

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**JOINT ECONOMIC AND COMMUNITY  
DEVELOPMENT BOARD  
OF WILSON COUNTY, TENNESSEE**

**YEAR ENDED JUNE 30, 2014**

JOINT ECONOMIC AND COMMUNITY  
DEVELOPMENT BOARD  
OF WILSON COUNTY, TENNESSEE

JUNE 30, 2014

TABLE OF CONTENTS

|  |         |
|--|---------|
| Independent Auditors' Report.....  | 3 – 4   |
| Management's Discussion and Analysis.....  | 5 - 8   |
| <br>   |         |
| GOVERNMENT-WIDE STATEMENTS.....  | 9       |
| Statement of Net Position .....  | 10      |
| Statement of Activities.....   | 11      |
| FUND STATEMENTS.....   | 12      |
| Balance Sheet – Governmental Funds .....   | 13      |
| Statement of Revenues, Expenditures, and Changes In Fund Balance<br>– Government Funds and Reconciliation of Statement of Revenues, Expenditures<br>and Changes in Fund Balance to the Statement of Activities ..... | 14      |
| Notes to Financial Statements.....   | 15 – 21 |
| <br>   |         |
| REQUIRED SUPPLEMENTARY INFORMATION   |         |
| Schedule of Funding Progress for Other Postemployment Benefits.....  | 22      |
| <br>   |         |
| INTERNAL CONTROL AND COMPLIANCE SECTION .....  | 23      |
| Report on Compliance and on Internal Control<br>Over Financial Reporting Based on an Audit of<br>Financial Statements Performed in Accordance<br>with <i>Government Auditing Standards</i> .....                     | 24 – 25 |
| <br>   |         |
| SUPPLEMENTARY SCHEDULES .....  | 26      |
| Comparison of Budget to Actual – Major Fund .....  | 27      |
| Schedule of Principal Officials (Unaudited).....   | 28      |
| Schedule of Insurance Coverage (Unaudited) .....   | 29      |

## INDEPENDENT AUDITORS' REPORT

To the Comptroller of the Treasury and  
The Board of Directors  
Joint Economic and Community Development Board of Wilson County, Tennessee

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Joint Economic and Community Development Board of Wilson County, Tennessee as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board'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 the major fund of the Joint Economic and Community Development Board of Wilson County, Tennessee, as of June 30, 2014, 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 and schedule of funding progress for other postemployment benefits on pages 5 - 8 and 22 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 Joint Economic and Community Development Board of Wilson County, Tennessee's basic financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparison of budget to actual – major fund is the responsibility of management and was derived from and relates 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 our opinion, the comparison of budget to actual – major fund is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedules of principal officials and insurance coverage have 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 them.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2015, on our consideration of the Joint Economic and Community Development Board of Wilson County, Tennessee'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 Joint Economic and Community Development Board of Wilson County, Tennessee's internal control over financial reporting and compliance.

*Dempsey Vanouse + Folles PLLC*

Lebanon, Tennessee  
February 13, 2015

## Management's Discussion And Analysis

This section of the Joint Economic & Community Development Board of Wilson County's audited financial statements presents our discussion and analysis of the Organization's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the financial statements, which follow this section.

### Financial Highlights

- The Organization's net position decreased \$2,870 (29.57%) due to this year's operations and the effect of a prior period adjustment. For the fiscal year ended June 30, 2013, net position decreased \$2,215.
- During the year, the Organization's revenues generated in grants, local government allocations and charges for services, totaling \$360,944, were \$3,062 less than expenses. In the prior year, operating revenues exceeded expenses by \$2,479.
- The total cost of the Organization's activities increased 0.16% in the fiscal year ended June 30, 2014.
- Balances of cash increased \$14,031 (9.05%) during the fiscal year ended June 30, 2014.

### 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 Organization:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Organization's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Organization, reporting the Organization's operations in more detail than the government-wide statements.
- 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. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

## Government-wide Statements

The government wide statements report information about the Organization as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Organization'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 Organization's net position and how they have changed. Net position – the difference between the Organization's assets and liabilities – is one way to measure the Organization's financial health, or position.

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

## Fund Financial Statements

The fund financial statements provide more detailed information about the Organization's most significant funds – not the Organization as a whole. Funds are accounting devices that the Organization 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 Organization 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 government-wide statements, a reconciliation is presented at the bottom of the

government funds statements, 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 decreased \$2,870 between fiscal years 2013 and 2014. In comparison, net position for the fiscal year ended June 30, 2013 decreased \$2,215 from the fiscal year ended June 30, 2012. Net income from ongoing operations decreased \$583.

Net Position  
June 30, 2014 and June 30, 2013

|                                  | 2014              | 2013             | % Change |
|----------------------------------|-------------------|------------------|----------|
| <u>Assets</u>                    |                   |                  |          |
| Current & Other Assets           | \$168,986         | \$154,955        | 9.05%    |
| Capital Assets                   | <u>\$ 29,368</u>  | <u>\$ 30,072</u> | -2.34%   |
| Total Assets                     | <u>\$198,354</u>  | <u>\$185,027</u> | 7.20%    |
| <u>Liabilities</u>               |                   |                  |          |
| Current & Other Liabilities      | \$ 153,319        | \$ 137,122       | 11.81%   |
| <u>Net Position</u>              |                   |                  |          |
| Invested in Capital Assets       | \$ 29,368         | \$ 30,072        | -2.34%   |
| Unrestricted Net Position        | <u>\$ 15,667</u>  | <u>\$ 17,833</u> | -12.15%  |
| Total Net Position               | \$ 45,035         | \$ 47,905        | -5.99%   |
| Total Liabilities & Net Position | <u>\$ 198,354</u> | <u>\$185,027</u> | 7.20%    |

**Changes In Net Position.** The Organization’s operating revenues were virtually unchanged. The Organization’s primary sources of revenue are grants, local government allocations and program fees.

Changes In Net Position  
June 30, 2014 and June 30, 2013

|                                     | 2014              | 2013              | % Change |
|-------------------------------------|-------------------|-------------------|----------|
| Operating Revenues                  | \$360,944         | \$360,943         | 0.00%    |
| Operating Expenses                  | <u>\$364,006</u>  | <u>\$363,422</u>  | 0.16%    |
| Net Income from Operations          | \$ ( 3,062)       | \$ ( 2,479)       | -23.52%  |
| Non-operating Income                | <u>\$ 192</u>     | <u>\$ 264</u>     | -27.27%  |
| Increase/(Decrease) in Net Position | <u>\$ (2,870)</u> | <u>\$ (2,215)</u> | -29.57%  |

**Capital Assets.** As of June 30, 2014 the Organization had invested \$93,400 in capital assets including improvements to the space they have leased for offices and various items of office equipment and furnishings. This amount represents a net increase (including additions and deductions) of \$3,800, or 4.24%, over the prior year. More detail about the Organization's capital assets is available in Note 6 to the financial statements.

The Organization's fiscal year 2014 capital budget does not project any additions to capital assets.

**Contacting The Organization's Financial Management**

This financial report is designed to provide the citizens, taxpayers and clients of the Joint Economic & Community Development Board of Wilson County with a general overview 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 Joint Economic & Community Development Board of Wilson County, 115 N Castle Heights Ave., Suite 102, Lebanon, TN 37087, Phone: 615.443.1210.

**GOVERNMENT-WIDE STATEMENTS**

JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
OF WILSON COUNTY, TENNESSEE  
STATEMENT OF NET POSITION  
June 30, 2014

|   | Governmental Activities |
|---|-------------------------|
| ASSETS  |                         |
| Cash and Cash Equivalents                                   | \$ 168,986              |
| Property and Equipment<br>(Net of Accumulated Depreciation) | 29,368                  |
| Total Assets  | \$ 198,354              |
| LIABILITIES AND NET POSITION                                |                         |
| Accrued Payroll Liabilities                                 | \$ 611                  |
| Accrued Compensated Absences                                | 20,697                  |
| OPEB Obligation   | 132,011                 |
| Total Liabilities   | 153,319                 |
| Net Position  |                         |
| Investment in Capital Assets                                | 29,368                  |
| Unrestricted  | 15,667                  |
| Total Net Position  | 45,035                  |
| Total Liabilities and Net Position                          | \$ 198,354              |

See accompanying notes to financial statements.

JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
 OF WILSON COUNTY, TENNESSEE  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2014

| Functions/Programs               | Expenses         | Program Revenues        |                             | Net (Expense) Revenue<br>and Changes in Net Position |
|----------------------------------|------------------|-------------------------|-----------------------------|--|
|                                  |                  | Charges For<br>Services | Grants<br>and Contributions |  |
| Governmental Activities          |                  |                         |                             |  |
| Industrial Development Promotion | \$ (184,947)     | \$ -                    | \$ -                        | \$ (184,947)   |
| General and Administrative       | (179,059)        | -                       | -                           | (179,059)  |
|                                  | <u>(364,006)</u> | <u>-</u>                | <u>-</u>                    | <u>(364,006)</u>                                     |

General Revenues

|                                       |                  |
|---------------------------------------|------------------|
| Appropriation From Wilson County      | 247,607          |
| Appropriation From City of Lebanon    | 57,029           |
| Appropriation From City of Mt. Juliet | 53,420           |
| Appropriation From City of Watertown  | 2,888            |
| Interest Income                       | 192              |
| Total General Revenues                | <u>361,136</u>   |
| Change in Net Position                | (2,870)          |
| Net Position, Beginning of Year       | 47,905           |
| Net Position, End of Year             | <u>\$ 45,035</u> |

See accompanying notes to financial statements

**FUND STATEMENTS**

JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
 OF WILSON COUNTY, TENNESSEE  
 BALANCE SHEET  
 GOVERNMENTAL FUND  
 JUNE 30, 2014

|  | GENERAL    |
|--|------------|
| <b>ASSETS</b>  |            |
| Cash in bank   | \$ 168,986 |
| <b>LIABILITIES AND FUND BALANCE</b>  |            |
| <b>LIABILITIES</b>   |            |
| Compensated Absences Payable   | 1,840      |
| Accrued Payroll Wages and Taxes  | 611        |
|  | 2,451      |
| <b>FUND BALANCE</b>  |            |
| Unassigned   | 166,535    |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b>  |            |
|  | \$ 168,986 |
| <b>Reconciliation to the Statement of Net Position:</b>  |            |
| Total fund balance - governmental fund   | \$ 166,535 |
| Fixed assets are not included in the fund financial statements prepared on the modified accrual basis of accounting. | 29,368     |
| OPEB Obligation is not included in the fund financial statements.  | (132,011)  |
| Accrued compensated absences - long-term portion   | (18,857)   |
| Net Position   | \$ 45,035  |

See accompanying notes to financial statements

JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
OF WILSON COUNTY, TENNESSEE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
YEAR ENDED JUNE 30, 2014

|  |                   |
|--|-------------------|
| <b>REVENUES</b>  |                   |
| Appropriation from Wilson County, Tennessee  | \$ 247,607        |
| Appropriation from Mt. Juliet, Tennessee   | 53,420            |
| Appropriation from Watertown, Tennessee  | 2,888             |
| Appropriation from Lebanon, Tennessee  | 57,029            |
| Interest   | 192               |
|  | <hr/>             |
| <b>TOTAL REVENUES</b>  | <b>361,136</b>    |
| <b>EXPENDITURES</b>  |                   |
| Director's salary  | 82,084            |
| Assistant director's salary  | 49,843            |
| Staff salary   | 21,586            |
| Salary related expenses  | 50,118            |
| Rent   | 25,846            |
| Office supplies  | 5,954             |
| Office equipment rental and maintenance  | 3,266             |
| Telephone  | 5,396             |
| Professional fees  | 4,000             |
| Insurance  | 2,117             |
| Marketing  | 78,869            |
| Postage  | 2,055             |
| Meetings   | 2,599             |
| Travel   | 4,025             |
| Dues and subscriptions   | 2,611             |
| Capital expenditures   | 6,203             |
|  | <hr/>             |
| <b>TOTAL EXPENDITURES</b>  | <b>346,572</b>    |
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b>  | <b>14,564</b>     |
| <b>FUND BALANCE, JULY 1, 2013</b>  | <b>151,971</b>    |
|  | <hr/>             |
| <b>FUND BALANCE, JUNE 30, 2014</b>   | <b>\$ 166,535</b> |
|  | <hr/>             |
| <b>Reconciliation to the Statement of Activities:</b>  |                   |
| <b>Net Change In Fund Balances - Total Governmental Funds</b>  | <b>\$ 14,564</b>  |
| <br>Amounts reported for governmental activities in the statement of activities are different because:   |                   |
| Purchases of fixed assets is an expenditure in the governmental funds, but as increases in property and equipment on the statement of net position in the government-wide statements | 6,203             |
| Change in long-term compensated absences is reflected in the government-wide financial statements as an expense but is not record in the fund financial statements.                  | (1,545)           |
| OPEB obligations are not recorded in the governmental funds but are included in the government-wide statements.  | (15,185)          |
| Depreciation is not recorded in the governmental funds but is included in the government-wide statements.  | (6,907)           |
|  | <hr/>             |
| Change in Net Position in Government Wide Financial Statements   | <b>\$ (2,870)</b> |

See accompanying notes to financial statements

JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD

OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements present the accounts and operations of the Joint Economic and Community Development Board of Wilson County, Tennessee (the "Board"). The Joint Economic and Community Development Board of Wilson County, Tennessee was created by an inter-local agreement among the participating governments of the County of Wilson, Tennessee, the City of Lebanon, Tennessee, the City of Mt. Juliet, Tennessee, and the City of Watertown, Tennessee, for the purpose of promoting projects which will increase trade and commerce, contribute to the general welfare, and create employment in Wilson County, Tennessee. The inter-local agreement is authorized by Tennessee Code Annotated Section 5-3-113.

The Board is governed by a 19 member board of directors serving staggered terms.

The Board is funded primarily by grants from the principal governing bodies in Wilson County based on mutually agreed revenue requirements allocated according to census data.

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 Joint Economic and Community Development Board as a whole. Individual funds are not displayed in the government-wide financial statements and the Organization has only governmental activities supported by government allocations.

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 Board's

JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
OF WILSON COUNTY, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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. Other revenue sources not properly included with program revenues are reported as general revenues. For the year ended Joint Economic and Community Development Board June 30, 2014, the Board received \$-0- of program revenues, as reflected in the statement of activities.

*Fund Financial Statements*

Fund financial statements are provided for the governmental fund.

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

The financial statements of the Joint Economic and Community Development Board 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 Joint Economic and Community Development Board 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.

The general spending 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.

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD**  
**OF WILSON COUNTY, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2014**

**D. Fund Types and Major Funds**

The Joint Economic and Community Development Board reports the following major governmental fund:

**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.

**E. Other Significant Policies**

Compensated Absences - Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Board. Employees are entitled to their accrued vacation leave upon termination. The portion of the liability measured on the current financial resources basis for vested vacation benefits is recorded as a liability in the General Fund, if applicable. The vested benefits measured on the economic resources basis are recorded as a liability in the government-wide financial statements on the statement of net position. Sick leave accrues to full-time, permanent employees to specified maximums and is paid only when incapacitated by illness or under certain other conditions. On termination, unpaid sick leave will be credited toward years of service. A retiring employee has the option to use unpaid sick leave credit to effect an earlier retirement date, for credit toward years of service on retirement. No liability for unused sick leave is recorded in the financial statements.

**NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS**

State statutes authorize the Board to invest in obligations of the United States Government and its agencies; the Local Investment Pool of the State of Tennessee; certificates of deposit; and mutual and money market funds with state approval. Tennessee law requires all deposits with financial institutions other than savings and loan associations to be collateralized in an amount equal to 105% of the face amount of the uninsured deposits.

At June 30, 2014 the bank balance of cash is \$195,751. The deposits are insured by FDIC or collateralized under the state bank collateral pool.

JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD

OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 3 – RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has secured commercial insurance policies to minimize the risk of these various losses. Any risks not covered, as shown in the schedule of insurance or by health and accident insurance, are uninsured and that risk of loss is retained by the Board. Also, some risk is retained because of deductibles and co-insurance. Settlements have not exceeded insurance coverage in any of the prior three fiscal years.

NOTE 4 – LEASES

The Board leases office space under a three-year lease agreement through September 30, 2015. Rent expense for the year ended June 30, 2014 is \$25,846. Anticipated future lease payments are as follows:

| Year ended |                  |
|------------|------------------|
| June 30,   |                  |
| 2015       | 25,846           |
| 2016       | 6,462            |
|            | <u>\$ 32,308</u> |

NOTE 5 – PENSION EXPENSE

The retirement plan for the Joint Economic and Community Development Board of Wilson County, Tennessee, has been pooled with the retirement plan of Wilson County through the Tennessee Consolidated Retirement System. Parties interested in the plan's actuarial and other information are referred to the footnotes of the audited financial statements of Wilson County, Tennessee.

The Director of the Organization has elected not to participate in TCRS and has set up an independent retirement account. The employee's contributions are deducted from his paycheck and the Organization matches a percent of his salary equal to the percent contributed for other employees to the TCRS.

For the year ended June 30, 2014, the Board's required and actual contributions to TCRS and to the Director's retirement plan were equal to its annual pension cost of \$18,387.

JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE 6 – FIXED ASSETS**

In the government wide financial statements, fixed assets are recorded at cost and depreciated over their estimated useful lives. Office equipment is generally depreciated over 5 years, furniture and fixtures over 7 years, and leasehold improvements over 30 years using the straight line method. A summary of fixed assets for the fiscal year ended June 30, 2014 is presented below:

|                          | Balance<br>07/01/13 | Additions | Deletions  | Balance<br>06/30/14 |
|--------------------------|---------------------|-----------|------------|---------------------|
| Equipment                | \$ 89,600           | \$ 6,203  | \$ (2,402) | \$ 93,401           |
| Accumulated depreciation | (59,528)            | (6,907)   | 2,402      | (64,033)            |
|                          | \$ 30,072           | \$ (704)  | \$ -       | \$ 29,368           |

Depreciation expense for the fiscal year ended June 30, 2014 was \$6,907.

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS(OPEB)**

The Joint Economic and Community Development Board’s full-time employees are included in Wilson County’s plan for health, dental and prescription coverage. The Wilson County plan is a single employer plan that offers pre-65 retirees and dependents one of two plans depending on when the participant is hired (before or after March 1, 2000). Once a participant turns age 65, the health plan provision provides medical benefits through a Medicare Supplement Plan and prescription drug benefit through the county’s self-insured plan. Upon death, retirees receive a \$2,000 life insurance benefit.

An employee who retires or becomes disabled from the Board is eligible for retiree health coverage upon meeting one of the following requirements: (1) hired prior to July 1, 1992; ten years of service with the last eight consecutive, (2) hired between July 1, 1992 and August 31, 1998; age 45 with ten years of service with the last eight consecutive, or (3) hired on or after September 1, 1998; the earlier of age 55 with ten years of service with the last eight consecutive; age 60 with ten years of service with the last year under the plan; or at any age with 30 years of service.

JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD

OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

If a retiree is eligible for health insurance coverage and spouse coverage has been in effect for a minimum of one year prior to the employee's retirement, the plan will also provide health coverage for the retiree's spouse. This coverage will continue for as long as the spouse lives, even if the retiree dies before the spouse.

Eligible retirees are not required to share the cost of health insurance. Eligible dependents and disabled former employees who do not meet retirement eligibility requirements are required to share the cost of health insurance.

Annual OPEB Cost and Net OPEB Obligation

The OPEB cost and net OPEB obligation were determined based on the June 30, 2014 actuarial valuation for Wilson County's plan as a whole, which includes the Board's employees. The Joint Economic and Community Development Board's portion of the OPEB cost and obligation were computed by the actuary in a separate document. The net OPEB cost of \$15,185 is included in the general and administrative expenses on the statement of activities.

|   |    |                       |
|---|----|-----------------------|
| Annual Retired Contribution (ARC)         | \$ | 17,340                |
| Interest on the Net OPEB Obligation (NOO) |    | 4,089                 |
| Adjustment to the ARC                     |    | (6,244)               |
| Annual OPEB Cost                          |    | <u>15,185</u>         |
| Amount of Contribution                    |    | -                     |
| Increase/(Decrease) In NOO                |    | 15,185                |
| Net OPEB Obligation, 7/1/2013             |    | <u>116,826</u>        |
| Net OPEB Obligation, 6/30/14              | \$ | <u><u>132,011</u></u> |

| Year End  | Plan                         | Annual<br>OPEB Cost | % of Annual<br>OPEB Cost<br>Contributed | Net OPEB<br>Obligation at<br>Year End |
|-----------|------------------------------|---------------------|---|---------------------------------------|
| 6/30/2009 | Postemployment Benefits Plan | \$ 17,377           | 0%                                      | \$ 17,377                             |
| 6/30/2010 | Postemployment Benefits Plan | \$ 29,466           | 0%                                      | \$ 46,843                             |
| 6/30/2011 | Postemployment Benefits Plan | \$ 29,466           | 0%                                      | \$ 76,309                             |
| 6/30/2012 | Postemployment Benefits Plan | \$ 20,915           | 0%                                      | \$ 97,224                             |
| 6/30/2013 | Postemployment Benefits Plan | \$ 21,964           | 0%                                      | \$ 116,826                            |
| 6/30/2014 | Postemployment Benefits Plan | \$ 15,185           | 0%                                      | \$ 132,011                            |

JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014 is as follows:

| Actuarial Valuation Date                         | 6/30/2014  |
|--|------------|
| Actuarial Accrued Liability (AAL)                | \$ 218,227 |
| Actuarial Value of Plan Assets                   | \$ -       |
| Unfunded Actuarial Accrued Liability (UAAL)      | \$ 218,227 |
| Actuarial Value of Plan Assets As A % Of The AAL | 0%         |
| Covered Payroll (Active Plan Members)            | \$ 142,102 |
| UAAL As A % Of Covered Payroll                   | 154%       |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used to include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the June 30, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5 percent discount rate, an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after four years, and an annual dental cost trend rate of 3 percent. Both rates include a three percent inflation assumption. The period used to determine amortization costs for the initial Unfunded Actuarial Accrued Liability is a period for 30 years using the level dollar method on an open basis beginning with June 30, 2008.

JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
 SCHEDULE OF FUNDING PROGRESS FOR OTHER  
 POSTEMPLOYMENT BENEFITS  
 JUNE 30, 2014

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Plan Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|---|---|------------------------------------|--------------------------|---------------------------|---|
| 1/1/2007                       | \$ -  | \$ 134,603  | \$ 134,603                         | 0%                       | \$ 79,473                 | 169%  |
| 1/1/2009                       | \$ -  | \$ 142,994  | \$ 142,994                         | 0%                       | \$ 81,722                 | 175%  |
| 6/30/2012                      | \$ -  | \$ 180,918  | \$ 180,918                         | 0%                       | \$ 84,418                 | 214%  |
| 6/30/2013                      | \$ -  | \$ 190,038  | \$ 190,038                         | 0%                       | \$ 67,037                 | 283%  |
| 6/30/2014                      | \$ -  | \$ 218,227  | \$ 218,227                         | 0%                       | \$ 142,102                | 154%  |

INTERNAL CONTROL AND COMPLIANCE

INDEPENDENT AUDITOR'S 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  
Joint Economic and Community Development Board of Wilson County, Tennessee

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 financial statements of the governmental activities and the major fund of Joint Economic and Community Development Board of Wilson County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Joint Economic and Community Development Board of Wilson County, Tennessee's basic financial statements and have issued our report thereon dated February 13, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Joint Economic and Community Development Board of Wilson County, Tennessee's internal control over financial reporting (internal control) 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 Joint Economic and Community Development Board of Wilson County, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of Joint Economic and Community Development Board of Wilson County, Tennessee'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described below that we consider to be significant deficiencies:

The Board's office is small; therefore complete segregation of duties is not possible. The Board should continue to closely monitor operations and should periodically determine that procedures designed to

mitigate the segregation of duties, such as dual signatures over \$500, competitive bidding for items over \$5,000, and comparison of operations to budget, are being performed.

Management's Response:

The Board of Directors and the Executive Committee of the Wilson County Joint Economic & Community Development Board are well aware of the lack of segregation of duties in a small three person office like we operate. The Executive Committee reviews, on a monthly basis, the financial reports which contain a complete list of payments along with an explanation of each item. With dual signatures required over \$500.00 along with the oversight by the Executive Committee with staff members present in the Executive Committee meetings available to address questions or concerns, it is the belief of the Board that this process is the best course of oversight.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Joint Economic and Community Development Board of Wilson County, Tennessee'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*.

**Joint Economic and Community Development Board of Wilson County, Tennessee's Response to Findings**

Joint Economic and Community Development Board of Wilson County, Tennessee's response to the findings identified in our audit is described above. Joint Economic and Community Development Board of Wilson County, Tennessee's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 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.

*Dempsey Vantrouse & Folles PLLC*

Lebanon, Tennessee

February 13, 2015

SUPPLEMENTARY SCHEDULES

JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
OF WILSON COUNTY, TENNESSEE  
REVENUES AND EXPENDITURES COMPARISON OF BUDGET TO ACTUAL -  
YEAR ENDED JUNE 30, 2014

|   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL            | VARIANCE         |
|---|--------------------|-----------------|-------------------|------------------|
| <b>REVENUES</b>                             |                    |                 |                   |                  |
| Appropriation from Wilson County, Tennessee | \$ 247,607         | \$ 247,607      | \$ 247,607        | \$ -             |
| Appropriation from Mt. Juliet, Tennessee    | 53,420             | 53,420          | 53,420            | -                |
| Appropriation from Watertown, Tennessee     | 2,888              | 2,888           | 2,888             | -                |
| Appropriation from Lebanon, Tennessee       | 57,029             | 57,029          | 57,029            | -                |
| Interest                                    | -                  | -               | 192               | 192              |
| <b>TOTAL REVENUES</b>                       | <b>360,944</b>     | <b>360,944</b>  | <b>361,136</b>    | <b>192</b>       |
| <b>EXPENDITURES</b>                         |                    |                 |                   |                  |
| Director's salary                           | 81,926             | 81,926          | 82,084            | (158)            |
| Assistant director's salary                 | 50,229             | 50,229          | 49,843            | 386              |
| Staff salary                                | 24,960             | 24,960          | 21,586            | 3,374            |
| Salary related expenses                     | 54,087             | 54,087          | 50,118            | 3,969            |
| Rent  | 25,846             | 25,846          | 25,846            | -                |
| Office supplies                             | 5,200              | 5,200           | 5,954             | (754)            |
| Office equipment rental and maintenance     | 11,109             | 11,109          | 9,469             | 1,640            |
| Telephone                                   | 6,864              | 6,864           | 5,396             | 1,468            |
| Professional fees                           | 4,000              | 4,000           | 4,000             | -                |
| Insurance                                   | 2,500              | 2,500           | 2,117             | 383              |
| Marketing                                   | 79,228             | 79,228          | 78,869            | 359              |
| Postage                                     | 2,000              | 2,000           | 2,055             | (55)             |
| Meetings                                    | 4,200              | 4,200           | 2,599             | 1,601            |
| Travel                                      | 5,750              | 5,750           | 4,025             | 1,725            |
| Dues and subscriptions                      | 3,045              | 3,045           | 2,611             | 434              |
| Vehicle expense                             | -                  | -               | -                 | -                |
| Capital expenditures                        | -                  | -               | -                 | -                |
| <b>TOTAL EXPENDITURES</b>                   | <b>360,944</b>     | <b>360,944</b>  | <b>346,572</b>    | <b>14,372</b>    |
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b> | <b>\$ -</b>        | <b>\$ -</b>     | <b>\$ 14,564</b>  | <b>\$ 14,564</b> |
| FUND BALANCE, JULY 1, 2013                  |                    |                 | 151,971           |                  |
| FUND BALANCE, JUNE 30, 2014                 |                    |                 | <u>\$ 166,535</u> |                  |

NOTE 1 - Formal budgetary accounting is employed as a management control of the Board's fund. An annual operating budget is adopted each year by approval of the Board of Directors. The same basis of accounting is used to reflect actual and budgeted expenditures. Management can make line item transfers but cannot increase the overall budget without Board approval. All unencumbered appropriations lapse at the end of each fiscal year. This is not a legally adopted budget and, accordingly, this is not a required financial statement.

JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
OF WILSON COUNTY, TENNESSEE

SCHEDULE OF PRINCIPAL OFFICIALS (UNAUDITED)

JUNE 30, 2014

| <u>Name</u>                         | <u>Title</u>       | <u>Bond Amount</u> |
|-------------------------------------|--------------------|--------------------|
| <u>Board Officers</u>               |                    |                    |
| Nelson Steed                        | Chairman           | \$ 100,000         |
| Don Chambers                        | Vice-Chairman      | 100,000            |
| Phillip Smartt                      | Treasurer          | 100,000            |
| Tammy Stokes                        | Secretary          | 100,000            |
| Robert Rochelle                     | Attorney           | 100,000            |
| <u>Executive Committee Officers</u> |                    |                    |
| Mike Jennings                       | Chairman           |                    |
| Tammy Stokes                        | Secretary          |                    |
| Phil Smartt                         | Treasurer          |                    |
| Robert Rochelle                     | Attorney           |                    |
| <u>Staff</u>                        |                    |                    |
| Tammy Stokes                        | Assistant Director | 100,000            |
| G C Hixson                          | Executive Director | 100,000            |
| <u>Directors</u>                    |                    |                    |
| Randall Hutto*                      | Paul Abercrombie   |                    |
| William Glover                      | Clint Thomas       |                    |
| Philip Craighead*                   | Rob Cesternino     |                    |
| Robert Bryan                        | Kenneth Martin*    |                    |
| Ed Hagerty                          | Mike Jennings*     |                    |
| Tom Nix                             | John Bryan         |                    |
| Rob Porter                          | Laleta Shipper     |                    |
| Royce Slaven                        | Don Chambers       |                    |
| Nelson Steed*                       | Luke Winchester    |                    |
| Caleb Thorne                        |                    |                    |

\* - Executive Committee Member

JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
OF WILSON COUNTY, TENNESSEE

SCHEDULE OF INSURANCE COVERAGE (UNAUDITED)

June 30, 2014

|                          |                         |
|--------------------------|-------------------------|
| Business Property        |                         |
| Contents                 | \$ 91,244               |
| Deductible - \$500.00    |                         |
| 80% - Co-insurance       |                         |
| Public Official Bond     |                         |
| Chairman                 | 100,000                 |
| Secretary                | 100,000                 |
| Treasurer                | 100,000                 |
| Director                 | 100,000                 |
| Assistant Director       | 100,000                 |
| Administrative Assistant | 100,000                 |
| Deductible - \$1000.00   |                         |
| Workers Compensation     |                         |
| Employers Liability      | 100,000/500,000/100,000 |