

**HENRY COUNTY TOURISM
DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2015**

**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
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JUNE 30, 2015**

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**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
SCHEDULE OF OFFICIALS - UNAUDITED
JUNE 30, 2015**

Chairman

Brent Greer

Officers

Michelle Atkins

Bobby Freeman

Don Jones

Paul Mathenia

Connie McSwain

Sam Tharpe

James Travis

David Varner

Finance Director

Pat Hollingsworth



**COWART REESE
SARGENT**
Certified Public Accountants, P.C.

Brownsville | Jackson | Martin | Milan | Paris

Clark H. Cowart, CPA
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Paris, TN 38242
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Henry County Tourism Development Authority
Paris, TN

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and general fund of the Henry County Tourism Development Authority (the Authority), a joint venture between the City of Paris, Tennessee and Henry County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority'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 the 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.

Auditors' 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness

of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Henry County Tourism Development Authority 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 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, as listed in the table of contents, 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 the 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016, on our consideration of the Authority'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Paris, TN
June 24, 2016

**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Henry County Tourism Development Authorities' (the Authority) financial report presents a narrative overview and analysis of the Authorities' performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the Authorities' financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REQUIRED FINANCIAL STATEMENTS

Government-Wide Financial Statements. The Statement of Net Position and the Statement of Activities provide a broad overview of the Authorities' overall financial status. Over time, increases or decreases in the Authorities' net position is one indicator of whether its financial health is improving or deteriorating. Non-financial factors also need to be considered to assess the overall health of the Authority.

Governmental activities – The Authorities' basic services are included here. These activities are generally financed through taxes, charges for services, and Local, State and Federal grants/contributions.

All of the current year's revenues and expenses are accounted for in the Statement of Activities. This statement measures the success of the Authorities' operations over the past year.

Fund Financial Statements. Fund financial statements focus on the individual parts of the Authority, reporting the Authorities' operations in more detail than the government-wide statements by providing information about the Authorities' most significant "major" fund. Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes.

The governmental fund statements tell how general governmental activities were financed in the short term as well as what remains for future spending.

FINANCIAL ANALYSIS OF THE AUTHORITY

One of the most important questions asked about the Authorities' finances is "Is the Authority better off or worse as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the Authorities' activities in a way that will help answer this question. These two statements report the net position of the Authority and the changes in them. One can think of the Authorities' net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Authorities' net position is one indicator of whether its financial health is improving or deteriorating.

**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As can be seen from the financial information on Table I, the Authorities' total assets are \$132,406 for the year ended June 30, 2015, net position is \$92,406. This year is the Authorities' first full year of operations. Total assets have decreased by \$64,036 since the prior year. The decrease in total assets is primarily a function of a reduction in the Authorities' debt and an increase in expenses through the use of current assets. Total liabilities have decreased by \$20,000 which was a result of a \$10,000 decrease in accounts payable, and a \$10,000 decrease in the principal balance of notes payable. No major capital assets were purchased during the year. Depreciation expense for the year was \$260. Since this was the first full year of operations, the comparison between total revenues and expenditures is skewed. The change in net position from 2014 to 2015 was \$180,478.

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**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

**Statement of Net Position
Table I**

	2015	2014	Change	%Change
Current Assets	\$ 130,153	\$ 194,213	\$ (64,060)	-32.98%
Capital Assets	2,253	2,229	24	1.08%
Total Assets	<u>132,406</u>	<u>196,442</u>	<u>(64,036)</u>	<u>-32.60%</u>
Current Liabilities	10,000	20,000	(10,000)	-50.00%
Non-current Liabilities	30,000	40,000	(10,000)	-25.00%
Total Liabilities	<u>40,000</u>	<u>60,000</u>	<u>(20,000)</u>	<u>-33.33%</u>
Investment in Capital Assets	2,253	2,229	24	1.08%
Unrestricted	90,153	134,213	(44,060)	-32.83%
Total Net Position	<u>92,406</u>	<u>136,442</u>	<u>(44,036)</u>	<u>-32.27%</u>
Total Liabilities and Net Position	<u>\$ 132,406</u>	<u>\$ 196,442</u>	<u>\$ (64,036)</u>	<u>-32.60%</u>

**Statement of Activities
Table II**

	2015	2014	Change	%Change
Interest Income	\$ 103	\$ 8	\$ 95	1187.50%
Tennessee River Resort Act Contributions	497,695	191,075	306,620	160.47%
Total Revenue	<u>502,808</u>	<u>198,313</u>	<u>304,495</u>	<u>153.54%</u>
Contract Labor	6,355	23,956	(17,601)	-73.47%
Fuel	-	396	(396)	-100.00%
Office Supplies	-	134	(134)	-100.00%
Education	291	-	291	100.00%
Event Support	480,452	10,000	470,452	4704.52%
Miscellaneous	753	-	753	100.00%
Professional Fees	3,450	-	3,450	100.00%
Repairs and Maintenance	90	-	90	100.00%
Rentals	-	424	(424)	-100.00%
Supplies and Materials	1,932	25,851	(23,919)	-92.53%
Travel	479	739	(260)	-35.18%
Utilities	2,782	-	2,782	100.00%
Depreciation Expense	260	371	(111)	-29.92%
Total Expenses	<u>496,844</u>	<u>61,871</u>	<u>434,973</u>	<u>703.03%</u>
Other Financing Uses	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>100.00%</u>
Change in Net Position	<u>(44,036)</u>	<u>136,442</u>	<u>(180,478)</u>	<u>-132.27%</u>
Beginning Net Position	<u>136,442</u>	<u>-</u>	<u>136,442</u>	<u>100.00%</u>
Ending Net Position	<u>\$ 92,406</u>	<u>\$ 136,442</u>	<u>\$ (44,036)</u>	<u>-32.27%</u>

**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

CONTACTING THE AUTHORITIES' FINANCIAL MANAGEMENT

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

Henry County Tourism Development Authority
2508 East Wood St
Paris, TN 38242

HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2015

Assets

Current Assets

Cash and Cash Equivalents	\$	130,153
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Capital Assets

Furniture and Equipment		2,600
Accumulated Depreciation		(347)
Total Capital Assets		2,253

Total Assets		132,406
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Liabilities

Current Liabilities

Note Payable - Current Portion		10,000
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Non-current Liabilities

Note Payable - Long-Term Portion		30,000
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Total Liabilities		40,000
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Net Position

Investment in Capital Assets		2,253
Unrestricted		90,153

Total Net Position		92,406
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Total Liabilities and Net Position	\$	132,406
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The accompanying notes are an integral part of these financial statements

**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2015**

	Expenses	Program Revenues		Net Revenue
		Charges for Services	Operating Grants	
Governmental Activities				
General Government	\$ 496,844	\$ -	\$ -	\$ (496,844)
Total Governmental Activities	496,844	-	-	(496,844)
			General Revenues:	
			Interest Income	103
			Tennessee River Resort Act	497,695
			Contributions	5,010
			Total General Revenues	502,808
			Other Financing Uses	(50,000)
			Increase (Decrease) in Net Position	(44,036)
			Net Position at the Beginning of the Year	136,442
			Net Position at the End of the Year	\$ 92,406

The accompanying notes are an integral part of these financial statements

**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2015**

Assets

Current Assets

Cash and Cash Equivalents \$ 130,153

Total Assets 130,153

Fund Balance

Fund Balance - Unassigned 130,153

Total Fund Balance \$ 130,153

The accompanying notes are an integral part of these financial statements

**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND TO THE
STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund Balance - Governmental Fund	\$ 130,153
Capital assets used in governmental activities in the statement of net position are not financial resources, and therefore, are not reported in the balance sheet - governmental fund	2,253
Long-term liabilities are not due and payable in current period, and therefore, are not reported in the balance sheet - governmental fund. All liabilities, both current and long-term, are reported in the statement of net position.	<u>(40,000)</u>
Net Position - Governmental Activities	<u><u>\$ 92,406</u></u>

The accompanying notes are an integral part of these financial statements

**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED
JUNE 30, 2015**

General Revenues

Other Revenues

Interest Income	\$ 103
Tennessee River Resort Act	497,695
Contributions	<u>5,010</u>

Total Revenue	<u>502,808</u>
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Expenditures

Contract Labor	6,355
Debt Service	10,000
Education	291
Event Support	480,452
Professional Fees	3,450
Miscellaneous	1,037
Repairs and Maintenance	90
Supplies and Materials	1,932
Travel	479
Utilities	<u>2,782</u>

Total Expenditures	<u>506,868</u>
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Other Financing Sources (Uses)

Allotment to Henry County Government for Debt Service	<u>(50,000)</u>
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Excess (Deficiency) of Revenues over Expenditures	(54,060)
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Fund Balance at Beginning of Year	<u>184,213</u>
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Fund Balance at End of Year	<u><u>\$ 130,153</u></u>
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The accompanying notes are an integral part of these financial statements

**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED
 JUNE 30, 2015**

Net Change in Fund Balance - Governmental Fund	\$ (54,060)
Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense in the current period. The amount by which depreciation expense exceeded capital outlay is	24
The repayment of principal and interest of long-term debt consumes the financial resources of the governmental fund. Only the repayment of interest had an affect on net position. Principal repaid during the year is	<u>10,000</u>
Change in Net Position - Governmental Activities	<u><u>\$ (44,036)</u></u>

The accompanying notes are an integral part of these financial statements

HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note A – Reporting Entity

The Henry County Tourism Development Authority (the Authority) is a governmental entity that is a joint venture between the City of Paris, Tennessee and Henry County. The Authority applied for and was approved for tax-exempt status under section 501(c)(6) of the Internal Revenue Code.

The Authority is governed by a Board of Directors composed of the Henry County Mayor, two Henry County Commissioners appointed by the County Mayor, the Mayor of Paris, TN, one City of Paris Board Member appointed by the Mayor, the Paris City Manager and the President of the Paris/Henry County Chamber of Commerce.

The Directors all serve as non-compensated volunteers.

The purpose of the Authority is to promote and advertise Henry County, manage special events and further efforts as it may undertake from time to time for the promotion of tourism in Henry County.

The Authority is solely dependent on funding provided as a result of the Tennessee River Resort Act.

Note B – Basic Financial Statements

The Authority's basic financial statements include both government-wide (reporting the Authority as a whole) and fund financial statements (reporting the Authority's major fund).

In the Statement of Net Position, the General Fund of the Authority is adjusted to report the Authority's net position in three parts – investment in capital assets; restricted net position; and unrestricted net position. The primary difference between the Balance Sheet - Governmental Fund for the General Fund and the Statement of Net Position is the inclusion of capital assets and long term debt in the Statement of Net Position.

The primary difference in the Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund is the inclusion of depreciation expense of capital assets, which is included in the Statement of Activities and proceeds from Notes Payable and the repayment of those notes, which is excluded from the Statement of Activities.

Note C – Summary of Significant Accounting Policies

The accounting policies of the Authority conform to generally accepted accounting principles applicable to government as defined in the Statements of the Governmental Accounting Standards Board. The following is a summary of the more significant accounting policies.

1. Accounting Method

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the "economic resources" measurement focus. Accordingly, all of the Authority's assets and liabilities, including capital assets, are included in the accompanying statement of net position. The statement of activities reports changes in net position.

HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note C – Summary of Significant Accounting Policies (Continued)

1. Accounting Method (Continued)

Measurement Focus (Continued)

In the fund financial statements, the “current financial” resources measurement focus is appropriate. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available, spendable financial resources during a given period. These funds use fund balance as their measure of available resources at the end of the period.

Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses when incurred.

Modified Accrual

The General Fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. A period of availability of 60 days has been determined as a result of the implementation of Government Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

2. Accounts receivable and accounts payable

Accounts receivable reported in the financial statements represent claims against grants and contracts for expenses incurred at June 30, 2015 but not yet reimbursed by the funding agencies. Accounts payable, similarly, are for expenses due to various vendors and others but for which disbursement was not made by June 30, 2015.

3. Capital Assets

Furnishings and equipment are stated at cost, less accumulated depreciation. Long-lived assets with an acquisition cost in excess of \$500 are capitalized. Depreciation is calculated on the straight-line method. The estimated useful life used in determining depreciation is as follows:

Equipment 5-10 years

Maintenance, repairs and minor renewals are charged to operations as incurred. Improvements and major renewals of equipment are capitalized. Upon sale or disposition of properties, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resulting gain or loss is charged to earnings.

4. Cash and Cash Equivalents

Although none were held as of the date of these financial statements, the Authority considers all short-term debt securities purchased with maturities of three months or less to be cash equivalents.

HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note C – Summary of Significant Accounting Policies (Continued)

5. Use of Estimates

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

6. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt), restricted, and unrestricted.

Investment in Capital Assets - is intended to reflect the portion of net position which is associated with non-liquid capital assets and the related debt.

Restricted - represents net position that have third party (statutory, bond covenant or granting agency) limitations on their use. The Authority's policy is generally to use restricted net position first, as appropriate opportunities arise.

Unrestricted - represents unrestricted net position. While management may have categorized and segmented portions for various purposes, the Authority has the unrestricted authority.

7. Fund Equity

Governmental fund equity is classified as fund balance. Beginning with fiscal year 2011, the Committee implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable: This classification includes amounts that cannot be spent because they are either (1) 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: This classification includes amounts for which constraints have been placed on the use of the resources that are either (a) externally imposed by creditors (such as through debt covenants), grants, contributors, laws or regulations of the governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors (the Authority's highest level of decision-making authority). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note C – Summary of Significant Accounting Policies (Continued)

7. Fund Equity (Continued)

Assigned: This classification includes spendable amounts that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by the Board of Directors or its delegated authority, the Executive Director.

Unassigned: This classification is the residual fund balance for the general fund. It also represents the fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Board would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

Note D – Concentration of Credit Risk

Financial instruments that potentially expose the Authority to concentration of credit risk consist primarily of cash in bank in excess of FDIC limits at various times during the year. At year end, the cash in bank was below FDIC limits.

Note E – Cash and Cash Equivalents

The Authority's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the Authority's agent in the Authority's name, or by the Federal Reserve Banks acting as third party agents. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2015, all bank deposits were fully collateralized or insured.

The Authority's cash deposits include deposits with all financial institutions. At June 30, 2015, the Authority's deposits had a bank balance of \$150,215. All of the funds were held in a deposit account at an institution that participates in the Tennessee Bank Collateral Pool; therefore, all of the funds are insured as of June 30, 2015.

Note F – Income Taxes

The Authority qualifies for an exemption from federal income tax under Section 501(c) (6) of the Internal Revenue Code. On unrelated business income, as defined by Section 509(a)(1) of the Code is subject to income tax. The Authority currently has no unrelated business income; therefore, no provision for income taxes is presented.

**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note G – Capital Assets

At June 30, 2015, the costs and related accumulated depreciation of furniture and equipment consisted of the following:

	7/1/2014	Additons	Deletions	6/30/2015
Furniture and Equipment	\$ 2,600	\$ -	\$ -	\$ 2,600
Total	2,600	-	-	2,600
Accumulated Depreciation	(371)	-	24	(347)
Net Capital Assets	<u>\$ 2,229</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ 2,253</u>

Note H – Note Payable

On January 9, 2014, the Authority entered into an unsecured promissory note agreement with the City of Paris for \$50,000 with no interest. The Authority will make annual installments of \$10,000 which begin on January 9, 2015.

Annual Debt Service Requirements to maturity are as follows:

	Years Ending June 30,	
	Principal	Interest
2016	\$ 10,000	\$ -
2017	10,000	-
2018	10,000	-
2019	10,000	-
	<u>\$ 40,000</u>	<u>\$ -</u>

Note I – Budget

The Authority prepares an annual operating budget for its own use. The budget is prepared on the same basis of accounting used for the governmental fund financial statements presentation. The Authority is not required to demonstrate statutory compliance with its annual operating budget. Therefore, budgetary data is not included in the basic financial statements.

Note J – Risk Management

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

Note K – Economic Dependency

The Authority receives all of the funds used for operations from the City of Paris, Tennessee and Henry County.

**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Note L – Related Party

The Authority budgeted \$50,000 to provide Henry County general fund additional money to service debt related to infrastructure improvements.

Note M – Subsequent Events

Management has reviewed events through June 24, 2016, the earliest date the financials were available. No subsequent events requiring disclosure were noted.

End of Notes



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

Board of Directors
Henry County Tourism Development Authority
Paris, TN

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 general fund of Henry County Tourism Development Authority (the Authority), a joint venture between the City of Paris, Tennessee and Henry County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Henry County Tourism Development Authority's basic financial statements, and have issued our report thereon dated June 24, 2016.

Internal Control Over Financial Reporting

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



Paris, TN
June 24, 2016

**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

CURRENT YEAR'S AUDIT FINDINGS

Financial Statement Findings

None Noted

**HENRY COUNTY TOURISM DEVELOPMENT AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

PRIOR YEAR'S AUDIT FINDINGS

Financial Statement Findings

None Noted