that the payroll transactions are properly documented as required. The Board should review these transactions on a timely basis.

Management Response

We concur.