

MEMPHIS AREA ASSOCIATION OF GOVERNMENTS

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

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INTRODUCTORY SECTION

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
ROSTER OF MANAGEMENT OFFICIALS
AND BOARD MEMBERS
(Unaudited)**

MANAGEMENT OFFICIALS

Ralph Moore, Executive Director

BOARD MEMBERS

Hugh Davis, Jr., Commissioner of Piperton, Fayette County, Tennessee, Chairman
Minnie Bommer, Alderwoman of Covington, Tipton County, Tennessee
Alonzo Beard, Alderman of Ripley, Lauderdale County, Tennessee, Secretary-Treasurer
Maurice Gaines, Jr., Mayor of Lauderdale County, Tennessee
Roy Hill, Chief of Police of Jericho, Crittenden County, Arkansas
Terry Jones, Mayor of Millington, Shelby County, Tennessee
Jon Pavletic, Mayor of Ripley, Lauderdale County, Tennessee
Henry Coats, Mayor of Piperton, Fayette County, Tennessee
Barbara Cooper, Representative of District 86, State of Tennessee
Frank Fogelman, Mayor of Marion, Crittenden County, Arkansas
Justin Hanson, Mayor of Covington, Tipton County, Tennessee
Lee Harris, Mayor of Shelby County, Tennessee
Keith McDonald, Mayor of Bartlett, Shelby County, Tennessee
Rhea "Skip" Taylor, Mayor of Fayette County, Tennessee
Jim Strickland, Mayor of Memphis, Shelby County, Tennessee
Eugene Pugh, Mayor of Halls, Lauderdale County, Tennessee

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Memphis Area Association of Governments
Memphis, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Memphis Area Association of Governments ("MAAG") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise MAAG's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of MAAG as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MAAG's basic financial statements. The introductory section, the schedule of expenditures of federal and state awards, schedule of revenues, expenditures and changes in fund balance - general fund, and management's corrective action plan are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory section and management's corrective action plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2020, on our consideration of MAAG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MAAG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MAAG's internal control over financial reporting and compliance.

Whitehorn Tankersley & Davis, PLLC

November 2, 2020
Memphis, Tennessee

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of the Memphis Area Association of Governments, (MAAG), we offer readers of MAAG's financial statement this narrative overview and analysis of the financial activities of MAAG for the fiscal year ended June 30, 2020. A prior year comparative analysis of government-wide data has been provided.

FINANCIAL HIGHLIGHTS

- The assets of MAAG exceeded its liabilities at the close of the fiscal year by \$359,227 (net position). Of this amount \$358,047 (unrestricted net position) may be used to meet MAAG's ongoing obligations to citizens and creditors, and the remainder of \$1,180 (Invested in capital assets).
- As of the close of the fiscal year, MAAG's governmental funds reported an ending fund balance of \$363,240. This was a decrease of (\$85,467) or 19.05%, from the prior year's fund balances. Of the ending fund balance, (362,341/363,240 = 99.75%) was unassigned and available for current use by MAAG.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to MAAG'S basic financial statements. MAAG's basic financial statements are comprised of the following components:

1. Government-wide financial statements
2. Fund financial statements and
3. Notes to the financial statements.
4. This report also contains required supplementary information and supplementary and other information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of MAAG's finances, in a manner similar to private-sector business.

- The Statement of Net Position presents information on all of MAAG's assets, liabilities, and deferred outflows and inflows of resources, with the difference reported as the net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of MAAG is improving or deteriorating.
- The Statement of Activities presents information showing how MAAG's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. compensated absences, etc.).

Substantially all revenues for MAAG are derived from programs funded by federal and state grants or by local governmental contracts.

Fund Financial Statements

A fund is grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. MAAG, like other state and local governments,

uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of MAAG are governmental funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus is on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the government’s near-term financing requirements. Because the focus of governmental fund is narrower than that of government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for government-wide financial statements. By doing so, readers may better understand the long-term impact of MAAG’s near-term financial decisions. Both the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations can be found on pages 6 to 9 of this report.

MAAG maintained one governmental fund in 2020. Information is presented in the Balance Sheet – Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for the general fund. The governmental fund is for the general purpose of operating activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-18 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary and other information. The introductory section includes the directory and the supplementary and other information section includes supplementary schedules of selected financial and other information.

Statement of Net Position – As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of MAAG, assets exceeded liabilities by \$359,227 at the close of the most recent fiscal year. The largest portion of MAAG’s net position reflects its cash balance.

	Governmental Activities	
	2020	2019
Current and Other Assets	\$ 427,434	\$ 493,963
Deferred Outflow of Resources	-	\$ 4
Capital Assets	1,180	1,796
Total Assets	428,614	495,763
Current Liabilities	63,955	1,512
Deferred Inflow of Resources	5,432	9,616
Other Liabilities	-	31,651
Total Liabilities	69,387	42,779
Net Position:		
Investment in Capital Assets	1,180	1,796
Restricted	-	-
Unrestricted	358,047	451,188
Total Net Position	\$ 359,227	\$ 452,984

At the end of current fiscal year, MAAG is able to report positive balances on all categories of net position. This same situation held true for the prior fiscal year.

During the current fiscal year, MAAG's net position decreased by \$93,757. The decrease was primarily due to the increase in salaries during the year.

Statement of Activities – Expenses in the government-wide activities exceeded revenues by \$93,757. Key elements of changes in net position are as follows:

	Governmental	
	Activities	
	2020	2019
Revenues:		
Charges for Services	\$ 125,376	\$ 224,419
Operating Grants & Contributions	764,193	650,755
Other Revenues	19,728	13,221
Total Revenues	909,297	888,395
Expenses:		
Administration	1,003,054	831,312
Total Expenses	1,003,054	831,312
Change in net position	(93,757)	57,083
Net position - beginning	452,984	395,901
Net position - ending	\$ 359,227	\$ 452,984

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds -- The focus of MAAG's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing MAAG's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund account is MAAG's operating fund. General fund balance was \$363,240 at end of the current fiscal year. Of that amount \$362,341 is unassigned and available to meet the day-to-day needs of MAAG. The remaining balance is composed of non-spendable funds of \$899, which are prepaid items.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets -- At end of the current fiscal year, MAAG had invested \$1,180, net of accumulated depreciation in equipment and furniture and fixtures.

Long-Term Debt -- MAAG had no major debt during fiscal year 2020.

ECONOMIC AND FUTURE FACTORS

Economic Factors -- The unemployment rate for Memphis Metropolitan Statistical Area is 16.00% in comparison with last year of 3.4%. The state's unemployment rate is 6.40% comparing with last year 3.2%. The national average unemployment rate is 7.9% in comparison with last year rate of 3.6%. All of the rates are from labor statistics as of October 2020. The increase in the unemployment rate is the result of the pandemic caused by COVID-19.

Future Factors – There are no significant factors or plans that could impact future operation of the MAAG.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Memphis Area Association of Governments' finance for citizens, taxpayers, customers, investors, creditors and all others with an interest in MAAG's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Executive Director, Memphis Area Association of Governments, 8289 Cordova Road, Suite 103, Cordova, TN 38016.

FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2020**

	<u>Governmental Activities</u>
<i>ASSETS</i>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 59,105
Certificates of deposit	256,224
Receivables	
Federal and state grants	100,886
Other	4,370
Deposits	5,950
Prepaid items	<u>899</u>
TOTAL CURRENT ASSETS	<u>427,434</u>
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation of \$40,883	<u>1,180</u>
TOTAL ASSETS	<u>\$ 428,614</u>
<i>LIABILITIES</i>	
CURRENT LIABILITIES	
Accounts payable	\$ 34,344
Accrued expenses	11,799
Accrued compensated absences	<u>17,812</u>
TOTAL CURRENT LIABILITIES	<u>63,955</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - prepaid membership dues	<u>5,432</u>
<i>NET POSITION</i>	
Invested in capital assets	1,180
Unrestricted	<u>358,047</u>
TOTAL NET POSITION	<u>359,227</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 428,614</u>

See notes to financial statements

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Revenues		Net Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>Functions/Programs</u>			
Governmental activities:			
General government	<u>\$ 1,003,054</u>	<u>\$ 125,376</u>	<u>\$ 764,193</u>
			<u>\$ (113,485)</u>
	General Revenues		
		Interest income - general	21,058
		Other	<u>(1,330)</u>
		Total General Revenues	<u>19,728</u>
		Change in Net Assets	(93,757)
		Net position - beginning	<u>452,984</u>
		Net position - ending	<u>\$ 359,227</u>

See notes to financial statements

FUND FINANCIAL STATEMENTS

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2020**

	<u>Governmental Fund - General Fund</u>
<i>ASSETS</i>	
Cash and cash equivalents	\$ 59,105
Certificates of deposit	256,224
Receivables	
Federal and state grants	100,886
Other	4,370
Deposits	5,950
Prepaid items	<u>899</u>
Total assets	<u>\$ 427,434</u>
 <i>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</i>	
Liabilities	
Accounts payable	\$ 34,344
Accrued expenses	<u>11,799</u>
Total liabilities	<u>46,143</u>
 Deferred inflows of resources	
Unavailable revenues - grant	12,619
Unavailable revenues - prepaid membership dues	<u>5,432</u>
Total deferred inflows of resources	<u>18,051</u>
 Fund balances	
Nonspendable balance	899
Unassigned fund balance	<u>362,341</u>
Total fund balances	<u>363,240</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 427,434</u>

See notes to financial statements

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET OF
THE GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total fund balance, governmental fund	\$ 363,240
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets in governmental activities are not financial resources and therefore not reported in the funds	1,180
Receivables are not available to pay for current expenditures and, therefore are unavailable in the funds	12,619
Certain liabilities, including accrued leave, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(17,812)</u>
Net position of governmental activities	<u>\$ 359,227</u>

See notes to financial statements

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Governmental Fund - General Fund</u>
Revenues	
Intergovernmental	
Federal	\$ 185,490
State	581,002
Contracts	65,016
Charges for services	
Project administration	35,520
Dues	24,078
Other	
Interest	21,058
Miscellaneous	<u>(1,330)</u>
Total revenues	<u>910,834</u>
Expenditures	
General government	<u>996,301</u>
Total expenditures	<u>996,301</u>
Net change in fund balance	(85,467)
Fund balance, July 1, 2019	<u>448,707</u>
Fund balance, June 30, 2020	<u>\$ 363,240</u>

See notes to financial statements

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net change in fund balance, governmental fund	\$ (85,467)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.	
Depreciation expense	(616)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government funds	
	(1,537)
OPEB income does not consume current financial resources and, therefore is not reported in the governmental fund. It is reported as a reduction of expenses in the statement of activities.	
	3,091
Some expenses reported in the statement of activities, such as accrued leave, do not require the use of current financial resources and, therefore, are not reported as expenditures in the government funds	
	<u>(9,228)</u>
Change in net position of governmental activities - statement of activities	<u>\$ (93,757)</u>

See notes to financial statements

MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY - The Memphis Area Association of Governments (“MAAG”) operates under an Executive Director-Board of Directors form of organization. As of June 30, 2020, the Board of Directors was composed of nineteen members. As required by generally accepted accounting principles, these financial statements present all funds, which comprise MAAG. There are no other component units, entities for which MAAG is considered financial accountable, which should be included.

MAAG was established in 1968 through state and federal legislation and serves a regional clearinghouse for federal programs in support of economic, housing and community development initiatives to county governments in Fayette, Lauderdale, Shelby and Tipton in Tennessee; Desoto in Mississippi; and Crittenden in Arkansas.

BASIS OF PRESENTATION - GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all of the activities of MAAG.

The statement of activities demonstrates the degree to which the direct expenses of the given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

MAAG’s governmental general fund is the only individual fund and is always presented as a major fund.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - The financial statements of MAAG have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of MAAG are described below.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing or related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

*MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT
PRESENTATION - Continued*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Grants and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. A deferred amount is recognized for the portion of those revenues that are not available within sixty days of the close of the fiscal year.

When both restricted and unrestricted resources are available for use, it is MAAG's policy to use the restricted resources first, then unrestricted resources as they are needed.

MAAG has the following major governmental fund:

The general fund is the government's primary operating fund and accounts for all financial resources of the general government.

ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE -

Deposits and Investments - MAAG's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition. State statutes allow MAAG to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations guaranteed by the U.S. Government or its agencies, repurchase agreements and the state's investment pool. MAAG's formal investment policy is to maintain any excess funds in interest bearing money market accounts at the same bank location as its checking account. Certificates of deposit may also be used to invest excess cash.

Investments for MAAG are reported at fair value.

Receivables and Payables - Grant and other intergovernmental receivables are recorded when the funds are earned.

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE - Continued

Capital Assets - Capital assets, including equipment and furniture and fixtures are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of five years.

All land, construction in progress, and works of art will be included. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of MAAG are depreciated using the straight line method over five to seven years for each asset class.

Compensated Absences - MAAG records as expenditures the vacation accrued during the year that would normally be liquidated with expendable available financial resources. The employees accumulate vacation days and in the event of termination, employees are reimbursed for accumulated vacation. All employees accrue sick leave up to a maximum accumulation of 35 days. However, no employees retain any vested interest in their unused sick leave upon termination of employment. As of June 30, 2020, MAAG has accrued \$17,812 for compensated absences.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. MAAG currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The item that qualifies for reporting as deferred inflows of resources in the fund statements is unavailable revenue.

Net Position Flow Assumption - Sometimes MAAG will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE - Continued

Net Position Flow Assumption - continued - considered to be applied. It is MAAG's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Equity - In accordance with GASB No. 54, fund balance are classified as follows:

Nonspendable: Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts that can be spent only for specific purpose because of the charter, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed: Amounts that can be used only for specific purposes determined by formal action by the Board of Directors resolution. To be reported as committed, amounts cannot be used for any other purpose unless MAAG takes the same highest level of actions to remove or change the constraint.

Assigned: Amounts MAAG intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned: Amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, MAAG considers restricted funds to have been spent first. When an expenditures is incurred for which committed, assigned, or unassigned fund balances are available, MAAG considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors of the finance committee has provided otherwise in its commitment or assignment actions.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION - The government fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this \$1,180 difference are as follows:

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2020**

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - CONTINUED

Capital assets	\$ 42,063
Accumulated depreciation	<u>(40,883)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 1,180</u>

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - The reconciliation of the statement of revenues, expenditures, and changes in net position of governmental funds to the statement of activities includes a reconciliation between changes in net position - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$(1,537) difference are as follows:

Current year unavailable revenues	\$ 12,619
Prior year unavailable revenues	<u>(14,156)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,537)</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities, such as OPEB expense, reduction in expense due to deferred outflows and accrued leave, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.” The details of this \$(9,228) difference are as follows:

Prior year compensated absences	\$ 8,584
Current year compensated absences	<u>(17,812)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (9,228)</u>

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2020**

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - MAAG does not have an annual appropriated budget. Grant documents serve as the financial plans for budgetary purposes.

NOTE 4 - DEPOSITS AND INVESTMENTS

MAAG's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, the Tennessee Bank Collateral Pool, by collateral held by MAAG's agent in MAAG's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize MAAG to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations, and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2020, all bank deposits were fully collateralized or insured.

GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, required investments with a remaining maturity of one year or more to be reported at fair value. The investments of MAAG consist of certificates of deposit of which the fair value is considered to be the cost.

NOTE 5 - RECEIVABLES

Receivables as of the year end for the government's general fund, including any applicable allowances for uncollectible accounts are as follows:

Receivables:	
Intergovernmental - grant	\$ 100,886
Other - nongrant	<u>4,370</u>
Gross receivables	105,256
Less: Allowance for uncollectibles	<u> -</u>
Net total receivables	<u>\$ 105,256</u>

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2020**

NOTE 5 - RECEIVABLES - CONTINUED

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, various components of unavailable revenue were reported as follows:

	<u>Modified Accrual Unavailable/Unearned</u>
Grant revenue	\$ 12,619
Nongrant revenue	<u>5,432</u>
	<u>\$ 18,051</u>

NOTE 6 - CAPITAL ASSETS

A summary of changes in Governmental Activities' capital assets during the year ended June 30, 2020 is as follows:

	<u>BALANCE JULY 1, 2019</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE JUNE 30, 2020</u>
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$ 17,921	\$ -	\$ -	\$ 17,921
Furniture and fixtures	<u>24,142</u>	<u>-</u>	<u>-</u>	<u>24,142</u>
	42,063	-	-	42,063
Less accumulated depreciation for:				
Equipment	<u>(40,267)</u>	<u>(616)</u>	<u>-</u>	<u>(40,883)</u>
Governmental activities capital assets, net	<u>\$ 1,796</u>	<u>\$ (616)</u>	<u>\$ -</u>	<u>\$ 1,180</u>

Depreciation expense of \$616 was charged to general government expenses.

NOTE 7 - OPERATING LEASES

MAAG rents office space through a noncancellable lease that expires on May 31, 2021. In addition, MAAG has a lease agreement for the use of a copy machine through August 2022.

Future minimum lease payments under these non-cancellable operating leases are as follows:

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2020**

NOTE 7 - OPERATING LEASES - CONTINUED

YEAR ENDING JUNE 30	AMOUNT
2021	\$ 41,984
2022	397
	\$ 42,381

Rent expense for the year ended June 30, 2020 totaled \$44,572.

NOTE 8 - RISK MANAGEMENT

MAAG is exposed to various risks of loss related to torts; theft, damage and destruction of assets; error and omissions; injuries to employees; and natural disasters and carries commercial insurance for these risks. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years. There was no significant reduction in the amount of coverage provided during the year ended June 30, 2020.

NOTE 9 - GRANTS AND OTHER AGREEMENTS

MAAG receives significant revenues from federal, state and local government grants which require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of funds to grantors. MAAG's ability to continue its programs is directly dependent upon the grantors' continued revenue funding. During the year ended June 30, 2020, MAAG received approximately 84% of its revenues from these sources.

NOTE 10 - RETIREMENT PLAN

MAAG employees are eligible to participate in its optional tax-deferred, defined contribution MAAG SIMPLE IRA retirement savings plan operated by MAAG and administered through Metlife. MAAG matches employee contributions to the plan up to three percent. The maximum amount the employee is allowed to contribute is set by the Internal Revenue Service each year. The SIMPLE IRA expense equal to the employer's share of the amount of the contributions or credits to the employees' accounts that are defined by the benefit terms as attributable to employees' service in the year ended June 30, 2020 totaled \$2,961. Employees are fully vested in all contributions once such have been made and such are not subject to forfeiture. The change in the SIMPLE IRA liability equal to the difference between amounts recognized as SIMPLE IRA expense and amounts paid by

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2020**

NOTE 10 - RETIREMENT PLAN - CONTINUED

the employer to the plan decreased during the year by \$2. There was no employee liability due to the plan as of June 30, 2020. There are no governmental nonemployer contributing entities to the SIMPLE IRA.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Employees of MAAG, who were hired prior to July 1, 2015, were previously provided with pre-65 retiree health insurance benefits through the closed Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan was considered to be multiple-employer defined benefit plan that was used to provide postemployment benefits other than pension (OPEB). However, for accounting purposes, this plan was treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who chose coverage, could participate in the LGOP. This plan was closed to the employees of all participating employers that were hired on or after July 1, 2015.

Effective July 1, 2019, MAAG opted out of OPEB coverage under the Local Government Insurance Plan for its retired employees. Accordingly, effective this fiscal year, all associated OPEB related liabilities, deferred outflows and deferred inflows have been adjusted in the current year to reflect the opt out election. The election is permanent and cannot be reversed.

OTHER SUPPLEMENTARY INFORMATION

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

Revenues

Intergovernmental	
Federal	\$ 185,490
State	581,002
Contracts	65,016
Charges for services	
Project administration	35,520
Dues	24,078
Other	
Interest	21,058
Miscellaneous	<u>(1,330)</u>
Total revenues	<u>910,834</u>

Expenditures

General government	
Salaries	394,808
Employee benefits	66,079
Travel	27,896
Meals	1,355
Education and training	3,275
Supplies	12,840
Postage	698
Donations	500
Maintenance	6,318
Program grants and contracts	293,860
Telephone and internet	5,098
Professional services	77,539
Occupancy expense - rent	43,200
Other rent expense	1,372
Insurance	3,325
Dues and subscriptions	9,418
Advertising	23,259
Utilities	4,340
Meetings and special events	347
Other fees	7,869
Website maintenance	11,184
Miscellaneous	<u>1,721</u>
Total expenditures	<u>996,301</u>

Net change in fund balance (85,467)

Fund balance, July 1, 2019 448,707

Fund balance, June 30, 2020 \$ 363,240

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

CFDA NUMBER	PROGRAM NAME	GRANT NUMBER	GRANTOR AGENCY	RECEIVABLE BALANCE JUNE 30, 2019	RECEIPTS	EXPENDITURES	RECEIVABLE BALANCE JUNE 30, 2020
FEDERAL AWARDS							
<i>Federal Financial Assistance - Cash</i>							
11.302	EDD Partnership Planning Supplemental Funding	ED18ATL3020001	U.S. Department of Commerce	\$ 17,500	\$ (70,000)	\$ 70,000	\$ 17,500
	Total U.S. Department of Commerce			<u>17,500</u>	<u>(70,000)</u>	<u>70,000</u>	<u>17,500</u>
10.433	USDA Housing Preservation Grant	USDA RD HPG	U.S. Department of Agriculture - Rural Development	-	(17,842)	17,842	-
	Total U.S. Department of Agriculture - Rural Development			<u>-</u>	<u>(17,842)</u>	<u>17,842</u>	<u>-</u>
15.904	Pass through the State of Tennessee Dept. of Environment & Conservation, Tennessee Historical Commission Historic Preservation Fund Grants-in-Aid	ED #60405	U.S. Department of the Interior	989	(6,759)	5,770	-
15.904	Pass through the State of Tennessee Dept. of Environment & Conservation, Tennessee Historical Commission Historic Preservation Fund Grants-in-Aid	ED #63666	U.S. Department of the Interior	-	(13,190)	18,208	5,018
	Total U.S. Department of the Interior			<u>989</u>	<u>(19,949)</u>	<u>23,978</u>	<u>5,018</u>
20.205	Pass through the State of Tennessee Dept. of Transportation Highway Planning and Construction (Rural Transportation Planning Organization)		Tennessee Department of Transportation	30,218	(30,218)	-	-
	Pass through the State of Tennessee Dept. of Transportation Highway Planning and Construction (Rural Transportation Planning Organization)		Tennessee Department of Transportation	-	(51,424)	72,681	21,257
	Total U.S. Department of Transportation			<u>30,218</u>	<u>(81,642)</u>	<u>72,681</u>	<u>21,257</u>
	TOTAL FEDERAL FINANCIAL ASSISTANCE - CASH			<u>48,707</u>	<u>(189,433)</u>	<u>184,501</u>	<u>43,775</u>

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020**

<u>CFDA NUMBER</u>	<u>PROGRAM NAME</u>	<u>GRANT NUMBER</u>	<u>GRANTOR AGENCY</u>	<u>RECEIVABLE BALANCE JUNE 30, 2019</u>	<u>RECEIPTS</u>	<u>EXPENDITURES</u>	<u>RECEIVABLE BALANCE JUNE 30, 2020</u>
STATE AWARDS							
	Development District Grant		Tennessee Department of Economic and Community Development	\$ -	\$ (210,667)	\$ 210,667	\$ -
	Technical Assistance		Tennessee Department of Environment and Conservation ..	-	(7,872)	31,624	23,752
	Technical Assistance		Tennessee Department of Environment and Conservation ..	22,115	(22,115)	-	-
	Appropriation Grant		Arkansas Transportation Planning Grant	-	(28,742)	28,742	-
	Development Cooperative Matching Grant Program	32601-17008	Tennessee Department of Tourism Development	-	(5,000)	5,000	-
	Economic Development - Tourism		Tennessee Department of Tourism Development	-	(35,000)	35,000	-
20.205	Rural Planning Organization	40100-26117	Tennessee Department of Transportation	3,777	(3,777)	-	-
	Rural Planning Organization	40100-01020	Tennessee Department of Transportation	-	(5,540)	7,830	2,290
	Technical Assistance	31620-00489	Tennessee Housing Development Agency	9,930	(9,930)	-	-
	Technical Assistance	31620-00526	Tennessee Housing Development Agency	-	-	8,619	8,619
	Emergency Repair Program	ERP-17-04	Tennessee Housing Development Agency	<u>9,500</u>	<u>(239,260)</u>	<u>252,210</u>	<u>22,450</u>
	TOTAL STATE AWARDS			<u>45,322</u>	<u>(567,903)</u>	<u>579,692</u>	<u>57,111</u>
TOTAL FEDERAL AND STATE AWARDS				<u>\$ 94,029</u>	<u>\$ (757,336)</u>	<u>\$ 764,193</u>	<u>\$ 100,886</u>

NOTE 1 - BASIS OF PRESENTATION

The above schedule of expenditures of federal and state awards includes all grant activity of Memphis Area Association of Governments and is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. MAAG considers revenues to be available if received within sixty days of its fiscal year end.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Memphis Area Association of Governments
Memphis, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Memphis Area Association of Governments ("MAAG") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise MAAG's basic financial statements, and have issued our report thereon dated November 2, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MAAG's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MAAG's internal control. Accordingly, we do not express an opinion on the effectiveness of MAAG's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies

may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Item 2020-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MAAG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

MAAG's Response to Finding

MAAG's response to the finding identified in our audit is described in the accompanying schedule of findings. MAAG's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whitehorn Tankerly & Davis, PLLC

November 2, 2020
Memphis, Tennessee

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FINDINGS
JUNE 30, 2020**

FINANCIAL STATEMENT FINDING

2020-001: Fund Balance not Properly Maintained

Condition: Inappropriate entries recorded to fund balance.

Criteria: Proper maintenance of the general ledger equity accounts should only include activity to conduct a year-end close or a prior period adjustment.

Effect: Material entries were required to adjust the fund balance so that it would agree to the prior year audited financial statements.

Recommendation: We recommend that entries not be posted to the fund balance. If adjustments are required to the fund balance, a reconciliation should be prepared to reconcile all activity for the year including reconciliation to the balance as of the beginning of the year which should agree to the prior year's audited financial statements.

Response: We concur with this finding.

**MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENT FINDINGS

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status/Current Year Finding Number</u>
2019-001	Internal Control - Fund Balance Not Properly Maintained (original finding # 2019-001)	Partially Corrected 2020-001



10/05/2020

MAAG Officers & Board Members**Officers**

Commissioner Hugh Davis, Jr., Ripley, TN
Chairman

Alderman Alonzo Beard, Ripley, TN
Secretary-Treasurer

Executive Committee & Minority Representatives

Commissioner Hugh Davis, Jr.
Chairman, Piperton, TN

Alderman Alonzo Beard
Secretary/Treasurer, Ripley, TN

Mayor Maurice Gaines, Jr., Lauderdale
County

Chief of Police Roy Hill, Jericho, AR

Mayor Terry Jones, Millington, TN

Mayor Jon Pavletic, Ripley, TN

Board Members

Mayor Henry Coats, Piperton, TN

Rep. Barbara Cooper, District 86, State of TN

Mayor Frank Fogelman, Marion, AR

Mayor Justin Hanson, Covington, TN

Mayor Lee Harris, Shelby County

Mayor Keith McDonald, Bartlett, TN

Mayor Eugene Pugh, Halls, TN

Mayor Jim Strickland, Memphis, TN

Mayor Rhea "Skip" Taylor, Fayette County

Executive Director
Ralph Moore

MAAG
8289 Cordova Road, Suite 103
Cordova, Tennessee 38016

(901) 729-2871 Office
(901) 729-4107 Fax

MEMPHIS AREA ASSOCIATION OF GOVERNMENTS
MANAGEMENT CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020

Item 2020-01: Inappropriate Entries Recorded to the Fund Balance

Response and Correction Action Plan prepared by: Ralph Moore, Executive Director.

Person Responsible for Implementing Correction Action Plan: Ralph Moore, Executive Director.

Anticipated Completion date of Corrective Action Plan 10/05/2020.

Repeat Finding: NO

Planned Corrective Action: We agree and are implementing procedures to: Prevent future occurrence of recording inappropriate entries to the Fund Balance. We will review, search and implement latest accounting standards and if uncertain, we will make inquiries before finalizing entries in the general ledger.

Prepared by: **Ralph Moore** Digitally signed by Ralph Moore
Date: 2020.10.09 11:44:54 -05'00'
Ralph Moore, Executive Director