# HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**(A Component unit of Humphreys County, Tennessee)**

## FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2009

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**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**
**AUDITED FINANCIAL STATEMENTS**
**JUNE 30, 2009**

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# INTRODUCTORY SECTION

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**ROSTER OF OFFICIALS**

**JUNE 30, 2009**

| **Officials** | **Position** |
|---|---|
| Jess S. Bowen, III | Chairman |
| Carolyn Ingram | Vice-Chairman |
| W.B. Frazier | Secretary-Treasurer |
| Sheriff Chris Davis | Board Member |
| Reed Dreaden | Board Member |
| Patricia McNeil | Board Member |
| Charles Cullum | Board Member |
| Ronnie Moran | Board Member |
| John Lee Williams | Board Member |
| Bobby Brown | Director |

## Management's Discussion and Analysis

This section of the Humphreys County Emergency Communications District's (District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2009. This section should be read in conjunction with the financial statements and accompanying notes, which follow this section.

The District is a proprietary component unit of the government of Humphreys County, Tennessee. The District was created in May 1988. The District provides the public a means of securing emergency services by telephone. In November 2001, the emergency service dispatch functions were consolidated under the central control of the District for the governments of Humphreys County, City of Waverly, City of New Johnsonville, and City of McEwen.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The financial report includes three financial statements: the Balance Sheet; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. The financial statements are prepared on the accrual basis of accounting. The Balance Sheet includes all the assets and liabilities of the District at the end of the fiscal year. The difference in the assets and liabilities is the net assets or equity of the District. The Statement of Revenues, Expenses and Changes in Net Assets reports all of the revenues and expenses of the District for the fiscal year. The Statement of Cash Flows reports the cash provided and used by operating activities as well as other cash sources and cash payments, such as investment income and capital outlays, for the fiscal year. The Notes to the Financial Statements include an explanation of the major accounting policies of the District and also in certain instances provide further or explanatory information about information contained in the three financial statements.

### Financial Highlights

Statement of Net Assets

| | 2009 | 2008 |
|---|---|---|
| Current Assets | $503,358 | $579,797 |
| Capital Assets and Deferred Charges | 465,158 | 184,854 |
| TOTAL ASSETS | $968,516 | $764,651 |
| Current Liabilities (Equals Total Liabilities) | $ 5,645 | $ 5,619 |
| Net Assets Invested in Capital Assets | 463,400 | 182,996 |
| Unrestricted Net Assets | 499,471 | 576,036 |
| Total Net Assets | 962,871 | 759,032 |
| TOTAL LIABILITIES AND NET ASSETS | $968,516 | $764,651 |

Changes in Net Assets

| | 2009 | 2008 |
|---|---|---|
| Operating Revenues | $325,062 | $325,264 |
| Operating Expenses | 552,893 | 530,284 |
| Net Operating Income | (227,831) | (205,020) |
| Other Income | 431,670 | 250,618 |
| Other Expenses | 0 | 0 |
| Changes in Net Assets | $203,839 | $ 45,598 |

**Operating Revenues**

There was a minimal decrease in operating revenues for the year when compared to the prior year.

**Other Income**

Most of the incomes ($235,519 – 2009 and $228,659 – 2008) categorized under the other income category are amounts received from the primary government and other local governments that participate in an inter-local cooperation agreement (cost sharing) in order to provide for the operation of central dispatching.

The District received $4,575 in 2008 and $10,000 in 2009 in grants from the Tennessee Emergency Communications Board for cost recovery related to maintaining a Global Information System (GIS) mapping system. In addition for 2009, the District received $175,084 in reimbursements from the Tennessee Emergency Communications Board for purchases of laptop computers, intensive use chairs, CAD software and down payments on new and updated PSAP and dispatching equipment.

**Operating Expenses**

Operating expenses were up $22,609 when compared to last year. The main cause for the increase, in relation to the prior year, was increases in salaries & wages, retirement expenses, and maintenance agreements.

## Capital Expenditures

Some of the significant capital expenditures made during the fiscal year 2008 and 2009 were:

| | |
|---|---|
| For the year ended June 30, 2008: | |
| Six computers and related accessories | $ 4,572 |
| For the year ended June 30, 2009: | |
| CAD Software | $ 60,740 |
| Data Manager Software | 7,449 |
| Intensive Use Chairs | 4,770 |
| Laptop Computers | 3,720 |
| Construction in Progress – PSAP Equipment | 252,293 |

## Contacting the Agency's Financial Management

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have any questions about this report or need additional financial information, contact the District's office at P.O. Box 553; Waverly, TN 37185.

# FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Humphreys County Emergency Communications District
Waverly, Tennessee

We have audited the accompanying basic financial statements of the Humphreys County Emergency Communications District (District) (a component unit of Humphreys County, Tennessee) as of and for the year ended June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2009, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 7, 2010, on our consideration of the District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 2 through 4, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries made of management regarding the methods of measurement and presentation of supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information listed as the introductory section and supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the District. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

*Durham, Nunnery, Brooks & Poyner, P.C.*

Durham, Nunnery, Brooks & Poyner, P.C.
Certified Public Accountants
January 7, 2010

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**
**STATEMENT OF NET ASSETS**
**JUNE 30, 2009**

## ASSETS

| | |
|---|---|
| **Current Assets** | |
| Cash and Cash Equivalents | $ 45,828.46 |
| Investments | 402,869.07 |
| Accounts Receivable | 14,953.36 |
| Due from Tennessee Emergency Communications Board | 31,435.53 |
| Prepaid Expense | 8,271.38 |
| **Total Current Assets** | 503,357.80 |
| **Deferred Charges** | |
| Loan Cost Associated with Lease - Net | 1,758.33 |
| **Property and Equipment** | |
| Furniture and Fixtures | 51,103.35 |
| Office Equipment | 1,775.63 |
| Other Equipment | 14,410.34 |
| Vehicles | 24,995.00 |
| Communication Equipment | 517,413.54 |
| Construction in Progress - Equipment Not Yet in Service | 252,293.44 |
| Total | 861,991.30 |
| Less: Accumulated Depreciation | (398,591.34) |
| **Net Property and Equipment** | 463,399.96 |
| **TOTAL ASSETS** | $ 968,516.09 |

## LIABILITIES AND NET ASSETS

| | |
|---|---|
| **Current Liabilities** | |
| Accounts Payable | $ 439.49 |
| Payroll Taxes Payable | 275.49 |
| Payroll Withholding | 152.75 |
| Compensated Absences Payable | 4,777.48 |
| **Total Current Liabilities** | 5,645.21 |
| **Net Assets** | |
| Invested in Capital Assets | 463,399.96 |
| Unrestricted | 499,470.92 |
| **Total Net Assets** | 962,870.88 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 968,516.09 |

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

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**
**STATEMENT OF REVENUES, EXPENSES AND**
**CHANGES IN NET ASSETS**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | | |
|---|---|---|
| **Operating Revenues** | | |
| Emergency Telephone Service Charge | $ | 190,888.21 |
| Tennessee Emergency Communications Board-Shared Wireless Charge | | 46,571.83 |
| Tennessee Emergency Communications Board-Operational Funding | | 86,168.76 |
| Other Operating Revenues | | 1,433.00 |
| **Total Operating Revenues** | | 325,061.80 |
| **Operating Expenses** | | |
| Salaries and Wages | | |
| Director | | 41,279.60 |
| Calltakers/Dispatchers | | 247,992.30 |
| Holiday Pay | | 8,663.10 |
| Total Salaries and Wages | | 297,935.00 |
| Employee Benefits | | |
| Social Security | | 17,416.43 |
| Medicare | | 4,072.93 |
| Life Insurance | | 793.98 |
| Medical Insurance | | 32,641.28 |
| Dental Insurance | | 1,337.73 |
| Vision Insurance | | 497.00 |
| Unemployment Compensation | | 886.14 |
| Retirement Contributions | | 13,986.19 |
| Total Employee Benefits | | 71,631.68 |
| Contracted Services | | |
| Fees Paid to Service Providers | | 22,167.12 |
| Administrative Fees - Service Charge | | 2,604.22 |
| Addressing/Mapping Services | | 0.00 |
| Advertising | | 44.00 |
| Accounting and Auditing | | 4,125.00 |
| Data Processing Services | | 781.10 |
| Maintenance Agreements | | 24,950.32 |
| Maintenance and Repairs | | 1,414.85 |
| NCIB/TBI/TIES Expenses | | 6,920.00 |
| Lease/Rental - Facilities | | 38,400.00 |
| Total Contracted Services | | 101,406.61 |

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

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**
**STATEMENT OF REVENUES, EXPENSES AND**
**CHANGES IN NET ASSETS (Continued)**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | |
|---|---|
| Supplies and Materials | |
| Office Supplies | $ 2,579.84 |
| Data Processing Supplies | 739.72 |
| Postage | 344.21 |
| Small Equipment Purchases | 2,405.72 |
| Uniforms and Shirts | 2,162.61 |
| Utilities | 2,947.85 |
| Materials - Stakes & Numbering | 0.00 |
| Fuel | 1,133.17 |
| Total Supplies and Materials | 12,313.12 |
| Other Charges | |
| Bank Service Charges | 132.00 |
| Board Meetings | 438.24 |
| Dues and Memberships | 272.00 |
| Employee Testing and Exams | 284.00 |
| Insurance | 6,989.92 |
| Legal Notices | 112.50 |
| Service Awards | 932.39 |
| Training | 3,585.94 |
| Travel | 5,960.03 |
| Total Other Charges | 18,707.02 |
| Depreciation | |
| Depreciation Expense | 50,799.87 |
| Amortization Expense | 100.00 |
| **Total Operating Expenses** | 552,893.30 |
| **Operating Income (Loss)** | (227,831.50) |
| **Nonoperating Revenues (Expenses) & Capital Contributions** | |
| Interest Earned | 8,067.07 |
| Contributions from Primary Government | 100,937.00 |
| Contributions from Other Governments | 134,582.36 |
| Revenue from Contracted Services | 3,000.00 |
| Tennessee Emergency Communications Board-Grants/Reimbursements | 10,000.00 |
| Tennessee Emergency Communications Board-Capital Contributions | 175,083.97 |
| **Change in Net Assets** | 203,838.90 |
| **Net Assets, Beginning** | 759,031.98 |
| **Net Assets, Ending** | $ 962,870.88 |

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

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | |
|---|---|
| **Cash Flows from Operating Activities:** | |
| Cash Receipts from Surcharges and Other Revenues | $ 301,989.23 |
| Cash Payments to Suppliers for Goods and Services | (131,205.00) |
| Cash Payments for Payroll, Taxes and Related Benefits | (369,337.04) |
| **Net Cash Provided (Used) by Operating Activities** | (198,552.81) |
| **Cash Flows from Non-Capital Financing Activities:** | |
| Grants/Reimbursements TECB | 10,000.00 |
| Revenue from Contracted Services | 3,000.00 |
| Contributions from Primary Government | 100,937.00 |
| Contributions from Other Governments | 134,582.36 |
| **Net Cash Provided (Used) by Non-Capital Financing Activities** | 248,519.36 |
| **Cash Flows from Capital & Related Financing Activities:** | |
| Capital Contributions by TECB | 175,083.97 |
| Purchase of Equipment | (331,203.80) |
| **Net Cash Provided (Used) by Capital & Related Financing Activities** | (156,119.83) |
| **Cash Flows from Investing Activities:** | |
| Purchase of Investments | (88,039.22) |
| Proceeds From Redemption of Investments | 180,000.00 |
| Interest Collected | 8,067.07 |
| **Net Cash Provided (Used) by Investing Activities** | 100,027.85 |
| **Net Increase (Decrease) in Cash & Cash Equivalents** | (6,125.43) |
| **Cash & Cash Equivalents, Beginning** | 51,953.89 |
| **Cash & Cash Equivalents, Ending** | $ 45,828.46 |

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

| | |
|---|---|
| Operating Income | $ (227,831.50) |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) for Operating Activities: | |
| Depreciation | 50,799.87 |
| Amortization | 100.00 |
| Changes in Assets and Liabilities: | |
| Accounts Receivable | 1,057.81 |
| Due from State Emergency Communications Board | (24,130.38) |
| Prepaid Expense | 1,425.12 |
| Accounts Payable | (203.37) |
| Payroll Taxes Payable | 174.59 |
| Payroll Withholding Payable | (7.33) |
| Compensated Absences Payable | 62.38 |
| Total Adjustments | 29,278.69 |
| **Net Cash Provided (Used) by Operating Activities** | $ (198,552.81) |

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Financial Reporting Entity

The Humphreys County Emergency Communications District (District) was created under *Tennessee Code Annotated 7-86-104 et. seq., Emergency Communications Districted Law* by a referendum of voters in Humphreys County, Tennessee (County) in May 1988. The assessment of service fees began September 1, 1989.

The purpose of the District is to provide a simplified means of securing emergency services by telephone to those persons living in the County. In November 2001, emergency service dispatch functions were consolidated under a centralized communications center (the District) for the governments of Humphreys County, City of Waverly, City of New Johnsonville, and City of McEwen.

The District is considered a component unit of the County because the Board of Directors is appointed by the County Commission. The County Commission has the authority to adjust rates charged by the District, and the County Commission must approve most debts issued by the District.

### Measurement Focus/Basis of Accounting

The accounting policies of the District conform to generally accepted accounting principles applicable to government as defined in the *Statements of Governmental Accounting Standards Board* (GASB). The District also elected to apply generally accepted accounting principles as defined by *Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins* issued on or before November 30, 1989. After that date the District is required by the Office of the Comptroller of the Treasury to apply only GASB pronouncements.

The financial statements are prepared on the basis of GASB Statement Number 34, Basic Financial Statements, Management's Discussion and Analysis for State and Local Governments and related standards. This statement provides for various terminology and includes recognition of capital grants in the Statement of Revenues, Expenses and Changes in Net Assets; a presentation of net assets; as well as an inclusion of a management discussion and analysis; supplementary information; and other changes.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District is considered an enterprise fund, which uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for using an economic resources measurement focus. This means that all assets and liabilities (whether current or non-current) associated with this activity are included on the balance sheet. Their reported net assets is segregated into amounts invested in capital assets, restricted net assets, and unrestricted net assets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

### Cash and Investments

Cash and cash equivalents include amounts of cash on hand, demand deposits and time deposits with original maturities of three months or less.

State statutes (TCA, 5-8-301) determine what investments are allowable for the District. For the most part, allowable investments consist of bonds, notes or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies, repurchase agreements, the Tennessee Local Government Investment Pool and certificates of deposits.

### Due from Tennessee Emergency Communications Board (TECB)

The amount due from the Tennessee Emergency Communications Board includes the amount of wireless surcharges collected by the State prior to June 30, 2009, but not remitted to the District until after June 30, 2009. The amount also includes $14,361.46 of funding provided by the TECB classified as "operational funding".

### Due from Primary and Other Governments

In November 2001, the District entered into an inter-local cooperation agreement between the governments of Humphreys County, City of Waverly, City of New Johnsonville, and City of McEwen. The inter-local cooperation agreement essentially consolidated the dispatching of emergency services process for all the governments to a central location and in turn the governments contribute funds to the District to cover personnel costs. There were no amounts owed the District by the primary government or other local governments at June 30, 2009.

### Accounts Receivable

Accounts receivable represents amounts due from AT&T, TDS Telecom, and other service providers that operate in the area and collect the user fees assessed by the District.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Accounts Payable

Payables are accrued for goods, services and equipment that have been received by June 30, but for which payment was not made by the balance sheet date.

### Property and Equipment

Property and equipment is recorded at historical cost. Maintenance repairs and minor renewals are expensed as incurred. Depreciation has been provided over the estimated useful lives of the fixed assets by the straight-line method. The estimated useful lives are as follows:

| | |
|---|---|
| Equipment, furniture & fixtures | 5 to 10 years |

## NOTE 2 – DEPOSITS, INVESTMENTS AND CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. State statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. Further, state statutes require that the collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the District.

At June 30, 2009, the carrying value (bank balance) of deposits of the District was $51,011. Therefore, all deposits would be considered insured.

Investments consisted of an account with the Tennessee Local Government Investment Pool, with interest being earned at a variable rate. The market value of the account is equivalent to the carrying value, which at June 30, 2009, was $402,869.

## NOTE 3 - FUNDING SOURCES

Funds for operations are provided by monthly fees from service users in the County. Two major service suppliers in the County, AT&T and TDS Telecom, collect the service fees and remit the funds to the District. The telephone companies retain one to three percent of the collections as an administrative fee. The District also receives a portion of the wireless phone surcharge administered by the State of Tennessee, Department of Commerce and Insurance, Tennessee Emergency Communications Board.

## NOTE 4 - RISK MANAGEMENT

The District is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It is the policy of the District to purchase commercial insurance for these risks. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

## NOTE 5 - BUDGETARY INFORMATION

The District is required by Section 7-86-120, TCA, to adopt an annual budget. The District's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP). Therefore, capital outlay items, although authorized, are not presented in the Budgetary Comparison Schedule, which compares budgetary revenues and expenses to actual. The Budgetary Comparison Schedule is presented in the supplementary information section of this report.

## NOTE 6 - PROPERTY AND EQUIPMENT

Changes in property and equipment for the period ended June 30, 2009 were:

| Category | Balance 7/1/08 | Additions | Deletions | Balance 6/30/09 |
|---|---|---|---|---|
| Furniture and Fixtures | $ 46,333.35 | $ 4,770.00 | $ 0.00 | $ 51,103.35 |
| Office Equipment | 1,775.63 | 0.00 | 0.00 | 1,775.63 |
| Other Equipment | 14,410.34 | 0.00 | 0.00 | 14,410.34 |
| Vehicles | 24,995.00 | 0.00 | 0.00 | 24,995.00 |
| Equipment Not Yet in Service | 0.00 | 252,293.44 | 0.00 | 252,293.44 |
| Communication Equipment | 443,273.18 | 74,140.36 | 0.00 | 517,413.54 |
| Total | $530,787.50 | $331,203.80 | $ 0.00 | $ 861,991.30 |

**Summary of Accumulated Depreciation**

| Category | Balance 7/1/08 | Additions | Deletions | Balance 6/30/09 |
|---|---|---|---|---|
| Furniture and fixtures | $ 28,621.73 | $ 5,236.44 | $ 0.00 | $ 33,858.17 |
| Office equipment | 1,775.63 | 0.00 | 0.00 | 1,775.63 |
| Other equipment | 14,410.34 | 0.00 | 0.00 | 14,410.34 |
| Vehicles | 24,995.00 | 0.00 | 0.00 | 24,995.00 |
| Communication equipment | 277,988.77 | 45,563.43 | 0.00 | 323,552.20 |
| Total | $347,791.47 | $ 50,799.87 | $ 0.00 | $398,591.34 |

## NOTE 7 - COMMITMENTS

In 2001, the District entered into a 20-year lease with the City of Waverly for premises in order to operate the central dispatching functions of the District. The lease term is for 240 monthly payments of $3,200.00 each beginning July 1, 2002.

## NOTE 8 – TOWER PURCHASES BY COUNTY AND FUTURE COMMITMENT

During the year ended June 30, 2009, Humphreys County, Tennessee purchased two 300' Type WSST self supported towers for a price of $154,589 each. One of the towers is located on a County owned site while the other tower is located on a City of Waverly site. It is the intent of all parties involved that the District will maintain and manage the towers upon completion as long as the District is providing central dispatching functions.

The towers are financially being accounted by Humphreys County, Tennessee and no amounts are reflected within these financial statements.

## NOTE 9 – SUPPLEMENTAL CASH FLOW INFORMATION

There were no amounts of interest expense capitalized during the current year.

# SUPPLEMENTARY INFORMATION

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**
**SUPPLEMENTARY INFORMATION**
**BUDGETARY COMPARISON SCHEDULE**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | Original Budget | Amended Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|---|
| **Operating Revenues** | | | | |
| Emergency Telephone Service Charge | $ 205,000.00 | $ 205,000.00 | $ 190,888.21 | $ (14,111.79) |
| TECB - Shared Wireless Charge | 35,000.00 | 35,000.00 | 46,571.83 | 11,571.83 |
| TECB - Operational Funding | 86,169.00 | 86,169.00 | 86,168.76 | (0.24) |
| Other Operating Revenues | 2,000.00 | 2,000.00 | 1,433.00 | (567.00) |
| **Total Operating Revenues** | 328,169.00 | 328,169.00 | 325,061.80 | (3,107.20) |
| **Operating Expenses** | | | | |
| Director | 42,206.55 | 42,206.55 | 41,279.60 | 926.95 |
| Calltakers/Dispatchers, Holiday & Overtime | 265,855.95 | 265,855.07 | 256,655.40 | 9,199.67 |
| Social Security | 18,500.00 | 18,500.00 | 17,416.43 | 1,083.57 |
| Medicare | 4,500.00 | 4,500.00 | 4,072.93 | 427.07 |
| Life Insurance | 1,200.00 | 1,200.00 | 793.98 | 406.02 |
| Medical Insurance | 40,000.00 | 40,000.00 | 32,641.28 | 7,358.72 |
| Dental Insurance | 1,500.00 | 1,500.00 | 1,337.73 | 162.27 |
| Vision Insurance | 500.00 | 500.00 | 497.00 | 3.00 |
| Unemployment Compensation | 3,000.00 | 3,000.00 | 886.14 | 2,113.86 |
| Retirement Contributions | 13,000.00 | 13,000.00 | 13,986.19 | (986.19) |
| Fees Paid to Service Providers | 24,000.00 | 24,000.00 | 22,167.12 | 1,832.88 |
| Administrative Fees - Service Charge | 2,000.00 | 2,000.00 | 2,604.22 | (604.22) |
| Addressing/Mapping Services | 1,700.00 | 1,700.00 | 0.00 | 1,700.00 |
| Advertising | 500.00 | 500.00 | 44.00 | 456.00 |
| Accounting and Auditing | 5,000.00 | 5,000.00 | 4,125.00 | 875.00 |
| Contracts - Private Agencies | 1,800.00 | 1,800.00 | 0.00 | 1,800.00 |
| Data Processing Services | 1,000.00 | 1,000.00 | 781.10 | 218.90 |
| Legal Services | 1,000.00 | 1,000.00 | 0.00 | 1,000.00 |
| Maintenance Agreements | 25,000.00 | 25,000.00 | 24,950.32 | 49.68 |
| Maintenance and Repairs | 19,500.00 | 19,500.00 | 1,414.85 | 18,085.15 |
| NCIB/TBI/TIES Expenses | 7,000.00 | 7,000.00 | 6,920.00 | 80.00 |
| Lease/Rental - Facilities | 38,400.00 | 38,400.00 | 38,400.00 | 0.00 |
| Office Supplies | 3,000.00 | 3,000.00 | 2,579.84 | 420.16 |
| Data Processing Supplies | 1,500.00 | 1,500.00 | 739.72 | 760.28 |
| Postage | 600.00 | 600.00 | 344.21 | 255.79 |
| Small Equipment Purchases | 6,000.00 | 6,000.00 | 2,405.72 | 3,594.28 |
| Uniforms and Shirts | 3,000.00 | 3,000.00 | 2,162.61 | 837.39 |
| Utilities | 7,600.00 | 7,600.00 | 2,947.85 | 4,652.15 |
| Materials - Stakes & Numbering | 1,500.00 | 1,500.00 | 0.00 | 1,500.00 |
| Fuel | 2,000.00 | 2,000.00 | 1,133.17 | 866.83 |
| Bank Service Charges | 300.00 | 300.00 | 132.00 | 168.00 |
| Board Meetings | 500.00 | 500.00 | 438.24 | 61.76 |
| Dues and Memberships | 400.00 | 400.00 | 272.00 | 128.00 |
| Employee Testing and Exams | 400.00 | 400.00 | 284.00 | 116.00 |
| Insurance | 9,800.00 | 9,800.00 | 6,989.92 | 2,810.08 |
| Legal Notices | 200.00 | 200.00 | 112.50 | 87.50 |
| Licenses and Fees | 100.00 | 100.00 | 0.00 | 100.00 |
| Premiums on Surety Bonds | 1,000.00 | 1,000.00 | 0.00 | 1,000.00 |
| Public Education | 1,000.00 | 1,000.00 | 0.00 | 1,000.00 |
| Service Awards | 1,000.00 | 1,000.00 | 932.39 | 67.61 |
| Training | 6,000.00 | 6,000.00 | 3,585.94 | 2,414.06 |
| Travel | 9,000.00 | 9,000.00 | 5,960.03 | 3,039.97 |
| Depreciation Expense | 48,000.00 | 48,000.00 | 50,799.87 | (2,799.87) |
| Amortization Expense | 100.00 | 100.00 | 100.00 | 0.00 |
| **Total Operating Expenses** | 620,162.50 | 620,161.62 | 552,893.30 | 67,268.32 |
| **Operating Income** | (291,993.50) | (291,992.62) | (227,831.50) | 64,161.12 |
| **Nonoperating Revenues(Expenses)** | | | | |
| Interest Earned | 15,000.00 | 15,000.00 | 8,067.07 | (6,932.93) |
| Contributions from Primary Government | 100,936.13 | 100,936.13 | 100,937.00 | 0.87 |
| Contributions from Other Governments | 134,581.51 | 134,581.51 | 134,582.36 | 0.85 |
| Revenue from Contracted Services | 0.00 | 3,000.00 | 3,000.00 | 0.00 |
| TECB-Grants/Reimbursements | 10,000.00 | 177,634.82 | 185,083.97 | 7,449.15 |
| **Net Income** | $ (31,475.86) | $ 139,159.84 | $ 203,838.90 | $ 64,679.06 |

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**
**SUPPLEMENTARY INFORMATION**
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**
**FOR THE YEAR ENDED JUNE 30, 2009**

| Grantor Agency | Contract / Grant Number | Amount Due From Beginning | Cash Received | Earned / Expended | Amount Due From Ending |
|---|---|---|---|---|---|
| State of Tennessee | | | | | |
| Commerce and Insurance | | | | | |
| Tennessee Emergency Comm. Board (GIS Mapping) | Z-08-211945-00 | $0.00 | $10,000.00 | $10,000.00 | $0.00 |
| Tennessee Emergency Comm. Board (Laptops, Chairs, CAD Software, PSAP Equipment ) | Unavailable | 0.00 | 185,083.97 | 185,083.97 | 0.00 |
| Tennessee Emergency Comm. Board (Operational Funding) | Unavailable | 0.00 | 86,168.76 | 86,168.76 | 0.00 |
| | | $0.00 | $281,252.73 | $281,252.73 | $0.00 |

## NOTES TO SCHEDULE OF STATE FINANCIAL ASSISTANCE

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of state financial assistance is a summary of the activities of the District's state assistance programs and does not necessarily present transactions that would be included in the financial statements of a district presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America.

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**
**SUPPLEMENTARY INFORMATION**
**SCHEDULE OF OFFICIAL BONDS OF PRINCIPAL OFFICIALS**
**JUNE 30, 2009**

| Officials | Position | Bond |
|---|---|---|
| Jess S. Bowen, III | Chairman | $70,000 |
| Carolyn Ingram | Vice-Chairman | 70,000 |
| W.B. Frazier | Secretary-Treasurer | 70,000 |
| Bobby Brown | Director | 70,000 |
| Sherriff Chris Davis | Board Member | 0 |
| Reed Dreaden | Board Member | 0 |
| Patricia McNeil | Board Member | 0 |
| Charles Cullum | Board Member | 0 |
| Ronnie Moran | Board Member | 0 |
| John Lee Williams | Board Member | 0 |

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**
**SUPPLEMENTARY INFORMATION**
**SCHEDULE OF PSAP INFORMATION**
**JUNE 30, 2009**

1. Number of public safety answering points (PSAP): One (1)

2. The address of PSAP: Physical - 103 East Main Street; Waverly, TN 37185
   Mailing - P.O. Box 553; Waverly, TN 37185

3. Type of system/equipment and database used: Equipment: Zetron Model 3200
   (direct dispatch method-central)
   Database: Services provided by AT&T

4. Name, address, telephone number, and fax number of the director:

   Bobby Brown
   103 East Main Street
   Waverly, TN 37185
   Phone: 931-296-7792
   Fax: 931-296-3961

5. Name, address, telephone number, and fax number of the chairman:

   Jess S. Bowen, III
   103 East Main Street
   Waverly, TN 37185
   Phone: 931-296-7792
   Fax: 931-296-3961

# INTERNAL CONTROL AND COMPLIANCE SECTION

**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*

Board of Directors
Humphreys County Emergency Communications District
Waverly, Tennessee

We have audited the financial statements of Humphreys County Emergency Communications District (District) (a component unit of Humphreys County, Tennessee) as of and for the year ended June 30, 2009 and have issued our report thereon dated January 7, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.*

We noted certain matters that we reported to management of the District in a separate letter dated January 7, 2010.

This report is intended solely for the information and use of the Board of Directors, others within the organization, Humphreys County, Tennessee, City of Waverly, City of New Johnsonville, City of McEwen, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

*Durham, Nunnery, Brooks & Poyner, P.C.*

Durham, Nunnery, Brooks & Poyner, P.C.
Certified Public Accountants
January 7, 2010

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**
**JUNE 30, 2009**

## A. PRIOR YEAR FINDINGS

Government Auditing Standards require auditors to report on the status of uncorrected findings from prior audits. Presented below is the summarized data related to the prior year's audit findings:

There were no findings reported in the prior year.

## B. CURRENT YEAR FINDINGS

There were no findings reported in the current year.