

**THE INDUSTRIAL DEVELOPMENT BOARD
OF FENTRESS COUNTY
JUNE 30, 2014**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

THE INDUSTRIAL DEVELOPMENT BOARD OF FENTRESS COUNTY
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JUNE 30, 2014

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**THE INDUSTRIAL DEVELOPMENT BOARD OF FENTRESS COUNTY
ROSTER OF MANAGEMENT OFFICIALS AND
THOSE CHARGED WITH GOVERNANCE
JUNE 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Industrial Development Board of Fentress County
Jamestown, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and the major fund of The Industrial Development Board of Fentress County, a component unit of Fentress County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise The Industrial Development Board of Fentress County'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 the 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of The Industrial Development Board of Fentress County, a component unit of Fentress County, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 historic context. The auditor's opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Industrial Development Board of Fentress County's basic financial statements. The Schedule of Expenditures of Federal Awards on page 15 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The Schedule of Changes in Fund Balance - Budget and Actual on page 16 and the Roster of Management Officials and Those Charged with Governance on page 1 are presented for

purposes of additional analysis and are also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the Schedule of Changes in Fund Balance - Budget and Actual and the Roster of Management Officials and Those Charged with Governance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of Federal Awards, the Schedule of Changes in Fund Balance - Budget and Actual and the Roster of Management Officials and Those Charged with Governance are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 15, 2014 on my consideration of The Industrial Development Board of Fentress County's internal control over financial reporting and on my 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 my 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 Industrial Development Board of Fentress County's internal control over financial reporting and compliance.

December 15, 2014
Cookeville, Tennessee

Tamara L. Beckman, CPA

THE INDUSTRIAL DEVELOPMENT BOARD OF FENTRESS COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2014

Assets

Current Assets

Cash	\$ 347,125.30	
Grant Receivable - State of TN	13,623.50	
Prepaid Expenses	<u>4,494.44</u>	
Total Current Assets		\$ 365,243.24

Capital Assets

Construction in Progress	8,702,501.08	
Land	1,002,090.07	
Water Lines	523,911.07	
Building & Improvements	1,741,362.53	
Office Equipment	5,549.15	
Less: Accumulated Depreciation	<u>(461,678.98)</u>	
Total Capital Assets		<u>11,513,734.92</u>

Total Assets \$ 11,878,978.16

Liabilities

Current Liabilities

Accounts Payable	244,510.90	
Current Portion of Long-Term Debt	<u>17,569.71</u>	
Total Current Liabilities		262,080.61

Long-Term Debt 6,685,624.83

Total Liabilities 6,947,705.44

Net Position

Net Investment in Capital Assets	4,566,029.48	
Restricted - Grant Proceeds	13,628.65	
Unrestricted	<u>351,614.59</u>	

Total Net Position \$ 4,931,272.72

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

THE INDUSTRIAL DEVELOPMENT BOARD OF FENTRESS COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

<u>Expenses</u>		
Staffing Services	\$ 22,500.00	
Audit	2,000.00	
Advertising	10,531.75	
Mapping	-	
Legal Fees	1,049.00	
Other Professional Services	-	
Dues & Memberships	440.00	
Licenses & Fees	1,087.00	
Office Expense	35.00	
Insurance	8,235.00	
Repairs & Maintenance	1,933.50	
Utilities	112.59	
Conferences & Travel	1,987.66	
Interest Expense	683.69	
Depreciation Expense	<u>57,297.17</u>	
Total Expenses		\$ 107,892.36
 <u>Program Revenues</u>		
Rental Income	28,918.98	
Operating Grants & Contributions		
City of Allardt	750.00	
City of Jamestown	1,500.00	
Capital Grants & Contributions		
Fentress County	1,083,740.19	
State of TN Grant Income	<u>258,134.40</u>	
Total Program Revenues		<u>1,373,043.57</u>
Net (Expense) Revenue		1,265,151.21
 <u>General Revenue</u>		
Interest Income	<u>41.69</u>	
Total General Revenue		<u>41.69</u>
Change In Net Position		1,265,192.90
Net Position, July 1, 2013		<u>3,666,079.82</u>
Net Position, June 30, 2014		<u>\$ 4,931,272.72</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

THE INDUSTRIAL DEVELOPMENT BOARD OF FENTRESS COUNTY
BALANCE SHEET
JUNE 30, 2014

Assets

Current Assets

Cash in Bank	\$ 347,125.30	
Grant Receivable - State of TN	13,623.50	
Prepaid Expenses	<u>4,494.44</u>	
Total Current Assets		<u>\$ 365,243.24</u>

Total Assets \$ 365,243.24

Liabilities & Fund Balance

Current Liabilities

Accounts Payable	\$ 244,510.90	
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Fund Balance

Nonspendable - Prepaid	\$ 4,494.44	
Restricted - grant proceeds	13,628.65	
Assigned	70,625.67	
Unassigned	<u>31,983.58</u>	
		<u>120,732.34</u>

Total Liabilities & Fund Balance \$ 365,243.24

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

**THE INDUSTRIAL DEVELOPMENT BOARD OF FENTRESS COUNTY
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Fund Balance-Balance Sheet		\$ 120,732.34
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Amount reported for governmental activities in the Statement of Net Position are different because Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental Capital Assets & CIP		\$ 11,975,413.90
Less: Accumulated Depreciation		<u>(461,678.98)</u>
		11,513,734.92

Long-term liabilities not reported in the fund financial statements		<u>(6,703,194.54)</u>
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Net Position of Governmental Activities		<u>\$ 4,931,272.72</u>
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**THE INDUSTRIAL DEVELOPMENT BOARD OF FENTRESS COUNTY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

Revenues

Rental Income	\$ 28,918.98
Fentress County	1,083,740.19
City of Allardt	750.00
City of Jamestown	1,500.00
Grant Income	258,134.40
Interest Income	41.69

Total Revenues \$ 1,373,085.26

Other Financing Sources

Proceeds from Loans	<u>6,724,241.00</u>
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Total Revenues and Other Financing Sources \$ 8,097,326.26

Expenditures

Current

Staffing Services	22,500.00
Audit	2,000.00
Advertising	10,531.75
Mapping	-
Legal Fees	1,049.00
Dues & Memberships	440.00
Licenses & Fees	1,087.00
Office Expense	35.00
Insurance	8,235.00
Repairs & Maintenance	1,933.50
Utilities	112.59
Conferences & Travel	1,987.66

Total Operating Expenditures \$ 49,911.50

Capital Outlay 8,070,277.81

Debt Services

Principal	21,046.46
Interest	<u>683.69</u>

Total Expenditures 8,141,919.46

Net Change in Fund Balance (44,593.20)

Fund Balance, July 1, 2013 165,325.54

Fund Balance, June 30, 2014 \$ 120,732.34

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

**THE INDUSTRIAL DEVELOPMENT BOARD OF FENTRESS COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Net Change in Fund Balance \$ (44,593.20)

Amount reported for governmental activities in the Statement of Net Position are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for Capital Assets and CIP	\$ 8,070,277.81	
Less: Depreciation Expense	<u>(57,297.17)</u>	
		8,012,980.64

Governmental funds report payment of principle on Notes Payable as expenditures and proceeds of new loans as revenue. However, payments of principal and new loans generated are not presented in the Statement of Activities.

Proceeds from new loans	(6,724,241.00)	
Expenditures of principle payments	<u>21,046.46</u>	
		<u>(6,703,194.54)</u>

Change in Net Position of Governmental Activities		<u><u>\$ 1,265,192.90</u></u>
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

THE INDUSTRIAL DEVELOPMENT BOARD OF FENTRESS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1 – Organization

The Industrial Development Board of Fentress County was incorporated December 27, 1978. The purpose of The Industrial Development Board of Fentress County is to do business as an industrial development corporation as prescribed by Chapter 210 of the Public Act of 1955, as codified in 6-2801, et seq. Tennessee Code Annotated, and as amended by Chapter 222, Public Act of 1959. It is a component unit of Fentress County, Tennessee. The directors are elected by the governing body of Fentress County. It must file a budget with Fentress County each year. Upon dissolution, the title to all funds and properties owned by The Industrial Development Board of Fentress County at that time shall become the property of Fentress County. In the Governmental fund financial statements, the Board considers receivables collected within thirty days after year-end to be available and recognizes them as revenues of the current year. Program Revenues consist of rental income, operating and capital grants and contributions.

Note 2 – Government – Wide Financial Statements

The Government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report the governmental activities of The Industrial Development Board of Fentress County. The governmental activities are reported on the economic resources measurement focus on the accrual basis of accounting.

Note 3- Fund Financial Statements

To ensure observance of limitations and restrictions placed on the use of resources available to The Industrial Development Board of Fentress County, the accounts of the Board are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group. The fund financial statements report using current financial resources measurement focus and the modified accrual basis of accounting. The measurement focus of governmental fund accounting is on expenditures rather than expenses. Most expenditures are measurable and are recorded when the related liability is incurred.

Fund Balances

- Nonspendable Fund Balance
Fund balances reported as nonspendable in the accompanying financial statements represent amounts for prepaid expenses.
- Restricted Fund Balance
 - Fund balances reported as restricted are the result of externally imposed restrictions placed upon certain resources accounted for in the restricted funds. This includes grant funds.
 - When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.
- Assigned Fund Balance
 - Amounts that are constrained by the Board's intent to be used for specific purposes are reflected as assigned in the accompanying financial statements.

➤ Unassigned Fund Balance

- This classification represents fund balance that is not restricted and has not been assigned to specific purposes.
- When both assigned and unassigned resources are available for use, it is the Board's policy to use assigned resources first, then unassigned resources as they are needed.

Note 4 - Capital Assets and Depreciation

The Industrial Development Board of Fentress County's property, plant and equipment with useful lives of more than one year are stated at historical cost. The capital assets purchased in the current year are reported in the fund financial statements as expenditures in the current year. Donated assets are stated at fair value on the date donated. The Industrial Development Board of Fentress County generally capitalizes assets that have a cost of over \$500 and have a useful life of more than one year.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. All capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Note 5 – Subsequent Events

The Board has evaluated subsequent events through December 15, 2014, the date in which the financial statements were available to be issued.

Note 6 – Cash and Cash Equivalents:

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions. The organization's cash at June 30, 2014 was maintained as follows: The operating fund, the development fund and the justice center fund were maintained in separate checking accounts.

Note 7 – Compensated Absences

The Board has no employees; therefore compensated absences are not accrued in the financial statements.

Note 8 – Property, Plant and Equipment

The following is a schedule of property as of June 30, 2014:

<u>Assets Not Depreciated</u>	6-30-13		<u>Reclass</u>	06-30-14	
	<u>Balance</u>	<u>Additions</u>		<u>Balance</u>	
Land	\$1,002,090.07	\$ --	\$ --	\$1,002,090.07	
CIP	<u>758,723.27</u>	<u>8,070,277.81</u>	<126,500.00>	<u>8,702,501.08</u>	
Subtotal	<u>1,760,813.34</u>	<u>8,070,277.81</u>	<126,500.00>	<u>9,704,591.15</u>	
<u>Assets Depreciated</u>					
Water Lines	523,911.07	--	--	523,911.07	
Bldg & Imp.	1,614,862.53	--	126,500.00	1,741,362.53	
Office Equip.	<u>5,549.15</u>	<u>--</u>	<u>--</u>	<u>5,549.15</u>	
Subtotal	<u>2,144,322.75</u>	<u>--</u>	<u>--</u>	<u>2,270,822.75</u>	
Total Assets	<u>\$3,905,136.09</u>	<u>\$8,070,277.81</u>	<u>\$ --</u>	<u>\$11,975,413.90</u>	

The following is a schedule of accumulated depreciation as of June 30, 2014:

<u>Assets</u>	6-30-13	Current		6-30-14
	<u>Accum Depr.</u>	<u>Deprec Exp.</u>	<u>Disposals</u>	<u>Accum Depr.</u>
Water Lines	\$ 45,842.23	\$ 13,097.78	\$ --	\$ 58,940.01
Bldg & Imp.	352,990.43	35,878.45	--	388,868.88
CR Business Park	--	8,320.94	--	8,320.94
Office Equip.	<u>5,549.15</u>	<u>--</u>	<u>--</u>	<u>5,549.15</u>
Total	<u>\$404,381.81</u>	<u>\$ 57,297.17</u>	<u>--</u>	<u>\$461,678.98</u>

Note 9 – Cash in Bank

The Tennessee Government Code requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105% of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

At June 30, 2014, the carrying amount of The Industrial Development Board of Fentress County's cash deposits was \$347,125.30. All cash deposits are covered by the Federal Deposit Insurance Corporation up to the limit of \$250,000.00. The amount over \$250,000 is collateralized by the Governmental Collateralization Pool of which First Volunteer Bank is a member. The Board is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated. [Acts 1992, ch. 891, section 10].

Note 10 – Budget

The director of The Industrial Development Board of Fentress County and staff compile the budget. It is then brought before the city and county for approval. Changes made by the city or county are not reflected in the budget. This is a non-appropriated budget used for guidance only and is not legally binding.

Note 11 - Risk

The Industrial Development Board of Fentress County maintains general liability and property insurance on Buildings. There have been no claims or settlement that exceeded coverage during the prior three years.

Note 12 - Chamber

The Fentress County Chamber of Commerce provides staffing services for The Industrial Development Board of Fentress County and is reimbursed on a quarterly basis. The total amount of staffing expense for the year ended June 30, 2013 was \$22,500.00.

Note 13 – Loans

On July 11, 2013, the Board entered into a loan with First Volunteer Bank for \$52,000. This loan was a loan with quarterly payments of \$4,547.12 beginning October 11, 2013 at an interest rate of 2.537%. The following is a schedule of long-term debt payments for First Volunteer Bank.

<u>Due Date</u>	<u>Principal</u>	<u>Balance</u>
	\$ --	\$ 30,953.54
6-30-15	17,569.71	13,383.83
6-30-16	<u>13,383.83</u>	--
	<u>\$ 30,953.54</u>	

Beginning October 23, 2013, the Board began receiving funds from a USDA construction loan to build a Justice Center in Jamestown, TN. USDA approved this project for \$9,500,000. As of June 30, 2014, nine deposits were made from USDA and the balance of the loan was \$6,672,241.00. No payments will be due on this loan until the construction is complete.

A schedule of changes in long-term debt is as follows:

<u>Description</u>	<u>6-30-13 Balance</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>6-30-14 Balance</u>
FVB Loan	\$ --	\$ 52,000.00	\$ 21,046.46	\$ 30,953.54
USDA Loan	<u>--</u>	<u>6,672,241.00</u>	<u>--</u>	<u>6,672,241.00</u>
Total	<u>\$ --</u>	<u>\$6,724,241.00</u>	<u>\$ 21,046.46</u>	<u>\$6,703,194.54</u>

**THE INDUSTRIAL DEVELOPMENT BOARD
OF FENTRESS COUNTY**

SUPPLEMENTARY INFORMATION

JUNE 30, 2014

**THE INDUSTRIAL DEVELOPMENT BOARD OF FENTRESS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass-Through Grantor	CFDA Number	Contract Number	Beginning (Accrued)Deferred	Receipts	Expenditures	Ending (Accrued)/Deferred
<u>Federal Awards</u>						
<u>U.S. Dept. of Agriculture:</u>						
Pass-through Rural Development: Community Facilities Loan	10.766		\$ -	\$ 6,672,241.00	\$ (6,672,241.00)	\$ -
TOTAL FEDERAL AWARDS			\$ -	\$ 6,672,241.00	\$ (6,672,241.00)	\$ -
<u>State Awards</u>						
<u>State of Tennessee</u>						
Economic & Community Development		#41006	\$ -	\$ 244,510.90	\$ (258,134.40)	\$ (13,623.50)
TOTAL STATE AWARDS			\$ -	\$ 244,510.90	\$ (258,134.40)	\$ (13,623.50)
<u>TOTAL FEDERAL & STATE AWARDS</u>			\$ -	\$ 6,916,751.90	\$ (6,930,375.40)	\$ (13,623.50)

NOTE: The accompanying Schedule of Expenditures of Federal Awards State Financial Assistance summarizes the expenditures of Genesis House, Inc. under programs of the federal and state governments for the year ended June 30, 2012. The schedule is presented using the accrual basis of accounting.

THE INDUSTRIAL DEVELOPMENT BOARD OF FENTRESS COUNTY
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
(unaudited)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Rental Income	\$ 15,919.00	\$ 28,918.98	\$ 12,999.98
Fentress County	59,428.48	1,083,740.19	1,024,311.71
City of Jamestown	1,500.00	1,500.00	-
City of Allardt	750.00	750.00	-
Proceeds from Loans	52,000.00	6,724,241.00	6,672,241.00
Grant Income	-	258,134.40	258,134.40
Interest Income	-	41.69	41.69
Total Revenue	<u>129,597.48</u>	<u>8,097,326.26</u>	<u>7,967,728.78</u>
<u>Expenditures</u>			
Operating			
Staffing Services	30,000.00	22,500.00	7,500.00
Audit	2,000.00	2,000.00	-
Advertising	15,000.00	10,531.75	4,468.25
Mapping	-	-	-
Legal Fees	2,500.00	1,049.00	1,451.00
Dues & Memberships	500.00	440.00	60.00
Licenses & Fees	1,500.00	1,087.00	413.00
Office Expense	500.00	35.00	465.00
Insurance	8,500.00	8,235.00	265.00
Repairs & Maintenance	2,000.00	1,933.50	66.50
Utilities	250.00	112.59	137.41
Conferences & Travel	9,000.00	1,987.66	7,012.34
Total Operating Expenditures	<u>71,750.00</u>	<u>49,911.50</u>	<u>21,838.50</u>
Capital Outlay	186,500.00	8,070,277.81	(7,883,777.81)
Debt Services			
Principal	18,188.48	21,046.46	(2,857.98)
Interest	-	683.69	(683.69)
Total Debt Services	<u>18,188.48</u>	<u>21,730.15</u>	<u>(3,541.67)</u>
Total Expenditures	<u>276,438.48</u>	<u>8,141,919.46</u>	<u>(7,865,480.98)</u>
Net Change in Fund Balance	(146,841.00)	(44,593.20)	102,247.80
Fund Balance, July 1, 2013	<u>157,692.66</u>	<u>165,325.54</u>	<u>7,632.88</u>
Fund Balance, June 30, 2014	<u>\$ 10,851.66</u>	<u>\$ 120,732.34</u>	<u>\$ 109,880.68</u>

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CERTIFIED PUBLIC ACCOUNTANT

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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***

To the Board of Directors of
The Industrial Development Board of Fentress County
Jamestown, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of The Industrial Development Board of Fentress County, a component unit of Fentress County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise The Industrial Development Board of Fentress County's basic financial statements, and have issued my report thereon dated December 15, 2014.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered The Industrial Development Board of Fentress County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Industrial Development Board of Fentress County's internal control. Accordingly, I do not express an opinion on the effectiveness of The Industrial Development Board of Fentress County'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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Industrial Development Board of Fentress County's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.

December 15, 2014
Cookeville, Tennessee

Tamara L. Beckman, CPA

TAMARA L. BECKMAN, CPA
CERTIFIED PUBLIC ACCOUNTANT

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors of
The Industrial Development Board of Fentress County
Jamestown, Tennessee

Report on Compliance for Each Major Federal Program

I have audited the Industrial Development Board of Fentress County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Industrial Development Board of Fentress County's major federal program for the year ended June 30, 2014. The Industrial Development Board of Fentress County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for The Industrial Development Board of Fentress County's major federal program based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Industrial Development Board of Fentress County's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for the major federal program. However, my audit does not provide a legal determination of The Industrial Development Board's compliance.

Opinion on Each Major Federal Program

In my opinion, The Industrial Development Board of Fentress County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of The Industrial Development Board of Fentress County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered The Industrial Development Board of Fentress County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly I do not express an opinion on the effectiveness of The Industrial Development Board of Fentress County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Tamara L. Beckman, CPA

December 15, 2014
Cookeville, Tennessee

**THE INDUSTRIAL DEVELOPMENT BOARD
OF FENTRESS COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

Section I – Summary of Auditor’s Results

- (a) Type of auditor’s report issued: Unmodified
- (b) Internal control over financial reporting:
 Material weakness identified? yes x no
 Significant Deficiencies identified that are not
 considered to be material weaknesses? yes x no
- (c) Noncompliance material to financial statements noted? yes x no
- (d) Federal Awards
 Material weakness identified? yes x no
 Significant Deficiencies identified not
 considered to be material weaknesses? yes x no
- (e) Type of auditor’s report issued on compliance for major programs: Unqualified
- (f) Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? yes x no
- (g) The major federal award program applicable to the Genesis House, Inc. for the year ended June 30, 2014, is identified by the following:

<u>Grantor/Pass-Through Grantor Agency</u>	<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
U.S. Dept of Agriculture	10.766	Community Facilities Loan

- (h) Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000
- (i) Auditee qualified as low-risk? yes x no

Section II – Financial Statement Findings

NONE

Section III – Federal Award Findings and Questioned Costs

NONE