

**TENNESSEE CITY MANAGEMENT
ASSOCIATION**

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

JUNE 30, 2024

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, 2024 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, 2024, 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

December 3, 2024

TENNESSEE CITY MANAGEMENT ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	<u>\$ 508,401</u>
Total Current Assets	<u>508,401</u>
Total Assets	<u><u>\$ 508,401</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll Taxes Payable	<u>\$ 1,760</u>
Total Current Liabilities	<u>1,760</u>

NET ASSETS

Net Assets Without Donor Restrictions	<u>506,641</u>
Total Net Assets	<u>506,641</u>
Total Liabilities and Net Assets	<u><u>\$ 508,401</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, 2024

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenues

Association Sponsorships	\$ 97,500
Registration Fees	54,050
Membership Dues	43,002
Social Events	11,908
Donations	1,230
Interest	<u>10,445</u>
 Total Revenues	 <u>\$ 218,135</u>

Expenses

Program Services	\$ 186,854
Management and General	<u>15,816</u>
 Total Expenses	 <u>202,670</u>
 Change in Net Assets	 15,465
 Net Assets, beginning of year	 <u>491,176</u>
 Net Assets, end of year	 <u><u>\$ 506,641</u></u>

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, 2024**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Membership Expenses			
Executive Director Compensation	\$ 56,171	\$ 6,241	\$ 62,412
Payroll Taxes	4,519	502	5,021
Executive Director Travel	933	104	1,037
Liability Insurance	2,353	262	2,615
Legal and Professional Services	-	5,652	5,652
Accounting Service	-	1,791	1,791
Website	5,775	642	6,417
Processing Fees	4,276	475	4,751
PA Scholarship	5,000	-	5,000
ICMA Partnership Agreement	1,000	-	1,000
MTAS Public Management Fellow	18,356	-	18,356
Printing and Postage	12	1	13
Office Supplies	924	103	1,027
Other	385	43	428
Conference Expense			
Meeting Room/Hotel Rental	12,075	-	12,075
Meals	41,845	-	41,845
Social Events	25,870	-	25,870
Speakers and Audio	5,000	-	5,000
Supplies/Services	2,360	-	2,360
Total Expenses	<u>\$ 186,854</u>	<u>\$ 15,816</u>	<u>\$ 202,670</u>

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, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 15,465
Adjustments to reconcile change in net assets to net cash provided (used) by operations:	
Increase (Decrease) in Payroll Taxes Payable	<u>540</u>
Net Cash Provided (Used) by Operating Activities	16,005
Cash and Cash Equivalents, beginning of year	<u>492,396</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 508,401</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, 2024

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 \$506,641 of net assets without donor restrictions as of June 30, 2024.

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, 2024.

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, 2024

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.

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.

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.

Functional Allocation of 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
Liability Insurance	Policy Coverage
Conference Expenses	Mission and Purpose

TENNESSEE CITY MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

2. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Association's financial assets as of June 30, 2024, 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	\$ 508,401
Less: assets unavailable for general expenditures	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 508,401</u>

There is an adequate amount of financial assets available as of June 30, 2024. The Association effectively manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

3. 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.

4. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 3, 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, 2024**

	Actual	Budget	Variance Favorable (Unfavorable)
Revenues			
Association Sponsorships	\$ 97,500	\$ 68,000	\$ 29,500
Registration Fees	54,050	49,000	5,050
Membership Dues	43,002	40,000	3,002
Social Events	11,908	8,000	3,908
Donations	1,230	500	730
Interest	10,445	200	10,245
Total Revenues	218,135	165,700	52,435
Membership Expenses			
Executive Director Compensation	62,412	60,000	(2,412)
Payroll Taxes	5,021	4,800	(221)
Executive Director Travel	1,037	2,500	1,463
Liability Insurance	2,615	2,400	(215)
Legal and Professional Fees	5,652	5,000	(652)
Accounting Service	1,791	2,200	409
Website	6,417	6,000	(417)
Processing Fees	4,751	3,700	(1,051)
PA Scholarship	5,000	5,000	-
ICMA Partnership Agreement	1,000	1,000	-
ICMA Conference Reception	-	4,000	4,000
ICMA Fund for Professional Management	-	1,000	1,000
MTAS Public Management Fellow	18,356	12,000	(6,356)
Printing and Postage	13	100	87
Office Supplies	1,027	500	(527)
Other	428	500	72
Awards	-	250	250
Bank Charges & Fees	-	15	15
Total Membership Expenses	115,520	110,965	(4,555)

**TENNESSEE CITY MANAGEMENT ASSOCIATION
SCHEDULE OF BUDGET COMPARED TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
Conference Expenses			
Meeting Room/Hotel Rental	12,075	7,000	(5,075)
Meals	41,845	39,000	(2,845)
Social Events	25,870	9,000	(16,870)
Speakers and Audio	5,000	7,000	2,000
Supplies/Services	<u>2,360</u>	<u>2,000</u>	<u>(360)</u>
Total Conference Expenses	<u>87,150</u>	<u>64,000</u>	<u>(23,150)</u>
 Total Expenses	 <u>202,670</u>	 <u>174,965</u>	 <u>(27,705)</u>
 Change in Net Assets	 <u>\$ 15,465</u>	 <u>\$ (9,265)</u>	 <u>\$ 24,730</u>