

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD

FINANCIAL STATEMENTS

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

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
June 30, 2013

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**WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
ROSTER OF BOARD MEMBERS AND MANAGEMENT OFFICIALS
June 30, 2013**

EXECUTIVE COMMITTEE

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

MANAGEMENT OFFICIALS

Ronnie Price	President/CEO
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COWART REESE S A R G E N T

Certified Public Accountants, P.C.

Brownsville | Jackson | Martin | Milan | Paris

John R. (Jack) Reese, CPA
David R. Horner, CPA

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Martin, TN 38237
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INDEPENDENT AUDITORS' REPORT

September 27, 2013

Board of Directors
Weakley County Economic Development Board

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Weakley County Economic Development Board, a joint venture of Weakley County, Tennessee, and the cities of Martin, Tennessee, Dresden, Tennessee, Greenfield, Tennessee, Gleason, Tennessee, and Sharon, Tennessee, 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. Management is also responsible for 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.

Auditors' Responsibility

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 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.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities and major fund of Weakley County Economic Development Board as of June 30, 2013, and the respective changes in financial position and, where applicable, the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Compliance and Other Matters

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

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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control 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.

This report is intended solely for the information and use of the Board of Directors, management, and the Comptroller of the Treasury of the State of Tennessee. Accordingly, this communication is not suitable for any other purpose.

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

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

September 27, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Weakley County Economic Development Board's financial report presents a narrative overview and analysis of the Board's performance during the fiscal year ending June 30, 2013. Please read it in conjunction with the Board's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes the management's discussion and analysis report, the independent auditor's report and the basic financial statements of the Board. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As can be seen from the summarized financial information on page 5, the Board's current assets have decreased \$47,022 during the year ended June 30, 2013 and net capital assets have decreased \$2,461. The decrease in net capital assets was due to depreciation expense, the cost of which exceeded the cost of any new assets purchased. No new assets were purchased during the fiscal year. Net position decreased by \$49,483. Total expenditures decreased \$11,569.

Although current year Net Position decreased, management believes the overall financial condition of the Board remains strong.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide the readers with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact:

Weakley County Economic Development Board
P.O. Box 106
Martin, Tennessee 38238
(731)-587-2992

SUMMARIZED FINANCIAL INFORMATION

	Net Position		Dollar Change	Percentage Change
	2013	2012		
Current Assets	\$ 66,362	\$ 113,384	\$ (47,022)	-41.5%
Capital Assets	3,944	6,405	(2,461)	-38.4%
Total Assets	70,306	119,789	(49,483)	-41.3%
Current Liabilities	467	232	235	101.3%
Total Liabilities	467	232	235	101.3%
Net Position	<u>\$ 69,839</u>	<u>\$ 119,557</u>	<u>\$ (49,718)</u>	-41.6%
Summary of Net Position				
Investment in Capital Assets	3,944	6,405	(2,461)	-38.4%
Unrestricted Net Position	<u>65,895</u>	<u>113,152</u>	<u>(47,257)</u>	-41.8%
	<u>\$ 69,839</u>	<u>\$ 119,557</u>	<u>\$ (49,718)</u>	-41.6%
	Changes in Net Position			
Revenues	\$ 244,490	\$ 244,490	\$ -	0.0%
Operating Expenses	<u>294,735</u>	<u>306,304</u>	<u>(11,569)</u>	-3.8%
Operating Income (Loss)	(50,245)	(61,814)	11,569	-18.7%
Nonoperating Revenues (Expenses)	<u>527</u>	<u>1,103</u>	<u>(576)</u>	-52.2%
Changes in Net Position	(49,718)	(60,711)	10,993	-18.1%
Net Position				
Beginning	<u>119,557</u>	<u>180,268</u>	<u>(60,711)</u>	
Ending	<u>\$ 69,839</u>	<u>\$ 119,557</u>	<u>\$ (49,718)</u>	-41.6%

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
 STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
 June 30, 2013

	General Fund	Adjustments	Statement of Net Assets
<u>ASSETS</u>			
Cash - Checking	\$ 40,762	\$ -	\$ 40,762
Capital Assets, Net of Depreciation	-	3,944	3,944
Accounts Receivable	25,600	-	25,600
Total Assets	66,362	3,944	70,306
<u>LIABILITIES</u>			
Accounts Payable	467	-	467
Total Liabilities	467	-	467
<u>FUND BALANCE/NET POSITION</u>			
Fund Balance - Unassigned	65,895	-	
Total Liabilities and Fund Balance	\$ 66,362		
Investment in Capital Assets		3,944	3,944
Unrestricted		-	65,895
Total Net Position		\$ -	\$ 69,839

See accompanying notes to the financial statements.

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 June 30, 2013

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

Fund balance - governmental fund	\$	65,895
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.		3,944
Net position of governmental activities	\$	69,839

See accompanying notes to the financial statements.

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2013

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
County and Municipal Dues			
City of Dresden	\$ 16,400	\$ -	\$ 16,400
City of Gleason	8,400	-	8,400
City of Greenfield	12,600	-	12,600
City of Martin	60,200	-	60,200
City of Sharon	5,600	-	5,600
Weakley County	96,800	-	96,800
WCMES	44,490	-	44,490
Total Revenues	<u>244,490</u>	<u>-</u>	<u>244,490</u>
Expenses			
Audit Services	1,500	-	1,500
Automobile Expense	4,073	-	4,073
Depreciation	-	2,461	2,461
Dues & Memberships	400	-	400
Entertainment	1,221	-	1,221
Health Insurance	5,698	-	5,698
Industrial Development Expense	171,500	-	171,500
Insurance	950	-	950
Marketing Expense	5,404	-	5,404
Office Supplies & Printing	432	-	432
Other Expense	1,113	-	1,113
Payroll Taxes	6,031	-	6,031
Postage & Box Rent	364	-	364
Professional Services	1,200	-	1,200
Promotion and Prospective	480	-	480
Registration & Meeting Expense	3,008	-	3,008
Retirement/Deferred Compensation	2,250	-	2,250
Salary - CEO	76,500	-	76,500
Salary - Secretary/Assistant	2,338	-	2,338
Telephone	2,764	-	2,764
Travel	5,048	-	5,048
Total Expenditures	<u>292,274</u>	<u>2,461</u>	<u>294,735</u>
Excess of Revenues over Expenditures	<u>(47,784)</u>	<u>(2,461)</u>	<u>(50,245)</u>
Other Financing Sources (Uses)			
Interest Income	527	-	527
Gain (Loss) on Disposal of Assets	-	-	-
Total Other Financing Sources (Uses)	<u>527</u>	<u>-</u>	<u>527</u>
Net Change in Fund Balance/Net Position	<u>(47,257)</u>	<u>(2,461)</u>	<u>(49,718)</u>
Fund Balance/Net Position:			
Beginning of the Year	113,152		119,557
End of the Year	<u>\$ 65,895</u>	<u>\$ (2,461)</u>	<u>\$ 69,839</u>

See accompanying notes to the financial statements.

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2013

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

Net change in fund balance - governmental fund	\$ (47,257)
Amounts reported for governmental activities in that statement of activities are different because:	
Depreciation expense on governmental capital assets are included in the governmental activities in the Statement of Activities	(2,461)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the Statement of Net Position.	-
Change in net position of governmental activities	\$ (49,718)

See accompanying notes to the financial statements.

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance to Original Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
County and Municipal Dues				
City of Dresden	\$ 16,400	\$ 16,400	\$ 16,400	\$ -
City of Gleason	8,400	8,400	8,400	-
City of Greenfield	12,600	12,600	12,600	-
City of Martin	60,200	60,200	60,200	-
City of Sharon	5,600	5,600	5,600	-
Weakley County	96,800	96,800	96,800	-
WCMES	44,490	44,490	44,490	-
Total Revenues	<u>244,490</u>	<u>244,490</u>	<u>244,490</u>	<u>-</u>
Expenditures				
Audit Services	1,250	1,500	1,500	-
Automobile Expense	4,100	4,100	4,073	27
Contracted Services	300	300	-	300
Dues & Memberships	1,800	1,800	400	1,400
Entertainment	3,000	3,000	1,221	1,779
Health Insurance	6,540	6,540	5,698	842
Industrial Development Expense	171,500	171,500	171,500	-
Insurance	1,000	1,000	950	50
Marketing Expense	8,500	8,500	5,404	3,096
Office Equipment	1,000	1,000	-	1,000
Office Supplies & Printing	1,000	1,000	432	568
Other Expense	1,800	1,800	1,113	687
Payroll Taxes	7,000	7,000	6,031	969
Postage & Box Rent	850	850	364	486
Professional Services	1,000	1,200	1,200	-
Promotion & Prospective	800	800	480	320
Registration & Meeting Expense	4,000	4,000	3,008	992
Retirement/Deferred Compensation	2,600	2,600	2,250	350
Salary - CEO	76,500	76,500	76,500	-
Salary - Secretary/Assistant	10,500	10,050	2,338	7,712
Telephone	3,450	3,450	2,764	686
Travel	8,000	8,000	5,048	2,952
Utilities	100	100	-	100
Total Expenditures	<u>316,590</u>	<u>316,590</u>	<u>292,274</u>	<u>24,316</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(72,100)</u>	<u>(72,100)</u>	<u>(47,784)</u>	<u>24,316</u>
Other Financing Sources (Uses)				
Interest Income	-	-	527	527
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>527</u>	<u>527</u>
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(72,100)</u>	<u>(72,100)</u>	<u>(47,257)</u>	<u>24,843</u>
Fund Balance, Beginning	113,152	113,152	113,152	-
Fund Balance, Ending	<u>\$ 41,052</u>	<u>\$ 41,052</u>	<u>\$ 65,895</u>	<u>\$ 24,843</u>

See accompanying notes to the financial statements.

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

June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Weakley County Economic Development Board have been prepared in conformity with the standards of the Governmental Accounting Standards Board.

BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The accounts of the Weakley County Economic Development Board are organized as a governmental fund. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Government-Wide Financial Statements

GASB Statement No. 34 requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. Those classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions on enabling legislation.
- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2013

FUND EQUITY

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Board is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

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

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

The details of the fund balances are included in the Governmental Funds Balance Sheet as listed in the table of contents. Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Board of Directors or the Assignment has been changed. Decreases to fund balance first reduce restricted funds; then committed funds; then assigned funds and finally unassigned funds.

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2013

NOTE 1 (CONTINUED)

USE OF ESTIMATES

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

REPORTING ENTITY – JOINT VENTURE

In evaluating how to define the Weakley County Economic Development Board, for financial reporting purposes, management has considered the criteria set forth in the Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and has determined the relationship to be a joint venture. Joint ventures are legal entities or other organizations resulting from an agreement between two or more participants to jointly own, operate, and govern the entity as a separate activity. To qualify as a joint venture, GASB Statement No. 14 requires the participants to have either an ongoing financial interest or an ongoing financial responsibility.

The parties to the joint venture are as follows:

The County of Weakley, Tennessee
City of Martin, Tennessee
City of Dresden, Tennessee
City of Greenfield, Tennessee
City of Gleason, Tennessee
City of Sharon, Tennessee

According to the agreement adopted by the parties to the joint venture, the share of the annual budget paid by each party is allocated based on the respective populations of each party as of each decennial census and will remain in effect until the next census results are available. It is projected that most of each year's budget will be spent prior to the end of the corresponding fiscal year.

CAPITAL ASSETS

Capital assets are stated at cost less accumulated depreciation computed on the straight-line method. The assets are depreciated over their useful lives, which range from 5 to 7 years.

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2013

NOTE 1 (CONTINUED)

BUDGETARY BASIS OF ACCOUNTING

The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. Annual budgets are adopted for the General fund. The Board maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Board. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund. Budgeted amounts presented are as originally adopted and as further amended by the Board. The Board adopts their budget prior to June 30 or the preceding fiscal year in compliance with Tennessee law.

NOTE 2 FORMATION OF BOARD

As required by statute of the State of Tennessee, the Weakley County Board of Commissioners and the governing boards of the cities of Martin, Dresden, Greenfield, Gleason, and Sharon created the Weakley County Joint Economic and Community Development Board. During the fiscal year ending June 30, 2005, the organization's name was changed to the Weakley County Economic Development Board. Its operations commenced officially on July 1, 2001. Its objectives are to:

1. Encourage an entrepreneurial spirit among businesses and citizens.
2. Expand existing industry and business.
3. Attract new business and industry appropriate for the county.
4. Foster open communications among all groups in the county concerned with economic development.

NOTE 3 DEPOSITS AND INVESTMENTS

The Board has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures* for financial reporting of deposit risk.

Custodial Credit Risk – State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the Board's agent in the Board's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2013, all bank deposits were fully collateralized or insured.

The Board is authorized to hold funds in the form of checking and/or savings accounts and investments in the form of Certificates of Deposit.

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2013

NOTE 4 COMPENSATED ABSENCES

Employees earn vacation leave at the rate of one working day per month. Such leave may be accumulated, except that the amount of leave which is carried over as a balance at the end of any year shall be no more than twelve days or it will be lost. Employees are entitled to paid sick leave of one day per month, with a maximum accrual of thirty days. An accrued liability for vacation leave has not been recorded at June 30, 2013, because there was no unpaid vacation due to employees. No accrual is set up for accrued sick leave, because this is lost upon termination of employment.

NOTE 5 CAPITAL ASSETS

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

Governmental Activities:

	Beginning Balance	Additions	Retirements	Ending Balance
Non-Depreciable Assets:				
Land	\$ -	\$ -	\$ -	\$ -
Depreciable Assets:				
Furniture and Equipment	7,945	-	-	7,945
Vehicles	12,787	-	-	12,787
Total Depreciable Assets	20,732	-	-	20,732
Less Accum. Depreciation for:				
Furniture and Equipment	7,239	404	-	7,643
Vehicles	7,088	2,057	-	9,145
Total Accum. Depreciation	14,327	2,461	-	16,788
Depreciable Assets, net	6,405	(2,461)	-	3,944
Governmental Activities Capital Assets, net	<u>\$ 6,405</u>	<u>\$ (2,461)</u>	<u>\$ -</u>	<u>\$ 3,944</u>

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

June 30, 2013

NOTE 6 SIMPLE IRA

The Board has a SIMPLE IRA retirement plan in effect. Contributions are based on matching, with the Board matching up to 3% of employee contributions. Actual pension cost for the Board for the year ending June 30, 2013 was \$2,250.

NOTE 7 RISK MANAGEMENT

The Board is exposed to risks of accidents by the general public in its office, and employee dishonesty. The Board insures against all such exposures with commercial insurance. Settled claims, if any, have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in the amount of coverage provided.

NOTE 8 SUBSEQUENT EVENTS

The Board has evaluated subsequent events through September 27, 2013, the date which the financial statements were available to be issued.

- END OF NOTES -



COWART REESE S A R G E N T

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

Board of Directors
Weakley County Development Board

We have audited the accompanying governmental and major fund financial statements of Weakley County Development Board (the Board) as of and for the year ended June 30, 2013 and have issued our report thereon dated September 27, 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 the Board is responsible for establishing and maintain internal control over financial reporting. In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to 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 basis financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express and opinion or provide any assurance on the information because the limited procedures does 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 September 27, 2013 on our consideration of Weakley County Economic Development Board's internal control over financial reporting and on our test 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* in considering Weakley County Economic Development Board's internal control over financial reporting and compliance.



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

WEAKLEY COUNTY ECONOMIC DEVELOPMENT BOARD
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013

Prior Year's Audit Findings

None

Current Year Findings

None