

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD

FINANCIAL STATEMENTS

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

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
June 30, 2011

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**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
 ROSTER OF EXECUTIVE COMMITTEE AND MANAGEMENT OFFICIALS
 June 30, 2011**

EXECUTIVE COMMITTEE

Nick Dunagan	Chairman - County
Jerry Brigance	Vice-Chairman - Sharon
Hollie Elliott Holt	Secretary/Treasurer - Martin
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
Monroe Ary	Mayor, City of Sharon
Andy Page	County Member
John Clark	County Member
Tom Rakes	Chancellor
Junior Moore	Chairman – Industrial Board
John Bucy	County Member
Tony Winstead	Weakley County Member
Wendell Alexander	Chairman - HEED
James H. Westbrook	Dresden Member
Larry Alexander	Martin Member
Tom Payne	Martin Member
Monte Bowers	Gleason
Faron Collins	Ex-Officio
Randy Frazier	Ex-Officio
Randy Huffstetler	Greenfield
Barbara Virgin	Ex-Officio

MANAGEMENT OFFICIALS

Ronnie Price	President/CEO
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Weakley County Economic Development Board

We have audited the accompanying financial statements of the governmental activities of the Weakley County Economic Development Board, 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 Board'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 Weakley County Economic Development Board as of June 30, 2011, and the changes in its financial position, and, where applicable, the respective budgetary comparison for the general fund, 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 February 22, 2012 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 management's discussion and analysis on pages 3 through 5 are not a required part of the basic financial statement but are required 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

February 22, 2012

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, 2011. 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

Management’s Discussion and Analysis (MD & A) serves as an introduction to, and should be read in conjunction with, the financial statements and other supplementary information. Summary financial data, key financial and operational indicators are made up of four sections:

1. Introductory Section includes the Board’s directory
2. Financial Section includes the MD & A , the impendent auditor’s report, financial statements and accompanying notes to the financial statements.
3. Internal Control and Compliance Section includes the report on internal control and compliance.
4. Required Supplementary Information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Board’s finance, in a manner similar to a private-sector business.

- The Statement of Net Assets presents information on all of the Board’s assets, liabilities, with the difference reported as net assets. Overtime, increases or decreases in net assets serves as a useful indicator of whether the financial position of the Board is improving or deteriorating.
- The Statement of Activities presents information showing how the Board’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying even giving rise to the change occurs, regardless of the timing of related cash flows.

Fund Financial Statements

A fund is a group or related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board uses fund accounting to ensure and demonstrate compliance with related financial requirements.

Government Fund (General Fund) - Government funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus is on near-term inflows and outflows of spendable resources at the end of the fiscal year.

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 decreased \$29,085 during the year ended June 30, 2011 and net capital assets have decreased \$2,675. The decrease in net capital assets was due to depreciation expense, the cost of which exceeded the cost of any new assets purchased. No new assets were purchased during the fiscal year. Net assets decreased by \$32,332. Total expenditures increased \$105,521 due mostly to payments to the Industrial Development Board at Weakley County for payment 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

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2011

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<u>ASSETS</u>			
Cash - Checking	\$ 138,553	\$ -	\$ 138,553
Capital Assets, Net of Depreciation	-	9,037	9,037
Accounts Receivable	34,200	-	34,200
Prepaid Expenses	501	-	501
Total Assets	<u>173,254</u>	<u>9,037</u>	<u>182,291</u>
<u>LIABILITIES</u>			
Accounts Payable	2,023	-	2,023
Payroll Liability	-	-	-
Total Liabilities	<u>2,023</u>	<u>-</u>	<u>2,023</u>
<u>FUND BALANCE/NET ASSETS</u>			
Fund Balance - Unassigned	<u>171,231</u>	<u>-</u>	
Total Liabilities and Fund Balance	<u>\$ 173,254</u>		
Invested in Capital Assets		9,037	9,037
Unrestricted		-	171,231
Total Net Assets		<u>\$ -</u>	<u>\$ 180,268</u>

See accompanying notes to the financial statements.

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 June 30, 2011

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

Fund balance - governmental fund	\$	171,231
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.		9,037
Net assets of governmental activities	\$	180,268

See accompanying notes to the financial statements.

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2011

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
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
WCEMS	33,368	-	33,368
TVA - Everett Stewart	20,000	-	20,000
Total Revenues	<u>253,368</u>	<u>-</u>	<u>253,368</u>
Expenses			
Audit Services	1,250	-	1,250
Automobile Expense	4,010	-	4,010
Depreciation	-	2,675	2,675
Dues & Memberships	1,865	-	1,865
Entertainment	2,671	-	2,671
Health Insurance	5,815	-	5,815
Industrial Development Expense	147,000	-	147,000
Insurance	950	-	950
Marketing Expense	8,173	-	8,173
Motor Vehicles - Capital Outlay	-	-	-
Office Equipment	876	-	876
Office Supplies & Printing	1,073	-	1,073
Other Expense	1,216	-	1,216
Payroll Taxes	6,532	-	6,532
Postage & Box Rent	440	-	440
Professional Services	1,200	-	1,200
Promotion and Prospective	710	-	710
Registration & Meeting Expense	3,987	-	3,987
Retirement/Deferred Compensation	2,200	-	2,200
Salary - CEO	76,500	-	76,500
Salary - Secretary/Assistant	8,881	-	8,881
Telephone	2,945	-	2,945
Travel	6,806	-	6,806
Total Expenditures	<u>285,100</u>	<u>2,675</u>	<u>287,775</u>
Excess of Revenues over Expenditures	<u>(31,732)</u>	<u>(2,675)</u>	<u>(34,407)</u>
Other Financing Sources (Uses)			
Interest Income	2,075	-	2,075
Gain (Loss) on Disposal of Assets	-	-	-
Total Other Financing Sources (Uses)	<u>2,075</u>	<u>-</u>	<u>2,075</u>
Net Change in Fund Balance/Net Assets	<u>(29,657)</u>	<u>(2,675)</u>	<u>(32,332)</u>
Fund Balance/Net Assets:			
Beginning of the Year	200,888	11,712	212,600
End of the Year	<u>\$ 171,231</u>	<u>\$ 9,037</u>	<u>\$ 180,268</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, 2011

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

Net change in fund balance - governmental fund	\$ (29,657)
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	(2,675)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the Statement of Net Assets.	<u>-</u>
Change in net assets of governmental activities	<u><u>\$ (32,332)</u></u>

See accompanying notes to the financial statements.

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, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance to Original Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
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	-
WCEMS	-	-	33,368	33,368
TVA / Everett Stewart Grants	-	-	20,000	20,000
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>253,368</u>	<u>53,368</u>
Expenditures				
Audit Services	1,100	1,250	1,250	-
Automobile Expense	4,100	4,100	4,010	90
Communications	-	-	-	-
Contracted Services	300	100	-	100
Dues & Memberships	1,800	1,865	1,865	-
Entertainment	3,000	3,000	2,671	329
Health Insurance	6,540	6,540	5,815	725
Industrial Development Expense	60,000	147,000	147,000	-
Insurance	1,000	1,000	950	50
Marketing Expense	8,500	8,500	8,173	327
Motor Vehicles	-	-	-	-
Office Equipment	1,000	1,000	876	124
Office Supplies & Printing	1,000	1,200	1,073	127
Other Expense	1,800	1,385	1,216	169
Payroll Taxes	7,000	7,000	6,532	468
Postage & Box Rent	850	850	440	410
Professional Services	1,000	1,200	1,200	-
Promotion & Prospective	800	800	710	90
Registration & Meeting Expense	4,000	4,000	3,987	13
Rent	-	-	-	-
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	8,881	1,619
Telephone	3,450	3,450	2,945	505
Travel	8,000	8,000	6,806	1,194
Utilities	100	100	-	100
Total Expenditures	<u>204,940</u>	<u>291,940</u>	<u>285,100</u>	<u>6,840</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(4,940)</u>	<u>(91,940)</u>	<u>(31,732)</u>	<u>(46,528)</u>
Other Financing Sources (Uses)				
Interest Income	1,500	1,500	2,075	575
Total Other Financing Sources (Uses)	<u>1,500</u>	<u>1,500</u>	<u>2,075</u>	<u>575</u>
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(3,440)</u>	<u>(90,440)</u>	<u>(29,657)</u>	<u>(45,953)</u>
Fund Balance, Beginning	116,954	116,954	200,888	83,934
Fund Balance, Ending	<u>\$ 113,514</u>	<u>\$ 26,514</u>	<u>\$ 171,231</u>	<u>\$ 37,981</u>

See accompanying notes to the financial statements.

**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

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.

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.

Government-Wide Financial Statements

GASB Statement No. 34 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 (Cont.)
June 30, 2011

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”.

Governmental Fund Financial Statements

For the fiscal year ending June 30, 2011, the Board implemented GASB Statement No. 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 balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the System itself, using its highest level of decision-making authority, the School Board. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.
- Assigned fund balance—amounts the Board intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by School Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

The details of the fund balances are included in the Governmental Funds Balance Sheet as listed in the table of contents. Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the School Board or the Assignment has been changed by the CEO. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS (Cont.)**

June 30, 2011

NOTE 1 (CONTINUED)

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.

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 (Cont.)

June 30, 2011

NOTE 1 (CONTINUED)

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, 2011, 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 (Cont.)

June 30, 2011

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, 2011, 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, 2011 is as follows:

Governmental Activities:

	Beginning Balance	Additions	Retirements	Ending Balance
Non-Depreciable Assets:				
Land	\$ -	\$ -	\$ -	\$ -
Depreciable Assets:				
Furniture and Equipment	7,945	-	-	7,945
Vehicles	12,787	-	-	12,787
Total Depreciable Assets	20,732	-	-	20,732
Less Accum. Depreciation for:				
Furniture and Equipment	6,360	461	-	6,821
Vehicles	2,660	2,214	-	4,874
Total Accum. Depreciation	9,020	2,675	-	11,695
Depreciable Assets, net	11,712	(2,675)	-	9,037
Governmental Activities Capital Assets, net	<u>\$ 11,712</u>	<u>\$ (2,675)</u>	<u>\$ -</u>	<u>\$ 9,037</u>

**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS (Cont.)**

June 30, 2011

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.

NOTE 7 RISK MANAGEMENT

The Board is exposed to risks of accidents by the general public in its office, and employee dishonesty. The Board 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 8 SUBSEQUENT EVENTS

The Board has evaluated subsequent events through February 22, 2012, the date which the financial statements were available to be issued.

- END OF NOTES -



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Weakley County Development Board

We have audited the accompanying combining and individual fund financial statements of Weakley County Development Board (the Board) as of and for the year ended June 30, 2011 and have issued our report thereon dated February 22, 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 Board is responsible for establishing and maintain internal control over financial reporting. In planning and performing our audit, we considered the 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 *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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 of the Board of Directors, 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, reading "Cowart Reese Sargent". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

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

February 22, 2012

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011

Prior Year's Audit Findings

None

Current Year Findings

None