

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

**FINANCIAL STATEMENTS**

**June 30, 2015**

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

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**LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.  
SCHEDULE OF OFFICIALS AND KEY EMPLOYEES  
June 30, 2015**

**Board of Directors**

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

Maurice Gaines  
Ron Goforth  
Billy Harmon  
Greg Hartsfield  
David Jennings  
Shawn Kimble  
Keith Klutz  
Samuel Lee  
Monty McWilliams  
Mike Moore  
Jon Pavletic

Eugene Pugh  
Bill Ray  
Reed Sanders  
Lynnwood Shoemake  
Ronnie Tatum  
Marva Temple  
Lin Thompson  
Sue Toles  
Jimmy Wieber  
Youlanda Wilcox Jones

**Administrative Staff**

Susan Worlds, Executive Director  
Annette Sanders, Administrative Assistant

**Independent Certified Public Accountant**

Alexander Thompson Arnold PLLC  
Dyersburg, Tennessee

**Members of:**

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



Certified Public Accountants  
*Offices in Tennessee & Kentucky*

185 North Church St.  
Dyersburg, TN 38024

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## Independent Auditor's Report

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

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

We have audited the accompanying financial statements of the governmental activities and the major fund of the Lauderdale Chamber/Economic and Community Development, Inc. (a nonprofit organization) of Lauderdale County, Tennessee, (Chamber) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Chamber's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express 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 from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Chamber as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2016, on our consideration of the Chamber's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Chamber's internal control over financial reporting and compliance.

*Alexander Thompson Arnold PLLC*

Dyersburg, Tennessee  
May 16, 2016

**LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.  
123 S JEFFERSON  
RIPLEY, TENNESSEE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis of the Lauderdale Chamber/Economic and Community Development, Inc.'s financial performance provides an overview of the Chamber's financial activities for the fiscal year ended June 30, 2015.

**Financial Highlights**

- The assets of the Lauderdale Chamber/Economic and Community Development, Inc. exceeded its liabilities at the close of the most recent fiscal year by \$422,876 (*net position*). Of this amount \$412,132 may be used to meet ongoing obligations to citizens and creditors.
- The total net position increased by \$21,499 (5.36 percent) during the year.

**Overview of the Financial Statements**

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

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

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

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

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

Government Funds. Government funds are used to account for essentially the same functions reported as governmental activities in the financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on the near-term inflows and out-flows of spendable resources, as well as on balances of spendable resources

available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the most recent fiscal year, the assets of the Lauderdale Chamber/Economic and Community Development, Inc. exceeded its liabilities by \$422,876.

The largest portion of the Chamber/ECD's assets, \$415,891 (96.24 percent) reflects cash and investments made on behalf of the Chamber/ECD. The Chamber/ECD has invested \$10,744 (2.49 percent) in capital assets. The Chamber/ECD uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending.

<b>Net Position</b>		
	<b>2015</b>	<b>2014</b>
Current assets	\$ 421,398	\$ 394,641
Capital assets	<u>10,744</u>	<u>16,450</u>
Total assets	<u>\$ 432,142</u>	<u>\$ 411,091</u>
Liabilities	<u>\$ 9,266</u>	<u>\$ 9,714</u>
Net position		
Investment in capital assets	10,744	15,813
Unrestricted	<u>412,132</u>	<u>385,564</u>
Total net position	<u>\$ 422,876</u>	<u>\$ 401,377</u>
<b>Changes in Net Position</b>		
	<b>2015</b>	<b>2014</b>
Support and revenue	\$ 265,922	\$ 244,142
Expenses	<u>244,423</u>	<u>225,827</u>
Increase (decrease) in net position	21,499	18,315
Net position at the beginning of the year	<u>401,377</u>	<u>383,062</u>
Net position at the end of the year	<u>\$ 422,876</u>	<u>\$ 401,377</u>

## **Budgetary Highlights**

The difference between the original budget and the final operations was a favorable variance of \$21,499. The primary difference is due to income received being greater than amount budgeted. The main difference in income was due to the program income exceeding budgeted amounts by over \$33,000.

## **Capital Assets**

The Lauderdale Chamber/Economic and Community Development, Inc.'s investment in capital assets was \$10,744 (net of accumulated depreciation) as of June 30, 2015. This included furniture, equipment, leasehold improvements and vehicles.

## **Future Projections**

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

## **Requests for Information**

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

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

**LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.**  
**STATEMENT OF NET POSITION**  
June 30, 2015

**ASSETS**

Cash in bank	\$ 217,314
Certificates of deposit	198,577
Accrued interest receivable	433
Intergovernmental grant receivable	5,074
Capital assets	59,770
Less accumulated depreciation	<u>(49,026)</u>
Total Assets	<u>432,142</u>

**LIABILITIES**

Accounts payable	5,921
Compensated absences payable	<u>3,345</u>
Total Current Liabilities	<u>9,266</u>

**NET POSITION**

Investment in capital assets	10,744
Unrestricted	<u>412,132</u>
Total Net Position	<u><u>\$ 422,876</u></u>

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

**LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2015

**SUPPORT AND REVENUE**

Appropriations from local governments	\$ 45,000
Appropriations from local governments for economic and community development	39,994
Membership dues	48,885
Intergovernmental grant revenue	15,983
Program service revenue	113,356
Interest income	2,517
Miscellaneous income	<u>187</u>
Total Support and Revenue	<u>265,922</u>

**EXPENSES**

Administrative and general	114,635
Membership services	103,537
Economic and community development	<u>26,251</u>
Total Expenses	<u>244,423</u>

**Change in Net Position** **21,499**

Net Position At Beginning of Year 401,377

Net Position At End of Year \$ 422,876

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

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

**BALANCE SHEET  
GOVERNMENTAL FUND**

June 30, 2015

**ASSETS**

Cash in bank	\$ 217,314
Certificates of deposit	198,577
Intergovernmental grant receivable	5,074
Accrued interest receivable	<u>433</u>

Total Assets \$ 421,398

**LIABILITIES**

Accounts payable	\$ 5,921
Compensated absences payable	<u>3,345</u>

Total Liabilities 9,266

**FUND BALANCE**

Unassigned	<u>412,132</u>
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Total Liabilities and Fund Balance \$ 421,398

Fund Balance \$ 412,132

The amount reported for the governmental activity in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>10,744</u>
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Net Position of the Governmental Activity \$ 422,876

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

**LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE-GOVERNMENTAL FUND**

For the Year Ended June 30, 2015

**SUPPORT AND REVENUE**

Appropriations from local governments	\$	45,000
Appropriations from local governments for economic and community development		39,994
Membership dues		48,885
Intergovernmental grant revenue		15,983
Program service revenue		113,356
Interest income		2,517
Miscellaneous income		187
Total Support and Revenue		265,922

**EXPENDITURES**

**Administrative and general**

Salaries and wages		80,724
Payroll taxes		6,481
Insurance		2,572
Minor Equipment		1,465
Telephone		5,915
Professional fees		3,875
Postage		929
Maintenance		1,484
Utilities		4,819
Miscellaneous expense		652
Debt Service		
Principal retirement		637
Interest expense		13
Total Administrative and General		109,566

**Membership services**

Advertising		2,517
Dues		1,840
Office expenses		3,638
Travel		111
Program expenses		94,010
Auto expense		1,188
Memberships		233
Total Membership Services		103,537

**Economic and Community Development**

Dues		1,840
Office expenses		3,638
Travel		2,581
Out of area prospects		1,021
Three Star Grant expenditures		15,983
Auto expenses		1,188
Total Economic and Community Development		26,251
Total Expenditures		239,354

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

**LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE-GOVERNMENTAL FUND**

For the Year Ended June 30, 2015

Net change in fund balance	26,568
Fund Balance, July 1, 2014	<u>385,564</u>
 Fund Balance, June 30, 2015	 <u>\$ 412,132</u>

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

Net change in fund balance-the governmental fund	\$ 26,568
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlay, reported as expenditures in the governmental funds, are shown as capital assets in the Statement of Net Position	1,277
Depreciation expense on capital assets is reflected on the governmental activities Statement of Activities	(6,983)
Repayment of long-term debt are reported as an expenditure in the governmental funds, but are a reduction of long-term liabilities in the statement of net position.	<u>637</u>
Change in net position of the governmental activity	<u>\$ 21,499</u>

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

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

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

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

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

**A. Reporting Entity**

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

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

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

**B. Financial Statements**

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

**C. Measurement Focus and Basis of Accounting**

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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the Chamber considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**D. Assets, Liabilities and Net Position/Fund Balance**

**1) Cash and Certificates of Deposit**

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

**2) Accounts Receivable**

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

**3) Capital Assets**

Capital assets include property, plant, and equipment. Capital assets are defined by the Chamber as assets with an initial, individual cost of more than \$500 and are recorded at historic cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Vehicles	5 years
Furniture and equipment	5-7 years
Leasehold improvements	7-15 years

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

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

**4) Compensated Absences**

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

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

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

**5) Fund Balances**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Chamber is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

**Nonspendable fund balance**

This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

**Restricted fund balance**

This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

**Committed fund balance**

This classification includes amounts that can only be used for the specific purposes determined by a formal action of the Chamber's highest level of decision-making authority, the Board of Directors of the Chamber. Commitments may be changed or lifted only by the Chamber taking the same formal action that imposed the constraint originally by ordinance.

**Assigned fund balance**

This classification includes amounts intended to be used by the Chamber for specific purposes that are neither restricted or committed. The Board and its designees (of which there are none) have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except for negative amounts) that are not classified as nonspendable, restricted, or committed.

**Unassigned fund balance**

This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

**6) Net Position**

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

- Net Investment in Capital Assets—Amounts of capital assets, net of accumulated depreciation, less outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. When there is no debt, it is referred to as investment in capital assets.
- Unrestricted Net Position—Net position that is neither classified as restricted nor as invested in capital assets.

**7) Use of Estimates**

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

**NOTE 2 – STEWARDSHIP AND COMPLIANCE**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for Chamber funds. Budget is defined as the originally approved budget plus or minus approved amendments. The budget is approved by the Board of Directors prior to the beginning of the fiscal year. Budget appropriations not expended during the year are closed to fund balance. The Chamber did not have any material violations of legal or contractual provisions for the fiscal year ended June 30, 2015.

**NOTE 3 – DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

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

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

**LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2015

**Deposits with Financial Institutions**

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

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

**B. Capital Assets**

Capital activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Furniture and equipment	\$ 36,428	\$ 1,277	\$ 6,735	\$ 30,970
Leasehold improvements	6,000	-	-	6,000
Vehicles	<u>22,800</u>	<u>-</u>	<u>-</u>	<u>22,800</u>
Subtotals	<u>65,228</u>	<u>1,277</u>	<u>6,735</u>	<u>59,770</u>
Less accumulated depreciation:				
Furniture and equipment	34,327	1,754	6,735	29,346
Leasehold improvements	5,143	857	-	6,000
Vehicles	<u>9,308</u>	<u>4,372</u>	<u>-</u>	<u>13,680</u>
Subtotals	<u>48,778</u>	<u>6,983</u>	<u>6,735</u>	<u>49,026</u>
Total capital assets being depreciated, net	<u>\$ 16,450</u>	<u>\$ (5,706)</u>	<u>\$ -</u>	<u>\$ 10,744</u>

Depreciation charged to expense was \$ 6,983.

**C. Long-term Obligations**

The Chamber was obligated to repay Business Equipment Center for the purchase of office equipment. The note was payable in monthly installments of \$129 at an 8.257% interest rate. The note has been paid off as of 6/30/15.

**LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

Changes in the Chamber's long-term liabilities for the year ended June 30, 2015 are as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due</u> <u>One Year</u>
Governmental Activities:					
Capital leases	\$ <u>637</u>	\$ <u>-</u>	\$ <u>637</u>	\$ <u>-</u>	\$ <u>-</u>

**NOTE 4 – OTHER INFORMATION**

**A. Risk Management**

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

**B. Donated Services**

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

**C. Concentration of Credit Risk**

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

**LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
For the Year Ended June 30, 2015

<b>Grantor Agency/ Pass-through Agency/ Program Name</b>	<b>Grant Number</b>	<b>Expenditures</b>
<b>Tennessee Dept. of Economic &amp; Community Development</b>		
Economic Development Projects		
Three Star Grants - Year 1		\$ 10,909
Three Star Grants - Year 2	Contract 39774	<u>5,074</u>
<b>Total State Financial Assistance</b>		<b><u>\$ 15,983</u></b>

**Basis of Presentation:**

**Note 1:** The accompanying Schedule of State Financial Assistance summarizes the expenditures of the organization under programs of the state government for the year ended 6/30/15. The schedule is presented using the modified accrual basis of accounting.

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**Independent Auditor's Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Lauderdale Chamber/Economic and Community Development, Inc. (Chamber) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Chamber's basic financial statements, and have issued our report thereon dated May 16, 2016.

**Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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. We consider the deficiency described as 2015-001 in the accompanying schedule of findings and recommendations to be a material weakness.

## **Compliance and Other Matters**

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

## **Chamber's Response to Findings**

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

## **Purpose of this Report**

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

*Alexander Thompson Arnold PLLC*

Dyersburg, Tennessee  
May 16, 2016

**LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
June 30, 2015

**2015-001 SEGREGATION OF DUTIES (Material Weakness)**

Condition: The Chamber cannot fully segregate the record-keeping, custodial, and authorization functions of its internal accounting controls due to the size of its staff.

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

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

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

Response: We concur.

**LAUDERDALE CHAMBER/ECONOMIC AND COMMUNITY DEVELOPMENT, INC.**  
**SUMMARY SCHEDULE OF PRIOR FINDINGS AND RECOMMENDATIONS**  
For the Fiscal Year Ended June 30, 2015

**Financial Statement Findings**

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
2015-001	Segregation of Duties (original finding #2011-001)	repeated