

MADISON COUNTY LIBRARY SYSTEM

AUDIT REPORT

September 30, 2014 and 2013

MADISON COUNTY LIBRARY SYSTEM

AUDIT REPORT

SEPTEMBER 30, 2014 and 2013

CONTENTS

Independent Auditor's Report	EXHIBIT A
Management Discussion and Analysis	EXHIBIT B
Statements of Net Assets	EXHIBIT C
Analysis of Changes in Net Assets	EXHIBIT D
Statements of Activities	EXHIBIT E
Statements of Operating Expenditures	EXHIBIT F
Statements of Cash Flows	EXHIBIT G
Notes to Financial Statements	EXHIBIT H
Supplementary Financial Information	
Independent Auditor's Report on Supplementary Information	
Supplementary Schedule of Insurance Coverage	STATEMENT 1
Supplementary Statements of Actual and Budgeted Revenues and Expenses	STATEMENT 2
Supplemental Schedule of Revenues	STATEMENT 3
Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	STATEMENT 4

Butchart, Ellzey & Associates

A Professional Corporation

Thomas B. Butchart, CPA, MBT
William S. Ellzey, CPA

EXHIBIT A

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Madison County Library System
Canton, Mississippi
Report on the Financial Statements

We have audited the accompanying financial statements of Madison County Library System, a component unit of Madison County, Mississippi, as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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

Post Office Box 629
729 East Center Street
Canton, MS 39046-0629
Telephone (601) 859-3275
Telephone (601) 948-4694
Fax (601) 859-3260
butchartellzey@bellsouth.net

Member AICPA Private Companies Practice Section

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 of 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 financial position for the primary government of Madison County Library System as of September 30, 2014 and 2013, and the results of its operation and its cash flows for the years then ended in conformity 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 and budgetary comparison information on Statements 1 through 4 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 historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2015, on our consideration of Madison County Library's internal control over financial reporting and 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 Madison County Library System's internal control over financial reporting and compliance.

Butchart, Fllzey & Associates

Canton, Mississippi
January 6, 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of The Madison County Library System financial performance provides an overview of the System's financial activities for the fiscal year ended September 30, 2014.

FINANCIAL HIGHLIGHTS

The System's net assets increased by \$49,369 as a result of this year's operations and decreased by \$14,877 for 2013.

The revenues exceeded expenses by \$ 49,369 for 2014 and expenses exceeded revenues by \$14,877 for 2013.

The budgeted expenditures of the system decreased from \$1,581,173 to \$1,558,809. The budgeted income increased from \$1,750,826 to \$1,844,373. The revenue increase is mainly due to additional funding from Madison County.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statements of Net Assets and Statements of Activities (see pages 7 and 9) provide information about the activities of the System as a whole and present a longer term view of the System's finances. The detail financial statements included in this report are details of expenses, grants and other non-operating or non-budgeted revenues and expenses. The Statements of Cash Flows present the cash that is generated from the operations of the System and the use of said cash. The main non cash items are depreciation on capital assets.

CONDENSED COMPARATIVE FINANCIAL INFORMATION

The condensed comparative information is presented as follows:

<u>Net Assets</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$ 258,010	\$ 210,985
Non-current assets	<u>991,842</u>	<u>1,003,131</u>
Total Assets	<u>\$1,249,852</u>	<u>\$1,214,116</u>
Current Liabilities	<u>\$ 2,626</u>	<u>\$ 16,259</u>
Net Assets:		
Invested in Capital Assets	\$ 583,843	\$ 563,861
Restricted	407,999	439,270
Unrestricted	<u>255,384</u>	<u>194,726</u>
Total Net Assets	<u>\$1,247,226</u>	<u>\$1,197,857</u>

EXHIBIT B
(continued)

<u>Activities</u>	<u>2014</u>	<u>2013</u>
Budgeted operating revenue	\$1,844,373	\$1,750,826
Non budgeted operating revenue	59,107	78,879
Non operating revenue	<u>\$ 120,907</u>	<u>\$ 146,898</u>
 Total Revenue	 <u>\$2,024,387</u>	 <u>\$1,976,603</u>
 Budgeted operating expenditures	 \$1,558,809	 \$1,581,173
Non-operating expenditures	416,209	410,307
	<u>1,975,018</u>	<u>1,991,480</u>
 Excess Revenue (Expenditures)	 <u>\$ 49,369</u>	 <u>(\$ 14,877)</u>

The increase in the net assets is due to the revenues over expenses that incurred in the year ended September 30, 2014.

ANALYSIS OF THE SYSTEM'S OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

The financial position of the System is comparable with the prior year. The budgeted operating transfers from the cities and Madison County have increased by approximately \$93,547 and budgeted operating expenses have decreased by \$22,364. The System is highly dependent upon contributions from Madison County and the local Cities. Changes in this contribution level could have a major impact on the System.

ANALYSIS OF SIGNIFICANT BUDGETARY VARIATIONS

Page 20 of the annual report details the budget to actual comparison. Actual revenue was more than budgeted revenue due mainly to the contributions from Madison County and copy and fax income. Budgeted expenses are somewhat higher than actual due mainly to library materials, salaries, building maintenance and automation. Social Security and retirement and furniture and equipment are in total over the budgeted amounts along with office supplies.

The System budgets annually the acquisition of capital assets including furniture, equipment, and books. Due to the requirements of GASB #34, these assets are then capitalized and depreciated as fixed assets, much like the accounting would be for a profit making venture.

SIGNIFICANT CAPITAL ASSET ACTIVITY

The most significant ongoing capital asset acquisition is the ongoing purchase of books by the System. All periodicals are treated as period expenses. The System purchased various fixed assets during the year of \$246,101. Depreciable library materials purchased totaled \$183,348 of the total additions. The balance of \$62,753 in additions was mainly additional computer and office equipment and furniture.

SIGNIFICANT CHANGES IN MAINTENANCE EXPENSES

There are no significant changes in maintenance expenses.

FUTURE OPERATIONS

The operation of the Camden facility will require new expenses as it continues to grow. Management estimated that these expenses can be easily handled in the budgetary requests currently going to Madison County.

CONTACTING THE SYSTEM'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, contributors, and other interested parties with a general overview of the System's finances and to show the System's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Monica Stanford (Business Manager) at the Madison County Library System, 102 Priestley Street, Canton, Mississippi, 39046.

MADISON COUNTY LIBRARY SYSTEMSTATEMENTS OF NET ASSETS

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 257,885	\$ 210,985
Accounts Receivable	<u>125</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>\$ 258,010</u>	<u>\$ 210,985</u>
<u>NON-CURRENT ASSETS</u>		
Cash - restricted (Note 2)	\$ 407,999	\$ 439,270
Capital Assets - net	<u>583,843</u>	<u>563,861</u>
TOTAL NONCURRENT ASSETS	<u>\$ 991,842</u>	<u>\$ 1,003,131</u>
TOTAL ASSETS	<u>\$ 1,249,852</u>	<u>\$ 1,214,116</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Payroll related withholdings and payables	\$ 2,626	\$ 16,259
TOTAL CURRENT LIABILITIES	<u>\$ 2,626</u>	<u>\$ 16,259</u>
<u>NET ASSETS</u>		
Invested in capital assets	\$ 583,843	\$ 563,861
Restricted (Note 2)	407,999	439,270
Unrestricted	<u>255,384</u>	<u>194,726</u>
TOTAL NET ASSETS	<u>\$ 1,247,226</u>	<u>\$ 1,197,857</u>

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY LIBRARY SYSTEM

ANALYSIS OF CHANGES IN NET ASSETS

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Net Assets, beginning of year	\$ 1,197,857	\$ 1,212,734
Excess of revenues (expenditures)	<u>49,369</u>	<u>(14,877)</u>
Net Assets, end of year	<u>\$ 1,247,226</u>	<u>\$ 1,197,857</u>

The accompanying notes are an integral part of these financial statements.

MADISON COUNTY LIBRARY SYSTEMSTATEMENTS OF ACTIVITIES

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>OPERATING REVENUE</u>		
County contributions	\$ 1,363,497	\$ 1,274,489
City of Canton contributions	87,464	85,690
State Personnel Grant- SP15 -362-26-0 and SPG14-000-26-0	144,046	142,520
City of Ridgeland contributions	102,500	102,500
City of Madison contributions	95,000	95,000
Town of Flora contributions	1,500	1,780
Auditorim use fees	1,015	1,210
Copies and faxes	49,351	47,637
	<u>1,844,373</u>	<u>1,750,826</u>
TOTAL BUDGETED OPERATING REVENUE	\$ 1,844,373	\$ 1,750,826
Lost books, interest, donations, fines and miscellaneous income	\$ 59,107	\$ 78,879
	<u>59,107</u>	<u>78,879</u>
TOTAL NON-BUDGETED OPERATING REVENUE	\$ 59,107	\$ 78,879
TOTAL OPERATING REVENUE	\$ 1,903,480	\$ 1,829,705
<u>NON-OPERATING REVENUE</u>		
Mississippi Library Commission & Other Grants	120,907	146,898
	<u>120,907</u>	<u>146,898</u>
TOTAL NON-OPERATING REVENUE	\$ 120,907	\$ 146,898
TOTAL REVENUE	\$ 2,024,387	\$ 1,976,603
<u>OPERATING EXPENDITURES - BUDGETED</u>		
	<u>1,558,809</u>	<u>1,581,173</u>
EXCESS OPERATING REVENUE	\$ 465,578	\$ 395,430
<u>NON-OPERATING EXPENDITURES</u>		
	<u>416,209</u>	<u>410,307</u>
EXCESS REVENUE (EXPENDITURES)	<u>\$ 49,369</u>	<u>\$ (14,877)</u>

The accompanying notes are an integral part of these financial statements.

MADISON COUNTY LIBRARY SYSTEM

STATEMENTS OF OPERATING EXPENDITURES

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>BUDGETED OPERATING EXPENSES</u>		
Salaries	\$ 1,058,824	\$ 1,092,618
Social security, retirement and benefits	263,431	235,646
Building repairs and maintenance	14,885	18,183
Automation expense	9,777	10,812
Library Materials	-	12,526
Postage	5,934	4,919
Supplies - office and processing	22,455	22,509
Supplies - janitorial	3,311	3,039
Audit	4,000	4,000
Insurance - building and contents	35,926	34,459
Office equipment upkeep	1,081	1,149
Auto and travel/training for staff	8,663	14,736
Staff Development	1,876	-
Telephone	24,595	24,609
Utilities	60,543	59,361
Library programs	2,244	4,412
SIRSI - maintenance	27,000	24,913
Outside services	1,271	2,447
Dues - professional	590	510
Summer Reading	7,992	6,694
Office supplies - tech services	<u>4,411</u>	<u>3,631</u>
 TOTAL BUDGETED OPERATING EXPENDITURES	 \$ <u>1,558,809</u>	 \$ <u>1,581,173</u>
 Staff Fund Expense	 \$ 1,341	 \$ 1,630
Donations Expense	13,936	11,673
Database/Subscriptions	-	2,210
Local History Grant Expense	-	59
Health Insurance Grant Expense	112,140	120,436
Life Insurance Grant Expense	1,644	2,322
Miscellaneous - nonbudgeted	6,147	5,673
Depreciation Expense	226,119	231,736
ALA S/R Resource Grant - nonbudgeted	188	-
Keats Grant Expense - nonbudgeted	423	-
Insurance Claim Expense - nonbudgeted	-	13,167
MLC Skills Development	2,003	3,500
Restricted Funds - nonbudgeted	<u>52,268</u>	<u>17,901</u>
 TOTAL NON-OPERATING EXPENSES	 \$ <u>416,209</u>	 \$ <u>410,307</u>
 TOTAL EXPENDITURES	 \$ <u>1,975,018</u>	 \$ <u>1,991,480</u>

The accompanying notes are an integral part of these financial statements.

MADISON COUNTY LIBRARY SYSTEMSTATEMENTS OF CASH FLOWS

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Excess revenue (expenditures)	\$ 49,369	\$ (14,877)
Depreciation	226,119	231,736
(Increase) decrease in accounts receivable	(125)	-
Increase (decrease) in payroll related withholdings and payables	<u>(13,633)</u>	<u>3,123</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	<u>\$ 261,730</u>	<u>\$ 219,982</u>
<u>CASH FLOWS FROM INVESTMENT ACTIVITIES</u>		
Purchase of fixed assets	<u>\$ (246,101)</u>	<u>\$ (259,377)</u>
<u>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</u>	<u>\$ 15,629</u>	<u>\$ (39,395)</u>
<u>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</u>	<u>650,255</u>	<u>689,650</u>
<u>CASH AND EQUIVALENTS AT END OF YEAR</u>	<u>\$ 665,884</u>	<u>\$ 650,255</u>

The accompanying notes are an integral part of the financial statements.

MADISON COUNTY LIBRARY SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Madison County Library System is a component unit of Madison County, Mississippi. It operates five libraries providing services to the residents of Madison County. The Board is appointed on a rotating basis by the cities of Canton, Ridgeland, Madison and Flora and Madison County Board of Supervisors.

Revenues and expenditures are accounted for using the modified accrual basis of accounting.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 2 – RESTRICTED FUNDS

	<u>2014</u>	<u>2013</u>
Unemployment insurance fund	<u>\$ 7,218</u>	<u>\$ 7,439</u>
Other Restricted Funds	<u>\$ 400,781</u>	<u>\$ 431,831</u>
	<u>\$ 407,999</u>	<u>\$ 439,270</u>

NOTE 3 – ECONOMIC DEPENDENCY

The Library receives a substantial amount of its support from federal, state, and local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Library's programs and activities.

MADISON COUNTY LIBRARY SYSTEM

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 4 – DEFINED BENEFIT PENSION PLAN

Plan Description: Madison County Library System contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and Madison County Library System is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and are amended only by the State of Mississippi Legislature. Madison County Library System's contributions to PERS for the years ending September 30, 2014, 2013, and 2012 were \$158,889, \$153,965, and \$147,284 respectively, equal to the required contributions for each year.

MADISON COUNTY LIBRARY SYSTEM

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 5 – RELATED ENTITIES

The Madison County Library System has related entities known as the Friends of the Library. These are non-profit organizations which raise funds to assist in various expenses of the Library. A condensed and combined financial statement of the Friends organizations is as follows:

<u>Statement of Net Assets</u>	<u>2014</u>	<u>2013</u>
Cash in Banks	<u>\$87,095</u>	<u>\$80,416</u>
Fund Balance	<u>\$87,095</u>	<u>\$80,416</u>
 <u>Statement of Changes in Net Assets</u>		
Income received	\$34,287	\$20,737
Expenses paid	<u>27,608</u>	<u>22,793</u>
Income Received over Expenses Paid	<u>\$ 6,679</u>	<u>(\$ 2,056)</u>

NOTE 6 – ADOPTION OF GASB 34

The Madison County Library System has adopted the provisions of Governmental Accounting Standards Board Statement 34, which requires the capitalization of infrastructure and other fixed asset costs as assets of the fund, at their estimated depreciable values. The major classes of assets of the Library system are furniture, equipment, and library materials. All assets are estimated to have a 5 year useful life and straight line over that period has been assumed. Equipment, furniture, computer equipment, and other miscellaneous equipment purchased has been depreciated over the assumed life of 5 years and placed on the financial statements at the estimated book value. Library materials over 5 years have been deemed to be fully depreciated and neither the cost nor the accumulated depreciation is shown.

MADISON COUNTY LIBRARY SYSTEM

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 6 – ADOPTION OF GASB 34 - CONTINUED

The details of the assets and accumulated depreciation added to the financial statements are as follows:

	<u>2014 COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>BOOK VALUE</u>
Library Materials	\$3,089,233	(\$2,671,570)	\$417,663
Furniture & Fixtures	726,476	(699,678)	26,798
Office Equipment	244,769	(244,769)	-0-
Computer and related equipment	816,623	(701,360)	115,263
Miscellaneous equipment	<u>78,294</u>	<u>(54,175)</u>	<u>24,119</u>
	<u>\$4,955,395</u>	<u>(\$4,371,552)</u>	<u>\$583,843</u>

	<u>2013 COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>BOOK VALUE</u>
Library Materials	\$2,905,885	(\$2,512,204)	\$393,681
Furniture & Fixtures	725,398	(682,688)	42,710
Office Equipment	244,769	(243,550)	1,219
Computer and related equipment	778,428	(661,137)	117,291
Miscellaneous equipment	<u>76,810</u>	<u>(67,850)</u>	<u>8,960</u>
	<u>\$4,731,290</u>	<u>(\$4,167,429)</u>	<u>\$563,861</u>

Fully depreciated assets amounted to \$3,856,220 as of September 30, 2014 and \$3,569,172 as of September 30, 2013.

MADISON COUNTY LIBRARY SYSTEM

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 7 – CASH, OTHER DEPOSITS AND INVESTMENTS

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislative and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. The Madison County Library System pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the entity at fiscal year-end.

The carrying amount of the Madison County Library System's deposits with financial institutions was \$617,586 and the bank balance was \$665,884 for 2014 and \$685,168 and \$650,255, for 2013.

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of a financial institutions failure, the Madison County Library System's deposits may not be returned to it. The Madison County Library System does not have a deposit policy for custodial credit risk. As of September 30, 2014, none of the entities' bank balance of \$617,586 or \$685,168 for 2013 was exposed to custodial credit risk.

Uninsured/Uncollateralized	\$	-0-
Uninsured and collateral held by pledging bank's trust department not in entities name		-0-
Total	\$	<u>-0-</u>

SUPPLEMENTARY FINANCIAL INFORMATION

Butchart, Ellzey & Associates

A Professional Corporation

Thomas B. Butchart, CPA, MBT
William S. Ellzey, CPA

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
Madison County Library System
Canton, Mississippi

Our audits of the financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on the basic financial statements, taken as a whole. The other data presented in the following section of this report are presented for supplementary analysis purposes. They have been subjected to the audit procedures applied in the audits of the basic financial statements and are, in our opinion, fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

Butchart, Ellzey & Associates

Canton, Mississippi
January 6, 2015

Post Office Box 629
729 East Center Street
Canton, MS 39046-0629
Telephone (601) 859-3275
Telephone (601) 948-4694
Fax (601) 859-3260
butchartellzey@bellsouth.net

Member AICPA Private Companies Practice Section

MADISON COUNTY LIBRARY SYSTEMSUPPLEMENTARY SCHEDULE OF INSURANCE COVERAGE

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Fire and extended coverage - building and contents	\$ 3,019,800	\$ 3,170,790
General liability:		
General liability	1,000,000	1,000,000
Boiler & Machinery	100% Replacement	100% Replacement
Commercial Auto:		
Liability	500,000	500,000
Commercial Crime	62,000	62,000
Liability - Library Board of Directors and staff	\$ 1,000,000	\$ 1,000,000
Workmen's compensation	<u>STATUTORY</u>	<u>STATUTORY</u>

MADISON COUNTY LIBRARY SYSTEM

SUPPLEMENTAL STATEMENTS OF ACTUAL AND BUDGETED REVENUES AND EXPENSES

For the Year Ended September 30, 2014

	ACTUAL 2014	BUDGETED 2014
<u>BUDGETED REVENUE</u>		
Madison County	\$ 1,363,497	\$ 1,277,442
City of Canton	87,464	86,000
Town of Flora	1,500	-
City of Madison	95,000	95,000
City of Ridgeland	102,500	102,500
State Personnel Grant	144,046	143,616
Auditorium Use Fees	1,015	900
Copies & Faxes	<u>\$ 49,351</u>	<u>\$ 45,000</u>
 TOTAL BUDGETED REVENUE	 <u>\$ 1,844,373</u>	 <u>\$ 1,750,458</u>
<u>BUDGETED EXPENSES</u>		
Salaries	\$ 1,058,824	\$ 1,076,229
Social security and retirement	263,431	245,191
Building maintenance	14,885	25,000
Furniture and Equipment	-	6,000
Library materials	-	185,237
Postage	5,934	7,000
Supplies - janitorial	3,311	3,500
Supplies - office	22,455	20,000
Dues - professional	590	500
Audit	4,000	4,000
Insurance	35,926	36,000
Office equipment upkeep	1,081	1,500
Automobile, Travel & Staff training	8,663	13,500
Staff Development	1,876	1,000
Telephone	24,595	28,500
Utilities - Canton	51,412	53,000
Utilities - Camden	9,131	6,000
Library programs	2,244	800
SIRSI maintenance	27,000	27,000
Summer Reading	7,992	5,000
Outside services	1,271	500
Supplies - tech services	4,411	5,000
Automation expense	<u>\$ 9,777</u>	<u>\$ 15,000</u>
 TOTAL BUDGETED OPERATING EXPENSES	 <u>\$ 1,558,809</u>	 <u>\$ 1,765,457</u>
 EXCESS INCOME OVER (UNDER) EXPENSE	 <u>\$ 285,564</u>	 <u>\$ (14,999)</u>
 Add: items budgeted but capitalized:		
Furniture and equipment	62,753	6,000
Library materials	<u>\$ 183,348</u>	<u>\$ 185,237</u>
 BUDGETED INCOME OVER EXPENSE ON STATEMENT OF ACTIVITIES	 <u>\$ 531,665</u>	 <u>\$ 176,238</u>

MADISON COUNTY LIBRARY SYSTEMSUPPLEMENTAL SCHEDULES OF REVENUES

For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>MISSISSIPPI LIBRARY COMMISSION</u>		
Health Insurance Grant-SH15-360-26-0 and SHG14-000-26-0	\$ 112,852	\$ 138,325
Life Insurance Grant-SL15-361-26-0 and SLG14-000-26-0	1,694	2,707
Resource Sharing-FIT14-000-26-0	1,861	-
Skills Development-FPD14-000-26-0	3,500	3,500
Focused Development-FFD14-26-0	-	1,666
	<u>\$ 119,907</u>	<u>\$ 146,198</u>

Butchart, Ellzey & Associates
A Professional Corporation

Thomas B. Butchart, CPA, MBT
William S. Ellzey, CPA

STATEMENT 4

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*

Board of Trustees
Madison County Library System
Canton, Mississippi

We have audited the financial statements of the Madison County Library System as of and for the year ended September 30, 2014, and have issued our report thereon dated January 6, 2015. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Madison County Library System's internal control over financial reporting as a basis for designing our auditing procedures 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 Madison County Library System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Madison County Library System's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Madison County Library System's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally

Post Office Box 629
729 East Center Street
Canton, MS 39046-0629
Telephone (601) 859-3275
Telephone (601) 948-4694
Fax (601) 859-3260
butchartellzey@bellsouth.net
Member AICPA Private Companies Practice Section

accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Madison County Library System's financial statement that is more than inconsequential will not be prevented or detected by the Madison County Library System's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Madison County Library System's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison County Library System's financial statements are free of 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 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 Audit Standards*.

This report is intended solely for the information and use of management, others within the organization and state governing bodies, and is not intended to be and should not be used by anyone other than these specified parties.

Butchart, Fllzey & Associates

Canton, Mississippi
January 6, 2015