

**VAN BUREN COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
JUNE 30, 2012**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Van Buren County E-911 Emergency Communications District
Spencer, Tennessee

I have audited the accompanying financial statements of the Van Buren County E-911 Emergency Communications District, a component unit of Van Buren County, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Van Buren County E-911 Emergency Communications district's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Van Buren County E-911 Emergency Communications District, as of June 30, 2012, and the results of its operations and the 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*, I have also issued my report dated November 28, 2012, on my consideration of the Van Buren County E-911 Emergency Communications District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

GASB Statement No. 34 provides guidance on Management's Discussion and Analysis, which is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. However, management has chosen to exclude this information.

My audit was performed for the purpose of forming an opinion on the financial statements of Van Buren County E-911 Emergency Communications District, taken as a whole. The accompanying supplementary financial information is presented for the purposes of additional analysis and is not a required part of the basic financial statement of Van Buren County E-911 Emergency Communications District. Such information has been subjected to the auditing procedures applied in the examination of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

November 28, 2012
Cookeville, Tennessee

Tamara L. Beckman, CPA

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 49,423.90	
Accounts Receivable	4,316.78	
Due from State Emer. Comm. Board	2,136.92	
Prepaid Expenses	<u>3,242.77</u>	
Total Current Assets		\$ 59,120.37

Non-Current Assets

Land	60,000.00	
Building & Improvements	380,177.28	
Less: A/D-Building & Improvements	(51,859.51)	
Furniture & Fixtures	22,494.00	
Less: A/D-Furniture & Fixtures	(8,980.93)	
Office Equipment	3,589.97	
Less: A/D-Office Equipment	(1,869.99)	
Communications Equipment	403,971.49	
Less: A/D-Communications Equipment	<u>(234,853.44)</u>	
Total Non-Current Assets		<u>572,668.87</u>
Total Assets		631,789.24

LIABILITIES & NET ASSETS

Current Liabilities

Accounts Payable	1,344.16	
Payroll Taxes Payable	350.70	
Notes Payable-Current Portion	<u>20,699.57</u>	
Total Current Liabilities		22,394.43

Net Assets

Invested in Capital Assets, Net of Related Debt	551,969.30	
Unrestricted Net Assets	<u>57,425.51</u>	
Total Net Assets		<u>\$ 609,394.81</u>

The accompanying notes are in integral part of the financial statements

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

Operating Revenues

Emergency Telephone Service Charges	\$ 51,864.78	
State – Wireless Charges	12,913.95	
State – Operational Funding Program	<u>124,133.16</u>	
Total Operating Revenue		\$ 188,911.89

Operating Expense

Salaries & Wages

Director Salary	\$ 29,999.85	
Dispatcher Salary	<u>141,269.64</u>	
Total Salaries & Wages		171,269.49

Employee Benefits

Social Security	10,627.52	
Medicare	2,485.48	
Life Insurance	549.06	
Medical Insurance	4,508.11	
Unemployment	1,269.31	
Retirement	<u>5,010.42</u>	
Total Employee Benefits		24,449.90

Contracted Services

Addressing/Mapping	23,344.91	
Advertising	406.48	
Audit Services	2,000.00	
Legal Services	3,000.00	
Maintenance Agreements	5,473.19	
Pest Control	480.00	
R&M-Communications Equipment	764.59	
R&M-Building	1,565.96	
R&M-Vehicles	398.11	
Fuel	<u>608.09</u>	
Total Contracted Services		38,041.33

Supplies & Materials

Office Supplies	2,486.39
Custodial Supplies	347.41
Postage	218.81
Uniforms	340.70

VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS CONT'D
FOR THE YEAR ENDED JUNE 30, 2012

<u>Utilities</u>		
Electric	5,747.75	
Gas	1,268.00	
Water & Sewage	447.72	
General Telephone	<u>8,322.87</u>	
Total Supplies & Materials		19,179.65
<u>Other Charges</u>		
Board Meeting Expense	251.41	
Dues & Memberships	200.00	
Employee Testing	200.00	
<u>Insurance</u>		
Worker's Compensation	172.01	
Liability	8,698.85	
Building	761.91	
Vehicle	1,168.55	
Legal Notices	109.85	
Premium on Surety Bonds	515.15	
Public Education	1,383.96	
Training Expenses	866.80	
Travel Expenses	971.10	
Other	<u>16.85</u>	
Total Other Charges		15,316.44
Depreciation		<u>68,718.72</u>
Total Expenses		<u>336,975.53</u>
Net Operating Loss		(148,063.64)
<u>Non-Operating Revenue and (Expense)</u>		
Interest Income	179.66	
Interest Expense	(2,526.59)	
State – Grants & Reimbursements	166,796.66	
Contributions from Primary Government	51,700.00	
Contributions from Other Government	<u>28,500.00</u>	
Total Non-Operating Revenue & Expense		<u>244,649.73</u>
Increase in Net Assets		96,586.09
Total Net Assets, July 1, 2011		<u>512,808.72</u>
Total Net Assets, June 30, 2012		<u>\$ 609,394.81</u>

The Accompanying notes are in integral part of the financial statements

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Cash Flows From Operating Activities</u>		
Cash Received from Operations	\$ 189,181.77	
Cash Payments for Goods and Services	(74,463.36)	
Cash Payments to/for Employees	<u>(190,438.68)</u>	
Net Cash Used by Operating Activities		\$ (75,720.27)
 <u>Cash Flows From Capital & Related Financing Activities</u>		
Principal Payments on Loan	(25,473.41)	
Interest Paid on Loan	(2,526.59)	
Acquisition of New Assets	<u>(137,359.00)</u>	
Net Cash Used by Capital & Related Financing Activities		(165,359.00)
 <u>Cash Flows from Non-Capital Financing Activities</u>		
State ECB Grant Received	166,796.66	
Contributions from Primary Government	51,700.00	
Contributions from Other Governments	<u>28,500.00</u>	
Net Cash Provided by Non-Capital Financing Activities		246,996.66
 <u>Cash Flows from Investing Activities</u>		
Interest Received		<u>179.66</u>
Net Increase in Cash and Cash Equivalents		6,097.05
Cash and Cash Equivalent at 6-30-11		<u>43,326.85</u>
Cash and Cash Equivalent at 6-30-12		<u>\$ 49,423.90</u>
 <u>Reconciliation of Operating Loss to Net Cash</u>		
<u>Used by Operating Activities</u>		
Net Operating Loss	\$ (148,063.64)	
Other Non-Operating Revenue	-	
Depreciation	68,718.72	
Decrease in Accounts Receivable	17.98	
Decrease in Due from State ECB	251.90	
Decrease in Prepaid Expense	4,107.41	
Decrease in Accounts Payable	(1,022.93)	
Increase in Payroll Taxes Payable	<u>270.29</u>	
<u>Net Cash Used by Operating Activities</u>		<u>\$ (75,720.27)</u>

The Accompanying notes are in integral part of the financial statements

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 1 – Summary of Significant Accounting Policies

The Van Buren County E-911 Emergency Communication District was established for the purpose of providing an enhanced level of 911 services to the Van Buren County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Van Buren County. The Van Buren County E-911 Emergency Communications District is run by a board of directors, which is appointed by Van Buren County. The District must file a budget with Van Buren County each year. Any bond issued by the district is subject to approval by Van Buren County.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis of accounting when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving value, in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On an accrual basis, expenses are recognized at the time they are incurred. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board. As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Board has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, issued after November 30, 1989.

Depreciation

Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives. Depreciation begins when the fixed assets are placed in service. Depreciation is summarized as follows:

	<u>Method</u>	Estimated <u>Useful Life</u>	2012 <u>Depreciation</u>
Land	--	--	\$ --
Building & Improvements	S/L	40 Years	11,645.79
Furniture & Fixtures	S/L	10 Years	2,249.40
Office Equipment	S/L	5-10 Years	634.00
Communications Equipment	S/L	5-10 Years	<u>54,189.53</u>
			<u>\$68,718.72</u>

Major Source of Revenue

The major source of operating revenue is emergency telephone, wireless surcharges and Operational Funding from Tennessee Emergency Communications Board (TECB). Non-operating revenue consists of grants given by the TECB, contributions from Van Buren County and the City of Spencer and miscellaneous income.

Net Assets

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

Note 2 – Cash and cash investments

The Tennessee Government Code requires Tennessee banks and savings and loan associations to secure a governmental entity’s deposits by pledging government securities as collateral. The market value of pledged securities must equal 105% of the entity’s deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

The following is a schedule of bank accounts at June 30, 2012:

Operating Checking-Citizens Bank	<u>\$ 49,423.90</u>
Total	<u>\$ 49,423.90</u>

At June 30, 2012, the carrying amount of the Van Buren County E – 911 Emergency Communications District’s cash deposits was \$49,423.90. The District’s deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. The District is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated. [Acts 1992, ch. 891, section 10].

Note 3 – Bonding

Van Buren County E-911 Emergency Communications District has a bond covering certain members of the board at June 30, 2012. The District also has insurance covering liability, building and contents. There have been no losses or settlements that exceeded coverage during the past three years.

Note 4 – Fixed Assets

The following is a schedule of equipment at June 30, 2012:

<u>Assets</u>	<u>Cost</u> <u>6/30/2012</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Book Value</u> <u>6/30/2011</u>
<u>Non-Depreciable</u>			
Land	\$ 60,000.00	\$ -	\$ 60,000.00
<u>Depreciable</u>			
Bldg. & Improvements	\$ 380,177.28	\$ 51,859.51	\$ 328,317.77
Furniture & Fixtures	22,494.00	8,980.93	13,513.07
Office Equipment	3,589.97	1,869.99	1,719.98
Communications Equip.	<u>403,971.49</u>	<u>234,853.44</u>	<u>169,118.05</u>
Total Depreciable	<u>810,232.74</u>	<u>297,563.87</u>	<u>512,668.87</u>
Total	<u>\$ 870,232.74</u>	<u>\$ 297,563.87</u>	<u>\$ 572,668.87</u>

<u>Assets</u>	<u>Balance</u> <u>6/30/2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2012</u>
<u>Non-Depreciable</u>				
Land	\$ 60,000.00	\$ -	\$ -	\$ 60,000.00
<u>Depreciable</u>				
Bldg. & Improvements	\$ 373,010.28	\$ 7,167.00	\$ -	\$ 380,177.28
Furniture & Fixtures	22,494.00	-	-	22,494.00
Office Equipment	3,589.97	-	-	3,589.97
Communications Equip.	<u>273,779.49</u>	<u>130,192.00</u>	<u>-</u>	<u>403,971.49</u>
Total Depreciable	<u>672,873.74</u>	<u>137,359.00</u>	<u>-</u>	<u>810,232.74</u>
Total	<u>\$ 732,873.74</u>	<u>\$ 137,359.00</u>	<u>\$ -</u>	<u>\$ 870,232.74</u>

Note 5 – Cash and cash equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

Note 6 – Accounts Receivable/Due from State

The amounts due to the District from the wireless charges and TECB include the following:

Ben Lomand	\$ 3,287.66
Bledsoe Telephone	<u>1,029.12</u>
Subtotal	4,316.78
State of Tennessee-ECB Wireless	<u>2,136.92</u>
Total	<u>\$ 6,453.70</u>

Note 7 – Compensated Absences

There were no compensated absences for June 30, 2012.

Note 8 – Notes Payable

Van Buren County Emergency Communications District purchased the old bank building from Citizens Bank of Spencer, Tennessee at a cost of \$150,000. The District paid a \$25,000 down payment leaving a principal balance of \$125,000. Payments will be made annually in the amount of \$25,000 a year for 5 years at an interest rate of 5.472% with a balloon payment of \$25,002.98 on June 5, 2013. The schedule of the loan payments are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	<u>\$ 20,699.57</u>	<u>\$ 1,132.68</u>	<u>\$ 21,832.25</u>

A schedule of changes in Notes Payable is as follows:

	<u>Balance</u> <u>6-30-11</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6-30-12</u>
Building	<u>\$ 46,172.98</u>	<u>\$ --</u>	<u><\$25,473.41></u>	<u>\$ 20,699.57</u>

Note 9 – Calculation of Invested in Capital Assets

Net Book Value	\$572,668.87
Current and Non-Current Debt	<u>< 20,699.57 ></u>
Invested in Capital Assets, Net of Related Debt	<u>\$551,969.30</u>

Note 10 – Budgetary Information

As stated in Note 1, the District must file a budget with Van Buren County each year which must be legally adopted by the County. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted is required at the program level as well as the object level.

Note 11 – Pension Plan

Plan Description

Employees of Van Buren County E911 are members of the Political Subdivision Pension Plan (PSPP), and agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 year 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 Van Buren County E911 participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Van Buren County E911 requires employees to contribute 5.0 percent of earnable compensation.

Van Buren County E911 is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2012 was 5.44% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Van Buren County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2012, Van Buren County E911's annual pension cost of \$4,134 to TCRS was equal to Van Buren County E911'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), and (d) projected 3.5 percent annual increase in the Social Security wage base.

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. Van Buren County Emergency Communications District'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 16 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ending	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$4,134	100.00%	\$0.00
June 30, 2011	3,016	100.00%	0.00
June 30, 2010	4,303	100.00%	0.00

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 77.44% funded. The actuarial accrued liability for benefits was \$0.06 million, and the actuarial value of assets was \$0.05 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.01 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0.07 million, and the ratio of the UAAL to the covered payroll was 19.39%.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (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, 2011	\$49	\$64	\$14	77.44%	\$74	19.39%
July 1, 2009	\$25	\$39	\$13	65.30%	\$91	14.74%
July 1, 2007	\$15	\$30	\$15	50.00%	\$30	26.79%

Note 12 – Subsequent Events

The District evaluated subsequent events through January 8, 2012, the date in which the financial statements were available to be issued.

**VAN BUREN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

SUPPLEMENTARY INFORMATION

JUNE 30, 2012

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance Under (Over)
<u>Operating Revenues</u>			
Emergency Telephone Service Charges	\$ 51,864.78	\$ 52,250.00	\$ (385.22)
State-Shared Wireless Charges	12,913.95	13,000.00	(86.05)
State-Operational Funding Program	124,133.16	124,108.00	25.16
Total Revenue	\$ 188,911.89	\$ 189,358.00	\$ (446.11)
<u>Operating Expenses</u>			
<u>Salaries & Wages</u>			
Director	\$ 29,999.85	\$ 30,000.00	\$ 0.15
Dispatchers	141,269.64	149,581.50	8,311.86
Total Salaries & Wages	\$ 171,269.49	\$ 179,581.50	\$ 8,312.01
<u>Employee Benefits</u>			
Social Security Tax	10,627.52	10,700.00	72.48
Medicare Tax	2,485.48	2,489.00	3.52
Life Insurance	549.06	550.00	0.94
Medical Insurance	4,508.11	4,550.00	41.89
Unemployment	1,269.31	1,493.39	224.08
Retirement Contributions	5,010.42	5,011.00	0.58
Total Employee Benefits	\$ 24,449.90	\$ 24,793.39	\$ 343.49
<u>Contracted Services</u>			
Addressing/Mapping	23,344.91	23,350.00	5.09
Advertising	406.48	410.00	3.52
Audit Services	2,000.00	2,000.00	-
Legal Services	3,000.00	3,000.00	-
Maintenance Agreements	5,473.19	5,490.91	17.72
Pest Control	480.00	500.00	20.00
<u>Maintenance & Repairs</u>			
Communication Equipment	764.59	1,650.00	885.41
Building & Facilities	1,565.96	4,000.00	2,434.04
Vehicles	398.11	500.00	101.89
Fuel	608.09	1,000.00	391.91
Total Contracted Services	\$ 38,041.33	\$ 41,900.91	\$ 3,859.58
<u>Supplies & Materials</u>			
Office Supplies	\$ 2,486.39	\$ 2,800.00	\$ 313.61
Custodial Supplies	347.41	600.00	252.59
Postage	218.81	275.00	56.19
Uniforms	340.70	800.00	459.30

VAN BUREN COUNTY E-911
BUDGET AND ACTUAL (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2012

<u>Utilities</u>			
Electric	5,747.75	5,875.00	127.25
Gas	1,268.00	1,275.00	7.00
Water	447.72	450.00	2.28
General Telephone	8,322.87	8,000.00	(322.87)
Total Supplies & Materials	<u>\$ 19,179.65</u>	<u>\$ 20,075.00</u>	<u>\$ 895.35</u>
<u>Other Charges</u>			
Board Meeting Expense	251.41	255.00	3.59
Dues & Memberships	200.00	200.00	-
Employee Testing	200.00	250.00	50.00
Insurance-Worker's Compensation	172.01	633.00	460.99
Insurance-Liability	8,698.85	6,500.00	(2,198.85)
Insurance-Building	761.91	800.00	38.09
Insurance-Vehicle	1,168.55	1,175.00	6.45
Legal Notices	109.85	110.00	0.15
Premiums on Surety Bonds	515.15	625.00	109.85
Public Education	1,383.96	2,000.00	616.04
Training Expenses	866.80	1,000.00	133.20
Travel Expenses	971.10	1,300.00	328.90
Other	16.85	92.20	75.35
Total Other Charges	<u>\$ 15,316.44</u>	<u>\$ 14,940.20</u>	<u>\$ (376.24)</u>
Depreciation	<u>\$ 68,718.72</u>	<u>\$ 159,761.00</u>	<u>\$ 91,042.28</u>
Total Operating Expenses	<u>\$ 336,975.53</u>	<u>\$ 441,052.00</u>	<u>\$ 104,076.47</u>
<u>Operating Income (Loss)</u>	<u>\$ (148,063.64)</u>	<u>\$ (251,694.00)</u>	<u>\$ 103,630.36</u>
<u>Non-Operating Revenue and (Expense)</u>			
Interest Income	179.66	200.00	(20.34)
Contributions from Primary Govts	51,700.00	51,700.00	-
Contributions from Other Govts	28,500.00	28,500.00	-
State – Grants & Reimbursements	166,796.66	157,294.00	9,502.66
Other Non-Operating Income	-	14,000.00	(14,000.00)
Interest Expense	(2,526.59)	-	(2,526.59)
Total Non-Operating Revenue & Expense	<u>\$ 244,649.73</u>	<u>\$ 251,694.00</u>	<u>\$ (7,044.27)</u>
Increase in Net Assets	<u>\$ 96,586.09</u>	<u>\$ -</u>	<u>\$ 96,586.09</u>
Total Net Assets, July 1, 2011	<u>512,808.72</u>	<u>512,808.72</u>	<u>-</u>
Total Net Assets, June 30, 2012	<u>\$ 609,394.81</u>	<u>\$ 512,808.72</u>	<u>\$ 96,586.09</u>

**VAN BUREN COUNTY E – 911
EMERGENCY COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2012**

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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***

To the Board of Directors of the
Van Buren County E-911 Emergency Communications District
Spencer, Tennessee

I have audited the financial statements of Van Buren County Emergency Communications District as of and for the year ended June 30, 2012, and have issued my report thereon dated November 28, 2012. I conducted my 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

The District's management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Van Buren County Emergency Communications District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Van Buren County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Van Buren County Emergency Communications 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 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in

internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as discussed below, I identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and recommendations as items 12-1 and 12-2 that I 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Buren County Emergency Communications District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as items 12-1 and 12-2.

Van Buren County Emergency Communications District's responses to the findings identified in my audit are described in the accompanying schedule of findings and recommendations. I did not audit the District's responses and, accordingly, I express no opinions on them.

This report is intended for the information of the management and the State of Tennessee Comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties. However, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

November 28, 2012
Cookeville, Tennessee

Tamara L. Beckman, CPA

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2012**

Finding 12-1

The district has bonds covering the Chairman, Vice-Chairman and Treasurer but not the Director. Also, the bond coverage amount is less than what is required. This is in violation of Tennessee Code Annotated 7-86-119.

Recommendation:

Per TCA 7-86-119(b)(2)(B)

If revenues of the district are from \$50,000 - \$500,000 then the bond amount should be equal to 10% of the revenues handled by the district for each board member, executive committee member, employee officer or any other authorized person of the district who received public funds, has authority to make expenditures from public funds, or has access to any public funds.

Director's Response:

As of 11/28/12, the paper work has been submitted to Steve Frost Insurance Agency/The Hartford Group to secure a bond for the director and to increase the amounts of the other bonds.

Finding 12-2

A few expense items exceeded the adopted budget amounts. The District's board did adopt an amended budget, but the actual expenses were still over budget on a few line items. This is in violation of the Tennessee Code Annotated, Title 7, Section 86, Chapter 120.

Recommendation:

The board should adopt a budget that covers all expenses of the District and should amend the budget items as needed. The Board should review the amended budget at year-end to ensure it covers all actual expenses.

Director's Response:

I failed to include the June 2012 expenses that were actually paid in July of 2012. Also, I forgot to increase the budget amount for insurance due to new equipment purchases.