

**EMERGENCY COMMUNICATIONS DISTRICT OF
SHELBY COUNTY, TENNESSEE
(A Component Unit of Shelby County, Tennessee)**

**FINANCIAL STATEMENTS
JUNE 30, 2011**

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(A Component Unit of Shelby County, Tennessee)**

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JUNE 30, 2011**

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June 30, 2011

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ROSTER OF EMPLOYEES AND BOARD MEMBERS

*Emergency Communications District of Shelby County, Tennessee
June 30, 2011*

Employee	Title
Mr. Raymond Chiozza	Director
Ms. Pat Evans	Office Manager
Ms. Sue Robinson	Public Education Coordinator
Mr. Harold Truebger	Systems Technician

Board Member	Officer Position (if applicable)	Committee
Ms. Lois H. Stockton	Chairman	Executive, Personnel, Building
Mr. Samuel King	Vice Chairman	Executive, Personnel, Finance
Mr. Henry Brenner	Secretary/Treasurer	Executive, Finance, Public Education, Building
Ms. Sandra Richards		-
Mr. Clifton Dates		Nominating
Mr. Jason Farmer		Building
Mr. Kevin Fields		-
Mr. Mike Molder		Personnel, Nominating, Building
Dr. Bianca Sweeten		Public Education, Nominating

SCOTT & POHLMAN P.C.

CERTIFIED PUBLIC ACCOUNTANTS _____

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Emergency Communications District of Shelby County, Tennessee
Memphis, Tennessee

We have audited the accompanying financial statements of the Emergency Communications District of Shelby County, Tennessee (a component unit of Shelby County, Tennessee) (the District) 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 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.

As discussed in the *Summary of Significant Accounting Policies* footnote, the financial statements present only the Emergency Communications District of Shelby County and do not purport to and do not, present fairly the financial position of Shelby County, Tennessee, as of June 30, 2011 and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of only the Emergency Communications District of Shelby County as of June 30, 2011, and the results of operations and its cash flows 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 November 15, 2011 on our consideration of only the Emergency Communications District of Shelby County's internal control over financial reporting and on our tests of its compliance and 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.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 6 and 27 through 28 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 only the Emergency Communications District of Shelby County's basic financial statements. The Roster of Employees and Board Members, and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.

Scott & Pohlman, P.C.
Memphis, Tennessee
November 15, 2011

Scott & Pohlman, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

Our discussion and analysis of the Emergency Communications District of Shelby County, Tennessee's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2011. It should be read with the District's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- The District's net assets increased approximately 12% from the prior year as a result of this year's operations.
- Operating expenses increased to approximately \$4,795,000 in the current year, from \$4,386,000 for the year ending June 30, 2010.
- Current year revenues, including contributions and grants from participating local and state governments, were approximately \$8,232,000, a decrease from \$8,844,000 revenues in the immediately preceding year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following parts: Management's Discussion and Analysis, Financial Statements, Notes to the Financial Statements, Required Supplementary Information, and Other Supplementary Information.

USING THIS ANNUAL REPORT AND REQUIRED FINANCIAL STATEMENTS

This annual report consists of several basic financial statements. The statement of net assets provides a measure of the difference between the District's assets and its liabilities at a given point in time, at our fiscal year-end date of June 30. The statement of activities provides information about the sources of income and how the resources were used during the fiscal year. The statement of cash flows gives a detail of how cash was received and used during the fiscal year. The budgetary comparison data compares actual results of operations against budgeted amounts. Our analysis of the financial status for the Emergency Communications District of Shelby County, Tennessee begins below.

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 reports information about the District 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.

CONDENSED COMPARATIVE FINANCIAL INFORMATION

The district's total net assets increased from a year ago, and this analysis presents net assets at June 30 for two years (Table 1) and the changes in net assets (Table 2) for each of the years.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

TABLE 1
NET ASSETS
(IN THOUSANDS)

	<u>2011</u>	<u>2010</u>
Current Assets	\$ 37,174	\$ 32,680
Equipment	<u>1,173</u>	<u>1,623</u>
Total Assets	38,347	34,303
Current Liabilities	693	416
Net Assets		
Invested in capital assets	1,173	1,623
Unrestricted	<u>36,481</u>	<u>32,264</u>
Total Net Assets	<u>\$ 37,654</u>	<u>\$ 33,887</u>

Total net assets increased by approximately \$3,767,000 during the current year as a result of revenues from telephone tariffs and contributions from the State of Tennessee Emergency Communications Board.

A summary of the District's Statement of Revenues, Expenses, and Changes in Net Assets is given below.

TABLE 2
REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
(IN THOUSANDS)

	<u>2011</u>	<u>2010</u>
Revenues and Contributions		
Operating revenues	\$ 4,362	\$ 5,012
Contributions from state governments	3,870	3,832
Interest and other	<u>330</u>	<u>933</u>
Total Revenues and Contributions	<u>8,562</u>	<u>9,777</u>
Operating Expenses		
Salaries and benefits	327	329
Contracted services	2,783	2,574
Supplies and materials	44	41
Depreciation	484	536
Other	<u>1,157</u>	<u>907</u>
Total Operating Expenses	<u>4,795</u>	<u>4,387</u>
Change in Net Assets	<u>\$ 3,767</u>	<u>\$ 5,390</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

*Emergency Communications District of Shelby County, Tennessee
June 30, 2011*

Our total expenses have increased, particularly in the areas of contracted services and other.

Contracted service expenses increased due to reimbursement for a backup PSAP facility, equipment purchased for multiple PSAPs, and lobbyists hired during the year. Other expenses increased due to training expenses disbursed for the primary PSAP and the secondary PSAPs. The Local Board voted to fund the Secondary PSAPs based on the same formula the State used to fund the Primary PSAPs.

BUDGETARY MATTERS

Several times during the course of the year budgeted income and expenses were changed to reflect changing expectations and desires of the board to allocate resources to achieve our objectives.

CAPITAL ASSET ADMINISTRATION

At the end of our fiscal year the District has a total of approximately \$1,173,000 invested in various capital assets, primarily in communications equipment, stated at original cost less related depreciation expense.

**TABLE 3
CAPITAL ASSETS AT YEAR-END
(IN THOUSANDS)**

	<u>2011</u>	<u>2010</u>
Communication equipment	\$ 7,219	\$ 7,219
Furniture and fixtures	98	98
Vehicle	65	31
Total Capital Assets	<u>\$ 7,382</u>	<u>\$ 7,348</u>

This year's only addition was a Chevy Tahoe, with a cost of \$34,194.

ECONOMIC FACTORS AND THE CURRENT YEAR'S BUDGET

The District's service fee rates have remained consistent since fiscal year 2006-2007. The revenue amounts are largely dependent upon on the number of business and residential lines for the emergency telephone service fees.

The District began including the administrative fees retained by the telephone companies in the budget beginning in fiscal year 10-11 and also reimbursed Germantown for their backup PSAP, both of which resulted in an increased budget for contracted services expenses. The budget for capital expenditures for the PSAPs was also increased as well as training expenses for the PSAPs as funding was scheduled to now be provided to the secondary locations. Another increase over the prior year's budget was in the personnel area, with a 5% salary increase for current employees.

STATEMENT OF NET ASSETS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

ASSETS

Current Assets

Cash and cash equivalents	\$ 5,399,810
Investments	30,352,431
Accrued interest receivable	71,954
Accounts receivable	374,763
Due from Tennessee Emergency Communications Board	600,886
Prepaid expenses	<u>373,721</u>
Total Current Assets	<u>37,173,565</u>

Noncurrent Assets

Capital assets

Communications equipment	7,218,958
Office equipment	98,402
Vehicles	65,066
Leasehold improvements	<u>61,436</u>
Total capital assets	7,443,862
Accumulated depreciation	<u>(6,270,617)</u>
Capital assets, net	<u>1,173,245</u>

Total Assets \$ 38,346,810

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 628,514
Compensated absences payable	36,043
Other current liabilities	<u>28,078</u>
Total Current Liabilities	<u>692,635</u>

Net Assets

Invested in capital assets	1,173,245
Unrestricted net assets	<u>36,480,930</u>
Total Net Assets	<u>37,654,175</u>

Total Liabilities and Net Assets \$ 38,346,810

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

*Emergency Communications District of Shelby County, Tennessee
For the year ended June 30, 2011*

Operating Revenue	
Emergency telephone service charge	\$ 4,362,479
Tennessee emergency communications board - shared wireless charge	2,346,229
Tennessee emergency communications board - operational funding	<u>1,523,919</u>
Total operating revenues	<u>8,232,627</u>
Operating Expenses	
Salaries and wages	
Director	80,337
Administrative personnel	164,981
Unused sick & vacation time	<u>(4,790)</u>
Total salaries and wages	<u>240,528</u>
Employee Benefits	
Social security	18,862
Life insurance - group	10,633
Medical/dental insurance - group	20,184
Unemployment compensation	216
Retirement contributions	<u>36,577</u>
Total employee benefits	<u>86,472</u>
Contracted Services	
Addressing/mapping expenses	20,000
Audit services	11,500
Accounting services	20,274
Administrative fees - service charge	149,986
Architects	11,593
Contracts with private agencies	38,563
Facility relocation expense	88,650
Financial advisory services	58,822
Legal services	103,348
Maintenance agreements	545,606
Lease/rental - communications equipment	1,504,099
Lease/rental - building and facilities	119,898
Lease/rental - office equipment	4,528
Maintenance and repairs - communications	57,843
Maintenance and repairs - vehicles	956
Language line	63,945
Other contractor services - PSAP equipment reimbursements	<u>192,664</u>
Total contracted services	<u>2,992,275</u>

See independent auditor's report and notes to financial statements.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
(Continued)**

*Emergency Communications District of Shelby County, Tennessee
For the year ended June 30, 2011*

Supplies and Materials	
Fuel - vehicle	3,298
Office supplies	3,313
Custodial supplies	(8)
Data processing supplies	4,576
Postage	1,297
Small equipment purchases	10,210
Uniforms - office staff	50
Utilities - general telephone	604
Utilities - cell phones	20,141
Printing	845
Total supplies and materials	<u>44,326</u>
Other Charges	
Payroll processing fees	1,522
Bank charges	9,966
Board meeting expenses	2,720
Dues and memberships	6,142
Insurance - workers compensation	1,221
Insurance - buildings & contents	7,190
Insurance - vehicles	942
Legal notices	4,423
Premiums on surety bonds	15,575
Public education	594,833
Service awards	1,218
Training expenses	222,700
Travel expenses	79,445
Total other charges	<u>947,897</u>
Depreciation	<u>483,627</u>
Total operating expenses	<u>4,795,125</u>
Operating income	3,437,502

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
(Continued)**

*Emergency Communications District of Shelby County, Tennessee
For the year ended June 30, 2011*

Non-operating revenues and (expenses)	
Investment income	532,904
Net increase (decrease) in the fair value of investments	<u>(203,014)</u>
	<u>329,890</u>
Change in net assets	3,767,392
Net Assets - Beginning of Year	<u>32,713,538</u>
Net Assets - End of Year	<u>\$ 36,480,930</u>

STATEMENT OF CASH FLOWS

*Emergency Communications District of Shelby County, Tennessee
For the year ended June 30, 2011*

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from surcharges and other revenues	\$ 8,281,813
Cash payments to suppliers for goods and services	(3,746,608)
Cash payments for payroll, taxes, and related benefits	<u>(331,695)</u>
Net cash provided by operating activities	<u>4,203,510</u>

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

Purchase of capital assets	<u>(34,194)</u>
Net cash used for capital and related financing activities	<u>(34,194)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investment securities	(46,941,325)
Proceeds from the sale of investment securities	41,774,560
Investment income received	<u>615,322</u>
Net cash used for investing activities	<u>(4,551,443)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (382,127)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 5,781,937

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 5,399,810

STATEMENT OF CASH FLOWS (Continued)

*Emergency Communications District of Shelby County, Tennessee
For the year ended June 30, 2011*

**RECONCILIATION OF NET OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 3,437,502
Adjustments to reconcile net operating income to net cash provided by operating activities	
Depreciation	483,627
(Increase) decrease in accounts receivable	49,186
Increase (decrease) in prepaids	(43,311)
Increase (decrease) in accounts payable	281,200
Increase (decrease) in accrued payroll	95
Increase (decrease) in compensated absence payable	<u>(4,790)</u>
Net cash provided by operating activities	<u>\$ 4,203,510</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Decrease in the fair value of investments	<u>\$ 203,014</u>
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NOTES TO FINANCIAL STATEMENTS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

The Emergency Communications District of Shelby County, Tennessee (a component unit of Shelby County, Tennessee) (the District) was established on November 21, 1984, pursuant to the provisions of Chapter 867 of the Public Acts of 1984 of the State of Tennessee. The District is responsible for establishing local emergency telephone service and a primary emergency telephone number for the residents of Shelby County, Tennessee. The District is governed by a nine member board of directors, which is nominated by the Mayor of Shelby County, Tennessee, and approved by the Board of Commissioners of Shelby County, Tennessee. The Board has the authority to levy an emergency telephone service charge to be used to fund the operation of the District. The financial statements present only the financial position and changes in financial position of the Emergency Communications District of Shelby County, Tennessee and are not intended to present fairly the financial position of Shelby County, Tennessee and the changes in its financial position in conformity of U.S. generally accepted accounting principles.

Basis and Method of Accounting

Enterprise funds account for operations (a) that are financed and operated in a manner similar to private enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Therefore, the financial statements of the Emergency Communication District of Shelby County, Tennessee (a component unit of Shelby County, Tennessee) are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues relate to charges to customers for services. Operating expenses for enterprise funds include the cost of providing those services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

NOTES TO FINANCIAL STATEMENTS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Emergency telephone service charge fees are recognized as revenue when earned. State Emergency Communication Board shared wireless charges and operational funding are recognized in the period ended.

Cash and Cash Equivalents

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Investments

Investments are stated at market value based on quoted market prices.

Capital Assets

Property and equipment items are carried at cost. Expenditures, which materially increase values or extend useful lives are capitalized while replacements, maintenance and repairs, which do not improve or extend lives of respective assets are charged against income as incurred. Items purchased for the municipalities are also charged against income as incurred. A provision for depreciation is made on a basis considered adequate to amortize the costs over their estimated useful lives using the straight-line method. Useful lives are estimated at 8-10 years. Interest is capitalized during the period at which an asset is under construction if the interest charges are material and if the assets require a period of time to get them ready for their intended use. Depreciation expense for the year ended June 30, 2011 was \$483,627.

Income Taxes

The Districts have been classified by the Internal Revenue Service as being exempt from federal income tax under Section 115 of the Internal Revenue Code, and therefore, no allowance for federal income taxes is included in the financial statements.

NOTES TO FINANCIAL STATEMENTS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets are displayed in three components:

- a. Invested in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions enabling legislation.
- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

BUDGETARY INFORMATION

The Director prepares a preliminary annual budget compiled from revenue and expense projections. The Board of Directors must pass the preliminary budget on two readings before it is adopted and becomes the approved budget for the District. The first reading takes place during the April meeting, with a public hearing and second reading in the June meeting. The budget presents proposed budget amendments to the Board by line item during Board meetings. The amendments are discussed and then voted on during the meeting. When amendments are passed, the Director makes adjustments to his budget to include the newly approved amendments.

COMPENSATED ABSENCES

District employees are granted sick and annual leave in varying amounts in accordance with administrative policies. No more than twice the annual amount of vacation may be accumulated at any one time. Vacation may be accumulated in an excessive amount only if the vacation request has been denied based on the needs of the District office. Payment in lieu of vacation will only be allowed upon separation or other termination of employment. Remaining vacation will be paid to the designated beneficiary in the event of death of the employee. Generally, employees are reimbursed for accumulated sick leave, not to exceed 75 days, only upon retirement.

NOTES TO FINANCIAL STATEMENTS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

CONCENTRATION OF CREDIT RISK

All fee revenue is derived from emergency telephone service charge fees collected and remitted by the various telephone companies. The District's existence is dependent upon these fees and the use of various telephone companies' telephone lines and equipment. The District's agreement with AT&T for use of its equipment is presently on a month-to-month basis. Approximately 35% of the District's service fees are derived from AT&T and approximately 50% are derived from the State of Tennessee from wireless fees and operational funding. The remaining 14% are derived from various other landline carriers. At June 30, 2011, the receivables balance was 24% from AT&T, 62% from the State of Tennessee and 14% various other landline carriers.

CASH AND CASH EQUIVALENTS AND INVESTMENTS

Statutes authorize the District to invest in obligations of the United States Treasury, obligations guaranteed as to principal and interest by the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks, savings and loan associations, federal chartered banks, savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, banker's acceptances meeting specific rating criteria, commercial paper meeting specific rating criteria, and the state pooled investment fund.

Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction.

The District's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the State. The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are insured by the collateral pool. State statutes provide for additional amounts to be assessed on a pro rata basis to financial institutions in the collateral pool in the event that the pool's funds would be insufficient to cover a loss. As of year-end, the carrying amount of the District's demand deposits was \$5,399,810 and the bank balances totaled \$5,437,411.

The District limits its exposure to interest rate risk by diversifying its investments.

NOTES TO FINANCIAL STATEMENTS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

At year-end, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment and Maturities (in years)</u>		<u>Concentration</u>
		<u>Less than 1</u>	<u>More than 1</u>	
Federal Home Loan Bank	\$ 2,511,457	\$ 530,972	\$ 1,980,485	8%
Federal Home Mortgage Corporation	11,370,329	606,656	10,763,673	37%
Federal National Mortgage Association	504,223	-	504,223	2%
Federal Farm Credit Bank	6,930,917	-	6,930,917	23%
US Treasury Note	<u>9,035,505</u>	<u>-</u>	<u>9,035,505</u>	30%
	<u>\$ 30,352,431</u>	<u>\$ 1,137,628</u>	<u>\$ 29,214,803</u>	<u>100%</u>

Credit quality distribution for investments, with credit exposure as a percentage of total investments are as follows at year-end:

<u>Investment Type</u>	<u>Rating</u>	<u>Percentage</u>
Federal Home Loan Bank	AAA	8%
Federal Home Mortgage Corporation	AAA	37%
Federal National Mortgage Association	AAA	2%
Federal Farm Credit Bank	AAA	23%
US Treasury Note	AAA	30%

REIMBURSEMENT TO MUNICIPALITIES

During the year ended June 30, 2010, the District began reimbursing the municipalities participating in the emergency telephone service system for certain equipment purchases. The District began reimbursing for equipment purchases if the equipment was purchased within the individual municipality's purchasing guidelines and if the District had budgeted for the equipment reimbursement. The District also pays for the municipalities' usage of a language line service that assists in translating non-English language speaking callers. Reimbursements for language line service are based on the number of minutes the service was utilized. Included in contracted services are total equipment reimbursement payments of \$1,504,099. Included in other charges are language line payments of \$63,945 for the year ended June 30, 2011.

NOTES TO FINANCIAL STATEMENTS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

COMMITMENTS

The District leases office space under a 3-year lease, expiring February 1, 2012. The lease was renewed for another 60 month term. Rent expense under the lease agreement, including common area maintenance agreements, totaled \$119,898. Future minimum lease requirement for the years ending June 30 are as follows:

	Fiscal Year					
	<u>6/30/2012</u>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>Thereafter</u>
NNN Lenox	111,310	99,662	101,660	103,711	105,791	62,420

The District also entered into a lease agreement with Shelby County for fifteen acres of land in the event that the District constructs a facility on the property. The lease term will be 50 years renewable for three additional ten year terms. The rent expense is \$1 per year.

RETIREMENT PLAN

Plan Description

Employees of Emergency Communications District of Shelby County, Tennessee 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 5 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 become 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 July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four 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 Emergency Communications District of Shelby County, Tennessee 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://treasury.tn.gov/tcrs/PS/>.

NOTES TO FINANCIAL STATEMENTS

*Emergency Communications District of Shelby County, Tennessee
June 30, 2011*

RETIREMENT PLAN (Continued)

Funding Policy

Emergency Communications District of Shelby County, Tennessee has adopted a noncontributory retirement plan for its employee contributions up to 5.0 percent of annual covered payroll.

Emergency Communications district of Shelby County, Tennessee is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2011 was 14.91% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Emergency Communications District of Shelby County, Tennessee is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2011, Emergency Communications District of Shelby County, Tennessee's annual pension cost of \$36,577 to TCRS was equal to Emergency Communications District of Shelby County, Tennessee's required and actual contributions. The required contribution was determined as part of the July 1, 2009 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Emergency Communications District of Shelby County, Tennessee's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009 was 20 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

NOTES TO FINANCIAL STATEMENTS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

RETIREMENT PLAN (Continued)

Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 20, 2011	\$ 36,577	100%	\$0
June 20, 2010	\$ 37,288	100%	\$0
June 30, 2009	\$ 36,202	100%	\$0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 80.12% percent funded. The actuarial accrued liability for benefits was \$0.7 million, and the actuarial value of assets was \$0.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0.2 million, and the ratio of the UAAL to the covered payroll was 60.40% percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded progress of the plan.

NOTES TO FINANCIAL STATEMENTS

*Emergency Communications District of Shelby County, Tennessee
June 30, 2011*

RETIREMENT PLAN (Continued)

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets - (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2009	\$552	\$689	\$137	80.12%	\$227	60.40%
July 1, 2007	\$480	\$553	\$73	86.80%	\$194	37.63%

Required Supplementary Information

Schedule of Funding Progress for Emergency Communications District of Shelby County, Tennessee 88400

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets - (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2009	\$552	\$689	\$137	80.12%	\$227	60.40%
July 1, 2007	\$480	\$553	\$73	86.80%	\$194	37.63%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the Entry Age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method went into effect during the year of the 2007 actuarial valuation, therefore only the two most recent valuations are presented.

NOTES TO FINANCIAL STATEMENTS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

RISK MANAGEMENT

The District is exposed to potential loss including theft, property damage, public liability, or breach of contract. The District maintains commercial insurance policies in force to handle the above exposures.

On May 1, 2010, a flood damaged the Navy Base PSAP and completely destroyed the PSAP's controller equipment. The District received \$40,000 in insurance proceeds, which went towards the purchase of a new controller. The Navy Base PSAP is currently using an old controller that wasn't being used by any other PSAPs. The District is purchasing a new \$273,602 Cassidian Patriot controller. The District is in the process of procuring a new Cassidian Patriot controller. This new system is an IP controller system that will meet the state specifications for the State 9-1-1 network that will be rolled out in FY 12-13.

CAPITAL ASSETS

Capital asset activity is as follows (all capital assets are being depreciated):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Being Depreciated:				
Equipment	\$ 7,218,958	\$ -	\$ -	\$ 7,218,958
Vehicles	30,873	34,193	-	65,066
Furniture and fixtures	98,402	-	-	98,402
Leasehold improvements	<u>61,436</u>	<u>-</u>	<u>-</u>	<u>61,436</u>
Total Capital Assets	<u>7,409,669</u>	<u>34,193</u>	<u>-</u>	<u>7,443,862</u>
Less Accumulated Depreciation For:				
Equipment	5,748,139	462,172	-	6,210,311
Vehicles	20,583	10,164	-	30,747
Furniture and fixtures	16,195	9,736	-	25,931
Leasehold improvements	<u>2,073</u>	<u>1,555</u>	<u>-</u>	<u>3,628</u>
Total accumulated depreciation	<u>5,786,990</u>	<u>483,627</u>	<u>-</u>	<u>6,270,617</u>
Net Capital Assets	<u>\$ 1,622,679</u>	<u>\$ (449,434)</u>	<u>\$ -</u>	<u>\$ 1,173,245</u>

NOTES TO FINANCIAL STATEMENTS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

OPERATIONAL FUNDING PROGRAM

During 2010, the Tennessee Emergency Communications Board (TECB) unanimously voted to adopt the following operational funding program for the Emergency Communications Districts (ECDs):

The TECB will distribute \$21.6 million per year to the districts as a contribution to the districts' operating expenses, in furtherance of the statutory directive to distribute excess revenue "for the purposes of promoting uniform 911 services." Assuming fund availability, the annual distribution will not be reduced except by unanimous vote of the Board. The distribution may be increased by a simple majority vote.

The funds will be divided among the districts as follows: first, \$80,000 will be allocated to each of the 101 districts to help cover the minimum service costs incurred by all ECDs. Next, the remaining funds (\$13,520,000) will be divided among the districts based on seven (7) population groups. A set amount will be allocated to each group based on the average operating expenses of the ECDs in each group, determined from an analysis of 2004-2005 audited financial statements. Each ECD in a group will get the same dollar amount. The funding will be paid as a contribution to each ECD's operating expenses. Payments will be made every two months, at the same time the TECB makes the average operating expenses of the ECDs in each group, determined from an analysis of 2004-2005 audited financial statements. Each ECD in a group will get the same dollar amount. The funding will be paid as a contribution to each ECD's operating expenses. Payments will be made every two months, at the same time the TECB makes the statutory distribution to ECDs of 25% of the wireless revenue. Districts therefore will receive 1/6 of the allocation each August, October, December, February, April, and June. The Districts' portion of this funding was \$1,269,918 for the year ended June 30, 2011.

NOTES TO FINANCIAL STATEMENTS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

JOINT CALL TAKING FACILITY

On April 1, 2010, the District passed a resolution to commit \$21,000,000 to the construction of a Joint Call-Taking Facility that would be owned, operated and managed by the County and/or local municipalities for the purpose of co-locating and housing all of the 9-1-1 call takers of the participants. Under the resolution, the District will segregate the funds and will retain ownership until the funds are disbursed during the construction of the facility. In addition to the \$21,000,000 commitment, the District agreed to contribute accrued interest earned on the funds up to and including a total contribution of \$23,000,000.

As of June 30, 2011, the total value of the funds was \$21,414,232.

INTERLOCAL COOPERATION AGREEMENTS

During 2010, the District as recommended by the TCB entered into Interlocal Cooperation Agreements with local municipalities agreed to, at no cost to the District, supply a reasonable space at their PSAPs and/or dispatch centers for the District to place and install their equipment that is necessary for its purpose in providing emergency communication. The District agreed to maintain, repair and replace the equipment as necessary. The District may also provide funds for the training of the municipalities' personnel for 911 purposes. The District may also contribute funds towards the cost of equipment used by the municipalities for 911 purposes, assist in funding the cost of replacing or relocating the PSAPs, or other similar actions.

The agreements became effective July 1, 2010 and range from 1 to 4 year agreements, with an optional 1 year extension.

RELATED PARTY

There was approximately \$670,000 in related party transactions during the fiscal year. Such disbursements to employees and board members were related to company related travel and conferences. Disbursements to the PSAPs (and employees) were related to equipment purchases, training, and company related travel/conferences. Such transactions appeared to be in the normal course of business.

NOTES TO FINANCIAL STATEMENTS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

SUBSEQUENT EVENTS

The State of Tennessee is moving forward with work on the new State 9-1-1 Network. This network will be the foundation for Next Generation in several years. The 9-1-1 District will be installing Cassidian Patriot controllers at the current Pallas controller PSAPs. The cost of these controllers is expected to be approximately \$3,000,000. The District also has plans to enhance their network that connects each PSAP to the administrative office. The new design will accommodate the new Patriot controllers and give real time backup to each primary PSAP that has a backup PSAP. The cost of this Metro Ethernet Network is expected to be approximately \$530,000. Lastly, the district is also working towards the creation of a Base Map for the District which is estimated to cost between \$3,000,000-\$5,000,000.

SUPPLEMENTAL DATA

SUPPLEMENTAL DATA – BUDGETARY COMPARISON SCHEDULE

*Emergency Communications District of Shelby County, Tennessee
For the year ended June 30, 2011*

	Budget	Actual	Favorable (Unfavorable) Variance
Operating Revenues			
Emergency telephone service charge	\$ 5,190,555	\$ 4,362,479	\$ (828,076)
Tennessee emergency communications board - shared wireless charge	2,264,450	2,346,229	81,779
Tennessee emergency communications board - operational funding	1,162,000	1,523,919	361,919
Total Operating Revenues	<u>8,617,005</u>	<u>8,232,627</u>	<u>(384,378)</u>
Operating Expenses			
Salaries and wages			
Director	80,337	80,337	(0)
Administrative personnel	204,981	164,981	40,000
Unused sick & vacation time	19,338	(4,790)	24,128
Total salaries and wages	<u>304,656</u>	<u>240,528</u>	<u>64,128</u>
Employee benefits			
Car allowance	4,100	-	4,100
Social security	26,489	18,862	7,627
Life insurance - group	11,555	10,633	922
Medical/dental insurance - group	34,600	20,184	14,416
Unemployment compensation	1,400	216	1,184
Retirement contributions	45,561	36,577	8,984
Total employee benefits	<u>123,705</u>	<u>86,472</u>	<u>37,233</u>
Contracted services			
Addressing/mapping expenses	78,250	20,000	58,250
Audit services	14,750	11,500	3,250
Accounting services	23,900	20,274	3,626
Administrative fees - telephone	133,000	149,986	(16,986)
Architects	15,000	11,593	3,407
Contracts with private agencies	70,000	38,563	31,437
Facility relocation expense	88,650	88,650	0
Financial advisory services	65,000	58,822	6,178
Legal services	110,000	103,348	6,652
Maintenance agreements	1,011,734	545,606	466,128
Lease/rental - communications equipment	1,509,049	1,504,099	4,950
Lease/rental - building and facilities	138,537	119,898	18,639
Lease/rental - office equipment	6,800	4,528	2,272
Maintenance and repairs - communications	67,585	57,843	9,742
Maintenance and repairs - vehicles	5,100	956	4,144
Language line	90,000	63,945	26,055
Other contractor services - PSAP equipment reimbursements	4,636,948	192,664	4,444,284
Total contracted services	<u>8,064,304</u>	<u>2,992,275</u>	<u>5,072,029</u>

SUPPLEMENTAL DATA – BUDGETARY COMPARISON SCHEDULE (Continued)

*Emergency Communications District of Shelby County, Tennessee
For the year ended June 30, 2011*

Supplies and materials			
Fuel - vehicle	11,500	3,298	8,202
Office supplies	4,100	3,313	787
Custodial supplies	500	(8)	508
Data processing supplies	18,500	4,576	13,924
Postage	4,500	1,297	3,203
Small equipment purchases	7,750	5,890	1,860
Uniforms - office staff	600	50	550
Utilities - general telephone	14,651	604	14,047
Utilities - cell phones	34,350	20,141	14,209
Printing	<u>25,675</u>	<u>5,165</u>	<u>20,510</u>
Total supplies and materials	<u>122,126</u>	<u>44,326</u>	<u>77,800</u>
Other charges			
Payroll processing fees	1,560	1,522	38
Bank charges	11,571	9,966	1,605
Board meeting expenses	5,100	2,720	2,380
Dues and memberships	6,740	6,142	598
Insurance - workers compensation	4,333	1,221	3,112
Insurance - buildings & contents	22,500	7,190	15,310
Insurance - vehicles	3,390	942	2,448
Legal notices	4,700	4,423	277
Premiums on surety bonds	23,500	15,575	7,925
Public education	683,700	594,833	88,867
Service awards	1,350	1,218	132
Training expenses	714,279	222,700	491,579
Travel expenses	<u>128,844</u>	<u>79,445</u>	<u>49,399</u>
Total other charges	<u>1,611,567</u>	<u>947,897</u>	<u>663,670</u>
Depreciation			
Depreciation expense	<u>1,250,000</u>	<u>483,627</u>	<u>766,373</u>
Total depreciation	<u>1,250,000</u>	<u>483,627</u>	<u>766,373</u>
Total Operating Expenses	<u>11,476,358</u>	<u>4,795,125</u>	<u>6,681,233</u>
Operating Income (Loss)	<u>(2,859,353)</u>	<u>3,437,502</u>	<u>6,296,855</u>
Non-operating Revenues and (Expenses)			
Investment income	676,000	532,904	(143,096)
Net increase (decrease) in the fair value of investments	<u>0</u>	<u>(203,014)</u>	<u>(203,014)</u>
Total Non-operating Revenues and (Expenses)	<u>676,000</u>	<u>329,890</u>	<u>(346,110)</u>
Change in Net Assets	<u>\$ (2,183,353)</u>	<u>\$ 3,767,392</u>	<u>\$ 5,950,745</u>

See notes to financial statements.

SCOTT & POHLMAN P.C.

CERTIFIED PUBLIC ACCOUNTANTS _____

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

The Board of Directors
Emergency Communications District of Shelby County, Tennessee

We have audited the financial statements of Emergency Communications District of Shelby County, Tennessee, as of and for the year ended June 30, 2011 and have issued our report thereon dated November 15, 2011. We have 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 Emergency Communications District of Shelby County, Tennessee'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 considered Emergency Communications District of Shelby County, Tennessee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization'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 a 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.

Our consideration of 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings (2011-1 and 2011-2) that we consider to be significant deficiencies in internal control over financial reporting. 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether considered Emergency Communications District of Shelby County, Tennessee'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 Standards*.

We noted a certain matter that we reported to management of Emergency Communications District of Shelby County, Tennessee in a separate letter dated November 15, 2011.

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

This report is intended solely for the information and use of the audit committee, board of directors, management, others within the organization, 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.

Scott & Pohlman, P.C.
November 15, 2011

Scott & Pohlman, P.C.

SCHEDULE OF FINDINGS

Emergency Communications District of Shelby County, Tennessee
June 30, 2011

A. Findings – Financial Statements Audit

SIGNIFICANT DEFICIENCIES

2011-1 Absence of employee files

Condition:	Absence of employee files
Criteria:	Supporting documents for all transaction should be readily available.
Effect:	There is limited documentation to support the employee pay or terms of contract.
Recommendation:	Each employee should have a file on-site with key documents including but not limited to employee contract, I-9, and W-4. Government documents should be periodically updated.
Response:	During the fiscal year ended June 30, 2012, employee files will remain onsite and the District's office manager will have all employees update their I-9 and W-4 information. The District's outside bookkeeper will review monthly to ensure no new employees have been hired. Once per quarter the outside bookkeeper will check a sample of existing employee files to ensure the documentation is updated annually.

2011-2 Absence of voided checks physically and in the general ledger

Condition:	During our audit, management was unable to provide all voided checks. We also noted that not all voided checks were actually entered into the general ledger as voided, resulting in a listing of unaccounted/missing checks.
Criteria:	Supporting documentation for all transactions should be readily available. All transactions should be recorded in the general ledger.
Effect:	Without the physically voided check, there is a risk that the checks could be used for future unapproved and unknown disbursements. The absence of the voided checks in the general ledger results in an incomplete check listing.
Recommendation:	We recommend all voided checks are properly recorded in the general ledger and retained in the voided check file.
Response:	The District's outside bookkeeper will produce a missing check report monthly and ensure that voided checks within the accounting software agree to the voided check documentation. The District's office manager will include copies of voided checks and/or any supporting documentation related to the voided check in the onsite files.