

**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, 2015**

**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, 2015**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

Board of Directors	Page 1
--------------------	-----------

**AUDITED FINANCIAL STATEMENTS**

Independent Auditor's Report	2-4
Management's Discussion and Analysis	5-7
Basic Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Balance Sheet—General Fund	10
Statement of Revenues, Expenditures and Changes in Fund Balance—General Fund	11
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance of the Governmental Fund to the Statement of Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balance-- Budget and Actual—Governmental Fund	13
Notes to Financial Statements	14-19
Discretely Presented Component Unit	
Balance Sheet	20
Statement of Revenues, Expenditures and Changes in Fund Balance	21
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance of the Governmental Fund to the Statement of Activities	22

**INTERNAL CONTROL AND COMPLIANCE**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	23-24
Schedule of Findings	25

## 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, 2015**

**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
Bill Reffert	County Board
Tommy Allmon	City Board
Don Crews	City Board
Penny Hearn Law	City Board
Cole Shelton	City Board
Emily Coleman	City Board
Joan Ryland	City Board
Damaris Cook	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, 2015, 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, 2015, 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 November 3, 2015, 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

November 3, 2015

**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, 2015**

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, 2015. 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	
	06/30/2015	06/30/2014	06/30/2015	06/30/2014	06/30/2015	06/30/2014
Current Assets	\$ 52,367	\$ 82,663	\$ 611,091	\$ 628,421	\$ 663,458	\$ 711,084
Net Fixed Assets	<u>71,193</u>	<u>84,165</u>	<u>2,871,922</u>	<u>2,984,292</u>	<u>2,943,115</u>	<u>3,068,457</u>
<b>Total Assets</b>	<b>\$ <u>123,560</u></b>	<b>\$ <u>166,828</u></b>	<b>\$ <u>3,483,013</u></b>	<b>\$ <u>3,612,713</u></b>	<b>\$ <u>3,606,573</u></b>	<b>\$ <u>3,779,541</u></b>
Current Liabilities	\$ 0	\$ 44	\$ 72,314	\$ 69,657	\$ 72,314	\$ 69,701
Other Liabilities	<u>0</u>	<u>0</u>	<u>1,164,494</u>	<u>1,236,730</u>	<u>1,164,494</u>	<u>1,236,730</u>
<b>Total Liabilities</b>	<b><u>0</u></b>	<b><u>44</u></b>	<b><u>1,236,808</u></b>	<b><u>1,306,387</u></b>	<b><u>1,236,808</u></b>	<b><u>1,306,431</u></b>
Net Investment In Capital Assets Unrestricted	71,193 <u>52,367</u>	84,165 <u>82,619</u>	1,635,114 <u>611,091</u>	1,677,905 <u>628,421</u>	1,706,307 <u>663,458</u>	1,762,070 <u>711,040</u>
<b>Total Liabilities Net Position</b>	<b>\$ <u>123,560</u></b>	<b>\$ <u>166,828</u></b>	<b>\$ <u>3,483,013</u></b>	<b>\$ <u>3,612,713</u></b>	<b>\$ <u>3,606,573</u></b>	<b>\$ <u>3,779,541</u></b>

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

	Governmental Activities		Component Unit		Total	
	06/30/2015	06/30/2014	06/30/2015	06/30/2014	06/30/2015	06/30/2014
Capital Grants And Contributions	\$ 247,743	\$ 265,257	\$ 136,858	\$ 57,427	\$ 384,601	\$ 322,684
Charges For Services	13,027	12,089	0	1,200	13,027	13,289
Other Revenues	<u>419</u>	<u>31,051</u>	<u>1,502</u>	<u>( 20,871)</u>	<u>1,921</u>	<u>10,180</u>
<b>Total Revenues</b>	<b>261,189</b>	<b>308,397</b>	<b>138,360</b>	<b>37,756</b>	<b>399,549</b>	<b>346,153</b>
Total General Government Expenditures	<u>304,413</u>	<u>305,237</u>	<u>198,481</u>	<u>189,079</u>	<u>502,894</u>	<u>494,316</u>
Change In Net Position	\$ ( 43,224)	\$ 3,160	\$ ( 60,121)	\$ ( 151,323)	\$ ( 103,345)	\$ ( 148,163)
Net Position, Beginning Prior Period Adjustment	166,784 <u>0</u>	163,624 <u>0</u>	2,306,326 <u>0</u>	2,774,391 <u>( 316,742)</u>	2,473,110 <u>0</u>	2,938,015 <u>( 316,742)</u>
<b>Net Position, Ending</b>	<b>\$ <u>123,560</u></b>	<b>\$ <u>166,784</u></b>	<b>\$ <u>2,246,205</u></b>	<b>\$ <u>2,306,326</u></b>	<b>\$ <u>2,369,765</u></b>	<b>\$ <u>2,473,110</u></b>

The McIver's Grant Public Library's assets exceed its liabilities by \$123,560 (net position) at June 30, 2015. Of the net position, \$52,367 is available to fund future library operations, whereas \$71,193 is invested in capital assets. The Dyersburg Dyer County Public Library Foundation's net assets exceed its liabilities by \$2,246,205. Of the net position \$1,635,144 is invested in capital assets, net of related debt and \$611,091 is available for operations. In the year ended June 30,

2015, net position of the Library decreased by \$43,224. Net position of the Foundation decreased by \$60,121.

### **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 exceeded budgeted amounts as contributions exceeded the budgeted amounts. Expenses were less than total budgeted expenses. However, in some cases, actual expenses exceeded the line item budget.

### **Capital Assets**

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, 2015**

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Library Foundation</b>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 52,367	\$ 378,804
Investment	-	6,592
Pledges receivable	-	224,475
Prepaid expenses	-	1,220
Total Current Assets	52,367	611,091
Fixed Assets		
Land	-	170,780
Building	-	2,691,852
Equipment	15,033	299,811
Books	173,865	-
Total	188,898	3,162,443
Accumulated depreciation	(117,705)	(290,521)
Total Fixed Assets	71,193	2,871,922
Total Assets	\$ 123,560	\$ 3,483,013
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities		
Accrued expenses	\$ -	\$ -
Mortgage payable-current	-	72,314
Total Current Liabilities	-	72,314
Long Term Liabilities		
Mortgage payable	-	1,164,494
Total Long Term Liabilities	-	1,164,494
Total Liabilities	-	1,236,808
Net Position		
Invested in capital assets net of related debt	71,193	1,635,114
Unrestricted	52,367	611,091
Total Net Position	123,560	2,246,205
Total Liabilities and Net Position	\$ 123,560	\$ 3,483,013

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, 2015**

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Assets	
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>	<u>Component Unit Library Foundation</u>
Government Activities:					
General government	\$ 304,413	\$ 13,027	\$ 247,743	\$ (43,643)	\$ -
Total Governmental Activities	<u>\$ 304,413</u>	<u>\$ 13,027</u>	<u>\$ 247,743</u>	<u>(43,643)</u>	<u>-</u>
Component Unit					
Library foundation	\$ 198,481	\$ -	\$ 136,858	-	(61,623)
Total Component Unit	<u>\$ 198,481</u>	<u>\$ -</u>	<u>\$ 136,858</u>	<u>-</u>	<u>(61,623)</u>
General Revenues					
Interest income				419	1,502
Total General Revenues				<u>419</u>	<u>1,502</u>
Changes in Net Position				(43,224)	(60,121)
Net Position (beginning)				<u>166,784</u>	<u>2,306,326</u>
Net Position (ending)				<u>\$ 123,560</u>	<u>\$ 2,246,205</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, 2015**

**ASSETS**

Current Assets	
Cash	\$ 52,367
Total Assets	<u>\$ 52,367</u>

**LIABILITIES AND FUND BALANCE**

Current Liabilities	
Accrued expenses	\$ -
Total Current Liabilities	<u>\$ -</u>
Total Liabilities	\$ -
Fund Balance	
Unassigned	<u>52,367</u>
Total Liabilities and Fund Balance	<u>\$ 52,367</u>

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

Fund Balance per balance sheet	\$ 52,367
Capital asset used in governmental activities are not financial resources, and therefore, are not reported in the funds.	<u>71,193</u>
Net position of governmental activities	<u>\$ 123,560</u>

**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, 2015**

**REVENUES**

Intergovernmental revenues	\$ 219,202
Contributions	28,788
Charges for fees and services	13,027
Interest income	<u>172</u>
Total Revenues	<u>261,189</u>

**EXPENDITURES**

Salaries	156,717
Legal and accounting	6,400
Books and periodicals	9,182
Cable	3,730
Conferences and meetings	1,314
Contracted services	15,448
Dues and subscriptions	3,605
Insurance	19,386
Interfund transfer	11,126
Equipment rental	1,722
Equipment purchases	7,950
Internet and website	930
Janitorial services	6,240
Tax and licenses	11,348
Office expenses	5,102
Repairs and maintenance	5,722
Retirement	2,001
Supplies	4,761
Telephone	553
Utilities	<u>18,204</u>
Total Expenditures	<u>291,441</u>
Net Change in Unrestricted Fund Balance	(30,252)
Fund Balance-July 1, 2014	<u>82,619</u>
Fund Balance-June 30, 2015	<u>\$ 52,367</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, 2015**

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

Net change in fund balances-total governmental funds	(30,252)
--	----------

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	13,938
Depreciation expense	<u>(26,910)</u>

Change in net position of governmental activities	<u>\$ (43,224)</u>
---	--------------------

**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, 2015**

	<b>Original and Final <u>Budget</u></b>	<b><u>Actual</u></b>	<b>Variance- Favorable <u>(Unfavorable)</u></b>
<b>REVENUES</b>			
Intergovernmental revenues	\$ 219,188	\$ 219,202	\$ 14
Contributions	6,084	28,788	22,704
Charges for fees and services	10,426	13,027	2,601
Interest income	<u>20</u>	<u>172</u>	<u>152</u>
Total Revenues	235,718	261,189	25,471
<b>EXPENDITURES</b>			
Salaries	157,728	156,717	1,011
Legal and accounting	11,600	6,400	5,200
Books and periodicals	11,800	9,182	2,618
Cable	3,624	3,730	(106)
Conferences and meetings	4,200	1,314	2,886
Contracted services	14,937	15,448	(511)
Dues and subscriptions	1,000	3,605	(2,605)
Insurance	17,270	19,386	(2,116)
Interfund transfer	-	11,126	(11,126)
Equipment rental	1,564	1,722	(158)
Equipment purchases	10,000	7,950	2,050
Internet and website	100	930	(830)
Janitorial services	6,240	6,240	-
Tax and licenses	10,803	11,348	(545)
Office expenses	6,521	5,102	1,419
Repairs and maintenance	8,813	5,722	3,091
Retirement	-	2,001	(2,001)
Supplies	3,900	4,761	(861)
Telephone	780	553	227
Utilities	<u>24,696</u>	<u>18,204</u>	<u>6,492</u>
Total Expenditures	295,576	291,441	4,135
Net Change in Fund Balance	(59,858)	(30,252)	21,336
Fund Balance-July 1, 2014	<u>82,619</u>	<u>82,619</u>	<u>-</u>
Fund Balance-June 30, 2015	<u>\$ 22,761</u>	<u>\$ 52,367</u>	<u>\$ 21,336</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  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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 of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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 VENTRUE OF THE CITY OF DYERSBURG, TN AND DYER COUNTY, TN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**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 discreetly 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, 2015.

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, 2015**

**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, 2015 and November 3, 2015, 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, 2015, was \$ 52,367, which was insured by the Federal Deposit Insurance Corporation. The Foundation has deposits in banks that exceed the FDIC insurance limit at June 30, 2015.

**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, 2014	Additions	Retirements	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Capital assets being depreciated				
Furniture and fixtures	7,083	7,950	0	15,033
Books	<u>196,255</u>	<u>5,990</u>	<u>28,380</u>	<u>173,865</u>
Total Capital Assets Being Depreciated	203,338	13,940	28,380	188,898

**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, 2015**

**NOTE 3. CAPITAL ASSETS (CONTINUED)**

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Less—Accumulated depreciation for:				
Furniture and Fixtures	3,613	1,865	0	5,478
Books	<u>115,560</u>	<u>25,047</u>	<u>28,380</u>	<u>112,227</u>
Total Accumulated Depreciation	<u>119,173</u>	<u>26,912</u>	<u>28,380</u>	<u>117,705</u>
Total Capital Assets Being Depreciated, Net	<u>84,165</u>	<u>( 12,972)</u>	<u>0</u>	<u>71,193</u>
Total Capital Assets, Net	<u>\$ 84,165</u>	<u>\$ ( 12,972)</u>	<u>\$ 0</u>	<u>\$ 71,193</u>
A summary of general capital assets for the Foundation are as follows:				
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>299,811</u>	<u>0</u>	<u>0</u>	<u>299,811</u>
Total Capital Assets Being Depreciated	2,991,663	0	0	2,991,663
Less—Accumulated depreciation for:				
Building	118,975	69,022	0	187,997
Equipment	<u>59,176</u>	<u>43,348</u>	<u>0</u>	<u>102,524</u>
Total Accumulated Depreciation	<u>178,151</u>	<u>112,370</u>	<u>0</u>	<u>290,521</u>
Total Capital Assets Being Depreciated, Net	<u>2,813,512</u>	<u>( 112,370)</u>	<u>0</u>	<u>2,701,142</u>
Total Capital Assets, Net	<u>\$ 2,984,292</u>	<u>\$ ( 112,370)</u>	<u>\$ 0</u>	<u>\$ 2,871,922</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, 2015**

**NOTE 4. CAPITAL DEBT**

The Foundation is liable to the USDA for a long term loan. The loan principal at June 30, 2015 was \$1,236,808. 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 \$ 72,314 and the long term portion is \$1,164,494. A summary of the long-term debt follows:

	June 30, 2014	Additions	Retirements	June 30, 2015
USDA	\$1,306,611	\$ 0	\$ 69,803	\$1,236,808

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

Year Ending June 30	Principal Payment	Interest Payment	Total Payments
2016	\$ 72,314	\$ 45,298	\$ 117,612
2017	75,290	42,322	117,612
2018	78,163	39,449	117,612
2019	80,911	36,701	117,612
2020	83,998	33,614	117,612
2021-2025	470,575	117,485	588,060
2026-2029	<u>375,557</u>	<u>26,284</u>	<u>401,841</u>
Total	<u>\$ 1,236,808</u>	<u>\$ 341,153</u>	<u>\$ 1,577,961</u>

**NOTE 5. FOUNDATION PLEDGES**

The Foundation has financial pledges outstanding of \$224,475. 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, 2015, 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**

Three 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 \$2,001 to the plan in the year ended June 30, 2015.

**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, 2015**

**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 funding towards the operations of the Library. The fifteen member Board consists of seven members appointed by Dyer County and seven by the City of Dyersburg with one member serving as a representative of the Foundation. Each governmental entity has a fifty percent 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 eighty-four 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.

**McIVER'S GRANT PUBLIC LIBRARY  
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN  
AND DYER COUNTY, TN  
COMPONENT UNIT-LIBRARY FOUNDATION  
BALANCE SHEET  
JUNE 30, 2015**

**ASSETS**

Current Assets	
Cash	\$ 378,804
Investment	6,592
Pledges receivable	224,475
Prepaid expenses.	<u>1,220</u>
Total Current Assets	<u>\$ 611,091</u>

**LIABILITIES AND FUND BALANCE**

Current Liabilities	
Accrued expenses	<u>\$ -</u>
Total Current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
Fund Balance	
Nonspendable	1,220
Unassigned	<u>609,871</u>
Total Fund Balance	<u>611,091</u>
Total Liabilities and Fund Balance	<u>\$ 611,091</u>

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

Fund balance per balance sheet	\$ 611,091
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds	2,871,922
Long term debt of the governmental activities are not due in the current period and therefore are not reported in the funds	<u>(1,236,808)</u>
Net Position of Governmental Activities	<u>\$ 2,246,205</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, 2015**

**OPERATING REVENUES**

Contributions	<u>\$ 136,859</u>
Total Operating Revenues	136,859

**OPERATING EXPENDITURES**

Legal and accounting	13,350
Fund raising expense	3,163
Insurance	5,528
Tax and license	122
Travel expense	389
Office expense	880
Penalties and interest	6,014
Repairs and maintenance	8,026
Supplies	470
Utilities	137
Loan payments	<u>117,612</u>
Total Operating Expenses	155,691
Net Operating Loss	<u>(18,832)</u>

**NONOPERATING REVENUES**

Interest income	<u>1,502</u>
Total Nonoperation Revenues	<u>1,502</u>
Net Change in Fund Balance	(17,330)
Fund Balance--July 1, 2014	<u>628,421</u>
Fund Balance--June 30, 2014	<u>\$ 611,091</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, 2015**

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

Net change in fund balances	\$ (17,330)
<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>	
	(112,370)
<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>69,579</u>
Change in net position of governmental activities	<u>\$ (60,121)</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, 2015, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued my report dated November 3, 2015.

#### 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did identify deficiencies in internal control that I consider to be material weaknesses. (2015-3). I did identify certain deficiencies in internal control, described in the accompanying schedule of findings that I consider to be significant deficiencies. (2015-2).

#### 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, 2015-1.

#### Management's Response to Findings

The Library's response to the findings identified in my audit is described in the accompanying schedule of findings. The Library's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, I express no opinion on it.

#### 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 Crites CPA*

November 3, 2015

**McIVER'S GRANT PUBLIC LIBRARY  
A JOINT VENTURE OF THE CITY OF DYERSBURG, TN AND  
DYER COUNTY, TN  
JUNE 30, 2015**

**Prior Year Findings**

**2014-1** During the fiscal year ended June 30, 2014, the Library overspent their budget. (See finding 2015-1)

**Current Year Findings**

**2015-1** During the fiscal year ended June 30, 2015, the Library overspent their budget. (Compliance)

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

Management's Response: We concur.

**2015-2** As fines, lost books, library card fees and contributions are received in the Library, no receipt is given to the patron for the payment. (Significant Deficiency)

Recommendation: Some form of receipt should be given to the patrons in exchange for the payments.

Management's Response: We will be begin giving our patrons some form of receipt.

**2015-3** Significant journal entries were necessary to properly reflect the financial position of the Library. (Material Weakness)

Recommendation: The financial data should be reviewed by a supervisor prior to the release of the financial data. The Library Foundation should identify which contributions are from prior year pledges and which contributions relate to the current period.

Management's Response: We will provide the contribution information and will supervise the bookkeeper.