

Financial Statements

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

Year Ended June 30, 2012

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Directors
Emergency Communications District of
Anderson County, Tennessee
Clinton, Tennessee

We have audited the accompanying statement of net assets of Emergency Communications District of Anderson County, Tennessee, a component unit of Anderson County, Tennessee, as of June 30, 2012, and the related statement of revenue, expenses and change in net assets and statement of cash flows for the year then ended. These financial statements are the responsibility of Emergency Communications District of Anderson County, Tennessee'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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Emergency Communications District of Anderson County, Tennessee as of June 30, 2012, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 financial statements that collectively comprise Emergency Communications District of Anderson County, Tennessee's financial statements as a whole. The accompanying schedule of expenditures of state awards and statement of revenue and expenses – actual and budget are presented for the purpose of additional analysis and are not a required part of the financial statements. The schedule of expenditures of state awards and statement of revenue and expenses – actual and budget are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The other accompanying supplementary information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012 on our consideration of Emergency Communications District of Anderson County, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 other matters 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.

A handwritten signature in black ink that reads "Mitchell Emert & Hill". The signature is written in a cursive, flowing style.

October 26, 2012

**EMERGENCY COMMUNICATIONS DISTRICT
OF ANDERSON COUNTY, TENNESSEE**

101 S. MAIN STREET SUITE 440
CLINTON, TN 37716
PHONE (865) 463-8160 FAX (865) 457-1748

Our discussion and analysis of the Emergency Communications District of Anderson County, Tennessee's (the District) financial performance provides an overview of the District's activities for the year ended June 30, 2012. Please read it in conjunction with the District's financial statements, as listed in the Table of Contents.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Revenues, Expenses, and Change in Net Assets provide information about the District as a whole and present a long-term view of the District's finances.

**THE STATEMENT OF NET ASSETS AND THE STATEMENT OF REVENUE, EXPENSES
AND CHANGE IN NET ASSETS**

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

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

FINANCIAL HIGHLIGHTS

The operations of the Anderson County Emergency Communications District (a component unit of Anderson County, Tennessee) are primarily funded as follows:

- Telephone and Wireless companies "911" fees
- Operational fund program from State of Tennessee Emergency Communications Board (TECB)
- Interest income

Total operational costs for the District were \$250,044 for the fiscal year ended June 30, 2012.

NET ASSETS

The analysis below focuses on the net assets and changes in net assets of the District:

	<u>2012</u>	<u>2011</u>
NET ASSETS		
Current assets	\$ 1,230,702	\$ 1,054,734
Capital assets	<u>201,193</u>	<u>232,484</u>
Total assets	<u>\$ 1,431,894</u>	<u>\$ 1,287,218</u>
Total liabilities	3,177	142
Net assets:		
Invested in capital assets	201,193	232,484
Unrestricted	<u>1,227,524</u>	<u>1,054,592</u>
	<u>1,428,717</u>	<u>1,287,076</u>
Total liabilities and net assets	<u>\$ 1,431,894</u>	<u>\$ 1,287,218</u>
CHANGE IN NET ASSETS		
Operating revenue	\$ 345,499	\$ 365,575
Operating expenses	<u>250,044</u>	<u>275,804</u>
Operating income	95,455	89,772
Non-operating income	<u>46,186</u>	<u>33,457</u>
Change in net assets	141,641	123,228
Beginning net assets	<u>1,287,076</u>	<u>1,163,848</u>
Ending net assets	<u>\$ 1,428,717</u>	<u>\$ 1,287,076</u>

Net assets of the District increased by 11% during 2012 and 11% during 2011. Unrestricted net assets, the portion of the net assets that can be used to finance day-to-day operations, increased by \$172,932 or 16% for 2012 and \$145,786 or 16% for 2011.

FINANCIAL RATIOS

The ratios of Working Capital and Days Cash demonstrate the continuing ability to finance operations with cash. The stability of the current ratio and the liabilities to net assets ratio demonstrate that the District has not financed its working capital and days cash with an increased proportion of debt. The following is a related schedule of ratios:

	<u>2012</u>	<u>2011</u>
Working Capital (the amount by which current assets exceed current liabilities)	\$ 1,227,525	\$ 1,054,592
Days Cash and Investments (represents the number of days' normal operations could continue with no revenue collections)	2084 days	1358 days
Return on Assets – illustrates to what extent there will be sufficient funds to replace assets in the future	10%	10%

CAPITAL ASSETS

At the fiscal year end of June 30, 2012, the District had \$201,193 invested in capital assets as outlined below (a \$31,291 or 13% decrease over the last year).

	<u>2012</u>	<u>2011</u>
Communications equipment	\$ 372,383	\$ 380,336
Furniture and fixtures	47,369	48,625
Office equipment	22,862	14,998
Vehicle	19,425	19,425
Leasehold improvements	57,067	60,542
Other fixed assets	<u>71,848</u>	<u>71,848</u>
	590,954	595,774
Less accumulated depreciation	<u>(389,760)</u>	<u>(363,290)</u>
	<u>\$ 201,193</u>	<u>\$ 232,484</u>

DEBT

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

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 to the money it receives. If you have any questions about this report or need additional financial information, please contact Mark Lucas, Chairman of the Board of the Anderson County Emergency Communications District, 101 S. Main Street, Suite 440, Clinton, TN 37716.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF NET ASSETS

June 30, 2012

ASSETS

CURRENT ASSETS

Cash	\$	745,114
Certificate of deposit		450,458
Accounts receivable		11,801
Due from TECB		15,028
Prepaid expenses		8,300
		<hr/>

TOTAL CURRENT ASSETS 1,230,702

CAPITAL ASSETS

Communications equipment	\$	372,383
Furniture and fixtures		47,369
Office equipment		22,862
Vehicle		19,425
Leasehold improvements		57,067
Other fixed assets		71,848
		<hr/>
		590,954
Accumulated depreciation		(389,760)
		<hr/>
		201,193

TOTAL ASSETS \$ 1,431,894

See the accompanying notes to the financial statements.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable		\$ 1,727
Payroll taxes payable		<u>1,450</u>

TOTAL CURRENT LIABILITIES 3,177

NET ASSETS

Invested in capital assets	\$ 201,193	
Unrestricted	<u>1,227,524</u>	<u>1,428,717</u>

TOTAL LIABILITIES AND NET ASSETS \$ 1,431,894

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

Year Ended June 30, 2012

OPERATING REVENUE

Emergency telephone service charges	\$	87,507
TECB-shared wireless charge		90,818
TECB-operational funding program		<u>167,174</u>

TOTAL OPERATING REVENUE 345,499

OPERATING EXPENSES

Salaries and wages:		
Administration personnel	\$	56,678
Part-time personnel		<u>5,241</u>
		61,919

Employee benefits:		
Social security	5,002	
Medicare	<u>898</u>	5,900

Contracted services:		
Addressing/mapping	1,777	
Audit services	4,700	
Accounting services	3,300	
Fuel-vehicles	717	
Impact payments to cities	9,900	
Lease/Rental-communications equipment	79,368	
Maintenance agreements	15,998	
Maintenance and repairs-building and facilities	1,245	
Maintenance and repairs-communications equipment	912	
Maintenance and repairs-office equipment	125	
Maintenance and repairs-vehicles	13	
Other contract services	<u>260</u>	118,315

Supplies and materials:		
Office supplies	783	
Other supplies and materials	1,557	
Postage	89	
Utilities-general telephone	4,522	
Utilities-cell phones and pagers	<u>1,109</u>	8,060

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

(continued)

Year Ended June 30, 2012

Other charges:		
Board meetings	861	
Dues and memberships	978	
Insurance	7,349	
License and fees	710	
Training expenses	3,391	
Travel expenses	2,750	
Internet charges	2,837	
Premiums on surety bonds	1,463	
Other charges	<u>400</u>	20,739
Depreciation expense		<u>35,111</u>
	TOTAL OPERATING EXPENSES	<u>250,044</u>
	INCOME FROM OPERATIONS	95,455
NONOPERATING REVENUE (EXPENSE)		
TECB-grants	44,759	
Interest income	5,472	
Loss on disposal of assets	<u>(4,045)</u>	<u>46,186</u>
	CHANGE IN NET ASSETS	141,641
NET ASSETS AT THE BEGINNING OF THE YEAR		<u>1,287,076</u>
	NET ASSETS AT THE END OF THE YEAR	<u><u>\$1,428,717</u></u>

See the accompanying notes to the financial statements.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF CASH FLOWS

Year Ended June 30, 2012

CASH PROVIDED(USED) BY OPERATING ACTIVITIES	
Cash received from telephone charges	\$ 343,848
Cash paid to suppliers	(151,427)
Cash paid to employees	<u>(60,469)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	131,951
CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of equipment	(7,865)
CASH PROVIDED(USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	
TECB-grants	44,759
CASH PROVIDED(USED) BY INVESTING ACTIVITIES	
Interest received	\$ 5,472
(Increase) in certificate of deposit	<u>(5,472)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>0</u>
NET INCREASE IN CASH	168,845
CASH AT THE BEGINNING OF THE YEAR	<u>576,269</u>
CASH AT THE END OF THE YEAR	<u><u>\$ 745,115</u></u>

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF CASH FLOWS

(continued)

Year Ended June 30, 2012

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

Income from operations		\$ 95,455
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation	\$ 35,111	
(Increase) in:		
Accounts receivable	(1,600)	
Due from TECB	(50)	
Increase in:		
Accounts payable	1,727	
Payroll taxes payable	<u>1,308</u>	<u>36,495</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>\$ 131,951</u>

See the accompanying notes to the financial statements.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE A - DESCRIPTION OF ORGANIZATION

Emergency Communications District of Anderson County, Tennessee (the District) was created by a countywide referendum on November 6, 1990. The Anderson County Board of Commissioners appointed the District's initial Board of Directors pursuant to Tennessee Code Annotated Section 7-86-101. The District is responsible for the installation and maintenance of the emergency communications network of Anderson County, Tennessee (Enhanced 911 Service).

The District is considered a component unit of Anderson County, Tennessee because the Anderson County Board of Commissioners appoints a majority of the District's Board of Directors and must approve any debt issued by the District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The District uses the accrual basis of accounting. Revenue is recognized when earned and measurable, and expenses are recognized when the liability is incurred. Operating revenue is revenue that is generated from the primary operations of the District. All other revenue is reported as nonoperating revenue. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as nonoperating expenses.

GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset groups:

Invested in capital assets: This category includes capital assets, net of accumulated depreciation. Invested in capital assets at June 30, 2012 has been calculated as follows:

Capital assets	\$ 590,954
Accumulated depreciation	<u>(389,760)</u>
	<u>\$ 201,193</u>

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2012

Restricted: This category includes net assets whose use is subject to externally imposed stipulations that can be fulfilled by actions of the District pursuant to those stipulations or that expire by the passage of time. The District had no restricted net assets as of June 30, 2012.

Unrestricted: This category includes net assets that are not subject to externally imposed stipulations and that do not meet the definition of “restricted” or “invested in capital assets”. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Accounts Receivable

Accounts receivable that are deemed uncollectible based upon a periodic review of the accounts are charged to revenue. At June 30, 2012, no allowance for uncollectible accounts was considered necessary.

Capital Assets

Capital assets, that include property and equipment, are recorded at cost. Capital assets are defined by the District as assets with an initial, individual cost of \$500 or more. Depreciation is computed using the straight-line method over the estimated useful lives, which range from five to twenty-five years.

Operating Budget

The District is required by state law to adopt an annual operating budget. The Board of Directors approves the original budget and any amendments, and maintains the legal level of control at the line item level. The budget is prepared on the accrual basis of accounting. All appropriations lapse at the end of the year.

Compensated Absences

The District's full-time employees are granted vacation leave in varying amounts. In the event of termination, the employee is paid for any unused vacation leave.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2012

NOTE C - CASH

Cash represents money on deposit in various banks. The District considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

State of Tennessee law authorizes the District to invest in obligations of the United States or its agencies, nonconvertible 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.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee Bank Collateral Pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

All of the District's cash and cash equivalent balances at June 30, 2012 were entirely insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the District's agent in the District's name.

NOTE D - LEASES

The District occupies facilities provided by Anderson County, Tennessee on a month-to-month basis without charge.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2012

NOTE E – CAPITAL ASSETS

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

	<u>Balance</u> <u>7/1/11</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/12</u>
<u>Capital assets being depreciated</u>				
Communications equipment	\$ 380,336	\$ 0	\$ (7,953)	\$ 372,383
Furniture and fixtures	48,625	0	(1,256)	47,369
Office equipment	14,998	7,864	0	22,862
Vehicle	19,425	0	0	19,425
Leasehold improvements	60,542	0	(3,475)	57,067
Other fixed assets	<u>71,848</u>	<u>0</u>	<u>0</u>	<u>71,848</u>
	595,774	7,864	(12,684)	590,954
<u>Accumulated depreciation</u>				
Communications equipment	(221,457)	(21,724)	3,908	(239,273)
Furniture and fixtures	(34,674)	(5,544)	1,256	(38,962)
Office equipment	(408)	0	0	(408)
Vehicle	(19,425)	0	0	(19,425)
Leasehold improvements	(22,272)	(2,291)	3,475	(21,088)
Other fixed assets	<u>(65,053)</u>	<u>(5,552)</u>	<u>0</u>	<u>(70,605)</u>
	<u>(363,290)</u>	<u>(35,110)</u>	<u>8,639</u>	<u>(389,760)</u>
	<u>\$ 232,484</u>	<u>\$ (27,246)</u>	<u>\$ (4,045)</u>	<u>\$ 201,193</u>

NOTE F - 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; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including general liability and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SUPPLEMENTARY INFORMATION

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

Year Ended June 30, 2012

	<u>Actual</u> <u>(Accrual basis)</u>	<u>Budget</u> <u>(Accrual basis)</u>	<u>Variance</u> <u>Over (Under)</u>
OPERATING REVENUE			
Emergency telephone service charges	\$ 87,507	\$ 77,305	\$ 10,202
TECB-shared wireless charge	90,818	87,000	3,818
TECB-operational funding program	<u>167,174</u>	<u>167,174</u>	<u>(0)</u>
TOTAL OPERATING REVENUE	345,499	331,479	14,020
OPERATING EXPENSES			
Salaries and wages:			
Administration personnel	56,678	58,328	(1,650)
Part-time personnel	<u>5,241</u>	<u>6,000</u>	<u>(759)</u>
	61,919	64,328	(2,409)
Employee benefits:			
Social security	5,002	4,200	802
Medicare	<u>898</u>	<u>1,259</u>	<u>(361)</u>
	5,900	5,459	441
Contracted services:			
Addressing/mapping	1,777	20,000	(18,223)
Advertising	0	45	(45)
Audit services	4,700	4,900	(200)
Accounting services	3,300	3,300	0
Fuel-vehicles	717	2,000	(1,283)
Impact payments to cities	9,900	14,400	(4,500)
Lease/Rental-communications equipment	79,368	85,000	(5,632)
Maintenance agreements	15,998	14,000	1,998
Maintenance and repairs- building and facilities	1,245	3,000	(1,756)
Maintenance and repairs- communications equipment	912	1,750	(838)
Maintenance and repairs-office equipment	125	750	(625)

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

(continued)

Year Ended June 30, 2012

	<u>Actual</u> <u>(Accrual basis)</u>	<u>Budget</u> <u>(Accrual basis)</u>	<u>Variance</u> <u>Over (Under)</u>
Contracted services(continued):			
Maintenance and repairs-vehicles	13	1,750	(1,737)
Mapping/database consultants	0	5,000	(5,000)
Other contract services	260	500	(240)
Other professional services	0	4,500	(4,500)
	<u>118,315</u>	<u>160,895</u>	<u>(42,580)</u>
Supplies and materials:			
Office supplies	783	2,000	(1,217)
Other supplies and materials	1,557	2,000	(443)
Postage	89	300	(211)
Utilities-general telephone	4,522	5,000	(478)
Utilities-cell phones and pagers	1,109	1,250	(141)
	<u>8,060</u>	<u>10,550</u>	<u>(2,491)</u>
Other charges:			
Board meetings	861	1,000	(139)
Dues and memberships	978	1,750	(772)
Public education	0	1,200	(1,200)
Insurance	7,349	10,200	(2,851)
License and fees	710	1,000	(291)
Training expenses	3,391	5,000	(1,609)
Travel expenses	2,750	4,000	(1,250)
Internet charges	2,837	7,000	(4,163)
Premiums on surety bonds	1,463	1,850	(388)
Other charges	400	1,000	(600)
	<u>20,739</u>	<u>34,000</u>	<u>(13,261)</u>

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

(continued)

Year Ended June 30, 2012

	<u>Actual</u> <u>(Accrual basis)</u>	<u>Budget</u> <u>(Accrual basis)</u>	<u>Variance</u> <u>Over (Under)</u>
Depreciation expense	35,111	75,000	(39,889)
TOTAL OPERATING EXPENSES	<u>250,044</u>	<u>350,232</u>	<u>(100,188)</u>
INCOME FROM OPERATIONS	95,455	(18,753)	114,208
NONOPERATING REVENUE(EXPENSE)			
TECB-grants	44,759	44,753	6
Interest income	5,472	6,000	(528)
Loss on disposal of assets	<u>(4,045)</u>	<u>0</u>	<u>(4,045)</u>
	<u>46,186</u>	<u>50,753</u>	<u>(4,567)</u>
CHANGE IN NET ASSETS	141,641	32,000	109,641
NET ASSETS AT THE BEGINNING OF THE YEAR	<u>1,287,076</u>	<u>1,287,076</u>	<u>0</u>
NET ASSETS AT THE END OF THE YEAR	<u>\$ 1,428,717</u>	<u>\$ 1,319,076</u>	<u>\$ 109,641</u>

See the accompanying independent accountants' audit report.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

EXPENDITURES OF STATE AWARDS

Year Ended June 30, 2012

<u>Grant Number</u>	<u>Grant Purpose</u>	<u>State Grantor</u>
N/A	GIS Mapping Upgrade	Tennessee Department of Commerce and Insurance
N/A	GIS Tennessee Information For Public Safety	Tennessee Department of Commerce and Insurance
N/A	Dispatcher Training	Tennessee Department of Commerce and Insurance

See the accompanying independent accountants' audit report.

<u>Receivable July 1, 2011</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Receivable June 30, 2012</u>
\$ 0	\$ 10,000	\$ 10,000	\$ 0
0	18,759	18,759	0
<u>0</u>	<u>16,000</u>	<u>16,000</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 44,759</u>	<u>\$ 44,759</u>	<u>\$ 0</u>

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

BOARD OF DIRECTORS

June 30, 2012

Mark Lucas
James Shetterly
Duane Stooksbury
Kenny Morgan
Danny Humphrey
Nathan Sweet
Myron Iwanski
Jerry Creasey
Gary Long

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

INDEPENDENT ACCOUNTANTS' 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
Emergency Communications District of
Anderson County, Tennessee
Clinton, Tennessee

We have audited the financial statements of Emergency Communications District of Anderson County, Tennessee, a component unit of Anderson County, Tennessee, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Emergency Communications District of Anderson County, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain other matters that we have reported to the management of Emergency Communications District of Anderson County, Tennessee in a separate letter dated October 26, 2012.

This report is intended solely for the information and use of management, Emergency Communications District of Anderson County, Tennessee's Board of Directors, and government regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mitchell Emert + Hill".

October 26, 2012