

**JACKSON – MADISON COUNTY  
COMMUNITY ECONOMIC DEVELOPMENT  
COMMISSION**

*(Jackson Convention & Visitors' Bureau)*

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
June 30, 2009**

**COWART, SARGENT & WEBB, CPAs, P.C.**

MEMBERS OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND TENNESSEE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**JACKSON – MADISON COUNTY  
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION**

**Table of Contents**

	Page
Directory of Officials	1
Independent Auditors' Report	2
Statement of Net Assets	3
Statement of Activities	4
Notes to Financial Statements	5-7
Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8-9
Schedule of Findings and Responses	10

**JACKSON – MADISON COUNTY  
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION**

**Directory of Officials**

**Year Ended June 30, 2009**

Board Members

Jimmy Exum, Chairman

Jane Alderson

Tom Hensley

Esther Milam

Bill Sipes

Mayor Jerry Gist, Ex Officio  
*City of Jackson*

Mayor Jimmy Harris, Ex Officio  
*Madison County*

Staff

Lori Nunnery  
Executive Director

Jackson, TN

Paris, TN

**Principals:**

Clark H. Cowart, CPA  
Fancher P. Sargent, CPA

**Jackson Office:** 367-A N. Parkway, Suite 1  
Jackson, TN 38305  
(731) 668-1806  
(731) 668-9543 (f)

INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Jackson-Madison County  
Community Economic Development Commission  
Jackson, Tennessee

We have audited the accompanying financial statements of the governmental activities and the general fund of the Jackson-Madison County Community Economic Development Commission (Commission), a joint-venture between the City of Jackson and Madison County, as of and for the year ended June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of the Commission's management. 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 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of the Jackson-Madison County Community Economic Development Commission as of June 30, 2009, and the changes in its 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 December 3, 2009 on our consideration of the Commission'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 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 Commission has not presented the management's discussion and analysis as required by GASB 34, "*Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments*," that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Respectfully Submitted,

***Cowart, Sargent & Webb***

Cowart, Sargent & Webb  
Certified Public Accountants, P.C.

December 3, 2009

Jackson-Madison County  
Economic Development Commission  
Statement of Net Assets and Governmental Funds Balance Sheet  
June 30, 2009

	<u>General Fund</u>	<u>Government-Wide Statement of Net Assets</u>
<u>ASSETS</u>		
ASSETS		
Cash in Bank	\$ 397,591	\$ 397,591
Taxes Receivable	45,963	45,963
Grant Receivable	18,750	18,750
	<hr/>	<hr/>
TOTAL ASSETS	462,304	462,304
	<hr/>	<hr/>
<u>LIABILITIES &amp; FUND EQUITY</u>		
LIABILITIES		
Accounts Payable	15,909	15,909
	<hr/>	<hr/>
TOTAL LIABILITIES	15,909	15,909
	<hr/>	<hr/>
FUND BALANCES / NET ASSETS		
Fund Balances:		
Unreserved	446,395	
	<hr/>	
TOTAL LIABILITIES & FUND BALANCES	462,304	
	<hr/> <hr/>	
Net Assets:		
Unrestricted		446,395
		<hr/>
TOTAL NET ASSETS		446,395
		<hr/>
TOTAL NET ASSETS & LIABILITIES		\$ 462,304
		<hr/> <hr/>

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

Jackson-Madison County  
Economic Development Commission  
Statement of Activities and Governmental Fund  
Revenues, Expenditures and Changes in Fund Balances / Net Assets  
For the Year Ending June 30, 2009

	General Fund	<i>Government-Wide</i> Statement of Activities
Expenditures / Expenses:		
Administrative		
Bond and Insurance	\$ 1,115	\$ 1,115
Professional Fees	2,600	2,600
Total Administrative	3,715	3,715
Convention and Visitor's Bureau		
Management & Administrative Fees	68,820	68,820
Education Expense	2,186	2,186
Telephone	2,606	2,606
Postage	2,555	2,555
Storage Rental	332	332
Supplies	83	83
Conventions & Meetings	15,050	15,050
Dues & Subscriptions	3,365	3,365
Total Convention and Visitor's Bureau	94,997	94,997
Other		
Tourism Events	73,475	73,475
Advertising	31,087	31,087
Miscellaneous	1,309	1,309
Total Other	105,871	105,871
Total Expenditures / Expenses	204,583	204,583
General Revenues:		
Hotel/Motel Tax Receipts	174,468	174,468
Interest Income	2,709	2,709
Other Income	18,500	18,500
Total General Revenues	195,677	195,677
Excess (deficiency) of Revenue Over Expenditures	(8,906)	(8,906)
Fund Balance / Net Assets at Beginning of the Year	455,301	455,301
Fund Balance / Net Assets at End of the Year	\$ 446,395	\$ 446,395

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

**JACKSON-MADISON COUNTY  
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 1 – ORGANIZATION AND REPORTING ENTITY**

The Jackson-Madison County Community Economic Development Commission (Commission) is a governmental entity that is a joint venture between the City of Jackson, and Madison County, Tennessee. The Commission was created by a private act of the Tennessee legislature, dated May 1, 1980, as amended. There are no other governmental units which are considered components of the Commission.

The operating segment of the Commission is the Convention and Visitors' Bureau (CVB). The CVB is located at the Jackson-Madison County Chamber of Commerce (Chamber) building and is staffed by an employee of the Chamber. The CVB reimburses the Chamber for expenses incurred by the Chamber on the CVB's behalf.

**NOTE 2 – BASIC FINANCIAL STATEMENTS**

The Commission's basic financial statements include both government-wide (reporting the Commission as a whole) and fund financial statements (reporting the Commission's major fund).

In the Statement of Net Assets the General Fund of the Commission is adjusted to report the Commission's net assets in three parts – invested in capital assets; restricted net assets; and unrestricted net assets. The primary difference between the Governmental Fund Balance Sheet for the General Fund and the Statement of Net Assets is the inclusion of capital assets in the Statement of Net Assets.

The primary difference in the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances is the inclusion of depreciation expense of capital assets, which is included in the Statement of Activities.

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Commission conform to generally accepted accounting principles applicable to government as defined in the Statements of the Governmental Accounting Standards Board. The following is a summary of the more significant accounting policies.

**A. Basis of Accounting:**

Basis of Accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses when incurred.

Modified Accrual

The General Fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. A period of availability of 60 days has been determined as a result of the implementation of Government Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

**JACKSON-MADISON COUNTY  
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION**

**NOTES TO FINANCIAL STATEMENTS (Cont.)**

**June 30, 2009**

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**B. Capital Assets:**

Capital assets purchased or acquired with an original cost of \$100 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Equipment	5-10 years

**C. Fund Equity:**

The General Fund Balance indicates equity, which is available for budgeting in future periods.

**NOTE 4 – CASH & EQUIVALENTS AND DEPOSITS AND CUSTODIAL RISK**

The Commission's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the Commission's agent in the Commission's name, or by the Federal Reserve Banks acting as third party agents. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2009, all bank deposits were fully collateralized or insured.

At year-end, the carrying amount of the Commission's deposits was \$397,591 and the bank balance was \$410,591 of which \$250,000 was covered by the Federal Deposit Insurance Corporation and \$160,591 was collateralized.

**NOTE 5 – RISK MANAGEMENT**

The Commission is exposed to risks of accidents by the general public in its office, and employee dishonesty. The Commission insures against all such exposures with commercial insurance. Settled claims, if any, have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in the amount of coverage provided.

**NOTE 6 – CONCENTRATIONS**

The general revenue of the Commission is from a percentage of the Jackson/Madison County Hotel/Motel Tax receipts. A significant reduction in lodging occupancy in the Jackson/Madison County Tennessee area could adversely affect revenue of the Commission.

**JACKSON-MADISON COUNTY  
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS (Cont.)**

**June 30, 2009**

**NOTE 7 – BUDGETARY CONTROL**

The Commission prepares an annual operating budget for its own use. The budget is prepared on the same basis of accounting used for the governmental fund financial statement presentation. The Commission is not required to demonstrate statutory compliance with its annual operating budget. Therefore, budgetary data is not included in the basic financial statements.

**Jackson, TN**

**Paris, TN**

**Principals:**

Clark H. Cowart, CPA  
Fancher P. Sargent, CPA

**Jackson Office:** 367-A N. Parkway, Suite 1  
Jackson, TN 38305  
(731) 668-1806  
(731) 668-9543 (f)

**INDEPENDENT AUDITORS' 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 Commissioners  
Jackson-Madison County Community  
Economic Development Commission  
Jackson, Tennessee

We have audited the financial statements of the governmental activities and general fund of the Jackson-Madison County Community Economic Development Commission (the Commission), a joint-venture between the City of Jackson and Madison County, as of and for the year ended June 30, 2009 and have issued our report thereon dated December 3, 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 Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the activity funds' financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 Commission'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 Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission'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 Commission'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 weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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 of the Board of Commissioners, management and the Comptroller of the Treasury of the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

## *Cowart, Sargent & Webb*

Cowart, Sargent & Webb,  
Certified Public Accountants, P.C.

December 3, 2009

**JACKSON-MADISON COUNTY  
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION  
SCHEDULE OF FINDINGS AND RESPONSES**

June 30, 2009

**Prior Year's Audit Findings**

None

**Current Year Findings**

None