

GREENEVILLE-GREENE COUNTY LIBRARY

Financial Statements
With Supplementary Information

Year Ended June 30, 2014

GREENEVILLE-GREENE COUNTY LIBRARY
Financial Statements
With Supplementary Information
Year Ended June 30, 2014

Table of Contents

	<u>Page</u>
Roster of Officials and Board Members	1
Independent Auditors' Report	2
Management's Discussion and Analysis (Unaudited)	4
Government-Wide Financial Statements	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements	
Governmental Fund	
Balance Sheet	9
Statement of Revenues, Expenditures, and Changes in Fund Balance	10
Notes to Financial Statements	11
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15

GREENEVILLE-GREENE COUNTY LIBRARY
Roster of Officials and Board Members
Year Ended June 30, 2014

Roster of Officials

Don Miller
Carol Susong

Director
Recorder

Roster of Board Members

Beth Embree
Bobby Holt
Virginia T. Kidwell
Carla Bewley
M.C. Rollins
Buddy C. Hawk
Julia M. Pensinger

- Certified Public Accountants
 - Business Advisors

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Independent Auditors' Report

Greeneville-Greene County Library
Greeneville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Greeneville-Greene County Library (the "Library"), 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Library, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Rodger Moss & Co, PLLC

Greeneville, Tennessee
December 31, 2014

GREENEVILLE-GREENE COUNTY LIBRARY
Management's Discussion and Analysis (Unaudited)
June 30, 2014

The Greeneville-Greene County Library (the "Library") is reported as a joint venture of the Town of Greeneville, Tennessee and Greene County, Tennessee. This section of the Library's financial report presents management's discussion and analysis of the Library's financial performance for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the Library's financial statements, which follow this section.

Financial Highlights

- The assets of the Library exceeded its liabilities by \$753,139 (net position). This is an increase of \$11,869 from the previous fiscal year's net position total of \$741,270.
- During the year, the Library generated \$93,555 from operations and other revenues plus \$168,122 from other governments. This compares with \$249,808 of operational expenses.
- At the close of the current fiscal year, the Library's general fund reported a fund balance of \$352,739, an increase of \$18,946 from the previous fiscal year's fund balance total of \$333,793.

Overview of the Financial Statements

The management discussion and analysis serves as an introduction to the Library's financial statements. The basic financial statements consist of these parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances in a manner 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 presents information showing how the Library's net position changed during the most recent fiscal year. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

Fund financial statements: The fund financial statements provide more detailed information about the Library's only governmental fund. The fund financial statements report information on a modified accrual basis, which focuses on (1) how cash and other financial assets that can readily be converted to cash were received and used during the fiscal year, and (2) what remains at the end of the fiscal year for future spending. The Balance Sheet differs from the Statement of Net Position due to the omission of capital asset balances. The Statement of Revenues, Expenditures, and Changes in Fund Balance differs from the Statement of Activities due to the omission of capital asset transactions such as additions, deletions, and depreciation expense.

Notes to the financial statements: The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The additional information contained in these notes is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Other information: In addition to the basic financial statements discussed above, the report also presents supplementary information about the Library's grant activity for the current fiscal year.

GREENEVILLE-GREENE COUNTY LIBRARY
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2014

Financial Analysis of the Library as a Whole

Over time, net position may serve as a useful indicator of a government's financial position. In the case of the Library, assets exceeded liabilities by \$753,139 at the close of the most recent fiscal year. The largest portion of the Library's net position (53 percent) reflects its investment in capital assets. Due to the fact that capital assets are used to provide services to citizens, the assets are not available for future spending.

The remaining balance of \$352,739 may be used for the purchase of books and to meet the Library's ongoing obligations. At the close of the current fiscal year, the Library is able to report positive balances in all categories of net position.

Condensed Statement of Net Position
(in thousands)

	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 359	\$ 341
Capital assets, net	<u>400</u>	<u>407</u>
Total assets	<u>759</u>	<u>748</u>
Current liabilities	<u>6</u>	<u>7</u>
Net position:		
Net Investment in capital assets	400	407
Restricted for books	22	18
Restricted for technology	-	-
Unrestricted	<u>331</u>	<u>316</u>
	<u>\$ 753</u>	<u>\$ 741</u>

The Library's net position increased \$11,869 during the fiscal year. The following is a summary of financial activities for the Library during the fiscal year ended June 30, 2014:

Statement of Activities
(in thousands)

	<u>2014</u>	<u>2013</u>
Revenues		
Program revenues:		
Charges for services	\$ 53	\$ 46
Grants and contributions	40	31
Unrestricted investment earnings	1	2
Intergovernmental revenues	<u>168</u>	<u>169</u>
	<u>262</u>	<u>248</u>
Expenses		
Library operations	<u>250</u>	<u>271</u>
Increase (decrease) in net position	<u>\$ 12</u>	<u>\$ (23)</u>

GREENEVILLE-GREENE COUNTY LIBRARY
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2014

Financial Analysis of the Library's Funds

Governmental funds focus on providing information on the near-term flow of resources and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of the Library's net resources available for spending at the end of the fiscal year.

The general fund is the only operating fund of the Library. At the end of the current fiscal year, total fund balance was \$352,739. Of this amount, \$2,816 was nonspendable, \$22,333 was restricted, and \$327,590 was assigned.

Capital Assets

At the close of the current fiscal year, the Library had \$400,400 (net of accumulated depreciation) invested in capital assets. This investment includes land and land improvements, buildings and improvements, and equipment. The table below shows the investment in capital assets for the current and previous fiscal year.

	<u>Capital Assets (net of depreciation)</u> (in thousands)	
	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 79	\$ 80
Buildings and improvements	233	251
Other capital assets	<u>88</u>	<u>76</u>
Total capital assets	<u>\$ 400</u>	<u>\$ 407</u>

Requests for Information

This financial report is designed to provide a general overview of the Library's finances for anyone who may be interested, and to demonstrate the Library's accountability for the money it receives. Questions concerning any information in this report or requests for additional information should be addressed to the Town of Greeneville, 200 North College Street, Greeneville, TN 37745.

GREENEVILLE-GREENE COUNTY LIBRARY
Statement of Net Position
June 30, 2014

ASSETS

Current assets

Cash and cash equivalents	\$ 135,888
Certificate of deposit	220,000
Accounts receivable	519
Prepaid expenses	<u>2,816</u>
Total current assets	<u>359,223</u>

Capital assets

Land	70,300
Land improvements	15,008
Buildings	671,988
Other capital assets	814,473
Less accumulated depreciation	<u>(1,171,369)</u>
Total capital assets	<u>400,400</u>

Total assets

759,623

LIABILITIES

Accounts payable	2,350
Accrued compensation	<u>4,134</u>
Total liabilities	<u>6,484</u>

NET POSITION

Net investment in capital assets	400,400
Restricted for books	22,333
Unrestricted	<u>330,406</u>
Total net position	<u>\$ 753,139</u>

GREENEVILLE-GREENE COUNTY LIBRARY
Statement of Activities
Year Ended June 30, 2014

Function/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position	
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Primary Government Total
Primary Government					
Governmental activities					
Library operations	\$ 249,808	\$ 53,071	\$ 39,918	\$ (156,819)	\$ (156,819)
General revenues					
Intergovernmental revenues				168,122	168,122
Unrestricted investment earnings				566	566
Total general revenues				168,688	168,688
Change in net position				11,869	11,869
Net position at the beginning of the year				741,270	741,270
Net position at the end of the year				\$ 753,139	\$ 753,139

GREENEVILLE-GREENE COUNTY LIBRARY
 Governmental Fund
 Balance Sheet
 June 30, 2014

ASSETS

Current assets		
Cash and cash equivalents	\$	135,888
Investments		220,000
Accounts receivable		519
Prepaid expenses		<u>2,816</u>
Total current assets	\$	<u><u>359,223</u></u>

LIABILITIES AND FUND BALANCES

Liabilities		
Accounts payable	\$	2,350
Accrued compensation		<u>4,134</u>
Total liabilities		<u>6,484</u>

Fund balances

Nonspendable:		
Prepays		2,816
Restricted for:		
Books		22,333
Assigned to:		
Collections - books, subscriptions, etc.		<u>327,590</u>
Total fund balances		352,739

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		<u>400,400</u>
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Net position of governmental activities	\$	<u><u>753,139</u></u>
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GREENEVILLE-GREENE COUNTY LIBRARY
Governmental Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2014

Revenues	
Intergovernmental	\$ 168,122
Charges for services	25,083
Gifts and memorials	19,117
Grants	20,801
Investment	566
Miscellaneous	<u>27,988</u>
Total revenues	<u>261,677</u>
Expenditures	
Labor and benefits	133,764
Books	30,404
Contracts	25,861
Office equipment	1,315
Utilities and telephone	13,707
Supplies	7,759
T. Elmer Cox Branch	20,086
Insurance	4,283
Subscriptions	5,130
Repairs	<u>422</u>
Total expenditures	<u>242,731</u>
Excess of revenues over expenditures	18,946
Fund balance at the beginning of the year	<u>333,793</u>
Fund balance at the end of the year	<u><u>\$ 352,739</u></u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance	\$ 18,946
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$44,961) exceeded capital outlay (\$37,884) in the current period.	
	<u>(7,077)</u>
Change in net position of governmental activities	<u><u>\$ 11,869</u></u>

GREENEVILLE-GREENE COUNTY LIBRARY
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity - The Greeneville-Greene County Library (the "Library") is a joint venture of the Town of Greeneville, Tennessee (the "Town") and Greene County, Tennessee (the "County"). The Library was chartered in 1912 for the purpose of providing educational and literary benefits to the citizens of Greene County.

Basis of Accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid sick pay, which is not accrued; and (2) principal and interest on general obligation long-term debt, which is recognized when due.

The financial statements of the Library have been prepared in conformity with accounting principles general accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Basic Financial Statements - Government-Wide Statements - The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major fund). The Library has only one fund, the General Fund.

In the government-wide Statement of Net Position, the governmental activities are presented on a consolidated basis and are reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net position is reported in three parts - net investment in capital assets, restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net costs of the Library's function. The function is also supported by the general government revenues (certain intergovernmental revenues, fees and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. Program revenues must be directly associated with the function. Program revenues include 1) charges to customers who use or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions for operational or capital requirements of a particular function or program. Taxes and other items not identifiable with a program are reported as general revenues.

The net cost (by function) is normally covered by general revenue (intergovernmental revenues, interest income, etc).

This government-wide focus is more on the sustainability of the Library as an entity and the changes in the Library's net position resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements - The financial transactions of the Library are reported in the general fund in the fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund is reported by generic classification within the financial statements.

GREENEVILLE-GREENE COUNTY LIBRARY
Notes to Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Governmental Fund - The focus of the governmental fund measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of the financial resources) rather than upon net income. The General Fund is the general operating fund of the Library. All financial resources are accounted for in the General Fund.

Budgets and Budgetary Accounting - The Library's charter does not require it to operate within an approved budget. However, budgets are used internally for managerial purposes.

Cash and Cash Equivalents - The Library considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets - Capital assets, which include land, land improvements, buildings, and equipment, are reported in the government-wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year. Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Land improvements	30-40 years
Buildings	40 years
Other capital assets	5-25 years

Fund Balance Items - The Library has implemented GASB Statement 54 employing new terminology and classifications for fund balance items.

Non-spendable items - This category includes items that can not be spent because of their form. This includes prepaid expenses at June 30, 2014.

Restricted items - This category includes fund balances that are constrained by external parties, constitutional provisions, or enabling legislation. This includes donations for use in purchasing books at June 30, 2014.

Committed items - This category includes fund balances that contain self-imposed constraints of the government from its highest level of decision making authority, which would be a majority vote of the board. There was no balance in this category at year end.

Assigned items - This category includes fund balances that contain self-imposed constraints by the board or management of the government to be used for a particular purpose. This includes remaining funds which are assigned to be spent on collections including books and subscriptions.

Unassigned items - Represents the remainder of the Library's fund balance that is not constrained for any particular purpose.

GREENEVILLE-GREENE COUNTY LIBRARY
Notes to Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

When both restricted and unrestricted fund balances are available for use, it is the Library's policy to use restricted fund balance first, then use unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

New Accounting Pronouncements - There were no new accounting pronouncements implemented in the current year and none are expected to be implemented within the next year.

Date of Management's Review - Management has evaluated events and transactions occurring subsequent to the balance sheet date for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 31, 2014, the date these financial statements were available to be issued

NOTE 2 - CASH AND INVESTMENTS

The Town is responsible for receiving and disbursing funds of the Library. The Library held no investments as of June 30, 2014. The Library's deposits are held in the Town's general operating bank account and in the Library's endowment account. At June 30, 2014, the carrying amount of the Library's deposits was \$355,888. Deposits include demand deposits and sweep accounts. The Town's bank balance, as well as the Library's endowment account bank balance at June 30, 2014, was fully covered by FDIC insurance and through the bank's participation in the Tennessee Collateral Pool.

The Town does not have a policy for interest rate risk or other credit risk other than pledging of securities for amounts in excess of FDIC coverage. The Library is exposed to concentration of credit risk by placing its deposits in financial institutions. The Library through the Town has mitigated the risks because the bank balance in excess of the FDIC limit is collateralized by the State of Tennessee bank collateral pool.

NOTE 3 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library's risks of loss are covered by a commercial package insurance policy carried by the Town. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 4 - SALARIES AND FRINGE BENEFITS

The personnel assigned to the operations of the Library are employees of the Town of Greeneville and are covered by the fringe benefits programs of the Town, including participation in the Tennessee Consolidated Retirement System.

GREENEVILLE-GREENE COUNTY LIBRARY
Notes to Financial Statements (Continued)

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities				
Capital assets not being depreciated				
Land	\$ 70,300	\$ -	\$ -	\$ 70,300
Total assets not being depreciated	<u>70,300</u>	<u>-</u>	<u>-</u>	<u>70,300</u>
Other capital assets				
Land improvements	15,008	-	-	15,008
Buildings and improvements	671,988	-	-	671,988
Other fixed assets	<u>783,564</u>	<u>37,884</u>	<u>6,975</u>	<u>814,473</u>
Total other capital assets	<u>1,470,560</u>	<u>37,884</u>	<u>6,975</u>	<u>1,501,469</u>
Less accumulated depreciation for				
Land improvements	(5,417)	(500)	-	(5,917)
Buildings and improvements	(421,162)	(17,346)	-	(438,508)
Other fixed assets	<u>(706,803)</u>	<u>(27,115)</u>	<u>(6,975)</u>	<u>(726,943)</u>
Total accumulated depreciation	<u>(1,133,382)</u>	<u>(44,961)</u>	<u>-</u>	<u>(1,171,369)</u>
Other capital assets, net	<u>337,178</u>	<u>(7,077)</u>	<u>-</u>	<u>330,100</u>
Governmental activities capital assets, net	<u>\$ 407,478</u>	<u>\$ (7,077)</u>	<u>\$ -</u>	<u>\$ 400,400</u>

Depreciation was charged to functions as follows:

Governmental activities	
General government	<u>\$ 44,961</u>

- Certified Public Accountants
 - Business Advisors

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185 Serral Drive
Greeneville, TN 37745



Independent Auditors' 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

Greeneville-Greene County Library
Greeneville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Greeneville-Greene County Library (the "Library"), 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 our report thereon dated December 31, 2014.

Internal Control Over Financial Reporting

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

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 Library'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.

Our 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 our audit we did not identify any deficiencies in internal control that we 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, 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*.

Purpose of this Report

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

Roderic Moss & Co, PLLC

Greeneville, Tennessee
December 31, 2014

