

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

(Jackson Convention & Visitors' Bureau)

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
June 30, 2012**

**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, 2012

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



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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, 2012 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, 2012, 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 16, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 3 and 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully Submitted,

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

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

November 16, 2012

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, 2012. 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 basic financial statements have the following 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

	2011	2012	\$ Change	% Change
Current Assets	\$ 537,038	\$ 571,547	\$ 34,509	6%
Capital Assets	1,048	1,138	90	9%
Total Assets	\$ 538,086	\$ 572,685	\$ 34,599	6%
Current Liabilities	\$ 23,736	\$ 34,675	\$ 10,939	46%
Non-Current Liabilities	-	-	-	0%
Total Liabilities	\$ 23,736	\$ 34,675	\$ 10,939	46%
Net Assets	\$ 514,350	\$ 538,010	\$ 23,660	5%

Condensed Statement of Changes in Net Assets

	2011	2012	\$ Change	% Change
Revenue:				
Hotel/Motel Tax	\$ 201,343	\$ 189,720	\$ (11,623)	-6%
Other Income	21,968	18,551	(3,417)	-16%
Total Revenues	\$ 223,311	\$ 208,271	\$ (15,040)	-7%
Expenditures:				
Administrative	\$ 4,085	\$ 2,155	\$ (1,930)	-47%
Convention & Visitors	89,741	90,918	1,177	0%
Other	87,383	91,538	4,155	0%
Total Expenditures	\$ 181,209	\$ 184,611	\$ 3,402	2%
Total Change in Net Assets	\$ 42,102	\$ 23,660	\$ (18,442)	-44%

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As can be seen from the financial information above the Commission's total assets have increased \$34,599 during the year ended June 30, 2012 net assets increased by \$23,660. 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.

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, 2012

	<u>ASSETS</u>	<u>General Fund</u>	<u>Government-Wide Statement of Net Assets</u>
ASSETS			
Cash in Bank		\$ 480,592	\$ 480,592
Taxes Receivable		74,955	74,955
Grant Receivable		16,000	16,000
Office Equipment, Net of Accumulated Depreciation			1,138
TOTAL ASSETS		<u>571,547</u>	<u>572,685</u>
 LIABILITIES & FUND EQUITY			
LIABILITIES			
Accounts Payable		<u>34,675</u>	<u>34,675</u>
TOTAL LIABILITIES		<u>34,675</u>	<u>34,675</u>
 FUND BALANCES			
Fund Balances:			
Unassigned		<u>536,872</u>	
TOTAL LIABILITIES & FUND BALANCES		<u><u>571,547</u></u>	
Net Assets:			
Unrestricted			536,872
Invested in Capital Assets			1,138
TOTAL NET ASSETS			<u>538,010</u>
TOTAL NET ASSETS & LIABILITIES			<u><u>\$ 572,685</u></u>

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

Fund balance of governmental funds shown above	\$ 536,872
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.	<u>1,138</u>
Net assets of governmental activities	<u><u>\$ 538,010</u></u>

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, 2012

	General Fund	Government-Wide Statement of Activities
Expenditures / Expenses:		
Administrative		
Bond and Insurance	\$ 55	\$ 55
Professional Fees	2,100	2,100
Total Administrative	2,155	2,155
Convention and Visitor's Bureau		
Management & Administrative Fees	73,328	73,328
Education Expense	2,257	2,257
Telephone	1,647	1,647
Postage	3,939	3,939
Storage Rental	-	-
Supplies	422	422
Conventions & Meetings	7,306	7,306
Dues & Subscriptions	2,019	2,019
Total Convention and Visitor's Bureau	90,918	90,918
Other		
Depreciation Expense	-	647
Tourism Events	47,750	47,750
Advertising	41,236	41,236
Capital Outlay	737	-
Miscellaneous	1,905	1,905
Total Other	91,628	91,538
Total Expenditures / Expenses	184,701	184,611
General Revenues:		
Hotel/Motel Tax Receipts	189,720	189,720
Interest Income	2,551	2,551
Other Income	16,000	16,000
Total General Revenues	208,271	208,271
Excess (deficiency) of Revenue Over Expenditures	23,570	23,660
Fund Balance / Net Assets at Beginning of the Year	513,302	514,350
Fund Balance / Net Assets at End of the Year	\$ 536,872	\$ 538,010
Net change in fund balance of governmental funds shown above		\$ 23,570
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 capital outlay exceeded depreciation expense in the current period.		
		90
Change in net assets of governmental activities		\$ 23,660

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

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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, 2012

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 are as follows:

<u>Asset</u>	Beg Balance	Increases	Decrease	End Balance
Buildings	-	-	-	-
(Less) Accumulated Depreciation	-	-	-	-
Equipment	2,176	737	-	2,913
(Less) Accumulated Depreciation	(1,128)	(647)	-	(1,775)
Net Property and Equipment	<u>1,048</u>	<u>90</u>	<u>-</u>	<u>1,138</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, 2012, all bank deposits were fully collateralized or insured.

At year-end, the carrying amount of the Commission's deposits was \$480,592 and the bank balance was \$496,342 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, \$496,342 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 | \$496,342 |
|--|-----------|

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

NOTES TO FINANCIAL STATEMENTS (Cont.)

June 30, 2012

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 - 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.

NOTE 9 – SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through November 16, 2012, the date which the financial statements were available to be issued.

- 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, 2012 and have issued our report thereon dated November 16, 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 Jackson-Madison County Community Economic Development Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Jackson-Madison County Community Economic Development Commission 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 Jackson-Madison County Community Economic Development Commission internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Jackson-Madison County Community Economic Development Commission 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.



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

November 16, 2012

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

June 30, 2012

Prior Year's Audit Findings

None

Current Year Findings

None