

**WILDERNESS COAST
PUBLIC LIBRARIES**

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2009

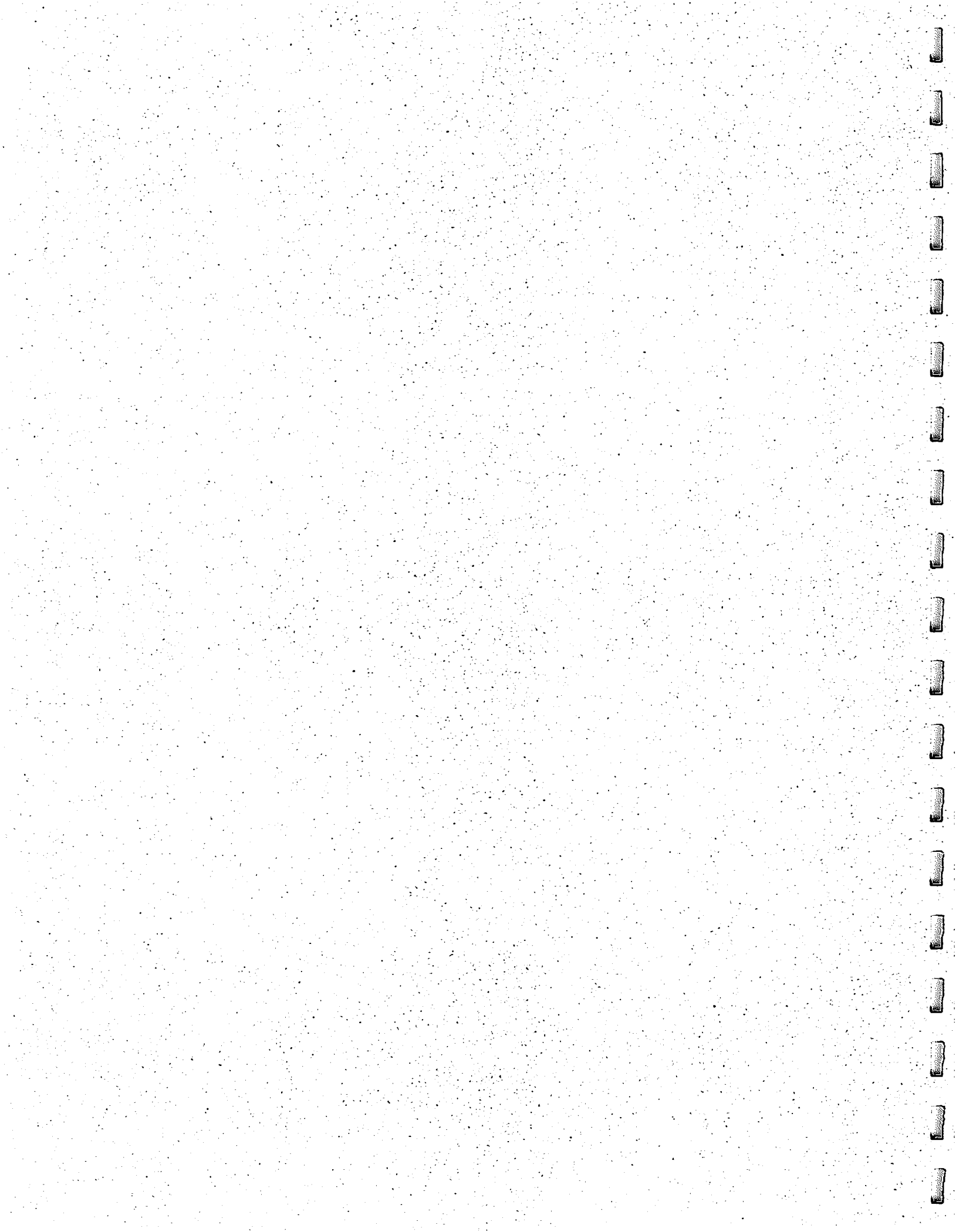
Approved by

**The Wilderness Coast
Public Libraries
Governing Board**

February 8, 2010



Powell & Jones
Certified Public Accountants



**WILDERNESS COAST
PUBLIC LIBRARIES**

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2009

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FINANCIAL SECTION



Powell & Jones
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT powellandjones@bellsouth.net

**To the Governing Board
Wilderness Coast Public Libraries
Monticello, Florida**

We have audited the accompanying basic financial statements of the Wilderness Coast Public Libraries (the District), as of and for the year ended September 30, 2009, as listed in the table of contents. These basic financial statements are the responsibility of the Wilderness Coast Public Libraries' management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

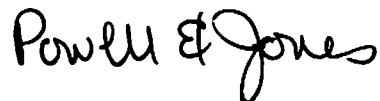
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Wilderness Coast Public Libraries, as of September 30, 2009, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009, on our consideration of the Wilderness Coast Public Libraries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information presented for the General Fund is not a required part of the basic financial statements of the District, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited

procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The management's discussion and analysis on pages 6-8, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES
Certified Public Accountants
December 9, 2009

WILDERNESS COAST PUBLIC LIBRARIES

Management's Discussion and Analysis

The management of the Wilderness Coast Public Libraries (the District) offers readers of our financial statements the following narrative overview and analysis of our financial activities for the year ended September 30, 2009.

Basic Financial Statements

- The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the District owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets and long-term liabilities. Also, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses gross and net costs of the District's programs and the extent to which such programs rely upon operating grants and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus on governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The District has one major governmental fund which accounts for all of its operations. A budgetary comparison is presented for the governmental fund.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

Condensed Financial Information

Condensed financial information from the statements of net assets and revenues of September 30, 2009, and revenues, expenses and changes in net assets for the year then ended, follows:

	Governmental Activities	
	September 30,	
	2009	2008
Net Assets		
Current assets	\$ 128,389	\$ 133,981
Capital assets	24,901	21,500
Total assets	153,290	155,481
Current liabilities	24,282	22,186
Total liabilities	24,282	22,186
Net assets:		
Invested in capital assets	24,901	21,500
Restricted for library operations	104,107	111,795
Total net assets	\$ 129,008	\$ 133,295

19% of the District's net assets reflect its investment in capital assets (equipment). The District uses these capital assets to provide services; consequently, these assets are not available for future spending.

The District also has accumulated net assets of \$104,107 which are restricted for library operations.

The following schedule provides a summary of the changes in net assets. The increase during the year through Governmental Activities net assets is due primarily to budgetary management.

The District's net assets decreased \$4,287 over the year.

A condensed version of the Statement of Activities follows:

	Fiscal Year Ended	
	September 30,	
	2009	2008
Change in Net Assets		
Operating revenue:		
Program revenues	\$ 362,904	\$ 329,385
General revenues	681	841
Total operating revenues	363,585	330,226
Operating expenses:		
Personal services	188,314	177,175
Other	179,558	146,356
Total operating expenses	367,872	323,531
Change in net assets	(4,287)	6,695
Net assets - beginning of year	133,295	126,600
End of year net assets	\$ 129,008	\$ 133,295

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Although the District's main operating grant is assured, the District continues to feel the tightening of the state's budget in state funding for special projects. Some of the state's federal grant funds and supplemental state financial assistance have been diverted to the statewide electronic library system now being implemented. The District continued to explore ways to reduce costs. At this time, no significant changes in operations are expected for the subsequent year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances to all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Cheryl Turner, Central Administrator, Wilderness Coast Public Libraries, P.O. Box 551, Monticello, FL 32345.

BASIC FINANCIAL STATEMENTS

WILDERNESS COAST PUBLIC LIBRARIES

STATEMENT OF NET ASSETS

September 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 25,710
Accounts receivable	4,247
Due from Wakulla County	72,196
Prepaid expenses	25,736
Security deposit	500
Capital assets, net of accumulated depreciation	24,901
Total assets	<u>153,290</u>
LIABILITIES	
Accounts payable	5,936
Accrued liabilities	10,766
Compensated absences, payable within one year	7,580
Total liabilities	<u>24,282</u>
NET ASSETS	
Invested in capital assets	24,901
Restricted for library operations	104,107
Total net assets	<u>\$ 129,008</u>

See notes to financial statements.

WILDERNESS COAST PUBLIC LIBRARIES

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2009

	<u>Expenses</u>	<u>Program Revenues Operating Grants</u>	<u>Net (Expense) Revenue and Change in Net Assets Governmental Activities Total</u>
Governmental activities:			
Culture and recreation			
Personal services	\$ 188,314	\$ 182,273	\$ (6,041)
Operating expenses	179,558	180,631	1,073
Total governmental activities	<u>\$ 367,872</u>	<u>\$ 362,904</u>	<u>(4,968)</u>
General revenues:			
Miscellaneous			<u>681</u>
Change in net assets			(4,287)
Net assets - October 1, 2008			<u>133,295</u>
Net assets - September 30, 2009			<u>\$ 129,008</u>

WILDERNESS COAST PUBLIC LIBRARIES

GOVERNMENTAL FUND

BALANCE SHEET

September 30, 2009

	<u>General Fund</u>
Assets	
Cash	\$ 25,710
Accounts receivable	4,247
Due from Wakulla County	72,196
Prepaid expenses	25,736
Security deposit	500
Total assets	<u><u>\$ 128,389</u></u>
Liabilities	
Accounts payable	5,936
Accrued liabilities	10,766
Total liabilities	<u><u>16,702</u></u>
Fund balance	
Unreserved fund balance	111,687
Total liabilities and fund balance	<u><u>\$ 128,389</u></u>
Total fund balances reported above	111,687
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	24,901
Long-term liabilities, such as compensated absences, are not due and payable in the current period or from available financial resources at September 30, 2009 and accordingly are not reported as fund liabilities.	
Noncurrent liabilities	<u><u>(7,580)</u></u>
Net assets of governmental activities	<u><u>\$ 129,008</u></u>

See notes to financial statements.

WILDERNESS COAST PUBLIC LIBRARIES

GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2009

	<u>General Fund</u>
REVENUES	
Intergovernmental revenue	\$ 362,904
Miscellaneous	681
Total revenues	<u>363,585</u>
EXPENDITURES	
Current expenditures	
Culture/recreation	
Personal services	186,994
Operating expenses	173,651
Capital outlay	9,308
Total expenditures	<u>369,953</u>
Deficit of revenues under expenditures	(6,368)
Fund balance at October 1, 2008	<u>118,055</u>
Fund balance at September 30, 2009	<u><u>\$ 111,687</u></u>

WILDERNESS COAST PUBLIC LIBRARIES

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended September 30, 2009

Net change in fund balances - total governmental funds		\$ (6,368)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
 Expenditures for capital assets	\$ 9,308	
 Less current year depreciation	<u>(5,907)</u>	3,401
Some expenses reported in the statement of activities, do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds		
 Net increase in compensated absences		<u>(1,320)</u>
Change in net assets of governmental activities		<u><u>\$ (4,287)</u></u>

WILDERNESS COAST PUBLIC LIBRARIES

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Wilderness Coast Public Libraries conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with the subsequent GASB pronouncements (Statements and Interpretations) constitutes GAAP for governmental units. The most significant of these accounting policies are described below.

A. Financial Reporting Entity – Wilderness Coast Public Libraries (the District) meets the criteria of an independent special district as defined in Section 189.403(3), *Florida Statutes*. The District was established under an interlocal agreement dated September 17, 1992 and currently operates as a single-function government under an amended interlocal agreement dated September 30, 1995 among Wakulla, Franklin, and Jefferson Counties to provide unified library services throughout the local service area. The District is administered by a governing board of directors, consisting of two members from each county participating in the interlocal agreement. There are no component units of the District.

1. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on the District's general fund activities. The Statement of Activities demonstrates the degree to which the direct expenses of the District's single-function activities are offset by program revenues. Program revenues consist of grants and contributions that are restricted to meeting the operational or capital requirements of the District. Interest and miscellaneous revenues not properly included among program revenues are reported as general revenues. Separate fund financial statements are also included for the District's general fund.

2. Measurement focus, basis of accounting and financial statement presentation

Basis of accounting refers to when revenues, expenditures, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Government-wide financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligible requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected

within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred and/or will be paid from expendable available financial resources.

3. Assets, liabilities and net assets

Cash - Cash deposits consist of interest bearing demand accounts which are entirely insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral pursuant to the Public Depository Security Act of the State of Florida.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid expenses consist primarily of prepaid insurance and service contracts. These items are considered expenditures/expenses over the term of the contract.

Capital Assets - Capital assets include furniture, fixtures, vehicles, software, and equipment and are reported in the government-wide financial statements. Capital assets are defined by Chapter 274.02, *Florida Statutes* as fixtures and other tangible personal property of a nonconsumable nature. The District maintains an administrative record of these assets. The District utilizes a \$5,000 threshold for capitalizing property, plant, and equipment for reporting purposes. Capital assets are recorded at cost, or estimated historical cost. Contributed assets are recorded at estimated fair market value at the time received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets and is recorded in the government-wide financial statements. The District's estimates of useful lives are five years for vehicles, computer equipment, and software and seven years for furniture, fixtures, and office equipment.

Capital assets used in governmental activities are not financial resources and are reported as capital outlay expenditures in the governmental fund financial statements.

Compensated Absences Liability - All permanent employees are granted annual leave based on the number of years of employment. Annual leave may be accumulated up to 240 hours. Sick leave is accumulated at the rate of eight hours for each full calendar month of continuous employment. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any sick leave amounts when employees separate from service with the District. Upon voluntary resignation or retirement, the employee can receive a cash benefit, based on the employee's current wage rate and the unused annual leave, up to the maximum of 240 hours. Upon termination for violation of a policy or procedure or quitting without proper notice, any accumulated annual leave is forfeited.

All vested leave is accrued when incurred in the government-wide financial statements. The current portion is the amount estimated to be used in the following year. A liability for these amounts is reported in the governmental fund statements only if they have matured, for example, as a result of employee resignations and retirements, therefore, these amounts represent a reconciling item between the fund and the government-wide presentations.

Net Assets - Net assets not invested in capital assets are classified as restricted net assets because their use is restricted by the grant provider. It is the practice of the District to utilize unrestricted net assets (interest earnings on non-grant funds) before restricted net assets (grant funds).

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

"Total fund balances" of the District's governmental funds \$111,687 differs from "net assets" of governmental activities \$129,008 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental funds balance sheet.

Capital Related Items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net assets included those capital assets among the assets of the District as a whole.

Cost of capital assets	\$ 252,498
Accumulated depreciation	(227,597)
	<u>\$ 24,901</u>

Long-term Liabilities

Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities are reported in the statement of net assets. Balances at September 30, 2009, were:

Accrued compensated absences	<u>\$ (7,580)</u>
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WILDERNESS COAST PUBLIC LIBRARIES

Note 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Difference Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

	<u>Total Governmental Funds</u>	<u>Capital Related Items</u>	<u>Long - Term Debt Transactions</u>	<u>Statement of Net Assets</u>
ASSETS				
Cash and cash equivalents	\$ 25,710	\$ -	\$ -	\$ 25,710
Accounts receivable	4,247	-	-	4,247
Due from Wakulla County	72,196	-	-	72,196
Prepaid expenses	25,736	-	-	25,736
Security deposit	500	-	-	500
Capital assets - net	-	24,901	-	24,901
Total assets	<u><u>\$ 128,389</u></u>	<u><u>\$ 24,901</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 153,290</u></u>
LIABILITIES AND FUND EQUITY				
Current liabilities:				
Accounts payable	\$ 5,936	\$ -	\$ -	\$ 5,936
Accrued liabilities	10,766	-	-	10,766
Accrued compensated absences	-	-	7,580	7,580
Total liabilities	<u>16,702</u>	<u>-</u>	<u>7,580</u>	<u>24,282</u>
Fund equity/net assets	<u>111,687</u>	<u>24,901</u>	<u>(7,580)</u>	<u>129,008</u>
Total liabilities and fund equity/net assets	<u><u>\$ 128,389</u></u>	<u><u>\$ 24,901</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 153,290</u></u>

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for governmental funds (\$6,368) differs from the "change in net assets" for governmental activities (\$4,287) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charges for the year.

Capital outlay	\$ 9,308
Depreciation expense	(5,907)
Difference	<u>\$ 3,401</u>

Long-term Debt Transactions

Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net increase in compensated absences	<u>\$ (1,320)</u>
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WILDERNESS COAST PUBLIC LIBRARIES

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Differences Between Government Fund Operating Statements and the Statement of Activities

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions/ Eliminations	Statement of Activities
REVENUES				
Intergovernmental	\$ 362,904	\$ -	\$ -	\$ 362,904
Miscellaneous	681	-	-	681
Total revenues	363,585	-	-	363,585
EXPENDITURES				
Current expenditures				
Culture/recreation				
Personal services	186,994	-	1,320	188,314
Operating expenses	173,651	-	-	173,651
Capital outlay	9,308	(3,401)	-	5,907
Total expenditures	369,953	(3,401)	1,320	367,872
Net change in fund balance	(6,368)	3,401	(1,320)	(4,287)
Fund balance at October 1, 2008	118,055	21,500	(6,260)	133,295
Fund balance at September 30, 2009	\$ 111,687	\$ 24,901	\$ (7,580)	\$ 129,008

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – An annual appropriated budget is adopted for the general fund on a basis consistent with GAAP. All annual appropriations lapse at the fiscal year end. Line item expenditures in excess of budget are authorized to the extent that the total expenditures do not exceed total budgeted expenditures of the fund. Amendments to the total amount of the budget must be approved by the Governing Board.

NOTE 4. CASH

Cash deposits at September 30, 2009 consist of an interest bearing demand account with a bank designated by the Florida Division of Treasury as a qualified public depository. At September 30, 2009, the carrying amount of the District's deposit was \$25,710 and the bank balance was \$33,781.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure to government's deposits may not be returned to it.

Qualified public depositories of public funds are required to provide collateral cash each month pursuant to Chapter 280.04, *Florida Statutes*. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The District's deposits are in a qualified depository and are considered fully insured or collateralized.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009 is as follows:

	10/01/08			9/30/009
	Balance	Additions	Deletions	Balance
Furniture, fixtures and equipment	\$ 263,754	\$ 9,308	\$ (20,564)	\$ 252,498
Accumulated depreciation	(242,254)	(5,907)	20,564	(227,597)
Governmental activities capital assets, net	\$ 21,500	\$ 3,401	\$ -	\$ 24,901

Depreciation of \$5,907 was charged to the Culture/Recreation function.

NOTE 6. DUE FROM WAKULLA COUNTY

Wakulla County acts as the host county for the District and provides fiduciary services on behalf of the District for a minimal fee. Grant funds received are deposited with Wakulla County. Transfers of cash to the District are made as needed to cover operating needs. Wakulla County will also advance funds to the District to alleviate cash flow problems as a result of the timing of receipts related to the bi-annual operating grant and/or cost reimbursement grants.

NOTE 7. LONG-TERM OBLIGATIONS

The following is a summary of changes in general long-term obligations during the fiscal year ended September 30, 2009:

	<u>Liability for Compensated Absences</u>
Balance at October 1, 2008	\$ 6,260
Additions	16,011
Deletions	(14,691)
Balance at September 30, 2009	<u>\$ 7,580</u>

Management estimates that all of the above liability for compensated absences will be used within one year. The liability for compensated absences is not reported on the fund balance sheet since it is not payable from available resources at September 30, 2009. Therefore, this amount represents a reconciling item between the fund and the government-wide presentations.

NOTE 8. EMPLOYEES' RETIREMENT PLAN

All full-time and permanent part-time employees of the District are eligible to participate in the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS) administered by the State of Florida, Department of Management Services, Division of Retirement. FRS provides retirement, disability, or death benefits to retirees or their designated beneficiaries. Benefit provisions are established by Chapter 121, *Florida Statutes*. No employee contributions are required.

Participating employer contributions are based upon actuarially determined state-wide notes established by the State of Florida, that expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due.

The contributions paid for the years ended September 30, 2009, 2008, and 2007 were \$14,286, \$14,838, and \$17,866, respectively. These amounts are equal to the required contribution for each year.

Membership categories, benefits, and required contribution rates for the fiscal year ended September 30, 2009, applicable to the District employees are as follows:

Membership Category	Benefit	Vesting	Employer Contribution Rate	
			Effective July 1, 2009	Effective July 1, 2008
Regular Class	Normal retirement at age 62 or at least 30 years of service: 1.6% times average compensation (five highest years of creditable service).	After six years of creditable service.	9.85%	9.85%
Senior Management Class	Normal retirement at six years and age 62; 2.00% times average compensation (five highest years) times years of creditable service.	After six years of creditable service.	13.12%	13.12%

FRS issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Florida Department of Management, Division of Retirement.

NOTE 9. RISK MANAGEMENT

General Liability – The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance.

Unemployment Compensation – The District is a self-insured employer with the State of Florida, Agency for Workforce Innovation, Division of Unemployment Compensation. As such, the Division of Unemployment Compensation process unemployment claims, pays the unemployment benefits to eligible claimants, and invoices the District for the benefits paid from the Florida Unemployment Compensation Fund. The District accounts for this liability by annually appropriating amounts equal to its estimated unemployment compensation liability for all employees in the event that the existence of the District is extinguished by the Florida Legislature. For fiscal year ended September 30, 2009, the district budgeted \$8,400 for this liability; however, no actual claims were incurred.

NOTE 10. OPERATING LEASES

The District was committed under an operating lease for office space in Monticello, Florida through August 31, 2009. The District is currently operating on a month-to-month lease with monthly lease payments of \$1,475.

The District was also committed under an operating lease for office space in Crawfordville, Florida through September 30, 2007. The District is currently operating on a month-to-month lease with monthly lease payments of \$650.

Total rent expenditures for the year ended September 30, 2009 were \$25,450.

NOTE 11. CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Required Supplementary Information

WILDERNESS COAST PUBLIC LIBRARIES

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended September 30, 2009

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 362,904	\$ 362,904	\$ 362,904	\$ -
Miscellaneous revenue	681	681	681	-
Total revenues	<u>363,585</u>	<u>363,585</u>	<u>363,585</u>	<u>-</u>
Expenditures				
Culture and recreation				
Personal services	247,244	251,812	186,994	64,818
Operating expenses	145,262	158,326	173,651	(15,325)
Capital outlay	14,498	-	9,308	(9,308)
Total expenditures	<u>407,004</u>	<u>410,138</u>	<u>369,953</u>	<u>40,185</u>
Change in fund balance	(43,419)	(46,553)	(6,368)	40,185
Fund balance - October 1, 2008	<u>118,055</u>	<u>118,055</u>	<u>118,055</u>	<u>-</u>
Fund balance - September 30, 2009	<u>\$ 74,636</u>	<u>\$ 71,502</u>	<u>\$ 111,687</u>	<u>\$ 40,185</u>

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

To the Governing Board
Wilderness Coast Public Libraries
Monticello, Florida

We have audited the basic financial statements of the Wilderness Coast Public Libraries (the District) as of and for the year ended September 30, 2009, and have issued our report thereon dated December 9, 2009. 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 the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District'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 District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District'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 District'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 the District's financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Governing Board and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Powell & Jones

POWELL & JONES
Certified Public Accountants
December 9, 2009

**MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Governing Board
Wilderness Coast Public Libraries
Monticello, Florida

We have audited the basic financial statements of the Wilderness Coast Public Libraries (the District) as of and for the year ended September 30, 2009, and have issued our report thereon dated December 9, 2009.

We have issued our 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* dated December 9, 2009. Disclosures in that report, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that the following be addressed in this letter:

PRIOR YEAR FINDINGS

The prior year finding regarding employee taxable fringe benefits under Internal Revenue Service regulations was appropriately addressed by the District during the year.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year.

FINANCIAL COMPLIANCE MATTERS

Annual Local Government Financial Report - The Financial Report filed with the Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the accompanying financial statements of the District, for the fiscal year ended September 30, 2009.

Investment of Public Funds - The District complied with Section 218.415, *Florida Statutes*, regarding the investment of public during the fiscal year ended September 30, 2009.

Financial Emergency Status - Nothing came to our attention that caused us to believe that the District had met any of the conditions described in Section 218.503(1)(a), *Florida Statutes*, that might result in a financial emergency.

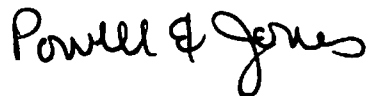
Financial Condition Assessment Procedures - Pursuant to Chapter 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures to the District's financial statements. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

We noted no deteriorating financial conditions as defined by Rule 10.544(1)(d).

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

CONCLUSION

We very much enjoyed the challenge and experiences with this our first audit of the District. We appreciate the helpful assistance of District staff in completing our audit and also the generally high quality of the District's financial records and internal controls.

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES
Certified Public Accountants
December 9, 2009

Wilderness Coast Public Libraries

*Serving Franklin, Jefferson & Wakulla Counties
P.O. Box 551 / 1180 W. Washington Street
Monticello FL 32345
850-997-7400 / Fax 850-997-7403*

*Cheryl Turner
Central Administrator*

February 2, 2010

Richard Powell
Powell & Jones CPA
1359 S. W. Main Blvd.
Lake City FL 32025

Dear Mr. Powell:

I have reviewed the 2009-10 Audit of Wilderness Coast Public Libraries, and am pleased that it reflected the prior year's finding regarding taxable fringe benefits. I agree with all other sections of the Management Letter. Thanks for all your efforts.

Very truly yours,



Authorized signature

Cheryl Turner
Central Administrator