

**DECATUR COUNTY EMERGENCY
COMMUNICATION DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2012

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
INDEPENDENT AUDITORS' REPORT, FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION
JUNE 30, 2012

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**DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
ROSTER OF BOARD OF DIRECTORS AND MANAGEMENT OFFICIALS
JUNE 30, 2012**

BOARD OF DIRECTORS

Joe Keeton – President

Curtis Mickey Bond – Vice President

Diana Montgomery – Secretary/Treasurer

Melvin Brasher

Kevin Cagle

Scott Cagle

Randy Gordon

Brad Moore

Becky Stanfill

MANAGEMENT OFFICIALS

Debbie Keeton – Director

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Our discussion and analysis of Decatur County Emergency Communication District's (the District) financial performance will offer readers of the District's financial statements a narrative overview and review of the financial activities of the District for the fiscal year ended June 30, 2012. Readers are encouraged to consider the information presented here in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statements of Net Assets and the Statements of Revenues, Expenses and Changes in Net Assets (on pages 7 through 8) provide information about the activities of the District's finances.

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 - 13.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplemental information concerning the District is required by the Tennessee Emergency Communication Board. This other supplemental information can be found on pages 14 – 15 of this report.

Comparative Data

Statement of Net Assets

	June 30, 2012	Percent of Total	June 30, 2011	Percent of Total
Current assets	\$ 417,944	61.57%	\$ 384,750	62.75%
Capital assets	260,747	38.41%	228,271	37.23%
Other assets	140	0.02%	140	0.02%
Total assets	<u>678,831</u>	<u>100.00%</u>	<u>613,161</u>	<u>100.00%</u>
Current liabilities	-	0.00%	-	0.00%
Total liabilities	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Net assets				
Invested in capital assets	260,747	38.41%	228,271	37.23%
Unrestricted	418,084	61.59%	384,890	62.77%
Total net assets	<u>\$ 678,831</u>	<u>100.00%</u>	<u>\$ 613,161</u>	<u>100.00%</u>

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

The changes in the District's net assets are described below:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Revenues		
Operating revenues	\$ 206,074	\$ 211,427
Expenses		
Contracted services	127,088	133,128
Supplies and materials	19,291	13,826
Other charges	6,040	7,327
Depreciation	42,283	37,070
Total expenses	<u>194,702</u>	<u>191,351</u>
Operating income (loss)	11,372	20,076
Nonoperating revenue (expenses)	<u>54,298</u>	<u>30,349</u>
Change in net assets	65,670	50,425
Net assets - beginning of year	<u>613,161</u>	<u>562,736</u>
Net assets - end of year	<u>\$ 678,831</u>	<u>\$ 613,161</u>

The District had a profit of \$65,670 compared to a profit in the prior year of \$50,425. This current year increase in profit was the result of increased grant funding from the State Emergency Communication Board.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 2012, the District had \$260,747 invested in a broad range of capital assets, including buildings and improvements, furniture and fixtures, office equipment, and communications equipment. Capital assets increased by \$74,760 before depreciation due to the purchase of radio equipment. There were no capital asset disposals in the current year. Accumulated depreciation increased by \$42,283 due to depreciation. Additional information on capital assets is in Note 6.

Debt

At year-end, the District had no debt.

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES AND RATES

The District is dependent on telephone service charges collected by various phone companies and remitted to the District as well as operating grants and capital grants from the State Emergency Communications Board.

A budget is prepared before each fiscal year. Next year the budget shows total revenues of \$424,595 (including grants of \$168,541 which will be used to help pay operational expenses) and expenses of \$244,634.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, investors and creditors with a general overview 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 information, contact the District at 21 S. South Street, Decaturville, Tennessee.

Debbie Keeton
Director



Independent Auditors' Report

Board of Directors
Decatur County Emergency Communication District
Decaturville, Tennessee

We have audited the accompanying financial statements of Decatur County Emergency Communication District (the District), a component unit of Decatur County, Tennessee, as listed in the table of contents, as of and for the year ended June 30, 2012. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 above present fairly, in all material respects, the financial position of the District, as of June 30, 2012, and the changes in financial position, and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012, 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 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 important for 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 3 – 5 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 principally 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 financial statements that collectively comprise the District's financial statements. The introductory section (pages 1 – 2) and the supplemental information (pages 14 – 15) are presented for purposes of additional analysis and are not required parts of the financial statements. The supplemental 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section 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.

December 10, 2012

Godwin & Associates, PLLC

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS

CURRENT ASSETS

Cash	\$ 322,219
Certificate of deposit	81,757
Due from Tennessee Emergency Communications Board	9,439
Accounts receivable	<u>4,529</u>

TOTAL CURRENT ASSETS 417,944

CAPITAL ASSETS

Furniture and fixtures	32,767
Office equipment	21,115
Communications equipment	<u>454,120</u>
	508,002
LESS: accumulated depreciation	<u>(247,255)</u>

NET CAPITAL ASSETS 260,747

OTHER ASSETS

Utility deposit	<u>140</u>
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TOTAL ASSETS \$ 678,831

LIABILITIES AND NET ASSETS

LIABILITIES \$ -

NET ASSETS

Invested in capital assets	260,747
Unrestricted net assets	<u>418,084</u>

TOTAL NET ASSETS 678,831

TOTAL LIABILITIES AND NET ASSETS \$ 678,831

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

OPERATING REVENUES	
Emergency telephone service charges	\$ 54,525
State Emergency Communication Board - shared wireless charges	27,416
State Emergency Communication Board - operational funding	<u>124,133</u>
TOTAL OPERATING REVENUES	<u>206,074</u>
 OPERATING EXPENSES	
Contracted Services	127,088
Supplies and Materials	19,291
Other Charges	6,040
Depreciation	<u>42,283</u>
TOTAL OPERATING EXPENSES	<u>194,702</u>
NET OPERATING REVENUE (EXPENSE)	<u>11,372</u>
 NONOPERATING REVENUES (EXPENSES)	
Interest and Investment Income	2,020
State Emergency Communications Board - Grants & Reimbursements	<u>52,278</u>
NONOPERATING REVENUES (EXPENSES) - NET	<u>54,298</u>
CHANGE IN NET ASSETS	65,670
NET ASSETS - BEGINNING OF YEAR	<u>613,161</u>
NET ASSETS - END OF YEAR	<u><u>\$ 678,831</u></u>

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 197,943
Cash payments to suppliers for goods and services	<u>(152,419)</u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u>45,524</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grants and reimbursements	<u>52,278</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	<u>(74,760)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment income	2,020
Investment in certificate of deposit	(1,174)
Redemption of certificate of deposit	<u>103,237</u>
CASH PROVIDED BY INVESTING ACTIVITIES	<u>104,083</u>
INCREASE IN CASH	127,125
CASH AND CASH EQUIVALENTS - BEGINNING	<u>195,094</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 322,219</u></u>

RECONCILIATION OF INCOME FROM OPERATIONS TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net operating revenue (expense)	\$ 11,372
Adjustments to reconcile operating revenue to net cash provided by operating activities:	
Depreciation	42,283
Changes in Assets and Liabilities	
Due from Tennessee Emergency Communications Board	(9,439)
Accounts receivable	<u>1,308</u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 45,524</u></u>

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. GENERAL INFORMATION

Component unit

The District provides 911 emergency assistance to persons living in Decatur County. The District is a component unit of Decatur County. Accordingly, this financial data is incorporated into the County's financial statements. The District is governed by nine members who serve staggered four-year terms. Board members are appointed by the County Mayor and ratified by the Decatur County Commission. The County Commission pays for dispatcher salaries and benefits and furnishes the District's operating headquarters. The District pays the County Commission \$4/hour per each District employee (as well as an additional \$.84/hour for an administrative assistant's salary) and pays all of the salary of one employee, which is shown as contract with government agencies expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GASB Conformity

The financial statements included herein are prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement 20 - "Election of a Reporting Method" - required the Decatur County Emergency Communication District (the District) to elect either (1) all provisions of the Financial Accounting Standards Board (FASB) issued prior to 1989 for proprietary type funds, or (2) all of the provisions of the FASB regardless of the issue date for proprietary type funds. The District elected to adopt only the provisions of the FASB prior to 1989.

Measurement Focus and Basis of Accounting

The District uses the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities associated with their activities are reported.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Revenues and expenses are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Balances reported at year-end are comprised of wireless charges due from the State of Tennessee.

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Capital Assets

All capital assets of the District are recorded at original cost, except for donated equipment which is recorded at fair market value. Expenses which materially increase values or capacities, or extend useful lives of these assets are capitalized while expenses for maintenance and repairs are charged to operations as incurred.

Gains and losses from the sale of capital assets are reflected in operations and the asset accounts and related allowances for depreciation are reduced. Also, depreciation expense on all depreciable items is systematically charged against operations using the straight-line method over their estimated useful lives. Any related interest cost is also added to the cost of the asset as appropriate.

Operating revenues and expenses

Operating revenues and expenses are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from daily operations are defined as nonoperating.

Fund Accounting

The accounts of the District are organized on the basis of funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses, as appropriate. The accounts in the financial statements in this report fall under one broad fund category as follows:

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

3. REVENUES

Revenues are derived from telephone customers in the area served by the District. The telephone company collects the fees on the monthly telephone bills (\$.65 per residence line and \$2.00 per business line) and remits them to the District. Revenues are also derived from wireless charges from cellular phone fees. The State of Tennessee collects these fees and remits them to the District bimonthly.

4. RISK MANAGEMENT

All of the District's capital assets are located in or on facilities owned by Decatur County. The District owns all office and communications equipment. The District is exposed to loss of personal property by fire, accident or an act of God, as well as tort liabilities and errors and omissions. The District is insured against these risks under the Decatur County Mayor's commercial insurance policy. It is also named as a component unit of Decatur County for basic general liability coverage of up to \$1,000,000 per liability. The District has had no insurance settlements in excess of insurance coverage during the past three years.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, as used in the Statement of Cash Flows, includes demand deposit accounts and certificates of deposit with original maturities of three months or less when purchased, in accordance with GASB Statement No. 9.

6. CAPITAL ASSETS

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

	Balance 7/1/2011	Additions	Retirements	Balance 6/30/2012
Capital assets being depreciated:				
Furniture and fixtures	32,767	-	-	32,767
Office equipment	21,115	-	-	21,115
Communications equipment	379,360	74,760	-	454,120
Total capital assets being depreciated	<u>433,242</u>	<u>74,760</u>	<u>-</u>	<u>508,002</u>
Less accumulated depreciation for:				
Furniture and fixtures	(7,100)	(3,276)	-	(10,376)
Office equipment	(8,601)	(1,598)	-	(10,199)
Communications equipment	(189,271)	(37,409)	-	(226,680)
Total accumulated depreciation	<u>(204,972)</u>	<u>(42,283)</u>	<u>-</u>	<u>(247,255)</u>
Total business-type activities capital assets, net	<u>\$ 228,270</u>	<u>\$ 32,477</u>	<u>\$ -</u>	<u>\$ 260,747</u>

Depreciation expense of \$42,283 was recorded by the District.

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

7. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state, and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over the District resources follows.

7.A. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

The District's investment policies are governed by State statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit and savings accounts. The District has no policy that further limits allowable investments. At June 30, 2012, investments consisted entirely of a certificate of deposit with a local bank. Investments are carried at cost which approximates fair value.

For deposits and investments, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy regarding custodial credit risk for deposits. Collateral is required for demand deposits and certificates of deposit at 105% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. The District's deposits at year-end were not exposed to custodial credit risk due to being entirely covered by federal depository insurance and pledged collateral held by the pledging financial institution's agent in the entity's name.

7.B. BUDGET APPROPRIATIONS

In accordance with State law, the board of the District must adopt and operate under an annual budget. Criteria for the information required in the annual adopted budget are detailed in Section 7-86-120, *Tennessee Code Annotated*. However, for financial reporting purposes it is only necessary to present budgetary revenues and expenses compared to actual. All purchases must be made within the limits of the approved budget. Expenses must be presented at the legal level of control, which is defined to be at the line-item level.

The District's expenses were within appropriations at the line-item level.

8. ESTIMATES AND ASSUMPTIONS

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

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Emergency Telephone Service Charge	\$ 58,939	\$ 54,525	\$ (4,414)
State Emergency Communication Board - Shared wireless charge	30,154	27,416	(2,738)
Operational funding	124,109	124,133	24
TOTAL OPERATING REVENUES	<u>213,202</u>	<u>206,074</u>	<u>(7,128)</u>
OPERATING EXPENSES			
<u>Contracted Services</u>			
Addressing/Mapping Expenses	3,200	2,789	411
Advertising	200	41	159
Audit Services	2,500	2,250	250
Contract with Government Agencies	98,832	97,324	1,508
Fees Paid to Service Providers	15,216	15,067	149
Maintenance agreements	19,148	6,108	13,040
NCIC Expenses	1,050	995	55
Maintenance and Repairs-Communications Equipment	2,000	753	1,247
Maintenance and Repairs-Buildings and Facilities	3,000	1,659	1,341
Other Contracted Services-Generator	1,000	102	898
<u>Supplies and Materials</u>			
Office Supplies	3,000	2,270	730
Custodial Supplies	1,500	1,071	429
Postage	340	222	118
Small Equipment Purchases	8,026	7,221	805
Utilities-Electric	3,500	3,500	-
Utilities-Gas	1,000	1,000	-
Utilities-Water and Sewer	384	384	-
Utilities-General Telephone	3,100	2,604	496
Utilities-Cell Phones and Pagers	1,020	1,019	1
<u>Other Charges</u>			
Bank Charges	100	16	84
Board Meeting Expenses	650	521	129
Dues and Memberships	200	200	-
Employee Testing and Exams	1,500	379	1,121
Legal Notices	110	-	110
Premiums on Surety Bonds	2,180	1,611	569
Public Education	550	164	386
Service Awards	2,750	2,500	250
Training Expenses	1,000	-	1,000
Travel	100	-	100
Internet Charges	708	649	59
<u>Depreciation</u>			
Depreciation expense	37,750	42,283	(4,533)
TOTAL OPERATING EXPENSES	<u>215,614</u>	<u>194,702</u>	<u>20,912</u>
NET OPERATING REVENUE (EXPENSE)	<u>(2,412)</u>	<u>11,372</u>	<u>13,784</u>
OTHER INCOME (EXPENSE)			
Interest and Investment Income	6,000	2,020	(3,980)
State Emergency Communications Board - Grants & Reimb.	169,261	52,278	(116,983)
OTHER INCOME (EXPENSE) NET	<u>175,261</u>	<u>54,298</u>	<u>(120,963)</u>
CHANGE IN NET ASSETS	<u>172,849</u>	<u>65,670</u>	<u>(107,179)</u>
NET ASSETS - BEGINNING OF YEAR	<u>562,736</u>	<u>613,161</u>	<u>50,425</u>
NET ASSETS - END OF YEAR	<u>\$ 735,585</u>	<u>\$ 678,831</u>	<u>\$ (56,754)</u>

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
SCHEDULE OF DETAILED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

Operating Expenses

Contracted Services

Addressing/Mapping Expenses	\$ 2,789
Advertising	41
Audit Services	2,250
Contracts With Government Agencies	97,324
Fees Paid to Service Providers	15,067
Maintenance Agreements	6,108
NCIC Expenses	995
Maintenance and Repairs-Communications Equipment	753
Maintenance and Repairs-Buildings and Facilities	1,659
Generator Rental	102
<u>Total Contracted Services</u>	<u>127,088</u>

Supplies and Materials

Office Supplies	2,270
Custodial Supplies	1,071
Postage	222
Small Equipment Purchases	7,221
Utilities-Electric	3,500
Utilities-Gas	1,000
Utilities-Water	384
Utilities-General Telephone	2,604
Utilities-Cell Phones and Pagers	1,019
<u>Total Supplies and Materials</u>	<u>19,291</u>

Other Charges

Bank charges	16
Board Meeting Expenses	521
Dues and Memberships	200
Testing/Evaluation	379
Premiums on Surety Bonds	1,611
Public Education	164
Service Awards	2,500
Internet Charges	649
<u>Total Other Charges</u>	<u>6,040</u>

Depreciation

Depreciation Expense	42,283
<u>Total Depreciation</u>	<u>42,283</u>

<u>Total Operating Expenses</u>	<u>\$ 194,702</u>
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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
Decatur County Emergency Communication District
Decaturville, Tennessee

We have audited the financial statements of Decatur County Emergency Communication District (the District), a component unit of Decatur County, Tennessee, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 10, 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

2012-01 GENERAL LEDGER MATERIALLY MISSTATED BEFORE ADJUSTMENTS

The client's general ledger was materially misstated because personnel incorrectly recorded capital asset additions as a current year expense. Therefore, material adjustments were required for the financial statements to be materially correct at year-end.

Recommendation: Personnel should properly record all financial transactions as they occur in order to present financials in accordance with generally accepted accounting principles.

Management's Response: We record all financial information as accurately as possible. We will strive to improve our accounting and 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. We consider the deficiency described above to be a material weakness.

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*.

DISPOSITION OF PRIOR AUDIT FINDINGS:

2011-01 Uncollateralized deposits—Corrected.

The District's response to the finding identified in our audit is described above. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Directors, and the State of Tennessee Comptroller's office and is not intended to be and should not be used by anyone other than these specified parties.

Bodwin : Associates, PLLC

December 10, 2012