

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT
COMMISSION**
(Jackson Convention & Visitors' Bureau)

FINANCIAL STATEMENTS

June 30, 2015

JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
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June 30, 2015

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**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
ROSTER OF OFFICIALS - UNAUDITED
June 30, 2015**

BOARD OF COMMISSIONERS

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

MANAGEMENT TEAM

Lori Nunnery, Executive Director



Clark H. Cowart, CPA
B. Rex Baker, CPA
Fancher P. Sargent, CPA
T. Paul Anderson, CPA
Beth Paschall, CPA

Brownsville | Dyersburg | Jackson | Martin | Milan | Paris

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Jackson-Madison County Community Economic Development Commission (the Commission), a joint-venture between the City of Jackson and Madison County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission'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.

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Commission as of June 30, 2015, and the respective changes in its 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 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 an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of state financial assistance and the other information, such as the roster of officials - unaudited 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 roster of officials - unaudited 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 Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Commission's internal control over financial reporting and compliance.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Cowart Reese Sargent". The signature is written in black ink and is positioned above the typed name.

Cowart Reese Sargent, CPAs, PC
Jackson, TN

June 24, 2016

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

This section of the Jackson-Madison County Community Economic Development Commission's (the Commission) financial report presents a narrative overview and analysis of the Commission's performance during the fiscal year ending June 30, 2015. This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Commission's financial activity, (c) identify major changes in the Commission's financial position, and (d) identify any financial concerns. Condensed versions of the Statement of Net Position as well as the Statement of Activities are included in this section for reference purposes. Please read it in conjunction with the Commission's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the Commission exceeded its liabilities at the close of the most recent fiscal year by \$186,098 (net position). Of this amount, \$185,399 (unrestricted net position) may be used to meet the Commission's ongoing obligations.
- As of the close of the current fiscal year, the Commission's total governmental fund reported ending fund balance of \$185,399 a decrease of \$10,895 in comparison with the prior year. The entire amount of fund balance is available for spending at the Commission's discretion (unassigned).

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements are comprised of the following components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

REPORTING ENTITY

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) of United States of America. All assets, liabilities, revenues, and expenses are reported regardless when the cash is received or paid.

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

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

- The Statement of Net Position presents information on all of the Commission's assets, liabilities, with the difference 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 Commission is improving or deteriorating.
- The Statement of Activities presents information showing how the Commission's net position changed during the most recent fiscal 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.

Fund Financial Statements - The fund financial statements provide more detailed information about the Commission's general fund, which is considered a governmental fund. The Commission does not have any proprietary or fiduciary funds.

The Commission adopts a budget; however, it is not required to demonstrate statutory compliance; therefore, no budgetary data is presented.

Notes to the Financial Statements - The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The additional information contained in these notes is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - The assets of the Commission exceeded its liabilities at the close of the most recent fiscal year by \$186,098 (net position). The largest portion of the Commission's net position reflects unrestricted net position. The Commission's investment in capital assets (e.g. office equipment) makes up only \$699. At the end of the current fiscal year, the Commission is able to report positive balances in its categories of net position.

Statement of Net Position

	6/30/2015	6/30/2014	\$ Change	% Change
Current Assets	\$ 250,475	\$ 255,334	\$ (4,859)	-2%
Capital Assets	699	411	288	70%
Total Assets	251,174	255,745	(4,571)	-2%
Current Liabilities	65,076	59,040	6,036	10%
Total Liabilities	65,076	59,040	6,036	10%
Net Position				
Investment in Capital Assets	699	411	288	70%
Unrestricted	185,399	196,294	(10,895)	-6%
Total Net Position	186,098	196,705	(10,607)	-5%
Total Liabilities and Net Position	\$ 251,174	\$ 255,745	\$ (4,571)	-2%

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

During the current fiscal year, the Commission's net position decreased by \$10,607. Of this amount the Commission had a decrease in net position of \$19,357 and an increase due to a prior period adjustment of \$8,750.

Statement of Activities - Expenses exceeded revenues by \$19,357. Funds on hand were used for tourism related operations, marketing, and events.

**Statement of Activities
For the Years Ended**

Revenue:	6/30/2015	6/30/2014	\$ Change	% Change
Program Revenues	\$ 218,342	\$ 212,011	\$ 6,331	3%
Other Revenues	633	1,008	(375)	-37%
Total Revenues	218,975	213,019	(5,956)	-3%
Expenditures:				
General Government	238,332	235,526	2,806	1%
Total Expenditures	238,332	235,526	(2,806)	-1%
Total Change in Net Position	(19,357)	(22,507)	3,150	-14%
Net Position - Beginning	196,705	219,212	(22,507)	-10%
Prior Period Adjustment	8,750	-	8,750	100%
Net Position - Beginning, Restated	205,455	219,212	(13,757)	-6%
Net Position - Ending	\$ 186,098	\$ 196,705	\$ (10,607)	-5%

COMMENTS ON FUND FINANCIAL STATEMENTS

Governmental funds - The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Government's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. General fund balance was \$185,399 at the end of the current fiscal year, down \$10,895 from the previous year. The entire balance is available to meet the day-to-day needs of the Commission. Revenues increased from the prior year by \$5,956 due primarily to \$7,831 increase in hotel/motel tax receipts in the current year. Expenditures increased from the prior year by \$3,398 mainly due to an increase in advertising of \$2,633 in the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2015, the Commission had \$699 net of accumulated depreciation invested in office equipment. This amount represents an increase of \$288. During the current year, the Commission purchased an iPad.

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

Debt

At end of the year, the Commission did not have any debt.

ECONOMIC FACTORS

The Commission continues to receive funds from the city and county hotel/motel taxes which are currently capped at \$193,050 to the Commission. At the end of the calendar year 2016 the cap will be lifted and the Commission could receive an increase in funds if the economy for the area remains steady or grows.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

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

Lori Nunnery, Executive Director
Jackson-Madison County Community Economic Development Commission
197 Auditorium Street
P.O. Box 1904
Jackson, Tennessee 38302
(731) 425-8333

**JACKSON-MADISON COUNTY
ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF NET POSITION
June 30, 2015**

ASSETS

ASSETS

Current Assets

Cash in Bank	\$	172,369
Taxes Receivable		63,606
Grant Receivable		14,500
Total Current Assets		250,475

Capital Assets

Capital Assets, Net of Accumulated Depreciation		699
Total Capital Assets		699

TOTAL ASSETS		251,174
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LIABILITIES AND NET POSITION

LIABILITIES

Accounts Payable		65,076
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TOTAL LIABILITIES		65,076
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Net Position:

Unrestricted		185,399
Investment in Capital Assets		699

TOTAL NET POSITION		186,098
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TOTAL LIABILITIES AND NET POSITION	\$	251,174
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**JACKSON-MADISON COUNTY
ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

		Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Net Expense and Change in Net Position
Governmental Activities					
General Government	\$ 238,332	\$ -	\$ 218,342	\$ -	\$ (19,990)
Total Governmental Activities	238,332	-	218,342	-	(19,990)
General Revenues:					
Interest Income					633
Total General Revenues					633
Increase (Decrease) in Net Position					(19,357)
Net Position at the Beginning of the Year					196,705
Prior Period Adjustment (Note 6)					8,750
Net Position at the Beginning of the Year, Restated					205,455
Net Position at the End of the Year					\$ 186,098

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

**JACKSON-MADISON COUNTY
ECONOMIC DEVELOPMENT COMMISSION
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2015**

<u>ASSETS</u>		
ASSETS		
Cash in Bank	\$	172,369
Taxes Receivable		63,606
Grant Receivable		<u>14,500</u>
TOTAL ASSETS		<u><u>250,475</u></u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Accounts Payable		<u>65,076</u>
TOTAL LIABILITIES		<u>65,076</u>
FUND BALANCE		
Unassigned		<u>185,399</u>
TOTAL FUND BALANCE		<u>185,399</u>
TOTAL LIABILITIES AND FUND BALANCE	\$	<u><u>250,475</u></u>

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

**JACKSON-MADISON COUNTY
ECONOMIC DEVELOPMENT COMMISSION
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
June 30, 2015**

Amounts reported for the governmental activities in the statement of net position are different because:

Fund balance of governmental fund	\$ 185,399
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in fund.	<u>699</u>
Net position of governmental activities	<u><u>\$ 186,098</u></u>

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

**JACKSON-MADISON COUNTY
ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPNEDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended June 30, 2015**

Program Revenues:	
Hotel/Motel Tax Receipts	\$ 203,842
General Revenues:	
Interest Income	633
Grant Income	14,500
Total General Revenues	15,133
Total Revenue	218,975
Expenditures:	
Convention and Visitors' Bureau	
Management and Administrative Fees	79,283
Education Expense	450
Telephone	1,512
Postage	1,917
Supplies	784
Conventions & Meetings	6,921
Dues and Subscriptions	2,931
Professional Fees	2,900
Printing and Reproduction	376
Computerization	78
Total Convention and Visitor's Bureau	97,152
Other	
Tourism Events	45,600
Advertising	94,473
Capital Outlay	691
Miscellaneous	704
Total Other	141,468
Total Expenditures	238,620
Excess (Deficiency) of Revenue Over Expenditures	(19,645)
Fund Balance at Beginning of the Year	196,294
Prior Period Adjustment (Note 6)	8,750
Fund Balance at Beginning of the Year, Restated	205,044
Fund Balance at End of the Year	\$ 185,399

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

**JACKSON-MADISON COUNTY
ECONOMIC DEVELOPMENT COMMISSION
RECONCILAITION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2015**

Amounts reported for the governmental activities in the statement of activities are different because:

Net change in fund balance of governmental fund	\$ (19,645)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which capital outlay exceeded depreciation expense and loss on disposal of assets in the current period.

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Change in net position of governmental activities	<u><u>\$ (19,357)</u></u>
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**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

COMMISSION AND REPORTING ENTITY

The Jackson-Madison County Community Economic Development Commission (the Commission) is a governmental entity that is a joint venture between the City of Jackson and Madison County, Tennessee. The Commission was created by a private act of the Tennessee legislature, dated May 1, 1980, as amended. There are no other governmental units which are considered components of the Commission.

The operating segment of the Commission is the Convention and Visitors' Bureau (the CVB). The CVB is located at the Jackson Chamber of Commerce (the Chamber) building. The CVB reimburses the Chamber for expenses incurred by the Chamber on the CVB's behalf.

BASIC FINANCIAL STATEMENTS

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

In the Statement of Net Position the General Fund of the Commission is adjusted to report the Commission's net position in three parts - investment in capital assets; restricted net position (the Commission does not currently have any restricted net position), and unrestricted net position. The primary difference between the Governmental Fund Balance Sheet for the General Fund and the Statement of Net Position is the inclusion of capital assets in the Statement of Net Position.

The primary difference in the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance is the inclusion of depreciation expense of capital assets, which is included in the Statement of Activities and the exclusion of capital outlay, which is excluded from the Statement of Activities.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Accounting

Basis of Accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

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

Modified Accrual

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

B. Cash and Cash Equivalents

Investments that have maturities of three months or less at the date of purchase are classified as cash equivalents. Cash represents money on deposit in various banks. Cash and investments are stated at cost, which approximates market value.

C. Accounts Receivable

Accounts receivable at the balance sheet date includes amounts due after June 30 for hotel/motel taxes that were incurred before June 30. Due to the nature of the receivables, there have not historically been any uncollectible amounts. Therefore, no allowance for doubtful accounts has been established.

D. Revenues

The Commission follows the practice of accruing revenues at the time the hotel/motel tax was incurred.

E. Capital Assets

Capital assets purchased or acquired with an original cost of \$100 or more are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment 5-6 years

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets (continued)

The respective balances for each category of capital assets and the corresponding accumulated depreciation are as follows:

<u>Assets</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Equipment	\$ 2,913	\$ 691	\$ (669)	\$ 2,935
(Less) Accumulated Depreciation	(2,502)	(282)	548	(2,236)
Net Capital Assets	<u>\$ 411</u>	<u>\$ 409</u>	<u>\$ (121)</u>	<u>\$ 699</u>

Depreciation expense for the year ended June 30, 2015 was \$282.

F. Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net position is broken into the following three components; although, the Commission only has two of the three.

- Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation. This would also be reduced by the outstanding balances of any bonds or notes that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of net positions for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities.
- Unrestricted - All other net positions that do not meet the description of the above categories.

If restricted and unrestricted net position is available for the same purpose, then restricted assets will be used before unrestricted assets.

G. Fund Balance

Fund balance presents the difference between assets and liabilities in the balance sheet. Fund balance is broken into the following five components; although, the Commission only has one of the five.

- Non-spendable Fund Balance - amounts that are not in spendable form (such as inventory) or are required to be maintained in tact.
- Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Fund Balance (continued)

- Committed Fund Balance - amounts constrained to specific purposes by the Board of Commissioners. Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.
- Assigned Fund Balance - amounts the Commission intends to use for a specific purpose. The Board of Commissioners is the authorized body to make assignments.
- Unassigned Fund Balance - amounts that are available for any purpose. This is the only category that can have a negative balance.

The details of the fund balance are included in the Governmental Funds Balance Sheet as listed in the table of contents. Restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the Board. Decreases to fund balance first reduce committed fund balance; in the event that committed fund balance becomes zero, then assigned and unassigned fund balances are used in the respective order.

H. Estimates

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

I. Subsequent Events

The Commission has evaluated subsequent events through June 24, 2016, the date which the financial statements were available to be issued.

NOTE 2 - CASH AND EQUIVALENTS AND DEPOSITS

State of Tennessee law authorizes the Commission to invest in obligations of the United States of America or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States of America or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the Tennessee Department of Treasury Local Government Investment Pool (the LGIP). The LGIP contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee Bank Collateral Pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2 - CASH AND EQUIVALENTS AND DEPOSITS (continued)

All cash balances at June 30, 2015, were entirely insured through the Federal Deposit Insurance Corporation or the State of Tennessee Bank Collateral Pool.

NOTE 3 - RISK MANAGEMENT

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

NOTE 4 - CONCENTRATIONS

The general revenue of the Commission is from a percentage of the Jackson/Madison County Hotel/Motel Tax receipts. A significant reduction in lodging occupancy in the Jackson/Madison County Tennessee area could adversely affect revenue of the Commission.

NOTE 5 - BUDGET

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

NOTE 6 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made in the amount of \$8,750. This resulted from the voiding of checks from previous years for contributions that the Commission had accrued for but never paid out.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Commission remitted \$79,283 to the Chamber for management and administrative fees. These fees consist of salary and benefits for the Executive Director of the Commission, administrative support for an employee of the Chamber, accounting support, and occupancy expenses. In addition, other expenses were reimbursed to the Chamber for Commission expenses.

**JACKSON-MADISON COUNTY
ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Grant Description</u>	<u>Grant Number</u>	<u>Accrued 06/30/2014</u>	<u>Federal Receipts</u>	<u>Expenditures</u>	<u>Accrued 06/30/2015</u>
<u>State Awards</u>					
Tennessee Department of Tourist Development					
Developmental Co-op Program		\$ (16,000)	\$ 16,000	\$ 14,500	\$ (14,500)
		<u>(16,000)</u>	<u>16,000</u>	<u>14,500</u>	<u>(14,500)</u>
Total State Financial Assistance		<u>\$ (16,000)</u>	<u>\$ 16,000</u>	<u>\$ 14,500</u>	<u>\$ (14,500)</u>

Note 1: Basis of Presentation

The accompanying schedule of state financial assistance includes the state grant activity of the Jackson-Madison County Community Economic Development Commission and is presented on the modified accrual basis of accounting.

See independent auditors' report.



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

Clark H. Cowart, CPA
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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 Commissioners
Jackson-Madison County Community Economic Development Commission
Jackson, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 the Jackson-Madison County Community Economic Development Commission (the Commission), a joint-venture between the City of Jackson and Madison County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission'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 Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described as item 2015-001 in the accompanying schedule of finding and response that we consider to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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 cursive script that reads "Cowart Reese Sargent". The signature is written in black ink and is positioned above the printed name.

Cowart Reese Sargent, CPAs, PC
Jackson, TN

June 24, 2016

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF FINDING AND RESPONSE
June 30, 2015**

Financial Statement Finding

Current Year Findings

2015-001 - Failure to Provide Sufficient Documentation (Material Weakness under *Government Auditing Standards*)

Condition: While testing cash disbursements, the Commission failed to provide sufficient documentation to support the expenditures of the Commission. Also, it was noted that credit card expenditures and direct reimbursements to employees are paid without sufficient detailed receipts to support the transactions.

Criteria: All disbursements should be properly supported prior to payment.

Cause: A lack of oversight over disbursements has allowed the lack of sufficient documentation.

Effect: Failure to provide sufficient documentation increases the risk of misappropriation of assets and inappropriate disbursements of the Commission.

Recommendation: We recommend that prior to any disbursement, sufficient documentation be provided to the Commission. In the event that sufficient documentation is not provided to the Commission, the disbursement should not be paid until the appropriate documentation has been provided. In addition, we recommend that one of the Commissioners approve all disbursements with sufficient documentation prior to payment. The approval needs to be documented by initialing and dating the documentation or invoice. The Commission should also be sure the following criteria are met:

- Invoices contain a proper payee
- Actual invoices including the cost for services are obtained
- Disbursements are paid directly to the payee per the invoice or documentation is provided to support the payment to a different payee
- Legible, detailed receipts are provided for all credit card transactions and reimbursements. Credit card summaries alone are not proper documentation.

Response: The Board of Commissioners and management agree with the recommendation.

**JACKSON-MADISON COUNTY
COMMUNITY ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2015**

Financial Statement Findings

Finding Number	Finding Title	Finding Status
None		