

McIVER'S GRANT PUBLIC LIBRARY

**A JOINT VENTURE OF THE
CITY OF DYERSBURG, TN AND
DYER COUNTY, TN**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

**McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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INTRODUCTORY SECTION

**McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN
AND DYER COUNTY, TN
FOR THE YEAR ENDED JUNE 30, 2014**

BOARD OF DIRECTORS

Nancy B West	County Board
Sybil Lee Weakley	County Board
Kerrie Heckethorn	County Board
Mary Ann Wittber	County Board
Joe Emery	County Board
Carol Harris	County Board
Tommy Allmon	City Board
Don Crews	City Board
Penny Hearn Law	City Board
Kay Fowlkes	City Board
Emily Coleman	City Board
Joan Ryland	City Board
Porter Ryland	Foundation Board Member

AUDITED FINANCIAL STATEMENTS

MARTHA CRITES

Certified Public Accountant

115 South Front • Halls, TN 38040
(731) 836-5987

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

I 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, 2014, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions

Opinions

In my 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, a joint venture of the City of Dyersburg, Tennessee and Dyer County, Tennessee as of June 30, 2014, and the respective changes in the 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. I 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 my inquiries, the basic financial statements, and other knowledge I obtain during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The component unit, Dyersburg Dyer County Public Library Foundation balance sheet, component unit, Dyersburg Dyer County Public Library Foundation statement of revenues, expenditures, and changes in fund balance, and schedule of revenues by division – governmental funds, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The component unit – Dyersburg Dyer County Public Library Foundation balance sheet, a component unit – Dyersburg Dyer County Public Library Foundation statement of revenues, expenditures, and changes in fund balance, and schedule of revenue and expenditures by division – governmental funds 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 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 my opinion, the component unit – Dyersburg Dyer County Public Library Foundation statement of revenues, expenditures, and changes in fund balance, and schedule of revenues and expenditures by division – governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2014, on my consideration of McIver's Grant Public Library's internal control over financial reporting and on my 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 my testing of internal controls 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 McIver's Grant Public Library's internal control over financial reporting and compliance.



Halls, Tennessee

December 30, 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, 2014**

Management's discussion and analysis of the financial performance of the McIver's Grant Public Library (the Library) is intended to provide the readers of these financial statements with the overview of the Library's financial activities for the year ended June 30, 2014. This statement reports the financial activities of the McIver's Grant Public Library, which for the purposes of this statements 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, Tennessee and Dyer County, Tennessee, and managed by a Board of Directors authorized by both governments and duly appointed by each government, and the Dyersburg Dyer County Public Library Foundation (the Foundation) a nonprofit organization formed as a 501(c)(3) entity under the IRS 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.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Library's basic statements. The Library's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with broad overview of the Library's finances, in a matter similar to a private-sector business.

The *statement of net position* presents information on all of the Library's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The *statement of activities* present information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The sole fund of the Library is considered a governmental fund.

Governmental funds are used to account for essentially the same functions reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spending resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluation a government's near-term financial requirements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Condensed Financial Information

Condensed statement of net position.

	Governmental Activities		Component Unit		Total	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013	06/30/2014	06/30/2013
Current Assets	\$ 82,663	\$ 18,415	\$ 628,421	\$ 718,202	\$ 711,084	\$ 729,498
Net Fixed Assets	<u>84,165</u>	<u>145,209</u>	<u>2,984,292</u>	<u>3,113,295</u>	<u>3,068,457</u>	<u>3,258,324</u>
Total Assets	<u>\$ 166,828</u>	<u>\$ 163,624</u>	<u>\$ 3,612,713</u>	<u>\$ 3,831,497</u>	<u>\$ 3,779,541</u>	<u>\$ 3,987,822</u>
Current Liabilities	\$ 44	\$ 0	\$ 69,657	\$ 65,383	\$ 69,701	\$ 65,383
Other Liabilities	<u>0</u>	<u>0</u>	<u>1,236,730</u>	<u>1,308,465</u>	<u>1,236,730</u>	<u>1,308,465</u>
Total Liabilities	<u>44</u>	<u>0</u>	<u>1,306,387</u>	<u>1,373,848</u>	<u>1,306,431</u>	<u>1,373,848</u>
Net Investment In Capital Assets	84,165	145,209	1,677,905	1,678,974	1,762,070	1,824,183
Unrestricted	<u>82,619</u>	<u>18,415</u>	<u>628,421</u>	<u>1,095,417</u>	<u>711,040</u>	<u>1,113,832</u>
Total Liabilities Net Position	<u>\$ 166,828</u>	<u>\$ 163,624</u>	<u>\$ 3,612,713</u>	<u>\$ 3,831,497</u>	<u>\$ 3,779,541</u>	<u>\$ 3,987,822</u>

Condensed statements of revenues, expenditures, and changes in net position.

	Governmental Activities		Component Unit		Total	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013	06/30/2014	06/30/2013
Capital Grants And Contributions	\$ 265,257	\$ 225,964	\$ 57,427	\$ 335,372	\$ 322,684	\$ 561,336
Charges For Services	12,089	7,890	1,200	0	13,289	7,890
Other Revenues	<u>31,051</u>	<u>8,364</u>	<u>(20,871)</u>	<u>3,789</u>	<u>10,180</u>	<u>12,153</u>
Total Revenues	308,397	242,218	37,756	339,161	346,153	581,379
Total General Government Expenditures	<u>305,237</u>	<u>254,972</u>	<u>189,079</u>	<u>107,095</u>	<u>494,316</u>	<u>362,067</u>
Change In Net Position	\$ 3,160	\$ (12,754)	\$ (151,323)	\$ 232,066	\$ (148,163)	\$ 219,312
Net Position, Beginning	163,624	176,378	2,774,391	2,542,325	2,938,015	2,718,703
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>(316,742)</u>	<u>0</u>	<u>(316,742)</u>	<u>0</u>
Net Position, Ending	<u>\$ 166,784</u>	<u>\$ 163,624</u>	<u>\$ 2,306,326</u>	<u>\$ 2,774,391</u>	<u>\$ 2,473,110</u>	<u>\$ 2,938,015</u>

The McIver's Grant Public Library's assets exceed its liabilities by \$166,784 (net position) at June 30, 2014. Of the net position, \$82,619 is available to fund future library operations, whereas \$84,165 is invested in capital assets. The Dyersburg Dyer County Public Library Foundation's net assets exceed its liabilities by \$2,306,326. Of the net position \$1,677,905 is invested in capital assets, net of related debt and \$628,421 is available for operations. In the year ended June 30,

2014, net position of the Library increased by \$3,160, largely due to the sale of the old library building. Net position of the Foundation decreased by \$151,323. The sale of the donated house at a loss combined with the collections of pledges receivable resulted in the decrease.

Notes to the Financial Statements

Notes provide additional information essential to a full understanding of data provided in the financial statements.

Financial Analysis

There are no significant differences in activity between the financial statements at the fund level and the government wide level.

Budgetary Highlights

Actual revenues exceed budgeted revenues primarily due to the sale of the old library building. Expenditures exceeded budgeted expenses. The Library and the Foundation both will be dependent upon future revenue sources.

Capital Assets

Due to the sale of the former library building and the sale of a house previously donated to the Foundation in a prior year, capital assets decreased during the fiscal year. There are no plans to materially increase capital assets at this time.

Requests 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 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 POSITION
JUNE 30, 2014

	Primary Government	Component Unit
	Governmental Activities	Library Foundation
ASSETS		
Current Assets		
Cash	\$ 82,663	\$ 303,575
Investment	-	11,437
Pledges receivable	-	311,825
Prepaid expenses	-	1,584
Total Current Assets	82,663	628,421
Fixed Assets		
Land	-	170,780
Building	-	2,691,852
Equipment	7,083	299,811
Books	196,255	-
Total	203,338	3,162,443
Accumulated depreciation	(119,173)	(178,151)
Total Fixed Assets	84,165	2,984,292
Total Assets	\$ 166,828	\$ 3,612,713
LIABILITIES AND NET POSITION		
Current Liabilities		
Accrued expenses	\$ 44	\$ -
Mortgage payable-current	-	69,657
Total Current Liabilities	44	69,657
Long Term Liabilities		
Mortgage payable	-	1,236,730
Total Long Term Liabilities	-	1,236,730
Total Liabilities	44	1,306,387
Net Position		
Net investment in capital assets	84,165	1,677,905
Unrestricted	82,619	628,421
Total Net Position	166,784	2,306,326
Total Liabilities and Net Position	\$ 166,828	\$ 3,612,713

See independent auditor's report and accompanying notes to financial statements.

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, 2014

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Assets	
	Expenses	Charges For Services	Operating Grants and Contributions	Primary Governmental Activities	Component Unit Library Foundation
Government Activities:					
General government	\$ 305,237	\$ 12,089	\$ 265,257	\$ (27,891)	\$ -
Total Governmental Activities	<u>\$ 305,237</u>	<u>\$ 12,089</u>	<u>\$ 265,257</u>	<u>(27,891)</u>	<u>-</u>
Component Unit					
Library foundation	\$ 189,079	\$ 1,200	\$ 57,427	-	(130,452)
Total Component Unit	<u>\$ 189,079</u>	<u>\$ 1,200</u>	<u>\$ 57,427</u>	<u>-</u>	<u>(130,452)</u>
General Revenues					
Interest income				172	1,510
Gain (loss) on disposal of fixed assets				<u>30,879</u>	<u>(22,381)</u>
Total General Revenues				<u>31,051</u>	<u>(20,871)</u>
Changes in Net Position				<u>3,160</u>	<u>(151,323)</u>
Net Position (as originally stated)				163,624	2,774,391
Prior Period Adjustment				-	<u>(316,742)</u>
Net Position (restated)				<u>163,624</u>	<u>2,457,649</u>
Net Position (ending)				<u>\$ 166,784</u>	<u>\$ 2,306,326</u>

See independent auditor's report and accompanying notes to financial statements.

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN
AND DYER COUNTY, TN
BALANCE SHEET-GENERAL FUND
JUNE 30, 2014

ASSETS

Current Assets		
Cash	\$	82,663
Total Assets	\$	82,663

LIABILITIES AND FUND BALANCE

Current Liabilities		
Accrued expenses	\$	44
Total Current Liabilities		44
Total Liabilities		44
Fund Balance		
Unassigned		82,619
Total Liabilities and Fund Balance	\$	82,663

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

Fund Balance per balance sheet	\$	82,619
Capital asset used in governmental activities are not financial resources, and therefore, are not reported in the funds.		84,165
Net position of governmental activities	\$	166,784

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, 2014

REVENUES

Intergovernmental revenues	\$ 219,990
Contributions	9,034
Charges for fees and services	12,089
Interfund transfer	12,428
Interest income	<u>172</u>
Total Revenues	<u>253,713</u>

EXPENDITURES

Salaries	143,826
Legal and accounting	1,590
Bank fees	93
Books and periodicals	10,585
Cable	3,314
Conferences and meetings	1,937
Contracted services	13,458
Dues and subscriptions	974
Insurance	26,152
Equipment rental	785
Equipment purchases	3,555
Internet and website	1,513
Janitorial services	5,720
Tax and licenses	10,933
Office expenses	2,652
Repairs and maintenance	10,449
Retirement	1,628
Supplies	10,764
Telephone	1,543
Utilities	<u>14,094</u>
Total Expenditures	<u>265,565</u>

Excess of revenues over (under) expenditures (11,852)

OTHER FINANCING SOURCES (USES)

Sale of property	<u>76,056</u>
Net change in fund balances	64,204
Fund Balance-July 1, 2013	<u>18,415</u>
Fund Balance-June 30, 2014	<u>\$ 82,619</u>

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN
AND DYER COUNTY, TN
RECEONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENT FUND TO THE STATEMENT OF ACTOVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Amounts reported fro government activities in the
 statement of activities are different because:

Net change in fund balances-total governmental funds	64,204
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In the statement of activities the cost of capital assets is allocated
 over their estimated useful lives and reported as depreciation
 expense. In the current period, these amounts are:

Acquisition of capital assets	11,534
Disposal of capital assets	(45,613)
Depreciation expense	<u>(26,965)</u>

Change in net position of governmental activities	<u>\$ 3,160</u>
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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, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental revenues	\$ 219,188	\$ 219,990	\$ 802
Contributions	1,496	9,034	7,538
Charges for fees and services	14,994	12,089	(2,905)
Interfund transfer	-	12,428	12,428
Sale of assets	-	76,056	76,056
Interest income	<u>20</u>	<u>172</u>	<u>152</u>
Total Revenues	235,698	329,769	94,071
EXPENDITURES			
Salaries	157,728	143,826	13,902
Legal and accounting	11,600	1,590	10,010
Bank fees	-	93	(93)
Books and periodicals	21,800	10,585	11,215
Cable	-	3,314	(3,314)
Conferences and meetings	4,000	1,937	2,063
Contracted services	14,937	13,458	1,479
Dues and subscriptions	2,000	974	1,026
Insurance	17,270	26,152	(8,882)
Equipment rental	1,564	785	779
Equipment purchases	-	3,555	(3,555)
Internet and website	3,724	1,513	2,211
Janitorial services	8,240	5,720	2,520
Tax and licenses	10,803	10,933	(130)
Office expenses	4,944	2,652	2,292
Repairs and maintenance	10,390	10,449	(59)
Retirement	-	1,628	(1,628)
Supplies	1,100	10,764	(9,664)
Telephone	780	1,543	(763)
Utilities	<u>24,696</u>	<u>14,094</u>	<u>10,602</u>
Total Expenditures	295,576	265,565	30,011
Net Change in Unrestricted Fund Balance	(59,878)	64,204	64,060
Fund Balance-July 1, 2013	<u>18,415</u>	<u>18,415</u>	<u>-</u>
Fund Balance-June 30, 2014	<u>\$ (41,463)</u>	<u>\$ 82,619</u>	<u>\$ 64,060</u>

See independent auditor's report and accompanying notes to financial statements.

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTRUE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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 position and the statement of changes in net position) 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 or 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 reported 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 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 THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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 report 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 reports as program revenues include operating grants, fines and miscellaneous revenues, and intergovernmental revenues. Internally dedicated resources are reported as general revenues rather than a program 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. The Library Board adopts the annual fiscal year budget. Once approved, 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 the 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. No revisions to the budget were made during the year. Expenditures exceeded the budgeted amounts in the year ended June 30, 2014.

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. Useful lives of assets range from five years for books, seven years for furniture and fixtures and forty years for buildings.

Investments

State statutes authorize the Library to invest in obligations of the United Treasury, commercial paper, repurchase agreements, and the State Treasurer's Investment Pool, and certificates of deposit and state and Federal chartered banks and savings and loan. The investment, owned by the Foundation, was a contribution of a Real Estate Investment Trust. The Foundation's investment is reflected at fair value.

**McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTRUE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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 addition week of vacation will be accrued, and after twenty-five 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 accumulated 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, 2014 and December 30, 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, 2014, was \$ 18,319, which was insured by the Federal Deposit Insurance Corporation. The Foundation has deposits in banks that exceed the FDIC insurance limit at June 30, 2014.

NOTE 3. CAPITAL ASSETS

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 plus additions to books owned and distributed by the Library. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets are depreciated using the straight line method over the estimated useful life of the assets. A summary of general capital assets for the Library are as follows:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 10,000	\$ 0	\$ 10,000	\$ 0
Capital assets being depreciated				
Building	168,476	0	168,476	0
Equipment	161,385	0	161,385	0
Furniture and fixtures	14,397	3,395	10,709	7,083
Books	<u>508,874</u>	<u>8,139</u>	<u>320,758</u>	<u>196,255</u>
Total Capital Assets Being Depreciated	853,132	11,534	661,328	203,338

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTRUE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 3. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
Less—Accumulated depreciation for:				
Building	132,842	693	133,535	0
Equipment	161,385	0	161,385	0
Furniture and Fixtures	13,521	610	10,518	3,613
Books	<u>410,175</u>	<u>25,662</u>	<u>320,277</u>	<u>115,560</u>
Total Accumulated Depreciation	<u>717,923</u>	<u>26,965</u>	<u>625,715</u>	<u>119,173</u>
Total Capital Assets Being Depreciated, Net	<u>135,209</u>	<u>(15,431)</u>	<u>35,613</u>	<u>84,165</u>
Total Capital Assets, Net	<u>\$ 145,209</u>	<u>\$ (15,431)</u>	<u>\$ 45,613</u>	<u>\$ 84,165</u>

A summary of general capital assets for the Foundation are as follows:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 170,780	0	0	\$ 170,780
Capital assets being depreciated				
Building	2,691,852	0	0	2,691,852
Equipment	<u>258,894</u>	<u>40,914</u>	<u>0</u>	<u>299,808</u>
Total Capital Assets Being Depreciated	2,950,746	40,914	0	2,991,660
Less—Accumulated depreciation for:				
Building	49,953	69,022	0	118,975
Equipment	<u>18,751</u>	<u>40,425</u>	<u>0</u>	<u>59,176</u>
Total Accumulated Depreciation	<u>68,704</u>	<u>109,447</u>	<u>0</u>	<u>178,151</u>
Total Capital Assets Being Depreciated, Net	<u>2,882,042</u>	<u>(68,533)</u>	<u>0</u>	<u>2,813,509</u>
Total Capital Assets, Net	<u>\$ 3,052,822</u>	<u>\$ (68,533)</u>	<u>\$ 0</u>	<u>\$ 2,984,289</u>

**McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTRUE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 4. CAPITAL DEBT

The Foundation is liable to the USDA for a long term loan. The loan principal at June 30, 2014 was \$1,306,611. The note bears interest at 3.75% and is payable in monthly installments of \$9,801.00, including interest. The note is secured by real estate. The current portion of the debt is \$ 69,657 and the long term portion is \$1,236,730. A summary of the long-term debt follows:

	June 30, 201	Additions	Retirements	June 30, 2014
USDA	\$1,373,848	\$ 0	\$ 67,237	\$1,306,611

Future debt service requirements on the USDA debt are as follows:

Year Ending June 30	Principal Payment	Interest Payment	Total Payments
2015	\$ 69,657	\$ 47,955	\$ 117,612
2016	72,524	45,088	117,612
2017	75,290	42,322	117,612
2018	78,163	39,449	117,612
2019	80,911	36,701	117,612
2020-2024	453,282	134,778	588,060
2025-2029	<u>476,784</u>	<u>41,230</u>	<u>518,014</u>
Total	<u>\$ 1,306,611</u>	<u>\$ 387,523</u>	<u>\$ 1,694,134</u>

NOTE 5. FOUNDATION PLEDGES

The Foundation has financial pledges outstanding of \$311,825. Upon careful review of the pledges and based on the historical payments, no allowance for doubtful accounts is reflected within these financial statements. As interest rates are less than .5% at June 30, 2014, pledges are not discounted as stated value approximates fair value.

NOTE 6. DYERSBUR 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 was to support a fundraising effort that enabled the Foundation to acquire and as necessary renovate a facility for the Library that will better serve the functions of the Library. The Foundations began taking donations and receiving grant money in the year ended June 30, 2011. The Foundation is considered a component unit of the Library and is discreetly presented in the accompanying financial statements. The Foundation was able to acquire and renovate the building that now houses the Library.

NOTE 7. CONTRIBUTIONS TO RETIREMENT PLAN

Two 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 ½% of gross salary to be eligible for Library contributions of 2 ½%. The Library contributed \$1,628.15 to the plan in the year ended June 30, 2014.

**McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTRUE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 8. 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 thirteen member Board consists of seven members appointed by Dyer County and six by the City of Dyersburg. Each governmental entity has a fifty present share in the net assets of the Library.

NOTE 9. ECONOMIC DEPENDENCY

The Library is economically dependent upon Dyer County and the City of Dyersburg as ninety-one percent of the operating revenue comes from the government appropriations.

NOTE 10. ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

NOTE 11. LAWSUIT

In 2011, the Foundation contracted with roofing contractors to install the roof. The contractors failed to install the roof properly and the Foundation lost a lease contract. A lawsuit has been filed against the roofing contractors. The results of the lawsuit cannot be determined at this time.

NOTE 12. 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 have not been any settlements in excess of insurance coverage in any of the past three years.

NOTE 13. PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2014, the following affected the beginning net position of the Foundation:

Changes were made to reflect the correct amount of pledges receivable. Pledges receivable had been over stated by	\$(377,215)
Changes were made to reflect the contribution of an house to the Foundation in a prior year. Fixed assets were understated by	<u>60,473</u>
Total prior period adjustment on the Statement of Activities	<u>\$(316,742)</u>

**McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN
AND DYER COUNTY, TN COMPONENT UNIT-
DYERSBURG DYER COUNTY PUBLIC LIBRARY FOUNDATION
BALANCE SHEET
JUNE 30, 2014**

ASSETS

Current Assets	
Cash	\$ 303,575
Investment	11,437
Pledges receivable	311,825
Prepaid expenses	<u>1,584</u>
Total Current Assets	<u>\$ 628,421</u>

LIABILITIES AND FUND BALANCE

Current Liabilities	
Accrued expenses	\$ <u> -</u>
Total Current Liabilities	<u> -</u>
Total Liabilities	<u> -</u>
Fund Balance	
Nonspendable	1,584
Unassigned	<u>626,837</u>
Total Fund Balance	<u>628,421</u>
Total Liabilities and Fund Balance	<u>\$ 628,421</u>

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

Fund balance per balance sheet	\$ 628,421
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds	2,984,292
Long term debt of the governmental activities are not due in the current period and therefore are not reported in the funds	<u>(1,306,387)</u>
Net Position of Governmental Activities	<u>\$ 2,306,326</u>

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN
AND DYER COUNTY, TN COMPONENT UNIT-
DYERSBURG DYER COUNTY PUBLIC LIBRARY FOUNDATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES

Contributions	\$ 57,427
Rent income	<u>1,200</u>
Total Operating Revenues	58,627

OPERATING EXPENDITURES

Legal and accounting	1,915
Bank fees	206
Contract labor	6,644
Dues and subscriptions	290
Insurance	652
Tax and license	1,049
Office expense	445
Purchase of furniture and fixtures	40,917
Repairs and maintenance	1,804
Supplies	7,937
Utilities	7,160
Loan payments	<u>117,612</u>
Total Operating Expenses	186,631
Net Operating Loss	<u>(128,004)</u>

NONOPERATING REVENUES

Proceeds from sale of fixed assets	36,713
Interest income	<u>1,510</u>
Total Nonoperation Revenues	38,223
Net Change in Fund Balance	<u>(89,781)</u>
Fund Balance--July 1, 2013 (as originally stated)	1,095,417
Prior Period Adjustment	<u>(377,215)</u>
Fund Balance--July 1, 2013 (restated)	<u>718,202</u>
Fund Balance--June 30, 2014	<u>\$ 628,421</u>

McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN
AND DYER COUNTY, TN COMPONENT UNIT-
DYERSBURG DYER COUNTY PUBLIC LIBRARY FOUNDATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

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

Net change in fund balances	\$ (89,781)
<p>In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeded capital outlay is</p>	
	(69,909)
<p>In the statement of activities, the gain recognized from a sale is reflected as net of cost of the asset. The basis of the asset sold was</p>	
	(58,870)
<p>In the statement of activities, payments made on the loan are not considered operating expenses. The amount of the loan principal payments during the year is</p>	
	<u>67,237</u>
Change in net position of governmental activities	<u>\$ (151,323)</u>

INTERNAL CONTROL AND COMPLIANCE

MARTHA CRITES

Certified Public Accountant

115 South Front • Halls, TN 38040

(731) 836-5987

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

I 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 discrete presented component unity, 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, 2014, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued my report dated December 30, 2014.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, I do not express an opinion on the effectiveness of Library's internal control.

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. 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* described in the accompanying schedule of findings, 2014-1.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martha Cites CFA

December 30, 2014

**McIVER'S GRANT PUBLIC LIBRARY
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND
DYER COUNTY, TN
JUNE 30, 2014**

Prior Year Findings

- 2013-1 The person responsible for the accounting and reporting functions lacks the skill and knowledge to apply general accepted accounting principles in recording the entity's financial transactions or preparing its financial statements. (Resolved)
- 2013-2 During the 2012-2013 fiscal year, the Library overspent their budget. (see finding 2014-1)

Current Year Findings

- 2014-1 During the fiscal year ended June 30, 2014, the Library overspent the budgeted amounts.

Recommendation: The Library should adhere the budget more closely with anticipated expenditures. Near the end of the fiscal year, budgeted amounts should be compared to actual amounts expended and, if necessary, the budget should be amended.

Management's Response: We concur.