

**CITY OF CLINTON
EMERGENCY COMMUNICATIONS DISTRICT
(A Component Unit of City of Clinton, Tennessee)**

Clinton, Tennessee

ANNUAL FINANCIAL REPORT

**For the Fiscal Years Ended
June 30, 2012 and 2011**

**CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT
Clinton, Tennessee**

**ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended
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TABLE OF CONTENTS

	<u>Page No.</u>
INTRODUCTORY SECTION	
Schedule of Board of Directors.....	1
FINANCIAL SECTION	
Independent Auditor's Report.....	2
Management's Discussion and Analysis	4
Financial Statements:	
Balance Sheets	7
Statements of Revenues, Expenses, and Changes in Net Position	8
Statements of Cash Flows	9
Notes to the Financial Statements.....	10
SUPPLEMENTARY INFORMATION	
Schedule of Revenues and Expenses – Budget to Actual	16
Schedule of Expenditures of State Awards	17
INTERNAL CONTROL AND COMPLIANCE SECTION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	18

INTRODUCTORY SECTION

**CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT
Clinton, Tennessee**

Board of Directors

June 30, 2012

Archie Brummitt, Chairman

Richard Scarbrough, Vice-Chairman

William Riggs, Secretary/Treasurer

Joe Roberts, Board Member

Randy Page, Board Member

Jim Sanderson, Board Member

Mark Alderson, Board Member

FINANCIAL SECTION

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315 NORTH CEDAR BLUFF ROAD – SUITE 200
KNOXVILLE, TENNESSEE 37923
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OAK RIDGE, TENNESSEE 37830
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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management of
The City of Clinton Emergency Communications District
Clinton, Tennessee

We have audited the accompanying balance sheets of the City of Clinton Emergency Communications District (the District), a component unit of the City of Clinton, Tennessee as of June 30, 2012 and 2011, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended. 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the City of Clinton Emergency Communications District as of June 30, 2012 and 2011, and the changes in financial position and cash flows for the years 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 January 2, 2013, 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 results 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-6 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 an opinion on the basic financial statements. The supplementary information on pages 16-17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The introductory section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has 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 it.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
January 2, 2013

CITY OF CLINTON
EMERGENCY COMMUNICATIONS DISTRICT

125 W. Broad Street
Clinton, Tennessee 37716
(865) 457-3112

Management's Discussion and Analysis

The management of the City of Clinton Emergency Communications District (the District), has provided this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2012, 2011 and 2010. We encourage readers to consider the information presented here in conjunction with the information provided in the financial statements, notes to financial statements, and supplementary information when reviewing the District's financial activities and condition.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's financial statements consist of Balance Sheets, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows and notes to the financial statements. This report also contains other supplementary information in addition to the financial statements.

Financial statements. The Balance Sheets present information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the District is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how the District's net position changed during the last fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs (full accrual accounting), regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (i.e., accounts payable are expensed when incurred but paid at a later date).

The Statements of Cash Flows presents information on the actual cash inflows and outflows resulting from the various operating, financing, capital, and investing activities of the District for the last fiscal years.

The District's financial statements can be found on pages 7 through 9 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the District's financial statements. The notes to the financial statements can be found on pages 10 through 15 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain supplementary information concerning the District. This supplementary information can be found on pages 16 through 17 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Financial Highlights

- The assets of the District exceeded its liabilities (net position) at June 30, 2012 by \$326,257, at June 30, 2011 by \$204,113 and at June 30, 2010 by \$107,687. Of this amount, \$290,960 or 89% is reported as unrestricted at June 30, 2012, \$148,617 or 73% at June 30, 2011 and \$48,321 or 45% at June 30, 2010. The unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$122,144 during fiscal year 2012, by \$96,426 during fiscal year 2011 and decreased by \$118,206. The increases are primarily the result of decreasing the amount of reimbursement to the primary government for dispatcher salaries which did not occur in fiscal year 2010.

Net Position

Net position may serve over time as a useful indicator of a fund's financial position. In the case of the District, assets exceeded liabilities by \$326,257 at the close of the most recent fiscal year.

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Balance Sheets</u>			
Current assets	\$ 291,161	\$ 149,385	\$ 48,338
Capital assets - net	35,297	55,496	59,366
Total assets	<u>\$ 326,458</u>	<u>\$ 204,881</u>	<u>\$ 107,704</u>
Current liabilities	<u>\$ 201</u>	<u>\$ 768</u>	<u>\$ 17</u>
Net position:			
Invested in capital assets	35,297	55,496	59,366
Unrestricted	<u>290,960</u>	<u>148,617</u>	<u>48,321</u>
Total net position	<u>326,257</u>	<u>204,113</u>	<u>107,687</u>
Total liabilities and net position	<u>\$ 326,458</u>	<u>\$ 204,881</u>	<u>\$ 107,704</u>

Statements of Revenues, Expenses and Changes in Net Position

Operating revenues	\$ 239,822	\$ 220,631	\$ 211,357
Operating expenses	<u>118,188</u>	<u>221,268</u>	<u>333,787</u>
Operating income (loss)	121,634	(637)	(122,430)
Non-operating revenues - net	<u>510</u>	<u>97,063</u>	<u>4,224</u>
Change in net position	122,144	96,426	(118,206)
Beginning net position	<u>204,113</u>	<u>107,687</u>	<u>225,893</u>
Ending net position	<u>\$ 326,257</u>	<u>\$ 204,113</u>	<u>\$ 107,687</u>

A portion of the District's net position reflects its investment in capital assets (i.e., equipment, furniture and fixtures), less accumulated depreciation. This portion of the District's net position amounts to \$35,297 or 11% of total net position at June 30, 2012, \$55,496 or 27% of total net position at June 30, 2011 and \$59,366 or 55% of total net position at June 30, 2010. The District uses these capital assets to provide emergency 911 services to citizens of the City of Clinton. Accordingly, these assets are not available for future spending.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Capital Assets

At the fiscal year end of June 30, 2012, the District had \$35,297 invested in capital assets as outlined below (a \$20,199 or 36% decrease over the last year).

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Building improvements	\$ 30,275	\$ 30,275	\$ 30,504
Communication equipment	321,661	321,661	309,929
Furniture and fixtures	0	0	1,467
Office equipment	<u>17,938</u>	<u>17,938</u>	<u>21,389</u>
	369,874	369,874	363,289
Less accumulated depreciation	<u>(334,577)</u>	<u>(314,378)</u>	<u>(303,923)</u>
	<u>\$ 35,297</u>	<u>\$ 55,496</u>	<u>\$ 59,366</u>

Additional information on the District's capital assets can be found in Note IV on pages 14 and 15 of this report.

Debt

At the fiscal year end, the District had no outstanding bonds payable, notes payable or capital lease obligations outstanding. During the upcoming fiscal year, the District does not anticipate substantial additions to the District's capital assets.

Next Year's Budget

The FY 2013 budgeted revenues and expenditures for the District are \$199,109 and \$129,500, respectively.

Contacting the District's Financial Management

This financial report is designed to provide our citizens with a general view of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Archie Brummitt, Chairman of the Board
City of Clinton Emergency Communications District
125 W. Broad Street
Clinton, Tennessee 37716

Phone: 865.457.0424

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT
Clinton, Tennessee

BALANCE SHEETS
June 30, 2012 and 2011

	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 242,895	\$ 103,015
Accounts receivable	48,266	46,370
Total current assets	291,161	149,385
Noncurrent assets:		
Capital assets, net	35,297	55,496
Total assets	\$ 326,458	\$ 204,881
Liabilities and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 201	\$ 630
Due to primary government	0	138
Total liabilities	201	768
Net position:		
Invested in capital assets	35,297	55,496
Unrestricted	290,960	148,617
Total net position	326,257	204,113
Total liabilities and net position	\$ 326,458	\$ 204,881

See the accompanying notes to the financial statements.

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT
Clinton, Tennessee

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Years Ended June 30, 2012 and 2011

	2012	2011
Operating Revenues		
Emergency telephone service charges	\$ 50,267	\$ 53,924
TECB - Wireless fees	22,907	24,598
TECB - Operational funding program	132,145	124,109
TECB - Operating grants	34,503	18,000
Total operating revenues	239,822	220,631
 Operating Expenses		
Salaries and wages	50,000	150,000
Contracted services	12,000	13,407
Supplies and materials	13,026	17,110
Other charges	22,963	20,536
Depreciation	20,199	20,215
Total operating expenses	118,188	221,268
 Operating Income (Loss)	121,634	(637)
 Nonoperating Revenues (Expenses)		
TECB - Grants and reimbursements	0	96,861
Interest income	510	202
Total non-operating revenues (expenses) - net	510	97,063
 Change in Net Position	122,144	96,426
 Net position, beginning of year	204,113	107,687
 Net position, end of year	\$ 326,257	\$ 204,113

See the accompanying notes to the financial statements.

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT
Clinton, Tennessee

STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Cash received from service fees and operational funding	\$ 221,581	\$ 221,292
Cash paid for payroll, taxes, and related benefits	(50,000)	(150,000)
Cash paid to suppliers for goods and services	(48,556)	(50,301)
Net cash provided by operating activities	123,025	20,991
Cash flows from capital and related financing activities		
TECB - Grants and reimbursements	16,345	80,515
Purchase of equipment	0	(16,345)
Net cash provided by capital and related financing activities	16,345	64,170
Cash flows from investing activities		
Interest received	510	202
Net increase in cash and cash equivalents	139,880	85,363
Cash and cash equivalents, beginning of year	103,015	17,652
Cash and cash equivalents, end of year	\$ 242,895	\$ 103,015
Reconciliation of operating loss to net cash provided by operating activities		
Operating income (loss)	\$ 121,634	\$ (637)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	20,199	20,215
(Increase) Decrease in accounts receivable	(18,241)	662
Increase (Decrease) in accounts payable	(429)	613
Increase (Decrease) in due to primary government	(138)	138
Net cash provided by operating activities	\$ 123,025	\$ 20,991

See the accompanying notes to the financial statements.

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT
Clinton, Tennessee

Notes to the Financial Statements
June 30, 2012 and 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Clinton Emergency Communications District (the District) have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies of the District:

(A) Reporting Entity

The District has established and operates a 911 service for the residents of the City of Clinton, Tennessee which receives telephone requests for emergency services and provides for the dispatch of appropriate emergency service units.

The District is considered a component unit of the City of Clinton, Tennessee and is discretely presented in the City of Clinton Annual Financial Report. The District is governed by a seven-member Board of Directors (the Board). The Board is appointed by the City of Clinton Council and any debt issuances require the Council's approval.

(B) Basis of Accounting

The financial statements of the District are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and measurable. Expenses are recorded at the time the liability is incurred.

The District applies Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounts Standards Board (GASB) pronouncements. The District has elected not to adopt the FASB statements and interpretations issued after November 30, 1989, in accordance with GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting"*.

The District's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities in accordance with special regulations, restrictions or limitations. The District is maintained as a proprietary fund. Proprietary funds are used to account for business-type activities which are activities financed in whole or in part by fees charged to external parties for goods or services.

Additionally, proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

principal ongoing operations. The principal operating revenues of the District are user fees for landline and wireless telephone customers. Operating expenses for proprietary funds include the cost of sales and services such as salaries and wages, contracted services, supplies and materials, other charges, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(C) Assets, Liabilities, and Net Position

1. Deposits and Investments

Cash and cash equivalents include demand deposits and short-term investments with original maturities of three months or less from the acquisition date. Investments are stated at fair value, which approximates cost. Currently, no investments are held in the District's name.

2. Receivables and Payables

All trade and subsidy receivables and payables are recognized when incurred and recorded at full value. Any receivable amounts later determined to be uncollectible are written off when that determination is made. Any necessary allowance for doubtful accounts would not be material.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items when paid, and expensed in the applicable future accounting period.

4. Capital Assets

Capital assets, which include furniture and fixtures, equipment, and building improvements, are defined as assets with a life greater than one year and initial individual cost of \$1,000 or greater. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful life for all assets is five years.

5. Net Position

Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: invested in capital assets, restricted, and unrestricted. Invested in capital assets includes all capital assets, net of accumulated depreciation. Invested in capital assets has been calculated as follows:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	<u>2012</u>	<u>2011</u>
Capital assets	\$ 369,874	\$ 369,874
Accumulated depreciation	<u>(334,577)</u>	<u>(314,378)</u>
	<u>\$ 35,297</u>	<u>\$ 55,496</u>

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

(D) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

(E) Revenue Recognition

Emergency telephone service charge revenues are recognized in the period in which the monthly fees are billed by the service supplier to the subscribers. Any subscriber accounts subsequently determined to be uncollectible are charged against revenues at that time. In management's opinion, such reporting does not materially affect the financial statements.

Wireless fees are collected and remitted to the District through the State of Tennessee Emergency Communications Board (TECB). Shared wireless revenues are recognized by the District in the period the surcharge is assessed by the service provider. The TECB has approved additional funding from wireless revenues that will be provided annually to the local emergency communications districts for operational needs.

(F) Implementation of GASB Statement No. 63

During the fiscal year ended June 30, 2012, the District implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which establishes guidance for reporting the balance sheets and statements of revenues, expenses and changes in net position. The most significant change for the District's financial statements is the change in terms from "net assets" to "net position". See (c) 5 above.

II. BUDGETARY INFORMATION

As required by statutes of the State of Tennessee, the District adopts an annual operating budget. The budget proposal is prepared by the Board Chairman and approved by the Board. The Board maintains the legal level of control at the line item level. The budget is prepared on the accrual basis of accounting. Appropriations lapse at the close of the fiscal year to the extent that they have not been transferred or encumbered.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

III. DEMAND DEPOSITS AND INVESTMENTS

State statutes authorize the District to invest in obligations of the United States or its agencies, non-convertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the State of Tennessee Local Government Investment Pool.

Tennessee Code Annotated (TCA) §9-1-107 requires the District to secure deposits by having banks pledge governmental securities as collateral. The state statute requires collateral whose market value is equal to 105% of the deposit, less the amount protected by the Federal Deposit Insurance Corporation (FDIC). In lieu of pledged collateral, the bank may participate in the bank collateral pool as administered by the Tennessee State Treasurer. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. 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 entirely insured or collateralized.

At June 30, 2012 and 2011, all of the District's deposits were either insured by federal depository insurance or guaranteed by bank participation in the Tennessee Bank Collateral Pool. Investment policies of the District follow state law as described above.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

IV. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Capital assets being depreciated:				
Building improvements	\$ 30,275	\$ 0	\$ 0	\$ 30,275
Communication equipment	321,661	0	0	321,661
Office equipment	17,938	0	0	17,938
	<u>369,874</u>	<u>0</u>	<u>0</u>	<u>369,874</u>
Total capital assets being depreciated				
Accumulated depreciation:				
Building improvements	30,275	0	0	30,275
Communication equipment	268,903	18,921	0	287,824
Office equipment	15,200	1,278	0	16,478
	<u>314,378</u>	<u>20,199</u>	<u>0</u>	<u>334,577</u>
Total accumulated depreciation				
Total capital assets, net	<u>\$ 55,496</u>	<u>\$ (20,199)</u>	<u>\$ 0</u>	<u>\$ 35,297</u>

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
Capital assets being depreciated:				
Building improvements	\$ 30,504	\$ 0	\$ 229	\$ 30,275
Communication equipment	309,929	16,346	4,614	321,661
Furniture and fixtures	1,467	0	1,467	0
Office equipment	21,389	0	3,451	17,938
	<u>363,289</u>	<u>16,346</u>	<u>9,761</u>	<u>369,874</u>
Total capital assets being depreciated				
Accumulated depreciation:				
Building improvements	30,504	0	229	30,275
Communication equipment	254,698	18,819	4,614	268,903
Furniture and fixtures	1,442	25	1,467	0
Office equipment	17,279	1,372	3,451	15,200
	<u>303,923</u>	<u>20,216</u>	<u>9,761</u>	<u>314,378</u>
Total accumulated depreciation				
Total capital assets, net	<u>\$ 59,366</u>	<u>\$ (3,870)</u>	<u>\$ 0</u>	<u>\$ 55,496</u>

V. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

VI. REIMBURSED EXPENSES

The E-911 dispatchers are employees of the City of Clinton. All salaries, payroll taxes, retirement, and other fringe benefit costs of the E-911 dispatchers are paid directly by the City of Clinton (primary government) through its General Fund. The District has agreed to reimburse the City of Clinton for a portion of these costs, as determined on an annual basis. The amount reimbursed for fiscal year 2012 was \$50,000 and for fiscal year 2011 was \$150,000.

SUPPLEMENTARY INFORMATION

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT
Clinton, Tennessee

SCHEDULE OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Operating Revenues			
Emergency telephone service charges	\$ 60,000	\$ 50,267	\$ (9,733)
TECB - Wireless fees	24,000	22,907	(1,093)
TECB - Operational funding program	82,800	132,145	49,345
TECB - Operating grants	0	34,503	34,503
Total operating revenues	<u>166,800</u>	<u>239,822</u>	<u>73,022</u>
Operating Expenses			
Salaries and wages	50,000	50,000	0
Contracted services:			
Audit services	4,800	4,000	(800)
Data processing services	600	0	(600)
NCIC/TBI/TIES expenses	8,000	8,000	0
Supplies and materials:			
Maintenance and repairs-equipment	13,000	9,677	(3,323)
Maintenance and repairs-buildings	500	35	(465)
Office supplies	2,000	954	(1,046)
Postage	50	9	(41)
Uniforms	2,000	2,351	351
Other charges:			
Operating lease-communication equipment	6,370	4,940	(1,430)
Operating lease-facilities	3,650	3,650	0
Utilities-electric	400	293	(107)
Utilities-telephone	1,400	1,471	71
Utilities-cellular phones	1,000	387	(613)
Utilities-internet	750	734	(16)
Dues and memberships	100	100	0
Insurance-liability	1,000	551	(449)
Insurance-equipment	200	252	52
Legal notices	50	28	(22)
Premiums on surety bonds	1,700	2,446	746
Training	5,000	4,194	(806)
Emergency notification contract	0	3,917	3,917
Depreciation	20,500	20,199	(301)
Total operating expenses	<u>123,070</u>	<u>118,188</u>	<u>(4,882)</u>
Operating Income (Loss)	<u>43,730</u>	<u>121,634</u>	<u>77,904</u>
Non-operating Revenues (Expenses)			
Interest income	200	510	310
Change in Net Position	<u>\$ 43,930</u>	<u>\$ 122,144</u>	<u>\$ 78,214</u>

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT
Clinton, Tennessee

SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2012

<u>Federal Grantor/ Pass-Through Grantor</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Beginning (Accrued) Deferred</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending (Accrued) Deferred</u>
<u>State Financial Assistance</u>						
Tennessee Department of Commerce and Insurance - TECB GIS funding	N/A	N/A	\$ 0	\$ 17,952	\$ 34,503	\$ (16,551)
Tennessee Department of Commerce and Insurance - TECB Dispatcher training funding	N/A	N/A	0	8,000	8,000	0
Tennessee Department of Commerce and Insurance - TECB Equipment funding	N/A	N/A	<u>(16,346)</u>	<u>16,346</u>	<u>0</u>	<u>0</u>
Total State Awards			<u><u>\$ (16,346)</u></u>	<u><u>\$ 42,298</u></u>	<u><u>\$ 42,503</u></u>	<u><u>\$ (16,551)</u></u>

Note: Significant Accounting Policies

The Schedule of Expenditures of State Awards includes the grant activity of the District and is presented on the accrual basis of accounting.

INTERNAL CONTROL AND COMPLIANCE SECTION

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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*

Board of Directors and Management of
The City of Clinton Emergency Communications District
Clinton, Tennessee

We have audited the financial statements of the City of Clinton Emergency Communications District (the District), a component unit of the City of Clinton, Tennessee as of and for the year ended June 30, 2012, and have issued our report thereon dated January 2, 2013. 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 effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *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.

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 previously.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Directors and various governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
January 2, 2013

