

**Stokes Brown Public Library  
(A Joint Venture Between the City of Springfield,  
Tennessee and Robertson County, Tennessee)  
Annual Financial Report  
June 30, 2020**

**Stokes Brown Public Library  
(A Joint Venture)  
June 30, 2020**

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**Stokes Brown Public Library  
(A Joint Venture)  
Board of Trustees and Management (Unaudited)  
June 30, 2020**

Board of Trustees

Corinne Balthrop, Chair  
Tim Harris, Vice Chair  
Paul Nutting, Treasurer  
Sharon Hargraves, Secretary  
Chris Causey  
Harold Barbee  
Bill Moore  
Margaret Ann Williams  
Jane Ligon

Management

Michelle Adcock, Library Director



## Independent Auditors' Report

Board of Trustees  
Stokes Brown Public Library  
Springfield, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, and the general fund of Stokes Brown Public Library (the Library) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, the aggregate discretely presented component units, and the general fund of the Library as of June 30, 2020, and the respective changes in financial position and budgetary comparison for the general fund 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 listed on pages 4 – 7, the schedules of changes in net pension liability (asset) and related ratios based on participation in the Public Employee Pension Plan of the Tennessee Consolidated Retirement System (TCRS), schedules of contributions based on participation in the Public Employee Pension Plan of the TCRS, and schedule of changes in total OPEB liability and related ratios on pages 30 - 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The introductory section and supplementary information on page 33 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information on page 33 is the responsibility of management and was derived from and relates 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 supplementary information on page 33 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section 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 it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Blankenship CPA Group, PLLC  
Mt. Juliet, Tennessee  
December 11, 2020

**STOKES BROWN PUBLIC LIBRARY**  
**(A Joint Venture)**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2020**

Description of the Financial Statements

Our discussion and analysis of the Stokes Brown Public Library's (the "Library") financial performance provides an overview of the Library's financial activities for the fiscal year ended June 30, 2020. This should be read in conjunction with the Library's financial statements.

Financial Highlights

- Library support from both Robertson County and the City of Springfield totaled \$893 thousand for the current year compared to \$818 thousand in the prior year which amounted to a 9% increase.
- The Library's net position decreased by \$50 thousand for the year compared to \$119 thousand last year.
- The expenses for the year were \$1 million which was consistent with the prior year's expenses.

Using this Report

This report consists of the following financial statements: the statement of net position, statement of activities and the fund financial statements. The statement of net position and statement of activities provide information about the Library's finances as a whole, whereas the fund financial statements provide more detail information about the Library's operations.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the Library's assets, deferred outflows, liabilities and deferred inflows, with the net difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the overall financial position of the Library. The Statement of Activities presents information showing how the Library's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Also included in the government-wide statements are two component units. The Stokes Brown Library Public Library Foundation ("the Foundation") and the Friends of Gorham-MacBane Public Library (the Friends of the Library) are both separate, tax exempt entities that support the Library.

Fund Financial Statements

The Library has one fund which is its General Fund. This fund focuses on cash and other assets that can be easily converted to cash. The fund statements include a reconciliation of the difference between the fund statements and the government-wide statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found after the basic financial statements in this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's progress in funding its obligation to provide pension benefits to its employees.

**STOKES BROWN PUBLIC LIBRARY**  
**(A Joint Venture)**  
**Management's Discussion and Analysis (Unaudited) - Continued**  
**June 30, 2020**

Condensed Comparative Data

**TABLE A-1**  
**Condensed Statements of Net Position Excluding Component Units**  
**(In thousands of dollars)**

	June 30, 2020	June 30, 2019	Dollar Change	Percent Change
Current and other assets	\$ 382	\$ 289	\$ 93	32.2%
Capital assets	<u>4,301</u>	<u>4,428</u>	<u>(127)</u>	(2.9)%
Total assets	<u>4,683</u>	<u>4,717</u>	<u>(34)</u>	(0.7)%
Deferred outflows of resources	<u>94</u>	<u>76</u>	<u>18</u>	23.7%
Total assets and deferred outflows	<u>4,777</u>	<u>4,793</u>	<u>(16)</u>	(0.3)%
Long-term liabilities	111	88	23	26.1%
Other liabilities	<u>25</u>	<u>19</u>	<u>6</u>	31.6%
Total liabilities	<u>136</u>	<u>107</u>	<u>29</u>	27.1%
Deferred inflows of resources	<u>7</u>	<u>2</u>	<u>5</u>	0.0%
Net position:				
Net investment in capital assets	4,302	4,428	(126)	(2.8)%
Restricted	20	20	-	0.0%
Unrestricted	<u>312</u>	<u>236</u>	<u>76</u>	32.2%
Total net position	<u>\$ 4,634</u>	<u>\$ 4,684</u>	<u>\$ (50)</u>	(1.1)%

**STOKES BROWN PUBLIC LIBRARY**  
**(A Joint Venture)**  
**Management's Discussion and Analysis (Unaudited) - Continued**  
**June 30, 2020**

**TABLE A-2**  
**Condensed Statements of Activities Excluding Component Units**  
**(In thousands of dollars)**

	Year Ended <u>June 30, 2020</u>	Year Ended <u>June 30, 2019</u>	Dollar Change	Percent Change
General revenues	\$ 928	\$ 857	\$ 71	8.3%
Program revenues	<u>32</u>	<u>32</u>	<u>-</u>	0.0%
Total revenues	<u>960</u>	<u>889</u>	<u>71</u>	8.0%
Salaries and related	582	599	(17)	(2.8)%
Depreciation expense	229	221	8	3.6%
Other costs	<u>199</u>	<u>188</u>	<u>11</u>	5.9%
Total expenses	<u>1,010</u>	<u>1,008</u>	<u>2</u>	0.2%
Change in net position	(50)	(119)	69	(58.0)%
Beginning net position	<u>4,684</u>	<u>4,803</u>	<u>(119)</u>	(2.5)%
Ending net position	<u>\$ 4,634</u>	<u>\$ 4,684</u>	<u>\$ (50)</u>	(1.1)%

Overall Analysis

The Library's overall net position in Fiscal Year 2020 decreased by 1.1%. Overall revenues increased by approximately 8% from the prior year. The Library's expenses increased by 0.2%.

Budget Variances in the General Fund

The General Fund revenues were below budgeted revenues by approximately \$20 thousand or about 2%. Total General Fund expenditures were approximately 11% under budget. These things combined resulted in a positive net change in the fund balance of approximately \$87 thousand with an ending balance at June 30, 2020 of approximately \$350 thousand.



**STOKES BROWN PUBLIC LIBRARY**  
**(A Joint Venture)**  
**Management's Discussion and Analysis (Unaudited) - Continued**  
**June 30, 2020**

Capital Asset Activity

At the end of the fiscal year the Library had \$4,302 thousand net investment in capital assets. Capital asset additions, net of reductions in the current year were approximately \$21 thousand which primarily represents books purchased or donated to the Library.

**Schedules of Changes in Capital Assets**

**TABLE A-3**  
**Capital Assets**  
**(In thousands of dollars)**

	June 30, 2020	June 30, 2019	Dollar Change	Percent Change
Land	\$ 60	\$ 60	\$ -	0.0%
Building and improvements	4,328	4,328	-	0.0%
Books and audio visual	1,440	1,463	(23)	(1.6)%
Furniture and equipment	615	571	44	7.7%
Subtotal	6,443	6,422	21	0.3%
Less accumulated depreciation	(2,142)	(1,994)	(148)	7.4%
Net capital assets	<u>\$ 4,301</u>	<u>\$ 4,428</u>	<u>\$ (127)</u>	(2.9)%

Debt Administration

The Library does not have any long-term debt at June 30, 2020.

Requests for Information

This financial report is designed to provide interested parties with a general overview of the Library's finances and to demonstrate the Library's accountability for the funds it receives. If you have questions about this report or require additional or clarifying information, contact the Library Director at Stokes Brown Public Library, 405 White Street, Springfield, TN 37172.

**Stokes Brown Public Library  
(A Joint Venture)  
Governmental Fund Balance Sheet / Statement of Net Position  
June 30, 2020**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>	<u>Component Units</u>
<b>Assets</b>				
Cash	\$ 362,025	\$ -	\$ 362,025	\$ 270,448
Restricted Cash	20,000	-	20,000	-
Capital Assets				
Land	-	60,000	60,000	-
Other Capital Assets, Net of Accumulated Depreciation	-	4,241,793	4,241,793	-
<b>Total Assets</b>	<u>382,025</u>	<u>4,301,793</u>	<u>4,683,818</u>	<u>270,448</u>
Deferred Outflows of Resources - Pension	-	92,852	92,852	-
Deferred Outflows of Resources - OPEB	-	692	692	-
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>93,544</u>	<u>93,544</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 382,025</u>			
<b>Liabilities</b>				
Accounts Payable	\$ 9,815	-	9,815	59
Accrued Payroll	15,775	-	15,775	-
Net Pension Liability	-	105,954	105,954	-
OPEB Liability	-	4,678	4,678	-
<b>Total Liabilities</b>	<u>25,590</u>	<u>110,632</u>	<u>136,222</u>	<u>59</u>
Deferred Inflows of Resources - Pension	-	5,635	5,635	-
Deferred Inflows of Resources - OPEB	-	1,292	1,292	-
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>6,927</u>	<u>6,927</u>	<u>-</u>
<b>Fund Balance</b>				
Nonspendable	20,000	(20,000)	-	
Unassigned	336,435	(336,435)	-	
<b>Total Fund Balance</b>	<u>356,435</u>	<u>(356,435)</u>	<u>-</u>	
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 382,025</u>			
<b>Net Position</b>				
Investment in Capital Assets		4,301,793	4,301,793	-
Restricted - nonexpendable		20,000	20,000	-
Unrestricted		312,420	312,420	270,389
<b>Total Net Position</b>		<u>\$ 4,634,213</u>	<u>\$ 4,634,213</u>	<u>\$ 270,389</u>

See notes to financial statements.

**Stokes Brown Public Library  
(A Joint Venture)**

**Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities  
For the Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>	<u>Component Units</u>
<b>Expenditures/Expenses</b>				
Salaries and Related	\$ 572,809	\$ 9,588	\$ 582,397	\$ -
Utilities	36,629	-	36,629	-
Telephone	13,979	-	13,979	-
Maintenance and Repair	47,406	-	47,406	-
Supplies	44,394	-	44,394	17,363
Insurance	14,146	-	14,146	-
Other Expenses	30,332	-	30,332	204
Software	10,978	-	10,978	-
Capital Outlay:				
Books	30,291	(30,291)	-	-
Audio Visual Materials	10,976	(10,976)	-	-
Equipment	44,574	(44,574)	-	-
Depreciation	-	229,129	229,129	-
Total Expenditures/Expenses	<u>856,514</u>	<u>152,876</u>	<u>1,009,390</u>	<u>17,567</u>
<b>Program Revenues</b>				
Fines	10,152	-	10,152	-
Grants and Contributions	1,549	16,683	18,232	-
Memorials	3,555	-	3,555	-
Fundraising	-	-	-	2,517
Total Program Revenues	<u>15,256</u>	<u>16,683</u>	<u>31,939</u>	<u>2,517</u>
Net Program Expense	<u>841,258</u>	<u>136,193</u>	<u>977,451</u>	<u>15,050</u>

See notes to financial statements.

**Stokes Brown Public Library  
(A Joint Venture)**

**Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities -  
Continued**

**For the Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>	<u>Component Units</u>
<b>General Revenues</b>				
Robertson County	\$ 443,940	\$ -	\$ 443,940	\$ -
City of Springfield	450,034	-	450,034	-
Contributions	-	-	-	18,739
Other Income	33,466	-	33,466	280
Interest Income	609	-	609	-
Total General Revenues	<u>928,049</u>	<u>-</u>	<u>928,049</u>	<u>19,019</u>
Net Change in Fund Balance/Net Position	86,791	(136,193)	(49,402)	3,969
Fund Balance/Net position at beginning of year	<u>269,644</u>	<u>4,413,971</u>	<u>4,683,615</u>	<u>266,420</u>
Fund Balance/Net position at end of year	<u>\$ 356,435</u>	<u>\$ 4,277,778</u>	<u>\$ 4,634,213</u>	<u>\$ 270,389</u>

See notes to financial statements.

**Stokes Brown Public Library  
(A Joint Venture)**

**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund  
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Positive (Negative) Variance with
	Original	Final		Final
<b>Revenues</b>				
Robertson County	\$ 443,940	\$ 443,940	\$ 443,940	\$ -
City of Springfield	443,940	443,940	450,034	6,094
Fines	15,400	15,400	10,152	(5,248)
Grants and Contributions, Net	19,000	19,000	1,549	(17,451)
Memorials	3,300	3,300	3,555	255
Other Income	37,700	37,700	33,466	(4,234)
Interest Income	20	20	609	589
Total Revenues	<u>963,300</u>	<u>963,300</u>	<u>943,305</u>	<u>(19,995)</u>
<b>Expenditures</b>				
Operating Expenses:				
Salaries and Related	654,780	654,780	572,809	81,971
Utilities	37,100	37,100	36,629	471
Telephone	14,000	14,000	13,979	21
Maintenance and Repair	47,524	47,524	47,406	118
Supplies	44,647	44,647	44,394	253
Insurance	14,221	14,221	14,146	75
Other Expenses	33,936	33,936	30,332	3,604
Software	11,220	11,220	10,978	242
Capital Outlay:				
Books	47,290	47,290	30,291	16,999
Audio Visual Materials	11,110	11,110	10,976	134
Equipment	47,472	47,472	44,574	2,898
Total program expenditures/expenses	<u>963,300</u>	<u>963,300</u>	<u>856,514</u>	<u>106,786</u>
Net Change in Fund Balance	-	-	86,791	<u>\$ 86,791</u>
Fund Balance at beginning of year	<u>269,644</u>	<u>269,644</u>	<u>269,644</u>	
Fund Balance at end of year	<u>\$ 269,644</u>	<u>\$ 269,644</u>	<u>\$ 356,435</u>	

See notes to financial statements.

**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements  
June 30, 2020**

**Note 1 – Summary of Significant Accounting Policies**

**A. Organization**

Stokes Brown Public Library (the Library), formerly known as Gorham-MacBane Public Library, was created in February 1969 by the City of Springfield (the City) and Robertson County, Tennessee (the County). The City and the County each provide half of the operating funds needed to supplement other revenues of the Library. The purpose of the Library is to furnish information to the citizens of Springfield and Robertson County, Tennessee.

**B. Basis of Presentation**

The Library's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

**C. Reporting Entities**

The Library is accounted for as a joint venture between Robertson County and the City of Springfield. The City and County agreed to split the operational costs of the Library equally. Board members are appointed by the City and County. Capital assets used by the Library would revert to the City and County if the Library were ever disbanded.

In October 2017, the City of Springfield and Robertson County, Tennessee entered into an Interlocal Agreement to jointly fund the operations of the Library effective July 1, 2017 and ending June 30, 2022. The agreement shall automatically renew itself from year to year thereafter upon adoption by each party of a fiscal year budget that includes a 50% allocation of funding each for the library operations.

The Friends of Gorham-MacBane Public Library (the Friends of the Library) is a legally separate, tax-exempt component unit of the Library. The Friends of the Library act primarily as a fund-raising organization to supplement the resources that are available to the Library in support of its programs. Although the Library does not control the timing or amount of funds available from the Friends of the Library, all funds held by the Friends are for the ultimate benefit of the Library, and therefore the Friends of the Library is considered a component unit and is discretely presented in the Library's financial statements. Financial statements for the Friends of the Library can be obtained from the Treasurer of the Friends of the Library at 405 White Street, Springfield, TN 37172.

The Stokes Brown Public Library Foundation (the Foundation) is a legally separate, tax-exempt component unit of the Library. The Foundation exists to support the Library's Board of Trustees and staff in their efforts to fulfill the Library's mission and goals. The Foundation's purpose is to raise monies for special programs, materials, and other capital improvements outside of the Library's publically funded operating budget. Although the Library does not control the timing or amount of funds available from the Foundation, all funds held by the Foundation are for the ultimate benefit of the Library, and therefore the Foundation is considered a component unit and is discretely presented in the Library's financial statements. Financial statements for the Foundation can be obtained from the Treasurer of the Foundation at 405 White Street, Springfield, TN 37172.

**Stokes Brown Public Library**  
**(A Joint Venture)**  
**Notes to Financial Statements - Continued**  
**June 30, 2020**

**Note 1 – Summary of Significant Accounting Policies - continued**

**C. Reporting Entities - continued**

Included in the financial statements of the component units are the activities of both the Friends of the Library and the Foundation.

**D. Combination Government-Wide and Fund Financial Statements**

Combination government-wide and fund financial statements are presented for the Library. The first column of the statements represents the fund financial statements of the Library. The third column represents the government-wide financial statements. The adjustments column represents the adjustments necessary to reconcile the fund financial statements to the government-wide. The explanations of the reconciling items are presented in Notes 10 and 11.

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Library's services are classified as governmental activities. The Library has no business-type activities.

**E. Government-Wide Financial Statements**

The government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of the governmental activity of the Library.

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

Measurement focus refers to what is being measured; basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**F. Fund Financial Statements**

The governmental fund financial statements are reported using the current financial resources focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Fund financial statements report detailed information about the Library. The focus of fund financial statements is on major funds rather than fund type. The financial statements of governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balance.

**Stokes Brown Public Library**  
**(A Joint Venture)**  
**Notes to Financial Statements - Continued**  
**June 30, 2020**

**Note 1 – Summary of Significant Accounting Policies - continued**

**F. Fund Financial Statements - continued**

The financial transactions of the Library are reported in individual funds in the fund financial statements. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The Library reports the following major fund:

**Government Fund Types:**

General Fund - The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund. All of the essential governmental services are reported in the General Fund.

All revenues are attributable to providing library services.

**G. Fund Balance**

The Library reports fund balances in the governmental fund financial statements which are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of the Library's Charter, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can be used only for specific purposes determined by the formal action of a resolution made by the Library's highest level of decision making authority, the Board of Trustees. To be reported as committed, amounts cannot be used for any other purpose unless the Library takes the same highest level of action, a Board resolution, to remove or change the constraint.

Assigned - Amounts the Library intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.

Unassigned - Amounts that are available for any purpose.



**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements - Continued  
June 30, 2020**

**Note 1 – Summary of Significant Accounting Policies – continued**

**G. Net Position - continued**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Library considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Library considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees or the finance committee has provided otherwise in its commitment or assignment actions.

**H. Net Position**

Government-wide fund net position are divided into three components:

Investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position—consist of assets that are restricted by the Library's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted—all other net position is reported in this category.

**I. Financial Statement Accounts**

*Cash*

Cash consists of cash on hand, demand deposits, and high liquid investments (including restricted cash) with maturities of three months or less from the date of acquisition.

*Capital Assets*

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at estimated fair value as of the date received. Costs incurred for repairs and maintenance are expensed as incurred.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized as follows:

- Buildings and Land – acquisitions with a useful life greater than 1 year
- Land Improvements - projects over \$10,000
- Building Renovations and Improvements – projects over \$100,000 extending the useful life
- Equipment – equipment costing over \$3,000 with a useful life greater than 1 year
- Library Books and Audio Visual Materials – acquisitions with a useful life greater than 1 year

**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements - Continued  
June 30, 2020**

**Note 1 – Summary of Significant Accounting Policies – continued**

**I. Financial Statement Accounts - continued**

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Improvements	7 - 50 years
Land Improvements	20 years
Books and Audio Visual	10 years
Furniture and Equipment	5 - 10 years

*Revenues*

Revenues consist almost entirely of allocations provided by the City of Springfield and Robertson County. These revenues are recognized when they become available.

Other revenues include fines, donations and gifts, and in-kind allocations from the Red River Regional Library. These revenues have no receivable component and are recognized when collected or provided.

**J. Budgets**

The Library Board appoints a committee, consisting of board members along with the librarian, which formulates the original budget. The budget is prepared on a modified accrual basis of accounting. The budget is then submitted to the Library Board for approval. After Library Board approval, it is then submitted to the City of Springfield Aldermen for approval. After the City Aldermen have approved the budget, it is then submitted to the budget committee of the Robertson County Commission. Upon passing review of the budget committee, it is then submitted to the full County Commission which has the final approval. The operating budget includes proposed expenditures and the means of financing them. Budget amendments require approval by the Board of Trustees. The legal level of budgetary control is the line-item level. When unexpected or excess financing becomes available during the year, the Library Board has given the librarian authority to use her discretion as to how the funds are to be used unless stipulated by the donor or grantor. Since funding is an unknown variable for the Library, expenditures are difficult to budget throughout the year. As funding becomes available, the board often authorizes additional expenditures. The budgetary basis is consistent with GAAP.

**K. Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

**L. Jointly Governed Organizations**

The Stokes Brown Public Library Board comprises the governing Board for Robertson County of the Regional Library system, which is a component of the State Library System. The Library does not provide and is not liable for any financial support of the system.

**M. Restricted Resources**

The Library applies applicable expenses against restricted resources first when both restricted and unrestricted resources are available.

**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements - Continued  
June 30, 2020**

**Note 1 – Summary of Significant Accounting Policies – continued**

**N. 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 the Library's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Library'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, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of the TCRS. Investments are reported at fair value.

**O. Other postemployment benefit (OPEB) plan**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the Library. For this purpose, the Library recognizes benefit payments when due and payable in accordance with benefit terms. The Library's OPEB plan is not administered through a trust.

**Note 2 – Cash**

Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by Federal Deposit Insurance Corporation insurance (FDIC). Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

The Library is authorized by law to invest idle funds in obligations of the U.S. Government and non-convertible debt securities of the Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Federal Home Loan Mortgage Corporation, and other obligations guaranteed by the U.S. Government or any of its agencies. The Library is also authorized to invest in secured certificates of deposit and other evidences of deposit at state and federal chartered banks and savings and loan associations. The Library also may invest in obligations of the U.S. Government or its agencies under a repurchase agreement, if the state director of local finance approves repurchase agreements as an authorized investment. Finally, the Library may invest in the local government investment pool created by Title 9, Chapter 4, Part 7, *Tennessee Code Annotated*.

The Library has not adopted formal policies to restrict credit risk, interest rate risk, or custodial risk beyond requirements of state statutes. In addition, the Library has not adopted a formal policy to limit the amount the Library may invest in any one issuer.

At June 30, 2020, the carrying value of the Library's deposits (including the component units) totaled \$652,473 and the bank balances totaled \$655,064. Of the bank balances, \$503,533 was insured by the FDIC, and \$151,531 was collateralized by the State of Tennessee Collateral Pool.

**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements - Continued  
June 30, 2020**

**Note 3 – Nonspendable Fund Balance / Nonexpendable Net Position**

Nonspendable fund balance / nonexpendable net position consists of a \$20,000 endowment that has been restricted by a donor. The Library is allowed to use the earnings only, not the corpus, for general budget purposes. This amount is also reported as restricted cash on the balance sheet.

**Note 4 – Capital Assets**

Changes in capital assets for the year are as follows:

	<u>Balance 6/30/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2020</u>
<b>Capital Assets, not depreciated</b>				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Total Capital Assets, not depreciated	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,000</u>
<b>Capital Assets, depreciated</b>				
Building and Improvements	\$ 4,328,248	\$ -	\$ -	\$ 4,328,248
Books and Audio Visual	1,463,077	57,950	(80,674)	1,440,353
Furniture and Equipment	570,770	44,574	-	615,344
Total Capital Assets, depreciated	<u>\$ 6,362,095</u>	<u>\$ 102,524</u>	<u>\$ (80,674)</u>	<u>\$ 6,383,945</u>
<b>Less Accumulated Depreciation</b>				
Building and Improvements	\$ 583,622	\$ 104,099	\$ -	\$ 687,721
Books and Audio Visual	1,154,434	60,644	(80,674)	1,134,404
Furniture and Equipment	255,641	64,386	-	320,027
Total Accumulated Depreciation	<u>\$ 1,993,697</u>	<u>\$ 229,129</u>	<u>\$ (80,674)</u>	<u>\$ 2,142,152</u>
<b>Net Capital Assets</b>	<u>\$ 4,428,398</u>	<u>\$ (126,605)</u>	<u>\$ -</u>	<u>\$ 4,301,793</u>

Depreciation expense of \$229,129 was charged to the library services governmental activity.

**Note 5 – Pension Plan**

*Plan Description*

Employees of the Library are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent 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 <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements - Continued  
June 30, 2020**

**Note 5 – Pension Plan - continued**

*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.

*Employees covered by benefit terms.*

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	1
Active employees	11
	18

*Contributions*

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The Library makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, the employer contributions for the Library were \$23,212 based on a rate of 8.86 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Library’s state shared taxes if required employer contributions are not remitted. The employer’s 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.

*Net Pension Liability*

The Library’s net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements - Continued  
June 30, 2020**

**Note 5 – Pension Plan - continued**

*Actuarial Assumptions*

The total pension liability as of June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost of Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements - Continued  
June 30, 2020**

**Note 5 – Pension Plan - continued**

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, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce 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 expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
U.S. Equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real Estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

*Discount rate*

The discount rate used to measure the total pension liability was 7.25 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 the Library 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 investment was applied to all periods of projected benefit payments to determine the total pension liability.

**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements - Continued  
June 30, 2020**

**Note 5 – Pension Plan - continued  
Changes in the Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
<b>Balance at 6/30/18</b>	\$ 546,386	\$ 462,879	\$ 83,507
<b>Changes for the year:</b>			
Service cost	16,934	-	16,934
Interest	39,848	-	39,848
Differences between expected and actual experience	56,403	-	56,403
Changes in assumptions	-	-	-
Contributions - employer	-	38,783	(38,783)
Contributions - employees	-	17,392	(17,392)
Net investment income	-	35,503	(35,503)
Benefit payments, including refunds of employee contributions	(27,388)	(27,388)	-
Administrative expense	-	(940)	940
<b>Net changes</b>	<u>85,797</u>	<u>63,350</u>	<u>22,447</u>
<b>Balance at 6/30/19</b>	<u>\$ 632,183</u>	<u>\$ 526,229</u>	<u>\$ 105,954</u>

*Sensitivity of the net pension liability to changes in the discount rate*

The following presents the net pension liability of the Library calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Net pension liability	\$ 199,023	\$ 105,954	\$ 30,790



**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements - Continued  
June 30, 2020**

**Note 5 – Pension Plan - continued**

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension expense*

For the year ended June 30, 2020, the Library recognized pension expense of \$32,036.

*Deferred outflows of resources and deferred inflows of resources*

For the year ended June 30, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 66,750	\$ -
Net difference between projected and actual earnings on pension plan investments	-	5,635
Changes in assumptions	2,890	-
Contributions subsequent to the measurement date of June 30, 2019	<u>23,212</u>	<u>-</u>
Total	<u>\$ 92,852</u>	<u>\$ 5,635</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2019” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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:**

2021	\$ 18,794
2022	7,506
2023	10,354
2024	11,242
2025	8,058
Thereafter	8,051

In the table above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements - Continued  
June 30, 2020**

**Note 6 – Other Postemployment Benefits for Retiree Health Insurance**

*Plan description*

During the fiscal year ending June 30, 2019, the Library's Board of Trustees elected to opt-in the State of Tennessee's Local Government Insurance Plan (the OPEB plan). Under the OPEB plan, the Library provides certain retiree health insurance benefits in a single employer defined benefit OPEB Plan through the Local Government Investment Pool (LGIP) which is administered by the State of Tennessee. Any changes to the law will be recognized in future measurements. For eligible employees, some employers provide a direct subsidy toward the premium for certain employees; all employers provide an implicit subsidy; and the retiree pays any balance of the required premium remaining.

*Funding policy*

There are no assets or trust fund accumulating to pre-fund the OPEB obligation. The funding policy is to pay the OPEB obligation as it comes due each month on a pay-as-you-go basis. The total premium rate structure required for LGIP coverage is established by and may be amended by the Benefits Administration unit of the State and the State Insurance Committee. The Library sets its own level of subsidy for the designated classification of members.

*Eligibility*

Eligibility to commence OPEB coverage is the same as eligibility for retirement under the TCRS, with the added conditions of (a) having being at least age 55 with at least 10 years of employment with the Library and three continuous years of insurance coverage in the LGIP immediately prior to final termination for retirement (or age 55 with at least 20 years of such employment if only one year of such coverage) and (b) receiving a monthly pension from TCRS. Additional rules apply for OPEB coverage for TCRS- approved disabilities. Alternative conditions are made for any locally sponsored public safety retirement plan or utility board member.

With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGIP and this OPEB Plan upon attaining eligibility for Medicare benefits. In addition to subsidies that may be provided by the local employers for retiree premiums, the OPEB benefits include access to coverage for the retiree and dependents under the Medical, Prescription, Dental, Vision, and Long Term Care (LTC access for retirees was discontinued effective January 1, 2018).

*Benefits*

The Library may provide a flat dollar or percent subsidy depending on years of service, job classification, health plan option and tier selected. The State does not provide a subsidy for local government participants.

**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements - Continued  
June 30, 2020**

**Note 6 – Other Postemployment Benefits for Retiree Health Insurance - continued**

*Employees covered by benefit terms*

At June 30, 2019, the following employees were covered by the benefit terms:

Active members eligible for future benefits	7
Active members not eligible for future benefits	1
	8
	8

*Total OPEB liability*

The Library’s total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation at June 30, 2019.

*Actuarial Assumptions* - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal Cost Method
Inflation rate	2.20%
Discount rate	3.51%
Salary increases	Assumed salary increases are the same as used by TCRS: 8.72% at age 20 graded to 3.44% at age 70 (with 4.00% weighted average).
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 6.03 for for pre-65 retirees in the 2019 calendar year, and gradually decreasing over a 10 year period to an ultimate trend rate of 4.5 percent.
Mortality	Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2019, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

**Stokes Brown Public Library  
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Notes to Financial Statements - Continued  
June 30, 2020**

**Note 6 – Other Postemployment Benefits for Retiree Health Insurance - continued**

*Discount Rate-* For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this actuarial roll-forward, the municipal bond rate is 3.51% (based on the daily rate of Fidelity’s “20-Year Municipal GO AA Index” closest to but not later than the measurement date).

*Changes in Assumptions -* The discount rate changed from 3.62 percent as of the beginning of the measurement period to 3.51 percent as of the measurement date of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2020 plan year was revised from 6.75 percent to 6.03 percent.

**Changes in the total OPEB liability**

	<b>Total OPEB Liability</b>
Balance at July 1, 2019	\$ 4,834
Changes for the year:	
Service cost	641
Interest	198
Difference between expected and actual experience of the total OPEB Liability	(1,262)
Changes in assumptions and other inputs	267
Benefit payments	-
Net changes	(156)
Balance at June 30, 2020	\$ 4,678

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate -* The following presents the total OPEB liability of the Library as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease (2.51%)</b>	<b>Current Discount Rate (3.51%)</b>	<b>1% Increase (4.51%)</b>
Total OPEB Liability	\$ 5,180	\$ 4,678	\$ 4,215

**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements - Continued  
June 30, 2020**

**Note 6 – Other Postemployment Benefits for Retiree Health Insurance – continued**

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* - The following presents the total OPEB liability of the District, as well as what the Library's total OPEB liability would be if it were calculated using rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (5.03%/4.20% decreasing to 3.50%)	Healthcare Cost Trend Rate Assumption (6.03%/5.20% decreasing to 4.50%)	1% Increase (7.03%/6.20% decreasing to 5.50%)
Total OPEB Liability	\$ 3,957	\$ 4,678	\$ 5,535

*OPEB expense and deferred outflows/inflows of resources*

For the year ended June 30, 2020, the Library recognized OPEB expense of \$764. At June 30, 2020, the Library reported deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 217	\$ 1,121
Changes in assumptions	475	171
 Total	 <u>\$ 692</u>	 <u>\$ 1,292</u>

Amounts reported as deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

Year Ending June 30,

2021	\$	75
2022		75
2023		75
2024		75
2025		75
Thereafter		225

**Note 7 – State Appropriation**

The Library receives support from the Red River Regional Library Center annually based on the funding the Center receives from the State of Tennessee and the service area population of Robertson County in relation to other counties serviced by the Red River Regional Library. For the fiscal year ended June 30, 2020, the Library received funding of \$16,683 from the Red River Regional Library to purchase books and audio visual materials on behalf of the Library.

**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements - Continued  
June 30, 2020**

**Note 8 – Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and workers' compensation claims for which the Library carries commercial insurance. Settlements have not exceeded insurance coverage for any claims in the prior three fiscal years.

**Note 9 – Concentrations/Related Party Transactions**

Stokes Brown Public Library has received over 90% of its operational funding from Robertson County and the City of Springfield.

**Note 10 – Reconciliation of Governmental Fund Balance Sheet to Statement of Net Position**

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

Total Fund Balance - Governmental Fund	\$	356,435
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Amounts reported for governmental activities in the statement of net position are different because:

Assets and deferred outflows that are not current financial resources in governmental funds, but are instead reported in the statement of net position

Capital assets, net of related accumulated depreciation		4,301,793
Deferred outflows related to pensions and postemployment benefits		93,544

Liabilities and deferred inflows reported in the statement of net position, but since they are not due in the current period are not recorded in the governmental funds

Net pension liability		(105,954)
Net OPEB liability		(4,678)
Deferred inflows related to pensions and postemployment benefits		(6,927)

Total Net Position	\$	4,634,213
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**Stokes Brown Public Library  
(A Joint Venture)  
Notes to Financial Statements - Continued  
June 30, 2020**

**Note 11 – Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities**

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

Change in Fund Balance - Governmental Fund	\$ 86,791
Governmental funds reflect pension expense as paid; however, in the statement of activities, pension expense net of employee contributions is reported as earned.	(9,588)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	(126,605)
Change in Net Position	<u>\$ (49,402)</u>

**Required Supplementary Information**



**Stokes Brown Public Library (A Joint Venture)**  
**Schedules of Changes in Net Pension Liability (Asset) and Related Ratios**  
**Based on Participation in the Public Employee Pension Plan of the TCRS**  
**Last Fiscal Year Ending June 30,**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>						
Service Cost	\$ 16,934	\$ 9,120	\$ 7,972	\$ 6,963	\$ 5,607	\$ 2,858
Interest	39,848	36,441	34,035	31,633	29,282	22,679
Differences Between Actual and Expected Experience	56,403	20,226	19,687	17,601	20,037	82,073
Change of Assumptions	-	-	11,566	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(27,388)</u>	<u>(25,838)</u>	<u>(25,307)</u>	<u>(25,056)</u>	<u>(24,808)</u>	<u>(19,841)</u>
<b>Net Change in Total Pension Liability</b>	85,797	39,949	47,953	31,141	30,118	87,769
<b>Total Pension Liability - Beginning</b>	<u>546,386</u>	<u>506,437</u>	<u>458,484</u>	<u>427,343</u>	<u>397,225</u>	<u>309,456</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 632,183</u>	<u>\$ 546,386</u>	<u>\$ 506,437</u>	<u>\$ 458,484</u>	<u>\$ 427,343</u>	<u>\$ 397,225</u>
<b>Plan Fiduciary Net Position</b>						
Contributions-Employer	\$ 38,783	\$ 25,697	\$ 22,542	\$ 18,006	\$ 16,103	\$ 12,368
Contributions-Employee	17,392	11,523	10,109	8,075	7,221	6,165
Net Investment Income	35,503	35,067	42,109	9,503	10,721	49,711
Benefit Payments, Including Refunds of Employee Contributions	(27,388)	(25,838)	(25,307)	(25,056)	(24,808)	(19,841)
Administrative Expense	<u>(940)</u>	<u>(707)</u>	<u>(424)</u>	<u>(378)</u>	<u>(254)</u>	<u>(171)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	63,350	45,742	49,029	10,150	8,983	48,232
<b>Plan Fiduciary Net Position - Beginning</b>	<u>462,879</u>	<u>417,137</u>	<u>368,108</u>	<u>357,958</u>	<u>348,975</u>	<u>300,743</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 526,229</u>	<u>\$ 462,879</u>	<u>\$ 417,137</u>	<u>\$ 368,108</u>	<u>\$ 357,958</u>	<u>\$ 348,975</u>
<b>Net Pension Liability (Asset) - Ending (a) - (b)</b>	<u>\$ 105,954</u>	<u>\$ 83,507</u>	<u>\$ 89,300</u>	<u>\$ 90,376</u>	<u>\$ 69,385</u>	<u>\$ 48,250</u>
<b>Plan Fiduciary Net Position As a Percentage of Total Pension Liability</b>	<u>83.24%</u>	<u>84.72%</u>	<u>82.37%</u>	<u>80.29%</u>	<u>83.76%</u>	<u>87.85%</u>
<b>Covered-Employee Payroll</b>	<u>\$ 347,832</u>	<u>\$ 230,463</u>	<u>\$ 202,174</u>	<u>\$ 161,492</u>	<u>\$ 144,417</u>	<u>\$ 123,307</u>
<b>Net Pension Liability (Asset) As a Percentage of Covered-Employee Payroll</b>	<u>30.46%</u>	<u>36.23%</u>	<u>44.17%</u>	<u>55.96%</u>	<u>48.04%</u>	<u>39.13%</u>

**Notes to Schedule:**

Changes of assumptions. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See independent auditors' report.

**Stokes Brown Public Library (A Joint Venture)**  
**Schedules of Contributions**  
**Based on Participation in the Public Employee Pension Plan of the TCRS**  
**Last Fiscal Year Ending June 30,**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 12,368	\$ 16,103	\$ 18,006	\$ 22,542	\$ 25,697	\$ 38,783	\$ 23,212
Contributions in Relation to the Actuarially Determined Contribution	<u>12,368</u>	<u>16,103</u>	<u>18,006</u>	<u>22,542</u>	<u>25,697</u>	<u>38,783</u>	<u>23,212</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	<u>\$ 123,307</u>	<u>\$ 144,417</u>	<u>\$ 161,492</u>	<u>\$ 202,174</u>	<u>\$ 230,463</u>	<u>\$ 347,832</u>	<u>\$ 261,986</u>
Contributions As a Percentage of Covered-Employee Payroll	<u>10.03%</u>	<u>11.15%</u>	<u>11.15%</u>	<u>11.15%</u>	<u>11.15%</u>	<u>11.15%</u>	<u>8.86%</u>

**Notes to Schedules:**

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in these schedules are not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

*Valuation date:* Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018 actuarial valuation.

*Methods and assumptions used to determine contribution rates:*

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed with a 20 percent corridor to market value
Inflation	2.5 percent
Salary Increases	Graded salary ranges form 8.72 to 3.44 percent based on age, including inflation
Investment Rate of Return	7.25 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	2.25 percent
Changes in assumptions:	In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See independent auditors' report.

**Stokes Brown Public Library (A Joint Venture)**  
**Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)**  
**Last Fiscal Year Ending June 30,**

	<u>2019</u>	<u>2020</u>
<b>Total OPEB liability</b>		
Service cost	\$ 4,115	\$ 641
Interest	146	198
Difference between actual and expected experience of the total OPEB Liability	273	(1,262)
Changes in assumptions and other inputs	300	267
Benefit payments	-	-
<b>Net change in total OPEB liability</b>	<u>4,834</u>	<u>(156)</u>
<b>Total OPEB liability, beginning</b>	<u>-</u>	<u>4,834</u>
<b>Total OPEB liability, ending</b>	<u>\$ 4,834</u>	<u>\$ 4,678</u>
<b>Covered-employee payroll</b>	\$ 347,832	\$261,986
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	1.39%	1.79%

**Notes to schedule:**

There are no assets accumulating in a trust that meet the criteria in paragraph 4 of GASB 75 related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

GASB 75 requires a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

*Changes in assumptions:*

The discount rate was changed from 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and slight changes to the near term health trend rates.

See independent auditors' report.

## **Supplementary Information**

**Stokes Brown Public Library  
(A Joint Venture)  
Schedule of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended June 30, 2020**

Federal Grantor/ Pass-Through Grantor	Program/Cluster Name	CFDA Number	Contract Number	Expenditures
<b><u>Federal Awards</u></b>				
<b>Pass-through Funding through the Tennessee State Library and Archives:</b>				
Institute of Museum and Library Services	Grants to States Program	45.310	30501-00220-114	\$ <u>1,549</u>
Total Federal Awards				\$ <u><u>1,549</u></u>

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarized the expenditures of the Library under programs of the federal and state governments for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Library, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Library. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 2 - Indirect Cost Rate**

The Library has not elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

See independent auditors' report.



**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***

Board of Trustees  
Stokes Brown Public Library  
Springfield, 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, the aggregate discretely presented component units, and the general fund of Stokes Brown Public Library (the Library) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated December 11, 2020.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Mt. Juliet, Tennessee  
December 11, 2020

**Stokes Brown Public Library  
(A Joint Venture)  
Schedule of Prior Year Findings  
For the Year Ended June 30, 2020**

Financial Statement Findings

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2019-001	Cash Deposits	Corrected