

**LAUDERDALE CHAMBER/ECONOMIC
AND COMMUNITY DEVELOPMENT, INC.**

Ripley, Tennessee

FINANCIAL STATEMENTS

June 30, 2011

**LAUDERDALE CHAMBER/ECONOMIC
AND COMMUNITY DEVELOPMENT, INC.**

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LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Schedule of Officials and Key Employees

June 30, 2011

Board of Directors

Nancy Allen
Norfleet Anthony
Michael Bursey
Greg Carihfield
Martha Crites
Debra Danley
Keith Davidson
Regina Fleming
Billy Harmon
Reed Sanders
Lynnwood Shoemake

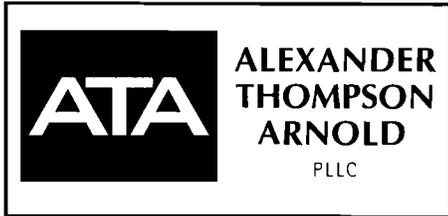
Maurice Gaines
Greg Hartsfield
Joey Hassell
David Jennings
Youlanda Jones-Wilcox
Keith Kluttz
Samuel Lee
Barry Britt
Kent Carter
Craig Fitzhugh
Brian Collins

Felix Moore
Mike Moore
Jon Pavletic
Rod Schuh
Ronnie Tatum
Lin Thompson
Ron Goforth
Booker Nance
Eugene Pugh
Monty McWilliams
Bill Ray

Administrative Staff

Susan Todd, Executive Director
Annette Sanders, Administrative Assistant
Jennifer Cooper, Executive Secretary

Independent Certified Public Accountant
Alexander Thompson Arnold PLLC
Dyersburg, Tennessee



Certified Public Accountants

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Independent Auditor's Report

The Board of Directors of
Lauderdale Chamber/Economic
and Community Development, Inc.
Ripley, Tennessee

We have audited the accompanying financial statements of the governmental activities and the major fund of the Lauderdale Chamber/Economic and Community Development, Inc. (a nonprofit organization) of Lauderdale County, Tennessee, (Chamber) as of and for the year ended June 30, 2011 which collectively comprise the Chamber's basic financial statements. The financial statements are the responsibility of the Board of Directors of the Chamber. 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 amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Chamber, as of June 30, 2011, and the respective change in financial position thereof 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 January 23, 2012 on our consideration of the Chamber's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. We 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We 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.

Alexander Thompson Arnold PLLC

January 23, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Lauderdale Chamber/Economic and Community Development, Inc.'s financial performance provides an overview of the Chamber's financial activities for the fiscal year ended June 30, 2011.

Financial Highlights

- The assets of the Lauderdale Chamber/Economic and Community Development, Inc. exceeded its liabilities at the close of the most recent fiscal year by \$353,868 (*net assets*). Of this amount \$340,122 may be used to meet ongoing obligations to citizens and creditors.
- The total net assets increased by \$37,859 (12 percent) during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Lauderdale Chamber/Economic and Community Development, Inc.'s financial statements which are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Fund's finances, in a manner similar to private-sector business. The Chamber/ECD has only one fund.

The Statement of Net Assets presents information on all of the Fund's assets and liabilities, with the differences between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Lauderdale Chamber/Economic and Community Development, Inc. is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event gives 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 (e.g. accounts receivable and accounts payable).

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statement provides detailed information about the Chamber/ECD as a whole.

Government Funds. Government funds are used to account for essentially the same functions reported as governmental activities in the financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the end of the most recent fiscal year, the assets of the Lauderdale Chamber/Economic and Community Development, Inc. exceeded its liabilities by \$353,868.

The largest portion of the Chamber/ECD's assets, \$348,744 (94.9 percent) reflects cash and investments made on behalf of the Chamber. The Chamber/ECD has invested \$18,163 (4.9 percent) in fixed assets. Debt related to the fixed assets equals \$4,417. The Chamber/ECD uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending.

	Net Assets	
	2011	2010
Current assets	\$ 349,432	\$ 309,029
Fixed assets	<u>18,163</u>	<u>24,983</u>
Total Assets	<u>\$ 367,595</u>	<u>\$ 334,012</u>
Liabilities	\$ 13,727	\$ 18,003
Net assets		
Invested in fixed assets, net of related debt	13,746	19,520
Unrestricted	<u>340,122</u>	<u>296,489</u>
Total Liabilities and Net Assets	<u>\$ 367,595</u>	<u>\$ 334,012</u>

	Changes in Net Assets	
	2011	2010
Support and revenue	\$ 273,050	\$ 280,411
Expenses	<u>235,191</u>	<u>248,402</u>
Increase (decrease) in net assets	37,859	32,009
Net assets at the beginning of the year	<u>316,009</u>	<u>284,000</u>
Net assets at the end of the year	<u>\$ 353,868</u>	<u>\$ 316,009</u>

Budgetary Highlights

The difference between the original budget and the final operations was a favorable variance of \$39,437. The primary difference is due to income being greater than amount budgeted. There was \$24,995 of unbudgeted income from TV commercials as well as \$5,975 in TACL receipts. Program income also exceeded budget by over \$17,000. The major expense variance was in unbudgeted advertising expense of \$16,997 spent for the TV commercials. The differences are not expected to have a significant effect on future services or liquidity.

Capital Assets

The Lauderdale Chamber/Economic and Community Development, Inc.'s investment in capital assets was \$18,163 (net of accumulated depreciation) as of June 30, 2011. This included furniture, equipment, and vehicles.

Future Projections

The Chamber/ECD anticipates that providing services to Lauderdale County will result in operating revenues exceeding operating expenses for the foreseeable future. The organization will continue to play a primary role in the enhancing and promoting Lauderdale County in all areas of business and economic development. The Chamber/ECD continues to work closely with departments of the State of Tennessee to provide economic opportunities to the area residents.

Requests for Information

The financial report is designed to provide a general overview of the Lauderdale Chamber/Economic and Community Development, Inc.'s finances for those with an interest in the Chamber/ECD's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Executive Director, Lauderdale Chamber/Economic and Community Development, Inc., 123 S Jefferson, Ripley, Tennessee 38063.

Susan Todd

Executive Director
Lauderdale Chamber/Economic and Community Development
Lauderdale County, Tennessee

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Statement of Net Assets

June 30, 2011

ASSETS

Cash in bank	\$ 132,323
Certificates of deposit	216,421
Accrued interest receivable	688
Furniture and fixtures	63,716
Less accumulated depreciation	<u>(45,553)</u>

Total Assets 367,595

LIABILITIES

Accounts payable	8,450
Compensated absences payable	860
Capital lease payable-current	<u>1,135</u>

Total Current Liabilities 10,445

Capital lease payable-non-current	<u>3,282</u>
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Total Liabilities 13,727

NET ASSETS

Invested in fixed assets, net of related debt	13,746
Unrestricted	<u>340,122</u>

Total Net Assets \$ 353,868

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Statement of Activities

June 30, 2011

SUPPORT AND REVENUE

Appropriations from local governments	\$ 34,482
Appropriations from local governments for economic and community development	69,404
Membership dues	33,284
Program service revenue	97,271
Interest income	2,506
TV campaign	24,995
Miscellaneous income	<u>11,108</u>
Total Support and Revenue	<u>273,050</u>

EXPENSES

Administrative and general	129,039
Membership services	98,585
Economic and community development	<u>7,567</u>
Total Expenses	<u>235,191</u>

Changes in Net Assets	37,859
Net Assets At Beginning of Year	<u>316,009</u>
Net Assets At End of Year	<u>\$ 353,868</u>

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Balance Sheet

Governmental Fund

June 30, 2011

ASSETS

Cash in bank	\$ 132,323
Certificates of deposit	216,421
Accrued interest receivable	<u>688</u>

Total Assets	<u>\$ 349,432</u>
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LIABILITIES

Accounts payable	\$ 8,450
Compensated absences payable	<u>860</u>

Total Liabilities	9,310
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FUND BALANCE

Unassigned	<u>340,122</u>
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Total Liabilities and Fund Balance	<u>\$ 349,432</u>
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Fund Balance	\$ 340,122
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The amount reported for the governmental activity in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	18,163
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the current period.	<u>(4,417)</u>
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Net Assets of the Governmental Activity	<u>\$ 353,868</u>
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LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Statement of Revenues, Expenditures, and Changes in
Fund Balance-Governmental Fund

For the Year Ended June 30, 2011

SUPPORT AND REVENUE

Appropriations from local governments	\$ 34,482
Appropriations from local governments for economic and community development	69,404
Membership dues	33,284
Program service revenue	97,271
Interest income	2,506
TV campaign	24,995
Miscellaneous income	11,108
Total Support and Revenue	<u>273,050</u>

EXPENSES

Administrative and general

Salaries and wages	77,706
Payroll taxes	6,201
Employee insurance	6,300
Insurance	2,448
Minor Equipment	295
Telephone	5,292
Professional fees	3,562
Postage	1,679
Maintenance	11,069
Utilities	5,256
Capital outlay	2,000
Debt Service	
Principal retirement	1,045
Interest expense	412
Total Administrative and General	<u>123,265</u>

Membership services

Advertising	19,670
Dues	2,193
Office expenses	2,363
Travel	711
Program expenses	71,657
Auto expense	1,456
Education/Scholarships	535
Total Membership Services	<u>98,585</u>

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

**Statement of Revenues, Expenditures, and Changes in
Fund Balance-Governmental Fund**

For the Year Ended June 30, 2011

Economic and Community Development

Advertising	1,000
Dues	338
Office expenses	2,363
Travel	635
Out of area prospects	1,033
Auto expenses	1,698
Education/Scholarships	500
Total Economic and Community Development	<u>7,567</u>
Total Expenses	<u>229,417</u>
Excess of Support and Revenues Over Expenses	43,633

Other Financing Sources

Net change in fund balance	43,633
Fund Balance, July 1, 2010	<u>296,489</u>
Fund Balance, June 30, 2011	<u>\$ 340,122</u>

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

Net change in fund balance-the governmental fund	\$ 43,633
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlay, reported as expenditures in the governmental funds, are shown as capital assets in the Statement of Net Assets.	2,000
Depreciation expense on capital assets is reflected on the governmental activities Statement of Activities	(8,820)
Repayment of long-term debt are reported as an expenditure in governmental funds, but are a reduction of long-term liabilities in the statement of net assets. In the current year, these amounts included principal repayments on notes.	<u>1,046</u>
Change in net assets of the governmental activity	<u>\$ 37,859</u>

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Notes to the Financial Statements

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Lauderdale Chamber/Economic and Community Development, Inc., (the Chamber) have been prepared in conformity with accounting principles generally accepted in the United States of America (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 significant accounting principles and policies utilized by the Chamber are described below:

1. Reporting Entity

The Chamber is a non-profit organization organized under Section 501(c)(6) of the Internal Revenue Code. The purpose of the organization is to promote business, industry, and economic and community development in the Lauderdale County area. The economic development portion of the organization was formed through an Interlocal Agreement between Lauderdale County, the City of Ripley, the Towns of Halls, Gates, and Henning and the Chamber. The Chamber has no component units.

The accompanying financial statements present only the financial information of the Chamber. Financial information of Lauderdale County, Tennessee or any of the municipalities located in Lauderdale County, Tennessee who provide funding for the Chamber is not included in this report. The Chamber operated independently, governs its affairs, and is not controlled by any of the governmental entities that provide support for its activities.

Any business firm, association, corporation, governmental unit or person of good standing interested in the commercial, industrial and civic progress of Lauderdale County, Tennessee is eligible for active memberships in the Chamber. The Chamber is governed by a Board of Directors which is composed of the five (5) Mayors or their designees, the Superintendent of Schools, plus 20 or more additional persons, half of whom are elected by the active members and half selected under the provisions of State Chapter 1101. The four year terms are staggered and Board members may succeed themselves.

2. Financial Statements

The financial statements (i.e., the statement of net assets and the statement of activities) report information on the activities of the Chamber.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by revenues. Direct expenses are those that are clearly identifiable with a specific function or segments. *Support and revenue* include 1) charges to participants who purchase, use, or directly benefit from goods, services, or privileges provided by the Chamber; 2) appropriations from local governments that are available to meet the operational or capital requirements of the Chamber; and 3) other miscellaneous revenue.

3. Measurement Focus and Basis of Accounting

The 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.

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Notes to the Financial Statements

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement Focus and Basis of Accounting (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. Revenues are considered to be available when 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 the purpose, the Chamber 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.

4. Assets, Liabilities and Net Assets

a) Cash and Certificates of Deposit

Cash and certificates of deposit consist of demand deposits and time deposits with financial institutions and are carried at cost.

b) Accounts Receivable

Accounts receivable are recorded at gross amount. Uncollectible amounts are recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amounts of such allowance would not be material to the basic financial statements.

c) Capital Assets

Capital assets include property, plant, and equipment. Assets are recorded at historic cost. Donated capital assets are recorded at estimated fair value at the date of donation. 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. A minimum capitalization threshold has not been established.

Capital assets are depreciated using the straight-line methods over the following estimated useful lives:

Vehicles	5 years
Furniture and fixtures	5-7 years

d) Compensated Absences

All hourly employees of the Chamber with one year or more of service are entitled to two weeks paid vacation. The Executive Director is entitled to three weeks paid vacation. All personnel must complete one full year of employment before becoming eligible for paid vacation. One week of earned vacation may be carried over to the following year; however, any time accrued and not used in excess of one week is forfeited.

Employees of the Chamber earn one day of paid sick leave for each month of employment. Sick days may be accumulated not to exceed thirty days.

Upon termination of employment, and employee is entitled to be paid for unused vacation not exceeding the carryover limits outlined above.

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Notes to the Financial Statements

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities and Net Assets

e) Long-term Obligations

Long-term debt is recorded as a liability in the appropriate section of the Statement of Net Assets.

f) Fund Equity

Governmental fund equity is classified as fund balance. Beginning with fiscal year 2011, the Chamber implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable: This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources that are either (a) externally imposed by creditors (such as through debt covenants), grants, contributors, laws or regulations of the governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education (the School's highest level of decision-making authority). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned: This classification includes spendable amounts that are reported in governmental funds other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB statement 54. The intent of an assigned fund balance should be expressed by the Board of Education.

Unassigned: This classification is the residual fund balance for the General Fund. It also represents the fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Notes to the Financial Statements

June 30, 2011

The detail of governmental fund balance classifications are as follows:

	<u>Governmental Funds</u>
Unassigned	\$ <u>340,122</u>

When fund balance resources are available for a specific purpose in multiple classifications, the Board would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

On the government-wide financial statements equity is classified as net assets and displayed in the following:

- Invested in capital assets, net of related debt—Amounts of capital assets, net of accumulated depreciation, less outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Unrestricted net assets—Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual result could differ from those estimates.

NOTE 2 – STEWARDSHIP AND COMPLIANCE

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for Chamber funds. Budget is defined as the originally approved budget plus or minus approved amendments. The budget is approved by the Board of Directors prior to the beginning of the fiscal year. Budget appropriations not expended during the year are closed to fund balance. The Chamber did not have any material violations of legal or contractual provisions for the fiscal year ended June 30, 2011.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The Chamber maintains one operating account and numerous certificates of deposit invested in area banks and with an area investment broker. All cash and investments are held by the depositories in the name of the Chamber. The certificates of deposits are in conformity with investments approved by the State of Tennessee guidelines.

Cash and investments consist of the following:

Deposits with financial institutions	\$ 132,323
Certificates of deposit	<u>216,421</u>
Total	<u>\$ 348,744</u>

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Notes to the Financial Statements

June 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

1. Cash and Investments (continued)

Deposits and investments are subject to various risks. Presented below is a discussion of the Chamber's deposits and investments and the related risks.

Deposits with Financial Institutions

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. Amounts above the FDIC insured limits are secured by the Tennessee Collateral Pool. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Interest rate risk is the risk that changes in market interest rates could adversely affect the fair value of an investment. The Chamber's investments bear a fixed interest rate and mature, generally, in twelve months or less, at par plus interest earned.

2. Capital Assets

Capital activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Furniture and Fixtures	\$ 38,561	\$ 2,000	\$ 4,133	\$ 36,428
Leasehold improvements	6,000	0	0	6,000
Vehicles	<u>21,288</u>	<u>0</u>	<u>0</u>	<u>21,288</u>
Subtotals	<u>65,849</u>	<u>2,000</u>	<u>4,133</u>	<u>63,716</u>
Less accumulated depreciation:				
Furniture and Fixtures	25,215	3,705	4,133	24,787
Leasehold improvements	1,814	857	0	2,671
Vehicles	<u>13,837</u>	<u>4,258</u>	<u>0</u>	<u>18,095</u>
Subtotals	<u>40,866</u>	<u>8,820</u>	<u>4,133</u>	<u>45,553</u>
Total capital assets being depreciated, net	<u>\$ 24,983</u>	<u>\$ (6,820)</u>	<u>\$ 0</u>	\$ 18,163
Less related long-term debt outstanding				<u>4,417</u>
Investment in capital assets, net of related debt				<u>\$ 13,746</u>

Depreciation charged to expense was \$ 8,820.

3. Long-term Obligations

The Chamber is obligated to repay Business Equipment Center for the purchase of office equipment. The note is payable in monthly installments of \$121.46 at an 8.257% interest rate. The current portion of the note is \$1,135. The note is secured by a copy machine.

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Notes to the Financial Statements

June 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

3. Long-term Obligations (continued)

Interest and principal repayments remaining are:

Year Ended:	Principal	Interest
6/30/2012	\$ 1,135	\$ 322
6/30/2013	1,232	225
6/30/2014	1,338	119
6/30/2015	<u>712</u>	<u>17</u>
	\$ <u>4,417</u>	\$ <u>683</u>

	Balance <u>7/1/2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2011</u>
Governmental Activities:				
Business Equipment Center	<u>\$ 5,463</u>	<u>\$ -</u>	<u>\$ 1,046</u>	<u>\$ 4,417</u>

NOTE 4 – OTHER INFORMATION

1. Risk Management

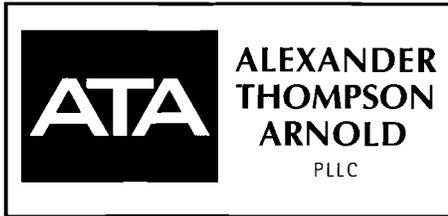
The Chamber is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors or omissions, and acts of God. The organization purchases commercial insurance to defray these risks. No settlements have occurred in any of the prior three years.

2. Donated Services

The Chamber receives donated services from a variety of unpaid volunteers who assist the Chamber in its industry, business, and economic and community development activities. No amounts have been recognized in the accompanying statement of activities because of the criteria for recognitions of such volunteer effort under SFAS 116 have not been satisfied.

3. Concentration of Credit Risk

The Chamber's financial instruments that are exposed to concentrations of credit risk consist primarily of accounts receivable. The Chamber routinely assesses the financial strength of its members, and as a consequence, believes that its accounts receivable credit risk exposure is not material.



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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 Auditing Standards**

The Board of Directors
Lauderdale Chamber/Economic
and Community Development, Inc.
Ripley, Tennessee

We have audited the financial statements of the governmental activities and the major fund for the Lauderdale Chamber/Economic and Community Development, Inc. (Chamber) as of and for the year ended June 30, 2011, and have issued our report thereon dated January 23, 2012. 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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings, recommendations and replies that we consider to be significant deficiencies in internal control over financial reporting. (Finding 1,2,3, and 4). 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.

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Jackson, TN
Martin, TN
McKenzie, TN

17
Milan, TN
Murray, KY
Paris, TN
Trenton, TN
Union City, TN

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chamber's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings, recommendations, and responses as findings 1, 2, and 3.

The Chamber's responses to the findings identified in our audit are described in the accompanying schedule of findings, recommendations, and replies. We did not audit the Chamber's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of The Board of Directors of Lauderdale Chamber/Economic and Community Development, Inc. management, and the State of Tennessee Office of the Comptroller and is not intended to be and should not be used by anyone other than those specified parties.

Alexander Thompson Arnold PLLC

January 23, 2012

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Schedule of Findings, Recommendations, and Replies

June 30, 2011

1. Finding 2011-1 – The Chamber has one employee who is responsible for maintaining basically all financial records and who also performs most of the day to day accounting and bookkeeping functions.

Recommendation – We recommend that the Chamber try to segregate as many duties as possible.

Reply – We concur: however, we do not feel that the cost benefit of hiring additional personnel is justifiable.

2. Finding 2011-2 – It appears that receipts written to establish control over cash collections are not completed on the actual date the funds are received. In addition, the Chamber is not following the 3 day deposit rule required by State law.

Recommendation – We suggest that the Chamber adhere strictly to the 3 day deposit requirement and that the actual duplicate reflect the actual date the funds were received.

Reply – We concur.

3. Finding 2011-3 – Christmas bonuses were not included in taxable wages to the employees. Corresponding the appropriate payroll taxes were not paid on the bonus.

Recommendation – The IRS allows \$25 per person as a tax free gift. Compensation regardless of its nature should be reported to the IRS and the employee.

Reply – We will report payments to employees correctly.

4. Finding 2011-4 – Our audit indicated that the Executive Director is the only check signer on the Chamber Bucks bank account.

Recommendation – We suggest that the Board adopt a policy requiring two signatures on the Chamber Bucks account. The Executive Director processes the bucks for payment and prepares the check; therefore, the signers should be independent of the preparation process.

Reply – We concur.

Status of Prior Audit Findings

Finding 1 above is repeated from the prior year.