

**INDUSTRIAL DEVELOPMENT BOARD**

**of the CITY of WESTMORELAND**

Annual Financial Report

For the Year Ended June 30, 2022

**INDUSTRIAL DEVELOPMENT BOARD**  
**of the CITY of WESTMORELAND**

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# INTRODUCTORY SECTION

**INDUSTRIAL DEVELOPMENT BOARD**  
**of the CITY of WESTMORELAND**

Board Members

June 30, 2022

<u>Name</u>	<u>Title</u>
Andy Leath	Board Member
Mary Gail Anderson	Board Member
Stephen Bell	Board Member
Fredia Carter	Board Member
Larry Meadors	Board Member
Tony Bentle	Board Member
Jacqueline Robertson	Board Member
Management:	
Keshia Troutt	City Recorder, CMFO Candidate

# FINANCIAL SECTION

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

**Independent Auditor's Report**

Board of Directors  
Industrial Development Board of the City of Westmoreland  
Westmoreland, Tennessee

***Opinions***

I have audited the accompanying financial statements of the governmental activities and the major fund of the Industrial Development Board of the City of Westmoreland (a component unit of the City of Westmoreland) (the "Board") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Board as of June 30, 2022, 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.

***Basis for Opinions***

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Board and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, I:

- ❖ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ❖ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ❖ Obtain an understanding of internal control relevant to the audit 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 Board's internal control. Accordingly, no such opinion is expressed.
- ❖ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ❖ Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, which includes the Management's Discussion and Analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information section, as listed in the table of contents, does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements does not cover the other information, and I do not express an opinion or any other assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

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

In accordance with Government Auditing Standards, I have also issued my report dated November 30, 2022, on my consideration of the Board's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's 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.

*John R Poole, CPA*

November 30, 2022

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

## **Industrial Development Board of the City of Westmoreland**

### **Management's Discussion and Analysis**

As management of the Industrial Development Board of the City of Westmoreland, (the Board) we offer readers of the Board's financial statements this narrative overview and analysis of the financial activities of the Board for the fiscal year ended June 30, 2022. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Board.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

#### **Financial Highlights:**

The assets of the Industrial Development Board of the City of Westmoreland exceeded its liabilities at the close of the most recent fiscal year by \$150,345. The Board's total net position increased by \$36,971 during the current year, primarily as a result of higher revenues even with minimal expenses including depreciation of \$25,994.

#### **Overview of the Financial Statements:**

The Statement of Net position presents information on all the Board's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The basic financial statements can be found on pages 8-9 of this report. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 16-20 of this report.

### Financial Analysis of the Financial Statements

As noted earlier, net position may serve over time as a useful indicator of the Board's financial position. In the case of the Industrial Development Board of the City of Westmoreland, the ending net position was \$150,345.

By far the largest portion of the Board's assets reflects its investment in capital assets. The Board uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the Board's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Industrial Development Board of the City of Westmoreland 's Net Position - 2022

Current assets	\$ 65,191
Capital assets, net	<u>374,420</u>
Total assets	<u>439,611</u>
Liabilities	<u>289,266</u>
Net position:	
Net investment in capital assets	86,994
Unrestricted	<u>63,351</u>
Total net position	\$ <u>150,345</u>

### Industrial Development Board of the City of Westmoreland 's Net Position - 2021

Current assets	\$ 17,791
Capital assets, net	<u>400,415</u>
Total assets	<u>418,206</u>
Liabilities	<u>381,235</u>
Net position:	
Net investment in capital assets	21,020
Unrestricted	<u>15,951</u>
Total net position	\$ <u>36,971</u>

## Capital Assets

The Industrial Development Board of the City of Westmoreland 's investment in capital assets from its activities at June 30, 2022, amounts to \$374,420 (net of accumulated depreciation). This investment in capital assets is in communications equipment and vehicles.

	<u>2022</u>	<u>2021</u>
Capital assets	661,139	661,139
Less accumulated depreciation	<u>(286,719)</u>	<u>(260,725)</u>
Net Capital Assets	<u>374,420</u>	<u>400,414</u>

Additional information on the Industrial Development Board of the City of Westmoreland 's capital assets can be found in the notes to the financial statements section of this report.

## Long-term Debt

The Board has three loans outstanding totaling \$287,426, which were used for the purchase of the facility and to make improvements. All loans are paying as scheduled.

## Requests for Information

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Industrial Development Board of the City of Westmoreland  
P. O. Box 8  
Westmoreland, TN. 37186

# BASIC FINANCIAL STATEMENTS

**INDUSTRIAL DEVELOPMENT BOARD of the CITY OF WESTMORELAND**

**Statement of Net Position**

**June 30, 2022**

<u>Assets</u>		<u>Total</u>
Cash and cash equivalents	\$65,191	\$65,191
Capital assets, net of accumulated depreciation	374,420	374,420
Total Assets	\$439,611	\$439,611
 <u>Liabilities</u>		
Accounts payable	1,840	1,840
Long term debt:		
Due in less than a year	49,194	49,194
Due in more than a year	238,232	238,232
Total Liabilities	289,266	289,266
 Net Position:		
Net investment in capital assets	86,994	86,994
Unrestricted	63,351	63,351
Total Net Position	\$150,345	\$150,345

See accompanying notes to financial statements.

**INDUSTRIAL DEVELOPMENT BOARD of the CITY OF WESTMORELAND**

**Statement of Activities**

**For the Year Ended June 30, 2022**

<u>Function/Programs</u>	Program Revenues			Net (Expenses) Revenue and <u>Changes in Net Position</u>		
	<u>Expenses</u>	Charges for <u>Services</u>	Operating Grants and <u>Contributions</u>	Capital Grants and <u>Contributions</u>	Governmental <u>Activities</u>	<u>Total</u>
General government - Industrial Park	75,853	146,510	0	42,545	113,202	113,202
Total Governmental Activities	<u>75,853</u>	<u>146,510</u>	<u>0</u>	<u>42,545</u>	<u>113,202</u>	<u>113,202</u>
General Revenues:						
				172	172	
				<u>172</u>	<u>172</u>	
					113,374	113,374
					36,971	36,971
				<u>150,345</u>	<u>150,345</u>	

See accompanying notes to financial statements.

FUND FINANCIAL  
STATEMENTS

INDUSTRIAL DEVELOPMENT BOARD of the CITY OF WESTMORELAND

Balance Sheet

General Fund

June 30, 2022

	Operating Fund
<u>Assets</u>	
Cash and cash equivalents	\$65,191
	<hr/>
Total Assets	<u>\$65,191</u>
<u>Liabilities and Fund Balance</u>	
Liabilities:	
Accounts payable	\$ 1,840
Total Liabilities	<u>1,840</u>
Fund balance:	
Unassigned	<u>63,351</u>
Total Fund Balance	<u>63,351</u>
Total Liabilities and Fund Balance	<u>\$65,191</u>

The notes accompanying the financial statements are an integral part of these financial statements.

**INDUSTRIAL DEVELOPMENT BOARD of the CITY OF WESTMORELAND**

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

**June 30, 2022**

Amounts reported for fund balance - total governmental funds	\$ 63,351
Amounts reported for governmental activities in the statement of net position are different because the operating funds do not report:	
Capital assets	374,420
Long-term debt	<u>(287,426)</u>
Net position of governmental activities	\$ <u>150,345</u>

See accompanying notes to financial statements.

**INDUSTRIAL DEVELOPMENT BOARD of the CITY OF WESTMORELAND**

**Governmental Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances**

**For the Year Ended June 30, 2022**

Revenues:	
Rental and activities income	\$ 146,670
Donations- City	<u>42,545</u>
Total Revenues	<u><u>189,215</u></u>
Expenditures:	
Utilities	12,923
Repairs	20,608
Supplies	3,033
Debt service	105,251
Capital outlay	<u>0</u>
Total Expenditures	<u><u>141,815</u></u>
Excess (deficiency) of Revenues over Expenditures	<u>47,400</u>
Fund Balance, Beginning of year	15,951
Fund Balance, End of year	<u><u>63,351</u></u>

See accompanying notes to financial statements.

**INDUSTRIAL DEVELOPMENT BOARD of the CITY OF WESTMORELAND**

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

**For the Year Ended June 30, 2022**

Net change in fund balances - total governmental funds: \$ 47,400

Amounts reported for governmental activities in the statement of net position are different because:

Operating funds report 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.

Acquisition of capital assets	0
Depreciation expense	(25,994)

Expenses in the operating funds that reduce long-term liabilities are not reported in the statement.

Principal payments	<u>91,968</u>
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Change in net position of governmental activities	\$ <u><u>113,374</u></u>
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See accompanying notes to financial statements.

NOTES TO THE FINANCIAL  
STATEMENTS

## Industrial Development Board of the City of Westmoreland

### Notes to Financial Statements

June 30, 2022

#### **(1) Summary of Significant Accounting Policies**

The Industrial Development Board of the City of Westmoreland (Board) consists of members appointed by City of Westmoreland and Sumner County, Tennessee. As an agency for these governmental entities, the Board has been delegated the authority to develop, operate and maintain an industrial park for the benefit of the community. The Board was incorporated to receive and administer donated and loan funds for construction of buildings in the industrial park. The Board began to operate significantly in 2010.

The accounting policies of the Industrial Development Board of the City of Westmoreland conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

#### Reporting Entity:

Governmental Accounting Standards Board (GASB) Statement Number 14, "The Financial Reporting Entity" requires that financial statements present the reporting entity which consists of the primary government and "Component Unit" organizations for which the primary government is financially accountable and any other "Component Unit" organizations for which the nature and significance of their relationship with the primary government are such that exclusion, could cause the Board's general purpose financial statements to be misleading. There was no component unit requiring blended or discrete presentation under the requirements of GASB Statement Number 14.

#### Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of Net Position and the statement of activities report information on all of the financial activities of the Board.

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 clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded generally when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

**Industrial Development Board of the City of Westmoreland**

Notes to Financial Statements

June 30, 2022

**(1) Summary of Significant Accounting Policies, Continued**

The Board reports the following major fund:

General (Operating) Fund - The General (Operating) Fund is the general operating fund of the Board. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of checking accounts and a money market account. When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the Board uses committed, assigned then unassigned funds.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Board as assets with an individual cost of \$2,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated useful life in excess of three years. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Land improvements	10-15 years
Buildings	25-40 years
Machinery and Equipment	5-10 years

Budget and Budgetary Accounting

The Board is not legally required to adopt a budget; therefore, no budget comparison is presented in these financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Board's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## Industrial Development Board of the City of Westmoreland

### Notes to Financial Statements

June 30, 2022

#### (1) Summary of Significant Accounting Policies, Continued

##### Credit Risk

Financial instruments that potentially subject the Board to significant concentrations of credit risk consist principally of cash and cash equivalents. The Board places its cash with federally-insured financial institutions or institutions participating in the State collateral pool.

##### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government has no items that qualify for reporting in this category.

##### Fund Balance

The Board implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

Nonspendable fund balances – amounts that are not in a spendable form, Restricted fund balance – amounts constrained to specific purposes by their providers, provisions, or by enabling legislation, Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint, Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority, Unassigned fund balance – amounts that are available for any purpose; these amounts are reported only in the general fund.

Only by Board approval can fund balance amounts be classified as committed or assigned.

## Industrial Development Board of the City of Westmoreland

### Notes to Financial Statements

June 30, 2022

#### (2) Cash and Cash Equivalents

The Board is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. The Board has deposit policies to minimize custodial credit risks. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the board. The Board's deposits with financial institutions are fully insured or collateralized by securities held in the Board's name. Additionally, the deposit accounts are covered by the Federal Depository Insurance Coverage (FDIC).

#### (3) Capital Assets

A summary of changes in general capital assets as presented in the governmental activities column of the government-wide financial statements is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Buildings	350,000	-	-	350,000
Improvements	311,140	-	-	311,140
Total	<u>661,140</u>	<u>-</u>	<u>-</u>	<u>661,140</u>
Accumulated depreciation	<u>260,725</u>			<u>286,720</u>
Capital assets - net	<u>400,415</u>			<u>374,420</u>

All assets of the Board are being depreciated. Depreciation expense was \$25,994 for the fiscal year end. Accumulated depreciation was \$151,667 for the industrial building, \$135,053 for improvements.

**Industrial Development Board of the City of Westmoreland**

Notes to Financial Statements

June 30, 2022

**(4) Long-Term Debt**

A summary of changes in long-term debt as presented in the government-wide financial statements is as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>
Bank loan – Project Stitch	52,491	-	41,702	10,789
Bank Loan – improvements	27,086	-	20,145	6,941
Bank loan - building	<u>299,817</u>	<u>-</u>	<u>30,121</u>	<u>269,696</u>
Total	<u>379,394</u>	<u>-</u>	<u>91,968</u>	<u>287,426</u>

The proceeds of the loan were for the purchase of the building and to make improvements to the building. The above loans payable contain provisions that in the event of default, the lender can use any remedy allowed by state or federal law.

Principal and interest requirements to maturity on all outstanding loans and obligations as of June 30, 2022 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2023	49,194	10,743
2024	32,801	8,959
2025	34,195	7,565
2026	35,649	6,111
2027	37,164	4,596
2028-2030	<u>98,423</u>	<u>4,160</u>
Total	<u>287,426</u>	<u>42,134</u>

**(5) Commitments and Contingencies**

Economic Dependency

The Board obtains a substantial amount of funds from few entities. A significant reduction in the level of such support, if this were to occur, might affect the Board’s ability to carry out its programs and activities.

Litigation:

There are no pending lawsuits in which the Board is involved which are significant to the financial statements.

**SUPPLEMENTAL  
INFORMATION**

INDUSTRIAL DEVELOPMENT BOARD of the CITY OF WESTMORELAND

Schedule of Cash and Cash Equivalents  
All Funds

June 30, 2022

	<u>Carrying Value</u>
General Fund:	
Macon Bank and Trust	\$65,191
Total General Fund	<u>65,191</u>
 Total - All funds	 <u><u>\$65,191</u></u>

**INDUSTRIAL DEVELOPMENT BOARD of the CITY OF WESTMORELAND**

**Schedule of Debt Service Requirements**

**June 30, 2022**

<u>Year</u>	<u>BUILDING LOAN</u>		<u>IMPROVEMENTS</u>		<u>PROJECT STITCH LOAN</u>		Total	Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 31,464	10,296	6,941	180	10,789	267	49,194	10,743
2024	32,801	8,959					32,801	8,959
2025	34,195	7,565					34,195	7,565
2026	35,649	6,111					35,649	6,111
2027	37,164	4,596					37,164	4,596
2028	38,743	3,017					38,743	3,017
2029	40,930	830					40,930	830
2030	18,750	313					18,750	313
	\$ <u>269,696</u>	<u>41,687</u>	<u>6,941</u>	<u>180</u>	<u>10,789</u>	<u>267</u>	<u>287,426</u>	<u>42,134</u>

**INDUSTRIAL DEVELOPMENT BOARD of the CITY OF WESTMORELAND**

Schedule of Changes in Long-term Debt by Individual Issue

June 30, 2022

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2021	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2022
<b>Governmental Activities</b>									
<b>NOTES PAYABLE</b>									
Improvements Loan	\$ 97,930	3.25%	2019	10/19/2022	\$ 27,086	-	\$ 20,145	-	\$6,941
Project Stitch Loan	119,933	5.50%	2018	9/7/2022	\$ 52,491	-	\$ 41,702	-	\$10,789
Building Loan	550,000	6.50%	2010	12/1/2029	\$ 299,817	-	\$ 30,121	-	\$269,696
<b>Total Notes Payable</b>					<b>\$ 379,394</b>	<b>\$ -</b>	<b>\$ 91,968</b>	<b>\$ -</b>	<b>\$ 287,426</b>

# COMPLIANCE AND INTERNAL CONTROL

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

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(615) 822-4177

**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**

Board of Directors  
Industrial Development Board of the City of Westmoreland  
Westmoreland, Tennessee

I have audited the financial statements of the governmental activities and the major fund 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 Industrial Development Board of the City of Westmoreland as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Industrial Development Board of the City of Westmoreland's basic financial statements, and have issued a report thereon dated November 30, 2022.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Industrial Development Board of the City of Westmoreland's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Industrial Development Board of the City of Westmoreland's internal control. Accordingly, I do not express an opinion on the effectiveness of the Industrial Development Board of the City of Westmoreland's internal control.

My consideration of the internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed in the Schedule of Findings and Responses, I identified a deficiency in internal control that I consider to be a material weakness (2022-001 Lack of Separation of Duties).

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 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. A material weakness is a deficiency, or 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. I consider the deficiency described in the Schedule of Findings and Responses (2022-001) to be a material weakness.

**Compliance and Other Matters**

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

**Response to Finding**

The Industrial Development Board of the City of Westmoreland's response to the finding identified in the audit is described in the Schedule of Findings and Responses. The Industrial Development Board of the City of Westmoreland's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result 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.

*John R Poole, CPA*

November 30, 2022

**Industrial Development Board of the City of Westmoreland**

Schedule of Findings and Responses

June 30, 2022

2022-001 - Separation of Duties

Condition: The Industrial Development Board of the City of Westmoreland currently has one employee that works in performing the majority of the accounting functions for the Board. Due to only having one employee performing the accounting transactions there is currently an inadequate segregation of duties.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.

Cause: The Board has a limited number of office employees to provide for a proper division of duties.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner along with the possibility of fraud or misappropriation of assets increases when accounting functions are not adequately segregated.

Recommendation: For adequate separation of duties, the employee who writes receipts, prepares and makes bank deposits, or writes checks should neither reconcile bank statements nor post to the cash receipts and disbursements journals.

Response: "We agree that the staff size will not allow the Board to segregate duties to the optimum level desired. There is only one employee working in the department so it is virtually impossible to segregate duties unless more staff could be hired and due to the finances of our small town, we could not financially hire additional office help."

**Industrial Development Board of the City of Westmoreland**

Schedule of Disposition of Prior Year Comments

June 30, 2022

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2021 – 001	Separation of Duties	Repeated

The original finding number was 2011-001. The current year finding number is 2022-001.

# City of Westmoreland

1001 Park Street • P.O. Box 8  
Westmoreland, TN 37186

Keshia Troutt, City Recorder

Phone: 615.644.3382  
Fax: 615.644.3950

## Management's Corrective Action Plan

Audit period: June 30, 2022

The findings from the June 30, 2022, *Schedule of Findings and Responses* are discussed below.

2022-001 Segregation of Duties (Internal Control)

Contact person: Keisha Troutt

Planned Corrective Action: We agree that the staff size will not allow the Board to segregate duties to the optimum level desired. There is only one employee working in the department so it is virtually impossible to segregate duties unless more staff could be hired and due to the finances of our small town, we could not financially hire additional office help."

Anticipated Completion Date: At the current time, due to our size, we do not believe we can fully segregate these duties. We will continue to improve and strengthen our internal controls, but we cannot give a definite date.

Signature:

