

**WEAKLEY COUNTY ECONOMIC  
DEVELOPMENT BOARD**

**AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2009**



**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD**  
**June 30, 2009**

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**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD  
ROSTER OF EXECUTIVE COMMITTEE AND MANAGEMENT OFFICIALS  
June 30, 2009**

**EXECUTIVE COMMITTEE**

Monte Bowers	Chairman
Eddie Joe McKelvy	Vice-Chairman
Hollie Holt	Secretary/Treasurer
Houston Patrick	Mayor, Weakley County
Danny Forrester	Mayor, City of Dresden
Jack Dunning	Mayor, City of Gleason
Eddie Joe McKelvy	Mayor, City of Greenfield
Randy Brundige	Mayor, City of Martin
Bob Gardner	Mayor, City of Sharon
Andy Page	County Member
John Clark	County Member
Nick Dunagan	County Member
Tom Rakes	County Member
Junior Moore	County Member
John Bucy	County Member
Tony Winstead	Dresden Member
Wendell Alexander	Dresden Member
James H. Westbrook	Dresden Member
Vern Smith	Greenfield Member
Larry Alexander	Martin Member
Tom Payne	Martin Member
Jerry Brigance	Sharon Member

**MANAGEMENT OFFICIALS**

Ronnie Price	President/CEO
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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Weakley County Economic Development Board's financial report presents a narrative overview and analysis of the Board's performance during the fiscal year ending June 30, 2009. Please read it in conjunction with the Board's financial statements, which follow this section.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes the management's discussion and analysis report, the independent auditor's report and the basic financial statements of the Board. The financial statements also include notes that explain in more detail some of the information in the financial statements.

### **REQUIRED FINANCIAL STATEMENTS**

The financial statements of the Board report information of the Board using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term information about its activities. The statement of net assets includes all of the Board's assets and liabilities and provides information about where the Board has invested its resources (assets) and the obligation to the Board's creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. This statement measures the success of the Board's operations over the past year.

### **FINANCIAL ANALYSIS OF THE BOARD**

One of the most important questions asked about the Board's finances is "Is the Board better off or worse as a result of this year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Board's activities in a way that will help answer this question. These two statements report the net assets of the Board and the changes in them. One can think of the Board's net assets – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Board's net assets are one indicator of whether its financial health is improving or deteriorating. A summary of the Board's net assets and changes in them is presented on page 4.

### **ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

As can be seen from the summarized financial information on page 4, the Board's current assets have increased \$59,567 during the year ended June 30, 2009 and net capital assets have decreased \$5,061. The decrease in net capital assets was due to depreciation expense, the cost of which exceeded the cost of any new assets purchased. New assets were purchased from funds on hand and required no borrowing. Net assets increased by \$54,506. Total expenditures increased \$15,856 due mostly to a payment made on the spec building.

Due to the positive analysis of the financial statements, as compared with the prior year, management believes the overall financial condition of the Board is strong.

## **CONTACTING THE BOARD'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the readers with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact:

Weakley County Economic Development Board  
P.O. Box 106  
Martin, Tennessee 38238  
(731)-587-2992

## SUMMARIZED FINANCIAL INFORMATION

	<b>NET ASSETS</b>		Dollar Change	Percentage Change
	<u>2009</u>	<u>2008</u>		
Current Assets	\$ 184,795	\$ 125,228	\$ 59,567	47.6%
Capital Assets	<u>15,281</u>	<u>20,342</u>	<u>(5,061)</u>	-24.9%
Total Assets	200,076	145,570	54,506	37.4%
Current Liabilities	<u>1,642</u>	<u>2,134</u>	<u>(492)</u>	-23.1%
Total Liabilities	<u>1,642</u>	<u>2,134</u>	<u>(492)</u>	-23.1%
Net Assets	<u><u>\$ 198,434</u></u>	<u><u>\$ 143,436</u></u>	<u><u>\$ 54,998</u></u>	38.3%
Summary of Net Assets				
Invested in Capital Assets	15,281	20,342	(5,061)	-24.9%
Unrestricted Net Assets	<u>183,153</u>	<u>123,094</u>	<u>60,059</u>	48.8%
	<u><u>\$ 198,434</u></u>	<u><u>\$ 143,436</u></u>	<u><u>\$ 54,998</u></u>	38.3%
	<b>CHANGES IN NET ASSETS</b>			
Revenues	\$ 200,000	\$ 200,000	\$ -	0.0%
Operating Expenses	<u>147,601</u>	<u>131,745</u>	<u>15,856</u>	12.0%
Operating Income (Loss)	52,399	68,255	(15,856)	-23.2%
Nonoperating Revenues (Expenses)	<u>2,599</u>	<u>2,377</u>	<u>222</u>	9.3%
Changes in Net Assets	54,998	70,632	(15,634)	-22.1%
Net Assets				
Beginning	<u>143,436</u>	<u>72,804</u>	<u>70,632</u>	
Ending	<u><u>\$ 198,434</u></u>	<u><u>\$ 143,436</u></u>	<u><u>\$ 54,998</u></u>	38.3%



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PLANNING SECTION

### Independent Auditor's Report

To the Board of Directors  
Weakley County Economic Development Board

We have audited the accompanying financial statements of the governmental activities and the major fund of the Weakley County Economic Development Board, as of and for the year ended June 30, 2009, which collectively comprise the Board's basic financial statements as listed in the table of contents. 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, based on our audit, 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 Weakley County Economic Development Board, as of June 30, 2009, and the respective changes in financial position, and, where applicable, the respective budgetary comparison for the general fund, thereof, for the year ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis found on pages 2-4 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated January 26, 2010, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants,

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 compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*John R. Reese, CPA*

January 26, 2010

**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD**  
**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2009**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b><u>ASSETS</u></b>			
Cash - Checking	\$ 184,795	\$ -	\$ 184,795
Capital Assets, Net of Depreciation	-	15,281	15,281
Total Assets	<u>184,795</u>	<u>15,281</u>	<u>200,076</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	1,642	-	1,642
Payroll Liability	-	-	-
Total Liabilities	<u>1,642</u>	<u>-</u>	<u>1,642</u>
<b><u>FUND BALANCE/NET ASSETS</u></b>			
Fund Balance - Unreserved	<u>183,153</u>	<u>-</u>	
Total Liabilities and Fund Balance	<u>\$ 184,795</u>		
Invested in Capital Assets		15,281	15,281
Unrestricted		-	183,153
Total Net Assets		<u>\$ -</u>	<u>\$ 198,434</u>

**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2009**

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Differences in amounts reported for governmental activities in the statement of net assets on Page 7:

Fund balance - governmental fund	\$ 184,795
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.	<u>15,281</u>
Net assets of governmental activities	<u><u>\$ 200,076</u></u>

**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2009**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
County and Municipal Dues			
City of Dresden	\$ 16,400	\$ -	\$ 16,400
City of Gleason	8,400	-	8,400
City of Greenfield	12,600	-	12,600
City of Martin	60,200	-	60,200
City of Sharon	5,600	-	5,600
Weakley County	96,800	-	96,800
<b>Total Revenues</b>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
<b>Expenses</b>			
Audit Services	1,100	-	1,100
Automobile Expense	3,624	-	3,624
Communications	104	-	104
Contracted Services	132	-	132
Depreciation	-	5,169	5,169
Dues & Memberships	1,605	-	1,605
Entertainment	2,411	-	2,411
Health Insurance	6,093	-	6,093
Industrial Development Expense	15,000	-	15,000
Insurance	950	-	950
Marketing Expense	4,864	-	4,864
Office Equipment	50	-	50
Office Supplies & Printing	786	-	786
Other Expense	1,781	(170)	1,611
Payroll Taxes	6,267	-	6,267
Postage & Box Rent	504	-	504
Professional Services	900	-	900
Registration & Meeting Expense	3,467	-	3,467
Retirement/Deferred Compensation	2,200	-	2,200
Salary - CEO	76,500	-	76,500
Salary - Secretary/Assistant	5,275	-	5,275
Telephone	3,202	-	3,202
Travel	5,787	-	5,787
<b>Total Expenditures</b>	<u>142,602</u>	<u>4,999</u>	<u>147,601</u>
<b>Excess of Revenues over Expenditures</b>	<u>57,398</u>	<u>(4,999)</u>	<u>52,399</u>
<b>Other Financing Sources (Uses)</b>			
Interest Income	2,661	-	2,661
Gain (Loss) on Disposal of Assets	-	(62)	(62)
<b>Total Other Financing Sources (Uses)</b>	<u>2,661</u>	<u>(62)</u>	<u>2,599</u>
<b>Net Change in Fund Balance/Net Assets</b>	<u>60,059</u>	<u>(5,061)</u>	<u>54,998</u>
<b>Fund Balance/Net Assets:</b>			
Beginning of the Year	123,094	20,342	143,436
End of the Year	<u>\$ 183,153</u>	<u>\$ 15,281</u>	<u>\$ 198,434</u>

See accompanying notes to the financial statements.

**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2009**

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Differences in amounts reported for governmental activities in the statement of activities on page 9:

Net change in fund balance - governmental fund	\$	60,059
Amounts reported for governmental activities in that statement of activities are different because:		
Depreciation expense on governmental capital assets are included in the governmental activities in the Statement of Activities		(5,169)
The net effect of various transactions involving capital assets (i.e., sales, trade ins, disposals, and contributions) is to increase net assets		(62)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the Statement of Net Assets.		<u>170</u>
Change in net assets of governmental activities	\$	<u><u>54,998</u></u>

**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2009**

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
County and Municipal Dues				
City of Dresden	\$ 16,400	\$ 16,400	\$ 16,400	\$ -
City of Gleason	8,400	8,400	8,400	-
City of Greenfield	12,600	12,600	12,600	-
City of Martin	60,200	60,200	60,200	-
City of Sharon	5,600	5,600	5,600	-
Weakley County	96,800	96,800	96,800	-
<b>Total Revenues</b>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
<b>Expenditures</b>				
Audit Services	1,100	1,100	1,100	-
Automobile Expense	4,100	4,100	3,624	476
Communications	-	-	104	(104)
Contracted Services	700	400	132	268
Dues & Memberships	1,600	1,700	1,605	95
Entertainment	3,000	3,000	2,411	589
Health Insurance	6,540	6,190	6,093	97
Industrial Development Expense	60,000	60,000	15,000	45,000
Insurance	600	950	950	-
Marketing Expense	8,500	8,500	4,864	3,636
Office Equipment	1,000	1,000	50	950
Office Supplies & Printing	1,000	1,000	786	214
Other Expense	1,500	1,860	1,781	79
Payroll Taxes	7,000	7,000	6,267	733
Postage & Box Rent	800	800	504	296
Professional Services	1,000	1,000	900	100
Promotion & Prospective	1,300	1,300	-	1,300
Registration & Meeting Expense	4,000	4,000	3,467	533
Rent	360	-	-	-
Retirement/Deferred Compensation	2,600	2,600	2,200	400
Salary - CEO	76,500	76,500	76,500	-
Salary - Secretary/Assistant	10,500	10,500	5,275	5,225
Telephone	3,500	3,700	3,202	498
Travel	8,000	8,000	5,787	2,213
Utilities	100	100	-	100
<b>Total Expenditures</b>	<u>205,300</u>	<u>205,300</u>	<u>142,602</u>	<u>62,698</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<u>(5,300)</u>	<u>(5,300)</u>	<u>57,398</u>	<u>62,698</u>
<b>Other Financing Sources (Uses)</b>				
Interest Income	3,500	3,500	2,661	(839)
<b>Total Other Financing Sources (Uses)</b>	<u>3,500</u>	<u>3,500</u>	<u>2,661</u>	<u>(839)</u>
<b>Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(1,800)</u>	<u>(1,800)</u>	<u>60,059</u>	<u>61,859</u>
<b>Fund Balance, Beginning</b>	123,094	123,094	123,094	-
<b>Fund Balance, Ending</b>	<u>\$ 121,294</u>	<u>\$ 121,294</u>	<u>\$ 183,153</u>	<u>\$ 61,859</u>

**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Weakley County Economic Development Board have been prepared in conformity with the standards of the Governmental Accounting Standards Board. The Board follows only GASB guidance issued after November 30, 1989.

**A. 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.

The accounts of the Weakley County Economic Development Board are organized as a governmental fund. 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. 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 Board 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.

On July 1, 2002, the Board adopted the provisions of Governmental Accounting Standards Board Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*." GASB Statement No. 34 established standards for external reporting for all state and local governmental entities, which includes a statement of net assets and a statement of revenues, expenditures, and changes in net assets. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. Those classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions on enabling legislation.

**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1A (CONTINUED)**

- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

**B. USE OF ESTIMATES**

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**C. REPORTING ENTITY – JOINT VENTURE**

In evaluating how to define the Weakley County Economic Development Board, for financial reporting purposes, management has considered the criteria set forth in the Government Accounting Standards Board Statement No. 14, “The Financial Reporting Entity” and has determined the relationship to be a joint venture. Joint ventures are legal entities or other organizations resulting from an agreement between two or more participants to jointly own, operate, and govern the entity as a separate activity. To qualify as a joint venture, GASB Statement No. 14 requires the participants to have either an ongoing financial interest or an ongoing financial responsibility.

The parties to the joint venture are as follows:

The County of Weakley, Tennessee  
City of Martin, Tennessee  
City of Dresden, Tennessee  
City of Greenfield, Tennessee  
City of Gleason, Tennessee  
City of Sharon, Tennessee

According to the agreement adopted by the parties to the joint venture, the share of the annual budget paid by each party is allocated based on the respective populations of each party as of each decennial census and will remain in effect until the next census results are available. It is projected that most of each year’s budget will be spent prior to the end of the corresponding fiscal year.

**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1 (CONTINUED)**

**D. BUDGETARY BASIS OF ACCOUNTING**

The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. Annual budgets are adopted for the General fund. The Board maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Board. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund. Budgeted amounts presented are as originally adopted and as further amended by the Board. The Board adopts their budget prior to June 30 or the preceding fiscal year in compliance with Tennessee law.

**NOTE 2 FORMATION OF BOARD**

As required by statute of the State of Tennessee, the Weakley County Board of Commissioners and the governing boards of the cities of Martin, Dresden, Greenfield, Gleason, and Sharon created the Weakley County Joint Economic and Community Development Board. During the fiscal year ending June 30, 2005, the organization's name was changed to the Weakley County Economic Development Board. Its operations commenced officially on July 1, 2001. Its objectives are to:

1. Encourage an entrepreneurial spirit among businesses and citizens.
2. Expand existing industry and business.
3. Attract new business and industry appropriate for the county.
4. Foster open communications among all groups in the county concerned with economic development.

**NOTE 3 DEPOSITS AND INVESTMENTS**

The Board has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures* for financial reporting of deposit risk.

Custodial Credit Risk – State statute requires 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 of the Tennessee Bank Collateral Pool, by collateral held by the Board's agent in the Board's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2009, all bank deposits were fully collateralized or insured.

The Board is authorized to hold funds in the form of checking and/or savings accounts and investments in the form of Certificates of Deposit.

**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 COMPENSATED ABSENCES**

Employees earn vacation leave at the rate of one working day per month. Such leave may be accumulated, except that the amount of leave which is carried over as a balance at the end of any year shall be no more than twelve days or it will be lost. Employees are entitled to paid sick leave of one day per month, with a maximum accrual of thirty days. An accrued liability for vacation leave has not been recorded at June 30, 2009, because there was no unpaid vacation due to employees. No accrual is set up for accrued sick leave, because this is lost upon termination of employment.

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009 is as follows:

Governmental Activities:

	Beginning Balance	Additions	Retirements	Ending Balance
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Non-Depreciable Assets:				
Land	\$ -	\$ -	\$ -	\$ -
Depreciable Assets:				
Furniture and Equipment	7,900	170	(125)	7,945
Vehicles	17,119	-	-	17,119
Total Depreciable Assets	<u>25,019</u>	<u>170</u>	<u>(125)</u>	<u>25,064</u>
Less Accum. Depreciation for:				
Furniture and Equipment	4,217	1,746	(63)	5,900
Vehicles	460	3,423	-	3,883
Total Accum. Depreciation	<u>4,677</u>	<u>5,169</u>	<u>(63)</u>	<u>9,783</u>
Depreciable Assets, net	20,342	(4,999)	(62)	15,281
Governmental Activities Capital Assets, net	<u>\$ 20,342</u>	<u>\$ (4,999)</u>	<u>\$ (62)</u>	<u>\$ 15,281</u>

**NOTE 6 SIMPLE IRA**

The Board has a SIMPLE IRA retirement plan in effect. Contributions are based on matching, with the Board matching up to 3% of employee contributions.



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AICPA PERSONAL FINANCIAL  
PLANNING SECTION

**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  
Weakley County Economic Development Board

We have audited the basic financial statements of the governmental activities and the major fund of the Weakley County Economic Development Board as of and for the year ended June 30, 2009, and have issued our report thereon dated January 26, 2010. 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 Weakley County Economic Development Board's internal control over financial reporting as a basis for designing our 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 not 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 the 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 the 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 Weakley County Economic Development Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and,

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*John R. Reese, CPA*

January 26, 2010

