WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF
WILSON COUNTY, TENNESSEE

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

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

Carolyn Miller, Treasurer
79 Lakeview Circle
Mt. Juliet, Tennessee 37122

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

Dr. Connie Wright,
2124 N. Greenhill Road
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

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Certified Public Accountants & Consultants

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INDEPENDENT AUDITOR'S REPORT

To the Comptroller of the Treasury and
The Board of Directors
Wilson County Library Board
A Component Unit of Wilson County Tennessee
Lebanon, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Wilson County Library Board, a component unit of Wilson County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Wilson County Library Board, 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 on pages 4 through 7 as well as schedules 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wilson County Library Board's basic financial statements. The Board of Director's listing and the supplemental budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental budgetary comparison schedules 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 our opinion, the supplemental budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Board of Directors listing has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2015, 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* in considering Wilson County Library Board's internal control over financial reporting and compliance.

Dempsey Vantrease & Follis PLLC

Lebanon, TN

February 27, 2015

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, 2014. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

- The Organization's net position decreased $133,819 over the course of this year's operations. This is a 20.89% decrease from net position at June 30, 2013.

- During the year, the Organization's expenses exceeded revenues by $133,819. In the prior year, expenses exceeded revenues by $174,329. Expenses were virtually unchanged from prior year. Increased allocations in the current year reduced the excess of expenses over revenues.

- The total cost of the Organization's activities decreased 0.67% in the fiscal year ended June 30, 2014.

- Balances of cash increased $16,531 (7.48%) during the fiscal year ended June 30, 2014.

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 position 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 position and how they have changed. Net position – 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 position 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 Position. The Organization's net position decreased $133,819 between fiscal years 2013 and 2014. In comparison, net position for the fiscal year ended June 30, 2013 decreased $174,329 from the fiscal year ended June 30, 2012.

Wilson County Library Board

Net Position

June 30, 2014 and 2013

	2014	2013	% Change
Capital Assets	$ 924,247	$ 957,717	-3.49%
Other Assets	244,027	223,560	9.16%
Total Assets	$ 1,168,274	1,181,277	-1.10%
Liabilities	$ 661,628	$ 540,812	22.34%
Net Position:			
Invested in Capital Assets	924,247	957,717	-3.49%
Unrestricted	(417,601)	(317,252)	31.63%
Total Net Position	506,646	640,465	-20.89%
Total Liabilities and Net Position	$ 1,168,274	$ 1,181,277	-1.10%

Changes in Net Position. The Organization's program revenues decreased $306 due to a decrease in grants. The Organization's primary sources of non-operating income are local government allocations and other revenues. Local government allocations increased $21,658. The total cost of all programs decreased by $8,773 (0.67%) due to lower utility cost and smaller grant expenditures.

Wilson County Library Board

Changes in Net Position

June 30, 2014 and 2013

	2014	2013	% Change
Program Revenues	$ 81,276	$ 81,582	-0.38%
Operating Expenses	1,294,196	1,302,969	-0.67%
Net Income from Operations	(1,212,920)	(1,221,387)	-0.69%
General Revenues	1,079,101	1,047,058	3.06%
Increase in Net Position	$ (133,819)	$ (174,329)	-23.24%

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	1,147,798	-	-	1,147,798
Furniture and Equipment	413,517	6,140	-	419,657
Collections	1,581,024	142,200	106,158	1,617,066
Total Other Capital Assets, at Historical Cost	3,142,339	148,340	106,158	3,184,521
Less Accumulated Depreciation for				
Buildings and Improvements	587,231	29,569	-	616,800
Furniture and Equipment	378,748	10,352	-	389,100
Collections	1,296,143	141,889	106,158	1,331,874
Total Accumulated Depreciation	2,262,122	181,810	106,158	2,337,774
Other Capital Assets, Net	880,217	(33,470)	-	846,747
Governmental Activities Capital Assets, Net	$ 957,717	$ (33,470)	$ -	$ 924,247

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 POSITION
JUNE 30, 2014

Assets		
Cash in Banks	$	237,546
Accounts Receivable		6,481
Capital Assets:		
Nondepreciable Assets		
Land		77,500
Depreciable Assets		
Buildings and Improvements		1,147,798
Furniture and Equipment		419,657
Collections		1,617,066
Less Accumulated Depreciation		(2,337,774)
Total Capital Assets		924,247
Total Assets	$	1,168,274
Liabilities		
Accrued Vacation	$	23,209
OPEB Liability		638,419
Total Liabilities		661,628
Net Position		
Invested in Capital Assets		924,247
Unrestricted		(417,601)
Total Net Position		506,646
Total Liabilities & Net Position	$	1,168,274

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Operating Grants and Contributions	Charges for Services	
Functions and Programs				
Library Operations	$ 1,294,196	3,500	77,776	$ (1,212,920)
General Revenues				
Interest Income				371
Local Government Support				1,047,615
Miscellaneous Public Support				31,115
Decrease in Net Position				(133,819)
Net Position, Beginning				640,465
Net Position, Ending				$ 506,646

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2014

ASSETS

Cash and Cash Equivalents	$	237,546
Accounts Receivable		6,481
Total Assets	$	244,027

LIABILITIES AND FUND BALANCE

Accrued Vacation	$	6,211
Fund Balances		
Unassigned		237,816
Total Liabilities and Fund Balance	$	244,027

Reconciliation to Statement of Net Position:

Fund Balance	$	237,816
Capital Assets (net) are not reported on the fund financial statements		924,247
OPEB Liabilities are not reported on the fund financial statements		(638,419)
Long Term compensated absenses are not reported on the fund financial statements		(16,998)
Net Position	$	506,646

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

Revenues	
Wilson County Appropriation	$ 784,618
Cities' Appropriations	262,997
Proceeds-Fundraising Event	8,185
Grants	3,500
Gifts	13,871
Memorials	9,060
Fines and Lost Materials	55,838
Copy/Fax Machines	16,095
Interest	371
Other Income	582
Book Sales	5,261
Total Revenues	1,160,378
Expenditures	
Salaries and Labor	542,234
Fringe Benefits	236,644
Books	99,385
Audio Visuals	42,816
Periodicals	3,700
Capital Expenditures	6,140
Printing and Binding	592
Utilities	37,907
Telephone and Postage	6,464
Supplies	33,325
Maintenance and Repairs	87,016
Insurance	14,073
Accounting	4,950
Fundraising Costs	2,743
Special Programs	15,211
Travel	4,726
Miscellaneous	834
Total Expenditures	1,138,760
Revenues Over (Under) Expenditures	21,618
Fund Balances, Beginning	216,198
Fund Balances, Ending	$ 237,816

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, 2014

Reconciliation to Statement of Activities:

Excess of Revenues over Expenditures	$	21,618
Depreciation Expense is not recorded in the fund statements		(181,810)
OPEB expense is not an expenditure in Fund Statement		(121,478)
Changes in Long Term Portion of Compensated Absences Expense is not an expenditure in Fund Statement		(489)
Capital Expenditures are reported in the Statement of Net Position		148,340
Decrease in Net Position	$	(133,819)

See notes to financial statements

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

Government-wide Financial Statements

The government-wide financial statements include the statement of net position 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 fund.

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.

Net Position

Net position comprises the various net earnings from operating income, non-operating revenues and expenses and capital contributions. Net position is classified in the following three components:

Invested in capital assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The Board has no debt related to capital assets at June 30, 2014.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Restricted

This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislations.

Unrestricted

This component of net position consists of net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

Capital asset activity for the year ended June 30, 2014 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	1,147,798	-	-	1,147,798
Furniture and Equipment	413,517	6,140	-	419,657
Collections	1,581,024	142,200	106,158	1,617,066
Total Other Capital Assets, at Historical Cost	3,142,339	148,340	106,158	3,184,521
Less Accumulated Depreciation for:				
Buildings and Improvements	587,231	29,569	-	616,800
Furniture and Equipment	378,748	10,352	-	389,100
Collections	1,296,143	141,889	106,158	1,331,874
Total Accumulated Depreciation	2,262,122	181,810	106,158	2,337,774
Other Capital Assets, Net	880,217	(33,470)	-	846,747
Governmental Activities Capital Assets, Net	$ 957,717	$ (33,470)	$ -	$ 924,247

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.

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.

Years of Service	Rate of Accumulation	Maximum Accumulation
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.

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, 2014, the bank balance of the demand deposits was $291,498. The deposits are entirely insured through FDIC insurance and the 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, 2014, the Library funded $62,401on 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.

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.

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.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

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 position.

ARC	$ 172,902
Interest on the NPO	18,093
Adjustment to the ARC	(27,628)
Annual OPEB cost	163,367
Amount of contribution	(41,890)
Increase/(decrease) in NPO	121,477
Net OPEB obligation, 06/30/2013	516,942
Net OPEB obligation, 06/30/2014	$ 638,419

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year end
06/30/12	Postemployment Benefits Plan	$ 186,897	29.00%	$ 380,934
06/30/13	Postemployment Benefits Plan	$ 190,970	28.97%	$ 516,941
06/30/14	Postemployment Benefits Plan	$ 163,367	25.64%	$ 638,419

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014 is as follows:

Actuarial valuation date	07/01/13
Actuarial accrued liability (AAL)	$ 1,519,066
Actuarial value of plan assets	$ -
Unfunded actuarial accrued liability (UAAL)	$ 1,519,066
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	$ 338,955
UAAL as a % of covered payroll	448%

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.

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 payrolls 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, 2014

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.

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)
1/1/2009	$ -	$ 732,412	$ 732,412	0%	NA	NA
7/1/2012	$ -	$ 1,662,074	$ 1,662,074	0%	$ 369,471	450%
7/1/2013	$ -	$ 1,519,066	$ 1,519,066	0%	$ 338,955	448%

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
GENERAL FUND - LEBANON LIBRARY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Wilson County Appropriation	$ 405,743	$ 407,634	$ 407,634	-
Cities' Appropriations	112,673	112,673	112,673	-
Proceeds-Fundraising Event	8,000	8,000	8,185	185
Grants	2,250	2,250	2,250	-
Gifts	4,500	4,500	4,590	90
Memorials	2,500	2,500	2,720	220
Fines and Lost Materials	25,000	25,000	26,637	1,637
Copy/Fax Machines	6,500	6,500	9,829	3,329
Interest	-	-	194	194
Other Income	15,500	15,500	423	(15,077)
Book Sales	3,600	3,600	3,093	(507)
Total Revenues	586,266	588,157	578,228	(9,929)
Expenditures				
Salaries and Labor	273,578	286,378	282,563	3,815
Fringe Benefits	137,212	125,003	122,551	2,452
Books	42,500	42,500	41,777	723
Audio Visuals	21,250	23,250	23,105	145
Periodicals	1,600	1,800	1,785	15
Capital Expenditures	16,710	19,510	-	19,510
Printing and Binding	500	500	265	235
Utilities	24,300	19,500	18,939	561
Telephone and Postage	4,086	2,986	2,478	508
Supplies	12,750	13,950	13,788	162
Maintenance and Repairs	30,100	30,100	42,995	(12,895)
Insurance	6,631	7,031	6,947	84
Accounting	2,015	2,015	1,980	35
Fundraising Costs	3,300	3,300	2,743	557
Special Programs	6,700	7,200	6,655	545
Travel	1,934	2,034	2,025	9
Miscellaneous	1,100	1,100	878	222
Total Expenditures	586,266	588,157	571,474	16,683
Revenues Over (Under) Expenditures	$ -	$ -	6,754	$ 6,754
Fund Balances, Beginning			95,652	
Fund Balances, Ending			$ 102,406	

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, 2014

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Wilson County Appropriation	$ 296,580	$ 298,208	$ 298,208	$ -
Cities' Appropriations	123,852	123,852	123,852	-
Grants	1,250	1,250	1,250	-
Gifts	8,000	8,000	8,161	161
Memorials	5,000	5,000	5,075	75
Fines and Lost Materials	27,000	27,000	26,295	(705)
Copy/Fax Machines	5,000	5,000	4,780	(220)
Interest	-	-	150	150
Other Income	13,100	13,100	129	(12,971)
Book Sales	2,100	2,100	2,111	11
Total Revenues	481,882	483,510	470,011	(13,499)
Expenditures				
Salaries and Labor	210,120	216,720	214,668	2,052
Fringe Benefits	95,139	96,167	92,366	3,801
Books	48,633	47,533	46,510	1,023
Audio Visuals	19,000	19,000	17,321	1,679
Periodicals	2,000	2,500	1,608	892
Capital Expenditures	20,310	20,310	-	20,310
Printing and Binding	500	500	327	173
Utilities	20,200	15,300	15,276	24
Telephone and Postage	6,380	2,880	1,512	1,368
Supplies	16,100	16,100	15,806	294
Maintenance and Repairs	26,400	28,400	32,990	(4,590)
Insurance	5,200	5,700	5,622	78
Accounting	2,200	2,200	1,980	220
Special Programs	7,550	7,550	7,398	152
Travel	1,050	1,550	1,474	76
Miscellaneous	1,100	1,100	(166)	1,266
Total Expenditures	481,882	483,510	454,692	28,818
Revenues Over (Under) Expenditures	$ -	$ -	15,319	$ 15,319
Fund Balances, Beginning			97,125	
Fund Balances, Ending			$ 112,444	

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, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Wilson County Appropriation	$ 78,497	$ 78,776	$ 78,776	-
Cities' Appropriations	26,472	26,472	26,472	-
Gifts	1,600	1,600	1,120	(480)
Memorials	2,000	2,000	1,265	(735)
Fines and Lost Materials	2,200	2,200	2,906	706
Copy/Fax Machines	1,300	1,300	1,486	186
Interest	-	-	27	27
Other Income	3,000	3,000	31	(2,969)
Book Sales	300	300	56	(244)
Total Revenues	115,369	115,648	112,139	(3,509)
Expenditures				
Salaries and Labor	43,605	45,663	45,003	660
Fringe Benefits	28,632	22,353	21,726	627
Books	11,200	11,100	11,097	3
Audio Visuals	2,623	2,623	2,389	234
Periodicals	350	350	308	42
Capital Expenditures	5,780	6,780	6,140	640
Utilities	5,400	3,700	3,692	8
Telephone and Postage	1,900	2,600	2,474	126
Supplies	3,400	4,200	3,731	469
Maintenance and Repairs	6,600	10,800	11,031	(231)
Insurance	1,423	1,523	1,504	19
Accounting	1,100	1,100	990	110
Special Programs	1,356	1,356	1,159	197
Travel	1,600	1,300	1,227	73
Miscellaneous	400	200	122	78
Total Expenditures	115,369	115,648	112,593	3,055
Revenues Over (Under) Expenditures	$ -	$ -	(454)	$ (454)
Fund Balances, Beginning			23,423	
Fund Balances, Ending			$ 22,969	

See notes to financial statements

INTERNAL CONTROL & COMPLIANCE

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Certified Public Accountants & Consultants

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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*

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, 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 major fund, of Wilson County Library Board, (the "Board") a component unit of Wilson County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Wilson County Library Board's basic financial statements, and have issued our report thereon dated February 27, 2015

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wilson County Library Board'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 Wilson County Library Board's internal control. Accordingly, we do not express an opinion on the effectiveness Wilson County Library Board'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.

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 Wilson County Library Board'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dempsey Vantrease & Folks PLLC

Lebanon, Tennessee

February 27, 2015