

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

Financial Statements and Supplemental Information
For the Year Ended June 30, 2011

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

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INDEPENDENT AUDITOR'S REPORT

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

I 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 as of and for the year ended June 30, 2011. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the fund information of the Board as of June 30, 2011 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*, I have also issued my report dated December 21, 2011, on our consideration of the Board'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 Joint Economic and Community Development Board of Lawrence County, Tennessee has not presented a 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 of America has determined is necessary to supplement, although not required to be part of the basic financial statements.

My audit was conducted for the purpose of forming opinions 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 my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Laura J. Newcome CPA



Lawrenceburg, Tennessee

12-21-2011

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

Financial Section

**Joint Economic and Community Development Board of
Lawrence County, Tennessee
Statement of Net Assets and Governmental Fund Balance Sheet
June 30, 2011**

Assets

Current Assets:

Cash- unrestricted	\$ 458
Total Current Assets	<u>458</u>
Total Assets	<u>\$ 458</u>

Liabilities and Net Assets

Liabilities:

Accounts Payable	\$ 0
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Net Assets/Fund Equity:

Unrestricted	458
Total Net Assets	<u>\$ 458</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,
Expenses and Changes in Net Assets
For the Year Ended June 30, 2011**

Operating Revenues

Intergovernmental Revenues:

Appropriation From:

Lawrence County, Tennessee	\$ 147,173
City of Lawrenceburg, Tennessee	193,000
City of Loretto	10,184
City of St. Joseph	5,290
City of Ethridge	<u>1,710</u>

Total Operating Revenues	<u>357,357</u>
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Operating Expenses

Current:

Contribution to Lawrence County Chamber of Commerce	255,357
Contribution to 21 st Century Council	100,000
Advertising	40
Repairs and Maintenance	1,050
Professional Fees	10,733
Capital Outlay- FIDP Grants	<u>1,035,291</u>
Total Operating Expenses	<u>1,402,471</u>

Net Operating Revenue (Loss)	<u>(1,045,114)</u>
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Contributions:

Capital Grants	<u>1,043,291</u>
Total Contributions	<u>1,043,291</u>

Change in Net Assets	(1,823)
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Net Assets/Fund Equity, Beginning of Year	<u>2,281</u>
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Net Assets/ Fund Equity, End of Year	<u><u>458</u></u>
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See accompanying notes to the financial statements.

Joint Economic and Community Development Board of Lawrence County, Tennessee

Notes to the Financial Statements June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Joint Economic and Community Development Board of Lawrence County, Tennessee, herein after referred to as the "Board", have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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 was established by an Interlocal Agreement pursuant to Tennessee Code Annotated §5-1-113 and §6-58-114(b). The Board is a joint venture between Lawrence County Tennessee and the cities of Lawrenceburg, Loretto, Ethridge, and St. Joseph. The Board is charged with the purpose of fostering communication and facilitating economic and community development between and among governmental entities, industry, and private citizens.

Reporting Entity

Generally accepted accounting standards require that the financial statements present the Board 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

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

**Notes to the Financial Statements June 30, 2011
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

incurred, regardless of the timing of the related cash flows. 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. The accrual basis of accounting result is the same 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

The Board is exempt from income tax. Therefore, no provision for income tax has been made in the accompanying financial statements.

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 liabilities and disclosures of contingent assets and liabilities at the date of the

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

Notes to the Financial Statements June 30, 2011

financial statements and the reported amounts of support and expenses during the reporting year. Actual amounts could differ from those estimates.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

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 the 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, 2011.

3. RISK MANAGEMENT

The Board does not believe it has significant exposure relative to claims arising from general liability, property, or casualty losses. Therefore, the Board carries no commercial insurance in coverage for general liability, property, or casualty losses.

4. NON-PROFIT DONATIONS

The Board makes contributions to the Lawrence County Chamber of Commerce and the 21st Century Council to advance trade, tourism, and commerce in Lawrence County.

5. CONTRACTUAL COMMITMENT

The Board substantially completed the engineering and design phase of the project related to a FIDP grant (GG-07-12800-00) with the State Department of Economic and Community Development in 2008. The construction phase was placed on hold until issues regarding utility segregation and property ownership were resolved in 2010. The construction phase of this project resumed in 2011. This project was considered substantially complete in September of 2011.

A second project related to a second FIDP grant (GG-11-33518-00) with the State Department of Economic and Community Development was undertaken by the

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

Notes to the Financial Statements June 30, 2011

Board in July of 2010. This project was considered substantially complete in March of 2011.

6. Related Party Transaction

Doss Brothers Inc. was contracted to provide excavation/construction services to the Board in completing an FIDP project (GG-11-33518-00). Payments made to Doss Brothers Inc. for completing this project were made on a percentage of completion basis. The total cost for these services was \$553,825 for the current fiscal year.

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

Supplemental Information

Joint Economic and Community Development Board of

Lawrence County, Tennessee

**Schedule of State Financial Assistance
For the Two-Years Ended June 30, 2011**

Grant Number	Grantor Agency	Deferred (Receivable) Balance June 30, 2010	Grant Receipts	Grant Expenditures	Deferred (Receivable) Balance June 30, 2011
GG-07-12800-00	Tennessee Department of Economic and Community Development	\$ 0	\$473,291	\$473,291	\$0
GG-11-33518-00	Tennessee Department of Economic and Community Development	\$0	\$570,000	\$570,000	\$0

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

Schedule of Board Members and Compensation

June 30, 2011

Executive Board

Jonathan Edwards, Chairman

Jim Parkes, Secretary-Treasurer

Board Members

Mike Boyd

Mary Casteel

Barry Doss

Eulan Hooper

Bill Heath

Phil Hood

Joe Reeves

Shane Hughes

Randy Shook

J. Mac Chandler, County Executive

Rex Johnson, Mayor City of Ethridge

Keith Durham, Mayor City of Lawrenceburg

Fred Simbeck, Mayor City of Loretto

Michael Novem, Mayor City of St. Joseph

Compensation: The members of this board are not compensated.

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

Internal Controls and Compliance 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 *GOVERNMENTAL AUDITING*
STANDARDS

To the Board of Directors
The Joint Economic and Community Development Board of Lawrence County, Tennessee
Lawrenceburg, Tennessee

I have audited the basic financial statements of the Joint Economic and Community Development Board of Lawrence County, Tennessee, as of and for the year ended June 30, 2011, and I have issued my report thereon dated December 21, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Joint Economic and Community Development Board of Lawrence County, Tennessee's internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Joint Economic and Community Development Board of Lawrence County, Tennessee's internal control over financial reporting. Accordingly I do not express an opinion on the effectiveness of the Joint Economic and Community Development Board of Lawrence County, Tennessee'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 Joint Economic and Community Development Board of Lawrence County, Tennessee'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 Joint Economic and Community Development Board of Lawrence County, Tennessee's statements that is more than inconsequential will not be prevented or detected by the Joint Economic and Community Development Board of Lawrence County, Tennessee's internal control.

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

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Joint Economic and Community Development Board of Lawrence County, Tennessee's financial statements are free of material misstatement. I performed tests of 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 those specified parties.


Laura J. Newcome CPA
Lawrenceburg, TN
December 21, 2011

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