



# BELLENFANT + MILES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

## Communication with Those Charged with Governance at the Conclusion of the Audit

To the Board of Directors and Michael Walker, Executive Director  
Tennessee City Management Association  
Alcoa, Tennessee

We have audited the financial statements of Tennessee City Management Association for the year ended June 30, 2014, and have issued our report thereon dated August 13, 2014. 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 letter to you dated May 1, 2014. 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 Tennessee City Management 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 2014. We noted no transactions entered into by the Organization 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.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. .

The financial statement disclosures are neutral, consistent, and clear.

#### *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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. 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, a disagreement with management is 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 August 13, 2014.

### *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 Organization'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 Organization'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 Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

*Bellamy & Miles, PLLC*

August 13, 2014

**TENNESSEE CITY MANAGEMENT ASSOCIATION**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2014**

# TENNESSEE CITY MANAGEMENT ASSOCIATION

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**BELLENFANT + MILES, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Tennessee City Management Association  
Alcoa, Tennessee

We have audited the accompanying financial statements of Tennessee City Management Association, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 purposes 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 the 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 financial position of Tennessee City Management Association as of June 30, 2014, and the results of its operation and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget compared to actual on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Bellenfant & Miles, PLLC*

August 13, 2014

TENNESSEE CITY MANAGEMENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

ASSETS

Cash	\$ 165,647
Total Assets	<u>165,647</u>

LIABILITIES AND NET ASSETS

Liabilities	<u>      </u>
Unrestricted Net Assets	<u>165,647</u>
Total Net Assets	<u>\$ 165,647</u>

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

TENNESSEE CITY MANAGEMENT ASSOCIATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

<b>Revenues</b>	
Association Sponsorships	\$ 48,630
Registration Fees	45,880
Membership Dues	28,680
Golf Fees and Sponsorships	6,492
Donations	175
Interest	40
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TOTAL REVENUES	129,897
<b>Conference Expenses</b>	
Meals	9,472
Hotel	7,158
Audio Visual	7,633
Supplies	3,801
ICMA Dinner	1,840
SE Regional Summit	500
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TOTAL CONFERENCE EXPENSES	30,404
<b>Other Membership Expenses</b>	
Executive Director	19,500
Director Expenses	4,336
Accounting Service	2,995
Liability Insurance	2,825
Website	2,430
Annual Meeting	1,807
Audit	1,500
Processing Fees	1,415
Golf Tournament	1,162
ICMA Fund	910
Awards	338
Printing and Postage	221
Other	35
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TOTAL OTHER MEMBERSHIP EXPENSES	39,474
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TOTAL EXPENSES	69,878
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Change in Unrestricted Net Assets	60,019
Unrestricted Net Assets, July 1, 2013	105,628
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Unrestricted Net Assets, June 30, 2014	165,647
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The accompanying notes are an integral part of these financial statements.



TENNESSEE CITY MANAGEMENT ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	<u>\$ 60,019</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>60,019</u>
Cash, July 1, 2013	<u>105,628</u>
Cash, June 30, 2014	<u><u>\$ 165,647</u></u>

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

# TENNESSEE CITY MANAGEMENT ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

#### **Organization and Purpose**

The Tennessee City Management Association ("the Association") was chartered as a nonprofit corporation under the laws of the State of Tennessee on March 18, 1998. Its purpose is to serve and increase the proficiency of city managers and other local administrators, and to strengthen the quality of local government through professional management.

#### **Basis of Accounting:**

Tennessee City Management Association prepares its financial statements and maintains its financial and accounting records on the accrual basis of accounting. Revenues are generally recognized when earned and expenses are generally recorded when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Association is required to report information regarding its financial position and activities according to three classes of net assets.

*Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of June 30, 2014, the Association had no temporarily restricted net assets.

*Permanently restricted net assets* - Net assets are subject to donor-imposed stipulations that may be maintained permanently by the Association. Generally, donors of these assets permit the Association to use all or part of the income earned for general or specific purposes. As of June 30, 2014, the Association had no permanently restricted net assets.

#### **Cash:**

The Association considers all highly liquid investments with a maturity of three months or fewer to be cash equivalents.

#### **Income Taxes:**

The Association is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

The Association has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Association believes that it has taken no uncertain tax positions.

The Association files a U.S. Federal Form 990-*Return of Organization Exempt from Income Tax*. The Organization's returns for the years prior to fiscal year 2010 are no longer open for examination.

**TENNESSEE CITY MANAGEMENT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

**Estimates:**

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

**2. DONATED SERVICES**

Officers, members of the Board of Directors, and other members of the Association have assisted the Association in the accomplishment of its goals and objectives by the donation of their time and services. No amounts have been reflected in the financial statements as it was not practicable to determine the valuation of such services to the Association, and the Association exercises no significant control over the major elements of donated services.

**3. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 13, 2014 which is the date the financial statements were available to be issued.

TENNESSEE CITY MANAGEMENT ASSOCIATION

SCHEDULE OF BUDGET COMPARED TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	Actual	Budget	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Association Sponsorships	\$ 48,630	\$ 32,500	\$ 16,130
Registration Fees	45,880	37,000	8,880
Membership Dues	28,680	26,000	2,680
Golf Fees and Sponsorships	6,492	-	6,492
Donations	175	-	175
Interest	40	15	25
<b>TOTAL REVENUES</b>	<u>129,897</u>	<u>95,515</u>	<u>34,382</u>
<b>Conference Expenses</b>			
Meals	9,472	16,000	6,528
Hotel	7,158	4,000	(3,158)
Audio Visual	7,633	4,000	(3,633)
Supplies	3,801	1,500	(2,301)
ICMA Dinner	1,840	2,200	360
SE Regional Summit	500	500	-
Speakers	-	3,000	3,000
<b>TOTAL CONFERENCE EXPENSES</b>	<u>30,404</u>	<u>31,200</u>	<u>796</u>
<b>Other Membership Expenses</b>			
Executive Director	19,500	19,500	-
Director Expenses	4,336	5,900	1,564
Accounting Service	2,995	3,350	355
Registration System	-	1,700	1,700
Liability Insurance	2,825	2,805	(20)
Website	2,430	1,300	(1,130)
Annual Meeting	1,807	1,600	(207)
Audit	1,500	2,000	500
Processing Fees	1,415	-	(1,415)
Golf Tournament	1,162	-	(1,162)
ICMA Fund	910	910	-
Awards	338	400	62
Printing and Postage	221	100	(121)
Other	35	1,000	965
<b>TOTAL OTHER MEMBERSHIP EXPENSES</b>	<u>39,474</u>	<u>40,565</u>	<u>1,091</u>
<b>TOTAL EXPENSES</b>	<u>69,878</u>	<u>71,765</u>	<u>1,887</u>
<b>Change in Net Assets</b>	<u>60,019</u>	<u>23,750</u>	<u>36,269</u>