

**INDUSTRIAL DEVELOPMENT BOARD  
OF THE COUNTY OF BENTON**

**CAMDEN, TENNESSEE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF BENTON  
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## **INTRODUCTORY SECTION**

**INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF BENTON  
DIRECTORY**  
June 30, 2012

**BOARD MEMBERS**

Sam Long  
Ron Lane  
Barry Barnett  
Tim Plunk  
Tim Parker  
Kathy Heaten  
Bob Keast  
Mike Caldwell  
Linda Zanaty

**MANAGEMENT TEAM**

Linda Zanaty, Accountant

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Alexander Thompson Arnold PLLC  
Jackson, Tennessee

## **FINANCIAL SECTION**

*Members of:*

*American Institute of Certified Public Accountants*

*AICPA Center for Public Company Audit Firms*

*AICPA Governmental Audit Quality Center*

*AICPA Employee Benefit Plan Audit Quality Center*

*Tennessee Society of Certified Public Accountants*

*Kentucky Society of Certified Public Accountants*



**Certified Public Accountants**

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## **Independent Auditor's Report**

### **Board of Directors**

**Industrial Development Board of the County of Benton**

**Camden, Tennessee**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Industrial Development Board of the County of Benton a component unit of the County of Benton (the Board), Camden, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise the Board's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Board's management. 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 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 the 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 opinions.

As described in Note 1, the financial statements present only the Board, and do not purport to, and do not present fairly the financial position of the County of Benton, Tennessee, as of June 30, 2012, and the changes in its financial position therefore the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Board, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

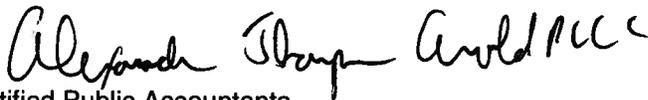
In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2013, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 4 through 6 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The introductory section is presented for the purpose of additional analysis and is not a required part of the basic financial statements. 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.



Certified Public Accountants  
Jackson, Tennessee  
June 30, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Industrial Development Board of the County of Benton (the Board), we offer readers of the Board's financial statements this narrative overview and analysis of the financial activities of the Board for the fiscal year ended June 30, 2012. All amounts, unless otherwise indicated, are expressed in actual dollars. Comparative analyses of key elements of the governmental fund has been provided

### **FINANCIAL HIGHLIGHTS**

Management believes the Board's financial condition is strong. The Board is well within its more stringent financial policies and guidelines set by the Board and management. The following are key financial highlights.

- Total assets at year-end were \$199,363 and exceeded liabilities in the amount of \$204,363 (i.e. net assets).
- Net assets decreased \$209,584 during the current year.
- Operating revenues were \$4,270, a decrease over year 2011 in the amount of \$3,256 or 43.26%.
- Operating expenses were \$214,104, an increase from year 2011 in the amount of \$212,034 or 10,243%.
- The operating loss for the year was \$209,834 as compared to a \$5,456 profit during the 2011 fiscal year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and supplementary information. The MD&A represents management's examination and analysis of the District's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Board's strategic plan, budget, bond resolutions and other management tools were used for this analysis. The Financial Statements are made up of four sections: 1) the introductory section, 2) the financial section, 3) other supplementary information section, and 4) the internal control and compliance section. The introductory section includes the Board's directory. The financial section includes the MD&A, the independent auditor's report, and the financial statements with accompanying notes, and the other supplementary information section includes selected additional financial information. The internal control and compliance section includes the report on internal control and compliance.

### **REQUIRED FINANCIAL STATEMENTS**

Due to the Board being a single governmental fund entity, a consolidated format has been used to present the fund statements and the government-wide statements with the reconciliation included as an additional column. The following statements are included in the financial statements of the Board:

The Statement of Net Assets and Governmental Fund Balance Sheet includes all of the Board's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Board's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure, and assessing the liquidity and financial flexibility of the Board.

The Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance presents the results of the governmental activities over the course of the fiscal year and information as to how the net assets and fund balances changed during the year. All changes in net assets and fund balances are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement measures the success of the Board's operations and can be used to determine whether the Board has successfully recovered all of its costs. This statement also measures the Board's profitability and credit worthiness.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

**Statement of Net Assets** - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Board, assets exceeded liabilities by \$204,613 at the close of the most recent fiscal year.

**CONDENSED STATEMENT OF NET ASSETS**

	June 30, 2012	June 30, 2011	Increase (Decrease)	
			\$	%
Current and other assets	\$ 199,363	\$ 409,197	\$ (209,834)	-51.28%
Capital assets (net of accumulated depreciation)	5,000	5,000	-	-
Total assets	<u>204,363</u>	<u>414,197</u>	<u>(209,834)</u>	-50.66%
Invested in capital assets	5,000	5,000	-	-
Unrestricted	199,363	409,197	(209,834)	-51.28%
Total net assets	<u>\$ 204,363</u>	<u>\$ 414,197</u>	<u>\$ (209,834)</u>	-50.66%

During the period, the Board's net assets decreased by \$209,584. This was due primarily due to allocated funds to the Jones Plastic Expansion from the Boards investment activities.

**Statement of Activities** – Expenses in the governmental activities column exceeded revenues by \$209,584. Expenses increased during the year due to the Jones Plastic Expansion project.

	June 30, 2012	June 30, 2011	\$	%
Operating revenues	<u>\$ 4,270</u>	<u>\$ 7,526</u>	<u>\$ (3,256)</u>	-43.26%
Operating expenses	<u>214,104</u>	<u>2,070</u>	<u>212,034</u>	10243.19%
Change in net assets	(209,834)	5,456	(215,290)	-3945.93%
Beginning net assets	<u>414,197</u>	<u>408,741</u>	<u>5,456</u>	1.22%
Ending net assets	<u>\$ 204,363</u>	<u>\$ 414,197</u>	<u>\$ (209,834)</u>	1.33%

Operating revenues decreased by 43.26% during the current year. The majority of this decrease is a result in a decrease of investment earnings. Operating expenses increased due to allocating funds to the Jones Plastic Expansion.

## COMMENTS ON FUND FINANCIAL STATEMENTS

The Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental fund** – The focus of the Board's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements.

In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Revenues in the general fund decreased by \$3,256 in 2012. The most significant changes in revenues and other financing sources in the general fund were:

- Interest revenue decreased by \$3,006 in 2012.

Expenditures in the general fund increased from last year by approximately \$212,034. The most significant changes in expenditures and other financing uses in the general fund were:

- Licenses and permits increased by \$22 in 2012.
- The Industrial Board contributed to the Jones Plastic Project in 2012 for the expansion of their facilities. This totaled \$214,062.

## GENERAL FUND BUDGETARY HIGHLIGHTS

**Final Budgeted and Actual Amounts** – Actual interest revenue was under budgeted amounts by \$1,041, which was due to lower interest rates on certificates of deposits as well as some of those certificates being converted to cash during the year to cover current operating costs.

A budget comparison schedule has been provided to demonstrate compliance with the budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** – At the end of the fiscal year, the Board had invested \$5,000 in land. The Board does not currently own any capital assets that are required to be depreciated.

**Long-term debt** – The Board currently does not have any debt obligations.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Benton County Industrial Board had been approved as a sub-recipient for a \$600,000 grant for the purpose of building expansion and fixture upgrades to Jones Plastic & Engineering Company. The effective dates of this grant are January 1, 2012 through December 31, 2013.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Board's finances for citizens, taxpayers, customers, investors, creditors, and all others with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Industrial Development Board of the County of Benton, P.O. Box 292, Camden, TN 38320.

**INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF BENTON**  
**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**  
 June 30, 2012

<b>ASSETS</b>	<b>General Fund Balance Sheet</b>	<b>Adjustments (Note 3A)</b>	<b>Statement of Net Assets</b>
Cash	\$ 46,164	\$ -	\$ 46,164
Accounts receivable	3,000	-	3,000
Interest receivable	-	-	-
Investment	150,199	-	150,199
Capital assets (not being depreciated):			
Land	-	5,000	5,000
<b>Total assets</b>	<u>199,363</u>	<u>5,000</u>	<u>204,363</u>
<b>FUND BALANCE</b>			
Unassigned	<u>199,363</u>	<u>(199,363)</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 199,363</u>	<u>(199,363)</u>	<u>-</u>
<b>NET ASSETS</b>			
Invested in capital assets		5,000	5,000
Unrestricted		<u>199,363</u>	<u>199,363</u>
<b>Total net assets</b>		<u>\$ 204,363</u>	<u>\$ 204,363</u>

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

**INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF BENTON  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE**

For the Year Ended June 30, 2012

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Interest income	\$ 3,070	\$ -	\$ 3,070
Rent income	<u>1,200</u>	<u>-</u>	<u>1,200</u>
<b>Total revenues</b>	<u>4,270</u>	<u>-</u>	<u>4,270</u>
<b>Expenditures</b>			
Licensing and fees	42	-	42
Jones plastic project	<u>214,062</u>	<u>-</u>	<u>214,062</u>
<b>Total expenditures</b>	<u>214,104</u>	<u>-</u>	<u>214,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(209,834)</u>	<u>-</u>	<u>(209,834)</u>
<b>Net changes in fund balance/net assets</b>	<b>(209,834)</b>	<b>-</b>	<b>(209,834)</b>
Net assets - beginning of year	<u>409,197</u>	<u>5,000</u>	<u>414,197</u>
Net assets - end of year	<u>\$ 199,363</u>	<u>\$ 5,000</u>	<u>\$ 204,363</u>

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

**INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF BENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Industrial Development Board of the County of Benton (the Board) is an industrial development board with responsibility for acquiring and developing land for industrial development in Benton County, Tennessee.

In evaluating how to define the Benton County Industrial Development Board, financial reporting purposes management have considered the criteria set forth in the Governmental Accounting Standards Board (GASB), Statement No. 14, The Financial Reporting Entity. The elements of the financial reporting entity are the primary government and, under certain circumstances, a component unit. In general, a primary government has a separately elected governing body, is legally separate and is fiscally independent. The basic criterion for including a potential component unit within the reporting entity is whether the primary government is financially accountable for the component unit.

The primary government is financially accountable if it appoints a voting majority of a component unit's governing body and either: 1) has the ability to impose its will on the component unit or 2) there is potential for the component unit to provide financial benefits or impose financial burdens on the primary government.

Based on these criteria, there are no component units of the Benton County Industrial Development Board. However, the Benton County Industrial Development Board is a component unit of Benton County, because Benton County appoints a majority of the governing body.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and the governmental funds financial statements (i.e., the balance sheet and the statement of revenues, expenditures, and changes in fund balances) have been consolidated into one report. The adjustments from the fund financial statements to the government-wide statements have been consolidated into the middle column of the reports for simplicity.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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. 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 government considers revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The above referenced financial statements have been combined into one statement due to the fact that the Board is a single fund governmental unit.

The Board complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all applicable GASB pronouncements.

**INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF BENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

**D. Assets and Liabilities**

***Deposits and Investments***

Cash consists of currency on hand and demand deposits with financial institutions. Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that there is insignificant risk of changes in value because of changes in interest rates. Only investments with maturities of less than three months at the time of purchase are considered cash equivalents.

***Capital Assets***

Property, plant and equipment are stated at original cost. Maintenance, repairs, and minor renewals are expensed as incurred. When units are retired the original cost and related accumulated depreciation are removed from the books.

Depreciation of the capital assets is computed by the straight-line method over the estimated useful lives (5 to 15 years) of the various assets.

The Board currently has no assets being depreciated.

***Capitalized Interest***

The Board capitalizes interest expense incurred during periods of construction. There was no construction and, consequently, no interest expense was capitalized during the year ended June 30, 2012.

***Income Taxes***

Because the Board is considered a governmental unit, it is not subject to income taxes and no amount for taxes has been recorded in the accompanying statements.

***Land***

On occasion Benton County purchases land from the public either for the use of the government or to further enhance development and economic growth for the benefit of the citizens of the County. Normally, if the land is going to be utilized for development and economic growth, the property is subsequently deeded (a nonmonetary transaction) to the Industrial Development Board, who then negotiates the terms for the use of the property with applicable private-sector companies. The land values recorded in the government-unit wide Statement of Net Assets of the Industrial Development Board are stated at the lower of the County's cost or market value at the time of transfer.

***Equity***

In accordance with GASB No. 54, fund balances 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 purpose because of state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed:** Amounts that can be used only for specific purposes determined by formal action by the Board of Directors resolution. To be reported as committed, amounts cannot be used for any other purposes unless Benton Industrial Board takes the same highest level of action to remove or change the constraint.

**Assigned:** Amounts the Board intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates authority. The Board has not currently designated anyone with that authority.

**Unassigned:** Amounts that are available to be spent for any purpose.

**INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF BENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The Board adopts flexible annual operating budgets. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The current operating budget details the Board's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. All unexpended appropriations in the operating budget remaining at the end of the fiscal year lapse.

**NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Differences between the Governmental Fund Balance Sheet and the Statement of Net Assets**

Adjustments to the balance sheet of governmental funds to the statement of net assets include the following item:

When capital assets (land) that are to be used in governmental activities are purchased, the costs of those assets are reported as expenditures in the governmental funds. However, the statement of net assets includes those capital assets among the assets of the Industrial Development Board of the County of Benton as a whole.

Cost of capital assets	\$ 5,000
Accumulated depreciation	<u>-</u>
	<u>\$ 5,000</u>

**NOTE 4 – DEPOSITS AND CUSTODIAL CREDIT RISK**

**Custodial Credit Risk**

The Board's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statute required that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the Board's agent in the Board's name, or by the treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2012, all bank deposits were fully collateralized or insured.

**NOTE 5 – RISK MANAGEMENT**

Benton County carries commercial insurance for risks of loss from general liability, property, and casualty, which also covers the Benton County Industrial Board. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE 6 – NOTE PAYABLE**

There were no note payables existing at June 30, 2012. In addition, the Board did not engage in any long-term debt transactions during the year.

**INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF BENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2012

**NOTE 7 – RENT RECEIVABLE**

As disclosed in Note 8, below, a company entered into a lease with the Board in March 1962 (amended June 1986) for an initial term of 25 years with the option to renew or extend the lease for a period of up to 74 additional years. The rental payments during the first 25 years of the lease consisted of the principal and interest requirements to retire the conduit debt issued on the company's behalf. The conduit debt has been retired. The rental payment required annually for each of the additional 74 years, if extended, is \$1,200. The rent receivable for the year ended June 30, 2012, is \$3,000. The Board believes the entire amount is collectible.

**NOTE 8 – CONDUIT DEBT**

Conduit debt is a means by which a governmental entity may lend its name and tax exempt status to private companies providing them with access to the tax-exempt bond market. In return, the governmental entity may receive such benefits as an increased tax base, lower unemployment, etc. Conduit debt when issued is not an indebtedness of the governmental entity but of the entities for whom the debt was issued and is payable only by those entities.

In all current and past agreements, the Board entered into long-term leases with the applicable companies who agreed to pay as rent the principal and interest required to retire the bonds. All the lease agreements contain options to purchase the properties for nominal amounts after the initial bond/rent requirements have been met. Currently, the Board has one agreement that is still active

- In 1962, the Board issued industrial development revenue bonds in the amount of \$675,000 for the purpose of acquiring and developing property and constructing a building for industrial purposes. The company occupying this site has fulfilled its obligation and the bonds have been repaid. However, the company has not yet exercised its right to purchase the property for the sum of \$1.00. Since the company has not exercised its right to purchase the property, it is obligated to pay the Board annual rent of \$1,200.

In August 2001, the board authorized the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County to issue its Tax-Exempt Adjustable Mode Exempt Facilities Revenue Bonds (Waste Management, Inc. of Tennessee Project) Series 2001, in an aggregate principal amount not to exceed \$10,325,000. The Board was required to approve the issuance since approximately \$3,100,000 will be used for improving, acquiring, renovating, constructing, and equipping the solid waste facility in Benton County, Tennessee. This bond issuance is considered conduit debt of the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County and not of the Industrial Development Board of the County of Benton. For more detailed information relating to this conduit debt issuance, you should refer to the annual report of the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County.

**NOTE 9 – PROPERTY AND EQUIPMENT**

Changes in property and equipment for the period ended June 30, 2012, were:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Total	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>

The Board currently does not own any capital assets that are required to be depreciated.

**INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF BENTON  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
<b>Revenues</b>				<b>Over (Under)</b>
Interest income	\$ 4,111	\$ 4,111	\$ 3,070	\$ (1,041)
Rent income	1,200	1,200	1,200	-
Total revenues	<u>5,311</u>	<u>5,311</u>	<u>4,270</u>	<u>(1,041)</u>
<b>Expenditures</b>				
License and permits	40	40	42	2
Attorney fees	500	500	-	(500)
Ent. prospects	500	500	-	(500)
Accounting and auditing services	2,200	2,200	-	(2,200)
Jones plastic project	<u>18,000</u>	<u>218,000</u>	<u>214,062</u>	<u>(3,938)</u>
Total expenditures	<u>21,240</u>	<u>221,240</u>	<u>214,104</u>	<u>(7,136)</u>
<b>Excess (deficiency) of revenue over (under) expenditures</b>	<u>\$ (15,929)</u>	<u>\$ (215,929)</u>	<u>(209,834)</u>	<u>\$ 6,095</u>
Net assets - beginning of year			<u>409,197</u>	
Net assets - end of year			<u>\$ 199,363</u>	

*See independent auditor's report*

## **INTERNAL CONTROL AND COMPLIANCE SECTION**

*Members of:*

*American Institute of Certified Public Accountants  
AICPA Center for Public Company Audit Firms  
AICPA Governmental Audit Quality Center  
AICPA Employee Benefit Plan Audit Quality Center  
Tennessee Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants*



**Certified Public Accountants**  
*Offices in Tennessee & Kentucky*

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**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 Directors  
Industrial Development Board of the County of Benton  
Camden, Tennessee

We have audited the financial statements of the governmental activities and the major fund of the Industrial Development Board of the County of Benton, a component unit of Benton County (the Board), as of and for the year ended June 30, 2012, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated June 30, 2013. 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

Management of the Board is responsible for establishing and maintaining effecting internal controls 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 opinion 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 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 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 the internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings that we consider to be a significant deficiency in internal control over financial reporting as item 09-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governances.

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 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*.

We noted certain matters that we reported to management of the Board in a separate letter dated June 30, 2013.

The Board's response to the finding in our audit is described in the schedule of findings. We did not audit the Board's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and pass-through entities, and the Comptroller of the Treasury, State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants  
Jackson, Tennessee  
June 30, 2013

**INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF BENTON**  
**SCHEDULE OF FINDINGS**  
June 30, 2012

**Financial Statement of Findings**

**Current Year Findings:**

**09-01 Separation of Duties (Significant Deficiency)**

Condition: The Board only has one staff person that is responsible for all aspects of the accounting functions.

Criteria: Proper separation of duties involves separating the functions of recording transactions, posting to the general ledger, and reconciling general ledger accounts.

Effect: When accounting functions are not adequately separated, the risk of errors and irregularities occurring and not being detected in a timely manner increases.

Recommendation: Controls should be used to insure some separation of the cash, record keeping, and reconciliation procedures for all areas of the internal control system.

Management Response: Due to the size of the Board, it is not economically feasible to hire additional staff at this time.

**Prior Year Findings**

**09-01 Separation of Duties (Significant Deficiency) (Repeated)**