

WILSON COUNTY LIBRARY BOARD

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

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 37184

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

Betty Dedman
2130 Palmer Road
Lebanon, TN 37090

INDEPENDENT AUDITORS' 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, 2012, 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 previously 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, 2012, 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, 2013, 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 that collectively comprise 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. 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Dempsey Lantrese - Follis PLLC

Lebanon, Tennessee

February 14, 2013

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, 2012. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

- The Organization's net assets decreased \$161,056 over the course of this year's operations. This is a 16.5% decrease from net assets at June 30, 2011.
- During the year, the Organization's expenses exceeded revenues by \$161,056. In the prior year, expenses exceeded revenues by \$149,600. 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, maintenance and repairs.
- The total cost of the Organization's activities rose 6.34% in the fiscal year ended June 30, 2012.
- Balances of cash increased \$27,663 (14.89%) during the fiscal year ended June 30, 2012.

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 decreased \$161,056 between fiscal years 2011 and 2012. In comparison, net assets for the fiscal year ended June 30, 2011 decreased \$149,600 from the fiscal year ended June 30, 2010.

Wilson County Library Board			
Net Assets			
June 30, 2012 and 2011			
	2012	2011	% Change
Capital Assets	\$ 1,005,414	\$ 1,063,008	-5.42%
Other Assets	213,472	185,809	14.89%
Total Assets	<u>\$ 1,218,886</u>	<u>1,248,817</u>	<u>-2.40%</u>
Liabilities	<u>\$ 404,092</u>	<u>\$ 272,967</u>	<u>48.04%</u>
Net Assets:			
Invested in Capital Assets	1,005,414	1,063,008	-5.42%
Unrestricted	<u>(190,620)</u>	<u>(87,158)</u>	<u>118.71%</u>
Total Net Assets	<u>814,794</u>	<u>975,850</u>	<u>-16.50%</u>
Total Liabilities and Net Assets	<u>\$ 1,218,886</u>	<u>\$ 1,248,817</u>	<u>-2.40%</u>

Changes in Net Assets. The Organization's operating revenues decreased \$29,454 due to a decrease in grants, fines and other income. The Organization's primary sources of non-operating income are local government allocations and other revenues. Local government allocations increased \$79,822. The total cost of all programs increased by \$76,932 (6.34%) due to the GASB OPEB, depreciations, maintenance and repairs.

Wilson County Library Board
Changes in Net Assets
June 30, 2012 and 2011

	2012	2011	% Change
Operating Revenues	\$ 82,419	\$ 111,873	-26.33%
Operating Expenses	1,290,906	1,213,974	6.34%
Net Income from Operations	(1,208,487)	(1,102,102)	9.65%
Non-Operating Income	1,047,431	952,502	9.97%
Increase in Net Assets	<u>\$ (161,056)</u>	<u>\$ (149,600)</u>	7.66%

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	6,092	-	1,147,798
Furniture and Equipment	413,517	-	-	413,517
Collections	1,478,768	137,473	108,732	1,507,509
Total Other Capital Assets, at Historical Cost	<u>3,033,991</u>	<u>143,565</u>	<u>108,732</u>	<u>3,068,824</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	528,232	29,430	-	557,662
Furniture and Equipment	325,028	30,178	-	355,206
Collections	1,195,223	141,551	108,732	1,228,042
Total Accumulated Depreciation	<u>2,048,483</u>	<u>201,159</u>	<u>108,732</u>	<u>2,140,910</u>
Other Capital Assets, Net	<u>985,508</u>	<u>(57,594)</u>	<u>-</u>	<u>927,914</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,063,008</u>	<u>\$ (57,594)</u>	<u>\$ -</u>	<u>\$ 1,005,414</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, 2012

Assets

Cash in Banks	\$	213,472
Capital Assets:		
Nondepreciable Assets		
Land		77,500
Depreciable Assets		
Buildings and Improvements		1,147,798
Furniture and Equipment		413,517
Collections		1,507,509
Less Accumulated Depreciation		<u>(2,140,910)</u>
Total Capital Assets		<u>1,005,414</u>
Total Assets	\$	<u>1,218,886</u>

Liabilities

Accrued Vacation	\$	23,158
Deferred Grant Revenue		-
OPEB Liability		<u>380,934</u>
Total Liabilities		404,092

Net Assets

Invested in Capital Assets		1,005,414
Unrestricted		<u>(190,620)</u>
Total Net Assets		<u>814,794</u>
Total Liabilities & Net Assets	\$	<u>1,218,886</u>

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Operating Grants and Contributions	Charges for Services	
Functions and Programs				
Library Operations	\$ 1,290,906	5,504	76,915	\$ (1,208,487)
General Revenues				
Interest Income				621
Local Government Support				1,015,130
Miscellaneous Public Support				31,680
Decrease in Net Assets				(161,056)
Net Assets, Beginning				975,850
Net Assets, Ending				\$ 814,794

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	Lebanon	Mt Juliet	Watertown	Total Major Funds
ASSETS				
Cash and Cash Equivalents	\$ 92,671	\$ 96,925	\$ 23,876	\$ 213,472
Total Assets	\$ 92,671	\$ 96,925	\$ 23,876	\$ 213,472
LIABILITIES AND FUND BALANCE				
Accrued Vacation	\$ 2,391	\$ 3,464	\$ 350	\$ 6,205
Deferred Revenue	-	-	-	-
Fund Balances				
Unassigned	90,280	93,461	23,526	207,267
Total Liabilities and Fund Balance	\$ 92,671	\$ 96,925	\$ 23,876	\$ 213,472
Reconciliation to Statement of Net Assets:				
Fund Balance				\$ 207,267
Capital Assets (net) are not reported on the fund financial statements				1,005,414
OPEB Liabilities are not reported on the fund financial statements				(380,934)
Long Term compensated absenses are not reported on the fund financial statements				(16,953)
Net Assets				\$ 814,794

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 FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Lebanon	Mt Juliet	Watertown	Total Major Funds
Revenues				
Wilson County Appropriation	\$ 397,574	\$ 290,371	\$ 77,116	\$ 765,061
Cities' Appropriations	112,673	112,885	24,511	250,069
Proceeds-Fundraising Event	8,025	-	-	8,025
Grants	1,242	4,262	-	5,504
Gifts	1,450	17,572	400	19,422
Memorials	2,647	335	1,250	4,232
Fines and Lost Materials	26,195	27,578	2,543	56,316
Copy/Fax Machines	7,921	4,589	1,331	13,841
Interest	335	235	51	621
Other Income	233	402	46	681
Book Sales	3,419	2,533	125	6,077
Total Revenues	561,714	460,762	107,373	1,129,849
Expenditures				
Salaries and Labor	259,881	200,690	40,587	501,158
Fringe Benefits	119,418	89,818	27,963	237,199
Books	40,030	45,566	10,147	95,743
Audio Visuals	22,512	16,896	2,322	41,730
Periodicals	1,622	1,326	-	2,948
Capital Expenditures	6,092	-	-	6,092
Printing and Binding	726	209	-	935
Utilities	25,082	14,754	4,500	44,336
Telephone and Postage	3,537	3,826	1,613	8,976
Supplies	13,634	19,495	1,671	34,800
Maintenance and Repairs	38,340	37,841	8,784	84,965
Insurance	5,633	4,583	1,212	11,428
Accounting	1,900	1,900	950	4,750
Fundraising Costs	3,516	-	-	3,516
Special Programs	6,775	5,935	1,872	14,582
Travel	2,431	1,155	1,290	4,876
Miscellaneous	720	293	221	1,234
Total Expenditures	551,849	444,287	103,132	1,099,268
Revenues Over (Under)				
Expenditures	9,865	16,475	4,241	30,581
Fund Balances, Beginning	80,415	76,986	19,285	176,686
Fund Balances, Ending	\$ 90,280	\$ 93,461	\$ 23,526	\$ 207,267

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, 2012

	<u>Total Major Funds</u>
Reconciliation to Statement of Activities:	
Excess of Revenues over Expenditures	\$ 30,581
Depreciation Expense is not recorded in the fund statements	(201,159)
OPEB expense is not an expenditure in Fund Statement	(132,694)
Changes in Long Term Portion of Compensated Absences Expense is not an expenditure in Fund Statement	(1,348)
Capital Expenditures are reported in the Statement of Net Assets	<u>143,564</u>
	<u>\$ (161,056)</u>

See notes to financial statements

WILSON COUNTY LIBRARY BOARD

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

JUNE 30, 2012

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, 2012

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, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -

Capital Assets

Capital asset activity for the year ended June 30, 2012 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	6,092	-	1,147,798
Furniture and Equipment	413,517	-	-	413,517
Collections	1,478,768	137,473	108,732	1,507,509
Total Other Capital Assets, at Historical Cost	<u>3,033,991</u>	<u>143,565</u>	<u>108,732</u>	<u>3,068,824</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	528,232	29,430	-	557,662
Furniture and Equipment	325,028	30,178	-	355,206
Collections	1,195,223	141,551	108,732	1,228,042
Total Accumulated Depreciation	<u>2,048,483</u>	<u>201,159</u>	<u>108,732</u>	<u>2,140,910</u>
Other Capital Assets, Net	<u>985,508</u>	<u>(57,594)</u>	<u>-</u>	<u>927,914</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,063,008</u>	<u>\$ (57,594)</u>	<u>\$ -</u>	<u>\$ 1,005,414</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, 2012

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, 2012

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, 2012, the bank balance of the demand deposits are \$251,696. 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, 2012, the Library funded \$55,715 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, 2012

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, 2012

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 June 30, 2012 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	\$ 191,476
Interest on the NPO	8,688
Adjustment to the ARC	<u>(13,267)</u>
Annual OPEB cost	186,897
Amount of contribution	<u>(54,203)</u>
Increase/(decrease) in NPO	132,694
Net OPEB obligation, 07/01/2011	<u>248,240</u>
Net OPEB obligation, 06/30/2012	<u>\$ 380,934</u>

WILSON COUNTY LIBRARY BOARD

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

June 30, 2012

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	\$ 68,004	0%	\$ 68,004
06/30/10	Postemployment Benefits Plan	\$ 103,368	0%	\$ 144,873
06/30/11	Postemployment Benefits Plan	\$ 106,230	0%	\$ 248,240
06/30/12	Postemployment Benefits Plan	\$ 186,897	0%	\$ 380,934

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012 is as follows:

Actuarial valuation date	07/01/12
Actuarial accrued liability (AAL)	\$ 1,597,498
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 1,597,498
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 373,526
UAAL as a % of covered payroll	428%

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, 2012

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 June 30, 2012 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 five years, and an annual dental cost trend rate of five 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.

**REQUIRED
SUPPLEMENTARY INFORMATION**

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY

June 30, 2012

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
6/30/2012	\$ -	\$ 1,597,498	\$ 1,597,498	0%	\$ 373,526	428%

SUPPLEMENTARY INFORMATION

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
GENERAL FUND - LEBANON LIBRARY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Wilson County Appropriation	\$ 397,574	\$ 397,574	\$ 397,574	\$ -
Cities' Appropriations	112,673	112,673	112,673	-
Proceeds-Fundraising Event	6,800	6,800	8,025	1,225
Grants	650	650	1,242	592
Gifts	200	550	1,450	900
Memorials	3,000	2,650	2,647	(3)
Fines and Lost Materials	25,000	25,000	26,195	1,195
Copy/Fax Machines	6,000	6,000	7,921	1,921
Interest	-	-	335	335
Other Income	11,300	11,300	233	(11,067)
Book Sales	4,000	4,000	3,419	(581)
Total Revenues	<u>567,197</u>	<u>567,197</u>	<u>561,714</u>	<u>(5,483)</u>
Expenditures				
Salaries and Labor	266,555	263,355	259,881	3,474
Fringe Benefits	136,066	121,066	119,418	1,648
Books	38,315	39,965	40,030	(65)
Audio Visuals	22,250	22,540	22,512	28
Periodicals	1,500	1,700	1,622	78
Capital Expenditures	11,510	21,560	6,092	15,468
Printing and Binding	500	726	726	0
Utilities	26,000	26,000	25,082	918
Telephone and Postage	4,686	3,736	3,537	199
Supplies	10,834	13,709	13,634	75
Maintenance and Repairs	28,100	31,300	38,340	(7,040)
Insurance	5,731	5,731	5,633	98
Accounting	2,116	1,900	1,900	-
Fundraising Costs	3,250	3,600	3,516	84
Special Programs	6,000	6,850	6,775	75
Travel	2,734	2,484	2,431	53
Miscellaneous	1,050	975	720	255
Total Expenditures	<u>567,197</u>	<u>567,197</u>	<u>551,849</u>	<u>15,348</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>9,865</u>	<u>\$ 9,865</u>
Fund Balances, Beginning			<u>80,415</u>	
Fund Balances, Ending			<u>\$ 90,280</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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Wilson County Appropriation	\$ 290,371	\$ 290,371	\$ 290,371	\$ -
Cities' Appropriations	112,855	112,855	112,885	30
Grants	1,828	1,828	4,262	2,434
Gifts	5,100	5,100	17,572	12,472
Memorials	900	900	335	(565)
Fines and Lost Materials	28,000	28,000	27,578	(422)
Copy/Fax Machines	5,000	5,000	4,589	(411)
Interest	-	-	235	235
Other Income	18,700	18,900	402	(18,498)
Book Sales	4,000	3,800	2,533	(1,267)
Total Revenues	<u>466,754</u>	<u>466,754</u>	<u>460,762</u>	<u>(5,992)</u>
Expenditures				
Salaries and Labor	202,063	206,063	200,690	5,373
Fringe Benefits	93,790	95,590	89,818	5,772
Books	45,883	47,083	45,566	1,517
Audio Visuals	21,000	17,000	16,896	104
Periodicals	1,300	1,340	1,326	14
Capital Expenditures	13,960	16,788	-	16,788
Printing and Binding	500	550	209	341
Utilities	20,200	15,200	14,754	446
Telephone and Postage	7,130	4,130	3,826	304
Supplies	16,828	20,200	19,495	705
Maintenance and Repairs	25,800	25,700	37,841	(12,141)
Insurance	5,200	5,200	4,583	617
Accounting	2,200	2,200	1,900	300
Special Programs	7,300	6,300	5,935	365
Travel	2,100	2,000	1,155	845
Miscellaneous	1,500	1,410	293	1,117
Total Expenditures	<u>466,754</u>	<u>466,754</u>	<u>444,287</u>	<u>22,467</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	16,475	<u>\$ 16,475</u>
Fund Balances, Beginning			<u>76,986</u>	
Fund Balances, Ending			<u>\$ 93,461</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Wilson County Appropriation	\$ 77,116	\$ 77,116	\$ 77,116	-
Cities' Appropriations	24,511	24,511	24,511	-
Grants	-	-	-	-
Gifts	50	400	400	-
Memorials	1,200	1,250	1,250	-
Fines and Lost Materials	2,200	2,200	2,543	343
Copy/Fax Machines	1,300	1,300	1,331	31
Interest	-	-	51	51
Other Income	200	50	46	(4)
Book Sales	650	400	125	(275)
Total Revenues	<u>107,227</u>	<u>107,227</u>	<u>107,373</u>	<u>146</u>
Expenditures				
Salaries and Labor	41,900	41,900	40,587	1,313
Fringe Benefits	28,418	28,418	27,963	455
Books	10,050	10,460	10,147	313
Audio Visuals	2,700	2,400	2,322	78
Periodicals	400	400	-	400
Capital Expenditures	3,180	7,430	-	7,430
Utilities	5,400	4,550	4,500	50
Telephone and Postage	1,700	1,700	1,613	87
Supplies	3,100	2,900	1,671	1,229
Maintenance and Repairs	4,500	1,400	8,784	(7,384)
Insurance	1,423	1,213	1,212	1
Accounting	1,000	1,000	950	50
Special Programs	1,756	1,906	1,872	34
Travel	1,500	1,300	1,290	10
Miscellaneous	200	250	221	29
Total Expenditures	<u>107,227</u>	<u>107,227</u>	<u>103,132</u>	<u>4,095</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>4,241</u>	<u>\$ 4,241</u>
Fund Balances, Beginning			<u>19,285</u>	
Fund Balances, Ending			<u>\$ 23,526</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
A Component Unit of Wilson County, Tennessee
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, 2012, which collectively comprise the Wilson County Library Board's basic financial statements and have issued our report thereon dated February 14, 2013. 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 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 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 Vantrouse + ^{PT}Hollis PLLC

Lebanon, Tennessee

February 14, 2013