INDUSTRIAL DEVELOPMENT BOARD
OF ROBERTSON COUNTY

Financial Statements and Supplemental Information

For the Year Ended June 30, 2011

FINANCIAL SECTION

INDUSTRIAL DEVELOPMENT BOARD of ROBERTSON COUNTY

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YEARY, HOWELL & ASSOCIATES
Certified Public Accountants
501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

TELEPHONE
(615) 385-1008
FAX (615) 385-1208

Independent Auditor's Report

Board of Directors
Industrial Development Board of Robertson County

We have audited the accompanying Statement of Net Assets and Governmental Fund Balance Sheet and Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance which comprise the basic financial statements of the Industrial Development Board of Robertson County (the Board) as of and for the year ended June 30, 2011. These financial statements are the responsibility of the Board's 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and fund information of the Board as of June 30, 2011, and the respective changes in net assets and financial position 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 November 11, 2011, on our consideration of the Board's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts 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 Board implemented Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011, as discussed in Note1 to the financial statements

The Industrial Development Board of Robertson County has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's financial statements as a whole. The Supplemental Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information, except for those Schedules marked as "Unaudited" on which we express no opinion, has been subjected to the auditing procedures applied by us 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based upon our audit and the report of the other auditors, the information is stated fairly, in all material respects, in relation to the basic financial statements taken as a whole.

November 11, 2011

Industrial Development Board of Robertson County

Statement of Net Assets and
Governmental Fund Balance Sheet

June 30, 2011

Assets

Current Assets:	
Cash - checking	$ 89,098
Cash - Certificate of deposit	107,296
Accounts receivable - grant	25,119
Accounts receivable - government	57,608
Total Assets	$ 279,121

Liabilities, Net Assets / Fund Balance

Current Liabilities	
Accounts payable	$ 9,606
Hotel-Motel tax due cities	34,378
Total Current Liabilities	43,984
Net Assets / Fund Balance:	
Restricted for industrial development purposes	235,137
Total Liabilities, Net Assets / Fund Balance	$ 279,121

See Accompanying Notes to Financial Statements.

Industrial Development Board of Robertson County

Statement of Activities and
Governmental Fund Revenues, Expenditures, and
Changes in Fund Balance

For the Year Ended June 30, 2011

Revenues:	
Intergovernmental Revenue:	
Hotel/Motel taxes	$ 290,993
State grants:	
Endowment grant program	900,000
FIDP Program	25,119
Total Intergovernmental Revenue	
Miscellaneous:	
Donations	10,000
Interest income	3,535
Total Miscellaneous Revenue	
Total Revenues	1,229,647
Expenditures:	
Intergovernmental:	
Payment of Hotel - Motel Tax to participating Cities	87,297
Program Costs:	
Payments to Robertson County Chamber of Commerce:	
Reimbursement for Director's salary	82,000
Reimbursement of related administrative costs	35,000
Reimbursement of Chamber facilities related debt	30,303
Reimbursement of other costs	13,586
Donations to nonprofit organizations	2,500
Legal and professional	60,634
Other costs	2,533
State grant procceeds passed through to Macy's	900,000
Total Program Costs	1,126,556
Total Expenditures	1,213,853
Change in net assets	15,794
Net assets / Fund Balance, beginning of year	219,343
Net assets / Fund Balance, end of year	$ 235,137

See Accompanying Notes to Financial Statements.

INDUSTRIAL DEVELOPMENT BOARD of ROBERTSON COUNTY

Notes to Financial Statements

June 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Industrial Development Board of Robertson County (the Board) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

Organization and Operation

The Board was incorporated by resolution of the Robertson County Commission in June, 1990, to, among other things, promote industry, trade, commerce, tourism, agricultural and housing construction within Robertson County and administer the proceeds of the hotel/motel tax established in Chapter No. 226 of the Private Acts of 1990.

Reporting Entity

The Board is a related organization of Robertson County. Robertson County acts as an agent for the Board for the collection of the hotel/motel tax. Board members serve for varying terms and are nominated and confirmed by the Board of County Commissioners. Generally accepted accounting standards requires that the financial statements present the Board (primary government) and any component units. There are no entities which meet the established criteria for inclusion in the Board's financial statements as component units.

Basis of Presentation

The Board has adopted standards for external financial reporting for all state and local government entities which includes, among other things, a management discussion and analysis and the presentation of government-wide and governmental fund financial statements.

The government-wide financial statements are reported using the 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.

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. Expenditures generally are recorded when a liability is incurred.

The Board has elected to present both the government-wide and fund financial statements on a combined basis. Further, no adjustments are required as the accrual basis of accounting results is the same amounts as the modified accrual basis of accounting used at the fund level.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Accounting

Under both the accrual and modified accrual basis of accounting, revenues are recognized when they become both measurable and collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Shared revenues through intermediary collecting governments are considered measurable and available if received within 60 days of year end. Expenditures are recorded when the related liability is incurred.

Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Fund Balance Policy

During 2011, the Board implemented Governmental Accounting Standard Board (GASB) Statement 54. As a result, fund balance is reported in the financial statements as Restricted for industrial development purposes as specified by applicable enabling legislation.

Budgets and Budgetary Accounting

The Board does not adopt an annual operating budget.

Cash and certificates of deposit

The Board is authorized to invest funds in financial institutions. Cash consists of deposits with financial institutions including demand deposits. Funds not immediately needed are invested in certificates of deposits.

Income Tax Status

No provision for income tax has been made in the accompanying financial statements as the Board is exempt from income tax.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reporting year. Actual amounts could differ from those estimates.

(2) DEPOSITS WITH FINANCIAL INSTITUTIONS

Deposits

The Board is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During 2011, the Board invested in short-term certificates of deposit, and savings accounts.

(2) DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Board's deposits may not be returned or the Board will not be able to recover collateral securities in the possession of an outside party. The Board's policy requires that deposits be either (I) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance or (ii) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Deposits were fully collateralized at June 30, 2011.

(3) RISK MANAGEMENT

The Board does not believe it has significant exposure relative to claims arising from general liability, property or casualty losses and, accordingly, carries no commercial insurance in coverage thereof.

(4) COMMITMENTS

In 1993, the Board entered into an agreement with the City of Springfield, TN to assist the City in the payment of debt service relative to the North Industrial Park loan incurred by the City. The agreement provides for, among other things, annual payment by the Board to the City an amount not to exceed $46,842. The payment is to be made only from available revenues of the Board as defined in the agreement and under no circumstances will the Board have any obligation beyond its available revenue. During 2011, no payment was made.

During 2009, the Board entered into a letters of agreement with the Robertson County Chamber of Commerce and the Robertson County Industrial Development and Tourism Board in connection with the hiring of a full-time economic development professional. During the period April 2009 through March 2010, the Board agreed to pay the Chamber an amount equal to the annual agreed upon budget and support staff for a full time economic development professional. An amount of $20,500 is to be paid at the beginning of each quarter. During 2010-2011, the Board paid $82,000 related to this agreement. The agreement also provided that Chamber program costs would be reimbursed by the Board up to $35,000, the Board paid $35,000 in costs related to this provision of the agreement.

Also in March 2009, by letter agreement, the Board agreed to pay to the Chamber $2,525 per month to be used to pay on the debt incurred by the Chamber for its facilities. The amount is to be paid monthly over the 15 year life of the debt, or until it is retired. During 2010-2011, the Board paid $30,303 as a result of the agreement.

(8) NON-PROFIT DONATIONS

The Board makes contributions to various nonprofit civic organizations to advance its goals of promotion of trade, tourism and industry and commerce in Robertson County.

INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY

Schedule of Federal and State Financial Assistance

For the Year Ended June 30, 2011

CFDA Number	Grant Number	Program Name	Grantor Agency	Receivable (Deferred) Balance June 30, 2010	Grant Receipts	Grant Expenditures	Receivable (Deferred) Balance June 30, 2011
State Programs:							
N/A	N/A	FIDP Program-Red River Project	Tennessee Department of Economic '& Community Development	$ -	-	(25,119)	(25,119)
N/A	GG1134193	Endowment Grant - Macy's Warehouse	Tennessee Department of Economic '& Community Development*	-	900,000	(900,000)	-
			Total State Programs	$ -	900,000	(925,119)	(25,119)

* Grant passed through to Macy's Department Store

INDUSTRIAL DEVELOPMENT BOARD of ROBERTSON COUNTY

Schedule of Board Members and Compensation

June 30, 2011

Board Member	Compensation
Don Eden, Chairman	*
Tony Neal, Secretary-Treasurer	*
Robert Ralston, Member	*
Glenn Watts, Member	*
Don Head , Member	*
Roger Blackwood, Member	*
Kenneth Mason, Member	*

*No compensation paid to Directors.

YEARY, HOWELL & ASSOCIATES
Certified Public Accountants
501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

TELEPHONE
(615) 385-1008
FAX (615) 385-1208

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 AUDIT STANDARDS*

Board of Directors
Industrial Development Board of Robertson County
Springfield, TN

We have audited the accompanying financial statements of the Industrial Development Board of Robertson County (the Board) as of and for the year ended June 30, 2011, which collectively comprise the Board's basic financial statements and have issued a report thereon dated November 11, 2011. 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 Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a significant deficiency, or combination of significant 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the 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, the Board of Directors and, State Comptroller's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

November 11, 2011