

**INDUSTRIAL DEVELOPMENT BOARD  
OF ROBERTSON COUNTY**

Financial Statements and Supplemental Information

For the Year Ended June 30, 2013

## **FINANCIAL SECTION**

**INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY**

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## **Independent Auditor's Report**

Board of Directors  
Industrial Development Board of Robertson County

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

We have audited the accompanying Statement of Net Position 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, 2013 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Board, as of June 30, 2013 and the changes in net position, for the years then ended in accordance with accounting principles generally accepted in the United States America.

### **Change in Accounting Principle**

As discussed in Note 10 to the financial statements, in 2013, the Board adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*. Our opinion is not modified with respect to these matters.

**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 3 through 4 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, Industrial, 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 District's basic financial statements. The information on the accompanying schedules on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule has not been subjected to the auditing procedures applied in the audit of the 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 7, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



February 7, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) of the Industrial Development Board of Robertson County (Board) activities and financial performance provides the reader with an introduction and overview to the financial statements of the Board for the year ended June 30, 2013. This information should be considered within the context of the accompanying financial statements and note disclosures.

### FINANCIAL OPERATIONS HIGHLIGHTS

Net position increased by \$127,311 in 2013 as compared to a decrease of \$74,781 in 2012. The increase in 2013 is the result of increased Hotel-Motel tax collections. The Realizing Robertson's Future campaign also contributed to the increase by \$28,394. Expenses decreased by approximately \$96,000 during 2013 primarily due to no expenses for strategic planning.

### OVERVIEW OF THE FINANCIAL STATEMENTS

MD&A introduces the Board's basic financial statements. The basic financial statements include the statement of net position and governmental fund balance sheet, statement of activities and governmental fund revenues, expenditures and changes in fund balance.

The statement of net position and governmental fund balance sheet reports all the Board's assets and liabilities, with the difference being reported as net position. Over time increases or decreases in net position typically give some indication of whether the financial position of the Board is improving or deteriorating. The Board's net position gives a good indication of the earnings, exclusive of depreciation, that have been accumulated since inception.

The statement of activities and governmental fund revenues, expenditures and changes in fund balance reports all revenues and expenses for the year, regardless of whether cash has been received or paid. An important purpose of the statement is to show whether the Board's revenues and operations are sufficient to support continued operations. The Board showed positive earnings from operations during 2013.

### CONDENSED FINANCIAL INFORMATION

A condensed summary of the Board's operations follows:

	Year Ended June 30,	
	<u>2013</u>	<u>2012</u>
Total revenues	\$ 480,622	374,568
Total expenses	<u>(353,311)</u>	<u>(449,349)</u>
Change in net position	127,311	(74,781)
Net position beginning of year	<u>160,357</u>	<u>235,139</u>
Net position end of year	\$ <u>287,668</u>	<u>160,357</u>

A condensed summary of the Board's financial position follows:

	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2012</u>
<b>ASSETS</b>		
Current assets	\$ <u>359,414</u>	\$ <u>219,250</u>
Total assets	\$ <u>359,414</u>	\$ <u>219,250</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ <u>71,746</u>	\$ <u>58,892</u>
Total liabilities	\$ <u>71,746</u>	\$ <u>58,892</u>
<b>NET POSITION</b>		
Restricted for Industrial Development	<u>287,668</u>	<u>160,358</u>
Total net position	<u>287,668</u>	<u>160,358</u>
Total liabilities and net position	\$ <u>359,414</u>	\$ <u>219,250</u>

#### **CURRENT BOARD ACTIVITIES**

In 2013, the Board continued to promote economic development within the Robertson County area.

**Industrial Development Board of Robertson County**

Statement of Net Position  
and Governmental Fund Balance Sheet

June 30, 2013

Assets

**Current Assets:**

Cash - checking	\$ 234,264
Accounts receivable - government	86,398
Accounts receivable - other	<u>38,752</u>
<b>Total Assets</b>	<b>\$ <u>359,414</u></b>

Liabilities, Net Position

**Current Liabilities**

Accounts payable	\$ 1,125
Hotel-Motel tax due cities	<u>70,621</u>
Total Current Liabilities	<u>71,746</u>

**Net Position**

Restricted for industrial development purposes	<u>287,668</u>
<b>Total Liabilities and Net Position</b>	<b>\$ <u>359,414</u></b>

See the accompanying notes to the 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, 2013

#### Revenues:

Intergovernmental Revenue:	
Hotel/Motel taxes	\$ 406,060
RRP Partnership	35,503
RRF Campaign	28,394
Interest income	307
Other Revenue	<u>10,358</u>
Total Revenues	<u>480,622</u>

#### Expenditures:

Payment of Hotel - Motel Tax to other cities	121,817
Payments to Robertson County Chamber of Commerce:	
Reimbursement for Director's salary	92,765
Reimbursement of related administrative costs	35,000
Reimbursement of Chamber facilities related debt	30,303
Reimbursement of other costs	16,598
Strategic planning program	
Maxey Road project	32,160
Legal and professional	6,650
Tourism awards	17,586
Administrative	432
Total Expenditures	<u>353,311</u>
Change in net position	127,311
Net position, beginning of year	<u>160,357</u>
Net position, end of year	<u>\$ 287,668</u>

See the accompanying notes to the financial statements.

# INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY

## Notes to Financial Statements

June 30, 2013

### (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 require 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.

# INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY

## Notes to Financial Statements

June 30, 2013

(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

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 2013, the Board invested in a savings account only.

# INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY

## Notes to Financial Statements

June 30, 2013

### **(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, 2013.

### **(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**

#### **City of Springfield:**

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 2013, no payment was made.

#### **Chamber of Commerce:**

The Board entered into 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. The Board agreed to pay the Chamber an amount for annual salary and support staff of the economic development professional. As a result of the agreement in fiscal year 2013 quarterly payments of \$20,500 and a \$10,765 bonus to the Director were paid for a total payment of \$92,765. The agreement also provided that Chamber program costs would be reimbursed by the Board up to \$35,000.

During fiscal year 2013, the Board paid various other administrative costs related to the operation of the Industrial Development Board's Director of \$16,698

The Board also 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 the fiscal year 2013, the Board paid \$30,303 as a result of this agreement.

### **(8) TOURISM GRANT AWARDS**

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

## Notes to Financial Statements

June 30, 2013

(9) **CONTINGENCIES**

The Board entered into a contract with Byrne Allen to conduct an Industrial Development Fundraising Campaign which would provide private funding for a program of work developed in a feasibility Study and Visioning Process developed through interviews and committee meetings with more than 200 Robertson County businesses, elected officials and community leaders. The Board paid for the fees and direct expenses of the Campaign with the understanding that it would be reimbursed over the course of the four-year payment schedule for the pledges, assuming the pledges are realized. Total cost that would be reimbursed amounted to \$118,689.

During the fiscal year 2013, the Board received reimbursement for these Campaign costs of \$28,394, or 24% of the total amount to be reimbursed.

(10) **CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2013 the Board implemented GASB Statement 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position*. This action resulted in the establishment of categories outside of assets and liabilities titled deferred outflows and deferred inflows. The Board had no items requiring presentation as deferred inflows or outflows.

Also implemented was GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in non-governmental pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The adoption of GASB 62 had no impact on the Board's financial statements.

# INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY

## Schedule of Board Members and Compensation

June 30, 2013

<u>Board Member</u>	<u>Compensation</u>
Roger Blackwood, Chairman	*
Ralph Illges, Vice Chairman	*
Ann Schneider, Treasurer	*
Whitfield Hamilton, Member	*
Don Head, Member	*
Ted Jamison, Member	*
Tony Neal, Member	*
Matt Burnett, Member	*
Robert Ralston, Member	*

\*No compensation paid to Directors.

# YEARY, HOWELL & ASSOCIATES

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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 AUDIT STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying Statement of Net Position and Governmental Fund Balance Sheet of the Industrial Development Board of Robertson County, Tennessee (the Board) as of June 30, 2013, and the related and Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 7, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

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

### **Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

February 7, 2014

A handwritten signature in black ink, appearing to read "J. Donald O'Connell". The signature is written in a cursive style with a long horizontal flourish extending to the right.