

HICKMAN COUNTY ECONOMIC &  
COMMUNITY DEVELOPMENT ASSOCIATION  
CENTERVILLE, TENNESSEE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION

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HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
OFFICIALS AND BOARD OF DIRECTORS  
JUNE 30, 2015

**Officials**

Gary Jacobs, City Manager  
Shaun Lawson, County Mayor  
Patrick Hite, Executive Director

**Board of Directors**

Mary Blackburn, Chairman  
Brad Martin, Vice-Chairman  
Rob Mitchell, Sec./Treasurer  
Jack Keller  
Kenneth Bates  
Tom Isbell  
Paul Aydelott  
Susan Sullivan  
Troy Dugger  
Daryl Gillespie  
Donna Bradley  
Danny Clark  
Stephen Graves  
Jim Tanner  
John Porch  
John Sunday  
Marty Smith  
Mark Bentley  
Jack Keller  
David Hall  
Gary Jacobs  
Becki Bates  
David Dansby

# GREG LEMON CPA, PLLC

102 WEST SEVENTH STREET, SUITE 100  
COLUMBIA, TENNESSEE 38401  
TELEPHONE (931) 388-0517  
FAX (931) 381-3440

BRANCH OFFICES:  
LAWRENCEBURG, TN  
TELEPHONE (931) 762-6877  
CENTERVILLE, TN  
TELEPHONE (931) 729-3229  
PULASKI, TN  
TELEPHONE (931) 424-9063

MEMBER:

AMERICAN INSTITUTE OF CPAs  
TENNESSEE SOCIETY OF CPAs

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Hickman County Economic & Community Development Association  
Centerville, Tennessee

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of Hickman County Economic & Community Development Association (the "Association") (a nonprofit organization), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### 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 major funds of the Hickman County Economic & Community Development Association, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Association's basic financial statements. The budgetary comparison schedule is presented for purposed of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

### Emphasis of Matter

As discussed in Note H to the financial statements, the beginning of the year net position and fund balance were restated due to an error. The assets of Imagination Library, a Special Project fund, and Leadership Hickman, part of the General fund, were not included in the preceding year's net position or fund balance. Our opinion is not modified with respect to this matter.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2016 on our consideration of the Hickman County Economic & Community Development Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on

the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Jonathan CPA, PLLC". The signature is written in a cursive, flowing style.

Columbia, Tennessee  
January 12, 2016

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2015

ASSETS

Cash and cash equivalents	\$ 43,738
Prepaid expenses	1,126
Accounts receivable	4,636
Property and equipment, net	<u>902</u>
Total assets	<u>50,402</u>

LIABILITIES

Accounts payable and accrued expenses	<u>281</u>
---------------------------------------	------------

NET POSITION

Net investment in capital assets	902
Restricted	5,881
Unrestricted	<u>43,338</u>
Total net position	<u>\$ 50,121</u>

See accompanying notes to the financial statements.

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

Program Activities	Program Revenues		Net (Expenses) Revenue and Changes in Net Position	
	Expenses	Operating Grants and Contributions	Governmental Activities	Total
Governmental activities				
General government and administration	\$ 77,263	\$ 78,484	\$ 1,221	\$ 1,221
Imagination Library	6,789	6,210	(579)	(579)
Total governmental	<u>\$ 84,052</u>	<u>\$ 84,694</u>	<u>642</u>	<u>642</u>
General revenues				
Interest earnings			11	11
Miscellaneous			2,343	2,343
Total general revenues			<u>2,354</u>	<u>2,354</u>
Change in net position			2,996	2,996
Net position, beginning of year (as restated)			<u>47,125</u>	<u>47,125</u>
Net position, end of year			<u>\$ 50,121</u>	<u>\$ 50,121</u>

See accompanying notes to the financial statements.

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General	Imagination Library	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 38,563	\$ 5,175	\$ 43,738
Prepaid expenses	420	706	1,126
Accounts receivable	4,636	-	4,636
	43,619	5,881	49,500
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	281	-	281
<b>FUND BALANCE</b>			
Restricted	-	5,881	5,881
Assigned	909	-	909
Unassigned	42,429	-	42,429
	\$ 43,338	\$ 5,881	\$ 49,219

See accompanying notes to the financial statements.

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015

Fund balance	
Total governmental funds	\$ 49,219
Amounts reported for the governmental activities in the statement of net position are different because:	
Capital assets, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	<u>902</u>
Net position of governmental activities	<u><u>\$ 50,121</u></u>

See accompanying notes to the financial statements.

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	General	Imagination Library	Total Governmental
<b>Revenues</b>			
Hickman County (including in kind of \$53,175)	\$ 63,063	\$ -	\$ 63,063
City of Centerville	9,272	-	9,272
Public contributions	6,149	6,210	12,359
Miscellaneous	2,343	-	2,343
Interest income	11	-	11
Total revenues	<u>80,838</u>	<u>6,210</u>	<u>87,048</u>
<b>Expenditures</b>			
Books, subscriptions and publications	419	-	419
Conferences	1,011	-	1,011
Fidelity Bond	90	-	90
Imagination Library - cost of books	-	6,789	6,789
Insurance	300	-	300
Internet	676	-	676
Legal and professional	4,920	-	4,920
Marketing and prospecting	402	-	402
Meetings	1,478	-	1,478
Membership dues	500	-	500
Miscellaneous	427	-	427
Postage and delivery	153	-	153
Professional development	295	-	295
Rent	3,000	-	3,000
Repairs and maintenance	901	-	901
Salaries and benefits (including in kind of \$50,112)	50,826	-	50,826
Sponsorships	1,250	-	1,250
Supplies	1,107	-	1,107
Taxes (including in kind of \$3,063)	3,161	-	3,161
Telephone	1,151	-	1,151
Travel	4,884	-	4,884
Utilities	56	-	56
Total expenditures	<u>77,007</u>	<u>6,789</u>	<u>83,796</u>
Revenues over (under) expenditures	3,831	(579)	3,252
Fund balance, beginning of year (as restated)	<u>39,507</u>	<u>6,460</u>	<u>45,967</u>
Fund balance, end of year	<u>\$ 43,338</u>	<u>\$ 5,881</u>	<u>\$ 49,219</u>

See accompanying notes to the financial statements.

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 JUNE 30, 2015

Net changes in fund balances	
Total governmental funds	\$ 3,252
<p>Amounts reported for the governmental activities in the statement of activities are different because:</p>	
<p>Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.</p>	<u>(256)</u>
Change in net position of governmental activities	<u><u>\$ 2,996</u></u>

See accompanying notes to the financial statements.

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Hickman County Economic & Community Development Association (the “Association”) is incorporated as a Tennessee non-profit organization and is a joint venture of the governments of Hickman County, Tennessee and the Town of Centerville, Tennessee. In 2001, the participating governments formalized the Association with an interlocal agreement as described in Tennessee Code Annotated Section 5-1-113. The Association's purpose is to foster communication and facilitate economic and community development between governmental entities, industry, and private citizens. Its primary focus is on job creation, community development, education and skills training, business and economic development, leadership programs, organizational development, and long range planning.

Basis of Accounting, Measurement Focus, and Financial Statement Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Association applies all GASB pronouncements.

Financial Statement presentation follows GASB *Statement No. 54 Fund Balance Reporting and Government Fund Type Definitions*. This Statement establishes fund balance classifications based primarily on the extent to which the Association is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures. Basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the basic financial statements.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Association board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the Association board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting, Measurement Focus, and Financial Statement Presentation (Continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund financial statements are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund balance, revenues and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The Association only has governmental funds to report.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become 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 Association considers revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The Association reports the following governmental funds:

General Fund – This is the primary operating fund used to account for specific revenue sources over which the Board of Directors has discretionary control and is used to carry out the operations of the Association in accordance with its Bylaws. It is always classified as a major fund.

Imagination Library Fund – This special revenue fund accounts for contributions and expenses related to Dolly Parton’s Imagination Library in Hickman County. This program works in connection with Governor’s Books from Birth Foundation to provide books to children from birth to age five in Hickman County. This is a major fund.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and savings accounts in financial institutions and are fully protected by federal depository insurance.

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Association's property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred. Major renewals, betterments, and interest incurred during construction are capitalized. Accumulated depreciation is reported on the government-wide statement of net assets.

Budgets and Budgetary Accounting

The Association's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30. It is not a legally adopted budget. The Association's Board of Directors formally approves the annual budget at the beginning of the year and subsequently authorizes budget amendments as necessary.

Budgeted revenue amounts represent the original budget modified by the Association's authorized adjustments during the year, which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Budgets are prepared in conformity with GAAP using the modified accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status

The Association is a Tennessee not-for-profit corporation which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, federal income taxes are not provided in the accompanying financial statements.

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment of the Association consists of furniture and office equipment that have depreciable lives of 5 years. Fixed asset balances are as follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Furniture	\$ 5,887	\$ -	\$ -	\$ 5,887
Office Equipment	<u>14,812</u>	<u>-</u>	<u>-</u>	<u>14,812</u>
	20,699	-	-	20,699
Less: Accumulated Depreciation	<u>(19,541)</u>	<u>(256)</u>	<u>-</u>	<u>(19,797)</u>
Total	<u>\$ 1,158</u>	<u>\$ (256)</u>	<u>\$ -</u>	<u>\$ 902</u>

Depreciation expense totaled \$256 for the year ended June 30, 2015.

NOTE C – IN KIND CONTRIBUTION

Hickman County has provided a substantial portion of their support through directly paying the salary and benefits of the Association’s Executive Director as an employee of Hickman County. The amount of support totals \$53,175 and is included as an in kind contribution in the accompanying financial statements.

NOTE D – ECONOMIC DEPENDENCE

The Association is economically dependent on the appropriations from local governments. During fiscal 2015, these appropriations represented approximately 85% of total revenue from governmental funds.

NOTE E – RISK MANAGEMENT – CLAIMS AND JUDGEMENTS

Significant losses are covered by the Association’s commercial insurance. There are no settlements in excess of insurance coverage for the current year or the three prior years.

NOTE F – FUND BALANCE

The restricted fund balance consists of donations designated by the donors to be used for the Imagination Library program. Imagination Library expenditures directly related to providing books to children in Hickman County are generally paid from the restricted balance. Other expenditures are generally paid out of unrestricted funds. The assigned fund balance relates to revenues received by Leadership Hickman and designated by the board to be used for Leadership Hickman activities.

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE G – SUBSEQUENT EVENTS

The Association evaluated subsequent events through January 12, 2016, when these financial statements were available to be issued. The Association is not aware of any significant events that occurred subsequent to the government-wide statement of net assets but prior to the filing of this report that would have a material impact on the financial statements.

NOTE H – RESTATEMENT OF BEGINNING OF THE YEAR NET POSTION AND FUND BALANCE

The beginning of the year net position and fund balance were restated due to an error. The assets of Imagination Library, a Special Project fund, and Leadership Hickman, part of the General fund, were not included in the preceding year's net position or fund balance. The beginning of the year net position and fund balance were increased by \$7,614 to correct this error. The adjustment would not significantly affect the change in net position or the excess of revenues over expenditures as reported in the preceding year.

ADDITIONAL INFORMATION

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET TO ACTUAL - *UNAUDITED*  
FOR THE YEAR ENDED JUNE 30, 2015

	Original	Final	Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Hickman County	\$ 63,279	\$ 63,279	\$ 63,063	\$ -	\$ 63,063	\$ (216)
Town of Centerville	9,272	9,272	9,272	-	9,272	-
Institutions	11,000	11,000	12,359	-	12,359	1,359
Miscellaneous	-	-	2,343	-	2,343	2,343
Interest income	-	-	11	-	11	11
Total revenues	<u>83,551</u>	<u>83,551</u>	<u>87,048</u>	<u>-</u>	<u>87,048</u>	<u>3,497</u>
<b>Expenditures</b>						
Books, subscriptions and publications	145	145	419	-	419	274
Conferences	700	700	1,011	-	1,011	311
Fidelity Bond	100	100	90	-	90	(10)
Imagination Library - cost of books	-	-	6,789	-	6,789	6,789
Insurance	680	680	300	-	300	(380)
Internet	720	720	676	-	676	(44)
Legal and professional	4,600	4,600	4,920	-	4,920	320
Marketing and prospecting	15,300	15,300	402	-	402	(14,898)
Meetings	500	500	1,478	-	1,478	978
Membership dues	1,600	1,600	500	-	500	(1,100)
Miscellaneous	1,340	1,340	427	-	427	(913)
Postage and delivery	650	650	153	-	153	(497)
Professional development	480	480	295	-	295	(185)
Rent	3,000	3,000	3,000	-	3,000	-
Repairs and maintenance	-	-	901	-	901	901
Salaries and benefits	44,837	44,837	50,826	-	50,826	5,989
Sponsorships	1,000	1,000	1,250	-	1,250	250
Supplies	1,000	1,000	1,107	-	1,107	107
Taxes	4,049	4,049	3,161	-	3,161	(888)
Telephone	1,600	1,600	1,151	-	1,151	(449)
Travel	-	-	4,884	-	4,884	4,884
Utilities	1,250	1,250	56	-	56	(1,194)
Total expenditures	<u>83,551</u>	<u>83,551</u>	<u>83,796</u>	<u>-</u>	<u>83,796</u>	<u>245</u>
Revenues over expenditures	-	-	3,252	-	3,252	3,252
Fund balance, beginning of year (as restated)	<u>45,967</u>	<u>45,967</u>	<u>45,967</u>	<u>-</u>	<u>45,967</u>	<u>-</u>
Fund balance, end of year	<u>\$ 45,967</u>	<u>\$ 45,967</u>	<u>\$ 49,219</u>	<u>\$ -</u>	<u>\$ 49,219</u>	<u>\$ 3,252</u>

See independent auditor's report.

# GREG LEMON CPA, PLLC

102 WEST SEVENTH STREET, SUITE 100  
COLUMBIA, TENNESSEE 38401  
TELEPHONE (931) 388-0517  
FAX (931) 381-3440

## BRANCH OFFICES:

LAWRENCEBURG, TN  
TELEPHONE (931) 762-6877

CENTERVILLE, TN  
TELEPHONE (931) 729-3229

PULASKI, TN  
TELEPHONE (931) 424-9063

## MEMBER:

AMERICAN INSTITUTE OF CPAs  
TENNESSEE SOCIETY OF CPAs

## 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 Board of Directors  
Hickman County Economic & Community Development Association  
Centerville, 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, each major fund, and the aggregate remaining fund information of the Hickman County Economic & Community Development Association, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Hickman County Economic & Community Development Association's basic financial statements and have issued our report thereon dated January 12, 2016.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hickman County Economic & Community Development Association'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 Hickman County Economic & Community Development Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Hickman County Economic & Community Development Association'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 questioned costs, 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 deficiency 2015-01 described in the accompanying schedule of findings and questioned costs to be a material weakness.

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. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

#### Compliance and Other Matters

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

#### Hickman County Economic & Community Development Association's Response to Finding

Hickman County Economic & Community Development Association's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Hickman County Economic & Community Development Association response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



Columbia, Tennessee  
January 12, 2016

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

2015-1 Assets not Recorded in Beginning Net Position and Beginning Fund Balance

The assets of Imagination Library, a Special Project fund, and Leadership Hickman, part of the General fund, were not included in the beginning net position and beginning fund balance.

RECOMMENDATION:

We recommend that the assets of Imagination Library and Leadership Hickman be included in Hickman County Economic & Development Association's financial statements.

MANAGEMENT RESPONSE:

We have recorded the beginning net assets of Imagination Library and Leadership Hickman to correct the error. We have also recorded the activity of both Imagination Library and Leadership Hickman for the year ended June 30, 2015. We plan to continue recording the activity in subsequent years.

HICKMAN COUNTY ECONOMIC & COMMUNITY DEVELOPMENT ASSOCIATION  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

None.