HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION
CENTERVILLE, TENNESSEE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
CENTERVILLE, TENNESSEE
FINANCIAL STATEMENTS
JUNE 30, 2011

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HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION
OFFICIALS
JUNE 30, 2011

Officials

Bob Bohn, City Mayor
Steve Gregory, County Mayor
Daryl Phillips, Executive Director

Board of Directors

Robert Mitchell, Chairman
Mark Bentley, Vice-Chairman
Jack Keller
Charley List
Gary Hanes
Kenneth Bates
Jennifer Talley
Billy Blackwell
Tom Isbell
Paul Aydelott
Susan Sullivan
Ruby Horner
Mary Blackburn
Troy Dugger
Frankye Ward
Donna Bradley

YORK, DILLINGHAM & COMPANY, P.L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

LARRY W. YORK, RETIRED

J. MICHAEL DILLINGHAM

ANGIE L. DILLINGHAM

MEMBERS:

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hickman County Economic & Community Development Association
Centerville, Tennessee

We have audited the accompanying financial statements of the governmental activities and each major fund of Hickman County Economic & Community Development Association (a nonprofit organization), as of and for the year ended June 30, 2011, which collectively comprise the Association's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund for Hickman County Economic & Community Development Association, as of June 30, 2011, and the respective changes in 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*, we have also issued our report dated October 20, 2011, on our consideration of Hickman County Economic & Community Development Association'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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The Association has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

York, Dillingham & Company, P.L.L.C.

Columbia, Tennessee
October 20, 2011

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS

	Governmental Activities
Cash	$ 6,123
Property and Equipment	
Furniture	5,887
Office equipment	13,531
	19,418
Less accumulated depreciation	(18,562)
	856
Total Assets	$ 6,979

LIABILITIES

Payroll withholdings	$ 819

NET ASSETS

Unrestricted	5,304
Invested in capital assets	856
Total Net Assets	$ 6,160

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

HICKMAN COUNTY ECONOMIC COMMUNITY
DEVELOPMENT ASSOCIATION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Program Activities	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets	
	Expenses	Operating Grants and Contributions	Governmental Activities	Total
Governmental activities				
General government and administration	$ 68,151	$ 46,001	$ (22,150)	$ (22,150)
Total government	$ 68,151	$ 46,001	$ (22,150)	$ (22,150)
General revenues:				
Interest earnings			42	42
Miscellaneous			2,325	2,325
Total general revenues			2,367	2,367
Change in net assets			(19,783)	(19,783)
Net assets at beginning of year			25,943	25,943
Net assets at end of year			$ 6,160	$ 6,160

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

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

ASSETS

Cash	$ 6,123
Total Assets	$ 6,123

LIABILITIES AND FUND BALANCE

Payroll withholdings	$ 819
Fund Balance	
Unassigned	5,304
Total Liabilities and Fund Equity	$ 6,123

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

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO STATEMENT OF NET ASSETS
JUNE 30, 2011

Fund Balance		
General Government Fund Balances		$ 5,304
Adjustments		
Capital assets net of depreciation		
Assets	19,418	
Accumulated depreciation	(18,562)	856
Net Asset Balances		$ 6,160

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

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

Revenue:	
Financial institutions	$ 4,000
Business institutions	3,000
Government institutions	39,001
Other	2,367
Total revenue	48,368
Expenditures:	
Salaries	43,800
Books, subscriptions & publications	139
Conferences	727
Education	170
Fidelity bond	90
Imagination Library admin. project	4,050
Insurance	1,100
Internet	167
Legal & professional	4,525
Marketing	143
Membership dues	780
Miscellaneous	2,588
Postage & delivery	493
Prospect recruiting expenses	178
Rent	3,000
Supplies	442
Taxes	3,522
Telephone	951
Three Star Program	154
Utilities	572
Total expenditures	67,591
Deficiencies of revenues under expenditures	(19,223)
Fund Balance, Beginning of Year	24,527
Fund Balance, End of Year	$ 5,304

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

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balance - total governmental funds	$ (19,223)
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.	(560)
Change in net assets of governmental activities	$ (19,783)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in conformity with, and the accounting policies of Hickman County Economic & Development Association conform to, generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies.

A. Organization

Hickman County Economic & Community Development Association (Association) is incorporated as a Tennessee non-profit organization and is a joint venture of the governments of Hickman County, Tennessee and the Town of Centerville, Tennessee. In 2001, the participating governments formalized the Association with an interlocal agreement as described in Tennessee Code Annotated Section 5-1-113. The Association's purpose is to foster communication and facilitate economic and community development between governmental entities, industry, and private citizens.

Its primary focus is on:

- Job creation
- Community Development
- Education and Skills Training
- Business & Economic Development
- Leadership Programs
- Organizational Development
- Long Range Planning

Throughout the years since establishment, Hickman County Economic & Community Development Association has had several success's in all areas of their focus.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

In March 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54 - *Fund Balance Reporting and Government Fund Type Definitions*. This Statement establishes fund balance classifications based primarily on the extent to which the Association is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The Association made the decision to implement this standard effective July 1, 2010.

Basic financial statements consist of the following:

Government-wide financial statements,

Fund financial statements, and

Notes to the basic 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. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Association board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the Association board. Unassigned fund balance in the General Fun is the net resources in excess of what can be properly classified in one of the above four categories. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

The Association reports the following governmental fund:

General Fund – The General Fund is the primary operating fund used to account for specific revenue sources over which the Board of Directors has discretionary control and is used to carry out the operations of the Association in accordance with its Bylaws. It is always classified as a major fund.

C. Sources of Revenues

The major source of revenue for the Association is from the County of Hickman. Other sources of income consist of grants, donations, and funds from the City of Centerville.

D. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and savings accounts in financial institutions and are fully protected by federal depository insurance.

E. Property and Equipment

The Association's property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred. Major renewals, betterments, and interest incurred during construction are capitalized. Accumulated depreciation is reported on the government-wide statement of net assets.

F. Budgets and Budgetary Accounting

The Association's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30. It is not a legally adopted budget. The Association's Board of Directors formally approves the annual budget at the beginning of the year and subsequently authorized budget amendments as necessary.

Budgeted revenue amounts represent the original budget modified by the Association's authorized adjustments during the year, which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Budgets are prepared in conformity with GAAP using the modified accrual basis of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Income Tax Status

The Association is a Tennessee not-for-profit corporation which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, federal income taxes are not provided in the accompanying financial statements.

NOTE 2- FIXED ASSETS

Major classifications of the Association's property and equipment and their respective depreciable lives are as follows:

	Depreciable Lives In Years
Furniture	5
Office Equipment	5

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Furniture	$ 5,887	$ -	$ -	$ 5,887
Office equipment	13,531	-	-	13,531
Total	$ 19,418	$ -	$ -	$ 19,418

Accumulated Depreciation

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Furniture	$ 5,715	$ 75	$ -	$ 5,790
Office equipment	12,287	485	-	12,772
Total	$ 18,002	$ 560	$ -	$ 18,562

Depreciation expense for the year ended June 30, 2011, totaled $560.

NOTE 3 - ECONOMIC DEPENDENCE

The Hickman County Economic & Development Association is economically dependent on the appropriations from local governments. For the current year, these appropriations represent approximately 81% of total revenues of the government fund types.

NOTE 4 - COMPENSATED ABSENCES

The Association does not accrue a liability for compensated leave time due to the fact that reliable estimates cannot be determined and such amounts would not be considered material.

NOTE 5 - RISK MANAGEMENT-CLAIMS AND JUDGEMENTS

Significant losses are covered by the Association's commercial insurance. There were no settlements in excess of insurance coverage for the current year or the three prior years.

NOTE 6 - SUBSEQUENT EVENTS

The Association considered events and transactions that occur after the government-wide statement of net assets, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued on October 20, 2011, and subsequent events have been evaluated through that date.

SUPPLEMENTAL INFORMATION

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2011

	Original	Final	Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
Revenue:						
Financial institutions	$ 8,000	$ 8,000	$ 4,000	$ -	$ 4,000	$ (4,000)
Business institutions	11,000	11,000	3,000	-	3,000	(8,000)
Government institutions	62,490	62,490	39,001	-	39,001	(23,489)
Other	-	-	2,367	-	2,367	2,367
Total revenue	81,490	81,490	48,368	-	48,368	(33,122)
Expenditures:						
Salaries	43,800	43,800	43,800	-	43,800	-
Books, subscriptions & publications	200	200	139	-	139	61
Conferences	900	900	727	-	727	173
Education	200	200	170	-	170	30
Fidelity bond	100	100	90	-	90	10
Imagination Library admin. project	-	-	4,050	-	4,050	(4,050)
Insurance	1,100	1,100	1,100	-	1,100	-
Internet	250	250	167	-	167	83
Legal & professional	4,600	4,600	4,525	-	4,525	75
Marketing	10,000	10,000	143	-	143	9,857
Meetings	300	300	-	-	-	300
Membership dues	800	800	780	-	780	20
Miscellaneous	1,440	1,440	2,588	-	2,588	(1,148)
Postage & delivery	800	800	493	-	493	307
Prospect recruiting expenses	4,000	4,000	178	-	178	3,822
Rent	3,000	3,000	3,000	-	3,000	-
Supplies	1,000	1,000	442	-	442	558
Taxes	4,100	4,100	3,522	-	3,522	578
Telephone	1,700	1,700	951	-	951	749
Three Star Program	200	200	154	-	154	46
Travel - business	2,000	2,000	-	-	-	2,000
Utilities	1,000	1,000	572	-	572	428
Total expenditures	81,490	81,490	67,591	-	67,591	13,899
Excess (deficiencies) of revenues over/(under) expenditures	-	-	(19,223)	-	(19,223)	(19,223)
Fund Balance, Beginning of Year	24,527	24,527	24,527	-	24,527	-
Fund Balance, End of Year	$ 24,527	$ 24,527	$ 5,304	$ -	$ 5,304	$ (19,223)

See auditor's report.

YORK, DILLINGHAM & COMPANY,
P.L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

LARRY W. YORK, RETIRED

J. MICHAEL DILLINGHAM

ANGIE L. DILLINGHAM

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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 Directors
Hickman County Economic & Community Development Association
Centerville, Tennessee

We have audited the financial statements of the governmental activities and each major fund of Hickman County Economic & Community Development Association as of and for the year ended June 30, 2011, which collectively comprise the Association's basic financial statements and have issued our report thereon dated October 20, 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 Hickman County Economic & Community Development Association'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 Hickman County Economic & Community Development Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hickman County Economic & Community Development Association'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 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

As part of obtaining reasonable assurance about whether Hickman County Economic & Community Development Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors of Hickman County Economic & Community Development Association and the Comptroller of the Treasury, State of Tennessee. However, this report is not intended to be and should not be used by anyone other than these specified parties.

York, Dillingham & Company, P.L.L.C.
Certified Public Accountants

Columbia, Tennessee
October 20, 2011