

**INDUSTRIAL DEVELOPMENT BOARD
OF ROBERTSON COUNTY**

Financial Statements and Supplemental Information

For the Year Ended June 30, 2015

FINANCIAL SECTION

INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY

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Independent Auditor's Report

Board of Directors
Industrial Development Board of Robertson County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major governmental fund of the Industrial Development Board of Robertson County (the Board) as of and for the year ended June 30, 2015, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major governmental fund of the Industrial Development Board of Robertson County, as of June 30, 2015, and the respective changes in net position and fund balance, for the year then ended in accordance with accounting principles generally accepted in the United States America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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.

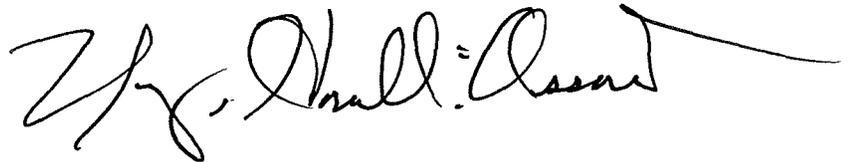
Supplemental Information

The Supplemental Schedule has not been subjected to the auditing procedures applied by us and, accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

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

February 8, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) of the Industrial Development Board of Robertson County (Board) activities and financial performance provides the reader with an introduction and overview to the financial statements of the Board for the year ended June 30, 2015. This information should be considered within the context of the accompanying financial statements and note disclosures.

OVERVIEW OF THE FINANCIAL STATEMENTS

MD&A introduces the Board's basic financial statements. The basic financial statements include the Governmental Activities Statement of Net position and the Governmental Fund Balance Sheet, and the related Statement of Governmental Activities and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. The Governmental Statement of Net Position and Governmental Fund Balance Sheet reports all the Board's assets (except for the accounting for capital assets as discussed above) and liabilities, with the difference being reported as net position. Over time increases or decreases in net position typically give some indication of whether the financial position of the Board is improving or deteriorating. The Board's net position gives a good indication of the earnings, exclusive of depreciation, if applicable, that have been accumulated since inception. The Statement of Governmental Activities and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance reports all revenues and expenses (except for the accounting for capital assets as discussed above) for the year, regardless of whether cash has been received or paid. An important purpose of the statement is to show whether the Board's revenues and operations are sufficient to support continued operations.

FINANCIAL OPERATIONS HIGHLIGHTS

Governmental Activities:

CONDENSED FINANCIAL INFORMATION

A condensed summary of the Board's operations follows:

	Year Ended June 30,	
	2015	2014
Total revenues	\$ 794,398	554,498
Total expenses/expenditures	<u>(466,387)</u>	<u>(413,555)</u>
Change in net position/fund balance	328,011	140,943
Net position beginning of year, as restated	<u>417,847</u>	<u>287,668</u>
Net position/fund balance end of year	\$ <u>745,858</u>	<u>428,611</u>

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

	June 30, 2015	June 30, 2014
ASSETS		
Cash and receivables	\$ 691,135	510,971
Capital assets	<u>145,666</u>	<u>-</u>
Total assets	\$ <u>836,801</u>	<u>510,971</u>

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

CURRENT LIABILITIES		
Accounts payable	\$ 90,943	<u>82,360</u>
Total liabilities	90,943	<u>82,360</u>
NET POSITION/FUND BALANCE		
Investment in capital assets	145,666	-
Restricted for Industrial Development	<u>600,192</u>	<u>428,611</u>
Total net position/fund balance	<u>745,858</u>	<u>428,611</u>
Total liabilities and net position	\$ <u>836,801</u>	<u>510,971</u>

Net position increased by \$328,011 in 2015 as compared to an increase of \$140,943 in 2014. The increase in 2015 is the result of increased Hotel-Motel tax collections and increased RRP Partnership revenue. Expenditures increased by approximately \$53,000 during 2015 primarily due to increased tourism awards and payments to the Robertson County Chamber of Commerce. As a result of the increase in net position cash increased approximately \$180,164 and the Board authorized purchase of a tract of land in the Maxey Rd. area for \$145,666.

The Governmental Fund information provides much the same type of information as found in the Governmental Activities information shown above except that it accounts for the purchase of the land as a capital outlay expenditure rather than as an asset.

CURRENT BOARD ACTIVITIES

In 2015, the Board continued to promote economic development within the Robertson County area.

INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY

Statement of Net Position - Governmental Activities

June 30, 2015

Assets

Assets:

Cash	\$	426,292
Accounts receivable - Local Governments		119,177
Accounts receivable - Robertson County, TN		145,666
Non depreciable capital asset - land		<u>145,666</u>
Total Assets	\$	<u>836,801</u>

Liabilities and Net Position

Liabilities

Accounts payable	\$	4,122
Hotel-Motel tax due Local governments		<u>86,821</u>
Total Liabilities		<u>90,943</u>

Net Position

Investment in capital assets		145,666
Restricted for industrial development purposes		<u>600,192</u>
Total Net Position		<u>745,858</u>
Total Liabilities and Net Position	\$	<u>836,801</u>

See the accompanying notes to the financial statements

INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY

Statement of Activities - Governmental Activities

June 30, 2015

Program Expenses:

General:

Payment of Hotel - Motel Tax to other cities	\$ 159,057
Payments to Robertson County Chamber of Commerce for:	
Contract for full-time director services, salary and benefits	86,800
Reimbursement for Chamber activities related to tourism and business development	35,000
Reimbursement for office services related to economic development contract	30,303
Reimbursement of direct economic development program costs	20,360
Legal and professional	9,692
Tourism awards	51,950
Administrative	1,328
Other direct economic development	29,420
Maxey Rd. Project	<u>42,477</u>
Total expenses	<u>466,387</u>

Program Revenues

Hotel/Motel taxes	590,241
Donations - Robertson County Community Foundation	16,243

Capital Contributions

Robertson County, TN - Maxey Rd. Project	<u>187,469</u>
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Total Program and Capital Contribution Revenues	<u>793,953</u>
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Net Program Revenues (Expenses)	<u>327,566</u>
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General Revenues

Interest income	<u>445</u>
Total General Revenues	<u>445</u>

Change in Net Position

328,011

Net Position, Beginning of Year, As Previously Reported	428,612
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Restatement	<u>(10,765)</u>
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Net Position, Beginning of Year, As Restated	<u>417,847</u>
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Net Position, End of Year	\$ <u><u>745,858</u></u>
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See the accompanying notes to the financial statements

INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY

Balance Sheet - Governmental Fund

June 30, 2015

Assets

Assets:

Cash	\$ 426,292
Accounts receivable - Local governments	119,177
Accounts receivable - Robertson County, TN	<u>145,666</u>
Total Assets	\$ <u>691,135</u>

Liabilities and Fund Balance

Liabilities

Accounts payable	\$ 4,122
Hotel-Motel tax due to Local governments	86,821
Total Liabilities	<u>90,943</u>

Fund Balance

Restricted for industrial development purposes	<u>600,192</u>
Total Liabilities and Fund Balance	\$ <u>691,135</u>

**Reconciliation of the Balance Sheet to the Statement of Net Position
of Governmental Activities**

Amounts reported for fund balance - governmental fund \$ 600,192

**Amounts 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 fund

Capital assets 145,666

Net position of governmental activities \$ 745,858

See the accompanying notes to the financial statements

INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund

For the Year Ended June 30, 2015

Revenues:

Intergovernmental Revenue:	
Hotel/Motel taxes	\$ 590,241
Robertson County, TN	187,469
Miscellaneous:	
Robertson County Community Foundation	16,243
Interest income	445
Total Revenues	794,398

Expenditures:

Current:	
General:	
Payment of Hotel - Motel Tax to other cities	159,057
Payments to Robertson County Chamber of Commerce:	
Contract for full-time director services, salary and benefits	86,800
Reimbursement for Chamber activities related to tourism and business development	35,000
Reimbursement for office services related to economic development contract	30,303
Reimbursement of direct economic development program costs	20,360
Maxey Rd. Project	42,477
Legal and professional	9,692
Tourism awards	51,950
Administrative	1,328
Other direct economic development	29,420
Capital Outlay - Maxey Rd. Project	145,666
Total expenditures	612,053
Change in fund balance	182,345

Fund balance, beginning of year, as previously reported	428,612
Restatement	(10,765)
Fund balance, beginning of year, as restated	417,847
Fund balance, end of year	\$ 600,192

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities**

Net change in fund balances-total governmental fund	\$ 182,345
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**Amounts reported for governmental activities in the statement of net position
are different because:**

The Governmental Fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Specifically these items are as follows:

Acquisition of capital assets	145,666
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Change in net position of governmental activities	\$ 328,011
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See the accompanying notes to the financial statements

INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY

Notes to Financial Statements

June 30, 2015

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Industrial Development Board of Robertson County (the Board) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

Organization and Operation

The Board was incorporated by resolution of the Robertson County Commission in June, 1990, to, among other things, promote industry, trade, commerce, tourism, agricultural and housing construction within Robertson County and administer the proceeds of the hotel/motel tax established in Chapter No. 226 of the Private Acts of 1990.

Reporting Entity

The Board is a related organization of Robertson County. Robertson County acts as an agent for the Board for the collection of the hotel/motel tax. Board members serve for varying terms and are nominated and confirmed by the Board of County Commissioners. Generally accepted accounting standards require that the financial statements present the Board (primary government) and any component units. There are no entities which meet the established criteria for inclusion in the Board's financial statements as component units.

Basis of Presentation

The Board has adopted standards for external financial reporting for all state and local government entities which includes, among other things, a management discussion and analysis and the presentation of government-wide and governmental fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Expenditures generally are recorded when a liability is incurred.

INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY

Notes to Financial Statements

June 30, 2015

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Basis of Accounting

Under both the accrual and modified accrual basis of accounting, revenues are recognized when they become both measurable and collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Shared revenues through intermediary collecting governments are considered measurable and available if received within 60 days of year end. Expenditures are recorded when the related liability is incurred.

Fund Balance Policy

Fund balance is reported in the financial statements as restricted for industrial development purposes as specified by applicable enabling legislation.

Equity Classification

In the Government-Wide Financial Statements, equity is shown as net position and is classified as restricted for industrial development purposes.

Budgets and Budgetary Accounting

The Board does not adopt an annual operating budget.

Cash and certificates of deposit

The Board is authorized to invest funds in financial institutions. Cash consists of deposits with financial institutions including demand deposits. Funds not immediately needed are invested in certificates of deposits.

Income Tax Status

No provision for income tax has been made in the accompanying financial statements as the Board is exempt from income tax.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reporting year. Actual amounts could differ from those estimates.

(2) **DEPOSITS WITH FINANCIAL INSTITUTIONS**

Deposits

The Board is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During 2015, the Board invested in a savings account and certificate of deposit.

INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY

Notes to Financial Statements

June 30, 2015

(2) DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Board's deposits may not be returned or the Board will not be able to recover collateral securities in the possession of an outside party. The Board's policy requires that deposits be either (i) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance or (ii) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Deposits were fully collateralized at June 30, 2015.

(3) CAPITAL ASSETS

Capital assets are recorded at acquisition cost.

	Beginning of Year	Additions	Deletions	End of Year
Land	\$ -	145,666	-	145,666

The Board authorized the purchase of land in the Maxey Rd. area during 2015. The land is to be used in the future for purposes to building a water tower to service a proposed industrial park. The purchase price of \$145,666 is to be reimbursed by Robertson County, TN.

(3) RISK MANAGEMENT

The Board does not believe it has significant exposure relative to claims arising from general liability, property or casualty losses and, accordingly, carries no commercial insurance in coverage thereof.

(4) COMMITMENTS AND CONTINGENCIES

City of Springfield:

In 1993, the Board entered into an agreement with the City of Springfield, TN to assist the City in the payment of debt service relative to the North Industrial Park loan incurred by the City. The agreement provides for, among other things, annual payment by the Board to the City an amount not to exceed \$46,842. The payment is to be made only from available revenues of the Board as defined in the agreement and under no circumstances will the Board have any obligation beyond its available revenue. During 2015, no payment was made.

Chamber of Commerce:

The Board entered into an agreement with the Robertson County Chamber of Commerce and the Robertson County Industrial Development and Tourism Board in connection with the hiring of a full-time economic development professional. The Board agreed to pay the Chamber an amount for annual salary and support staff of the economic development professional. As a result of the agreement, in fiscal year 2015 quarterly payments of \$21,700 were paid for a total payment of \$86,800. The agreement also provided that Chamber program costs would be reimbursed by the Board up to \$35,000.

ECONOMIC DEVELOPMENT BOARD OF ROBERTSON COUNTY

Notes to Financial Statements

June 30, 2015

(4) **COMMITMENTS AND CONTINGENCIES (CONTINUED)**

During fiscal year 2015, the Board paid the Chamber various direct economic development program costs related to the operation of the Industrial Development Board's Director of \$20,360.

The Board has contracted with the Chamber to provide full-time economic and industrial development services for Robertson County, and whereas the addition of these services require the use of Chamber office space, staffing, equipment and supplies beyond those covered in the terms of the contract for services, the Board agrees to pay to the Chamber the amount of \$2,525 monthly as long as the economic development service contract is in force. During the fiscal year 2015, the Board paid \$30,303 as a result of the contract.

(5) **TOURISM GRANT AWARDS**

The Board makes contributions to various nonprofit civic organizations to advance its goals of promotion of trade, tourism and industry and commerce in Robertson County.

(6) **CONTINGENCIES**

The Board entered into a contract with Byrne Allen to conduct an Economic Development Fundraising Campaign which would provide private funding for a program of work developed in a feasibility Study and Visioning Process developed through interviews and committee meetings with more than 200 Robertson County businesses, elected officials and community leaders. The Board paid for the fees and direct expenses of the Campaign with the understanding that it would eventually be reimbursed over the course of the four-year payment schedule for the pledges, assuming the pledges are realized. Total cost that would be reimbursed amounted to \$118,689. Due to the contingent nature of the pledges, they will be recognized as revenue when received. The Board did not receive any reimbursements during 2014 and received \$16,243 during 2015.

The Board is committed to the cities of Cross Plains and Adams-Cedar Hill Tennessee for reimbursement of costs associated with proposed future projects in the aggregate amounts of \$100,000 and \$36,000, respectively. The projects have yet to incur any actual costs.

(7) **RESTATEMENT**

In June, 2014 the Board voted to make a one-time adjustment (\$10,765) to the economic development director's compensation to equalize the salary with similar positions across the region. The compensation adjustment was paid in July, 2014 but should have been accrued as an expense for the year ended June 30, 2014, however, it was inadvertently overlooked. Accordingly, a restatement was made to net position / fund balance at July 1, 2014 in the amount of \$10,765.

(8) **SUBSEQUENT EVENT**

Subsequent to fiscal year end, the Board was gifted land and buildings valued at \$1,960,800 per County tax records. The Board intends to use the property for purposes related to economic and workforce development.

INDUSTRIAL DEVELOPMENT BOARD OF ROBERTSON COUNTY

Schedule of Board Members and Compensation

June 30, 2015

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

*No compensation paid to Directors.

YEARY, HOWELL & ASSOCIATES

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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 AUDIT STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Industrial Development Board of Robertson County, Tennessee (the Board), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated February 8, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Z. J. Hall" followed by a stylized flourish.

February 8, 2016