

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT  
BOARD OF CHEATHAM COUNTY  
JUNE 30, 2013**

**TAMARA L. BECKMAN  
CERTIFIED PUBLIC ACCOUNTANT**

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT  
BOARD OF CHEATHAM COUNTY  
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JUNE 30, 2013**

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**TAMARA L. BECKMAN**  
CERTIFIED PUBLIC ACCOUNTANT

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Joint Economic and Community Development Board of Cheatham County  
Ashland City, Tennessee

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

I have audited the accompanying government activities and the major fund financial statements of Joint Economic and Community Development Board of Cheatham County, a joint venture of Cheatham County, Ashland City, Kingston Springs, Pegram, and Pleasant View as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Joint Economic and Community Development Board of Cheatham County'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 the 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Joint Economic and Community Development Board of Cheatham County, a joint venture of Cheatham County, Ashland City, Kingston Springs, Pegram, and Pleasant View as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof 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 of America requires 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 historic context. The auditor's opinion on the basic financial statements is not affected by this missing information.

#### **Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Joint Economic and Community Development Board of Cheatham County's basic financial statements. The Schedule of Budget to Actual and the roster of management officials and those charged with governance on pages 13-15 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of Budget to Actual and the roster of management officials and those charged with governance is the responsibility of management and was derived from and relate 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 my opinion,

the roster of management officials and those charged with governance is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated January 31, 2014 on my consideration of Joint Economic and Community Development Board of Cheatham County's internal control over financial reporting and on my 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 my 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 Joint Economic and Community Development Board of Cheatham County's internal control over financial reporting and compliance.

January 31, 2014  
Cookeville, Tennessee

*Tamara L. Beckman, CPA*

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT  
BOARD OF CHEATHAM COUNTY  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

Assets

Current Assets

Cash	\$ 109,232.37	
Total Current Assets		\$ 109,232.37

Capital Assets

Office Equipment	1,292.83	
Less: Accum Depreciation	<u>(1,005.53)</u>	
Total Capital Assets		<u>287.30</u>

Total Assets		\$ 109,519.67
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Liabilities

Current Liabilities

Accounts Payable	777.22	
Payroll Tax Payable	<u>134.80</u>	

Total Current Liabilities

Total Liabilities		<u>912.02</u>
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Net Position

Unrestricted	<u>108,607.65</u>	
Total Net Position		<u><u>\$ 108,607.65</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT  
BOARD OF CHEATHAM COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

Expenses

<u>Contracted Services</u>		
Directors	\$ 57,582.45	
Payroll Taxes	4,505.40	
Benefits	1,221.45	
GIS	38,000.00	
Market Studies	5,106.02	
Other	3,542.05	
Salaries & Wages	16,668.00	
Payroll Taxes	1,201.75	
Advertising	2,606.17	
Communications	546.85	
Dues & Memberships	2,409.00	
Rent	9,030.00	
Travel	2,293.31	
Professional Services	7,450.00	
Office Supplies	533.46	
Board Expenses	161.90	
Continued Education	495.00	
Depreciation Expense	<u>430.94</u>	
Total Expenses		\$ 153,783.75

Program Revenues

Hotel/Motel Tax	10,157.56	
Contributions from Primary Government	85,693.68	
Contributions from Other Government	31,342.20	
Contracted Services	<u>38,612.04</u>	
Total Program Revenues		<u>165,805.48</u>

Net (Expense) Revenue 12,021.73

Net Position, July 1, 2012 87,085.92

Prior Period Adjustment 9,500.00

Net Position, June 30, 2013 \$ 108,607.65

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT  
BOARD OF CHEATHAM COUNTY  
BALANCE SHEET  
JUNE 30, 2013**

Assets

Current Assets

Cash in Bank \$ 109,232.37

Total Assets

\$ 109,232.37

Liabilities & Fund Balance

Liabilities

Accounts Payable \$ 777.22

Payroll Tax Payable 134.80

Total Liabilities 912.02

Fund Balance - Unassigned 108,320.35

Total Liabilities & Fund Balance

\$ 109,232.37

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT  
BOARD OF CHEATHAM COUNTY  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2013**

Fund Balance-Unassigned - Balance Sheet		\$ 108,320.35
<p>Amount reported for 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.</p>		
Governmental Capital Assets & CIP	\$ 1,292.83	
Less: Accumulated Depreciation	(1,005.53)	
		287.30
Long-term liabilities not reported in the fund financial statements		-
Net Position of Governmental Activities		<u>\$ 108,607.65</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT  
BOARD OF CHEATHAM COUNTY  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2013**

Revenues

Hotel/Motel Tax	\$ 10,157.56
Contributions from Primary Govs.	85,693.68
Contributions from Other Govs.	31,342.20
Contracted Services	<u>38,612.04</u>

Total Revenues \$ 165,805.48

Expenditures

Contracted Services

Director	\$ 57,582.45
Payroll Taxes	4,505.40
Benefits	1,221.45
GIS	38,000.00
Market Studies	5,106.02
Other	3,542.05
Salaries & Wages	16,668.00
Payroll Taxes	1,201.75
Advertising	2,606.17
Communications	546.85
Dues & Memberships	2,409.00
Rent	9,030.00
Travel	2,293.31
Professional Services	7,450.00
Office Supplies	533.46
Board Expenses	161.90
Continuing Education	<u>495.00</u>

Total Expenditures 153,352.81

Net Change in Fund Balance	12,452.67
Fund Balance - Unassigned - July 1, 2012	86,367.68
Prior Period Adjustment	<u>9,500.00</u>
Fund Balance - Unassigned - June 30, 2013	<u>\$ 108,320.35</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT  
BOARD OF CHEATHAM COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2013**

Net Change in Fund Balance \$ 12,452.67

Amount reported for governmental activities in the Statement of Net Assets are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for Capital Assets and CIP	\$ -	
Less: Depreciation Expense	<u>(430.94)</u>	(430.94)

Governmental funds report payment of principle on Notes Payable as expenditures and proceeds of new loans as revenue. However, payments of principal and new loans generated are not presented in the Statement of Activities.

Expenditures of principle payments		<u>-</u>
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Change in Net Position of Governmental Activities		<u>\$ 12,021.73</u>
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENT

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT  
BOARD OF CHEATHAM COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

Note 1 – Organization

Joint Economic and Community Development Board of Cheatham County was formed from Statute 1101 as a joint venture between Cheatham County and the Cities of Kingston Springs, Ashland City, Pegram and Pleasant View. The purpose of the Joint Economic and Community Development Board of Cheatham County is to do business as a joint venture to recruit and stabilize businesses in Cheatham County. The members of the executive committee are appointed from each of the cities and the county as stated in the bylaws based on the population of each city involved. The other board members are appointed as per the organization's bylaws. It must file a budget with Cheatham County as well as each city each year. Upon dissolution, the title to all properties owned by Joint Economic and Community Development Board of Cheatham County at that time shall become the property of Cheatham County. All funds will be distributed based on a prorated share of the cities and county based on population.

Note 2 – Government – Wide Financial Statements

The Government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report the governmental activities of Joint Economic and Community Development Board of Cheatham County. The governmental activities are reported on the economic resources measurement focus on the accrual basis of accounting.

Note 3- Fund Financial Statements

To ensure observance of limitations and restrictions placed on the use of resources available to Joint Economic and Community Development Board of Cheatham County, the accounts of the Board are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group. The fund financial statements report using current financial resources measurement focus and the modified accrual basis of accounting. The measurement focus of governmental fund accounting is on expenditures rather than expenses. Most expenditures are measurable and are recorded when the related liability is incurred.

Note 4 - Capital Assets and Depreciation

Joint Economic and Community Development Board of Cheatham County's property, plant and equipment with useful lives of more than one year are stated at historical cost. The capital assets purchased in the current year are reported in the fund financial statements as expenditures in the current year. Donated assets are stated at fair value on the date donated. Joint Economic and Community Development Board of Cheatham County generally capitalizes assets that have a cost of over \$1000 and have a useful life of more than one year.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. All capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

The following is a schedule of equipment at June 30, 2013:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
<b><u>Depreciable Assets</u></b>			
Office Equipment	<u>1,292.83</u>	<u>1,005.53</u>	<u>287.30</u>
<b>Total Capital Assets</b>	<b><u>\$ 1,292.83</u></b>	<b><u>\$ 1,005.53</u></b>	<b><u>\$ 287.30</u></b>

  

	<u>Balance 6/30/12</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/13</u>
<b><u>Depreciable Assets</u></b>				
Office Equipment	<u>1,292.83</u>	<u>-0-</u>	<u>-0-</u>	<u>1,292.83</u>
<b>Total Capital Assets</b>	<b><u>\$ 1,292.83</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 1,292.83</u></b>

Total Depreciation Expense for the year ended June 30, 2013 was \$430.94.

Note 5 – Cash and Cash Equivalents:

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions. The organization’s cash at June 30, 2013 was maintained as follows: The operating fund and the development fund were maintained in separate checking accounts.

Note 6 – Compensated Absences

The Board has only part-time employees; therefore compensated absences are not accrued in the financial statements.

Note 7 – Cash in Bank

The Tennessee Government Code requires Tennessee banks and savings and loan associations to secure a governmental entity’s deposits by pledging government securities as collateral. The market value of pledged securities must equal 105% of the entity’s deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

At June 30, 2013, the carrying amount of Joint Economic and Community Development Board of Cheatham County’s cash deposits was \$109,132.37. All cash deposits are covered by the Federal Deposit Insurance Corporation up to the limit of \$250,000.00. The Board is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated. [Acts 1992, ch. 891, section 10].

Note 8 – Budget

The director of Joint Economic and Community Development Board of Cheatham County and staff compile the budget. It is then brought before the cities and county for approval. The Budget a non-appropriated budget used for guidance only and is not legally binding to the Joint Economic and Community Development Board and therefore is not presented as Required Supplementary Information.

Note 9 – Revenue Recognition and Program Revenues

The Board uses sixty days to define revenues available for purposes of revenue recognition.

Program Revenues include funds collected by the County for hotel/motel taxes, contributions from Cheatham County, Ashland City, Kingston Springs, Pegram and Pleasant View, as well as amounts received as contract GIS income.

Note 10 – Risk Management

All risk associated with the Joint Economic and Community Development Board of Cheatham County is covered by policies with Cheatham County government.

Note 11– Subsequent Events

The Board has evaluated subsequent events through February 10, 2014, the date in which the financial statements were available to be issued.

Note 12 – Prior Period Adjustment

A prior period adjustment was made to Accounts Payable in the amount of \$9,500 which was overstated in the prior year.

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT  
BOARD OF CHEATHAM COUNTY**

**SUPPLEMENTARY INFORMATION**

**JUNE 30, 2013**

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT  
BOARD OF CHEATHAM COUNTY  
SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
(unaudited)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Hotel/Motel Tax	\$ 10,157.56	\$ 10,157.56	\$ -
Contributions from Primary Govs.	85,693.68	85,693.68	-
Contributions from Other Govs.	31,342.20	31,342.20	-
Contracted Services	<u>38,612.04</u>	<u>38,612.04</u>	<u>-</u>
Total Revenue	<u>165,805.48</u>	<u>165,805.48</u>	<u>-</u>
<u>Expenditures</u>			
<u>Contracted Services</u>			
Director	57,931.00	57,582.45	348.55
Payroll Taxes	4,650.00	4,505.40	144.60
Benefits	1,766.73	1,221.45	545.28
GIS	38,000.00	38,000.00	-
Market Studies	5,200.00	5,106.02	93.98
Other	3,600.00	3,542.05	57.95
Salaries & Wages	17,000.00	16,668.00	332.00
Payroll Taxes	1,311.72	1,201.75	109.97
Advertising	2,700.00	2,606.17	93.83
Communications	1,300.00	546.85	753.15
Dues & Memberships	3,195.00	2,409.00	786.00
Printing	300.00	-	300.00
Rent	9,180.00	9,030.00	150.00
Travel	2,560.00	2,293.31	266.69
Professional Services	7,700.00	7,450.00	250.00
Office Supplies	550.00	533.46	16.54
Board Expenses	250.00	161.90	88.10
Continued Education	<u>600.00</u>	<u>495.00</u>	<u>105.00</u>
Total Expenditures	<u>157,794.45</u>	<u>153,352.81</u>	<u>4,441.64</u>
Net Change in Fund Balance	8,011.03	12,452.67	4,441.64
Fund Balance - Unassigned - July 1, 2012	86,367.68	86,367.68	-
Prior Period Adjustment	<u>-</u>	<u>9,500.00</u>	<u>9,500.00</u>
Fund Balance - Unassigned - June 30, 2013	<u>\$ 94,378.71</u>	<u>\$ 108,320.35</u>	<u>\$ 13,941.64</u>

**JOINT ECONOMIC AND COMMUNITY DEVELOPMENT  
BOARD OF CHEATHAM COUNTY  
ROSTER OF MANAGEMENT OFFICIALS AND THOSE CHARGED WITH GOVERNANCE  
JUNE 30, 2013**

David McCullough, Chairman  
County Mayor  
100 Public Square  
Ashland City, TN 37015  
615-792-4316  
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Mayor of Ashland City  
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Mayor of Pleasant View  
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CERTIFIED PUBLIC ACCOUNTANT

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

To the Board of Directors of the  
Joint Economic and Community Development Board of Cheatham County  
Ashland City, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the governmental activities and the major fund financial statements of Joint Economic and Community Development Board of Cheatham County, a joint venture of Cheatham County, Ashland City, Kingston Springs, Pegram, and Pleasant View as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Joint Economic and Community Development Board of Cheatham County's basic financial statements, and have issued my report thereon dated January 31, 2014.

***Internal Control over Financial Reporting***

In planning and performing my audit of the financial statements, I considered Joint Economic and Community Development Board of Cheatham County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Joint Economic and Community Development Board of Cheatham County's internal control. Accordingly, I do not express an opinion on the effectiveness of Joint Economic and Community Development Board of Cheatham County'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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Joint Economic and Community Development Board of Cheatham County's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of Report**

The purpose of this report is solely to describe the scope of my 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.

January 31, 2014  
Cookeville, Tennessee

*Tamara L. Beckman, CPA*