

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

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Cheatham County E-911 Emergency Communications District
Ashland City, Tennessee

I have audited the accompanying financial statements of the Cheatham County E-911 Emergency Communications District, a component unit of Cheatham 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 Cheatham 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. 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 Cheatham County E-911 Emergency Communications District, as of June 30, 2012, and the respective changes in financial position and 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 December 5, 2012, on my consideration of the Cheatham 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 my testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with

Government Auditing Standards and should be considered in conjunction with this report in considering 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 conducted for the purpose of forming an opinion on the financial statements of Cheatham 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 financial statement of Cheatham County E-911 Emergency Communications District. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

December 5, 2012
Cookeville, Tennessee

Tamara L. Beckman, CPA

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

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 242,251.04	
Investments - Certificate of Deposit	100,000.00	
Investments - Government Investment Pool	9,655.80	
Accounts Receivable	18,603.64	
Due from State Emerg. Comm. Board	35,298.07	
Interest Receivable	32.88	
Prepaid Expenses	<u>22,170.13</u>	
<u>Total Current Assets</u>		\$ 428,011.56

Non-Current Assets

Communications Equipment	1,025,114.83	
Less: A/D-Communications Equipment	(621,151.84)	
Vehicle	40,926.29	
Less: A/D-Vehicle	<u>(19,926.66)</u>	
<u>Total Non-Current Assets</u>		<u>424,962.62</u>

Total Assets **\$ 852,974.18**

LIABILITIES

Current Liabilities

Accounts Payable	81,454.52	
Credit Card Payable	<u>20.94</u>	
<u>Total Current Liabilities</u>		<u>81,475.46</u>

Total Liabilities **81,475.46**

NET ASSETS

Invested in Capital Assets	424,962.62	
Unrestricted Net Assets	<u>346,536.10</u>	
<u>Total Net Assets</u>		<u>\$ 771,498.72</u>

The accompanying notes are in integral part of the financial statements

**CHEATHAM 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	\$ 183,405.72	
State – Wireless Charges	100,749.95	
State – Operational Funding Program	<u>167,173.32</u>	
Total Operating Revenue		\$ 451,328.99

Operating Expense

Contracted Services

Advertising	\$ 399.60	
Audit Services	2,500.00	
Accounting Services	6,600.00	
Contracts with Govt. Agencies	266,185.14	
Fees Paid to Service Providers	30,535.87	
Legal Services	6,300.00	
Maintenance Agreements	32,403.66	
NCIC / TBI / TIES	2,720.00	
<u>Maintenance & Repairs</u>		
Communication Equipment	15,297.95	
Building/Facilities	2,658.20	
Office Equipment	2,914.75	
Vehicle	49.29	
Fuel-Vehicle	<u>2,840.27</u>	
Total Contracted Services		371,404.73

Supplies & Materials

Office Supplies	2,837.58	
Custodial Supplies	635.00	
Postage	169.19	
Small Equipment Purchase	19,504.17	
Uniforms & Shirts	5,430.88	
<u>Utilities</u>		
Electric	6,601.03	
General Telephone	4,473.92	
Cell Phones & Pagers	2,150.72	
Other Supplies & Materials	<u>773.37</u>	
Total Supplies & Materials		42,575.86

The Accompanying notes are in integral part of the financial statements

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

<u>Other Charges</u>		
Bank Charges	30.00	
Board Meeting Expenses	537.57	
Dues & Memberships	424.00	
<u>Insurance</u>		
Liability	13,597.37	
Vehicles	1,252.14	
Premium on Surety Bonds	1,011.69	
Training Expenses	3,840.50	
Travel Expenses	<u>2,433.09</u>	
Total Other Charges		23,126.36
<u>Depreciation</u>		<u>23,507.09</u>
Total Operating Expenses		<u>460,614.04</u>
Net Operating Income (Loss)		(9,285.05)
<u>Non-Operating Revenue and Expense</u>		
Interest Income	1,587.29	
Contributions from Other Governments	7,400.00	
State - Grants & Rembursements	41,733.18	
Insurance Reimbursements	10,204.00	
Loss on Disposal of Capital Assets	<u>(2,533.64)</u>	
Total Non-Operating Revenue & Expense		<u>58,390.83</u>
Increase in Net Assets		49,105.78
Total Net Assets, July 1, 2011		<u>722,392.94</u>
Total Net Assets, June 30, 2012		<u><u>\$ 771,498.72</u></u>

The Accompanying notes are in integral part of the financial statements

**CHEATHAM 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	\$ 433,245.63	
Cash Payments for Goods and Services	<u>(411,100.02)</u>	
Net Cash Provided by Operating Activities		\$ 22,145.61
 <u>Cash Flows from Non-Capital Financing Activities</u>		
Grants/Reimbursements Received-State of TN ECB	41,733.18	
Contributions from Other Governments	7,400.00	
Insurance Proceeds	<u>10,204.00</u>	
Net Cash Provided by Non-Capital Financing Activities		59,337.18
 <u>Cash Flows from Investing Activities</u>		
Interest Received on CDs & Savings	1,677.70	
Transfer to LGIP	<u>(37.55)</u>	
Net Cash Provided by Investing Activities		<u>1,640.15</u>
Net Increase in Cash and Cash Equivalents		83,122.94
Cash and Cash Equivalent at 6-30-11		<u>159,128.10</u>
Cash and Cash Equivalent at 6-30-12		<u>\$ 242,251.04</u>
 <u>Reconciliation of Net Operating Revenue to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Net Operating Income (Loss)	\$ (9,285.05)	
Depreciation	23,507.09	
Decrease in Accounts Receivable	1,639.70	
Increase in Due from State ECB	(19,723.06)	
Increase in Prepaid Expense	(1,712.75)	
Increase in Accounts Payable	27,698.74	
Increase in Credit Card Payable	<u>20.94</u>	
<u>Net Cash Provided by Operating Activities</u>		<u>\$ 22,145.61</u>

The Accompanying notes are in integral part of the financial statements

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

Note 1 – General Statement and Summary of Significant Accounting Policies

The Cheatham County E – 911 Emergency Communication District was established for the purpose of providing an enhanced level of 911 service for the Cheatham 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 and proprietary fund of Cheatham County. The Cheatham County E – 911 Emergency Communications District is run by a board of directors, which is appointed by Cheatham County. The District must file a budget with Cheatham County each year. Any bond issued by the district is subject to approval by Cheatham County.

Summary of significant accounting policies

The Cheatham County E – 911 Emergency Communications district presents its financial statements on the accrual basis and according to Governmental Accounting Standards Board (GASB) Statement No. 20 follows pronouncement of the Financial Accounting Standards Board (FASB) issued before November 30, 1989 unless they conflict with or contradict GASB guidance. After November 30, 1989, the District follows GASB guidelines only and does not follow any FASB guidelines issued after that date. The District follows GASB Statement No. 34, implemented July 1, 2002. Fixed assets are recorded at cost and depreciated over their useful lives of 5 to 10 years using the straight-line method. All equipment purchases under \$5,000 are expensed. The dispatchers are paid through the county government. The Budget is compiled and brought before the board for approval. Revenues are recognized when earned and expenses are recognized when incurred.

Cash and cash equivalents

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

Major Sources of Revenue

The major sources of operating revenue are emergency telephone charges collected from telephone companies, wireless surcharges and operational funding from the state.

Occupancy and Personnel In-Kind

Cheatham County provides space for the District operations and provides for dispatcher costs and some utilities. No provision has been made to recognize these items in the financial statements.

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:

Checking – Prime Trust Bank	\$163,319.90
Money Market – Prime Trust Bank	78,931.14
Certificates of Deposit – Prime Trust Bank	100,000.00
Local Government Investment Pool (LGIP)	<u>9,655.80</u>
Total	<u>\$351,906.84</u>

At June 30, 2012, the carrying amount of the Cheatham County E – 911 Emergency Communications District’s cash deposits was \$351,906.84. The District’s deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. Any amounts over \$250,000 are covered by the government collateralization pool of which Prime Trust Bank is a member. 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, sct 10].

Note 3 – Bonding

Cheatham County E – 911 Emergency Communications District has insurance coverage for commercial liability, automobile, management and surety bonds covering the treasurer and other members of the board and the coordinator, in the amount of \$51,600.00 each at June 30, 2012. There have been no losses or settlements that exceeded this coverage during the past three years.

Note 4 – Fixed Assets

The following is a schedule of equipment, current year depreciation expense and accumulated depreciation at June 30, 2012:

<u>Assets</u>	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
Communications Equipment	\$1,025,114.83	\$ 17,207.20	\$621,151.84
Vehicles	<u>40,126.29</u>	<u>6,299.89</u>	<u>19,126.66</u>
Totals	<u>\$1,065,241.12</u>	<u>\$ 23,507.09</u>	<u>\$640,278.50</u>

Changes in property and equipment during the year are as follows:

	Balance 6-30-11	Additions	Disposals	Balance 6-30-12
<u>Assets</u>				
Comm. Equipment	\$1,047,993.42	\$ --	\$22,878.59	\$1,025,114.83
Vehicles	40,926.29	--	800.00	40,126.29
Totals	<u>\$1,100,359.06</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$1,065,241.12</u>

Note 5 – Accounts Receivable & Due from State ECB

Accounts receivable consists of the following for emergency telephone and wireless surcharges collected for the district:

Accounts Receivable

Bell South	\$ 10,280.84
Town of Kingston Springs	2,400.00
Other Emergency Phone Service Charges	<u>5,922.80</u>
Subtotal	18,603.64

Due from State ECB

GIS-TIPS 0112 & 0612	19,733.18
Shared Wireless (May & June 2012)	<u>15,564.89</u>
Subtotal	<u>35,298.07</u>
Total	<u>\$ 53,901.71</u>

Note 6 – Contracts with Government Agencies

Cheatham County Emergency Communications District pays the Cheatham County Government for contract labor. The District has no employees of its own at June 30, 2012.

Note 7 – Compensated Absences

The District does not have any employees; therefore, no compensated absence liability has been recorded.

Note 8 – Budgetary Information

As stated in Note 1, the District must file a budget with Cheatham 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 budget is required at the line-item level.

Note 9 – Subsequent Events

The District has evaluated subsequent events through December 27, 2012, the date in which the financial statements were available to be issued. The District is involved in a lawsuit against AT&T/BellSouth in an effort to recover service provider fees that should have been collected over the past several years. The outcome of this case is not reasonably determined at this time.

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Operating Revenue</u>			
Emergency Telephone Service Charges	\$ 285,000.00	\$ 183,405.72	\$ (101,594.28)
State ECB-Shared Wireless	100,000.00	100,749.95	749.95
State ECB-Operational Funding Program	110,000.00	167,173.32	57,173.32
Other Operating Income	10,000.00	-	(10,000.00)
<u>Total Operating Revenue</u>	<u>\$ 505,000.00</u>	<u>\$ 451,328.99</u>	<u>\$ (53,671.01)</u>

Operating Expenses

Contracted Services

Advertising	1,000.00	399.60	600.40
Audit Services	3,000.00	2,500.00	500.00
Accounting Services	6,600.00	6,600.00	-
Architect	-	-	-
Contracts with Govt. Agencies	266,302.17	266,185.14	117.03
Engineering Services	600.00	-	600.00
Fees Paid to Service Providers	31,000.00	30,535.87	464.13
Legal Services	6,600.00	6,300.00	300.00
Maintenance Agreements	55,500.00	32,403.66	23,096.34
NCIC / TBI / TIES Expenses	2,750.00	2,720.00	30.00
Other Consultants	1,500.00	-	1,500.00
R&M-Communications Equipment	16,000.00	15,297.95	702.05
R&M-Building & Facility	3,000.00	2,658.20	341.80
R&M-Office Equipment	3,500.00	2,914.75	585.25
R&M-Vehicle	200.00	49.29	150.71
Fuel-Vehicle	3,000.00	2,840.27	159.73
<u>Total Contracted Services</u>	<u>\$ 400,552.17</u>	<u>\$ 371,404.73</u>	<u>\$ 29,147.44</u>

Supplies & Materials

Office Supplies	3,000.00	2,837.58	162.42
Custodial Supplies	750.00	635.00	115.00
Data Processing Supplies	100.00	-	100.00
Postage	400.00	169.19	230.81
Small Equipment Purchases	20,000.00	19,504.17	495.83
Uniforms & Shirts	6,000.00	5,430.88	569.12
Utilities-Electric	9,000.00	6,601.03	2,398.97
Utilities-Gas	500.00	-	500.00

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

Utilities-General Telephone	6,500.00	4,473.92	2,026.08
Utilities-Cell Phones & Pagers	4,000.00	2,150.72	1,849.28
Other Supplies & Materials	6,000.00	773.37	5,226.63
<u>Total Supplies & Materials</u>	<u>\$ 56,250.00</u>	<u>\$ 42,575.86</u>	<u>\$ 13,674.14</u>
<u>Other Charges</u>			
Bank Charges	100.00	30.00	70.00
Board Meeting Expense	700.00	537.57	162.43
Dues & Memberships	1,750.00	424.00	1,326.00
Insurance-Liability	15,000.00	13,597.37	1,402.63
Insurance-Vehicle	2,650.00	1,252.14	1,397.86
Licenses & Fees	1,500.00	-	1,500.00
Premiums on Surety Bonds	1,500.00	1,011.69	488.31
Public Education	1,000.00	-	1,000.00
Training Expenses	10,500.00	3,840.50	6,659.50
Travel Expenses	8,500.00	2,433.09	6,066.91
<u>Total Other Charges</u>	<u>\$ 43,200.00</u>	<u>\$ 23,126.36</u>	<u>\$ 20,073.64</u>
<u>Depreciation</u>	<u>\$ 17,497.83</u>	<u>\$ 23,507.09</u>	<u>\$ (6,009.26)</u>
<u>Total Operating Expenses</u>	<u>\$ 517,500.00</u>	<u>\$ 460,614.04</u>	<u>\$ 56,885.96</u>
<u>Operating Income</u>	<u>\$ (12,500.00)</u>	<u>\$ (9,285.05)</u>	<u>\$ 3,214.95</u>
<u>Nonoperating Revenues & (Expenses)</u>			
Interest Income	500.00	1,587.29	1,087.29
Contributions from other Governments	-	7,400.00	7,400.00
State - Grants & Reimbursements	12,000.00	41,733.18	29,733.18
Insurance Reimbursements	-	10,204.00	10,204.00
Loss on Disposal of Capital Assets	-	(2,533.64)	(2,533.64)
<u>Total Nonoperating Revenues & (Expenses)</u>	<u>\$ 12,500.00</u>	<u>\$ 58,390.83</u>	<u>\$ 45,890.83</u>
Increase (Decrease) in Net Assets	<u>\$ (0.00)</u>	<u>\$ 49,105.78</u>	<u>\$ 49,105.78</u>
Net Assets-Beginning of Period	722,392.94	722,392.94	-
Net Assets-End of Period	<u>\$ 722,392.94</u>	<u>\$ 771,498.72</u>	<u>\$ 49,105.78</u>

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

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James Gupton
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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
Cheatham County E-911 Emergency Communications District
Ashland City, Tennessee

I have audited the financial statements of Cheatham County Emergency Communications District as of and for the year ended June 30, 2012, and have issued my report thereon dated December 5, 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

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Cheatham 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 Cheatham County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Cheatham 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 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, as defined above. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cheatham 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the management and federal awarding agencies and pass-through entities 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.

December 5, 2012
Cookeville, Tennessee

Tamara L. Beckman, CPA