WILSON COUNTY/MT. JULIET DEVELOPMENT BOARD

Financial Statements and
Supplemental Information

For the Year Ended June 30, 2015

WILSON COUNTY/MT. JULIET
DEVELOPMENT BOARD

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Wilson County – Mt. Juliet Development Board
Mt. Juliet, Tennessee

Report on the Financial Statements
We have audited the accompanying statements of the governmental activities and the major fund of the Wilson County – Mt. Juliet Development Board (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 respective financial position of the governmental activities and fund information of the Board, as of June 30, 2015 and the respective changes in net position and financial position for the year then ended in conformity with accounting principles generally accepted in the United States America.

The Board of Directors
Wilson County – Mt. Juliet Development Board
Mt. Juliet, Tennessee

Other Matters

Required Supplementary Information
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The information in the accompanying schedule on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying schedule 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Yancy Howell & Associates

November 2, 2015

WILSON COUNTY/MT. JULIET
DEVELOPMENT BOARD

Statement of Net Position– Governmental Activities

June 30, 2015

Assets

Assets:

Cash and cash equivalents	$	540,695
Accounts receivable – tax rebate		193
Land – non-depreciable capital assets		11,634
Total assets	$	552,522

Liabilities and Net Position

Liabilities:

Account payable – tax rebate	$	2,175
Total liabilities	$	2,175

Net Position:

Investment in capital asset	$	11,634
Restricted for development		538,713
Total net position	$	550,347

See accompanying notes to financial statements

WILSON COUNTY/MT. JULIET
DEVELOPMENT BOARD

Statement of Activities - Governmental Activities

For the Year Ended June 30, 2015

Program Expenses:	
General Government:	
Professional services	$ 6,970
Total program expenses	6,970
Program Revenues:	
General Government:	
Lease income	30,499
Net program revenues (expenses)	23,529
General Revenues:	
Interlocal revenue	28,557
Interest income	300
Total general revenues	28,857
Change in Net Position	52,386
Net Position, beginning of year	497,961
Net Position, end of year	$ 550,347

See accompanying notes to financial statements

WILSON COUNTY/MT. JULIET
DEVELOPMENT BOARD

Balance Sheet - Governmental Fund

June 30, 2015

Assets

Assets:		
Cash and cash equivalents	$	540,695
Account receivable – tax rebate		193
Total assets	$	540,888

Liabilities and Net Position

Liabilities:		
Account payable – tax rebate	$	2,175
Total liabilities	$	2,175
Fund Balance:		
Restricted for development	$	538,713
Total liabilities and fund balance	$	540,888

Reconciliation of Balance Sheet to Statement of Net Position of Governmental Activities:

Fund balance	$	538,713
Capital assets not considered financial resources and not included in the fund		11,634
Net position of governmental activities	$	550,347

See accompanying notes to financial statements

WILSON COUNTY/MT. JULIET
DEVELOPMENT BOARD

Statement of Revenues, Expenditures and Changes
In Fund Balance – Governmental Fund

For the Year Ended June 30, 2015

Revenues:		
Interlocal revenue	$	28,557
Lease income		30,499
Interest income		300
Total revenues		59,356
Expenditures:		
Professional services		6,970
Total expenditures		6,970
Change in fund balance		52,386
Fund Balance, beginning of year	$	486,327
Fund Balance, end of year	$	538,713
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities		
Change in fund balance	$	52,386
Reconciliation		-
Change in net position – governmental activities	$	52,386

See accompanying notes to financial statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Wilson County/Mt. Juliet Development Board (the "Development Board") was created on January 13, 1995 pursuant to Tennessee Code Annotated, Sections 5-1-113 and 12-9-101, and pursuant to an Interlocal Agreement between Wilson County and the cities of Lebanon, Watertown and Mt. Juliet. Wilson County and the City of Mt. Juliet each contributed $400,000 to the Development Board. The Development Board has no obligation to repay such contributions. The purpose of the Development Board is to add to the tax base by developing industrial land to attract new business into the Wilson County/City of Mt. Juliet area. Once a developed property is sold by the Development Board and placed on the tax rolls of Wilson County, the County is obligated by the Interlocal Agreement to pay twenty five percent (25%) of the tax revenues derived from the property to the Development Board for as long as the Development Board remains in existence. Under a Supplemental Interlocal Agreement, the City of Mt. Juliet and Wilson County agreed to reimburse the Board for infrastructure improvements to certain property which were funded by the Board by agreeing to pay the Board thirty percent (30%) of all real and personal property ad valorem tax receipts received with respect to this property. This infrastructure loan was fully repaid at June 30, 2015.

Basis of presentation

The accounting and reporting policies of the Wilson County/Mt. Juliet Development Board conform to accounting principles generally accepted in the United States applicable to governmental units. Generally accepted accounting principles are defined as those principles prescribed by Government Accounting Standards Board (GASB). Generally accepted accounting principles require government-wide financial statements of net position and activities, be presented on the economic resources measurement focus and the accrual basis of accounting.

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

Basis of presentation, (Continued)

Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. It also requires that certain capital assets be recorded at cost less accumulated depreciation. The Development Board has no depreciable assets at June 30, 2015.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are identifiable with a specific function or segment. Program revenues include lease income from rental of tower space. General revenues include amounts from the County related to sharing of property taxes as well as interest income.

Generally accepted accounting principles also require governmental fund financial statements be 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Rents and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the Development Board.

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

Basis of presentation, (Continued)

The accounts of the Development Board are organized on the basis of funds. The operations of the Development Board are accounted for in one fund which provides for a set of self-balancing accounts, which are comprised of its assets, liabilities, fund balance, revenues, and expenditures. The fund in the financial statements of the report, is as follows:

General Fund – The General Fund is the operating fund of the Development Board and is classified as a Governmental Fund Type and uses the modified accrual basis of accounting whereby revenues are recognized when measurable and available and expenditures are recognized when liabilities are incurred.

Fund Balance Policy

During 2011, the Board implemented Governmental Accounting Standards Board (GASB) Statement 54. As a result, fund balance is reported in the financial statements as restricted for development purposes as specified by applicable enabling legislation.

Equity classification

In the government-wide financial statements, equity is shown as net position and classified into three components:

Investment in capital assets – Capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Board has no debt related to capital asset acquisition.

Restricted net position – Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (2) law through constitutional provisions or enabling legislation. *When both restricted and unrestricted resources are available for use, it is the Board's practice to use restricted resources first and then unrestricted resources as they are needed.*

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

Cash and cash equivalents

The Development Board considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Income tax status

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

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 results could differ from those estimates.

Investment in land

The Development Board obtained 68.25 acres of land by transfer from Mt. Juliet Development Corporation. All of the land has been sold except for approximately 0.287 acres valued at an original cost of $11,634, which remains at June 30, 2015.

(2) DEPOSITS

As of June 30, 2015, the Development Board had deposits with financial institutions located in the United States. The carrying amount of the deposits was $540,695 and the bank balance was $540,695. All funds were on deposit with an institution that participates in the State Collateral Pool.

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

(2) DEPOSITS, (Continued)

securities in the possession of an outside party. The Board's policy requires deposits to be 105 percent secured by collateral, less amount of Federal Deposit Insurance Corporation (FDIC) or deposited in an institution which participates in the State Collateral Pool. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service. Collateral agreements must be approved prior to deposit of funds as provided by law. The Board approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of Board staff. At June 30, 2015, there were no amounts exposed to custodial risk.

(3) CONCENTRATION OF RISK

The Development Board conducts business in full in Wilson County. During the year ended June 30, 2015, the operating revenues were rents from the land leases, interlocal revenues, and bank interest.

(4) LEASE

On August 3, 1996, the Development Board entered into a contract to lease land to a wireless provider beginning September 1, 1996. The lease term is for a period of five years, with four automatic renewal terms of five years each thereafter. The annual rent for each of the renewal terms will be 120 percent of the annual rent for the final year of the previous renewal term. Upon termination of the lease, the Board retains any prepaid rent. On October 15, 1999, a sublease agreement was executed, requiring the lessee to pay the Board one-half of all rentals received by the lessee under the sublease in addition to the applicable annual rent. On July 26, 2013, the lease was extended for nine additional five year terms. Total lease income for the year ended June 30, 2015 was $30,499. Future minimum lease payments to be received are as follows:

2016	$ 26,784
2017	29,030
2018	29,030
2019	30,171
2020	31,000

(5) INTERLOCAL REVENUE

Interlocal revenue consists of amounts from the county related to sharing of property taxes as explained in footnote number one.

(6) RISK MANAGEMENT

The Development Board is exposed to various risks related to general liability and property and casualty losses. For this reason, the Development Board is covered under the general liability insurance policy carried by Wilson County, Tennessee. The policy covers premise liability and officers and elected officials liability.

The Development Board is also covered under the City of Mt. Juliet's insurance policy for general liability and elected officials liability.

The Development Board had no claims during the year ended June 30, 2015. Furthermore, the likelihood of experiencing a loss is remote due to very limited operations and assets owned by the Development Board. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(7) BUDGET

The Development Board is not required and does not adopt a budget.

(8) APPROPRIATION

During the year ended June 30, 2015, the Board voted to appropriate $200,000 for designated infrastructure at a new facility to be built. These funds are expected to be transferred to the City of Mt. Juliet during the June 30, 2016 fiscal year.

SUPPLEMENTAL INFORMATION

WILSON COUNTY/MT. JULIET DEVELOPMENT BOARD

Schedule of Board Members

June 30, 2015

Ed Hagerty	Board Chairman
Michael Robinson	City Representative
Shawn Glover	City Representative
Randall Hutto	County Representative
Frank Bush	County Representative
Vacant	County Representative

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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 AUDITING STANDARDS*

The Board of Directors
Wilson County – Mt. Juliet Development Board
Mt. Juliet, 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 the Wilson County – Mt. Juliet Development Board (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 November 2, 2015.

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 (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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations that we consider to be significant deficiencies. (02-01) (15-01)

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.*

Board of Directors
Wilson County – Mt Juliet Development Board
Mt. Juliet, Tennessee

Wilson County – Mt. Juliet Development Board's Responses to Findings

The Board's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. The Board'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.

Yearyl Howell & Associates

November 2, 2015

WILSON COUNTY - MT. JULIET DEVELOPMENT BOARD

Schedule of Findings and Responses

June 30, 2015

CURRENT YEAR FINDINGS

(15-01) The Board does not meet on a regular basis and has not appointed a Board member to review the operations of the Development Board on a consistent or regular basis.

Recommendation: In order to improve internal controls, we recommend the Board meet on a regular basis and appoint a Board member to review the transactions and bank statements at least on a quarterly basis.

Response: A recommendation will be made that the Board meet on a regular basis and a Board member be assigned to review the transactions and bank statement on a quarterly basis.

PRIOR YEAR FINDINGS

(02-01) Due to staff limitations, there is a lack of segregation of duties necessary to achieve the desired internal control over receipts and disbursements.

Recommendation: Consideration should be given of requiring two signatures on the written checks, one including a board member. Also, Board oversight and participation in accounting activities should be emphasized.

Current-Year Status: Condition continues to exist.

Response: Management assures that segregation of duties occurs to the extent possible. As opportunities arise to better segregate duties, action will be taken.