

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

*(Jackson Convention & Visitors' Bureau)*

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
June 30, 2013**

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

**Table of Contents**

	Page
Roster of Officials	1
Independent Auditors' Report	2-3
Management's Discussion and Analysis	4-5
Statement of Net Assets	6
Statement of Activities	7
Notes to Financial Statements	8-10
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 <i>Government Auditing Standards</i>	11-12
Schedule of Findings and Responses	13

Jackson-Madison County  
Economic Development Commission  
Roster of Officials  
(Unaudited)  
For the Year Ending June 30, 2013

Jane Alderson	Commissioner
Jimmy Exum	Commissioner
Tom Hensley	Commissioner
Ester Milam	Commissioner
Bill Sipes	Commissioner
Jerry Bastin	Commissioner
Charles Rahm	Commissioner
Lori Nunnery	Executive Director



**COWART REESE**  
**S A R G E N T**  
Certified Public Accountants, P.C.

Brownsville | Jackson | Martin | Milan | Paris

Clark H. Cowart, CPA  
B. Rex Baker, CPA  
Fancher P. Sargent, CPA  
T. Paul Anderson, CPA, CFE  
Beth Paschall, CPA  
Marilyn Johnsey, CPA of counsel

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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

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, 2013 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 audits. 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.

**Opinion**

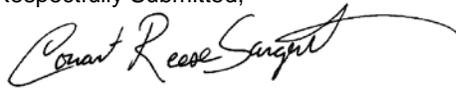
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Commission. as of June 30, 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2013 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 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 Commission's internal control over financial reporting and compliance.

Respectfully Submitted,

A handwritten signature in black ink, reading "Cowart Reese Sargent". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

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

October 25, 2013

## **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, 2013. 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**

	2012	2013	\$ Change	% Change
Current Assets	\$ 571,547	\$ 252,868	\$ (318,679)	-56%
Capital Assets	1,138	715	(423)	-37%
Total Assets	\$ 572,685	\$ 253,583	\$ (319,102)	-56%
Current Liabilities	\$ 34,675	\$ 34,371	\$ (304)	-1%
Non-Current Liabilities	-	-	-	0%
Total Liabilities	\$ 34,675	\$ 34,371	\$ (304)	-1%
Net Assets	\$ 538,010	\$ 219,212	\$ (318,798)	-59%

**Condensed Statement of Changes in Net Assets**

	2012	2013	\$ Change	% Change
Revenue:				
Hotel/Motel Tax	\$ 189,720	\$ 203,418	\$ 13,698	7%
Other Income	18,551	18,631	80	0%
Total Revenues	\$ 208,271	\$ 222,049	\$ 13,778	7%
Expenditures:				
Administrative	\$ 2,155	\$ 2,900	\$ 745	35%
Convention & Visitors	90,918	96,943	6,025	0%
Other	91,538	441,004	349,466	0%
Total Expenditures	\$ 184,611	\$ 540,847	\$ 356,236	193%
Total Change in Net Assets	\$ 23,660	\$ (318,798)	\$ (342,458)	-1447%

**ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

As can be seen from the financial information above the Commission's total assets have decreased by \$319,102 during the year ended June 30, 2013 net assets decreased by \$318,798. Funds on hand were used for tourism events. The decrease is primarily due to an increase in grants awarded by the commission.

Although there is a negative 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, 2013

	<u>General Fund</u>	<u>Government-Wide Statement of Net Assets</u>
<u>ASSETS</u>		
ASSETS		
Cash in Bank	\$ 175,156	\$ 175,156
Taxes Receivable	57,112	57,112
Grant Receivable	16,000	16,000
Prepaid Expenses	4,600	4,600
Office Equipment, Net of Accumulated Depreciation	-	715
	252,868	253,583
 <u>LIABILITIES &amp; FUND EQUITY</u>		
<u>LIABILITIES</u>		
Accounts Payable	34,371	34,371
	34,371	34,371
 <u>FUND BALANCES</u>		
Fund Balances:		
Unassigned	218,497	
	252,868	
 <u>Net Assets:</u>		
Unrestricted		218,497
Invested in Capital Assets		715
		219,212
		\$ 253,583

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

Fund balance of governmental funds shown above	\$	218,497
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.		715
		219,212
Net assets of governmental activities	\$	219,212

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, 2013

	General Fund	<i>Government-Wide</i> Statement of Activities
Expenditures / Expenses:		
Administrative		
Bond and Insurance	\$ -	\$ -
Professional Fees	2,900	2,900
Total Administrative	2,900	2,900
Convention and Visitor's Bureau		
Management & Administrative Fees	76,342	76,342
Education Expense	1,880	1,880
Telephone	1,903	1,903
Postage	2,061	2,061
Storage Rental	-	-
Supplies	451	451
Conventions & Meetings	11,626	11,626
Dues & Subscriptions	2,566	2,566
Printing & Reproduction	114	114
Total Convention and Visitor's Bureau	96,943	96,943
Other		
Depreciation Expense	-	423
Tourism Events	382,000	382,000
Advertising	58,188	58,188
Capital Outlay	-	-
Miscellaneous	393	393
Total Other	440,581	441,004
Total Expenditures / Expenses	540,424	540,847
General Revenues:		
Hotel/Motel Tax Receipts	203,418	203,418
Interest Income	2,631	2,631
Other Income	16,000	16,000
Total General Revenues	222,049	222,049
Excess (deficiency) of Revenue Over Expenditures	(318,375)	(318,798)
Fund Balance / Net Assets at Beginning of the Year	536,872	538,010
Fund Balance / Net Assets at End of the Year	\$ 218,497	\$ 219,212
Net change in fund balance of governmental funds shown above		\$ (318,375)
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.		
		(423)
Change in net assets of governmental activities		\$ (318,798)

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

**JACKSON-MADISON COUNTY  
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**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, 2013**

**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>	Beginning Balance	Increase	Decrease	Ending Balance
Equipment	\$ 2,913	\$ -	\$ -	\$ 2,913
(Less) Accumulated Depreciation	(1,775)	(423)	-	(2,198)
Net Property and Equipment	<u>\$ 1,138</u>	<u>\$ (423)</u>	<u>\$ -</u>	<u>\$ 715</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, 2013, all bank deposits were fully collateralized or insured.

At year-end, the carrying amount of the Commission's deposits was \$175,157 and the bank balance was \$193,174 all of which was covered by the Federal Deposit Insurance Corporation.

1. Insured and collateralized with securities held by the Commission's or its agent in the Commission's name \$193,174

**JACKSON-MADISON COUNTY  
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
June 30, 2013**

**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 October 25, 2013, the date which the financial statements were available to be issued.

**- END OF NOTES -**



**COWART REESE**  
**S A R G E N T**  
Certified Public Accountants, P.C.

Brownsville | Jackson | Martin | Milan | Paris

Clark H. Cowart, CPA  
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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, 2013 and have issued our report thereon dated October 25, 2013. 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.

A handwritten signature in black ink, reading "Cowart Reese Sargent". The signature is written in a cursive style with a long, sweeping flourish extending to the right.

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

October 25, 2013

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

June 30, 2013

**Prior Year's Audit Findings**

None

**Current Year Findings**

None