

CLARKSVILLE-MONTGOMERY COUNTY
TOURISM COMMISSION
AUDITED FINANCIAL STATEMENTS
AND OTHER INFORMATION
JUNE 30, 2015

TABLE OF CONTENTS

Introductory Section:

Directory of Board of Commissioners and Management (unaudited)..... 1

Financial Section:

Independent Auditor's Report 2

Management's Discussion and Analysis (unaudited) 4

Governmental Fund Balance Sheet/Statement of Net Position 10

Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balance/Statement of Activities..... 11

Budgetary Comparison Schedule (unaudited) 13

Notes to Financial Statements..... 14

Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards* 22

Schedule of Findings and Responses 24

Schedule of Prior Year Findings and Questioned Costs 25

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
DIRECTORY OF BOARD OF COMMISSIONERS AND MANAGEMENT (UNAUDITED)
JUNE 30, 2015

BOARD OF COMMISSIONERS

	<u>Term Expires</u>
Mr. Steven Stroman, Chairman	June 30, 2016
The Honorable Geno Grubbs, Vice Chairman	June 30, 2017
The Honorable Jerry Allbert	June 30, 2016
Mr. Geoff Livingston	June 30, 2015
Mr. Jared Mims	June 30, 2016
Mr. Navin Patel	June 30, 2015
Ms. Lee Persinger	June 30, 2015
Ms. Carolyn Pierce	June 30, 2017
Ms. Jan Roberts	June 30, 2015

MANAGEMENT

Ms. Theresa Harrington, Executive Director
Mr. Shannon Green, Vice President of Finance and Human Resources



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Clarksville-Montgomery County Tourism Commission
Clarksville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and general fund of the Clarksville-Montgomery County Tourism Commission (the Commission), a component unit of Montgomery County, Tennessee, 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.

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.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed on 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 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. The introductory section listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The directory of board of commissioners and management 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 November 30, 2015, 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 the Commission's internal control over financial reporting and compliance.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee
November 30, 2015

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015

Our discussion and analysis of the Clarksville-Montgomery County Tourism Commission's (the Commission) financial performance provides an overview of the Commission's financial activity for the year ended June 30, 2015. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

- The Commission's total net position decreased \$103,163 as a result of this year's operations.
- Income from the Hotel/Motel Tax increased by over \$62,500. This represents a 7% increase from last year. The most significant factor is believed to be the addition of a new hotel in the Wilma Rudolph corridor.
- Group Tour Concert programming resulted in a net loss of \$149,000 for the year, and had an estimated positive impact for the community of around \$853,000.
- The Commission's efforts generated an estimated \$7 million in economic benefit for Clarksville and Montgomery County this year.

Required Financial Statements

The financial statements of the Commission report information about the Commission using generally accepted accounting principles. These statements offer financial information about its activities. The Governmental Fund Balance Sheet/Statement of Net Position include all of the Commission's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations (liabilities). All of the current year's revenues and expenses are accounted for in the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities. This statement measures the success of the Commission's operations over the past year and can be used to determine if the Commission recovered all its cost through the funding provided by the Montgomery County Government along with the other revenue generated.

Financial Analysis of the Commission

The financial statements of the Commission include only activities of the Commission. In addition to the actual cash received and expended, the Commission received the benefit of private dollars through the marketing efforts of Aspire Clarksville (the Foundation). For fiscal year 2015, the Foundation spent approximately \$705,000 for economic development, with nearly \$207,000 representing direct tourism development efforts benefiting the Commission's operations. Over time, increases or decreases in net position can show whether the business is improving or deteriorating. However, other non-financial factors such as economic conditions, troop deployments, the focus of the Foundation agenda and changes in legislation and the local legislative agenda should also be considered.

Fund Balance/Net Position

One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Governmental Fund Balance Sheet/Statement of Net Position and the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities report information about the Commission's activities in a way that will help answer this question. An increase in net position is an indicator that a business is improving.

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
JUNE 30, 2015

To begin our analysis, summaries of the Commission's Statements of Net Position are presented in Table A-1. As can be seen from the table below, total net position decreased by just over \$103,000. The most substantial change in the position of the Commission since 2014 appears as a 56% decrease in Taxes and Grants Receivable that are primarily the result of the timing of tax and grant receivables and mostly offset by a considerable increase in Cash and Other Deposits. Other changes from 2014 are relatively minor and are also largely due to the timing of ordinary operations. There are no restrictions, commitments or other limitations that may significantly affect the availability of the Commission's resources for future use.

COMPARATIVE STATEMENT OF NET POSITION (CONDENSED)
 JUNE 30, 2015 AND 2014
 TABLE A-1

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<u>ASSETS AND DEFERRED</u>				
<u>OUTFLOWS OF RESOURCE</u>				
Cash and other deposits	\$ 838,927	\$ 674,932	\$ 163,995	24.3%
Taxes receivable	108,887	274,165	(165,278)	-60.3%
Grants receivable	57,409	106,093	(48,684)	-45.9%
Due from related parties	35,000	35,000	-	0.0%
Inventories	2,047	2,819	(772)	-27.4%
Prepaid Expenses	577	2,049	(1,472)	-71.8%
Investment in capital assets	<u>309,737</u>	<u>309,129</u>	<u>608</u>	0.2%
Total assets	1,352,584	1,404,187	(51,603)	-3.7%
<u>DEFERRED OUTFLOWS</u>				
<u>OF RESOURCES</u>				
	-	-	-	-
<u>TOTAL ASSETS AND DEFERRED</u>				
<u>OUTFLOWS OF RESOURCES</u>				
	<u>\$ 1,352,584</u>	<u>\$ 1,404,187</u>	<u>\$ (51,603)</u>	-3.7%
<u>LIABILITIES, DEFERRED INFLOWS</u>				
<u>OF RESOURCES AND NET POSITION</u>				
Accounts payable	\$ 74,559	\$ 22,258	\$ 52,301	235.0%
Due to related parties	<u>25,086</u>	<u>25,827</u>	<u>(741)</u>	-2.9%
Total liabilities	99,645	48,085	51,560	107.2%
<u>DEFERRED INFLOWS</u>				
<u>OF RESOURCES</u>				
	-	-	-	-
<u>NET POSITION</u>				
Net investment in capital assets	309,737	309,129	608	0.2%
Unrestricted net position	<u>943,202</u>	<u>1,046,973</u>	<u>(103,771)</u>	-9.9%
Total net position	<u>1,252,939</u>	<u>1,356,102</u>	<u>(103,163)</u>	-7.6%
<u>TOTAL LIABILITIES, DEFERRED</u>				
<u>INFLOWS OF RESOURCES</u>				
<u>AND NET POSITION</u>				
	<u>\$ 1,352,584</u>	<u>\$ 1,404,187</u>	<u>\$ (51,603)</u>	-3.7%

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
JUNE 30, 2015

Revenues, Expenditures, and Changes of Fund Balance/Activities

While the Governmental Fund Balance Sheet/Statement of Net Position shows the change in financial position, the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities details the nature and source of these changes. In Table A-2 below, you will note that the Commission's net position declined by over \$103,000 in FY15. The most considerable factors in a comparison of FY14 and FY15 financial activities are as follows:

Personnel Changes – Personnel expenses rebounded almost entirely from FY14 when the vacancy of the EDC President/CEO position and turnover in the Commission's Special Events Coordinator position resulted in an 11% reduction.

Group Tour Event Programming – The Commission's effort to recruit group tours through developing and promoting new music attractions was a new effort (broken out in Table A-2 below) that began in FY14 and is in addition to other ongoing group tour recruitment efforts. The Commission was unable to attract a sufficient number of group tours to cover the related expenses and resulted in a net loss for FY15 of \$149,028. Programming for FY16 is being significantly adjusted.

Hotel/Motel Tax Proceeds – The Commission experienced a 7% increase in hotel/motel tax proceeds in FY15. This increase, combined with last year's 5% increase, amounts to a significant rebound from the 20% decline experienced in FY13.

Overall improvement in Other Program Expenses and Other Program Revenue helped offset some of the cumulative net loss from the items above.

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
 COMPARATIVE STATEMENT OF ACTIVITIES (CONDENSED)
 YEARS ENDED JUNE 30, 2015 AND 2014

TABLE A-2

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Program expenses			
Personnel expenses	\$ 613,319	\$ 569,450	\$ 43,869
Group tour concert series	282,802	76,447	206,355
Other operating expenses	<u>588,510</u>	<u>687,036</u>	<u>(98,526)</u>
Total program expenses	<u>1,484,631</u>	<u>1,332,933</u>	<u>151,698</u>
Program revenues			
Group tour concert series	133,764	35,079	98,685
Other program revenues	<u>249,773</u>	<u>353,464</u>	<u>(103,691)</u>
Total program revenues	<u>383,537</u>	<u>388,543</u>	<u>(5,006)</u>
Net program expenses	<u>1,101,094</u>	<u>944,390</u>	<u>156,704</u>
General revenues			
Hotel/motel tax	990,978	928,477	62,501
Other	<u>6,953</u>	<u>11,680</u>	<u>(4,727)</u>
Total general revenues	<u>997,931</u>	<u>940,157</u>	<u>57,774</u>
Change in net position	(103,163)	(4,233)	(98,930)
Net position:			
Beginning of year	<u>1,356,102</u>	<u>1,360,335</u>	<u>(4,233)</u>
End of year	<u>\$ 1,252,939</u>	<u>\$ 1,356,102</u>	<u>\$ (103,163)</u>

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
JUNE 30, 2015

Budgetary Highlights

The Commission adopts an Operating and Capital Expenses Budget to assist in planning and forecasting for the fiscal year. The Budget is approved first by the Commission and then by Montgomery County. It is in effect for the entire fiscal year. Management uses the budget as a planning tool for the coming year. The Commission's Board of Commissioners must approve significant variances from the approved budget. A 2015 Budget Comparison and Analysis is shown on the following page in Table A-3 (excluding \$29,378 in depreciation). The overall unfavorable budget variances in both revenue and expense for the year were due to a combination of factors:

Group Tour Event Programming – A new program intended to attract high-economic impact group tours to the community through multi-day concert offerings resulted in a considerable budget shortfall. The Commission was unable to conduct the number or caliber of events which resulted in over \$25,000 in net unfavorable budget variances (shown in Group Tour Income and Contracted Services).

Hotel/Motel Tax Proceeds – The 7% rebound in Hotel/Motel Tax Revenues from FY14 was still 2.5% greater than budget expectations.

Personnel Changes – Staffing changes and position vacancies provided favorable budget variances of 3.1% in related expense lines (over \$19,000).

Website/Brand Development – The Commission approved spending up to \$100,000 above its adopted budget to change its logo and brand to Visit Clarksville. Actual expenses by year-end were less than \$35,000.

Budget Neutral Budget Variances -

Recruitment/Special Events: The Commission budgeted offsetting revenue and expense (\$45,000) to handle potential ticket sales and subsequent distribution to Ms. Tennessee Pageant Coordinators as agreed. Such an arrangement ended up not being necessary at the time of the event.

Pat Head Summit Legacy Park Development - The Commission took on the task of overseeing the development of a riverfront attraction to commemorate the accomplishments of local native Pat Head Summit. Related expenses for the development of this park (\$34,000 to date) are being funded by unbudgeted Aspire Clarksville Foundation grants as incurred.

Other budget variances were mostly favorable or naturally offsetting. The cumulative unfavorable budget variance came from the Commission's own reserves.

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
JUNE 30, 2015

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
 BUDGET COMPARISON
 YEAR ENDED JUNE 30, 2015
 TABLE A-3

	<u>Actual</u>	<u>Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Hotel/motel tax revenue	\$ 990,978	\$ 967,000	\$ 23,978	2.5%
Grant income	207,579	176,000	31,579	17.9%
Group tour event income	133,764	914,300	(780,536)	-85.4%
Group tour recruitment	15,493	45,000	(29,507)	-65.6%
Recruitment/special events	-	45,000	(45,000)	-100.0%
Co-op advertising income	20,000	30,000	(10,000)	-33.3%
Other income	13,654	23,000	(9,346)	-40.6%
Total revenues	<u>1,381,468</u>	<u>2,200,300</u>	<u>(818,832)</u>	<u>-37.2%</u>
Expenses:				
Advertising/marketing	163,930	186,225	22,295	12.0%
Contracted services	19,184	19,674	490	2.5%
Dues and membership	11,400	17,547	6,147	35.0%
Entertainment	10,706	14,775	4,069	27.5%
Grant contributions/bid fees	76,800	79,200	2,400	3.0%
Group tour event expenses	282,802	881,051	598,248	67.9%
Group tour recruitment expenses	20,399	61,900	41,501	67.0%
Special events	15,727	76,000	60,273	79.3%
Insurance	4,573	5,145	572	11.1%
Legal and professional services	680	667	(13)	-1.9%
Office supplies	5,575	14,487	8,912	61.5%
Other	3,560	2,641	(919)	-34.8%
Personnel	613,319	632,678	19,359	3.1%
Postage	5,848	15,633	9,785	62.6%
Printing and stationery	4,907	5,150	243	4.7%
Rent	41,051	49,067	8,016	16.3%
Repair and maintenance	15,055	20,240	5,185	25.6%
Supplies	3,927	4,769	842	17.7%
Travel	68,932	86,046	17,114	19.9%
Utilities	18,255	24,076	5,821	24.2%
Pat Head Summitt Legacy Park	34,263	-	(34,263)	N/A
Website/brand development	34,360	-	(34,360)	N/A
Total expenses	<u>1,455,253</u>	<u>2,196,971</u>	<u>741,718</u>	<u>33.8%</u>
Expenses in excess of revenues	<u>\$ (73,785)</u>	<u>\$ 3,329</u>	<u>\$ (77,114)</u>	

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONT'D)
JUNE 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Most companies structure strategic planning with the intent to increase sales to existing customers and to increase the overall customer base thereby producing a higher profit margin and a greater posture for sustained growth. A more appropriate goal for an entity such as the Commission is to encourage tourism through the successful recruitment/management of an increasing number of events that promote greater tourist traffic/spending. External factors that can impact the financial condition of the Commission include the finances of the City of Clarksville and Montgomery County governments, tourism related economic trends, and corporate/Fort Campbell activities. Barring any unexpected changes in such external factors we anticipate continued growth in tourism and a continued rebound of the related tax revenues.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Commission's finances. If you have any questions about this report or need any additional information contact the Vice President of Finance and Human Resources, Clarksville-Montgomery County Economic Development Council, P. O. Box 883, Clarksville, Tennessee 37041-0883.

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental</u> <u>Fund</u>	<u>Adjustments</u> <u>(Note 4)</u>	<u>Statement of</u> <u>Net Position</u>
<u>ASSETS</u>			
Cash and other deposits	\$ 556,670		\$ 556,670
Certificates of deposit	282,257		282,257
Taxes receivable	108,887		108,887
Grant receivable	57,409		57,409
Inventories	2,047		2,047
Prepaid expenses	577		577
Due from related parties	35,000		35,000
Capital assets:			
Land	-	\$ 21,000	21,000
Other capital assets, net of accumulated depreciation	-	288,737	288,737
	<hr/>	<hr/>	<hr/>
Total assets	1,042,847	309,737	1,352,584
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
	<hr/>	<hr/>	<hr/>
Total assets and deferred outflows of resources	\$ 1,042,847	\$ 309,737	\$ 1,352,584
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
Accounts payable	\$ 74,559		\$ 74,559
Due to related parties	25,086		25,086
	<hr/>	<hr/>	<hr/>
Total liabilities	99,645	-	99,645
	<hr/>	<hr/>	<hr/>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCE/NET POSITION</u>			
Fund balance:			
Nonspendable	37,624	\$ (37,624)	-
Committed	25,711	(25,711)	-
Unassigned	879,867	(879,867)	-
	<hr/>	<hr/>	<hr/>
Total fund balance	943,202	(943,202)	-
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	\$ 1,042,847		
	<hr/>		
Net position:			
Investment in capital assets		309,737	309,737
Unrestricted		943,202	943,202
		<hr/>	<hr/>
Total net position		\$ 309,737	\$ 1,252,939
		<hr/>	<hr/>

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

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	<u>Governmental</u> <u>Fund</u>	<u>Adjustments</u> <u>(Note 4)</u>	<u>Statement of</u> <u>Activities</u>
<u>EXPENDITURES/EXPENSES</u>			
Operating expenses:			
Advertising	\$ 163,930		\$ 163,930
Contracted services	35,109		35,109
Depreciation	-	\$ 29,378	29,378
Dues and membership	11,400		11,400
Employee benefits	77,272		77,272
Entertainment	10,706		10,706
Events	303,948		303,948
Grant contributions	76,800		76,800
Insurance	4,573		4,573
Legal and professional	680		680
Office supplies	5,575		5,575
Other	37,920		37,920
Payroll taxes	36,656		36,656
Personnel	499,391		499,391
Postage	5,848		5,848
Printing and stationery	4,907		4,907
Project	34,263		34,263
Rent	41,051		41,051
Repair and maintenance	15,055		15,055
Supplies	3,927		3,927
Travel	68,932		68,932
Utilities	17,310		17,310
Total operating expenses	<u>1,455,253</u>	<u>29,378</u>	<u>1,484,631</u>
Net capital outlays	29,986	(29,986)	-
Total expenditures/expenses	<u>1,485,239</u>	<u>(608)</u>	<u>1,484,631</u>
<u>PROGRAM REVENUES</u>			
Co-op advertising sales	20,000		20,000
Grants	207,579		207,579
Group tour	149,257		149,257
Other	5,493		5,493
Vacation guide and web sales	1,208		1,208
Total program revenues	<u>383,537</u>	<u>-</u>	<u>383,537</u>
Net program expenses	<u>1,101,702</u>	<u>(608)</u>	<u>1,101,094</u>

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

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES (CONT'D)
YEAR ENDED JUNE 30, 2015

	<u>Governmental Fund</u>	<u>Adjustments (Note 4)</u>	<u>Statement of Activities</u>
<u>GENERAL REVENUES</u>			
Hotel/motel tax	990,978		990,978
Interest income	953		953
Rental income	6,000		6,000
Total general revenues	<u>997,931</u>	<u>-</u>	<u>997,931</u>
Excess of revenues over (under) expenditures/change in net position	(103,771)	608	(103,163)
Fund balance/net position:			
Balance, beginning of year	<u>1,046,973</u>	<u>309,129</u>	<u>1,356,102</u>
Balance, end of year	<u>\$ 943,202</u>	<u>\$ 309,737</u>	<u>\$ 1,252,939</u>

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2015

	Original/Final Budgeted Amounts (Note 12)	Actual Amounts	Variance Favorable (Unfavorable)
Budgetary fund balance, July 1	\$ 1,046,973	\$ 1,046,973	\$ -
Resources (inflows):			
Grants	176,000	207,579	31,579
Group tour income	959,300	149,257	(810,043)
Hotel/motel tax	967,000	990,978	23,978
Interest income	4,000	6,000	2,000
Other	48,000	7,654	(40,346)
Recruitment/special events	45,000	-	(45,000)
Vacation guide sales	1,000	20,000	19,000
Total revenues	<u>\$ 2,200,300</u>	<u>\$ 1,381,468</u>	<u>\$ (818,832)</u>
Expenditures (outflows):			
Advertising	\$ 186,225	\$ 163,930	\$ 22,295
Contracted services	19,674	35,109	(15,435)
Dues and membership	17,547	11,400	6,147
Employee benefits	100,266	77,272	22,994
Entertainment	14,775	10,706	4,069
Events	1,018,950	303,948	715,002
Grant contributions	79,200	76,800	2,400
Insurance	5,145	4,573	572
Legal services	667	680	(13)
Office supplies	14,487	5,575	8,912
Other	2,641	37,920	(35,279)
Payroll taxes	38,124	36,656	1,468
Personnel	494,288	499,391	(5,103)
Postage	15,633	5,848	9,785
Printing and stationery	5,150	4,907	243
Project	-	34,263	(34,263)
Rent	49,067	41,051	8,016
Repair and maintenance	20,240	15,055	5,185
Supplies	4,769	3,927	842
Travel	86,046	68,932	17,114
Utilities	24,077	17,310	6,767
Total operating expenses	<u>2,196,971</u>	<u>1,455,253</u>	<u>741,718</u>
Capital outlays	<u>-</u>	<u>29,986</u>	<u>(29,986)</u>
Total expenditures/expenses	<u>2,196,971</u>	<u>1,485,239</u>	<u>711,732</u>
Budgetary fund balance, June 30	<u>\$ 1,050,302</u>	<u>\$ 943,202</u>	<u>\$ (107,100)</u>

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

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. Summary of Significant Accounting Policies

Reporting Entity

The Clarksville-Montgomery County Tourism Commission (the Commission) was created by Private Chapter No. 167, Senate Bill No. 1414, by the ninety-first General Assembly, State of Tennessee, on June 4, 1979. On May 22, 2000, Private Chapter No. 140, Senate Bill No. 3303, was passed to amend Chapter No. 167. The purpose of the Commission is to promote tourist and recreational activity in the Clarksville-Montgomery County area. The Commission office is located in Clarksville, Tennessee.

The Commission is a component unit of Montgomery County, Tennessee, which is the principal reporting entity and primary government. The Commission is treated as a discrete component unit of the County since the County may unilaterally control the operations of the Commission. The County provides its primary funding support by way of the hotel/motel tax. The financial reporting entity of the Commission only includes the assets and operations of the Commission and does not include any other fund, organization, institution, agency, department, or office of Montgomery County, the primary government.

The Commission is jointly-governed by the governments of Montgomery County and the City of Clarksville and is exempt from federal and state income tax. The Commission's operations alone constitute the reporting entity since it has no oversight responsibility for any other agencies and no component units. In fiscal year 1995, the Commission, the Clarksville Area Chamber of Commerce (Chamber), and the Clarksville-Montgomery County Industrial Development Board (IDB) jointly organized the Clarksville-Montgomery County Economic Development Council (EDC) to develop, coordinate, and implement a comprehensive marketing plan relating to the economic prosperity of Clarksville-Montgomery County and the surrounding area. The Commission, Chamber, and IDB evenly share the cost of the EDC staff's salary, payroll taxes, benefits and other operating costs and of expenses related to general administration of the EDC. All other expenses of the EDC are shared based on usage allocations. The audited financial statements of the EDC can be obtained from the Vice President of Finance and Human Resources, Clarksville-Montgomery County Economic Development Council, P. O. Box 883, Clarksville, Tennessee 37041-0883.

Use of Estimates

The Commission's financial statements are presented in accordance with accounting principles generally accepted in the United States of America which require the use of management's estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from these estimates in the near term and these variations can have a material effect on these financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Commission to significant concentrations of credit risk consist principally of cash and receivables. Custodial credit risk for the Commission's deposits is the risk that the Commission's deposits may not be returned in the event of a bank

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

1. Summary of Significant Accounting Policies (Cont'd)

Concentrations of Credit Risk (Cont'd)

failure. As required by state statutes, the Commission's policy is to require that financial institutions holding its deposits be members of the Tennessee Collateral Pool or pledge collateral for deposits in excess of federal depository insurance. The collateral is required to be held by the Commission or its agent in the Commission's name. With respect to receivables, credit risk is dispersed across a large number of businesses and certain governmental and not-for-profit entities which are geographically concentrated in Montgomery County. The Commission does not obtain collateral for receivables.

Government-wide and Fund Financial Statements

The government-wide financial statements (the governmental fund balance sheet/statement of net position and the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities) report information on all of the nonfiduciary activities of the Commission.

The governmental fund financial statements are shown in combination with the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct operating expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Basis of Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred, regardless of the timing of the related cash flow.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

1. Summary of Significant Accounting Policies (Cont'd)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Cont'd)

The Commission's only fund is the general fund. It accounts for all of the financial resources of the Commission.

Cash and Cash Equivalents

The Commission considers all highly liquid debt investments purchased with maturities of 90 days or less to be cash equivalents.

Uncollectible Accounts

Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectible accounts.

Inventories

Inventories consist of retail merchandise available for sale and are valued at average cost. The cost is expensed at the time individual items are sold and not at the time purchased.

Capital Assets

Capital assets are valued at cost for assets purchased. All assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of two years are capitalized. Depreciation of capital assets is provided over the estimated useful lives of the respective assets on a straight-line basis. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs are not capitalized.

Accrued Compensated Absences

Employees are required to use earned vacation days within the fiscal year and sick days are not paid upon separation. Therefore, compensated absences are not accrued.

Fund Equity

The Commission has implemented Governmental Accounting Standards Board (GASB) Codification 1800, "Classification and Terminology." This code provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to remain intact.
- 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.

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

1. Summary of Significant Accounting Policies (Cont'd)

Fund Equity (Cont'd)

- Committed fund balance – amounts constrained to specific purposes by the Commission’s governing body, using its highest level of decision-making authority (i.e., through a majority vote by the board of commissioners during an official meeting). To be reported as committed, amounts cannot be used for any other purpose unless the board of commissioners takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the Commission intends to use for a specific purpose. Intent can be expressed by management of the Commission.
- Unassigned fund balance – amounts that are available for any purpose.

The details of the fund balances are included in the Governmental Fund Balance Sheet and in Note 7.

It is the Commission’s policy to use restricted funds first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted or the assignment has been changed by management. Decreases to fund balance first reduce unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

Advertising Costs

Advertising costs are expensed as incurred.

Date of Management’s Review

Subsequent events have been evaluated through November 30, 2015, which is the date the financial statements were available to be issued.

2. Cash and Other Deposits

Cash and other deposits are restricted to deposits with federally-insured institutions and must be approved by the board of commissioners.

At June 30, 2015, cash and other deposits included bank balances totaling \$852,705, all of which were insured by the Federal Deposit Insurance Corporation (FDIC) or the State of Tennessee Bank Collateral Pool.

Both cash and cash equivalents are carried at cost which approximated fair value at June 30, 2015.

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

3. Capital Assets

A summary of changes in capital assets and accumulated depreciation follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital assets				
Land	\$ 21,000	\$ -	\$ -	\$ 21,000
Building	128,769	-	-	128,769
Furniture, fixtures and equipment	42,407	4,110	-	46,517
Leasehold improvements	252,147	-	-	252,147
Vehicle	<u>34,657</u>	<u>31,652</u>	<u>34,657</u>	<u>31,652</u>
	<u>\$ 478,980</u>	<u>\$ 35,762</u>	<u>\$ 34,657</u>	<u>\$ 480,085</u>
Accumulated depreciation				
Building	\$ 56,130	\$ 3,302	\$ -	\$ 59,432
Furniture, fixtures and equipment	36,716	2,502	-	39,218
Leasehold improvements	51,590	16,943	-	68,533
Vehicle	<u>25,415</u>	<u>6,631</u>	<u>28,881</u>	<u>3,165</u>
	<u>\$ 169,851</u>	<u>\$ 29,378</u>	<u>\$ 28,881</u>	<u>\$ 170,348</u>

The Commission has no capital assets that are idle or impaired. Land is not depreciated.

4. Adjustments to Governmental Fund Statements

Governmental Fund Balance Sheet to the Statement of Net Position:

When capital assets that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the Commission, net of related accumulated depreciation.

Cost of capital assets	\$ 480,085
Less: Accumulated depreciation	<u>(170,348)</u>
	<u>\$ 309,737</u>

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

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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. Proceeds and gain or loss from the sale of capital assets are excluded from the statement of activities since the proceeds are not a gain or loss associated with the sale.

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

4. Adjustments to Governmental Fund Statements (Cont'd)

Capital outlays	\$	29,986
Depreciation expense		<u>(29,378)</u>
		<u>\$ 608</u>

5. Gifts in Kind

The Commission received contributed services from volunteers during the fiscal year ending June 30, 2015. The value of those contributed services could not be reasonably determined and, therefore, are not recorded in the financial statements.

6. Related Party Transactions

The Commission paid the EDC \$256,282 for its share of EDC expenses during the year ended June 30, 2015. The Commission had related party payables at June 30, 2015, totaling \$25,086, and related party receivables of \$35,000 that was advanced to the EDC in a previous year to facilitate payment of routine Commission expenses and is not expected to be collected within one year.

7. Fund Balance

The Commission had unassigned fund balance of \$879,867, committed fund balance of \$25,711 and nonspendable fund balance of \$37,624 at June 30, 2015. Committed fund balance consisted of amounts set aside by the board of commissioners through a majority vote in an official meeting for the Civil War Sesquicentennial marketing campaign. Nonspendable fund balance consisted of the following:

Inventories	\$	2,047
Prepaid expenses		577
Long-term portion of due from related party		<u>35,000</u>
Total nonspendable fund balance		<u>\$ 37,624</u>

8. Leases

Beginning December 2006, the Commission began leasing office space in the Capital Bank building from EDC under a five-year agreement. This lease expired in November 2011 and was renewed for an additional five years ending November 2016. The Commission entered into a lease for parking space during the fiscal year ended June 30, 2012. Rental expense under the operating leases was \$41,051 for the year ended June 30, 2015.

Future payments on lease obligations are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 38,667
2017	21,089
2018	12,600
2019	12,600
2020	12,600
2021-2028	<u>100,380</u>
	<u>\$ 197,936</u>

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

8. Leases (Cont'd)

The Commission has subleased half of the parking lot space to a third party. The lease commitments on the previous page will be offset by annual sublease rental income of \$6,000 through March 2017, \$6,300 through March 2022, and \$6,615 through March 2028.

9. Retirement Plan

The EDC maintains a defined contribution 401(k) plan administered by American Chamber of Commerce Executives (ACCE). All employees who have completed one year of service, reached age 21 and work one thousand hours or more per year are eligible to participate. Employees can make pre-tax contributions from one to one hundred percent of total annual earnings (subject to IRS limitations) in which they are immediately vested. The Commission will match one hundred percent of the participant's pre-tax contributions up to a maximum of four percent as the employer matching contribution and the participant is immediately vested.

During the fiscal year ended June 30, 2015, contributions totaling \$29,371 were paid and expensed by the Commission. Employee contributions to the plan were \$26,811 for the year ended June 30, 2015.

10. Concentrations

The Commission's primary source of funding is hotel/motel taxes collected by Montgomery County businesses. The amount of taxes collected each fiscal year is impacted by fluctuations in spending for tourism and for industrial and military-related travel. A major reduction in hotel/motel tax collections could have a significant effect on the future operations of the Commission.

11. Contingencies

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has elected to obtain various insurance policies to transfer risk to a commercial insurance company either directly or through the EDC or through Montgomery County. Insurance settlements have not been in excess of insurance coverage in any of the prior three fiscal years.

12. Budget

The annual budget is prepared and legally adopted by the board of commissioners and approved by the Montgomery County Director of Accounts and Budgets. The budget is prepared using the modified accrual basis of accounting. The board members review the Commission's needs for the year as well as prior year expenditures to arrive at the current year budget. The "encumbrance" method of budgeting and accounting for expenditures is not used.

The schedule of budgetary comparison information includes the annual budget of the Commission for the year ended June 30, 2015, and is presented on the modified accrual basis of accounting, which is the same basis of accounting used in preparation of the basic financial statements. The Commission prepares and adopts the budget for the next succeeding fiscal year prior to June 30 of each fiscal year. The legal level of budgetary control is at the line-item level. The operating budget includes proposed expenditures and the means of financing them. Once a budget is approved, expenditures can be amended by approval of a majority of the members of the board of commissioners if no additional financing is required. Budget amendments requiring additional financing must be approved by the County, in addition to the board of commissioners. The

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2015

12. Budget (Cont'd)

schedule of budgetary comparison includes the amounts budgeted for the Commission's sole governmental fund as well as capital outlays for property and equipment. The reconciliations presented in Note 4 to the financial statements are helpful in understanding this budgetary schedule. Following is a reconciliation of the budgetary information to generally accepted accounting principles (GAAP):

	<u>Original/Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
Total revenues	\$ 2,200,300	\$ 1,381,468	\$ (818,832)
GAAP revenues	<u>\$ 2,200,300</u>	<u>\$ 1,381,468</u>	<u>\$ (818,832)</u>
Total expenditures/expenses	\$ 2,196,971	\$ 1,485,239	\$ 711,732
Equipment and capital outlay	-	(29,986)	29,986
Depreciation	-	29,378	(29,378)
GAAP expenses	<u>\$ 2,196,971</u>	<u>\$ 1,484,631</u>	<u>\$ 712,340</u>



STONE,
RUDOLPH
& HENRY, PLC

Accounting • Tax • Consulting • Technology

Certified
Public
Accountants

www.srhcpas.com

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

To the Board of Commissioners
Clarksville-Montgomery County Tourism Commission
Clarksville, 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 general fund of the Clarksville-Montgomery County Tourism Commission (the Commission) 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 November 30, 2015.

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 opinions 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.

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

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

The Commission did not resolve prior-year finding number 2014-001. That finding recurred in the current year and is reported as item 2015-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2015-002.

The Commission did not resolve prior year item 2014-002 related to compliance. The finding recurred in the current year and is reported as item 2015-002 in the accompanying schedule of findings and responses.

The Commission's Response to Findings

The Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee
November 30, 2015

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2015

FINDING RELATED TO INTERNAL CONTROL

2015-001 (Recurring Finding) Expenditures in Excess of Budget

Condition: We noted that certain expenditures exceeded the original budgeted amounts and that the original budget was not amended to provide approval for those additional expenditures.

Criteria: Budgeted amounts should be closely monitored to ensure expenditures do not exceed approved budgeted limits.

Effect: Expenditures could exceed approved budgeted amounts.

Recommendation: We recommend that the budget be amended prior to incurring expenses or making expenditures in excess of the amounts authorized by the budget.

Management Response: County deadlines for line-item amendments of the Commission's budget prevent effective year-end projections without considerable inflation of estimates. Instead, the Commission discloses budget variances, only seeking budget amendments from the County if additional funds are being requested.

FINDING RELATED TO COMPLIANCE

2015-002 (Recurring Finding) Expenditures in Excess of Budget

Condition: We noted that certain expenditures exceeded the original budgeted amounts and that the original budget was not amended to provide approval for those additional expenditures.

Criteria: Budgeted amounts should be closely monitored to ensure expenditures do not exceed approved budgeted limits.

Effect: Expenditures could exceed approved budgeted amounts.

Recommendation: We recommend that the budget be amended prior to incurring expenses or making expenditures in excess of the amounts authorized by the budget.

Management Response: County deadlines for line-item amendments of the Commission's budget prevent effective year-end projections without considerable inflation of estimates. Instead, the Commission discloses budget variances, only seeking budget amendments from the County if additional funds are being requested.

CLARKSVILLE-MONTGOMERY COUNTY TOURISM COMMISSION
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Financial Statement Findings

Finding Number	Finding Title	Status
2014-001	Expenditures in Excess of Budget (original finding #2007-2)	Recurred

Compliance Findings

Finding Number	Finding Title	Status
2014-002	Expenditures in Excess of Budget (original finding #2007-3)	Recurred