

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.**

**FINANCIAL REPORT**

**JUNE 30, 2014**

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
TABLE OF CONTENTS  
June 30, 2014**

	<u>Pages</u>
<b>TRANSMITTAL LETTER</b>	1 – 2
<b>ROSTER OF BOARD MEMBERS AND MANAGEMENT OFFICIALS</b>	3
<b>FINANCIAL SECTION:</b>	
Independent Auditor’s Report	4 – 6
Management’s Discussion and Analysis	7 – 10
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 – 24
<b>REQUIRED SUPPLEMENTARY INFORMATION SECTION:</b>	
Schedule of Funding Progress – Employee Retirement System	25
<b>SUPPLEMENTAL SECTION:</b>	
Schedule of Functional Expenses	26
<b>COMPLIANCE SECTION:</b>	
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 <i>Government Auditing Standards</i>	27 – 28



December 5, 2014

To the Board of Directors of  
Washington County – Johnson City  
Animal Control Center, Inc.  
Johnson City, Tennessee

This report consists of management’s representations concerning the finances of Washington County - Johnson City Animal Control Center, Inc. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Washington County - Johnson City Animal Control Center, Inc. has established a comprehensive internal control framework that is designed both to protect the Organization’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Center’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Center’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Center’s financial statements have been audited by Eddy & Eddy, CPAs, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Center for the fiscal year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Center’s financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Center’s MD&A can be found immediately following the report of the independent auditor.

## **Profile of the Center**

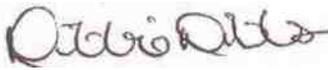
Washington County - Johnson City Animal Control Center, Inc. was chartered as a non-profit in 1985 and is designed to provide a community wide resource. The Center provides adoption and low cost spay / neuter programs and pick-up for stray and unwanted animals. In addition, the Center serves the community by investigating suspected animal cruelty, removing dead animals from roadways and private property, and educating the general public about animal care. During the fiscal year ended June 30, 2014, the shelter took in 5,828 animals.

The Center operates under the board-director form of government. The board is responsible, among other things, for adopting the budget and hiring the Center's director. The Center's director is responsible for carrying out the policies of the board and for overseeing the day-to-day operations of the Center.

## **Pension and other postemployment benefits**

Washington County - Johnson City Animal Control Center, Inc. employees are members of the Political Subdivision Pension Plan, administered by the Tennessee Consolidated Retirement System. Each year, the Center is required to contribute at an actuarially determined rate to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. Additional information on the Center's pension arrangements can be found in the notes to the financial statements.

Respectfully submitted,



Debbie Dobbs  
Executive Director

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.**

**BOARD MEMBERS**

For the Year Ended June 30, 2014

President	
City Representative	Pete Peterson
Vice President	
Washington County Humane Society Representative (through December 2013)	Lisa Witherspoon
Vice President	
Washington County Humane Society Representative (beginning January 2014)	Lucinda Grandy
City Representative	Ralph Van Brocklin
County Representative	Pat Wolfe
County Representative	David Tomita

**MANAGEMENT OFFICIALS**

For the Year Ended June 30, 2014

Director, Board Secretary	Debbie Dobbs
Assistant Director	Joy Sexton



**Eddy & Eddy**  
CERTIFIED PUBLIC ACCOUNTANTS

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TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Washington County – Johnson City  
Animal Control Center, Inc.  
Johnson City, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying statement of net position of Washington County – Johnson City Animal Control Center, Inc. (a Tennessee nonprofit organization), and the related statements of revenues, expenses, and changes in net position, and cash flows as of and for the year ended June 30, 2014, and the related notes to the 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 that 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington County – Johnson City Animal Control Center, Inc. as of June 30, 2014, and the changes in financial position and cash flows 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 and the schedule of funding progress – employee retirement system on pages 7 through 11 and page 24 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 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 financial statements, and other knowledge we obtained during our audit of the 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***

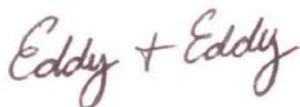
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Washington County – Johnson City Animal Control Center, Inc.'s financial statements. The introductory section and supplemental section are presented for the purposes of additional analysis and are not a required part of the financial statements.

The introductory and supplemental sections are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental section has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental section on page 25 is fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory section on pages 1 through 3 has not been subjected to the auditing procedures applied in the audit of the 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 December 5, 2014, on our consideration of Washington County – Johnson City Animal Control Center, Inc.’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 Washington County – Johnson City Animal Control Center, Inc.’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eddy + Eddy".

Eddy & Eddy, CPAs, P.C.  
Johnson City, Tennessee  
December 5, 2014

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Management’s Discussion and Analysis  
June 30, 2014**

This section of Washington County – Johnson City Animal Control Center, Inc.’s annual financial report presents our discussion and analysis of the Center’s financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the Center’s financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The Center’s total net position increased by \$516,208 during the fiscal year. Unrestricted net position decreased \$49,821.
- During the year, the Center’s expenses were \$516,208 less than the \$1,083,259 generated in revenues. This is \$520,371 more than last year, when expenses exceeded revenues by \$4,163.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – management’s discussion and analysis (this section), the basic financial statements, required supplementary information, and supplemental information. The basic financial statements of the Center are proprietary fund statements. Proprietary fund statements offer short- and long-term financial information about activities that operate like a business. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 summarizes the major features of the Center’s financial statements, including the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure A-1  
Major Features of the Center’s Fund Financial Statements**

	<b>Fund Statements</b>
	<b>Proprietary Funds</b>
Scope	Activities the Center operates similar to private businesses
Required financial statements	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital and short-term and long-term
Type of inflow / outflow information	All revenues and expenses during the year, regardless of when cash is received or paid

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Management’s Discussion and Analysis  
June 30, 2014**

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Center.

- *Proprietary funds* – Services for which the Center charges customers a fee are generally reported in proprietary funds. Proprietary funds provide both long-term and short-term financial information.

**FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE**

**Net position.** The Center’s combined net position increased \$516,208 between fiscal years 2013 and 2014 with an ending balance of \$1,272,496. (See Table A-1.) The increase included \$507,409 in capital contributions resulting from the capital campaign, which began August 2013. In comparison, last year net position decreased \$4,163.

**Table A-1  
Washington County - Johnson City Animal Control Center, Inc.'s Net Position**

	<u>2013</u>	<u>2014</u>	<u>Percentage Change</u>
Current and other assets	\$ 197,294	\$ 685,552	247.5%
Capital assets	<u>593,896</u>	<u>631,934</u>	6.4%
Total assets	<u>791,190</u>	<u>1,317,486</u>	66.5%
Long-term debt outstanding	-	9,382	
Other liabilities	<u>34,902</u>	<u>35,608</u>	2.0%
Total liabilities	<u>34,902</u>	<u>44,990</u>	28.9%
Net position			
Net investment in capital assets	593,896	622,552	4.8%
Restricted	143,848	581,580	304.3%
Unrestricted	<u>18,544</u>	<u>68,364</u>	268.7%
Total net position	<u>\$ 756,288</u>	<u>\$ 1,272,496</u>	68.3%

Net position of the Center increased approximately 68 percent to \$1,272,496. However, some components of net position either are restricted as to the purposes they can be used for or are invested in capital assets (buildings, equipment, office equipment, and so on). Consequently, the unrestricted portion of net position showed a \$49,820 increase at the end of this year, and net position – net investment in capital assets increased \$28,656.

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Management’s Discussion and Analysis  
June 30, 2014**

**Changes in net position.** The Center’s total revenues increased by about 96.4 percent to \$1,083,259. (See Table A-2.) Approximately 32 percent of the Center’s revenue comes from city and county appropriations. Approximately 8 percent comes from fees charged for services. Approximately 47 percent comes from capital contributions. Most of the rest is from other donations.

The total cost of all programs increased approximately \$11,454, or about 2.1 percent. The Center’s expenses cover a range of services with about half related to salaries, and this year include \$17,900 in expenses directly related to the new facility.

**Table A-2  
Changes in Washington County - Johnson City Animal Center, Inc.'s Net Position**

	<u>2013</u>	<u>2014</u>	<u>Percentage Change</u>
<b>Revenues</b>			
Charges for Sales and Services	\$ 86,617	\$ 87,665	1.2%
Appropriations	333,000	349,750	5.0%
Insurance Reimbursements	-	278	
Donated Goods and Services	500	-	-100.0%
Public Donations	131,002	137,996	5.3%
Capital Contributions	-	507,409	
Investment Income	791	161	-79.6%
Unrealized Gain (Loss) on Investments	(476)	-	-100.0%
<b>Total revenues</b>	<u>551,434</u>	<u>1,083,259</u>	96.4%
<b>Expenses</b>			
Professional Services	45,430	29,151	-35.8%
Maintenance - Structures and Equipment	10,130	7,344	-27.5%
Depreciation	10,851	9,188	-15.3%
Employee Benefits	53,472	50,686	-5.2%
Insurance	8,553	12,584	47.1%
Office Expenses	14,368	13,556	-5.7%
Supplies	46,155	43,644	-5.4%
Other Operating Expenses	13,386	14,413	7.7%
Payroll Taxes	22,607	21,946	-2.9%
Salaries	277,577	288,539	3.9%
Utilities	20,277	24,440	20.5%
Vehicle and Travel	32,791	33,660	2.7%
Property Taxes	-	8,518	
Loan Closing Costs	-	9,382	
<b>Total expenses</b>	<u>555,597</u>	<u>567,051</u>	2.1%
<b>Increase (decrease) in Net Position</b>	<u>\$ (4,163)</u>	<u>\$ 516,208</u>	12499.9%

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Management’s Discussion and Analysis  
June 30, 2014**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2014 the Center had invested \$969,078 in capital assets, including equipment and building. This amount represents \$47,226 increase from last year, which is construction in progress on the new facility. In August and September 2012, the Center entered into contracts with an architect and another firm to conduct feasibility study and fundraising services, both in connection with the future construction of a new 15,000 square foot animal shelter facility on land at North Roan Street, Johnson City, Tennessee. In June 2013, the City of Johnson City included in its debt service budget up to \$1.5 million for the Animal Shelter. At the November 5, 2013 board meeting, the Center approved a project management agreement between Burleson Construction Co., Inc. and the City of Johnson City / Washington County Animal Control Board. On June 2, 2014, the Center entered into an agreement with J A Street and Associates for the construction of a new facility, with expected construction completion date of February 2015. The guaranteed maximum price was set at \$2,636,897, subject to additions and deductions by change order as provided in the contract documents.

**Long-term Debt**

On June 30, 2014, the Center entered into a loan agreement with Eastman Credit Union for the construction of the new facility. The only disbursement for the fiscal year was the loan closing costs of \$9,382.

**CONTACTING THE CENTER’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Center’s finances and to demonstrate the Center’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Washington County – Johnson City Animal Control Center, Inc., 525 Sells Avenue, Johnson City, TN 37604.

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Statement of Net Position  
June 30, 2014**

**ASSETS:**

Current Assets

Cash and Cash Equivalents	\$ 90,706
Accounts Receivable, net	4,328
Prepaid Items	8,938
Pledges Receivable	<u>54,697</u>

Total Current Assets 158,669

Noncurrent Assets

Donor Restricted Cash	<u>485,354</u>
Pledges Receivable - Long-Term, net	<u>41,529</u>

Capital Assets

Land	502,210
Construction in Progress	47,226
Buildings and Equipment	419,642
Less Accumulated Depreciation	<u>(337,144)</u>
Total Capital Assets	<u>631,934</u>

Total Noncurrent Assets 1,158,817

Total Assets 1,317,486

**LIABILITIES:**

Current Liabilities

Accounts Payable	3,278
Spay / Neuter Fees Payable	2,860
Accrued Liabilities	<u>29,470</u>

Total Current Liabilities 35,608

Long-Term Liabilities

Note Payable	<u>9,382</u>
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Total Long-Term Liabilities 9,382

Total Liabilities 44,990

**NET POSITION:**

Net investment in Capital Assets 622,552

Restricted for:

Capital Projects	581,580
Unrestricted	<u>68,364</u>

Total Net Position \$ 1,272,496

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

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Statement of Revenues, Expenses and Changes in Net Position  
For the Fiscal Year Ended June 30, 2014**

<b>OPERATING REVENUES</b>	
Charges for Sales and Services	\$ 87,665
Total Operating Revenues	<u>87,665</u>
<b>EXPENSES</b>	
Accounting and Auditing	6,700
Other Professional Services	22,451
Maintenance - Structures and Equipment	7,344
Depreciation Expense	9,188
Employee Benefits	50,686
Insurance	12,584
Office Expense	13,556
Supplies	43,644
Other Operating Expenses	14,413
Payroll Taxes	21,946
Salaries	288,539
Utilities - General Telephone	24,440
Vehicle and Travel	<u>33,660</u>
Total Operating Expenses	<u>549,151</u>
Operating Income (Loss)	<u>(461,486)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>	
City Appropriation	185,000
County Appropriation	164,750
Insurance Reimbursements	278
Public Donations	137,996
Capital Contributions	507,409
Investment Income	161
Loan Closing Costs	(9,382)
Property Taxes	<u>(8,518)</u>
Total Nonoperating Revenues (Expenses)	<u>977,694</u>
<b>CHANGE IN NET POSITION</b>	516,208
<b>NET POSITION - BEGINNING OF THE YEAR</b>	<u>756,288</u>
<b>NET POSITION - END OF THE YEAR</b>	<u>\$ 1,272,496</u>

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

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2014**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from Customers	\$ 87,040
Payments to Employees for Payroll	(281,342)
Payments to Suppliers for Goods and Services	<u>(259,905)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(454,207)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating Appropriations Received	349,750
Insurance Reimbursement	278
Unrestricted Gifts Received	<u>137,996</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>488,024</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Gifts Restricted for Capital Purposes	411,183
Proceeds from Capital Debt	9,382
Payments for Capital Purposes	<u>(65,126)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>355,439</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sales and Maturities of Investments	36,089
Interest and Dividends on Investments	<u>161</u>
Net Cash Provided by (Used in) Investing Activities	<u>36,250</u>
Net Increase (Decrease) in Cash and Cash Equivalents	425,506
Cash and Cash Equivalents - Beginning of the Year	<u>150,554</u>
Cash and Cash Equivalents - End of the Year	<u><u>\$ 576,060</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>	
Operating Income (Loss)	\$ (461,486)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	9,188
(Increase) Decrease in Accounts Receivable	(625)
(Increase) Decrease in Prepaids	(1,990)
Increase (Decrease) in Accounts Payable	(6,777)
Increase (Decrease) in Spay / Neuter Deposits Payable	(715)
Increase (Decrease) in Accrued Liabilities	<u>8,198</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (454,207)</u></u>

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

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Notes to the Financial Statements  
June 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Washington County – Johnson City Animal Control Center, Inc. was organized under the laws of the State of Tennessee in April 1985. Its Board of Directors serves as its governing body.

**Basis of Accounting**

The financial statements of Washington County – Johnson City Animal Control Center, Inc. have been prepared on the accrual basis of accounting. In the accrual basis of accounting, revenues are generally recognized when earned rather than when received and expenses recognized when the obligation is incurred rather than when paid. The Center distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the Center’s principal ongoing operations. The principal operating revenues of the Center are charges to customers for services. All revenues not meeting this definition are reported as nonoperating revenues. Operating expenses of the Center include salaries and associated taxes and benefits as well as costs of feeding and caring for the animals and maintaining the Center’s buildings, grounds and equipment.

When both restricted and unrestricted resources are available for use, it is the Center’s policy to use restricted resources first, then to use unrestricted resources.

**Basis of Presentation**

All assets, liabilities, equities, revenues, expenses and transfers relating to the Center’s businesses are accounted for in a single proprietary fund. The Center’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP) using a flow of economic resources measurement focus and the accrual basis of accounting. This is the same measurement focus and basis of accounting used by private business enterprises.

**Reporting Entity**

The Center enforces the city and state ordinances relating to animal control and animal welfare. The Center also operates an animal shelter providing adoption programs and spay / neutering programs. The Center receives funding from Johnson City, Jonesborough, and Washington County, Tennessee and must comply with the requirements of the funding source entities. However, the Center is not included in any other governmental “reporting entity” as defined by GASB pronouncements. In addition, there are no component units.

**Estimates**

The preparation of financial statements in conformity with principles generally accepted in the United State of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Notes to the Financial Statements  
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly liquid investments with maturities of three months or less when purchased to be cash and cash equivalents. The Center maintains separate cash and investment accounts for monies restricted by donors or designated by the board for future building projects.

Investment Valuation

Investments are recorded at fair value determined by reference to published market data.

Donor Restricted Assets

At June 30, 2014, \$485,354 of the Center's cash was restricted by donors for the Building Fund. There were \$507,409 private donations to the Building Fund during the year ended June 30, 2014.

Property and Equipment

Property and equipment are stated at cost, or in the case of contributed assets, at their fair value at the time of the gift. Depreciation is computed principally using the straight-line method over the estimated useful lives of the respective assets – 5 to 10 years for equipment and vehicles and 40 years for buildings. The Center's capitalization policy is to capitalize assets costing \$1,500 or more with a life greater than one year.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2. LEASE COMMITMENTS

In June, 1986 the Center entered into a lease agreement with the City of Johnson City for land where the Animal Control building is now located. The terms of the lease are \$3 per year for forty years with an option to renew for another forty years as long as the land and any structures are used for animal control purposes.

NOTE 3. INCOME TAXES

The Center is exempt from federal income taxes under the provisions of Internal Revenue Service Code Section 501(c)(3).

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Notes to the Financial Statements  
June 30, 2014**

**NOTE 4. ADVERTISING**

The Center expenses advertising costs as incurred. Total advertising expense for the year ended June 30, 2014 was \$1,076.

**NOTE 5. COMPENSATED ABSENCES**

Employees of the Center are entitled to paid sick leave. Starting with the first day of employment, all regular full-time employees accrue one day of sick leave each month. Part-time employees accumulate sick leave prorated based on the number of hours worked each week. Temporary employees are not eligible for sick leave. An employee is allowed to accumulate a maximum of ninety days sick leave. Employees have the option of receiving payment, at the employee's regular rate, for those days in excess of sixty days toward the maximum ninety days allowable. Upon termination of an employee, no payment for sick leave will be made. Subsequent to June 30, 2014, no employees exercised the cash option; therefore, no accrued sick leave is included in accrued expenses as of June 30, 2014.

Full-time employees, with less than fifteen years of service, are entitled to ten days of vacation per year. Full-time employees with fifteen years or more of continuous service are granted fifteen days of vacation per year. Part-time employees are granted vacation time based on the number of hours worked. Vacation time is encouraged to be used by the end of each calendar year. Full-time employees may carry over into the next year a maximum of 40 hours. Part-time employees may carry over a maximum of ten hours.

Upon termination, an employee with at least twelve consecutive months of service may be entitled to payment for accrued vacation time, provided the requested two-week notice of resignation is given. Accrued vacation of \$13,099 is included in accrued liabilities as of June 30, 2014.

**NOTE 6. INSURANCE**

The Center is subject to a variety of claims ranging from workers' compensation claims, employment claims and a multiplicity of other liability claims. The Center has purchased insurance coverage for general liability, personal injury, automobile and workers' compensation. The Center is not covered by insurance of any other governmental entity. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Notes to the Financial Statements  
June 30, 2014**

NOTE 7. RETIREMENT PLAN

*Plan Description*

Employees of Washington County – Johnson City Animal Control Center, Inc. are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with ten years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after ten years of service and members joining prior to July 1, 1979 were vested after four years of service.

Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Washington County – Johnson City Animal Control Center, Inc. participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 15<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

*Funding Policy*

Washington County – Johnson City Animal Control Center, Inc. has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

Washington County – Johnson City Animal Control Center, Inc. is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2014 was 12.01% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Washington County – Johnson City Animal Control Center, Inc. is established and may be amended by the TCRS Board of Trustees.

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Notes to the Financial Statements  
June 30, 2014**

NOTE 7. RETIREMENT PLAN (Continued)

*Annual Pension Cost*

For the year ending June 30, 2014, Washington County – Johnson City Animal Control Center, Inc.’s annual pension cost of \$19,239 to TCRS was equal to Washington County – Johnson City Animal Control Center, Inc.’s required and actual contributions. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. Washington County – Johnson City Animal Control Center, Inc.’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011 was 1 year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

*Trend Information*

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
June 30, 2014	\$ 19,239	100.0%	\$ -
June 30, 2013	\$ 20,584	100.0%	\$ -
June 30, 2012	\$ 19,525	100.0%	\$ -

*Funded Status and Funding Progress*

As of July 1, 2013, the most recent actuarial valuation date, the plan was 95.56 percent funded. The actuarial accrued liability for benefits was \$0.57 million, and the actuarial value of assets was \$0.55 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.03 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0.16 million, and the ratio of the UAAL to the covered payroll was 15.70 percent.

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Notes to the Financial Statements  
June 30, 2014**

NOTE 7. RETIREMENT PLAN (Continued)

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

(Dollar amounts in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u> (a)	<u>Actuarial Accrued Liability (AAL) - Entry Age</u> (b)	<u>Unfunded AAL (UAAL)</u> (b) - (a)	<u>Funded Ratio</u> (a/b)	<u>Covered Payroll</u> (c)	<u>UAAL as a Percentage of Covered Payroll</u> ((b-a)/c)
July 1, 2013	\$ 548	\$ 573	\$ 25	95.56%	\$ 162	15.70%
July 1, 2011	\$ 470	\$ 476	\$ 7	98.54%	\$ 179	3.88%
July 1, 2009	\$ 359	\$ 368	\$ 9	97.53%	\$ 162	5.61%

NOTE 8. BUILDINGS AND EQUIPMENT

Buildings and equipment are carried at cost, or in the case of contributed assets, at their fair market value at the time of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The Center's policy is to capitalize assets costing \$1,500 or more with a life greater than one year. Buildings are depreciated over forty (40) years and building improvements over ten years. Equipment is depreciated over five or seven years. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Depreciation expense at June 30, 2014 amounted to \$9,188.

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Notes to the Financial Statements  
June 30, 2014**

**NOTE 8. BUILDINGS AND EQUIPMENT (Continued)**

Property and equipment are comprised of the following:

	<u>Land</u>	<u>Construction In Progress</u>	<u>Equipment</u>	<u>Buildings and Improvements</u>	<u>Vehicles</u>	<u>Total</u>
Cost						
Balance, June 30, 2013	\$ 502,210	\$ -	\$ 50,949	\$ 260,570	\$ 108,123	\$ 921,852
Increases	-	47,226	-	-	-	47,226
Decreases	-	-	-	-	-	-
Balance, June 30, 2014	<u>502,210</u>	<u>47,226</u>	<u>50,949</u>	<u>260,570</u>	<u>108,123</u>	<u>969,078</u>
Accumulated Depreciation						
Balance, June 30, 2013	-	-	49,646	174,672	103,638	327,956
Increases	-	-	316	7,386	1,486	9,188
Decreases	-	-	-	-	-	-
Balance, June 30, 2014	<u>-</u>	<u>-</u>	<u>49,962</u>	<u>182,058</u>	<u>105,124</u>	<u>337,144</u>
Capital Assets, Net	<u>\$ 502,210</u>	<u>\$ 47,226</u>	<u>\$ 987</u>	<u>\$ 78,512</u>	<u>\$ 2,999</u>	<u>\$ 631,934</u>

**NOTE 9. DEPOSITS AND INVESTMENTS**

Deposits and investments at June 30, 2014 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Unrestricted:			
Deposits at Financial Institutions	\$ 86,300	\$ 86,300	\$ 86,300
Broker Cash and Institutional Funds	<u>4,406</u>	<u>4,406</u>	<u>4,406</u>
Total Unrestricted	<u>90,706</u>	<u>90,706</u>	<u>90,706</u>
Restricted:			
Deposits at Financial Institutions	440,979	440,979	440,979
Broker Cash and Institutional Funds	<u>44,375</u>	<u>44,375</u>	<u>44,375</u>
Total Restricted	<u>485,354</u>	<u>485,354</u>	<u>485,354</u>
	<u>\$ 576,060</u>	<u>\$ 576,060</u>	<u>\$ 576,060</u>

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Notes to the Financial Statements  
June 30, 2014**

NOTE 9. DEPOSITS AND INVESTMENTS (Continued)

Investment income for the year ended June 30, 2014, which is classified as nonoperating income in the statement of revenues, expenses and changes in net position, consisted of \$161 interest on cash and certificates of deposit.

Authorized investments include:

1. Investment firms for institutions, bonds, notes or treasury bills of the United States; nonconvertible debt securities of the following issuers, provided such securities are rated in the highest category by at least two nationally recognized rating services: the federal business loan bank; the federal national mortgage association; the federal farm credit bank;
2. any other obligations not listed above which are guaranteed as to principal and interest by the United States or any of its agencies;
3. certificates of deposit and other evidences of deposit at state and federally chartered banks and savings and loan associations. Notwithstanding any other public or private act to the contrary, all investments made pursuant to this subdivision shall be secured by collateral in the same manner and under the same conditions as state deposits under title 9, chapter 4, parts 1 and 4, or as provided in a collateral pool created under title 9, chapter 4, part 5;
4. obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself if the market value of the security itself is more than the amount of funds invested only; provided that the Center's Board may invest in repurchase agreements only if the state director of local finance approves repurchase agreements as an authorized invest, and if such investments are made in accordance with procedures established by the state funding board;
5. the local government investment pool created by title 9, chapter 4, part 7.

Custodial Credit Risk

The Center maintains deposit accounts at one commercial bank and at one brokerage firm in Johnson City, Tennessee. The deposit accounts at the commercial bank are insured through the FDIC up to \$250,000. The cash accounts at the brokerage firm are guaranteed by the Securities Investor Protection Corporation up to \$250,000. The Center had \$278,729 in uninsured deposits as of June 30, 2014.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Center had no interest rate risk for its investments at June 30, 2014.

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Notes to the Financial Statements  
June 30, 2014**

NOTE 9. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The Center had no credit risk for its investments at June 30, 2014.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. The Center had no concentration of credit risk for its investments at June 30, 2014.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The Center had no foreign currency risk for its investments at June 30, 2014.

NOTE 10. ECONOMIC DEPENDENCE

The Center receives the majority of its revenue from Johnson City and Washington County, Tennessee and must comply with the requirements of these funding source entities.

NOTE 11. RELATED PARTY TRANSACTIONS

The husband of one of the Center's employees performed electrical maintenance services totaling \$230 for the Center for the fiscal year ended June 30, 2014.

NOTE 12. CONDITIONAL PROMISES TO GIVE

On May 1, 2012, a donor made a \$50,000 commitment to the Center's building fund, conditioned upon breaking ground for the new shelter.

On June 3, 2014, a donor entered into an escrow agreement with the Center, whereby \$500,000 is being held by Hunter, Smith & Davis, LLP. The funds, including any accrued interest, may only be disbursed to the Center (A) for use only in paying for the construction of the new building, and only if and when the Center has: 1) complete plans and specifications for the new building of approximately 18,500 square feet of floor space; 2) resolutions adopted by the governing bodies of the City and the County authorizing the borrowing of such amounts as are necessary, when added to the donor's escrowed funds, to pay for the construction of the new building; 3) the loan has been approved by the lender and closed, and; 4) a signed construction contract with a licensed general contractor for the construction of the new building on the 3411 N. Roan St. tract owned by the Center, and (B) in two installments, half in 2014 and half in 2015.

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Notes to the Financial Statements  
June 30, 2014**

NOTE 12. CONDITIONAL PROMISES TO GIVE (Continued)

Once the Center provides written confirmation of the completion of the conditions set forth, Hunter Smith & Davis, LLP shall then be authorized to disburse the funds to the Center in accordance with the two installment 2014/2015 schedule. Center shall send a letter to donor acknowledging the date and the amount of the contribution.

Center has met all conditions and is expecting to receive the first installment no later than December 31, 2014.

NOTE 13. LONG-TERM DEBT

On June 30, 2014, the Center closed on a \$1,500,000 loan with Eastman Credit Union for the purpose of constructing a new facility. The only disbursement was for loan closing costs of \$9,382. The terms include 13 monthly consecutive interest payments, beginning July 1, 2014, with interest calculated on the unpaid principal balances using an interest rate of 4% per annum; 180 monthly consecutive principal and interest payments in the amount of \$9,089.71 each, beginning August 1, 2015, with interest calculated on the unpaid principal balances using an interest rate of 4% per annum based on a year of 360 days; 59 monthly consecutive principal and interest payments in the initial amount of \$9,117.55 each, beginning August 1, 2030, with interest calculated on the unpaid balances using an interest rate based on the weekly average yield on United States securities adjusted to a constant maturity of five years, as made available by the Federal Reserve Board. The minimum interest rate on this note will be 4% per annum and the maximum will be 7% per annum.

NOTE 14. FUNDRAISING EXPENSE

Fundraising expenses of \$22,451 represent amounts paid to consultants to initiate a capital fundraising campaign to raise awareness and funds toward building the new facility.

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Notes to the Financial Statements  
June 30, 2014**

NOTE 15. CAPITAL CAMPAIGN

Unconditional promises to give are recorded as receivables and revenue when received. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows.

Pledges receivable at June 30, 2014, representing amounts pledged toward the building of the new facility, consisted of:

Receivable in less than one year	\$ 54,697
Receivable in one to five years	<u>55,893</u>
Total unconditional promises to give	110,590
Less discounts to net present value	(3,305)
Less allowance for uncollectible promises	<u>(11,059)</u>
Net unconditional promises to give	<u>\$ 96,226</u>

The discount rate used on long-term pledges to give was five percent.

The Center has estimated and recorded a ten percent allowance for uncollectible pledges as is reflected in net pledges receivable on the Statement of Net Position.

NOTE 16. COMMITMENTS

On June 2, 2014, the Center entered into an agreement with J A Street and Associates for the construction of a new facility, with expected construction completion date of February 2015. The guaranteed maximum price was set at \$2,636,897, subject to additions and deductions by change order as provided in the contract documents.

NOTE 17. SUBSEQUENT EVENTS

In connection with the preparation of the financial statements, management has evaluated events subsequent to June 30, 2014 through December 5, 2014, which is the date the financial statements were available to be issued, and concluded that no additional disclosures are required.

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Schedule of Funding Progress – Employee Retirement System  
For the Fiscal Year Ended June 30, 2014**

Washington County - Johnson City Animal Control Center, Inc. Employees' Pension Plan

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2013	\$ 548	\$ 573	\$ 25	95.56%	\$ 162	15.70%
July 1, 2011	\$ 470	\$ 476	\$ 7	98.54%	\$ 179	3.88%
July 1, 2009	\$ 359	\$ 368	\$ 9	97.53%	\$ 162	5.61%

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

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.**

**SUPPLEMENTAL SECTION**

**June 30, 2014**

**WASHINGTON COUNTY – JOHNSON CITY  
ANIMAL CONTROL CENTER, INC.  
Schedule of Functional Expenses  
For the Fiscal Year Ended June 30, 2014**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Accounting and Auditing	\$ -	\$ 6,700	\$ -	\$ 6,700
Other Professional Services	-	-	22,451	22,451
Maintenance - Structures and Equipment	6,022	1,322	-	7,344
Depreciation	8,545	643	-	9,188
Employee Benefits	43,083	7,603	-	50,686
Insurance	10,319	2,265	-	12,584
Office Expense	-	13,556	-	13,556
Supplies	39,279	4,365	-	43,644
Other Operating Expenses	14,413	-	-	14,413
Payroll Taxes	18,654	3,292	-	21,946
Salaries	245,258	43,281	-	288,539
Utilities	20,041	4,399	-	24,440
Vehicle and Travel	33,660	-	-	33,660
Property Tax	-	8,518	-	8,518
Loan Closing Costs	-	9,382	-	9,382
	<u>\$ 439,274</u>	<u>\$ 105,326</u>	<u>\$ 22,451</u>	<u>\$ 567,051</u>

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



**Eddy & Eddy**  
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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*

To the Board of Directors  
Washington County – Johnson City  
Animal Control Center, Inc.  
Johnson City, Tennessee

We have audited, in accordance with the 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 Washington County – Johnson City Animal Control Center, Inc. (a Tennessee nonprofit organization), which comprise the statement of net position as of June 30, 2014 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2014.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Washington County – Johnson City Animal Control Center, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washington County – Johnson City Animal Control Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Washington County – Johnson City Animal Control Center, Inc.'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 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. 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 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 Washington County – Johnson City Animal Control Center, Inc.'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*.

We noted certain other matters that we reported to management of Washington County – Johnson City Animal Control Center, Inc. in a separate letter dated December 5, 2014.

### ***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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Eddy & Eddy, CPAs, P.C.  
Johnson City, Tennessee  
December 5, 2014