

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

(Jackson Convention & Visitors' Bureau)

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
June 30, 2014**

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

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Jackson-Madison County
Economic Development Commission
Roster of Officials
(Unaudited)
For the Year Ending June 30, 2014

Lori Nunnery	Executive Director
Jane Alderson	Commissioner
Jimmy Exum	Commissioner
Tom Hensley	Commissioner
Esther Milam	Commissioner
Bill Sipes	Commissioner
Jerry Bastin	County Commission Ex-officio
Charles Rahm	City Council Ex-officio
Mayor Jerry Gist	City of Jackson Mayor Ex-officio
Mayor Jimmy Harris	Madison County Mayor Ex-officio



COWART REESE SARGENT

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
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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, and the related notes to the financial statements as of and for the year ended June 30, 2014 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.

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 above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of The Commission as of June 30, 2014, and the respective changes in its financial position for the years 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 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.

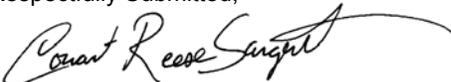
Other Information

The Schedule of Officials 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 May 13, 2015 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,



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

May 13, 2015

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, 2014. 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 position 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 Activities. 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 Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Commission's activities in a way that will help answer this question. These two statements report the net position of the Commission and the changes in them. One can think of the Commission's net position – 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 position are one indicator of whether its financial health is improving or deteriorating.

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Condensed Statement of Net Position				
	2013	2014	\$ Change	% Change
Current Assets	\$ 252,868	\$ 254,923	\$ 2,055	1%
Capital Assets	715	411	(304)	-43%
Total Assets	\$ 253,583	\$ 255,334	\$ 1,751	1%
Current Liabilities	\$ 34,371	\$ 59,040	\$ 24,669	72%
Non-Current Liabilities	-	-	-	0%
Total Liabilities	\$ 34,371	\$ 59,040	\$ 24,669	72%
Net Position	\$ 219,212	\$ 196,294	\$ (22,918)	-10%
Condensed Statement of Changes in Net Position				
	2013	2014	\$ Change	% Change
Revenue:				
Hotel/Motel Tax	\$ 203,418	\$ 196,011	\$ (7,407)	-4%
Other Income	18,631	17,008	(1,623)	-9%
Total Revenues	\$ 222,049	\$ 213,019	\$ (9,030)	-4%
Expenditures:				
Administrative	\$ 2,900	\$ 2,900	\$ -	0%
Convention & Visitors	96,943	94,700	(2,243)	0%
Other	441,004	137,926	(303,078)	0%
Total Expenditures	\$ 540,847	\$ 235,526	\$ (305,321)	-56%
Total Change in Net Position	\$ (318,798)	\$ (22,507)	\$ 296,291	-93%

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As can be seen from the financial information above the Commission's total assets have increased by \$1,751 during the year ended June 30, 2014 and net position decreased by \$22,918. Funds on hand were used for tourism related operations, marketing and events.

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 Activities and Governmental Fund
Revenues, Expenditures and Changes in Fund Balances / Net Position
For the Year Ending June 30, 2014

	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	78,084	78,084
Education Expense	602	602
Telephone	2,585	2,585
Postage	2,048	2,048
Internet	530	530
Storage Rental	-	-
Supplies	321	321
Conventions & Meetings	7,106	7,106
Dues & Subscriptions	3,342	3,342
Printing & Reproduction	82	82
Total Convention and Visitor's Bureau	94,700	94,700
Other		
Depreciation Expense	-	304
Tourism Events	45,100	45,100
Advertising	91,840	91,840
Capital Outlay	-	-
Miscellaneous	682	682
Total Other	137,622	137,926
Total Expenditures / Expenses	235,222	235,526
General Revenues:		
Hotel/Motel Tax Receipts	196,011	196,011
Interest Income	1,008	1,008
Other Income	16,000	16,000
Total General Revenues	213,019	213,019
Excess (deficiency) of Revenue Over Expenditures	(22,203)	(22,507)
Fund Balance / Net Position at Beginning of the Year	218,497	219,212
Fund Balance / Net Position at End of the Year	\$ 196,294	\$ 196,705
Net change in fund balance of governmental funds shown above		\$ (22,203)
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.		
		(304)
Change in net position of governmental activities		\$ (22,507)

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

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS**

June 30, 2014

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. 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 Position the General Fund of the Commission is adjusted to report the Commission's net position in three parts – invested in capital assets; restricted net position; and unrestricted net position. The primary difference between the Governmental Fund Balance Sheet for the General Fund and the Statement of Net Position is the inclusion of capital assets in the Statement of Net Position.

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.

The basic financial statements include both government-wide and fund financial statements. In the government-wide statement of net position activities are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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

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

June 30, 2014

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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*.

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	(2,198)	(304)	-	(2,502)
Net Property and Equipment	<u>\$ 715</u>	<u>\$ (304)</u>	<u>\$ -</u>	<u>\$ 411</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, 2014, all bank deposits were fully collateralized or insured.

At year-end, the carrying amount of the Commission's deposits was \$180,308 and the bank balance was \$236,078 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 \$236,078

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

June 30, 2014

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 May 13, 2015, the date which the financial statements were available to be issued.

- END OF NOTES -



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

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

We have audited the accompanying financial statements of the governmental activities and the general fund of the Jackson-Madison County Community Economic Development Commission (the Commission), a joint-venture between the City of Jackson and Madison County, and the related notes to the financial statements, as of and for the year ended June 30, 2014 and have issued our report thereon dated May 13, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission'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 Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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. 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.

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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

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. Accordingly, this communication is not suitable for any other purpose.

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.

May 13, 2015

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

June 30, 2014

Prior Year's Audit Findings

None

Current Year Findings

None