

**HAYWOOD COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT  
FINANCIAL STATEMENTS  
For the Fiscal Year Ended  
June 30, 2011**

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
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**FOR THE YEAR ENDED JUNE 30, 2011**

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**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT****ROSTER OF MANAGEMENT OFFICIALS AND BOARD MEMBERS****FOR THE YEAR ENDED JUNE 30, 2011****(Unaudited)**

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**Management Officials**

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Kyle East  
911 Director

**Board Members**

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Joe Stephens, Chairman

Larry Livingston, Secretary

Jimmy Studdard Sr., Member

Lewis Pearson, Member

Jerry White, Member

Kizzie Boyd, Member

Ervin Turner, Member

Patricia Herron, Member

Deane Walton, Member

James Ernest, Member

Larry Banks



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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Haywood County Emergency Communications District

We have audited the accompanying financial statements of the Haywood County Emergency Communications District (the "District"), a component unit of Haywood County, 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 District's management. 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 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Haywood County Emergency Communications District, as of June 30, 2011 and the respective changes in financial position, cash flows thereof, for the year 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 February 22, 2012 on our consideration of the 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 result of that testing, and not to provide an opinion on 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 Discussion and Analysis on pages 4 through 7 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 of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on them.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Haywood County Emergency Communications District's basic financial statements. The accompanying supplementary information, such as the budgetary comparison, Schedule of State Awards,

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Paris, TN 38242  
(731)642-1755 / fax (731)644-0443

304 Broadway St  
Martin, TN 38237  
(731)587-4221 / fax (731)587-9474

29 N. Lafayette Ave  
Brownsville, TN 38012  
(731)772-2273 / fax (731)772-2275

Schedule of Capital Assets, Schedule of Prepaid Warranties are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison, Schedule of State Awards, Schedule of Capital Assets, and Schedule of Prepaid Warranties have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Roster of Management Officials and Board Members on page 1 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Cowart Reese Sargent, PC  
Certified Public Accountants  
Brownsville, Tennessee

February 22, 2012

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
HAYWOOD COUNTY EMERGENCY COMMUNICATION DISTRICT (911)  
FOR YEAR ENDED JUNE 30, 2011**

As management of Haywood County Emergency Communications District (the District), we offer readers of the Haywood County Emergency Communication District's financial statements this narrative overview the analysis of financial activities of the District for the fiscal year ended June 30, 2011. All amounts, unless otherwise indicated, are expressed in actual dollars. Comparative analyses of key elements of total funds have been provided.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis ( MD & A ) serves as an introduction to financial statements, and should be read in conjunction with, the financial statements and other supplementary information. Summary financial data, key financial and operational indicators are made up of three sections: 1) the introductory section, 2) the financial section, 3) the internal control and compliance section. The introductory section includes the District's directory. The financial section includes the M D & A, the independent auditor's report, and the financial statements with accompanying notes. The internal control and compliance section includes the report on internal control over financial reporting and compliance.

**REQUIRED FINANCIAL STATEMENTS**

Due to the District being a single governmental fund entity, and receiving fund through the wireless charges, the enterprise fund statements are used to prepare financial statements. Enterprise funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenue are recognized when they are earned and expenses are recognized as a liability is incurred. The following statements are included in the financial statements of the District.

The Statement of Net Assets includes all of the District's assets and obligations to the District's creditor (liabilities).

It also provides the basis for computing rate of return, evaluating the capital structure, assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses, and Changes in Net Assets presents the results of the business activities over the course of the fiscal year and information as to how the net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement:

- 1) measures the success of the District's operation;
- 2) determines whether the District has been successful to recover all of its costs;
- 3) measures the District's profitability and credit creditworthiness.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
HAYWOOD COUNTY EMERGENCY COMMUNICATION DISTRICT (911)  
FOR YEAR ENDED JUNE 30, 2011**

The Budgetary Comparison Schedule presents the results of activities over the course of the fiscal year

in comparison with the original and final budget. An additional column is presented showing the difference between the final budget and the actual expenses for the year.

**ENTERPRISE FUND FINANCIAL ANALYSIS**

**Statement of Net Assets** - As noted earlier, net assets may serve as a useful indicator of the district's financial position. In the case of the District, assets exceeded liabilities by \$815,579 at the close of the most recent fiscal year. A portion of the District's net assets (57.0%) reflects its investment in capital assets (e.g., land, building, machinery, equipment and infrastructure); less any related debt used to acquire those assets that all still outstanding.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that repayment of the debt must be provided from other resources, since the capital assets cannot be used to liquidate these liabilities.

	June 30, 2011	June 30, 2010	\$ Variance	% Variance
Current and Other Assets	\$ 566,133	\$ 724,644	\$ (158,511)	78.13%
Capital Assets ( net of Accumulated Dep)	743,961	93,702	650,259	793.96%
<b>Total Assets</b>	<b>1,310,094</b>	<b>818,346</b>	<b>491,748</b>	<b>160.09%</b>
Current Liabilities	2,208	2,767	(559)	79.80%
<b>Total Liabilities</b>	<b>2,208</b>	<b>2,767</b>	<b>(559)</b>	<b>79.80%</b>
Invested in Capital Assets	743,961	93,702	650,259	793.96%
Unrestricted	563,925	721,877	(1,285,802)	78.12%
<b>Total Net Assets</b>	<b>\$ 1,307,886</b>	<b>\$ 815,579</b>	<b>\$ 492,307</b>	<b>160.36%</b>

During the 2011 fiscal year, the Districts net assets increased by \$492,307. The increase is the result of increase in revenues.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
HAYWOOD COUNTY EMERGENCY COMMUNICATION DISTRICT (911)  
FOR YEAR ENDED JUNE 30, 2011**

**Statement of Activities** -- Revenues exceeded expenses \$492,307 for fiscal year ended June 30, 2011.

	June 30, 2011	June 30, 2010	Increase (Decrease)	
			\$ Variance	% Variance
Operating Revenue	\$ 299,090	\$ 268,121	\$ 30,969	112%
Non-Operating Revenue	356,597	6	356,591	5943283%
<b>Total Revenues</b>	<b>655,687</b>	<b>268,127</b>	<b>387,560</b>	<b>245%</b>
Operating Expenditures	131,874	108,274	23,600	122%
Depreciation & Amortization	31,506	19,162	12,344	164%
<b>Total Expenditures</b>	<b>163,380</b>	<b>127,436</b>	<b>35,944</b>	<b>128%</b>
<b>Change in Net Assets</b>	<b>492,307</b>	<b>140,691</b>	<b>351,616</b>	<b>-350%</b>
Beginning Net Assets	815,579	675,353	(328,016)	-121%
Prior Period Adjustment		(465)	465	0%
Beginning Net Assets - restated	815,579	674,888	140,691	121%
<b>Ending Net Assets</b>	<b>\$ 1,307,886</b>	<b>\$ 815,579</b>	<b>\$ 164,756</b>	<b>160%</b>

#### COMMENTS ON FUND FINANCIAL STATEMENTS

The District uses proprietary fund accounting to ensure and demonstrate compliance with finance-related requirements.

**Enterprise Funds** -- The focus of the District's enterprise fund is to provide information on cash inflows from shared wireless charges, outflows for related expenses, and balances of spendable resources. Such information are necessary to assess the District's financial requirements.

In particular, unrestricted fund balance may serve as useful measure of a government's net resources available for spending at the end of fiscal year to meet obligations of creditors and operational requirements of the District.

Revenues in the enterprise fund increased by \$387,560 in fiscal 2011 in comparison with 2010 year. The operating revenues increased by \$30,969 and non-operating revenues, which comprise the interest income and contributions from State of Tennessee TEMA increased by \$356,591.

Expenses in the enterprise fund increased by \$35,944 in 2011 in comparison with prior year. The significant expenses were due to GIS Data Software conversions, and depreciation on additional capital assets.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
HAYWOOD COUNTY EMERGENCY COMMUNICATION DISTRICT (911)  
FOR YEAR ENDED JUNE 30, 2011**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** -- At the end of fiscal year, the District had invested \$93,702 net of accumulated depreciation in a variety of capital assets. Accumulated depreciation at the end of period was \$127,738. Depreciation expense during the current period was \$29,549. Capital assets of \$25,521 were disposed off, due to obsolescence and relocation.

**Long-Term Debt** -- At the end of current fiscal year, the District had no long-term debt.

**REQUEST FOR INFORMATION**

This financial report is prepared to provide a general overview of the District's finances for citizens, taxpayers, customer, investors, creditors and all other with an interest in the District's finances. Questions concerning any information provided in this report or requests for additional finance information should be addressed to:

Haywood County Emergency Communications District  
County Mayor -- Executive  
1 North Washington  
Brownsville, TN 38012

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

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**ASSETS**

## Current Assets:

Cash and Cash Equivalents	\$	203,459
Accounts Receivable		7,071
Grants Receivable		355,492
Accrued Interest - Receivable		111
Total Current Assets		<u>566,133</u>

## Noncurrent Assets:

Prepaid Warranties		58,211
Less: Amortization		(1,957)
Capital Assets:		
Computers		27,852
Office Furniture		13,254
Communications Equipment		774,339
Less: Accumulated Depreciation		<u>(127,738)</u>
Total Noncurrent Assets		<u>743,961</u>
Total Assets		<u>1,310,094</u>

**LIABILITIES**

## Current Liabilities:

Accounts Payable		<u>2,208</u>
Total Current Liabilities		<u>2,208</u>

**NET ASSETS**

Invested in Capital Assets		743,961
Unrestricted		563,925
Total Net Assets	\$	<u><u>1,307,886</u></u>

Notes to financial statements are an integral part of this statement.

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Operating Revenues:**

Charges for sales and services:		
Emergency Telephone Service Charges	\$	17,788
Shared Wireless Charges		64,841
TECB Contribution - Operating Fund		194,461
State Grants - Operating		22,000
Total Operating Revenues		<u>299,090</u>

**Operating Expenses:**

Administrative Personnel	4,200
Director	48,000
Dispatchers	3,600
Equipment Rental	28,236
Office Supplies	23,040
Postage	300
Dues/Memberships	648
Travel	1,873
Grant Expenses	166
Professional Consulting	1,497
Education/Continued & Trainings	2,917
Building Inspection	6,000
Data Software, GIS	11,397
Depreciation	29,549
Amortization - Warranties	1,957
Total Operating Expenses	<u>163,380</u>

Operating Income	<u>135,710</u>
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**Nonoperating Revenues (Expenses):**

Interest Income	1,105
TECB - Grant	355,492
Total Nonoperating Revenues (Expenses)	<u>356,597</u>
Change in Net Assets	492,307

Total Net Assets - Beginning	<u>815,579</u>
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Total Net Assets - Ending	<u><u>\$ 1,307,886</u></u>
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Notes to financial statements are an integral part of this statement.

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash receipts from Surcharges and Other Revenues	\$ 292,485
Cash payments to suppliers	(753,492)
Cash payments to employees	(55,800)
Net cash provided by operating activities	<u>(516,807)</u>

**CASH FLOWS FROM NONCAPITAL  
FINANCING ACTIVITIES**

Contributions from other governments	<u>0</u>
Net cash provided by noncapital financing activities	<u>0</u>

**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES**

Redeemed CD	366,349
Net cash used by capital and related financing activities	<u>366,349</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<u>994</u>
Net cash provided by investing activities	<u>994</u>

Net Increase in Cash and Cash Equivalents (149,464)

Cash and Cash Equivalents - July 1 311,923

Cash and Cash Equivalents - June 30 \$ 162,459

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

Operating Income	\$ 135,710
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation Expense	29,549
Amortization Expense	1,957
Decrease (Increase) in accounts receivable	18
Decrease (Increase) in other assets	(684,600)
Decrease (Increase) in accounts payable	559
Total Adjustments	<u>(652,517)</u>
Net cash provided by operating activities	<u>\$ (516,807)</u>

Notes to financial statements are an integral part of this statement.

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 1 - INTRODUCTION**

The Haywood County Emergency Communications District (the District), a component unit of Haywood County, is a quasi-municipality which was formed in order to establish and provide emergency communications services to the occupants of Haywood County. Revenues are received from a tariff charged and collected by area telephone companies. The District's Board is appointed by the County. The County is provided with the Board's budget for information purposes prior to the beginning of the respective fiscal year. The board of directors for communication district is responsible for all major budget decisions.

The accounting and reporting framework and the more significant accounting principles and practices of the Haywood County Emergency Communications District are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the District's financial activities for the fiscal year June 30, 2011.

**NOTE 2 - GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

***Fund Financial Statements***

Fund Financial Statements are provided for the proprietary fund which is considered a major fund. There are no non-major funds that should be reported in a separate column.

**NOTE 3 - MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

Private-sector standards of accounting and financial reporting issued November 30, 1989, generally are followed in proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitations. The District elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses general result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating activities of the District are charges to customers for services. Operating expense include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses.

**NOTE 4 - FUND TYPES AND MAJOR FUNDS**

***Proprietary Funds***

Enterprise Fund - reports as the fund of the District. This fund is used to account for all financial resources. There are no other funds used in the District.

**NOTE 5 – SIGNIFICANT ACCOUNTING POLICIES**

**A. CASH , INVESTMENTS AND REGULATIONS**

The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalent. State statute's authorize the government and the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the Emergency Communications District are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. As of June 30, 2011, investments consisted entirely of certificate of deposits.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. Collateral is required for demand deposits and certificate of deposits at 105% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. As of June 30, 2011, there was no exposure to custodial credit risk due to being entirely covered by federal depository insurance and pledged collateral held by the pledging financial institution's agency in the entity's name. Haywood County Emergency Communications District has total of \$\$203,459.00 of cash and cash equivalent.

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

**B. CAPITAL ASSETS AND DEPRECIATION**

The District's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The District generally capitalizes assets with cost of \$1,000.00 or more at time of purchase. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

	<b>Estimated Useful Life/Years</b>	<b>Threshold Amount</b>	<b>Capital Asset Category</b>
Buildings	30-40	5,000	Infrastructure
Improvements other Than Buildings	30-40	5,000	Infrastructure
Tower	30-40	1,000	Communication Equipment
Equipment	7-10	1,000	Communication Equipment
Computer Equipment	5-7	1,000	Computer
Furniture and Fixtures	5-7	1,000	Office Furniture

**C. FUND EQUITY**

The proprietary fund financial statements report restricted net assets for amounts not available for appropriation or legally restricted for specified purposes.

**D. BUDGETARY INFORMATION**

**E. BUDGET POLICY AND PRACTICE**

The District's Chairman of the Board submits an annual budget to the Board. The budget is presented to the Board for review and discussion of the allocation of resources. Once approved, the Board may amend the legally adopted when unexpected modifications are required in estimated revenues and appropriations.

**F. BASIS OF BUDGETING**

The fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenses are budgeted by class as follows: salaries, compensation related, services and supplies, computer and equipment, supplies, travel, equipment rental, core material, and miscellaneous. Expenses may not exceed appropriations. The budget for the operating funds are prepared on the cash and expenditures basis. Revenues are budgeted in the year funds are expected; and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued.

*Budgetary Information*

The County Commission is provided with the District's budget for information purposes prior to the beginning of the respective fiscal year. Once approved the Board may amend the legally adopted budget when unexpected modifications are required. However, final authority on all major decisions rests with the County Commission.

During the year ended June 30, 2011, expenditures exceeded the budget level of appropriations.

**NOTE 6 - RECEIVABLES**

Accounts receivable are tariffs due from area telephone companies with the next month. Revenue is recorded when eligibility requirements are met.

**NOTE 7 - PREPAID WARRANTY**

The District purchased extensive communication equipment. The purchase agreement contains a five (5) years service warranty agreement.

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 8 - CAPITAL ASSETS**

Changes in Capital Assets -- The following table provides a summary of changes in capital assets:

	<u>Capital Assets Depreciated</u>	
	Equipment	
Primary Government		
<i>Business-Type Activities</i>		
Balance June 30, 2010	\$ 217,422	
Increases	623,544	
Decreases	(25,521)	
Balance June 30, 2011	815,445	
Accumulated Depreciation		
Balance June 30, 2010	(123,720)	
Increases	(29,549)	
Decreases	25,531	
Balance June 30, 2011	(127,738)	
<i>Business -Type Activities</i>		
Capital Assets, Net	\$ 687,707	

**NOTE 9 - RISK MANAGEMENT - CLAIMS AND ADJUSTMENTS**

The District is vulnerable to two types of losses. The first is the physical loss of fixed assets from theft, fire, etc. Other loss are from civil actions based on negligence in relation to the disposition of emergency calls. Neither of these losses have occurred since the District's inception. However, the District has third party insurance coverage that is adequate in order to cover any occurrence.

**NOTE 10 - LITIGATIONS AND CONTINGENCIES**

The District does not have litigations or contingencies at end of fiscal year June 30, 2011.

**NOTE 11 - SUBSEQUENT EVENTS**

Subsequent events are events and transactions that occur subsequent to the financial statement date but before the financial and auditor's report are issued. Subsequent events have been evaluated through February 22, 2011. No significant subsequent events were noted.

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**BUDGETARY COMPARISON**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Revenues:</b>				
Emergency Telephone Service Charge	\$ -	\$ -	\$ 17,788	\$ 17,788
Emergency Telephone Service - Shared	86,000	86,000	64,841	(21,159)
TECB - Contribution	128,000	128,000	216,461	88,461
	<u>214,000</u>	<u>214,000</u>	<u>299,090</u>	<u>85,090</u>
<b>Operating Expenses:</b>				
Administrative Personnel	4,200	4,200	4,200	-
Dispatchers	48,000	48,000	48,000	-
Director	3,600	3,600	3,600	-
Audit Services	1,600	1,600	-	1,600
Legal Services	1,000	1,000	-	1,000
Professional Consulting Fees	2,662	2,662	1,497	1,165
Equipment Rental - Communications	30,000	30,000	28,236	1,764
Office Supplies & Equipment	1,000	1,000	23,040	(22,040)
Postage	300	300	300	-
Dues/Memberships	250	250	648	(398)
Grant Expenses	-	-	166	(166)
Surety Bonds	450	450	-	450
Travel Expenses	3,338	3,338	1,873	1,465
Training	12,000	12,000	2,917	9,083
Building Inspection	6,000	6,000	6,000	-
Data Software - GIS	-	-	11,397	(11,397)
Depreciation	-	-	29,549	(29,549)
Amortization - Warranties	-	-	1,957	(1,957)
	<u>114,400</u>	<u>114,400</u>	<u>163,380</u>	<u>(48,980)</u>
Operating Income	99,600	99,600	135,710	36,110
<b>Nonoperating Revenue (Expenses):</b>				
Interest Income	500	500	1,105	605
TECB - Grants - Nonoperating	190,000	190,000	355,492	165,492
Total Nonoperating Revenues (Expenses)	<u>190,500</u>	<u>190,500</u>	<u>356,597</u>	<u>166,097</u>
Increase (Decrease) in Net Assets	290,100	290,100	492,307	202,207
Net Assets - Beginning	815,579	815,579	815,579	-
Net Assets - Ending	<u>\$ 1,105,679</u>	<u>\$ 1,105,679</u>	<u>\$ 1,307,886</u>	<u>\$ 202,207</u>

Notes to financial statements are an integral part of this statement.

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**June 30, 2011**

	<b>Grant Number</b>	<b>Contract Date</b>	<b>State Grant Amount</b>	<b>Beginning Balance</b>	<b>Receipts</b>	<b>Expenditures</b>	<b>Accrued Expenses Ending Balance</b>
Department of Commerce and Insurance		7/1/2010 - 6/30/2011	\$ 355,492	\$ -	\$ -	\$ 355,492	\$ (355,492)
			<u>\$ 355,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,492</u>	<u>\$ (355,492)</u>

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**CAPITAL ASSETS SCHEDULE**  
**June 30, 2011**

<b>Function and Activity</b>	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
Office Equipment - Computers		\$ 27,852		\$ 27,852
Office Furnitures		13,254		13,254
Communication Equipment	217,422	582,438	(25,521)	774,339
	<u>217,422</u>	<u>623,544</u>	<u>(25,521)</u>	<u>815,445</u>
Less Accumulated Depreciation	<u>(123,720)</u>	<u>(29,549)</u>	<u>25,531</u>	<u>(127,738)</u>
Total Governmental Funds Capital Assets	<u>\$ 93,702</u>	<u>\$ 593,995</u>	<u>\$ 10</u>	<u>\$ 687,707</u>

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
PREPAID WARRANTY SCHEDULE  
June 30, 2011**

<u>Function and Activity</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
Warranty - Sentinel Patriot- 911 System		\$ 45,248		\$ 45,248
Warranty - Zetron Radio		12,200		12,200
Equipment		763		763
	<u>-</u>	<u>58,211</u>	<u>-</u>	<u>58,211</u>
Less Accumulated Depreciation		<u>(1,957)</u>		<u>(1,957)</u>
Total Governmental Funds Capital Asset	<u>\$ -</u>	<u>\$ 56,254</u>	<u>\$ -</u>	<u>\$ 56,254</u>



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**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**

The Board of Directors  
Haywood County Emergency Communications District

We have audited the financial statements of the Haywood County Emergency Communications District (the "District"), as of and for the year ended June 30, 2011, and have issued our report thereon dated February 22, 2012. 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

Management of the District is responsible for establishing and maintaining internal control over financial reporting. In planning and performing our audit, we considered the Haywood County Emergency Communications 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 *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 reasonable possibility that a material misstatement of the entity's financial statements will be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Haywood County Emergency Communications District's financial statements are free of 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 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 Standard* and which are described in the accompanying schedule of findings.

This report is intended solely for the information and use of the Haywood County Emergency Communications District's audit committee, management, County Commission, and 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.

A handwritten signature in black ink that reads "Cowart Reese Sargent". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.

Cowart Reese Sargent, PC  
Certified Public Accountants  
Brownsville, Tennessee

February 22, 2012

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2011**

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**Summary of Auditor's Results**

1. The auditor's report expresses an unqualified opinion on the accompanying financial statements of the Haywood County Emergency Communications District.
2. No material weaknesses identified or significant deficiencies identified that are considered to be material weaknesses.
3. There were no instances of noncompliance disclosed during the audit.