

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD OF  
LAWRENCE COUNTY, TENNESSEE**

Financial Statements and Supplemental Information

For the Year Ended June 30, 2015

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD OF  
LAWRENCE COUNTY, TENNESSEE**

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# YEARY, HOWELL & ASSOCIATES

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## Independent Auditor's Report

Board of Directors  
Joint Economic and Community Development Board of Lawrence County, Tennessee

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

We have audited the accompanying financial statements of the governmental activities and the major governmental fund of the Joint Economic and Community Development Board of Lawrence County, TN (the Board) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board'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 opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major governmental fund of the Joint Economic and Community Development Board of Lawrence County, TN, as of June 30, 2015, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States 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 3 through 4 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 Board's basic financial statements. The information on the accompanying schedules on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule 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 February 29, 2016 on our consideration of the District'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 Board's internal control over financial reporting and compliance.



February 29, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) of the Joint Economic and Community Development Board of Lawrence County, Tennessee (the Board) activities and financial performance provides the reader with an introduction and overview to the financial statements of the Board for the year ended June 30, 2015. This information should be considered within the context of the accompanying financial statements and note disclosures.

### FINANCIAL OPERATIONS HIGHLIGHTS

Net position increased by \$23,411 in 2015 as compared to an increase of \$5,350 in 2014. The increase in 2015 is the result of a combination of financial components. Revenues are up by approximately \$7,300 compared to the prior year. Expenses were down approximately \$11,000 compared to the prior year. Consequently, net position had an increase.

### OVERVIEW OF THE FINANCIAL STATEMENTS

MD&A introduces the Board's basic financial statements. The basic financial statements include the statement of net position and governmental fund balance sheet, statement of activities and governmental fund revenues, expenditures and changes in fund balance.

The statement of net position and governmental fund balance sheet reports all the Board's assets and liabilities, with the difference being reported as net position. Over time increases or decreases in net position typically give some indication of whether the financial position of the Board is improving or deteriorating. The Board's net position gives a good indication of the earnings, exclusive of depreciation, that have been accumulated since inception.

The statement of activities and governmental fund revenues, expenditures and changes in fund balance reports all revenues and expenses for the year, regardless of whether cash has been received or paid. An important purpose of the statement is to show whether the Board's revenues and operations are sufficient to support continued operations. The Board showed positive earnings from operations during 2015.

### CONDENSED FINANCIAL INFORMATION

A condensed summary of the Board's operations follows:

	Year Ended June 30,	
	<u>2015</u>	<u>2014</u>
Total revenues	\$ 283,002	275,645
Total expenses/expenditures	<u>(259,591)</u>	<u>(270,295)</u>
Change in net position/fund balance	23,411	5,350
Net position/fund balance beginning of year	11,180	5,830
Net position/fund balance end of year	\$ <u>11,180</u>	<u>11,180</u>

A condensed summary of the Board's financial position follows:

	June 30, <u>2015</u>	June 30, <u>2014</u>
<b>ASSETS</b>		
Current assets	\$ <u>34,591</u>	<u>11,180</u>
Total assets	\$ <u>34,591</u>	<u>11,180</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ <u>0</u>	<u>0</u>
Total liabilities	\$ <u>0</u>	<u>0</u>
<b>NET POSITION/FUND BALANCE</b>		
Restricted for economic and community development	<u>34,591</u>	<u>11,180</u>
Total net position/fund balance	<u>34,591</u>	<u>11,180</u>
Total liabilities and net position/fund balance	\$ <u>34,591</u>	<u>11,180</u>

#### **CURRENT BOARD ACTIVITIES**

In 2015, the Board continued to promote economic development within the Lawrence County area.

**FINANCIAL SECTION**

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
OF LAWRENCE COUNTY, TENNESSEE**

Statement of Net Position - Governmental Activities

June 30, 2015

Assets

**Assets:**

Cash	\$ 27,900
Accounts receivable - Local Governments	<u>6,691</u>
Total Assets	<u>\$ 34,591</u>

Liabilities and Net Position

**Liabilities**

Accounts payable	\$ <u>-</u>
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**Net Position**

Restricted for industrial development purposes	<u>34,591</u>
Total Net Position	<u>34,591</u>
Total Liabilities and Net Position	<u>\$ 34,591</u>

See the accompanying notes to the financial statements

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
OF LAWRENCE COUNTY, TENNESSEE**

Statement of Activities - Governmental Activities

June 30, 2015

**Program Expenses:**

General:

Payments to Lawrence County Chamber of Commerce	\$ 227,369
Contribution to Main Street Project	22,000
Contributions to 21st Century Council	7,356
Legal and professional	2,811
Supplies	<u>55</u>
Total expenses	<u>259,591</u>

**Program Revenues**

Intergovernmental Revenue:

Lawrence County	\$ 139,514
City of Lawrenceburg	115,000
City of Loretto	13,578
City of St. Joseph	4,738
City of Ethridge	2,816
Tennessee ECD - regional	<u>7,356</u>
Total Revenues	<u>283,002</u>

Change in net position 23,411

**Net Position, Beginning of Year, As Previously Reported** 11,180

**Net Position, End of Year** \$ 34,591

See the accompanying notes to the financial statements

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
OF LAWRENCE COUNTY, TENNESSEE**

Balance Sheet - Governmental Fund

June 30, 2015

Assets

**Assets:**

Cash	\$ 27,900
Accounts receivable - Local Governments	<u>6,691</u>
Total Assets	<u>\$ 34,591</u>

Liabilities and Fund Balance

**Liabilities**

Accounts payable	\$ <u>-</u>
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**Fund Balance**

Restricted for industrial development purposes	<u>34,591</u>
Total Fund Balance	<u>34,591</u>
Total Liabilities and Fund Balance	\$ 34,591

**Reconciliation of the Balance Sheet to the Statement of Net Position  
of Governmental Activities**

Amounts reported for fund balance - governmental fund	\$ 34,591
Amounts reported for governmental activities in the statement of net position are different because:	
None	<u>                    </u>
Net position of governmental activities	<u>\$ 34,591</u>

See the accompanying notes to the financial statements

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD  
OF LAWRENCE COUNTY, TENNESSEE**

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund

For the Year Ended June 30, 2015

**Program Revenues:**

Intergovernmental Revenue:

Lawrence County	\$ 139,514
City of Lawrenceburg	115,000
City of Loretto	13,578
City of St. Joseph	4,738
City of Ethridge	2,816
Tennessee ECD - regional	<u>7,356</u>
 Total Revenues	 <u>283,002</u>

**Expenditures:**

Contribution to Lawrence County Chamber of Commerce	227,369
Contribution to Main Street	22,000
Contribution to 21st Century Council	7,356
Professional fees	2,811
Supplies	<u>55</u>
 Total expenditures	 <u>259,591</u>

Change in fund balance	23,411
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<b>Fund Balance, beginning of year</b>	<u>11,180</u>
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<b>Fund Balance, end of year</b>	<u><u>\$ 34,591</u></u>
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**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities**

<b>Net change in fund balances-total governmental fund</b>	<b>\$ 23,411</b>
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**Amounts reported for governmental activities in the statement of net position  
are different because:**

None	<u>                    </u>
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<b>Change in net position of governmental activities</b>	<u><u>\$ 23,411</u></u>
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See the accompanying notes to the financial statements

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD OF  
LAWRENCE COUNTY, TENNESSEE**

Notes to Financial Statements

June 30, 2015

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board have been prepared in conformity with generally accepted accounting principles (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 more significant of the Board's accounting policies are described below.

Organization and Operation

The Board was established by an Interlocal Agreement pursuant to Tennessee Code Annotated 5-1-113 and 6-58-114(b). The Board is a joint venture between Lawrence County Tennessee and the cities of Lawrenceburg, Loretto, Ethridge, and St. Joseph. The Board is charged with the purpose of fostering communication and facilitating economic and community development between and among governmental entities, industry, and private citizens.

Organization and Operation

The Board was incorporated by resolution of the Robertson County Commission in June, 1990, to, among other things, promote industry, trade, commerce, tourism, agricultural and housing construction within Robertson County and administer the proceeds of the hotel/motel tax established in Chapter No. 226 of the Private Acts of 1990.

Basis of Presentation

The Board has adopted standards for external financial reporting for all state and local government entities which includes, among other things, a management discussion and analysis and the presentation of government-wide and governmental fund financial statements.

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. Expenditures generally are recorded when a liability is incurred.

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD OF  
LAWRENCE COUNTY, TENNESSEE**

Notes to Financial Statements

June 30, 2015

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Basis of Accounting

Under both the accrual and modified accrual basis of accounting, revenues are recognized when they become both measurable and collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Shared revenues through intermediary collecting governments are considered measurable and available if received within 60 days of year end. Expenditures are recorded when the related liability is incurred.

Fund Balance Policy

Fund balance is reported in the financial statements as restricted for industrial development purposes as specified by applicable enabling legislation.

Equity Classification

In the Government-Wide Financial Statements, equity is shown as net position and is classified as restricted for industrial development purposes.

Budgets and Budgetary Accounting

The Board does not adopt an annual operating budget.

Cash and certificates of deposit

The Board is authorized to invest funds in financial institutions. Cash consists of deposits with financial institutions including demand deposits. Funds not immediately needed are invested in certificates of deposits.

Income Tax Status

No provision for income tax has been made in the accompanying financial statements as the Board is exempt from income tax.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reporting year. Actual amounts could differ from those estimates.

(2) **DEPOSITS WITH FINANCIAL INSTITUTIONS**

**Deposits**

The Board is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During 2015, the Board invested in a savings account and certificate of deposit.

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD OF  
LAWRENCE COUNTY, TENNESSEE**

Notes to Financial Statements

June 30, 2015

(2) **DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)**

**Custodial credit risk** for deposits is the risk that in the event of a bank failure, the Board's deposits may not be returned or the Board will not be able to recover collateral securities in the possession of an outside party. The Board's policy requires that deposits be either (i) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance or (ii) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Deposits were fully collateralized at June 30, 2015.

(3) **RISK MANAGEMENT**

The Board does not believe it has significant exposure relative to claims arising from general liability, property or casualty losses and, accordingly, carries no commercial insurance in coverage thereof.

(4) **NON-PROFIT DONATIONS**

The Board makes contributions to the Lawrence County Chamber of Commerce, Main Street, and the 21<sup>st</sup> Century Council to advance trade, tourism, and commerce in Lawrence County.

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD OF LAWRENCE  
COUNTY, TENNESSEE**

Schedule of Board Members and Compensation

June 30, 2015

Executive Board

Steve Hill, Chairman	*
Steve McMasters, Vice Chairman	*
Phillip Hood, Secretary/Treasurer	*

Board Members

Bill Heath	*
Shane Hughes	*
Chris Ivie	*
Randy Shook	*
Mary Casteel	*
Billy Ezell	*
Jim Cone	*
Stacey Shedd	*
TR Williams, County Executive	*
Keith Durham, Mayor City of Lawrenceburg	*
Davaid Workman, Mayor City of Ethridge	*
Jesse Turner, Mayor City of Loretto	*
Roger Carter, Mayor City of St. Joseph	*

\*No compensation paid to Directors.

# YEARY, HOWELL & ASSOCIATES

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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 AUDIT STANDARDS**

Board of Directors  
Joint Economic and Community Development Board of Lawrence County, 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 the governmental activities and the major governmental fund of the Joint Economic and Community Development Board of Lawrence County, Tennessee (the Board), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated February 29, 2016.

### **Internal Control Over Financial Reporting**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control 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.

A handwritten signature in black ink, appearing to read "J. J. [unclear] [unclear]". The signature is stylized and cursive.

February 29, 2016