AUDITED FINANCIAL STATEMENTS

WILSON COUNTY/LEBANON DEVELOPMENT BOARD

Lebanon, Tennessee

Year Ended June 30, 2015

WILSON COUNTY/LEBANON DEVELOPMENT BOARD

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DVF DEMPSEY VANTREASE & FOLLIS PLLC
Certified Public Accountants & Consultants

724 West Main Street
Lebanon, TN 37087
(615) 444-4125 • (615) 444-2639 (fax)
dvf-pllc.com • E-mail: info@dvf-pllc.com

INDEPENDENT AUDITOR'S REPORT

To the Comptroller of the Treasury and the
Board of Directors of the
Wilson County/Lebanon Development Board

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Wilson County/Lebanon Development 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of business-type activities of the Wilson County/Lebanon Development Board, as of June 30, 2015, and the respective changes in financial position, and 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages 3 – 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2016, on our consideration of the Wilson County/Lebanon Development Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wilson County/Lebanon Development Board's internal control over financial reporting and compliance.

Dempsey Vantrease & Foltes PLLC

Lebanon, Tennessee
January 28, 2016

Management's Discussion And Analysis

This section of the Wilson County/Lebanon Development Board's audited financial statements presents our discussion and analysis of the Organization's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

> The Organization's net position decreased $1,913 over the course of the fiscal year ended June 30, 2015's operations. The decrease in net assets is a 0.68% decrease from the fiscal year ended June 30, 2014.

> There was no income from ongoing operations this year. There was $2,000 in operating expenses.

> Balances of cash and cash equivalents decreased $1,913 or 1.12% during the fiscal year ended June 30, 2015. The only revenue during the year was for Interest income.

Overview Of The Financial Statements

This annual report consists of several parts- management's discussion and analysis (this section), the basic financial statements, and information required by Government Auditing Standards. The basic financial statements of a proprietary fund offer short and long term financial information about the activities the government operates like businesses. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis Of The Organization As A Whole

Net Position. The Organization's net position decreased $1,913 between fiscal years 2014 and 2015. In comparison, net position for the fiscal year ended June 30, 2014 decreased $1,801 from the fiscal year ended June 30, 2013. There was no income from ongoing operations this fiscal year because the Organization sold no land during the current fiscal year. The following table summarizes the Organization's net position for the fiscal year ended June 30, 2015 and 2014:

Wilson County/Lebanon Development Board
Net Position

	2015	2014	% Change
Current and Other Assets	$278,394	$280,307	0.68%
Total Assets	$278,394	$280,307	-0.68%
Current and Other Liabilities	$0	$0	0.00%
Net Position			
Unrestricted	$278,394	$280,307	-0.68%
Total Net Position	$278,394	$280,307	-0.68%

Changes in Net Position: The Organization had $2,000 in operating expenses for the year ending June 30, 2015. The Organization had $87 in non-operating revenues for the year. That caused a decrease in net position as presented below:

Wilson County/Lebanon Development Board
Change in Net Position

	2015	2014	% Change
Operating Revenues	$0	$0	0.00%
Operating Expenses	$2,000	$2,000	0.00%
Operating Income (Loss)	($2,000)	($2,000)	0.00%
Non-operating Revenues(Expe	$87	$199	-56.28%
Change in Net Position	($1,913)	($1,801)	6.22%

Contacting The Organizations Financial Management

This financial report is designed to provide information to the citizens, taxpayers, and customers of Wilson County/Lebanon Development Board about the Board's finances and to demonstrate the Organization's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Wilson County/Lebanon Development Board, 200 Castle Heights Avenue North, Lebanon, TN 37087.

WILSON COUNTY/LEBANON DEVELOPMENT BOARD
STATEMENT OF NET POSITION

June 30, 2015

ASSETS

Cash	$	14
Investment in State Investment Pool		168,231
Land, Held for Resale		110,149
Total Assets	$	278,394

LIABILITIES AND NET POSITION

Net Position:		
Unrestricted	$	278,394

See notes to financial statements

WILSON COUNTY/LEBANON DEVELOPMENT BOARD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2015

EXPENSES		
Audit	$	2,000
Total Expeuses		2,000
NET OPERATING INCOME		(2,000)
NON-OPERATING INCOME (EXPENSE)		
Interest Income		87
Total Non-Operating Income		87
DECREASE IN NET POSITION		(1,913)
NET POSITION		
July 01, 2014		280,307
June 30, 2015	$	278,394

See notes to financial statements

WILSON COUNTY/LEBANON DEVELOPMENT BOARD
STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash paid to Vendors	$	(2,000)
Net Cash Used In Operating Activities		(2,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Earnings		87
Net Cash Provided By Investing Activities		87
NET DECREASE IN CASH AND TEMPORARY INVESTMENTS		(1,913)
CASH AND TEMPORARY INVESTMENTS		
July 01, 2014		170,158
June 30, 2015	$	168,245
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Operating Income	$	(2,000)
NET CASH USED IN OPERATING ACTIVITIES	$	(2,000)

See notes to financial statements

WILSON COUNTY/LEBANON DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTES 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Wilson County/Lebanon Development Board is a joint committee between the City of Lebanon, Tennessee and Wilson County, Tennessee established pursuant to resolutions enacted by the City of Lebanon on November 17, 1987 and by Wilson County on November 16, 1987. The purpose is to seek out those enterprises which will add to the development of the tax base of Wilson County, foster the development of suitable industry and commercial development, facilitate the development of retail establishments, and aid in the securing of governmental aid, where possible. Each entity is to contribute 50% when needed for development costs, and each entity is to have a 50% equity in the ultimate fund assets, if any, after the sale of all the property.

B. BASIS OF PRESENTATION

The Wilson County/Lebanon Development Board is being accounted for as an enterprise fund.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs of providing goods or services are financed primarily through user charges.

C. ACCOUNTING BASIS

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The revenues are recognized when they are earned and expenses are recognized when they are incurred.

The Board's financial statements have been prepared in conformity with all applicable GASB pronouncements.

NOTES 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

D. STATEMENT OF CASH FLOWS

For the purposes of the statement of cash flows, the fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

E. RISK FINANCING AND RELATED INSURANCE ISSUES

The Board is an additional insured on the insurance policies carried and paid for by Wilson County. It is the policy of the County to purchase commercial insurance for the risks of losses to which the Board is exposed. These risks include general liability and property & casualty. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

F. CAPITAL ASSETS, DEPRECIATION AND AMORTIZATION

The Board's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Board maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The Board generally capitalizes assets with cost of $1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized, unless they exceed $5,000. 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 2 - CASH AND INVESTMENTS

Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized as follows: All deposits with financial institutions other than savings and loan associations must be collateralized in an amount equal to 105% of the value of the deposit secured thereby. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the board.

NOTE 2 - CASH AND INVESTMENTS, CONTINUED

Deposits with savings and loan associations must be collateralized by one of the following methods: 1) By an amount equal to 110% of the face amount of uninsured deposits if the collateral is of the same character as that required for other financial institutions; 2) By an irrevocable letter of credit issued by the Federal Home Loan Bank; or, 3) By a surety bond issued by an insurance company licensed under the laws of the State of Tennessee whose claims paying ability is rated in the highest category by at least two nationally recognized statistical rating services.

The promissory notes must he in an amount equal to 150% of the amount of uninsured deposits. The Board had no deposits with savings and loan associations during the period under audit. The bank balances at June 30, 2015 are entirely covered by FDIC insurance and the state bank collateral pool.

At June 30, 2015, the Board had $168,231 invested in the State of Tennessee local government investment pool. The Board had a bank balance of $14, which is covered by FDIC insurance and the state bank collateral pool.

NOTE 3 - BOARD MEMBERS

The members of the Wilson County/Lebanon Development Board are:

Philip Craighead, Mayor of City of Lebanon
Joe Hayes, City Councilman, City of Lebanon
Rob Cesternino, City Councilman, City of Lebanon
Randall Hutto, County Mayor, Wilson County
Paul Abercrombie, County Commissioner, Wilson County
Bernie Ashe, County Commissioner, Wilson County

NOTE 4 - TRUSTEE

The City of Lebanon is trustee for Board monies.

NOTE 5 - LAND HELD FOR RESALE

Land Held for Resale, Beginning of Year	$	110,149
Cost of Land Sold		-
Land Held for Resale, End of Year	$	110,149

INTERNAL CONTROL AND COMPLIANCE SECTION

DVF DEMPSEY VANTREASE & FOLLIS PLLC
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724 West Main Street
Lebanon, TN 37087
(615) 444-4125 • (615) 444-2639 (fax)
dvf-pllc.com • E-mail: info@dvf-pllc.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Comptroller of the Treasury
and the Board of Directors
Wilson County/Lebanon Development Board
Lebanon, Tennessee

We have audited 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, the financial statements of the business-type activity of the Wilson County/Lebanon Development Board as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Wilson County/Lebanon Development Board's basic financial statements and have issued our report thereon dated January 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wilson County/Lebanon Development Board'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 the Wilson County/Lebanon Development Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wilson County/Lebanon Development 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 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 over financial reporting that might be significant deficiencies, or material weaknesses. 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 Wilson County/Lebanon Development Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However,

providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This 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 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 Vantreuse & Follis PLLC

Lebanon, Tennessee
January 28, 2016