

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

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2008

FINANCIAL SECTION

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

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Independent Auditor's Report

Board of Directors
Joint Economic and Community Development Board of Lawrence County, Tennessee

We have audited the accompanying Statement of Net Assets and Governmental Fund Balance Sheet and Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance which comprise the basic financial statements of the Joint Economic and Community Development Board of Lawrence County, Tennessee (the Board) as of and for year ended June 30, 2008. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

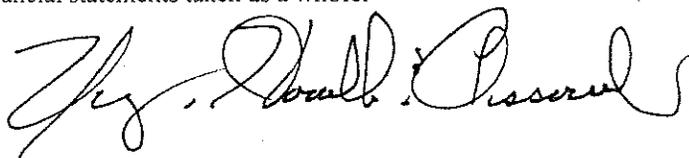
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2008, and the respective changes in net assets and financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2009, on our consideration of the Board's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Joint Economic and Community Development Board of Lawrence County, Tennessee has not presented Management's Discussion and Analysis, as required under provisions of Government Accounting Standards Board Statement Number 34, that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements taken as a whole. The accompanying supplemental schedules 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. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



February 9, 2009

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

Statement of Net Assets and Governmental Fund Balance Sheet

June 30, 2008

Assets

Current Assets:	
Cash-unrestricted	\$ 7,105
Total current assets	<u>7,105</u>
Total assets	<u>\$ 7,105</u>

Liabilities and Net Assets

Liabilities:	
Accounts payable	\$ -
Net Assets / Fund Equity:	
Unrestricted	<u>7,105</u>
Total Net Assets	<u>\$ 7,105</u>

See accompanying notes to the financial statements.

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

**Statements of Activities and Governmental Fund Revenue,
Expense and Changes in Net Assets**

For the Years Ended June 30, 2008

Operating Revenues	
Intergovernmental revenues:	
Appropriation from:	
Lawrence County, Tennessee	\$ 142,237
Lawrenceburg, Tennessee	60,560
Other Cities	16,329
Appropriation from:	
Other operating revenues:	
Other-donations	17,501
Total operating revenues	<u>236,627</u>
Operating Expenses	
Current:	
Contribution to Lawrence County Chamber of Commerce	179,876
Contribution to Economic Development Board	40,000
Contribution to Lawrence County High School	2,000
Office	484
Professional fee	20,924
Capital outlay - FIDP Grant	81,530
Total operating expenses	<u>324,814</u>
Net operating revenue (loss)	<u>(88,187)</u>
Contributions:	
Capital grants	63,028
Contributions	<u>63,028</u>
Change in net assets	(25,158)
Net Assets / Fund Equity, Beginning of Year	<u>32,263</u>
Net Assets / Fund Equity, End of Year	<u>\$ 7,105</u>

See accompanying notes to the financial statements.

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

Notes to Financial Statements

June 30, 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Joint Economic and Community Development Board of Lawrence County, Tennessee (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 is a joint venture between Lawrence County and the Cities of Ethridge, Iron City, Lawrenceburg, Loretto, and St. Joseph, Tennessee. The Board comprises the County executive, the mayors of the aforementioned cities and additional members private citizens, industry and business. The purpose of the Board is to foster communication and facilitate economic and community development between and among government entities, industry and private citizens. The County and Cities will provide the majority of funding for the Board.

Reporting Entity

Generally accepted accounting standards requires 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 GASB Statement Number 34 which established 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.

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

Notes to Financial Statements

June 30, 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation (Continued)

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.

The Board has elected to present both the government-wide and fund financial statements on a combined basis. Further, no adjustments are required as the accrual basis of accounting results is the same amounts as the modified accrual basis of accounting used at the fund level.

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. Appropriations from governments are considered measurable and available upon adoption of the appropriation budget by the remitting government. Expenditures are recorded when the related liability is incurred.

Budgets and Budgetary Accounting

The Board does not adopt an annual operating budget.

Cash

The Board is authorized to invest funds in financial institutions. Cash consists of demand deposits with financial institutions.

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.

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

Notes to Financial Statements

June 30, 2008

(2) DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

Deposits

The Board is authorized to invest funds in financial institutions and direct obligations of the Federal Government.

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, 2008.

(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) NON-PROFIT DONATION

The Board makes contributions to the Lawrence County Chamber of Commerce to advance its goals of promotion of trade, tourism and industry and commerce in Lawrence County.

(5) CONTRACTUAL COMMITMENT

During 2008, the Board substantially completed the engineering and design phase of project related to a FIDP grant with the State Department of Economic and Community Development. The project involves improvements to a local plant facility. The construction phase of the project was expected to commence in 2009, however, due to property issues between the current owners, Pinnacle Properties, and Lawrence County government, the project has been put on hold. The tax issues have been discussed between attorneys for the property owner and the local County Attorney. We continue to consider the project on hold until further instructed by the parties involved.

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

Schedule of State Financial Assistance

For the Two-Years Ended June 30, 2008

Grant No.	Grantor Agency	Deferred (Receivable) Balance June 30, 2007	Grant Receipts	Grant Expenditures	Deferred (Receivable) Balance June 30, 2008
GG-07-12800-00	Tennessee Department of Economic and Community Development - FIDP grant	\$ (14,184)	77,212	(63,028)	-

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

Schedule of Board Members and Compensation

June 30, 2008

<u>Board Member</u>	<u>Compensation</u>
Larry Brown, Chairman	*
Jonathan Edwards, Vice Chairman	*
Jim Parkes, Secretary-Treasurer	*
Members:	
Mike Boyd	*
Mary Casteel	*
Barry Doss	*
Kevin Hathaway	*
Bill Heath	*
Phil Hood	*
Joe Reeves	*
Karen Woodall	*
Paul Rosson, County Executive	*
Davaid Workman, Ethridge Mayor	*
Anthony Purser, Iron City Mayor	*
Keith Durham, Lawrenceburg Mayor	*
Ronnie McMasters, Loretto Mayor	*
David Green, St. Joseph Mayor	*

*No compensation paid to Directors.

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**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
Joint Economic and Community Development Board of Lawrence County, Tennessee
Lawrenceburg, TN

We have audited the basic financial statements of the Joint Economic and Community Development Board of Lawrence County, Tennessee (the Board), as of and for the year ended June 30, 2008 and have issued our report thereon dated February 9, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Board's financial statements that is more than inconsequential will be prevented or detected by the Board's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

This report is intended solely for the information and use of the State Comptroller's Office, management, state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

February 9, 2009

