

**TENNESSEE CITY MANAGEMENT ASSOCIATION**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2016**

# TENNESSEE CITY MANAGEMENT ASSOCIATION

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Tennessee City Management Association, which comprise the statement of financial position as of June 30, 2016, 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 audit. 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 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 financial position of Tennessee City Management Association as of June 30, 2016, and the changes in its net assets and its cash flows for the year 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.

August 18, 2016

TENNESSEE CITY MANAGEMENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

ASSETS

Cash	\$ 319,642
Total Assets	<u>\$ 319,642</u>

LIABILITIES AND NET ASSETS

Liabilities	\$ -
Unrestricted Net Assets	<u>319,642</u>
Total Net Assets	<u>\$ 319,642</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, 2016

<b>Revenues</b>	
Association Sponsorships	\$ 76,000
Registration Fees	57,470
Membership Dues	28,673
Fundraiser	5,070
Donations	1,005
Miscellaneous	1,972
Interest	69
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TOTAL REVENUES	170,259
<b>Conference Expenses</b>	
Meals	15,627
Hotel Rental	3,310
Audio Visual	7,401
Supplies	8,666
Speakers	2,399
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TOTAL CONFERENCE EXPENSES	37,403
<b>Membership Expenses</b>	
Executive Director Compensation	31,500
Director Reimbursable Expenses	5,307
Accounting Service	2,090
Liability Insurance	1,905
Website	2,850
Annual Meeting	1,945
Audit	1,522
Processing Fees	3,670
ICMA Fund	1,000
ICMA Conference Reception	3,478
ICMA Conference Planning	500
Awards	339
Printing and Postage	366
Other	125
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TOTAL MEMBERSHIP EXPENSES	56,597
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TOTAL EXPENSES	94,000
	<hr/>
Change in Unrestricted Net Assets	76,259
Unrestricted Net Assets, July 1, 2015	243,383
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Unrestricted Net Assets, June 30, 2016	\$ 319,642

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, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	<u>\$ 76,259</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>76,259</u>
Cash, July 1, 2015	<u>243,383</u>
Cash, June 30, 2016	<u><u>\$ 319,642</u></u>

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

# TENNESSEE CITY MANAGEMENT ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### 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, 2015, 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, 2016, 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 2013 are no longer open for examination.



**TENNESSEE CITY MANAGEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2016**

**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 18, 2016 which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**TENNESSEE CITY MANAGEMENT ASSOCIATION**

**SCHEDULE OF BUDGET COMPARED TO ACTUAL**

**JUNE 30, 2016**

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Association Sponsorships	\$ 76,000	\$ 60,000	\$ 16,000
Registration Fees	57,470	48,000	9,470
Membership Dues	28,673	30,000	(1,327)
Fundraiser	5,070	-	5,070
Donations	1,005		1,005
Miscellaneous	1,972	1,500	472
Interest	69	70	(1)
TOTAL REVENUES	<u>170,259</u>	<u>139,570</u>	<u>30,689</u>
<b>Conference Expenses</b>			
Meals	15,627	15,000	(627)
Hotel Expenses	3,310	5,500	2,190
Audio Visual	7,401	8,000	599
Supplies	8,666	8,000	(666)
Speakers	2,399	6,000	3,601
TOTAL CONFERENCE EXPENSES	<u>37,403</u>	<u>42,500</u>	<u>5,097</u>
<b>Membership Expenses</b>			
Executive Director Compensation	31,500	31,500	-
Executive Director Reimbursable Expenses	5,307	6,500	1,193
Accounting Service	2,090	2,200	110
Liability Insurance	1,905	3,000	1,095
Website	2,850	3,650	800
Annual Meeting	1,945	3,600	1,655
Audit	1,522	1,500	(22)
Processing Fees	3,670	3,600	(70)
ICMA Fund	1,000	1,000	-
ICMA Conference Reception	3,478	4,000	522
ICMA Conference Planning	500	1,000	500
Awards	339	400	61
Printing and Postage	366	400	34
Other	125	500	375
TOTAL MEMBERSHIP EXPENSES	<u>56,597</u>	<u>62,850</u>	<u>6,253</u>
TOTAL EXPENSES	<u>94,000</u>	<u>105,350</u>	<u>11,350</u>
Change in Net Assets	<u>\$ 76,259</u>	<u>\$ 34,220</u>	<u>\$ 42,039</u>