

Certified Public Accountants

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Members of

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

March 12, 2012

To the Board of Directors
Tennessee City Management Association

We have audited the financial statements of Tennessee City Management Association for the year ended June 30, 2011, and have issued our report thereon dated March 12, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 12, 2012.

Dyersburg, TN
Henderson, TN
Jackson, TN
Martin, TN
McKenzie, TN

Milan, TN
Murray, KY
Paris, TN
Trenton, TN
Union City, TN

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

This information is intended solely for the use of the Board of Directors and management of the Association and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Alexander Thompson Arnold PLLC

Certified Public Accountants

**TENNESSEE CITY MANAGEMENT
ASSOCIATION**

**Statements of Cash Receipts,
Disbursements, and
Changes in Cash Balances**

For the Year Ended June 30, 2011

**TENNESSEE CITY MANAGEMENT ASSOCIATION
TABLE OF CONTENTS**

Independent Auditor's Report 1

Financial Statements:

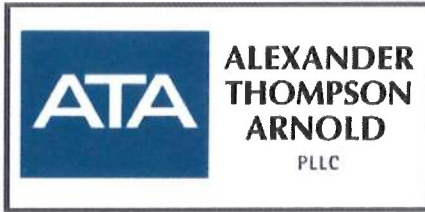
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances 2

Notes to Financial Statements 3

Supplemental Schedules:

Schedule of Cash Balances 4

Schedule of Budgeted to Actual Cash Receipts and Disbursements 5



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Independent Auditor's Report

To the Board of Directors
Tennessee City Management Association

We have audited the accompanying statement of cash receipts, disbursements, and changes in cash balances of Tennessee City Management Association (the Association) (a non-profit organization) for the year ended June 30, 2011. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the statement of cash receipts and disbursements is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements of cash receipts, disbursements, and changes in cash balances. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of cash receipts and disbursements. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the statement of cash receipts, disbursements, and changes in cash balances referred to above present fairly, in all material respects, the cash receipts, disbursements, and changes in cash balances of Tennessee City Management Association for the year ended June 30, 2011, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the statement of cash receipts, disbursements, and changes in cash balances taken as a whole. The schedule of cash balances and schedule of budgeted to actual cash receipts and disbursements shown on pages 4 and 5 are presented for purposes of additional analysis and are not a required part of the statement of cash receipts, disbursements, and changes in cash balances. Such information has been subjected to the auditing procedures applied in the audit of the statement of cash receipts, disbursements, and changes in cash balances, and, in our opinion, are fairly stated in all material respects in relation to the statement of cash receipts, disbursements, and changes in cash balances taken as a whole.

Alexander Thompson Arnold PLLC

Certified Public Accountants
Jackson, Tennessee
March 12, 2012

Dyersburg, TN
Henderson, TN
Jackson, TN
Martin, TN
McKenzie, TN

Milan, TN
Murray, KY
Paris, TN
Trenton, TN
Union City, TN

TENNESSEE CITY MANAGEMENT ASSOCIATION
Statement of Cash Receipts, Disbursements, and Changes
in Cash Balances

For the Year Ended June 30, 2011

Cash Receipts:	
Membership dues	\$ 18,688
Conference registration fees	25,230
Conference sponsorships	7,600
Interest income	23
Other income	<u>42</u>
Total Cash Receipts	<u>51,583</u>
Cash Disbursements:	
Hotel meeting room expenses for conferences	2,488
Meals and catering for conferences	18,770
Speakers for conferences	2,250
Supplies for conferences	928
ICMA expense during conferences	1,522
Liability insurance	1,704
Professional services	5,302
Annual business meetings	983
Website expense	1,150
Copying and postage	75
ICMA image campaign support	1,000
Other expense	<u>3,057</u>
Total Cash Disbursements	<u>39,229</u>
Cash Receipts Over (Under) Disbursements	12,354
Cash Balances, Beginning	<u>44,098</u>
Cash Balances, Ending	<u>\$ 56,452</u>

See accompanying notes to financial statement.

TENNESSEE CITY MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1 – Nature of Activities and Significant Accounting Policies

A. Nature of Activities

The Tennessee City Management Association, (the Association) is a Tennessee non-profit corporation that hosts various conferences and seminars which address issues and concerns relative to community governments. The members of the Association consist of city administrators and managers throughout the State of Tennessee.

B. Basis of Presentation

The Association prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Association reports cash receipt and disbursement information only; no non-cash activities are recognized. The only asset they report is cash. They are not required to recognize any other asset, such as receivables, fixed assets, or accrued income, nor are they required to recognize any liabilities, such as payables or accrued expenses.

C. Cash and Temporary Cash Investments

The Association has a business checking account and a money market performance account. Both are carried at cost.

D. Federal Income Tax

The Association has received an Internal Revenue Service Determination Letter stating that it has been recognized as a tax-exempt organization under IRC Section 501(c)(6). Accordingly, no provision for federal income tax is required.

The Association files a Form 990, "Return of Organization Exempt from Income Tax" and their forms for the years 2008, 2009, and 2010 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

E. Date of Management Review

The subsequent events have been evaluated through March 12, 2012, which is the date the financial statements were available to be issued.

TENNESSEE CITY MANAGEMENT ASSOCIATION
Schedule of Cash Balances
June 30, 2011

SunTrust Bank:

Checking account	\$ 29,472
Money market account	<u>26,980</u>
Cash Balance	<u>\$ 56,452</u>

See independent auditor's report.

TENNESSEE CITY MANAGEMENT ASSOCIATION
Schedule of Budgeted to Actual Cash Receipts and Disbursements
For the Year Ended June 30, 2011

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance:</u> <u>Over(Under)</u>
Cash Receipts:			
Membership dues	\$ 12,450	\$ 18,688	\$ 6,238
Conference registration fees	16,500	25,230	8,730
Conference sponsorships	12,000	7,600	(4,400)
Interest Income	500	23	(477)
Other income	-	42	42
Total Cash Receipts	<u>41,450</u>	<u>51,583</u>	<u>10,133</u>
Cash Disbursements:			
Hotel meeting room expenses for conferences	2,500	2,488	(12)
Meals and catering for conferences	14,000	18,770	4,770
Speakers for conferences	6,000	2,250	(3,750)
Supplies for conferences	400	928	528
ICMA expense during conferences	800	1,522	722
SE Regional Summit	300	-	(300)
Other conference expenses	250	-	(250)
Liability insurance	1,875	1,704	(171)
Awards	400	-	(400)
SEI scholarships	2,000	-	(2,000)
Professional services	5,100	5,302	202
Annual business meetings	1,750	983	(767)
Website expense	1,100	1,150	50
Copying and postage	100	75	(25)
ICMA professional development fund	3,000	-	(3,000)
ICMA image campaign support	1,000	1,000	-
Other expense	1,870	3,057	1,187
Total Cash Disbursements	<u>42,445</u>	<u>39,229</u>	<u>(3,216)</u>
Receipts Over (Under) Disbursements	<u>\$ (995)</u>	<u>\$ 12,354</u>	<u>\$ 13,349</u>

See independent auditor's report.