

**LAUDERDALE CHAMBER/ECONOMIC
AND COMMUNITY DEVELOPMENT, INC.**

Ripley, Tennessee

FINANCIAL STATEMENTS

June 30, 2013

**LAUDERDALE CHAMBER/ECONOMIC
AND COMMUNITY DEVELOPMENT, INC.**

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LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Schedule of Officials and Key Employees

June 30, 2013

Board of Directors

Nancy Allen
Norfleet Anthony
Barry Britt
Kent Carter
Greg Crihfield
Martha Crites
Debra Danley
Keith Davidson
Dwayne Dixon
Craig Fitzhugh
Regina Fleming

Maurice Gaines
Ron Goforth
Billy Harmon
Greg Hartsfield
David Jennings
Shawn Kimble
Keith Kluttz
Samuel Lee
Monty McWilliams
Felix Moore
Mike Moore

Jon Pavletic
Eugene Pugh
Bill Ray
Reed Sanders
Rod Schuh
Lynnwood Shoemake
Ronnie Tatum
Marva Temple
Lin Thompson
Youlanda Wilcox Jones

Administrative Staff

Susan Worlds, Executive Director
Annette Sanders, Administrative Assistant
Jennifer Cooper, Executive Secretary

Independent Certified Public Accountant

Alexander Thompson Arnold PLLC
Dyersburg, Tennessee

Members of:

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants



Certified Public Accountants
Offices in Tennessee & Kentucky

185 North Church St.
Dyersburg, TN 38024

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Independent Auditor's Report

The Board of Directors of
Lauderdale Chamber/Economic
and Community Development, Inc.
Ripley, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Lauderdale Chamber/Economic and Community Development, Inc. (a nonprofit organization) of Lauderdale County, Tennessee, (Chamber) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Chamber's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Chamber as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Chamber's basic financial statements. The introductory section and supplementary information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014, on our consideration of the Chamber'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Chamber's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Dyersburg, Tennessee
November 24, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Lauderdale Chamber/Economic and Community Development, Inc.'s financial performance provides an overview of the Chamber's financial activities for the fiscal year ended June 30, 2013.

Financial Highlights

- The assets of the Lauderdale Chamber/Economic and Community Development, Inc. exceeded its liabilities at the close of the most recent fiscal year by \$383,062 (*net position*). Of this amount \$360,908 may be used to meet ongoing obligations to citizens and creditors.
- The total net assets increased by \$38,074 (11 percent) during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Lauderdale Chamber/Economic and Community Development, Inc.'s financial statements which are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Fund's finances, in a manner similar to private-sector business. The Chamber/ECD has only one fund.

The Statement of Net Position presents information on all of the Fund's assets and liabilities, with the differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Lauderdale Chamber/Economic and Community Development, Inc. is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event gives rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. accounts receivable and accounts payable).

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statement provides detailed information about the Chamber/ECD as a whole.

Government Funds. Government funds are used to account for essentially the same functions reported as governmental activities in the financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the most recent fiscal year, the assets of the Lauderdale Chamber/Economic and Community Development, Inc. exceeded its liabilities by \$383,062.

The largest portion of the Chamber/ECD's assets, \$366,066 (93.64 percent) reflects cash and investments made on behalf of the Chamber. The Chamber/ECD has invested \$24,310 (6.22 percent) in capital assets. Debt related to the capital assets equals \$2,156. The Chamber/ECD uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Net Position		
	2013	2012
Current assets	\$ 366,627	\$ 345,150
Capital assets	<u>24,310</u>	<u>10,500</u>
Total Assets	<u>\$ 390,937</u>	<u>\$ 355,650</u>
Liabilities	\$ 7,875	\$ 10,662
Net position		
Net Investment in Capital Assets	22,154	7,218
Unrestricted	<u>360,908</u>	<u>337,770</u>
Total Liabilities and Net Position	<u>\$ 390,937</u>	<u>\$ 355,650</u>
Changes in Net Position		
	2013	2012
Support and revenue	\$ 394,376	\$ 217,827
Expenses	<u>356,302</u>	<u>226,707</u>
Increase (decrease) in net position	38,074	(8,880)
Net position at the beginning of the year	<u>344,988</u>	<u>353,868</u>
Net position at the end of the year	<u>\$ 383,062</u>	<u>\$ 344,988</u>

Budgetary Highlights

The difference between the original budget and the final operations was a favorable variance of \$38,074. The primary difference is due to income being greater than amount budgeted. The main difference in income was due to the program income exceeding budgeted amounts by over \$26,000.

Capital Assets

The Lauderdale Chamber/Economic and Community Development, Inc.'s investment in capital assets was \$24,310 (net of accumulated depreciation) as of June 30, 2013. This included furniture, equipment, and vehicles.

Future Projections

The Chamber/ECD anticipates that providing services to Lauderdale County will result in operating revenues exceeding operating expenses for the foreseeable future. The organization will continue to play a primary role in the enhancing and promoting Lauderdale County in all areas of business and economic development. The Chamber/ECD continues to work closely with departments of the State of Tennessee to provide economic opportunities to the area residents.

Requests for Information

The financial report is designed to provide a general overview of the Lauderdale Chamber/Economic and Community Development, Inc.'s finances for those with an interest in the Chamber/ECD's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Executive Director, Lauderdale Chamber/Economic and Community Development, Inc., 123 S Jefferson, Ripley, Tennessee 38063.

Susan Worlds

Executive Director
Lauderdale Chamber/Economic and Community Development
Lauderdale County, Tennessee

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Statement of Net Position

June 30, 2013

ASSETS

Cash in bank	\$ 171,514
Certificates of deposit	194,552
Accrued interest receivable	561
Furniture and fixtures	65,228
Less accumulated depreciation	<u>(40,918)</u>
Total Assets	<u>390,937</u>

LIABILITIES

Accounts payable	3,394
Compensated absences payable	2,325
Capital lease payable-current	<u>1,329</u>
Total Current Liabilities	7,048
Capital lease payable-non-current	<u>827</u>
Total Liabilities	<u>7,875</u>

NET POSITION

Net investment in capital assets	22,154
Unrestricted	<u>360,908</u>
Total Net Position	<u>\$ 383,062</u>

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Statement of Activities

For the Year Ended June 30, 2013

SUPPORT AND REVENUE

Appropriations from local governments	\$ 31,775
Appropriations from local governments for economic and community development	51,836
Grant Income	144,336
Membership dues	56,943
Program service revenue	106,876
Interest income	2,042
Miscellaneous income	<u>568</u>
Total Support and Revenue	<u>394,376</u>

EXPENSES

Administrative and general	123,174
Membership services	80,672
Economic and community development	<u>152,456</u>
Total Expenses	<u>356,302</u>
Change in Net Position	38,074
Net Position At Beginning of Year	<u>344,988</u>
Net Position At End of Year	<u>\$ 383,062</u>

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Balance Sheet

Governmental Fund

June 30, 2013

ASSETS

Cash in bank	\$ 171,514
Certificates of deposit	194,552
Accrued interest receivable	<u>561</u>
Total Assets	<u>\$ 366,627</u>

LIABILITIES

Accounts payable	\$ 3,394
Compensated absences payable	<u>2,325</u>
Total Liabilities	5,719

FUND BALANCE

Unassigned	<u>360,908</u>
Total Liabilities and Fund Balance	<u>\$ 366,627</u>

Fund Balance	\$ 360,908
The amount reported for the governmental activity in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,310
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the current period.	<u>(2,156)</u>
Net Position of the Governmental Activity	<u>\$ 383,062</u>

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Statement of Revenues, Expenditures, and Changes in
Fund Balance-Governmental Fund

For the Year Ended June 30, 2013

SUPPORT AND REVENUE

Appropriations from local governments	\$ 31,775
Appropriations from local governments for economic and community development	51,836
Grant Income	144,336
Membership dues	56,943
Program service revenue	106,876
Interest income	2,042
Miscellaneous income	<u>568</u>
Total Support and Revenue	<u>394,376</u>

EXPENDITURES

Administrative and general

Salaries and wages	79,935
Payroll taxes	7,631
Employee insurance	4,693
Insurance	2,464
Minor Equipment	143
Telephone	6,492
Professional fees	4,209
Postage	1,021
Maintenance	865
Utilities	5,369
Miscellaneous expense	1,031
Capital outlay	22,800
Debt Service	
Principal retirement	1,126
Interest expense	<u>331</u>
Total Administrative and General	<u>138,110</u>

Membership services

Advertising	652
Dues	1,540
Office expenses	1,557
Travel	2,170
Program expenses	74,006
Auto expense	462
Memberships	<u>285</u>
Total Membership Services	<u>80,672</u>

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

**Statement of Revenues, Expenditures, and Changes in
Fund Balance-Governmental Fund**

For the Year Ended June 30, 2013

Economic and Community Development

Advertising	40
Dues	171
Office expenses	3,403
Travel	1,924
Out of area prospects	144,903
Auto expenses	<u>2,015</u>
Total Economic and Community Development	<u>152,456</u>
Total Expenditures	<u>371,238</u>
Excess of Support and Revenues Over Expenditures	23,138

Other Financing Sources

Net change in fund balance	23,138
Fund Balance, July 1, 2012	<u>337,770</u>
Fund Balance, June 30, 2013	<u>\$ 360,908</u>

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of the Governmental Fund to the Statement of Activities:**

Net change in fund balance-the governmental fund	\$ 23,138
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlay, reported as expenditures in the governmental funds, are shown as capital assets in the Statement of Net Position	22,800
Depreciation expense on capital assets is reflected on the governmental activities Statement of Activities	(8,990)
Repayment of long-term debt are reported as an expenditure in governmental funds, but are a reduction of long-term liabilities in the statement of net position.	<u>1,126</u>
Change in net position of the governmental activity	<u>\$ 38,074</u>

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Notes to the Financial Statements

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Lauderdale Chamber/Economic and Community Development, Inc., (the Chamber) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Chamber are described below:

1. Reporting Entity

The Chamber is a non-profit organization organized under Section 501(c)(6) of the Internal Revenue Code. The purpose of the organization is to promote business, industry, and economic and community development in the Lauderdale County area. The economic development portion of the organization was formed through an Interlocal Agreement between Lauderdale County, the City of Ripley, the Towns of Halls, Gates, Henning and the Chamber. The Chamber has no component units.

The accompanying financial statements present only the financial information of the Chamber. Financial information of Lauderdale County, Tennessee or any of the municipalities located in Lauderdale County, Tennessee who provide funding for the Chamber is not included in this report. The Chamber operates independently, governs its affairs, and is not controlled by any of the governmental entities that provide support for its activities.

Any business firm, association, corporation, governmental unit or person of good standing interested in the commercial, industrial and civic progress of Lauderdale County, Tennessee is eligible for active memberships in the Chamber. The Chamber is governed by a Board of Directors which is composed of the five (5) Mayors or their designees, the Superintendent of Schools, plus 20 or more additional persons, half of whom are elected by the active members and half selected under the provisions of State Chapter 1101. The four year terms are staggered and Board members may succeed themselves.

2. Financial Statements

The financial statements (i.e., the statement of net position and the statement of activities) report information on the activities of the Chamber.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by revenues. Direct expenses are those that are clearly identifiable with a specific function or segments. *Support and revenue* include 1) charges to participants who purchase, use, or directly benefit from goods, services, or privileges provided by the Chamber; 2) appropriations from local governments that are available to meet the operational or capital requirements of the Chamber; and 3) other miscellaneous revenue.

3. Measurement Focus and Basis of Accounting

The 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.

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 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.

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Notes to the Financial Statements

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement Focus and Basis of Accounting (continued)

For this purpose, the Chamber 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.

4. Assets, Liabilities and Net Position/Fund Balance

a) Cash and Certificates of Deposit

Cash and certificates of deposit consist of demand deposits and time deposits with financial institutions and are carried at cost.

b) Accounts Receivable

Accounts receivable are recorded at gross amount. Uncollectible amounts are recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amounts of such allowance would not be material to the basic financial statements.

c) Capital Assets

Capital assets include property, plant, and equipment. Assets are recorded at historic cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line methods over the following estimated useful lives:

Vehicles	5 years
Furniture and fixtures	5-7 years

d) Compensated Absences

All hourly employees of the Chamber with one year or more of service are entitled to two weeks paid vacation. The Executive Director is entitled to three weeks paid vacation. All personnel must complete one full year of employment before becoming eligible for paid vacation. One week of earned vacation may be carried over to the following year; however, any time accrued and not used in excess of one week is forfeited.

Employees of the Chamber earn one day of paid sick leave for each month of employment. Sick days may be accumulated not to exceed thirty days.

Upon termination of employment, an employee is entitled to be paid for unused vacation not exceeding the carryover limits outlined above.

e) Long-term Obligations

Long-term debt is recorded as a liability in the appropriate section of the Statement of Net Position.

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Notes to the Financial Statements

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities and Net Position/Fund Balance (continued)

f) Fund Equity

Governmental fund equity is classified as fund balance. Beginning with fiscal year 2011, the Chamber implemented GASB Statement 54, *Fund Balance Reporting and Government 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 balance more transparent. GASB 54 requires the fund balance amounts to be properly reported within one of five fund balance categories; nonspendable, restricted, committed, assigned, and unassigned. The Chamber only uses the unassigned category as explained below:

Unassigned: This classification is the residual fund balance for the General Fund. It also represents the fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The Chamber has \$360,908 included in this classification.

When fund balance resources are available for a specific purpose in multiple classifications, the Board would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds, if any.

On the government-wide financial statements equity is classified as net position and displayed in the following categories:

- Net Investment in Capital Assets, net of related debt—Amounts of capital assets, net of accumulated depreciation, less outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Unrestricted net assets—Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual result could differ from those estimates.

6. Impact of recently issued accounting pronouncements

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows and inflows of resources, which are distinct from assets and liabilities, and also renames as net position, rather than net assets, the residual of all the other elements presented in the statement of net position. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows or deferred inflows of resources, certain

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Notes to the Financial Statements

June 30, 2013

items that were previously reported as assets and liabilities. This statement is effective for periods beginning after December 15, 2012. As of June 30, 2013, the Chamber had no deferred outflows or deferred inflows of resources.

NOTE 2 – STEWARDSHIP AND COMPLIANCE

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for Chamber funds. Budget is defined as the originally approved budget plus or minus approved amendments. The budget is approved by the Board of Directors prior to the beginning of the fiscal year. Budget appropriations not expended during the year are closed to fund balance. The Chamber did not have any material violations of legal or contractual provisions for the fiscal year ended June 30, 2013.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The Chamber maintains one operating account and numerous certificates of deposit invested in area banks and with an area investment broker. All cash and investments are held by the depositories in the name of the Chamber. The certificates of deposit are in conformity with investments approved by the State of Tennessee guidelines.

Cash and investments consist of the following:

Deposits with financial institutions	\$ 171,514
Certificates of deposit	<u>194,552</u>
Total	<u>\$ 366,066</u>

Deposits and investments are subject to various risks. Presented below is a discussion of the Chamber's deposits and investments and the related risks.

Deposits with Financial Institutions

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. Amounts above the FDIC insured limits are secured by the Tennessee Collateral Pool. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Interest rate risk is the risk that changes in market interest rates could adversely affect the fair value of an investment. The Chamber's investments bear a fixed interest rate and mature, generally, in twelve months or less, at par plus interest earned.

2. Capital Assets

Capital activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Furniture and Fixtures	\$ 36,428	\$ -	\$ -	\$ 36,428
Leasehold improvements	6,000	-	-	6,000
Vehicles	<u>21,288</u>	<u>22,800</u>	<u>21,288</u>	<u>22,800</u>
Subtotals	<u>63,716</u>	<u>22,800</u>	<u>21,288</u>	<u>65,228</u>

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Notes to the Financial Statements

June 30, 2013

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation:				
Furniture and Fixtures	28,400	3,573	-	31,973
Leasehold improvements	3,528	857	-	4,385
Vehicles	<u>21,288</u>	<u>4,560</u>	<u>21,288</u>	<u>4,560</u>
Subtotals	<u>53,216</u>	<u>8,990</u>	<u>21,288</u>	<u>40,918</u>
Total capital assets being depreciated, net	<u>\$ 10,500</u>	<u>\$ 13,810</u>	<u>\$ -</u>	\$ 24,310
Less related long-term debt outstanding				<u>2,156</u>
Net Investment in capital assets				<u>\$ 22,154</u>

Depreciation charged to expense was \$ 8,990.

3. Long-term Obligations

The Chamber is obligated to repay Business Equipment Center for the purchase of office equipment. The note is payable in monthly installments of \$121 at an 8.257% interest rate. The current portion of the note is \$1,329. The note is secured by a copy machine.

Interest and principal repayments remaining are:

Year Ended:	Principle	Interest
6/30/2014	\$ 1,329	\$ 129
6/30/2015	827	23
	<u>\$ 2,156</u>	<u>\$ 152</u>

NOTE 4 – OTHER INFORMATION

1. Risk Management

The Chamber is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors or omissions, and acts of God. The organization purchases commercial insurance to defray these risks. No settlements have occurred in any of the prior three years.

2. Donated Services

The Chamber receives donated services from a variety of unpaid volunteers who assist the Chamber in its industry, business, and economic and community development activities. No amounts have been recognized in the accompanying statement of activities because of the criteria for recognitions of such volunteer effort under the standards have not been satisfied.

3. Concentration of Credit Risk

The Chamber's financial instruments that are exposed to concentrations of credit risk consist primarily of accounts receivable. The Chamber routinely assesses the financial strength of its members, and as a consequence, believes that its accounts receivable credit risk exposure is not material.

4. Federal Grant

The Chamber obtained a grant (\$144,336) from the U.S. Department of Housing and Urban Development (HUD) in order to make improvements to the American Way Site in the North Industrial Park. The improvements will help recruit industry to Lauderdale County.

LAUDERDALE COUNTY CHAMBER OF COMMERCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Grantor/Pass-through Grantor Program Title	Federal CFDA #	Contract Number	Balance July 1, 2012	Cash Receipts	Expenditures	Balance June 30, 2013
US Department of Housing and Urban Development Special Project Grant	14.251	B-05-SP-TN-0976	-	144,336	144,336	-
			<u>\$ -</u>	<u>\$ 144,336</u>	<u>\$ 144,336</u>	<u>\$ -</u>

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**Independent Auditor's 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**

The Board of Directors
Lauderdale Chamber/Economic
and Community Development, Inc.
Ripley, Tennessee

We have audited 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, the financial statements of the Lauderdale Chamber/Economic and Community Development, Inc. (Chamber) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Chamber's basic financial statements, and have issued our report thereon dated November 21 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Chamber's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Chamber's internal control. Accordingly, we do not express an opinion on the effectiveness of the Chamber's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary of findings, recommendations and replies, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described as 2011-001 in the accompanying summary of findings, recommendations and replies, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chamber's financial statements are free from 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*.

Chamber's Response to Findings

The Chamber's response to the finding identified in our audit is described in the accompanying summary of findings, recommendations and replies. The Chamber's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alexander Thompson Arnold PLLC

Dyersburg, Tennessee
November 24, 2014

LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.

Schedule of Findings, Recommendations, and Replies

June 30, 2013

2011-001 SEGREGATION OF DUTIES (Material Weakness)

Condition: The Chamber has one employee who is responsible for maintaining basically all financial records and who also performs most of the day to day accounting and bookkeeping functions.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.

Recommendation: We recommend that the Chamber try to segregate as many duties as possible.

Response: We concur.

STATUS OF PRIOR AUDIT FINDINGS

Finding 2011-001 is repeated this year.

Finding 2011-002 was corrected during the current fiscal year.