

WILSON COUNTY LIBRARY BOARD

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

JUNE 30, 2015

TABLE OF CONTENTS

	<u>PAGE</u>
Board of Directors	1
Independent Auditors' Report	2-3
Management's Discussion and Analysis	4-7
Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Balance Sheet – Governmental Fund	10
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	11-12
Notes to Financial Statements	13-27
Required Supplementary Information	
Schedule of the Board's Proportionate Share of the Net Pension Liability (Asset) of the Public Employee Pension Plan of TCRS	28
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS	29
Schedule of Funding Progress for OPEB	30
Supplementary Information:	
Budgetary Comparison Schedule –General Fund Lebanon Library	31
Budgetary Comparison Schedule – General Fund Mt. Juliet Library	32
Budgetary Comparison Schedule – General Fund Watertown Library	33
Internal Control and Compliance:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <u>Government Auditing Standards.</u>	34-35

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

BOARD OF DIRECTORS

Jim Mills, Chairman
110 Oak Hill Circle
Lebanon, Tennessee 37087

William Taylor, Vice-Chairman
100 South Commerce Rd.
Watertown, Tennessee 37184

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

Diane Weathers, Secretary
7800 Central Pike
Mt Juliet, TN 37122

Betty Stone
241 West End Circle
Lebanon, Tennessee 37087

Dr. Connie Wright,
2124 N. Greenhill Road
Mt. Juliet, Tennessee 37122

Kevin Huddleston
712 Fields Lane
Lebanon, Tennessee 37087

Peggy Simpson
1320 S. Commerce Rd
Watertown, TN 37184

Betty Dedman
2130 Palmer Road
Lebanon, TN 37090



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INDEPENDENT AUDITORS' 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 the City of Wilson County Library Board, a component unit of Wilson County as of and for the year ended June 30, 2015, 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, 2015, 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 changes in net pension liability (asset) and contributions on pages 28 and 29 and schedules of funding progress for OPEB on page 30 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 Wilson County Library Board's basic financial statements. The Board of Director's listing and the supplementary budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 March 21, 2016 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 the Wilson County Library Board's internal control over financial reporting and compliance.

Dempsey Vantrease & Follis, PLLC

Lebanon, TN

March 21, 2016

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, 2015. Please read it in conjunction with the financial statements, which follow this section. Please note that the 2014 comparison numbers in this analysis have not been revised to reflect the adjustment for GASB 68 that was required to be implemented in the current year.

Financial Highlights

- The Organization's net position decreased \$63,280 over the course of this year's operations. This is a 30.54% decrease from net position at June 30, 2014.
- During the year, the Organization's expenses exceeded revenues by \$63,280. In the prior year, expenses exceeded revenues by \$133,819. Expenses decreased in the current year due to lower utility cost, smaller grant and travel expenditures.
- The total cost of the Organization's activities decreased 2.83% in the fiscal year ended June 30, 2015.
- Balances of cash increased \$42,190 (17.76%) during the fiscal year ended June 30, 2015.

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 \$63,280 between fiscal years 2014 and 2015. In comparison, net position for the fiscal year ended June 30, 2014 decreased \$133,819 from the fiscal year ended June 30, 2013.

Wilson County Library Board
Net Position
June 30, 2015 and 2014

	2015	2014	% Change
Capital Assets	\$ 903,576	\$ 924,247	-2.24%
Other Assets	<u>320,948</u>	<u>244,027</u>	31.52%
Total Assets	1,224,524	1,168,274	4.81%
Deferred Outflows Related to Pensions	67,502	-	
Liabilities	786,715	540,812	45.47%
Deferred Inflows Related to Pensions	<u>60,441</u>	<u>-</u>	
Net Position:			
Investment in Capital Assets	903,576	924,247	-2.24%
Unrestricted	<u>(458,706)</u>	<u>(283,782)</u>	61.64%
Total Net Position	<u>\$ 444,870</u>	<u>\$ 640,465</u>	-30.54%

Changes in Net Position. The Organization's program revenues increased \$4,679 due to an increase in book sales and copy/fax revenues. The Organization's primary sources of non-operating income are local government allocations and other revenues. Local government allocations increased \$38,496. The total cost of all programs decreased by \$36,673 (2.83%) due to lower utility cost, smaller grant and travel expenditures.

Wilson County Library Board
 Changes in Net Position
 June 30, 2015 and 2014

	2015	2014	% Change
Program Revenues	\$ 85,955	\$ 81,276	5.76%
Operating Expenses	1,257,523	1,294,196	-2.83%
Net Income from Operations	(1,171,568)	(1,212,920)	-3.41%
General Revenues	1,108,288	1,079,101	2.70%
Increase in Net Position	<u>\$ (63,280)</u>	<u>\$ (133,819)</u>	<u>-52.71%</u>

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	6,249	-	1,154,047
Furniture and Equipment	419,657	-	-	419,657
Collections	1,617,066	154,113	117,156	1,654,024
Total Other Capital Assets, at Historical Cost	<u>3,184,521</u>	<u>160,362</u>	<u>117,156</u>	<u>3,227,728</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	616,800	29,595	-	646,395
Furniture and Equipment	389,100	6,919	-	396,019
Collections	1,331,874	144,520	106,158	1,370,236
Total Accumulated Depreciation	<u>2,337,774</u>	<u>181,034</u>	<u>106,158</u>	<u>2,401,652</u>
Other Capital Assets, Net	<u>846,747</u>	<u>(20,672)</u>	<u>10,998</u>	<u>826,076</u>
Governmental Activities Capital Assets, Net	<u>\$ 924,247</u>	<u>\$ (20,672)</u>	<u>\$ 10,998</u>	<u>\$ 903,576</u>

Contacting the Organization's Financial Management

This financial report is designed to provide the citizens, taxpayers, and customers of Wilson County of the Organization's finances and to demonstrate the Organization's accountability for the money it receives. If you have questions about this report or need additional information, contact the Wilson County Library Board, 108 South Hatton Ave., Lebanon, Tennessee, 37087.

FINANCIAL STATEMENTS

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2015

Assets

Cash in Banks	\$ 279,736
Accounts Receivable	267
Capital Assets	
Land	77,500
Buildings and Improvements	1,154,047
Furniture and Equipment	419,657
Collections	1,654,024
Total	<u>3,305,228</u>
Less Accumulated Depreciation	<u>(2,401,652)</u>
Net Capital Assets	903,576
Net Pension Asset	<u>40,945</u>
Total Assets	<u>1,224,524</u>

Deferred Outflows of Resources

Deferred Outflows Related to Pension	<u>67,502</u>
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Liabilities

Accrued Vacation	25,770
OPEB Liability	<u>760,945</u>
Total Liabilities	<u>786,715</u>

Deferred Inflows of Resources

Deferred Inflows Related to Pension	<u>60,441</u>
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Net Position

Investment in Capital Assets	903,576
Unrestricted	<u>(458,706)</u>
Total Net Position	<u>\$ 444,870</u>

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, 2015

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Operating Grants and Contributions	Charges for Services	
Functions and Programs				
Library Operations	\$ 1,257,523	2,099	83,856	\$ (1,171,568)
General Revenues				
Interest Income				500
Local Government Support				1,086,112
Miscellaneous Public Support				21,676
Decrease in Net Position				(63,280)
Net Position, Beginning				506,646
Restatement due to implementation of GASB 68				1,504
Net Position, Ending				\$ 444,870

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2015

ASSETS

Cash and Cash Equivalents	\$	279,736
Accounts Receivable		<u>267</u>
Total Assets	\$	<u><u>280,003</u></u>

LIABILITIES AND FUND BALANCE

Accrued Vacation	\$	8,119
Fund Balances Unassigned		<u>271,884</u>
Total Liabilities and Fund Balance	\$	<u><u>280,003</u></u>

Reconciliation to Statement of Net Position:

Fund Balance	\$	271,884
Capital Assets (net) are not reported on the fund financial statements		903,576
Net Pension Assets are not reported on the fund financial statements		40,945
Deferred Outflows Related to Pension are not reported on the fund financial statements		67,502
OPEB Liabilities are not reported on the fund financial statements		(760,945)
Deferred Inflows Related to Pension are not reported on the fund financial statements		(60,441)
Long Term compensated absences are not reported on the fund financial statements		<u>(17,651)</u>
Net Position	\$	<u><u>444,870</u></u>

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, 2015

Revenues

Wilson County Appropriation	\$	816,166
Cities' Appropriations		269,945
Proceeds-Fundraising Event		9,235
Grants		2,099
Gifts		10,478
Memorials		1,963
Fines and Lost Materials		56,046
Copy/Fax Machines		19,546
Interest		500
Other Income		458
Book Sales		7,805
Total Revenues		1,194,241

Expenditures

Salaries and Labor		532,867
Fringe Benefits		244,033
Books		107,336
Audio Visuals		46,778
Periodicals		5,493
Capital Expenditures		6,249
Printing and Binding		903
Utilities		37,614
Telephone and Postage		7,464
Supplies		37,643
Maintenance and Repairs		93,450
Insurance		15,232
Accounting		4,950
Fundraising Costs		3,206
Special Programs		12,592
Travel		3,325
Miscellaneous		1,038
Total Expenditures		1,160,173
Revenues Over (Under)		
Expenditures		34,068

Fund Balances, Beginning		237,816
Fund Balances, Ending	\$	271,884

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, 2015

Reconciliation to Statement of Activities:

Excess of Revenues over Expenditures	\$ 34,068
Depreciation Expense is not recorded in the fund statements	(181,034)
OPEB expense is not an expenditure in Fund Statement	(122,526)
Change in Pension expense due to GASB 68	46,502
Changes in Long Term Portion of Compensated Absences Expense is not an expenditure in Fund Statement	(652)
Capital Expenditures are reported in the Statement of Net Position	<u>160,362</u>
Decrease in Net Position	<u>\$ (63,280)</u>

See notes to financial statements

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

June 30, 2015

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.

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

June 30, 2015

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:

Investment 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 investment in 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, 2015.

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

June 30, 2015

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.

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

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

Capital asset activity for the year ended June 30, 2015 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	6,249	-	1,154,047
Furniture and Equipment	419,657	-	-	419,657
Collections	1,617,066	154,113	117,156	1,654,024
Total Other Capital Assets, at Historical Cost	<u>3,184,521</u>	<u>160,362</u>	<u>117,156</u>	<u>3,227,728</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	616,800	29,595	-	646,395
Furniture and Equipment	389,100	6,919	-	396,019
Collections	1,331,874	144,520	106,158	1,370,236
Total Accumulated Depreciation	<u>2,337,774</u>	<u>181,034</u>	<u>106,158</u>	<u>2,401,652</u>
Other Capital Assets, Net	<u>846,747</u>	<u>(20,672)</u>	<u>10,998</u>	<u>826,076</u>
Governmental Activities Capital Assets, Net	<u>\$ 924,247</u>	<u>\$ (20,672)</u>	<u>\$ 10,998</u>	<u>\$ 903,576</u>

Budgets and Budgetary Accounting:

The Board is not required to legally adopt a budget, however, the Board follows these procedures in establishing the budgetary data reflected in the supplementary information:

- a. Formal budgetary integration is employed as a management control device during the year for the General Revenue Funds. This budget is adopted on a basis consistent with generally accepted accounting principles.
- b. The Board of Directors approves a detailed annual budget. Any revisions made during the year must be approved by the Board of Directors. The Board is required to maintain a balanced budget and not allow expenditures to exceed appropriations.
- c. The budget amounts shown in the supplementary schedules are the final authorized amounts as revised during the year.

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

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Annual Leave and Sick Leave:

The Organization's policy for accumulating annual (vacation) and sick leave is as follows:

Annual Leave

An eligible employee earns and accumulates annual leave for each month of service or major fraction thereof. The rates of accumulation and maximum accumulation vary according to employee length of service.

<u>Years of Service</u>	<u>Rate of Accumulation</u>	<u>Maximum Accumulation</u>
Less than 5	1 day (7.0 hrs)/month	30 days (210 hours)
5 to 10	1.5 days (10.5 hrs)/month	36 days (252 hours)
10 to 15	1.75 days (12.25 hrs)/month	39 days (273 hours)
15 or more	2 days (14.0 hrs)/month	42 days (294 hours)

Upon final separation, the employee is paid for any unused annual leave accumulation unless terminated for gross misconduct or similar offense.

Sick Leave

Sick leave is accrued per employee at the rate of one day (7.0 hours) for each month or major fraction thereof. A full time employee, who has accumulated the maximum number of allowable annual leave days, has any additional annual leave days accrued transferred to his sick leave account. There is no ceiling on accumulation of sick leave. Unused sick leave can be transferred towards creditable service upon retirement.

Upon re-employment in regular status, the sick leave account of a former employee shall be credited with the sick leave accumulation at the time of termination provided it can be verified from official records.

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

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Wilson County Library Board's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Wilson County Library Board's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

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, 2015, the bank balance of the demand deposits was \$322,807. 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.

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

June 30, 2015

NOTE 4 - RETIREMENT

A. Plan Description

Employees of Wilson County Library Board are provided a defined benefit pension plan through the Public Employee Retirement Plan under Wilson County, Tennessee's account, which is considered a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

B. Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

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

June 30, 2015

NOTE 4 – RETIREMENT-CONTINUED

C. Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Wilson County Library Board makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Wilson County Library Board were \$65,335 based on a rate of 13.72% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Wilson County Library Board's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

NOTE 5 – NET PENSION LIABILITY (ASSET)

At June 30, 2015, the Wilson County Library Board reported an asset of \$40,945 for its proportionate share of the net pension asset. The net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. The Wilson County Library Board's proportion of the net pension asset was based on the percent of covered payroll compared to the covered payroll of all employees participating under Wilson County, Tennessee's plan. At June 30, 2014 (the actuarial valuation date), the Wilson County Library Board's proportion was 1.08%.

A. Actuarial Assumptions

The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

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

June 30, 2015

NOTE 5 – NET PENSION LIABILITY (ASSET)-CONTINUED

A. Actuarial Assumptions- Continued

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term</u>	
	<u>Expected Real</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

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

June 30, 2015

NOTE 5 – NET PENSION LIABILITY (ASSET)-CONTINUED

B. Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Wilson County Library Board will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

C. Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
	<u>(a)</u>	<u>(b)</u>	<u>(a) – (b)</u>
Balance at June 30, 2013	\$ 882,536	\$ 821,639	\$ 60,897
Changes for the year:			
Service cost	28,273	-	28,273
Interest	67,298	-	67,298
Differences between expected and actual experience	2,527	-	2,527
Contributions-employer		62,401	(62,401)
Contributions-employees	-	-	-
Net investment income		138,050	(138,050)
Benefit payments, including refunds of employee contributions	(26,993)	(26,993)	-
Administrative expense	-	(511)	511
Net changes	<u>71,106</u>	<u>172,948</u>	<u>(101,842)</u>
Balance at June 30, 2014	<u>\$ 953,642</u>	<u>\$ 994,587</u>	<u>\$ (40,945)</u>

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

June 30, 2015

NOTE 5 – NET PENSION LIABILITY (ASSET)-CONTINUED

D. Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of Wilson County Library Board calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Wilson County Library Board's net pension liability (asset)	\$ 106,257	\$ (40,945)	\$ (141,495)

NOTE 7 – PENSION EXPENSE (INCOME) AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

A. Pension Expense

For the year ended June 30, 2015, Wilson County Library Board recognized pension expense of \$18,834.

B. Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, Wilson County Library Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,166	\$ -
Net difference between projected and actual earnings on pension plan investments	-	60,441
Contributions subsequent to the measurement date of June 30, 2014	65,336	-
	\$ 67,502	\$ 60,441

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

June 30, 2015

NOTE 7 – PENSION EXPENSE (INCOME) AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS-CONTINUED

B. Deferred Outflows of Resources and Deferred Inflows of Resources- Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	(14,749)
2017	(14,749)
2018	(14,749)
2019	(14,749)
2020	361
Thereafter	361

C. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TCRS financial report.

D. Payable to the Pension Plan

At June 30, 2015, Wilson County Library Board reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015

NOTE 5 - SELF-INSURANCE-UNEMPLOYMENT COVERAGE

The Board has elected to be a reimbursing employer for unemployment insurance purposes. Reimbursing employers are essentially self-insured. They are required to reimburse to the State Department of Employment Security dollar for dollar for their proportionate share of benefits paid to a former employee. A significant turnover in employees could result in a liability being incurred; however the effect on the financial position or results of operations cannot be determined.

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

June 30, 2015

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.

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

June 30, 2015

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, 2015 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	\$ 176,655
Interest on the NPO	22,345
Adjustment to the ARC	<u>(34,120)</u>
Annual OPEB cost	164,880
Amount of contribution	<u>(42,354)</u>
Increase/(decrease) in NPO	122,526
Net OPEB obligation, 06/30/2014	<u>638,419</u>
Net OPEB obligation, 06/30/2015	<u><u>\$ 760,945</u></u>

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year end
06/30/13	Postemployment Benefits Plan	\$ 190,970	25.97%	\$ 516,941
06/30/14	Postemployment Benefits Plan	\$ 163,367	25.64%	\$ 638,419
06/30/15	Postemployment Benefits Plan	\$ 164,880	25.69%	\$ 760,945

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

June 30, 2015

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015 is as follows:

Actuarial valuation date	07/01/14
Actuarial accrued liability (AAL)	\$ 1,550,159
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 1,550,159
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 476,209
UAAL as a % of covered payroll	326%

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
 SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION
 LIABILITY (ASSET) OF THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS**

LAST FISCAL YEAR ENDED JUNE 30

	2014
Board's proportion of the net pension liability (asset)	1.08%
Board's proportionate share of the net pension liability (asset)	\$ (40,945)
Board's covered employee payroll	\$ 388,599
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.54%
Plan fiduciary net position as a percentage of the total pension liability (asset)	2429.10%

WILSON COUNTY LIBRARY BOARD
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET) OF THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS

LAST FISCAL YEAR ENDED JUNE 30

	2014	2015
Actuarially determined contribution	\$ 62,401	\$ 65,336
Contributions in relation to the actuarially determined contribution	62,401	65,336
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 388,599	\$ 473,465
Contributions as a percentage of covered employee payroll	16.06%	13.80%

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	5 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY

June 30, 2015

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)
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%
7/1/2014	\$ -	\$ 1,550,159	\$ 1,550,159	0%	\$ 476,209	326%

SUPPLEMENTARY INFORMATION

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
GENERAL FUND - LEBANON LIBRARY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Wilson County Appropriation	\$ 423,179	\$ 423,179	\$ 423,179	\$ -
Cities' Appropriations	112,673	112,673	112,673	-
Proceeds - Fundraising Event	8,000	8,000	9,235	1,235
Grants	2,250	2,250	2,099	(151)
Gifts	4,500	4,500	6,660	2,160
Memorials	2,100	2,100	858	(1,242)
Fines and Lost Materials	25,000	25,000	26,004	1,004
Copy/Fax Machines	7,500	7,500	11,534	4,034
Interest	-	-	189	189
Other Income	10,100	10,100	300	(9,800)
Book Sales	5,000	5,000	5,031	31
Total Revenues	600,302	600,302	597,762	(2,540)
Expenditures				
Salaries and Labor	288,136	282,636	275,617	7,019
Fringe Benefits	132,290	132,290	129,559	2,731
Books	44,500	47,500	46,822	678
Audio Visuals	22,500	26,300	26,279	21
Periodicals	3,600	3,100	3,038	62
Capital Expenditures	14,810	18,410	-	18,410
Printing and Binding	500	500	451	49
Utilities	24,300	19,500	19,283	217
Telephone and Postage	4,086	2,886	2,796	90
Supplies	15,534	15,534	15,233	301
Maintenance and Repairs	27,600	29,200	40,902	(11,702)
Insurance	7,631	7,631	7,523	108
Accounting	2,015	2,015	1,980	35
Fundraising Costs	3,500	3,500	3,206	294
Special Programs	6,300	6,300	6,213	87
Travel	1,900	1,900	1,813	87
Miscellaneous	1,100	1,100	819	281
Total Expenditures	600,302	600,302	581,534	18,768
Revenues Over (Under) Expenditures	\$ -	\$ -	16,228	\$ 16,228
Fund Balances, Beginning			102,406	
Fund Balances, Ending			\$ 118,634	

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Wilson County Appropriation	\$ 311,815	\$ 311,815	\$ 311,815	\$ -
Cities' Appropriations	129,700	129,700	129,700	-
Grants	0	0	-	-
Gifts	4,500	4,500	3,774	(726)
Memorials	500	500	130	(370)
Fines and Lost Materials	26,000	26,000	27,439	1,439
Copy/Fax Machines	4,200	4,200	6,548	2,348
Interest	-	-	280	280
Other Income	10,500	10,500	104	(10,396)
Book Sales	2,000	2,000	2,316	316
Total Revenues	<u>489,215</u>	<u>489,215</u>	<u>482,106</u>	<u>(7,109)</u>
Expenditures				
Salaries and Labor	220,848	220,848	211,839	9,009
Fringe Benefits	98,394	98,394	95,390	3,004
Books	46,593	49,093	47,370	1,723
Audio Visuals	19,000	19,000	16,387	2,613
Periodicals	2,600	2,600	2,195	405
Capital Expenditures	17,000	17,000	6,249	10,751
Printing and Binding	500	500	452	48
Utilities	20,200	16,200	14,794	1,406
Telephone and Postage	6,380	3,380	2,525	855
Supplies	16,500	19,500	18,880	620
Maintenance and Repairs	24,700	26,200	36,666	(10,466)
Insurance	6,200	6,200	6,078	122
Accounting	2,200	2,200	1,980	220
Special Programs	5,400	5,400	5,026	374
Travel	1,500	1,500	945	555
Miscellaneous	1,200	1,200	100	1,100
Total Expenditures	<u>489,215</u>	<u>489,215</u>	<u>466,876</u>	<u>22,339</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	15,230	<u>\$ 15,230</u>
Fund Balances, Beginning			<u>112,444</u>	
Fund Balances, Ending			<u>\$ 127,674</u>	

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
GENERAL FUND - WATERTOWN LIBRARY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Wilson County Appropriation	\$ 81,172	\$ 81,172	\$ 81,172	-
Cities' Appropriations	27,572	27,572	27,572	-
Gifts	400	400	44	(356)
Memorials	1,000	1,000	975	(25)
Fines and Lost Materials	2,200	2,200	2,603	403
Copy/Fax Machines	1,300	1,300	1,465	165
Interest	-	-	31	31
Other Income	2,200	2,200	54	(2,146)
Book Sales	500	500	457	(43)
Total Revenues	<u>116,344</u>	<u>116,344</u>	<u>114,373</u>	<u>(1,971)</u>
Expenditures				
Salaries and Labor	44,421	46,521	45,411	1,110
Fringe Benefits	29,291	19,791	19,084	707
Books	11,700	13,200	13,143	57
Audio Visuals	2,623	4,123	4,112	11
Periodicals	350	350	260	90
Capital Expenditures	4,680	7,680	-	7,680
Utilities	5,400	3,900	3,537	363
Telephone and Postage	2,600	2,600	2,143	457
Supplies	3,400	3,800	3,531	269
Maintenance and Repairs	6,600	9,100	15,882	(6,782)
Insurance	1,723	1,723	1,631	92
Accounting	1,100	1,100	990	110
Special Programs	1,356	1,356	1,354	2
Travel	800	800	567	233
Miscellaneous	300	300	118	182
Total Expenditures	<u>116,344</u>	<u>116,344</u>	<u>111,763</u>	<u>4,581</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	2,610	<u>\$ 2,610</u>
Fund Balances, Beginning			<u>22,966</u>	
Fund Balances, Ending			<u>\$ 25,576</u>	

INTERNAL CONTROL & COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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 the Wilson County Library Board, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Wilson County Library Board's basic financial statements, and have issued our report thereon dated March 21, 2016.

Internal Control over Financial Reporting

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

Lebanon, Tennessee

March 21, 2016