

AUDITED FINANCIAL STATEMENTS  
SPORTS AUTHORITY OF THE COUNTY OF WILSON  
A COMPONENT UNIT OF  
WILSON COUNTY, TENNESSEE  
YEAR ENDED JUNE 30, 2013

## CONTENTS

	Page
Board of Directors .....	3
Independent Auditors' Report .....	4-5
Management's Discussion and Analysis .....	6-9
GOVERNMENT-WIDE STATEMENTS .....	10
Statement of Net Position .....	11
Statement of Activities .....	12
FUND STATEMENTS .....	13
Balance Sheet – Governmental Funds .....	14
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds .....	15
Notes to Financial Statements .....	16-21
Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on and Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	22-23

**SPORTS AUTHORITY OF THE COUNTY OF WILSON**  
**A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE**

**BOARD OF DIRECTORS**

Nelson Steed, President  
1445 Old Laguardo Road  
Lebanon, Tennessee 37087

Andy Bond, Treasurer/Secretary  
1098 Weston Drive  
Mt. Juliet, Tennessee 37122

Jimmy Tate  
212 Paul Drive  
Mt. Juliet, Tennessee 37122

Ricky Thome  
7200 Coles Ferry Pike  
Lebanon, Tennessee 37087

Charles Danner  
1334 Benders Ferry Road  
Mt. Juliet, Tennessee 37122

Randell Hutto, County Mayor  
228 East Main Street, Rm 104  
Lebanon, Tennessee 37087

Veronica Bender  
P.O. Box 4  
Mt. Juliet, Tennessee 37122

Jeff Rowlett  
1105 Shadow Lane  
Mt. Juliet, Tennessee 37122

Brian Wood  
3256 Briarhill Court  
Lebanon, Tennessee 37087

Bill Heydel  
524 Crowell Lane  
Lebanon, Tennessee 37087

## INDEPENDENT AUDITORS' REPORT

To the Comptroller of Treasury and  
The Board of Directors of  
The Sports Authority of the County of Wilson  
A Component Unit of Wilson County Tennessee  
Lebanon, Tennessee

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

We have audited the accompanying financial statements of the governmental activities and major funds of the Sports Authority of the County of Wilson, a component unit of Wilson County, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of the Sports Authority of the County of Wilson, as of June 30, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

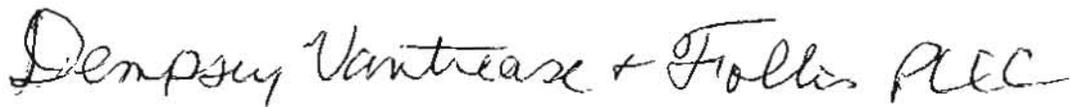
*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sports Authority of the County of Wilson's basic financial statements. The Board of Director Listing is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Board of Directors Listing has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014, on our consideration of the Sports Authority of the County of Wilson'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sports Authority of the County of Wilson's internal control over financial reporting and compliance.



Lebanon, Tennessee

February 28, 2014

## Management's Discussion and Analysis

This section of the Sports Authority of the County of Wilson's (a component unit of Wilson County) audited financial statements presents our discussion and analysis of the Organization's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the financial statements, which follow this section.

### Financial Highlights

- The Organization's net position increased \$933,686 over the course of this year's operations. The change in net position is a 5.24% increase in total net position from the fiscal year ended June 30, 2012.
- During the year, the Sports Authority's expenses were \$933,686 less than the \$965,829 generated in taxes and other revenues for governmental programs.
- The total cost of the Organization's activities increased 65.64% from \$19,406 in the fiscal year ended June 30, 2012 to \$32,143 in the fiscal year ended June 30, 2013.
- Balances of cash increased \$239,944 or 9.7% during the fiscal year ended June 30, 2013. Revenues continued to significantly outpace expenditures.
- Long-term debt decreased \$800,000 or (4.08)% due to regularly scheduled principal payments on the outstanding bonds.
- The Speedway cancelled all future events during the fiscal year ended June 30, 2012. This means that there will not be any future sales tax receipts for the Sports Authority. Property tax will continue to be collected by Wilson County and remitted to the Sports Authority for payment of the bonds.

### Overview Of The Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Authority:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Authority's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the Authority, reporting the Authority's operations in more detail than the government-wide statements.
  - o The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

### **Government-wide Statements**

The government-wide statements report information about the Sports Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Sports Authority's net position and how they have changed. Net position – the difference between the Sports Authority's assets and liabilities – is one way to measure the Sports Authority's financial health, or position.

- Over time, increases or decreases in the Authority's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Sports Authority you need to consider additional non-financial factors.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Sports Authority's most significant funds – not the Sports Authority as a whole. Funds are accounting devices that the Sports Authority uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and bond covenants.
- Other funds are established to control and manage money for particular purposes or to show that the government is properly using taxes.

The Sports Authority has only one kind of fund:

- Governmental funds – Most basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. Because this information does not encompass the additional long-term focus of

the governmental funds statement, or on the subsequent page, that explains the relationships (or differences) between them.

### Financial Analysis of the Organization as a Whole

**Net Position.** The Organization's net position increased \$933,686 between fiscal years 2012 and 2013. In comparison, net position for the fiscal year ended June 30, 2012 increased \$988,171 from the fiscal year ended June 30, 2011.

#### Sports Authority For the County of Wilson Net Position

	<u>2013</u>	<u>2012</u>	<u>% Change</u>
Current and Other Assets	\$ 2,714,916	\$ 2,482,876	9.35%
Capital Assets	-	-	-
Total Assets	<u>\$ 2,714,916</u>	<u>\$ 2,482,876</u>	12.42%
Current Liabilities	\$ 801,316	\$ 702,962	(13.99)%
Long-Term Liabilities	18,800,000	19,600,000	(4.08)%
Net Position			
Restricted for Debt Service	2,713,533	2,479,914	9.42%
Unrestricted	<u>(19,599,933)</u>	<u>(20,300,000)</u>	3.45%
Total Net Position	<u>(16,886,400)</u>	<u>(17,820,086)</u>	5.24%
 Total Liabilities & Net Position	 <u>\$ 2,714,916</u>	 <u>\$ 2,482,876</u>	 9.35%

**Changes In Net Position.** The Sports Authority's total revenues decreased from the prior fiscal year. Total revenues decreased \$41,748 or 4.14%. The Authority's primary sources of revenue are portions of sales tax revenues attributable to events held at the Speedway and portions of property taxes from the property owned by the Speedway. Operating revenues decreased \$68,185, or (6.77) % of total revenues, as a result of decreased sales tax revenue. Property tax revenue and miscellaneous revenue increased \$26,396, or 2.80% of total revenues. The remaining revenue is investment income resulting from the bond proceeds prior to their being used to build the Speedway or repay the debt. These revenues increased \$41.

The total cost of all programs increased \$12,737, or 65.64%, primarily due to bond remarketing fees being written off in the 2012 fiscal year.

Sports Authority For the County of Wilson  
Changes In Net Position  
June 30, 2013 and June 30, 2012

	<u>2013</u>	<u>2012</u>	<u>% Change</u>
Total Operating Revenues	\$ 965,624	\$ 1,007,413	(4.15) %
Total Operating Expenses	<u>32,143</u>	<u>19,406</u>	<u>65.64 %</u>
Operating Income	933,481	988,007	(5.56)%
Non-Operating Income	<u>205</u>	<u>164</u>	<u>25.00%</u>
Increase In Net Assets	<u>\$ 933,686</u>	<u>\$ 988,171</u>	<u>(5.51) %</u>

**Capital Assets.** The Sports Authority For the County of Wilson does not own any capital assets. It was organized for the purpose of financing the Nashville Super Speedway and issued bonds to provide funds for that purpose. The Sports Authority will receive certain sales and property tax revenues from The State of Tennessee and Wilson County, Tennessee in order to meet the outstanding principal and interest amounts on the bonds. If these revenues are insufficient to repay the principal and interest on the bonds, Dover Downs is responsible for making up the difference.

**Contacting The Organizations Financial Management**

This financial report is designed to provide the citizens, taxpayers, and customers of Wilson County of the Organization's finances and to demonstrate the Organization's accountability for the money it receives. If you have questions about this report or need additional information, contact the Wilson County Finance Director, 228 E. Main Street Room 205, Lebanon, TN 37087.

**GOVERNMENT-WIDE STATEMENTS**

SPORTS AUTHORITY OF THE COUNTY OF WILSON  
(a Component Unit of Wilson County, Tennessee)  
STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 67
Cash - Held in Trust for Debt Service	2,714,849
Total Assets	\$ 2,714,916
<b>LIABILITIES AND NET POSITION</b>	
Accrued Interest on Bonds	\$ 1,316
Current Portion Long Term Debt	800,000
Total Current Liabilities	801,316
Long Term Liabilities	
Bonds Payable, Less Current Portion	18,800,000
Total Liabilities	19,601,316
Net Position	
Restricted for Debt Service	2,713,533
Unrestricted (deficit)	(19,599,933)
Total Net Positon	(16,886,400)
Total Liabilities and Net Position	\$ 2,714,916

See Notes To Financial Statements.

SPORTS AUTHORITY OF THE COUNTY OF WILSON  
(a Component Unit of Wilson County, Tennessee)  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities			
Interest on Long Term Debt	\$ 27,893	\$ -	\$ (27,893)
General & Administrative	4,250	4,250	-
	<u>\$ 32,143</u>	<u>\$ 4,250</u>	<u>\$ (27,893)</u>

General Revenues

Taxes:

Sales Taxes From Wilson County	(7,904)
Sales Taxes From State of Tennessee	-
Property Taxes From Wilson County	969,278
Unrestricted Investment Earnings	205
Total General Revenues, Special Items, & Transfers	<u>961,579</u>
Change In Net Position	933,686
Net Position - 6/30/12	<u>(17,820,086)</u>
Net Position - 6/30/13	<u><u>\$ (16,886,400)</u></u>

See Notes To Financial Statements

**FUND STATEMENTS**

SPORTS AUTHORITY OF THE COUNTY OF WILSON  
(a Component Unit of Wilson County, Tennessee)  
**COMBINED BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2013

	Governmental Funds		Total
	General	Debt Service	Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 67	\$ -	\$ 67
Cash - Held In Trust For Debt Service	-	2,714,849	2,714,849
Total Assets	\$ 67	\$ 2,714,849	\$ 2,714,916
 <b>LIABILITIES AND FUND BALANCES</b>			
Fund Balances			
Restricted for Debt Services	\$ -	\$ 2,714,849	\$ 2,714,849
Unassigned	67	-	67
Total Fund Balances	67	2,714,849	2,714,916
Total Liabilities and Fund Balance	\$ 67	\$ 2,714,849	\$ 2,714,916

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Positions:

Total Fund Balance	\$ 2,714,916
Amounts reported for governmental activities in the statement of net position are different because:	
Bonds Payable are not due and payable in the current period and therefore are not reported in the funds	(19,600,000)
Accrued Interest on bonds are not reported in the current period and therefore are not reported in the funds	(1,316)
Net Position of Governmental Activities	\$ (16,886,400)

See notes to financial statements

SPORTS AUTHORITY OF THE COUNTY OF WILSON  
(a Component Unit of Wilson County, Tennessee)  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Funds		Total Governmental Funds
	General	Debt Service	
<b>Revenues:</b>			
Interest	\$ -	\$ 205	\$ 205
Contributions	4,250	-	4,250
Payments from Primary Government	-	961,374	961,374
Payments from State	-	-	-
Total Revenues	<u>4,250</u>	<u>961,579</u>	<u>965,829</u>
<b>Expenditures:</b>			
Interest & Letter of Credit Fees	-	29,539	29,539
General and Administrative	4,250	-	4,250
Principal Payments on Long-Term Debt	-	700,000	700,000
Total Expenditures	<u>4,250</u>	<u>729,539</u>	<u>733,789</u>
Excess (Deficiency) of Revenues Over Expenditures	-	232,040	232,040
<b>Fund Balance</b>			
Beginning of Period	67	2,482,809	2,482,876
End of Period	<u>\$ 67</u>	<u>\$ 2,714,849</u>	<u>\$ 2,714,916</u>
Net Change In Fund Balances - Total Governmental Funds			\$ 232,040
Amounts reported for governmental activities in the statement of activities are different because			.
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			700,000
Some expenses reported in the statement of activities do not require use of current financial resources and are not reported as expenditures in governmental funds. These include:			
Accrued Interest on Bonds - 6/30/13			(1,316)
Accrued Interest on Bonds - 6/30/12			<u>2,962</u>
Change In Net Position of Governmental Activities			<u>\$ 933,686</u>

See notes to financial statements

**SPORTS AUTHORITY OF THE COUNTY OF WILSON**  
**A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2013

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

**A. Reporting Entity**

The Sports Authority of the County of Wilson was established for the purpose of planning, promoting, financing, constructing, acquiring, renovating, equipping and enlarging sports complexes, stadiums, arenas, structures and facilities for public participation and enjoyment of professional and amateur sports, fitness, health and recreational facilities.

The Organization is a component unit of Wilson County, Tennessee, the primary government. The Wilson County Board of Commissioners appoints the board members of the Organization. According to the Organization's Charter, it is an instrumentality of Wilson County and in the event of dissolution, all funds and properties owned by the Organization will vest with the County. Also, the County is providing funding through an agreement to remit certain property taxes and a portion of certain sales taxes to the Organization. Therefore, the Organization is a component unit of Wilson County, Tennessee.

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

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Sports Authority as a whole. Individual funds are not displayed in the government-wide financial statements and the Authority has only governmental activities supported by taxes and general revenues.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Authority's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

SPORTS AUTHORITY OF THE COUNTY OF WILSON  
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

*Fund Financial Statements*

Fund financial statements are provided for the governmental funds.

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

The financial statements of the Sports Authority are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). 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 report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Sports Authority considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

The Sports Authority's general spending prioritization policy is to consider restricted resources to have been used first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

**D. Net Position**

Net position comprises the various net earnings from operating income, non-operating revenues and expenses and capital contributions. Net position is classified in the following three components:

SPORTS AUTHORITY OF THE COUNTY OF WILSON  
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

*Invested in capital assets*

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The Board has no debt related to capital assets at June 30, 2013.

*Restricted*

This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislations.

*Unrestricted*

This component of net position consists of net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

E. Fund Types and Major Funds

The Sports Authority reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the Organization. It is used to account for all financial resources except those required to be accounted for in another fund.

**Debt Service Fund** - This fund has been established to accumulate resources for the payment of principal and interest on long-term general obligation bonds.

SPORTS AUTHORITY OF THE COUNTY OF WILSON  
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Bad Debt

The Sports Authority has recorded no provision for bad debts as all accounts receivable are considered fully collectible.

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2013 the bank balance of cash and cash equivalent is \$2,714,917. The deposits are completely insured by FDIC insurance and by the state bank collateral pool.

NOTE 3 – LONG-TERM DEBT

Long-term debt at June 30, 2013 consists of \$19,600,000 variable rate tax exempt infrastructure revenue bonds, issued September 29, 1999, due serially to September 1, 2029. These bonds are limited obligations of the Organization, payable solely from the revenues described in note 5 below. Except to the extent of their obligation with respect to these revenues, neither the Organization, the Primary Government nor the State of Tennessee has any liability with respect to the payment of these bonds.

A summary of changes in long-term debt follows:

<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>Ending</u>
<u>\$20,300,000</u>	<u>\$ -</u>	<u>\$ 700,000</u>	<u>\$19,600,000</u>

Amounts Due  
Within One  
Year  
\$ 800,000

**SPORTS AUTHORITY OF THE COUNTY OF WILSON**  
**A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2013

**NOTE 3 – LONG TERM DEBT – CONTINUED**

Annual requirements to amortize long-term debt:

The annual debt service requirements to maturity as of June 30, 2013 are as follows:

Year Ending	<u>Principal</u>	<u>Interest</u>
<u>June 30</u>		
2014	800,000	564,000
2015	800,000	540,000
2016	800,000	516,000
2017	900,000	489,000
2018	900,000	432,000
2019 – 2023	5,400,000	1,839,000
2024 – 2028	6,800,000	909,000
2029 – 2030	<u>3,200,000</u>	<u>48,000</u>
	<u>\$ 19,600,000</u>	<u>\$ 5,367,000</u>

**NOTE 4 – RISK MANAGEMENT**

The Organization is exposed to the risk of loss from general liability. The Sports Authority has been named as an additional insured on the general liability policy of Dover Motorsports, Inc.

**NOTE 5 – REVENUE**

Per the Development Agreement between the Organization, the Primary Government and the Developer, the Primary Government will pay to the Organization annually the amount of real property taxes determined to be due for the first calendar year after the completion of the construction of the facility (the "base year taxes") plus \$100,000, not to exceed the actual property tax collected. Also, with regards to the sales taxes collected at the facility, the Organization is entitled to the entire State portion and 1.5% of the local portion (currently 2.25%). These funds are to be used by the organization to pay: (1) the necessary and ordinary expenses not to exceed \$10,000 per year; (2) principal and interest due on the bonds during the year following the receipt of such funds; (3) to pay the principal and interest on any additional indebtedness incurred for additional infrastructure costs of the facility; (4) to pay reasonable and ordinary expenses exceeding \$10,000 and (5) for funding an escrow account to pay or prepay the bonds.

**SPORTS AUTHORITY OF THE COUNTY OF WILSON**  
**A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2013

**NOTE 5 – REVENUE (CONTINUED)**

Revenues and related amounts receivable for the year ended June 30, 2013 are as follows:

	<u>Revenue</u>	<u>Receivable</u>
Property Tax	\$ 969,278	\$ -
Sales Tax - County	<u>(7,904)</u>	<u>-</u>
	<u>\$ 961,374</u>	<u>\$ -</u>
 Sales Tax - State	 <u>\$ -</u>	 <u>\$ -</u>

**NOTE 6 – LETTER OF CREDIT**

The bonds described in Note 3 are secured by a direct-pay letter of credit with US Bank from Dover Downs Entertainment, Inc. The Sports Authority is responsible for paying the fees associated with any monies drawn on the letter of credit. The letter of credit is not an obligation of the Sports Authority but is used to secure the outstanding bonds.

**NOTE 7 – BUDGET**

The Sports Authority is not legally required to develop a budget for its activities. Accordingly, no budget to actual comparative information is presented.

**NOTE 8 – GOING CONCERN**

In August 2011, Dover Motorsports announced that its wholly owned subsidiary, Nashville Speedway would not continue in operation. The Sports Authority of Wilson County receives sales tax revenue from the operations of the Nashville Speedway – see Note 5 regarding the Authority’s use of these revenues and Note 3 regarding the bond debt. This announcement will not affect the net position or operating activities of the Authority, as obligations will continue to be paid from any applicable property taxes. To the extent that the taxes are insufficient, Dover Motorsports provides a letter of credit which can be drawn on to make up any difference.

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 Comptroller of the Treasury  
And the Board of Directors of  
The Sports Authority of the County of Wilson  
Lebanon, Tennessee

We have audited the financial statements of the governmental activities and major funds of the Sports Authority of the County of Wilson, a component unit of Wilson County, as of and for the year ended June 30, 2013, which collectively comprise the Sports Authority of the County of Wilson's basic financial statements and have issued our report thereon dated February 28, 2014. 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 Sports Authority of the County of Wilson, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Sports Authority of the County of Wilson'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 the Sports Authority of the County of Wilson's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sports Authority of the County of Wilson'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 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 Sports Authority of the County of Wilson'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*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, Wilson County and the Tennessee comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties.

*Dempsey Vantrouse + Folles PLLC*

Lebanon, Tennessee

February 28, 2014