



BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

Communication with Those Charged with Governance

January 9, 2024

Board of Directors
Tennessee City Management Association
Elizabethton, Tennessee

We have audited the financial statements of Tennessee City Management Association for the year ended June 30, 2023, and we will issue our report thereon dated January 9, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), 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 October 27, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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 the year ended June 30, 2023. 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.

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.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

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. The following material misstatements detected as a result of audit procedures were corrected by management:

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on 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 January 9, 2024.

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 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 Board of Directors of Tennessee City Management Association and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Bellenfant, PLLC



Management Representation Letter

January 9, 2024

Bellenfant, PLLC
Certified Public Accountants
Nashville, Tennessee

This representation letter is provided in connection with your audit of the financial statements of Tennessee City Management Association (the Association), which comprise the statements of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 9, 2024, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 27, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Association is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- 12) We have provided you with:
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Association from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the Association and involves:
- a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Association's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 17) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you the names of all of the Association's related parties and all the related-party relationships and transactions, including any side agreements.
- 19) The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 21) Tennessee City Management Association is an exempt organization under Section 501 (c)(6) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Association's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 22) We acknowledge our responsibility for presenting the Schedule of Budget Compared to Actual in accordance with U.S. GAAP, and we believe the Schedule of Budget Compared to Actual, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the Schedule of Budget Compared to Actual have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Signature: *Pat Hardy*
Pat Hardy (Jan 17, 2024 13:50 EST)
Pat Hardy, Executive Director






TCMA - Management Representation Letter

Final Audit Report

2024-01-17

Created:	2024-01-17
By:	John Bellenfant (kesha@bellenfantcpa.com)
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"TCMA - Management Representation Letter" History

-  Document created by John Bellenfant (kesha@bellenfantcpa.com)
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-  Agreement completed.
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**TENNESSEE CITY MANAGEMENT
ASSOCIATION**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2023

TENNESSEE CITY MANAGEMENT ASSOCIATION

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BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tennessee City Management Association
Elizabethton, Tennessee

Opinion

We have audited the accompanying financial statements of Tennessee City Management Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tennessee City Management Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tennessee City Management Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 Tennessee City Management Association's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tennessee City Management Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

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 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, PLLC

Nashville, Tennessee

January 9, 2024

TENNESSEE CITY MANAGEMENT ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	<u>\$ 492,396</u>
Total Current Assets	<u>492,396</u>
Total Assets	<u><u>492,396</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll Taxes Payable	<u>1,220</u>
Total Current Liabilities	<u>1,220</u>

NET ASSETS

Net Assets Without Donor Restrictions	<u>491,176</u>
Total Net Assets	<u>491,176</u>
Total Liabilities and Net Assets	<u><u>\$ 492,396</u></u>

The independent auditor's report and accompanying notes are an integral part of these statements.

**TENNESSEE CITY MANAGEMENT ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenues

Association Sponsorships	\$ 77,250
Registration Fees	50,606
Membership Dues	45,827
Social Events	10,362
Donations	1,490
Interest	45
	185,580
Total Revenues	185,580

Expenses

Program Services	146,100
Management and General	15,153
	161,253
Total Expenses	161,253
Change in Net Assets	24,327
Net Assets, beginning of year	466,849
Net Assets, end of year	\$ 491,176

The independent auditor's report and accompanying notes are an integral part of these statements.

TENNESSEE CITY MANAGEMENT ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Membership Expenses			
Executive Director Compensation	\$ 54,000	\$ 6,000	\$ 60,000
Payroll Taxes	4,163	462	4,625
Executive Director Reimbursable Expenses	1,072	119	1,191
Liability Insurance	2,352	261	2,613
Legal and Professional Services	-	4,900	4,900
Accounting Service	-	2,037	2,037
Website	6,088	676	6,764
Processing Fees	3,768	419	4,187
PA Scholarship	2,500	-	2,500
ICMA Conference	2,000	-	2,000
MTAS Public Management Fellow	8,751	-	8,751
Awards	225	-	225
Printing and Postage	463	52	515
Office Supplies	265	30	295
Other	1,770	197	1,967
Conference Expense			
Meeting Room/Hotel Rental	17,094	-	17,094
Meals	26,976	-	26,976
Social Events	11,909	-	11,909
Supplies/Services	2,704	-	2,704
Total Expenses	\$ 146,100	\$ 15,153	\$ 161,253

The independent auditor's report and accompanying notes are an integral part of these statements.

TENNESSEE CITY MANAGEMENT ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 24,327
Adjustments to reconcile change in net assets to net cash provided (used) by operations	
Increase (Decrease) in Payroll Taxes Payable	<u>(551)</u>
Net Cash Provided (Used) by Operating Activities	23,776
Cash and Cash Equivalents, beginning of year	<u>468,620</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 492,396</u></u>

The independent auditor's report and accompanying notes are an integral part of these statements.

TENNESSEE CITY MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - These are net assets that are not subject to donor-imposed stipulations. The Association had \$491,176 of net assets without donor restrictions as of June 30, 2023.

Net assets with donor restrictions - These are 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. This classification also includes net assets 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. The Association had no net assets with donor restrictions as of June 30, 2023.

Cash and Cash Equivalents

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

TENNESSEE CITY MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Revenue and Revenue Recognition

The Association's revenue within the scope of ASC 606 consists of membership dues. The contract obligations related to these services are satisfied when the membership period has passed.

In general, the Association's agreements have an expected duration of one year or less and the consideration from the members is an amount that corresponds directly with the value received by the members to date.

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.

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Company's policy is to recognize these costs when actually paid.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function, Accordingly, certain costs have been categorized based on specific identification of costs incurred or allocated as determined by management.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Executive Director Compensation and related expenses	Time and Effort
Conference Expenses	Mission and Purpose

TENNESSEE CITY MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Association's financial assets as of June 30, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets, at year-end	\$ 492,396
Less: assets unavailable for general expenditures	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 492,396</u></u>

There is an adequate amount of financial assets available as of June 30, 2023. The Association effectively manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

4. INCOME TAXES

The Association has qualified for tax-exempt status under Section 501(c)(6) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

The Association files a U.S. Federal Form 990-Return of Association Exempt from Income Tax. The Association's returns for the years prior to fiscal year ended 2020 are no longer open for examination.

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.

5. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 9, 2024 which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**TENNESSEE CITY MANAGEMENT ASSOCIATION
SCHEDULE OF BUDGET COMPARED TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	Actual	Budget	Variance Favorable (Unfavorable)
Revenues			
Association Sponsorships	\$ 77,250	\$ 67,000	\$ 10,250
Registration Fees	50,606	49,000	1,606
Membership Dues	45,827	36,000	9,827
Social Events	10,362	9,000	1,362
Donations	1,490	-	1,490
Interest	45	200	(155)
	<hr/>	<hr/>	<hr/>
Total Revenues	185,580	161,200	24,380
Conference Expenses			
Meals	26,976	24,000	(2,976)
Hotel Rental	17,094	3,000	(14,094)
Speakers and Audio	-	11,000	11,000
Social Events	11,909	9,000	(2,909)
Supplies	2,704	1,400	(1,304)
	<hr/>	<hr/>	<hr/>
Total Conference Expenses	58,683	48,400	(10,283)
Membership Expenses			
Scholarship	2,500	2,500	-
Executive Director Compensation	60,000	60,000	-
Payroll Taxes	4,625	4,800	175
Executive Director Reimbursable Expenses	1,191	3,500	2,309
Accounting Service	2,037	2,200	163
Legal and Professional Fees	4,900	3,200	(1,700)
Liability Insurance	2,613	2,400	(213)
ICMA Conference	2,000	2,000	-
ICMA Conference Reception	-	3,500	3,500
Annual Luncheon	-	2,500	2,500
Website	6,764	2,500	(4,264)
Bank Fees	-	15	15
Processing Fees	4,187	3,700	(487)

**TENNESSEE CITY MANAGEMENT ASSOCIATION
SCHEDULE OF BUDGET COMPARED TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Actual</u>	<u>Budget</u>	Variance Favorable <u>(Unfavorable)</u>
Membership Expenses (Continued)			
Awards	225	500	275
Printing and Postage	515	100	(415)
Office Supplies	295	500	205
Other	1,967	500	(1,467)
MTAS Public Management Fellow	8,751	-	(8,751)
	<u>102,570</u>	<u>94,415</u>	<u>(8,155)</u>
 Total Membership Expenses			
	<u>161,253</u>	<u>142,815</u>	<u>(18,438)</u>
 Total Expenses			
	<u>\$ 24,327</u>	<u>\$ 18,385</u>	<u>\$ 5,942</u>