

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

(Jackson Convention & Visitors' Bureau)

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
June 30, 2011**

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

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Jackson-Madison County
Economic Development Commission
Roster of Officials
(Unaudited)
For the Year Ending June 30, 2011

Jane Alderson	Commissioner	731-616-3375
Jimmy Exum	Commissioner	731-668-3400
Tom Hensley	Commissioner	615-395-6411
Ester Milan	Commissioner	731-431-0702
Bill Sipes	Commissioner	731-664-7777
Lorrie Nunnery	Executive Director	731-425-8333

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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, 2011 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.

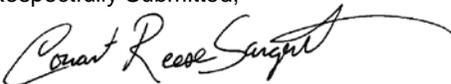
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2011, and the respected changes in its financial position and budgetary comparison 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 November 14, 2011 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 management's discussion and analysis listed in the table of contents 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 inquiries 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.

Respectfully Submitted,



Cowart Reese Sargent
Certified Public Accountants, P.C.
Jackson, TN

November 14, 2011

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Jackson-Madison County Community Economic Development Commission's financial report presents a narrative overview and analysis of the Commission's performance during the fiscal year ending June 30, 2011. Please read it in conjunction with the Commission'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 Commission. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The Commission's basis financial statement have the components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. Due to the relative simplicity of the Commission's operations, the fund financial statements and government-wide financial statements are presented side by side.

These statements offer both short-term and long-term information about its activities. The statement of net assets includes all of the Commission's assets and liabilities and provides information about where the Commission has invested its resources (assets) and the obligation to the Commission's creditors (liabilities).

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

FINANCIAL ANALYSIS OF THE COMMISSION

One of the most important questions asked about the Commission's finances is "Is the Commission 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 Commission's activities in a way that will help answer this question. These two statements report the net assets of the Commission and the changes in them. One can think of the Commission'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 Commission's net assets are one indicator of whether its financial health is improving or deteriorating.

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Condensed Statement of Net Assets					
		2010	2011	\$ Change	% Change
Current Assets		\$ 519,751	\$ 537,038	\$ 17,287	3%
Capital Assets		\$ 557	\$ 1,048	\$ 491	88%
Total Assets		\$ 520,308	\$ 538,086	\$ 17,778	3%
Current Liabilities		\$ 48,060	\$ 23,736	\$ (24,324)	-51%
Non-Current Liabilities		\$ -	\$ -	\$ -	
Total Liabilities		\$ 48,060	\$ 23,736	\$ (24,324)	#DIV/0!
Net Assets		\$ 472,248	\$ 514,350	\$ 42,102	9%
Condensed Statement Changes in Net Assets					
		2010	2011	\$ Change	% Change
Revenue:					
	Hotel/Motel Tax	\$ 200,885	\$ 201,343	\$ 458	0%
	Other Income	\$ 23,212	\$ 21,968	\$ (1,244)	-5%
	Total Revenues	\$ 224,097	\$ 223,311	\$ (786)	0%
Expenditures					
	Administrative	\$ 3,715	\$ 4,085	\$ 370	10%
	Convention & Visitor's	\$ 93,107	\$ 89,741	\$ (3,366)	-4%
	Other	\$ 101,423	\$ 87,383	\$ (14,040)	-14%
	Total Expenditures	\$ 198,245	\$ 181,209	\$ (17,036)	-9%
	Total Change In Net Assets	\$ 25,852	\$ 42,102	\$ 16,250	63%

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As can be seen from the financial information above the Commission's total assets have increased \$17,778 during the year ended June 30, 2011 net assets increased by \$42,102. The increase in net assets was due mainly to decreases in spending over the prior year of \$17,036. New assets were purchased from funds on hand and required no borrowing.

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

As for budgeted revenue and expenditures, the Commission took in more revenue than expected and expended less than budgeted, resulting in a favorable budget variance of \$42,101. See the budget comparison as listed in the table of contents for detail of the budget.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

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

Lori Nunnery, Executive Director
Jackson-Madison County Community Economic Development Commission
197 Auditorium Street
P.O. Box 1904
Jackson, Tennessee 38302
(731)-425-8333

Jackson-Madison County
Economic Development Commission
Statement of Net Assets and Governmental Funds Balance Sheet
June 30, 2011

	General Fund	Government-Wide Statement of Net Assets
<u>ASSETS</u>		
ASSETS		
Cash in Bank	\$ 464,740	\$ 464,740
Taxes Receivable	54,298	54,298
Grant Receivable	18,000	18,000
Office Equipment, Net of Accumulated Depreciation	-	1,048
	537,038	538,086
TOTAL ASSETS		
 <u>LIABILITIES & FUND EQUITY</u>		
LIABILITIES		
Accounts Payable	23,736	23,736
TOTAL LIABILITIES	23,736	23,736
FUND BALANCES		
Fund Balances:		
Unassigned	513,302	
TOTAL LIABILITIES & FUND BALANCES	537,038	
Net Assets:		
Unrestricted		513,302
Invested in Capital Assets		1,048
TOTAL NET ASSETS		514,350
TOTAL NET ASSETS & LIABILITIES		\$ 538,086

Reconciliation of fund balance of governmental funds to net assets of governmental activities

Fund balance of governmental funds shown above		\$ 513,302
Amounts reported for the governmental activities in the statements of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and therefore are not reported in funds.		1,048
Net assets of governmental activities		\$ 514,350

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, 2011

	General Fund	<i>Government-Wide</i> Statement of Activities
Expenditures / Expenses:		
Administrative		
Bond and Insurance	\$ 1,115	\$ 1,115
Professional Fees	2,970	2,970
Total Administrative	4,085	4,085
Convention and Visitor's Bureau		
Management & Administrative Fees	73,231	73,231
Education Expense	3,036	3,036
Telephone	1,705	1,705
Postage	1,571	1,571
Storage Rental	-	-
Supplies	367	367
Conventions & Meetings	6,454	6,454
Dues & Subscriptions	3,264	3,264
Total Convention and Visitor's Bureau	89,741	89,741
Other		
Depreciation Expense	-	1,016
Tourism Events	47,750	47,750
Advertising	33,218	33,218
Capital Outlay	1,507	-
Miscellaneous	5,399	5,399
Total Other	87,874	87,383
Total Expenditures / Expenses	181,700	181,209
General Revenues:		
Hotel/Motel Tax Receipts	201,343	201,343
Interest Income	3,968	3,968
Other Income	18,000	18,000
Total General Revenues	223,311	223,311
Excess (deficiency) of Revenue Over Expenditures	41,611	42,102
Fund Balance / Net Assets at Beginning of the Year	471,691	472,248
Fund Balance / Net Assets at End of the Year	\$ 513,302	\$ 514,350
Net change in fund balance of governmental funds shown above		\$ 41,611
Amounts reported for the governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which depreciation expense exceeded capital outlay in the current period.		1,048
Change in net assets of governmental activities		\$ 42,659

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

Jackson-Madison County
Community Economic Development Commission
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Tax Receipts	193,000	\$ 201,343	\$ 8,343
Interest Income	-	3,968	3,968
Other Income	18,000	18,000	-
Total Revenue	211,000	223,311	12,311
Expenditures			
Administrative			
Bond and Insurance	\$ 1,000	1,115	(115)
Professional Fees	2,200	2,970	(770)
Total Administrative	3,200	4,085	(885)
Convention and Visitor's Bureau			
Management & Administrative Fees	74,945	73,231	1,714
Education Expense	5,850	3,036	2,814
Telephone	4,500	1,705	2,795
Postage	2,500	1,571	929
Storage Rental	-	-	-
Supplies	600	367	233
Conventions & Meetings	19,450	6,454	12,996
Dues & Subscriptions	2,705	3,264	(559)
Printing & Reproduction	1,000	113	887
Total Convention and Visitor's Bureau	111,550	89,741	21,809
Other			
Depreciation Expense	-	1,016	(1,016)
Tourism Events	47,750	47,750	-
Advertising	45,500	33,218	12,282
Miscellaneous	3,000	5,399	(2,399)
Total Other	96,250	87,383	9,883
Total Expenditures	211,000	181,209	30,807
Excess (deficiency) of Revenue Over Expenditures	\$ -	\$ 42,102	\$ 42,102
Fund Balance at Beginning of the Year		471,691	
Fund Balance at End of the Year		\$ 513,793	

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

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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, 2011**

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

The respective balances for each category of fixed asset and the corresponding accumulated depreciation is as follows:

Asset	
Buildings	-
Accumulated Depreciation	-
Equipment	2,176
Accumulated Depreciation	(1,128)
Net Property and Equipment	<u>1,048</u>

C. Fund Balance:

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

NOTE 4 – CASH & EQUIVALENTS AND DEPOSITS

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, 2010, all bank deposits were fully collateralized or insured.

At year-end, the carrying amount of the Commission’s deposits was \$464,741 and the bank balance was \$486,294 of which \$250,000 was covered by the Federal Deposit Insurance Corporation and the remaining covered by the Bank’s participation in the Tennessee Bank Collateral Pool.. Therefore, \$486,294 was exposed to credit risk as follows:

1. Insured and collateralized with securities held by the Commission’s or its agent in the Commission’s name \$486,294

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2011**

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.

NOTE 7 – BUDGET

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 statements 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.

NOTE 8 – SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through October 31, 2011, the date which the financial statements were available to be issued.

NOTE 9- RESTRICTED AND UNRESTRICTED RESOURCES

Restricted assets (if any) include cash in banks and receivables which are restricted because their use is limited by laws, grant agreements, or covenants with respect to bond issues. When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted first, then unrestricted resources as they are needed.

- END OF NOTES -



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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**

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

We have audited the accompanying financial statements of 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, 2011 and have issued our report thereon dated November 14, 2011. 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 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 *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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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 would not necessarily identify all deficiencies in internal control 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 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.

A handwritten signature in black ink that reads 'Cowart Reese Sargent'.

Cowart Reese Sargent,
Certified Public Accountants, P.C.

November 14, 2011

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

June 30, 2011

Prior Year's Audit Findings

None

Current Year Findings

None