

SCOTT COUNTY EMERGENCY

COMMUNICATIONS DISTRICT

Huntsville, Tennessee

Financial Statements

June 30, 2011

CONTENTS

June 30, 2011

	Page
I. INTRODUCTORY SECTION	
Roster of the Board of Directors	1
II. MANAGEMENT'S DISCUSSION AND ANALYSIS	2
III. FINANCIAL SECTION	
Independent Auditors' Report	5
Financial Statements:	
Statement of Net Assets	7
Statement of Revenues, Expenses and Change in Net Assets	8
Statement of Cash Flows	10
Notes to Financial Statements	11
IV. SUPPLEMENTAL INFORMATION	
Statement of Revenues and Expenses - Actual and Budget (Budgetary Basis) and Budget	15
V. MISCELLANEOUS SECTION	
Income and Expenses by Year - Last Ten Years	16
Schedule of Expenditures of State Grants	17
Notes to Expenditures of State Grants	17
VI. 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 <i>Government Auditing Standards</i>	18
Schedule of Findings and Responses	20

Introductory Section

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT

ROSTER OF THE BOARD OF DIRECTORS

June 30, 2011

Name	Position
Wayne Shoemaker	Part-time Director
Robert Melhorn	Chairman
Charlie May	Vice-Chairman
Larry Crowley	Secretary/Treasurer
Hertis Phillips	Member
Willie Boyatt	Member
Roger Bridges	Member
Ted Carson	Member
Larry Lay	Member
Mike Cross	Member

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of The Scott County Emergency Communications District financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2011.

FINANCIAL HIGHLIGHTS

The District's net assets increased by \$74,069, as a result of this year's operations. All of this increase is treated as business-type increases.

During the year, the District had revenues of \$ 350,424, interest income of \$ 13,134, and expenses of \$ 289,489. This compares consistently to last year in which revenues were \$ 294,989, interest income of \$ 14,629 and with expenses of \$ 226,000.

We believe that this profit of \$ 74,069 will be necessary for additional equipment and upgrades during the next few years.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets, the Statement of Revenue and Expenses and Change in Net Assets, and the Statement of Cash Flows. The Statement of Revenue and Expenses - Actual and Budget shows the budget and budget amendments and variances for the year.

REPORTING THE DISTRICT AS A WHOLE

Our analysis of the District, one of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets--the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets is one indicator of whether its financial health is improving or deteriorating.

The District receives a fee that the local telephone company adds to the phone bills of the customers within the district and passes on to the district. In addition the State of Tennessee Emergency Communications collects funds from wireless customers through the various wireless vendors and shares these funds with the local emergency communications districts in the form of commissions and grants.

THE DISTRICT AS A WHOLE

The District's net assets increased from a year ago, increasing from \$ 997,910 to \$ 1,071,979. These business-type activities show a 7.42% increase for the year.

The District's total revenues increased by 17.42 % over the prior year. This increase is primarily the result of the equipment reimbursement grant and an increase in operational funding from the State of Tennessee.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Budget was revised near year end.

Table I
SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Balance Sheets
June 30, 2010

	2010	2011	Increase (Decrease)
Assets			
Current Assets			
Cash in Bank	\$ 138,137	\$ 193,913	\$ 55,776
Investments	764,190	774,117	9,927
Accounts Receivable	8,728	8,282	(446)
Prepaid Insurance	4,637	4,693	56
Total Current Assets	<u>915,692</u>	<u>981,005</u>	<u>65,313</u>
Fixed Assets			
Equipment	431,603	464,039	32,436
Less Accumulated Depreciation	(337,185)	(359,840)	(22,655)
Net Fixed Assets	<u>94,418</u>	<u>104,199</u>	<u>9,781</u>
Total Assets	<u>1,010,110</u>	<u>1,085,204</u>	<u>75,094</u>
Liabilities			
Current Liabilities	12,200	13,225	1,025
Net Assets	<u>997,910</u>	<u>1,071,979</u>	<u>74,069</u>
Total Liabilities & Net Assets	<u>1,010,110</u>	<u>1,085,204</u>	<u>75,094</u>

Table II
Income Statement
June 30, 2010

	2010	2011	Increase (Decrease)
Revenue			
Telephone Service Charges	103,674	96,440	(7,234)
Shared Wireless Charges	53,400	55,142	1,742
Operational Funding	114,480	142,791	28,311
Other Revenue	23,435	56,051	32,616
Interest Income	14,629	13,134	(1,495)
Total Revenue	<u>309,618</u>	<u>363,558</u>	<u>53,940</u>
Expenses			
Salaries and Wages	56,155	57,141	986
Benefits	22,084	89,854	67,770
Contracted Services	81,400	89,955	8,555
Maintenance and Repairs	7,668	4,032	(3,636)
Supplies and Materials	3,199	2,180	(1,019)
Utilities	11,874	12,502	628
Other Charges	14,234	11,170	(3,064)
Depreciation	29,386	22,655	(6,731)
Total Expenses	<u>226,000</u>	<u>289,489</u>	<u>63,489</u>
Increase (Decrease) in Net Assets	<u>83,618</u>	<u>74,069</u>	<u>(9,549)</u>
Net Assets - beginning	<u>914,292</u>	<u>997,910</u>	<u>83,618</u>
Net Assets - ending	<u>\$ 997,910</u>	<u>\$ 1,071,979</u>	<u>\$ 74,069</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the District had \$ 464,039, invested in capital assets, automobiles, office equipment, and communications and mapping equipment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's appointed officials considered many factors when setting the fiscal-year 2011 budget. In the case of an emergency communications district the revenue is estimated from local telephone use, funds available from the State of Tennessee Emergency Communications Board and interest income. From this the wage scale of employees can be determined along with the level of benefits that can be purchased for their benefit. Capital expenditures are planned along with all other goods and services necessary to run the district's operation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's office at Huntsville, Tennessee or call our office at 423-663-4836.

Financial Section

Dennis E. Jeffers

Certified Public Accountant

A Member of the American Institute of Certified Public Accountants

18707 North Alberta Street
Oneida, Tennessee 37841
(423) 569-6969

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Scott County Emergency Communications District
Huntsville, Tennessee

We have audited the accompanying financial statements of the Scott County Emergency Communications District, a component unit of Scott County, Tennessee, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Scott County Emergency Communications 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 the 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 financial statements referred to above present fairly, in all material respects the financial position of the Scott County Emergency Communications District as of June 30, 2011, 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 our report dated October 5, 2011, on our consideration of the Scott County Emergency Communications District'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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 4 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Scott County Emergency Communications District's basic financial statements. The introductory section and miscellaneous section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis, and is also not a required part of the financial statements. The schedule of expenditures of state awards is the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and miscellaneous sections 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.

Dennis E. Jeffers CPA, PC

Oneida, Tennessee

October 5, 2011

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
June 30, 2011

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 193,913
Investment (certificate of deposit with 12 month maturity)	774,117
Accounts Receivable	8,282
Prepaid Insurance	4,693
	<hr/>

Total Current Assets 981,005

Noncurrent Assets

Vehicles	24,500
Office Equipment	20,195
Communications Equipment	419,344
	<hr/>

Total Capital Assets 464,039

Accumulated Depreciation (359,840)

Capital Assets Net

104,199

TOTAL ASSETS

1,085,204

LIABILITIES

Compensated Absences	13,200
Payroll Liabilities	25
	<hr/>

TOTAL LIABILITIES

13,225

NET ASSETS

Invested in Capital Assets	104,199
Unrestricted	967,780
	<hr/>

NET ASSETS

1,071,979

TOTAL LIABILITIES AND NET ASSETS

\$ 1,085,204

The Notes to the Financial Statements are an Integral Part of These Statements.

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Statement of Revenues, Expenses, and Change in Fund Net Assets
For the Year Ended June 30, 2011

OPERATING REVENUE

Emergency Telephone Service Charges	\$ 96,440
Tennessee Emergency Communications Board-State Wireless Charge	55,142
Tennessee Emergency Communications Board -Operational Funding	<u>142,791</u>
TOTAL OPERATING REVENUE	<u>294,373</u>

OPERATING EXPENSES

Salaries and Wages

Director	15,009
Administrative Personnel	26,025
Other Wages Mapping	10,000
Overtime Pay	<u>6,107</u>
	<u>57,141</u>

Employee Benefits

Medical Insurance	15,698
Social Security	3,543
Medicare	828
Retirement	68,785
Compensated Absences	<u>1,000</u>
	<u>89,854</u>

Contracted Services

Advertising	232
Audit Services	3,500
Other Contracted Services Legal	4,200
Other Contracted Services	68,536
Fees Paid to Service Providers	<u>13,487</u>
	<u>89,955</u>

Maintenance and Repairs

Office Equipment	2,364
Facilities	-
Vehicles	<u>1,668</u>
	<u>4,032</u>

Supplies and Materials

Office Supplies	1,334
Uniforms	600
Postage	<u>246</u>
	<u>2,180</u>

Utilities

Wireless Line Charges	5,435
Gas	85
Telephone	<u>6,982</u>
	<u>\$ 12,502</u>

The Notes to Financial Statements are an Integral Part of These Statements.

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Statement of Revenues, Expenses, and Change in Fund Net Assets (Continued)
For the Year Ended June 30, 2011

Other Charges	
Insurance Liability	\$ 7,570
Dues and Memberships	180
Travel	2,279
Training	695
Board Meeting	206
Other Charges	240
	<u>11,170</u>
Depreciation	<u>22,655</u>
Total Operating expenses	<u>289,489</u>
Operating income (loss)	4,884
Nonoperating Revenue (Expenses)	
Reimbursement	46,051
Emergency Communications Board Mapping Grant	10,000
Interest Income	13,134
Total Nonoperating Revenue (Expenses)	<u>69,185</u>
Increase (Decrease) in Net Assets	<u>74,069</u>
Net Assets - beginning of period	<u>997,910</u>
Net Assets - end of period	<u><u>\$ 1,071,979</u></u>

The Notes to Financial Statements are an Integral Part of These Statements.

**SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2011**

Cash Flows From Operating Activities:	
Cash received from Surcharges and other revenue	\$ 294,819
Cash Payments to Suppliers for Goods and Services	(119,895)
Cash paid for Payroll, Taxes and Related Benefits	(145,970)
Net Cash provided by Operating Activities	<u>28,954</u>
Cash Flows From Noncapital Financing Activities	
Operating Grants & Reimbursements	56,051
Net Cash Provided by Noncapital Financing Activities	<u>56,051</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of Capital Assets	(32,436)
Net Cash Provided by Capital and Related Activities	<u>(32,436)</u>
Cash Flows From Investing Activities:	
Interest Received	13,134
Investment in Certificates of Deposit	(9,927)
Net Cash Provided from Investing Activities	<u>3,207</u>
Net Increase (Decrease) in Cash and Cash Equivalents	55,776
Cash and Cash Equivalents at Beginning of Period	<u>138,137</u>
Cash and Cash Equivalents at End of Period	<u><u>193,913</u></u>
Reconciliation of Operating income to Net Cash Provided by Operating Activities:	
Net Income from Operating Activities	4,884
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	22,655
Change in Assets and Liabilities	
Increase in Prepaid Insurance	(56)
Increase in Payroll Taxes	25
Increase in compensated Absences	1,000
Decrease in Accounts Receivable	446
Net Adjustments	<u>24,070</u>
Net Cash Provided by Operating Activities	<u><u>\$ 28,954</u></u>

The Notes to Financial Statements are an Integral Part of These Statements.

**SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

1. Summary of Significant Accounting Policies:

The Financial Reporting Entity - The Scott County Emergency Communication District was formed under Tennessee Code Annotated Title 7 Section 86 Emergency Communications Districts. The district is a component unit of Scott County, Tennessee because the district is legally separate, the county court appoints the members of the board of directors of the district and the court can impose its will by changing the telephone surcharge rate and the county court can impose its will on the district by the approval of debt and borrowings.

Method of Accounting – The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the District, the reporting entity. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Income Taxes - The District is exempt from Federal Income Taxes because of its creation by the Scott County Government.

Revenue – Operating revenues consist primarily from Highland Telephone Cooperative authorization to charge residents of Scott County \$.65 and businesses \$2.00 per month. As of June 30, 2011, the district had 6,437 residential customers and 1,962 business customers. Wireless communications income is from a share of state collected revenues from cell phone usage based upon population. All other revenues and expenses are reported as nonoperating revenues and expenses.

Cash - The organization treats as cash; checking account balances, savings accounts, certificates of deposit with original maturities of less than three months and cash on hand.

Cash Management - Cash temporarily idle during the year was invested in a savings account and certificates of deposit. The certificates of deposit have maturities of 12 months. The Communications District earned \$13,134 on all investments for the year ended June 30, 2011.

Deposits and Investments – All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure the debt of these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect these accounts that are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for the purpose of credit risk disclosure.

**SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

(continued)

For deposits with financial institutions that do not participate in the bank collateral pool, the 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. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the entity. Scott County Emergency Communications District has an agreement with one bank for balances above FDIC limits.

The carrying value of the districts deposits were \$975,996, and the bank balance was \$1,044,802. Of that amount, \$ 965,607 was insured by FDIC insurance, and the remainder was collateralized by a third party in the district's name.

Compensated Absences – It is the district’s policy to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave since the district does not have a policy to pay any amount when employees separate from service with the district. Accumulated vacation pay is reported as expenditure and a liability of the fund when material and accumulated.

Fixed Assets -- Fixed assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair market value at the date of donation. The Straight Line method of depreciation is used to calculate depreciation over a five year period. Depreciation expense for the current year was \$22,655. Although mapping expenses have a useful life of more than one year, the life is very difficult to measure. Mapping expenses, therefore, are treated as expenses as incurred.

Fixed Assets

	Balances 6/30/2010	Additions	Dispositions	Balance 6/30/2011
<u>Equipment</u>				
Mapping Equipment	\$ 20,195	-	-	\$ 20,195
Communication Equipment	386,908	32,436	-	419,344
Vehicles	24,500	-	-	24,500
	<u>431,603</u>	<u>32,436</u>	-	<u>464,039</u>
<u>Accumulated Depreciation</u>				
Mapping Equipment	(9,819)	(2,323)	-	(12,142)
Office Equipment	-	-	-	-
Communication Equipment	(306,949)	(16,832)	-	(323,781)
Vehicles	(20,417)	(3,500)	-	(23,917)
	<u>(337,185)</u>	<u>(22,655)</u>	-	<u>(359,840)</u>
Net Investment in Fixed Assets	<u>\$ 94,418</u>	<u>9,781</u>	-	<u>\$ 104,199</u>

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

(continued)

Risk Management - The District is exposed to various risks of losses related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has obtained commercial insurance to manage these risks. Management does not believe any claims will exceed the insurance amount. Software coverage is \$ 250,000; auto coverage includes Collision and Comprehensive coverage with deductibles of \$ 250 and \$ 500 respectively, and general liability of \$ 2,000,000 each occurrence and \$ 5,000,000 aggregate with \$ 5,000 medical payments. The settlements have not exceeded insurance amounts in the past three years.

Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. On or before May 31 of each year, the proposed budget is prepared and presented to the board for review. The board adopts the budget and amends the budget throughout the year as needed.

The District is required by state statute to adopt the annual budget. The annual budget is prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Board of Directors and any authorized revisions. Unencumbered appropriations lapse at the end of each year.

The budgetary level of control is at the line-item level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee.

The Districts budgetary basis of accounting is on the modified cash basis. A reconciliation to GAAP is presented on the face of the budgetary schedule.

Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could be different from those estimates.

2. The Officers and Employees of the District bonds

The District maintains an insurance policy against officers and employee forgery or alteration as required by TCA 7-86-119 with policy limits of \$12,500; theft of money and securities with policy limits of \$ 100,000; employee dishonesty with a policy limit of \$250,000; and counterfeit United States or Canadian paper currency with a policy limit of \$ 100,000.

3. Accounting Standards

The District has adopted all applicable pronouncements of the Governmental Accounting Standards Board, and has elected not to apply the pronouncements of the Financial Accounting Standards Board issued after November 30, 1989.

4. Pension Plan

Plan Description

Employees of Scott County Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after become vested after five years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Scott County Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Scott County Emergency Communications District requires employees to contribute 5.0 percent of earnable compensation.

Scott County Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2011 was 2.65 % of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Scott County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

The initial payment was \$ 68,785 to purchase all prior years of service for current employees to include Cost of Living adjustments.

Supplementary Information

**SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES AND EXPENSES
ACTUAL AND BUDGET - (BUDGETARY BASIS) AND BUDGET
June 30, 2011**

	Budget Amounts		Actual Revenues/ Expenditures (Budgetary) Actual	Differences in Recievables, Payables, Depreciation Improvements(1)	Actual (GAAP Basis)	Variance Favorable (Unfavorable)
	Original Budget	Final Budget				
INCOME						
Telephone Surcharge	\$ 104,400	\$ 104,400	\$ 96,886	\$ (446)	\$ 96,440	\$ (7,514)
Wireless Commission	51,731	51,731	55,142	-	55,142	3,411
Emergency Communications Board Grants & Reimbursements	15,435	15,435	56,051	-	56,051	40,616
Operational Funding	150,791	150,791	142,791	-	142,791	(8,000)
Interest Income	8,000	8,000	13,134	-	13,134	5,134
Miscellaneous Income	-	-	-	-	-	-
Total Revenue	330,357	330,357	364,004	(446)	363,558	33,647
EXPENSES						
Director	15,009	15,009	15,009	-	15,009	-
Administrative Personal	26,034	26,034	26,025	-	26,025	9
Overtime Compensation	7,500	6,200	6,107	-	6,107	93
Dispatchers/Radio Operators	54,000	43,000	42,590	-	42,590	410
Social Security	4,000	3,700	3,543	-	3,543	157
Medicare	1,000	1,000	828	-	828	172
Compensated Absences	-	-	-	1,000	1,000	-
Medical Insurance	17,000	15,000	14,996	-	14,996	4
Dental Insurance	800	800	702	-	702	98
Retirement Contributions	30,000	68,800	68,785	-	68,785	15
Addressing and Mapping	10,000	10,000	10,000	-	10,000	-
Advertising	500	500	232	-	232	268
Auditing Services	3,500	3,500	3,500	-	3,500	-
Telephone Contract	28,000	26,000	25,946	-	25,946	54
Legal Services	4,800	4,300	4,200	-	4,200	100
Maintenance Agreement	16,000	13,500	13,487	-	13,487	13
Office Equipment Maintenance	7,000	2,500	2,364	-	2,364	136
Vehicle Maintenance	2,000	1,700	1,668	-	1,668	32
Office Supplies	3,000	1,500	1,334	-	1,334	166
Postage	400	400	246	-	246	154
Uniforms	600	600	600	-	600	-
Telephone	7,500	5,500	5,482	-	5,482	18
Utilities-Gas	-	100	85	-	85	15
Cell Phones and Pagers	1,500	1,500	1,500	-	1,500	-
Wireless Line Charges	5,500	5,500	5,435	-	5,435	65
Bank Charges	150	150	-	-	-	150
Board Meeting	1,000	500	206	-	206	294
Dues and Memberships	250	250	180	-	180	70
Insurance - Liability	8,500	7,700	7,625	(55)	7,570	75
Public Education	500	500	245	-	245	255
Training Expense	5,000	500	450	-	450	50
Travel Expense	7,000	2,500	2,279	-	2,279	221
Other Charges	1,000	300	240	-	240	60
Depreciation	-	-	-	22,655	22,655	-
Capital Improvements	61,314	61,314	32,436	(32,436)	-	28,878
Total Expenses	330,357	330,357	298,325	(8,836)	289,489	32,032
Net Income (Loss)	\$ -	\$ -	\$ 65,679	\$ 8,390	\$ 74,069	\$ 1,615
1. A. Accounts Recievable						
Prior Year	\$ 8,728					
Current Year	8,282					
	<u>(446)</u>					
B. Prepaid Expense						
Prior Year	\$ 4,637					
Current Year	4,692					
	<u>(55)</u>					
C. Depreciation						
Current Year	\$ 22,655					
	<u>22,655</u>					
D. Accounts Payable - Compensated Absences						
Prior Year				\$ 12,200		
Current Year				13,200		
				<u>1,000</u>		
E. Capital Improvements						
Current Year				\$ 9,922		
				<u>(9,922)</u>		

Miscellaneous Statistics

**SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
REVENUES AND EXPENSES PAST TEN YEARS**

For the Year Ended June 30, 2011

(UnAudited)

YEAR	REVENUES	EXPENSES
2002	\$ 166,296	\$ 106,602
2003	159,797	102,637
2004	231,238	123,494
2005	253,178	181,938
2006	228,483	182,969
2007	309,705	187,147
2008	289,641	181,037
2009	316,966	195,895
2010	309,618	226,000
2011	\$ 363,558	\$ 289,489

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Schedule of Expenditures of State Awards
June 30, 2011

<u>Program Title</u>	<u>CFDA #</u>	<u>Grant #</u>	<u>June 30, 2010</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>June 30, 2011</u>
State of Tennessee Assistance Department of Commerce and Insurance	Tenn. Emergency Communications Board N/A	Z03016925	\$ -	\$ 10,000	\$ 10,000	\$ -
Total State of Tennessee Assistance			<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>

* CFDA--Catalog of Federal Domestic Assistance; (1) No Federal CFDA number assigned.
 () Indicates unexpended balances at year end and a restricted balance in net assets.

SCOTT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
June 30, 2011

NOTE A- BASIS OF PRESENTATION

The accompanying schedule of expenditures of State Awards of the Scott County Emergency Communications District is presented on the accrual basis of accounting.

Internal Control and Compliance Section

Dennis E. Jeffers

Certified Public Accountant

A Member of the American Institute of Certified Public Accountants

18707 North Alberta Avenue
Oneida, Tennessee 37841
(423)569-6969

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
Scott County Emergency Communications District
Huntsville, Tennessee 37756

We have audited the financial statements of the Scott County Emergency Communications District, as of and for the year ended June 30, 2011, and have issued our report thereon dated October 5, 2011. We conducted our audit in accordance with generally accepted auditing standards 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 Scott County Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Scott County Emergency Communications District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Scott County Emergency Communications District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and responses to be material weaknesses. Finding 97-1.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Scott County Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, 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*.

Scott County Communications District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Scott County Communications District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management and board of directors of the Scott County Communications District, and others within the organization, federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

Dennis E. Jeffers CPA, PC

Oneida, Tennessee

October 5, 2011

Scott County Emergency Communications District
Schedule of Findings and Responses
June 30, 2011

97-1 Condition: The Scott County Emergency Communications District does not have enough staff to allow for adequate segregation of duties.

Recommendation: The District should use compensating controls such as dual signatures to help make up for its small staff. The District should consider additional personnel for this purpose.

Management response: Compensating controls have been studied and used where practical. We believe that the cost of additional personnel would outweigh the benefit of segregation of duties.