

**HAMILTON COUNTY "911" EMERGENCY  
COMMUNICATIONS DISTRICT**

**Chattanooga, Tennessee**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL DATA**

**Years Ended June 30, 2012 and 2011**

**JOHNSON, HICKEY & MURCHISON, P.C.**  
Certified Public Accountants  
Chattanooga, Tennessee

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## **INTRODUCTORY INFORMATION**

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
ROSTER OF MANAGEMENT AND BOARD MEMBERS  
JUNE 30, 2012**

**MANAGEMENT:**

John S. Stuermer	Executive Director
Jeff Carney	Director of Operations
Wes Floyd	Director of Technical Services
Jay Donnicks	Director of Administration

**BOARD MEMBERS:**

Don Allen	Chairman
Richard Brown	Vice Chairman
Eddie Phillips	Secretary
Daisy Madison	Treasurer
Randy Parker	Board Member
Boyd Veal	Board Member
Jim Hammond	Board Member
Mark Mathews	Board Member
Ted Rogers	Board Member
Dan Collyer	Board Member
Bobby Dodd	Board Member

## **HAMILTON COUNTY “911” EMERGENCY COMMUNICATIONS DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS**

Our discussion and analysis of Hamilton County “911” Emergency Communications District’s financial performance provides an overview of the District’s financial activities for the fiscal year ended June 30, 2012. This should be read 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 statements of revenues, expenses and changes in net assets provide information about the activities of the District as a whole and present an overview of the District’s finances.

### **THE STATEMENTS OF NET ASSETS AND THE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

One of the most important questions asked about an entity’s finances is “How did we do this year?” The 2012 statement of net assets and statement of revenues, expenses and changes in net assets report information in a way that helps 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 statements report the District’s net assets and the changes in net assets. Net assets is the difference between assets and liabilities and is one way to measure the District’s financial health, or its financial position. Over time, increases or decreases to the District’s net assets are an indicator of whether its financial health is improving or deteriorating. Net assets and changes in net assets are analyzed on the following page.

### **ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

District’s revenues were over expenses for the fiscal year ended June 30, 2012, with a net assets increase of approximately \$587,000 from the previous year. The District realized a reduction of revenue from FY11 to FY12 of 5.3% for Emergency Telephone Service Charges and 2% for Shared Wireless Charge. FY12 marked the sixth (6) straight year of annually reduced revenue from Emergency Service Charges.

District reduced its FY12 budgeted operation expenses from FY11, less depreciation and amortization, by approximately \$493,000. This was accomplished in part by the elimination of all non-essential travel and training, the reduced funding of Telecommunicators by four (4) positions and no funding for a Telecommunicator academy during the fiscal year.

**THE DISTRICT'S NET ASSETS**

The District completed the year with net assets of \$16,133,689, which is approximately \$587,000 more than the prior year ending net assets of \$15,546,196. Unrestricted net assets of approximately \$12 million have been designated by the Board to fund future operations and capital improvements.

Net assets and changes in net assets for the years ended June 30, 2012, 2011 and 2010, are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>NET ASSETS:</b>			
Current and other assets	\$13,506,909	\$13,112,708	\$13,645,583
Capital assets	<u>4,424,271</u>	<u>4,501,026</u>	<u>4,214,390</u>
Total assets	17,931,180	17,613,734	17,859,973
Current liabilities	<u>(1,797,491)</u>	<u>(2,067,538)</u>	<u>(1,501,949)</u>
Net assets	<u>\$16,133,689</u>	<u>\$15,546,196</u>	<u>\$16,358,024</u>
Summary of net assets -			
Invested in capital assets	\$ 4,424,271	\$ 4,501,029	\$ 4,214,390
Unrestricted	<u>11,709,418</u>	<u>11,045,167</u>	<u>12,143,634</u>
	<u>\$16,133,689</u>	<u>\$15,546,196</u>	<u>\$16,358,024</u>
<b>CHANGES IN NET ASSETS:</b>			
Operating revenues	\$11,147,296	\$10,778,158	\$10,447,338
Operating expenses	<u>10,600,333</u>	<u>11,623,993</u>	<u>12,881,339</u>
Operating income (loss)	546,963	(845,835)	(2,434,001)
Nonoperating revenues, net of expenses	<u>40,530</u>	<u>34,007</u>	<u>72,298</u>
Changes in net assets	587,493	(811,828)	(2,361,703)
<b>NET ASSETS:</b>			
Beginning	<u>15,546,196</u>	<u>16,358,024</u>	<u>18,719,727</u>
Ending	<u>\$16,133,689</u>	<u>\$15,546,196</u>	<u>\$16,358,024</u>

## **BUDGETARY HIGHLIGHTS**

In order to fund unanticipated, changing needs and to prevent budget overruns, the budget for June 30, 2012, was amended between expense line items. The total expense budget remained at \$10,780,058 as originally budgeted, with actual expenses being \$10,088,759.

The line item for contingency is planned during budget preparation to cover unplanned or unusual expenses, and to fund unanticipated increases in other line items, so that the overall budget does not require an increase. Budget revisions decreased the contingency of \$30,000 to \$0.

The actual charges to appropriations (expenses) were approximately \$691 thousand below the budgeted amount. Salaries and other personnel costs were under the amount budgeted by approximately \$424,000, primarily as a result of management's decision to not fill open personnel positions; operational adjustments provided for the reduction of budgeted expenditures for expense line items contracted services and supplies and materials in the amounts of approximately \$162,000 and \$56,000 respectively. Other budget variances of approximately \$50,000 are not considered individually significant and, therefore, are not addressed here.

Expenses of \$10,600,333, reported on page 12, differ from the District's actual budgeted expenses of \$10,088,759. This difference arises because depreciation and amortization in the amount of \$511,574 are expensed for generally accepted accounting purposes, but are not budget items.

Budgeted revenues, in total, were greater than actual revenues by approximately \$142,000, with total operating revenues being under budget by approximately \$165,000, miscellaneous income being over budget by approximately \$8,000, and interest income being over budget by approximately \$14,000.

## **CAPITAL ASSETS**

At June 30, 2012, the District had \$12,572,145 invested in capital assets such as telecommunications equipment, office equipment, and building improvements. This amount represents a net increase of \$434,816, consisting of approximately \$434,000 in requisitions.

The District's fiscal year 2012 capital budget planned for spending of approximately \$500,000 for capital assets including video management solution for the operations room, video security system for the centers and replacement of computer equipment.

More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

## **ECONOMIC FACTORS AND PLANNING FOR FUTURE NEEDS**

The implementation of countywide Unified Communications expanded the District's operational needs beyond those available in the current facility. The District has plans for a new dispatch center to accommodate the increased operational needs and the anticipated future growth in the County.

The District plans to replace the 9-1-1 telephony system within the next two (2) years at an approximate cost of \$2 million and the CAD (computer aided dispatch) system within the next four (4) years at an approximate cost of \$11 million to meet requirements for Next Generation 911 (NG911).

As discussed further in Note 8, the District has radio communication agreements with the City of Chattanooga and Hamilton County Government, the purpose of which is to partially reimburse the City and County for the County wide 800 MHz radio system. The remaining annual cost of these agreements was \$200,000 for the year ending June 30, 2012. The completion of these agreements is expected to enable the District to absorb the majority of the additional unification costs from its projected revenue sources.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances, comply with finance related laws and regulations and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like additional information, contact the District's Executive Director at 3404 Amnicola Highway, Chattanooga, TN 37406.



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

Hamilton County "911" Emergency Communications District:

We have audited the accompanying financial statements of Hamilton County "911" Emergency Communications District, a component unit of Hamilton County, Tennessee, as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of Hamilton County "911" Emergency Communications District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hamilton County "911" Emergency Communications District, as of June 30, 2012 and 2011, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2012, on our consideration of Hamilton County "911" Emergency Communications 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 should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information on pages 28 through 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of operating expenses and schedule of budget to actual 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 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.

*Johnson, Wickey & Meucham, P.C.*

November 1, 2012

## **FINANCIAL STATEMENTS**

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENTS OF NET ASSETS  
JUNE 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>ASSETS:</b>		
Cash	\$ 1,013,964	\$ 556,359
Certificates of deposit and money market accounts	11,886,420	11,846,675
Accounts receivable - telephone service charges	277,023	310,887
Accounts receivable - other	20,781	48,081
Accounts receivable for accumulated leave	308,721	350,703
Capital assets, net of accumulated depreciation and amortization	4,424,271	4,501,029
Total assets	17,931,180	17,613,734
 <b>LIABILITIES:</b>		
Accounts payable	45,118	378,357
Payable to primary government	1,156,756	1,106,525
Accumulated leave	595,617	582,656
Total liabilities	1,797,491	2,067,538
 <b>NET ASSETS:</b>		
Invested in capital assets	4,424,271	4,501,029
Unrestricted	11,709,418	11,045,167
Total net assets	\$ 16,133,689	\$ 15,546,196

(The accompanying notes are an integral part of these statements.)

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>OPERATING REVENUES:</b>		
Emergency telephone service charges	\$ 2,771,393	\$ 2,927,458
State Emergency Communications Board - Shared wireless charge	787,115	803,614
Operational funding	1,527,068	1,435,919
Funding from local governments	6,053,462	5,460,199
Other income	8,258	150,968
Total operating revenues	11,147,296	10,778,158
<b>OPERATING EXPENSES:</b>		
Salaries and benefits	8,265,791	8,786,144
Contracted services	839,660	721,094
Supplies and materials	625,625	684,497
Other	157,683	233,490
Depreciation and amortization	511,574	798,768
Countywide 800 MHz project	200,000	400,000
Total operating expenses	10,600,333	11,623,993
<b>OPERATING INCOME (LOSS)</b>	546,963	(845,835)
<b>NONOPERATING REVENUES:</b>		
Interest income	40,530	34,007
<b>CHANGE IN NET ASSETS</b>	587,493	(811,828)
<b>NET ASSETS:</b>		
Beginning	15,546,196	16,358,024
Ending	\$ 16,133,689	\$ 15,546,196

(The accompanying notes are an integral part of these statements.)

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from telephone companies	\$ 2,805,259	\$ 2,904,506
Receipts from State for shared wireless revenues and operational funding	2,314,183	2,239,533
Receipts from other local governments	6,122,745	5,503,394
Receipts from others	8,258	2,565
Payments to suppliers and others	(1,724,610)	(2,005,794)
Payments for employees	(8,434,199)	(7,853,842)
Payments to City and County	(200,000)	(400,000)
Net cash provided by operating activities	891,636	390,362
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of capital assets	(434,816)	(1,085,404)
Net cash used by capital and related financing activities	(434,816)	(1,085,404)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	40,530	34,007
Net cash provided by investing activities	40,530	34,007
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	497,350	(661,035)
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning	12,403,034	13,064,069
Ending	\$ 12,900,384	\$ 12,403,034
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS:</b>		
Cash	\$ 1,013,964	\$ 556,359
Certificates and money market accounts	11,886,420	11,846,675
	\$ 12,900,384	\$ 12,403,034

(The accompanying notes are an integral part of these statements.)

	<u>2012</u>	<u>2011</u>
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Income (loss) from operations	\$ 546,963	\$ (845,835)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities -		
Depreciation and amortization	511,574	798,768
Net (increase) decrease in operating assets:		
Accounts receivable	103,148	(128,160)
Net increase (decrease) in operating liabilities:		
Accounts payable and payable to primary government	(283,010)	523,110
Accumulated leave and related benefits	<u>12,961</u>	<u>42,479</u>
Net cash provided by operating activities	<u>\$ 891,636</u>	<u>\$ 390,362</u>

(The accompanying notes are an integral part of these statements.)

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Organization -**

Public chapter No. 867 of the 1984 Tennessee Public Acts ("The Emergency Communications District Law") was enacted to establish local emergency telephone service, to provide for the funding of such services and such district, and to provide for the funding of a telephone service charge. On November 6, 1984, the voters of Hamilton County, Tennessee approved the establishment of such a district.

**Financial reporting entity -**

The District is a component unit of Hamilton County, Tennessee. Members of the Board of Directors of Hamilton County "911" Emergency Communications District are appointed by the County Mayor of Hamilton County, Tennessee, with the approval of the County Board of Commissioners. The Board of Commissioners must also approve bonds and notes which pledge District revenue.

**Basis of accounting -**

The District is a governmental unit, subject to accounting directives issued by the Governmental Accounting Standards Board (GASB), and anticipates recovering the cost of its services in a manner similar to a private business enterprise. Therefore, the District uses the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred. Operating revenues are those that result from the activities of the District, including telephone service charges, expense reimbursements, and grants for operations. Revenue from other sources is considered nonoperating.

In addition to GASB pronouncements, the District is subject to all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The District does not follow FASB pronouncements issued subsequent to November 30, 1989.

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued):

**Estimates -**

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Accounts receivable -**

Accounts receivable for telephone service charges and other is reported at the outstanding principal amount. Uncollectible accounts, if any, are accounted for by the direct write-off method, which would produce no material differences from the allowance method.

**Capital assets -**

The District capitalizes significant purchases of capital assets which are recorded at cost. Depreciation is provided over the estimated useful lives of individual assets by the straight-line method.

Capital assets include the "911" database and other software. Amortization is recorded over periods of 5 to 10 years, based upon the estimated service period.

Depreciation and amortization expense was \$440,714 and \$70,860, respectively, for the year ended June 30, 2012; and \$505,662 and \$293,106, respectively, for the year ended June 30, 2011.

The amount budgeted for acquisitions for the years ended June 30, 2012 and 2011, was \$223,000 and \$316,000, respectively. Actual acquisitions for the same years were \$434,816 and \$1,085,404, respectively.

**Cash and cash equivalents -**

For purposes of these financial statements, the District considers money market accounts with banks and the State of Tennessee Local Government Pool, as well as certificates of deposit, to be cash equivalents.

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2012 AND 2011**

**(2) BUDGETARY CONTROL:**

The District's Board approves an annual budget based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. The District does not budget depreciation, as its intent is to budget the use of anticipated, available resources. It does, however, provide an estimated budget for acquisitions of capital assets. Budgeted expenses may be amended, as needed, to meet changing needs.

**(3) CASH AND INVESTMENTS:**

The District reports its cash and cash equivalents under GASB Statement Number 40, which is designed to improve financial reporting of deposit and investment risks.

At June 30, 2012, the District reports cash equivalents as follows -

	<b>Weighted Average Maturity (Years)</b>	<b>Fair Value</b>
Deposits with State of Tennessee		
Local Government Investment Pool	0.00	\$ 3,687,599
Money market accounts	0.00	6,133,914
Certificates of deposit	0.15	2,064,907
Total	0.10	\$11,886,420

Interest Rate Risk - As a means of limiting its exposure to losses resulting from rising interest rates, the District's usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio. The District's investments experienced no significant fluctuations in fair value during the year.

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2012 AND 2011**

**(3) CASH AND INVESTMENTS (Continued):**

Custodial Credit Risk - The District's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by federal deposit insurance or the Tennessee Bank Collateral Pool, by collateral held by the District's agent in the District's name, or by Federal Reserve Banks acting as third party agents. State statutes also authorize the types of investments in which the District may participate. The District limits its investments to certificates of deposit and savings and money market accounts with local banks and the State of Tennessee local government pooled investment fund.

Credit Risk - The District's policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws. The State of Tennessee Local Government Investment Pool is a 2a7-like pool, which is not rated.

At June 30, 2012, certificates of deposit and bank money market funds consist of the following -

<u>Financial Institution</u>	<u>Type of Instrument</u>	<u>Interest</u>	<u>Maturity Date</u>	<u>Amount</u>
First Tennessee Bank	Certificate	0.68%	Sept. 29, 2012	\$1,059,145
First Tennessee Bank	Certificate	0.87%	June 13, 2013	1,005,762
First Tennessee Bank	Money market	Variable	NA	<u>6,133,914</u>
				<u>\$8,198,821</u>

**(4) BOARD DESIGNATED RESERVES:**

Certificates of deposit and money market accounts are funds that have been set aside by the Board for the following, specific uses -

An operational reserve has been established to provide funds for capital expansion and for operational expenses, in the event that the District needs reserved funds to enable it to meet its continuing operational needs. At June 30, 2012, the

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

**(4) BOARD DESIGNATED RESERVES (Continued):**

reserve consists of investments with the State of Tennessee Local Government Investment Pool, money market funds, and certificates of deposit in the amount of \$2,449,074, \$6,133,914, and \$2,064,907 respectively.

A risk management reserve has been established to provide for a liability plan with limited coverage for torts and other liabilities, and error and omissions of board members, employees and authorized volunteers. The reserve is intended to fund risk management claims and, at June 30, 2012, consists of investments with the State of Tennessee Local Government Investment Pool in the amount of \$1,238,525.

**(5) CHANGES IN CAPITAL ASSETS:**

Changes in capital assets for the year ended June 30, 2012, are as follows -

	<u>Beginning</u>	<u>Additions</u>	<u>Reclasses &amp; Retirements</u>	<u>Ending</u>
<b>Capital assets:</b>				
Leasehold improvements	\$ 4,578,174	\$ 241,777	\$ 256,753	\$ 5,076,704
Furniture and fixtures	220,201	-	-	220,201
Office equipment	108,780	8,887	-	117,667
Communications equipment and software	6,938,107	159,153	-	7,097,260
Vehicles	35,312	24,999	-	60,311
Projects in process	256,753	-	(256,753)	-
	<u>12,137,327</u>	<u>434,816</u>	<u>-</u>	<u>12,572,143</u>
<b>Less accumulated depreciation and amortization:</b>				
Leasehold improvements	1,831,438	173,324	-	2,004,762
Furniture and fixtures	166,855	11,236	-	178,091
Office equipment	77,132	14,904	-	92,036
Communications equipment and software	5,536,723	305,890	-	5,842,613
Vehicles	24,150	6,220	-	30,370
	<u>7,636,298</u>	<u>511,574</u>	<u>-</u>	<u>8,147,872</u>
	<u>\$ 4,501,029</u>	<u>\$ (76,758)</u>	<u>\$ -</u>	<u>\$ 4,424,271</u>

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

**(6) LEASED PREMISES:**

The District's operating premises, which include administrative offices and the primary communications center, are located on real property owned by the City of Chattanooga, Tennessee. A lease agreement between the two entities provides that no rent shall be charged the District as consideration, provided that all costs of construction and maintenance of the communications center are paid by the District. The termination of the communications agreement, referred to in Note 8, shall not be deemed a failure of consideration. The term of the lease, which originated April 5, 1994, is for a period of forty years. The District shall have the option to renew for two consecutive terms of forty years each upon the same terms and conditions as set forth in the lease agreement, subject to approval of the City's governing body. According to the terms of the agreement, the District shall not enter into a communication agreement with any other governmental entity for a term which extends beyond the term of this lease.

Additionally, the District is provided, and has renovated for its use as a backup communications center, a portion of a building owned by Hamilton County. The use is for an indeterminate period of time, and the District is responsible for all maintenance on the portion that it uses.

**(7) COMPENSATED ABSENCES:**

The District's employees are paid compensated leave benefits based upon a prescribed formula, and the benefits are accrued as employees earn the right to them.

As a result of County-wide unification, in January, 2009, the District assumed the liability for unused, compensated absences for Hamilton County and City of Chattanooga employees who became employees of the District. At June 30, 2009, the validity of this liability to the City and County was in negotiation, and not subject to a reasonable estimate. Therefore, although the liability to the employees was recorded by the District, no receivable from the City and County was recorded.

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

**(7) COMPENSATED ABSENCES** (Continued):

During the year ended June 30, 2010, the receivable from the City was determined to be \$271,426, and the financial statements as of and for the year ending June 30, 2009, were restated. As a result of ongoing negotiations, the receivable from the County in the amount of \$148,403 was recorded in the year ending June 30, 2011, and is included in other income.

The receivable from the City is payable annually at \$27,143, through June, 2019, with a current balance of \$189,998. The receivable from the County is payable annually at \$14,840, through June, 2020, with a current balance of \$118,723.

**(8) RADIO COMMUNICATION AGREEMENTS:**

In order to provide better service to the City of Chattanooga, Tennessee and Hamilton County, Tennessee, the District has radio communication agreements with the City and the County. The purpose of the agreements is to partially reimburse the City and County for their acquisition and installation of a District wide 800 MHz radio system.

An agreement entered into in 1998 requires the District to pay a total of \$3,000,000 to the City of Chattanooga, with an initial payment of \$400,000 in the year ended June 30, 1999, and \$200,000 per year for the years ended June 30, 2000 through 2011. The agreement with the City ended in August, 2010.

The 1998 agreement requires the District to pay a total of \$3,000,000 to Hamilton County, with an initial payment of \$200,000 in the year ended June 30, 1999, and \$200,000 per year for the years ended June 30, 2000 through 2012. The agreement with the County ended in August, 2011.

An agreement entered into in 2005 requires the District to pay a total of \$3,043,795 to the City or the County, with five annual payments of \$608,759, beginning July 1, 2005. This agreement ended in July, 2009.

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

**(9) TRANSACTIONS WITH OTHER GOVERNMENTS:**

The District incurs costs relative to personnel, utilities, and other, some of which are reimbursed by the City of Chattanooga, and credited to the appropriate expense accounts. As of and for the years ended June 30, 2012 and 2011, these transactions and balances were as follows -

	<b>2012</b>	<b>2011</b>
Reimbursements:		
City of Chattanooga	\$ 218,699	\$ 112,388
Accounts receivable:		
City of Chattanooga	\$ 1,475	\$ 45,583

As a result of unified call taking and dispatching for Hamilton County, and the Cities of Chattanooga, East Ridge, Red Bank, Collegedale, and Signal Mountain, these local governments contribute funds to the District to offset the personnel costs of those who were formerly employed by the individual governmental entities.

As of and for the years ended June 30, 2012 and 2011, the funding and amounts receivable from these entities were as follows -

	<b>2012</b>	<b>2011</b>
Funding:		
Hamilton County	\$1,707,144	\$1,743,945
City of Chattanooga	3,762,722	3,112,635
City of East Ridge	336,048	406,652
City of Red Bank	135,024	114,012
City of Collegedale	51,072	39,054
City of Signal Mountain	61,452	43,901
	<b>\$6,053,462</b>	<b>\$5,460,199</b>

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

**(10) 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 has assets designated for certain aspects of risk management. The designation was established to provide for a liability plan with limited coverage to board members, employees, and authorized volunteers. Liabilities relative to risk management are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There have been no claims for these limited areas of risk management since the inception of the Board designation.

The District has insurance coverage, subject to specified limits, for risks of other losses, including workers' compensation, general liability, personal property, and errors and omissions.

There have been no settlements in excess of insurance coverage during the three most recent fiscal years.

**(11) RETIREMENT PLAN:**

**Plan description -**

Employees of Hamilton County "911" Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an 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 5 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with 5 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

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

**(11) RETIREMENT PLAN** (Continued):

**Plan description** (continued) -

the system after July 1, 1979 become vested after 5 years of service, and members joining prior to July 1, 1979 were vested after 4 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 Hamilton County "911" Emergency Communications District 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, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS>.

**Funding policy** -

Hamilton County "911" Emergency Communications District has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

Hamilton County "911" Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2012 was 11.13% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Hamilton County "911" Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2012 AND 2011**

**(11) RETIREMENT PLAN** (Continued):

**Annual pension cost -**

For the year ending June 30, 2012, Hamilton County "911" Emergency Communications District's annual pension cost of \$547,092 to TCRS was equal to Hamilton County "911" Emergency Communications District'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% 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. 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 ten-year period. Hamilton County "911" 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 11 years. An actuarial valuation was performed as of July 1 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

<b><u>Fiscal Year Ending</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
6/30/2012	\$ 547,092	100.00%	\$0.00
6/30/2011	\$1,077,668	100.00%	\$0.00
6/30/2010	\$ 543,384	100.00%	\$0.00

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

**(11) RETIREMENT PLAN (Continued):**

**Funded status and funding progress -**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 99.50% funded. The actuarial accrued liability for benefits was \$2.91 million, and the actuarial value of assets was \$2.89 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 \$4.93 million, and the ratio of the UAAL to the covered payroll was 0.29%.

The schedules of funding progress, presented below, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL's for benefits.

**Required Information: Schedule of Funding Progress -  
(Dollar amounts in thousands)**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Liab(AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
7/1/2011	\$2,894	\$2,909	\$14	99.50%	\$4,930	0.29%
7/1/2009	\$694	\$ 710	\$17	97.67%	\$1,880	0.88%
7/1/2007	\$315	\$ 333	\$18	94.59%	\$ 183	9.84%

**(12) LITIGATION:**

The District is currently involved in certain legal actions which are being vigorously defended. It is the opinion of management and legal counsel that these proceedings will not have a material effect on the financial position of the District.

**(13) SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through November 1, 2012, the date which this financial statement was available for issue.

## **SUPPLEMENTARY INFORMATION**

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULES OF OPERATING EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Salaries and Benefits -</b>		
Salaries - director	\$ 93,272	\$ 93,854
Salaries - administrative	175,656	194,029
Salaries - technology	270,383	280,542
Salaries - telecommunications	5,284,009	5,719,954
Salaries - communications training officers	25,984	48,258
Compensated absences	11,601	12,582
Social security taxes	345,778	374,010
Medicare taxes	80,867	87,470
Group insurance	1,264,488	1,319,183
Retirement benefits	<u>713,753</u>	<u>656,262</u>
	<u>8,265,791</u>	<u>8,786,144</u>
 <b>Contracted Services -</b>		
Auditing services	8,500	8,500
Accounting services	3,520	2,360
Administrative fees - service charges	79,552	85,088
Contracts with government agencies	40,000	40,000
Data processing services	1,800	1,688
Janitorial services	46,350	45,320
Legal services	25,956	25,956
Maintenance agreements	478,075	365,093
Mapping/database consulting	59,129	58,485
Other consulting	12,216	15,791
Pest control	410	410
Office equipment rental	17,509	16,630
Communications equipment repairs	141	878
Building maintenance and repairs	40,803	28,211
Office equipment repair	197	645
Vehicle maintenance and repairs	2,195	1,783
Fuel - vehicles	2,666	2,746
Grounds maintenance	9,000	12,503
Interpretation services	9,891	8,971
Technology support	<u>1,750</u>	<u>36</u>
	<u>839,660</u>	<u>721,094</u>

	<u>2012</u>	<u>2011</u>
<b>Supplies and Materials -</b>		
Office supplies	\$ 8,399	\$ 10,906
Custodial supplies	8,708	9,073
Communications supplies	1,655	3,824
Postage	1,057	900
Small equipment purchases	12,575	52,269
Uniforms	25,037	26,324
Utilities - electric	81,172	81,911
Utilities - gas	7,691	6,913
Utilities - water	4,590	4,167
Telephone - communications	447,996	458,544
Telephone - administration	13,523	12,746
Telephone - cell phones and pagers	13,222	16,920
	<u>625,625</u>	<u>684,497</u>
<b>Other -</b>		
Board meeting expenses	683	543
Dues and memberships	4,569	3,572
Employee testing and exams	10,107	11,475
Insurance - workers compensation	43,468	47,660
Insurance - liability	44,246	39,818
Insurance - buildings and contents	-	2,549
Insurance - equipment	5,937	3,883
Insurance - vehicles	-	878
Premiums on surety bonds	2,921	7,061
Legal notices	5,155	2,020
Licenses and taxes	3,011	6,369
Public education	1,631	37,758
Service awards and incentives	6,288	8,411
Training	8,207	21,544
Seminars and workshops	1,750	5,200
Travel	9,759	27,564
Internet charges	3,978	3,344
Miscellaneous	5,973	3,841
	<u>157,683</u>	<u>233,490</u>
<b>800 MHz project</b>	<u>200,000</u>	<u>400,000</u>
<b>Depreciation and amortization</b>	<u>511,574</u>	<u>798,768</u>
	<u>\$ 10,600,333</u>	<u>\$ 11,623,993</u>

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget To Actual Variance</u>
<b>REVENUES:</b>				
Emergency telephone service charges	\$ 2,900,000	\$ 2,900,000	\$ 2,771,393	\$ (128,607)
Communications Board - Shared wireless charge	800,000	800,000	787,115	(12,885)
Operational funding	1,550,122	1,550,122	1,527,068	(23,054)
Funding from local governments	6,053,461	6,053,461	6,053,462	1
Interest income	26,500	26,500	40,530	14,030
Other income	75	75	8,258	8,183
<b>Total revenues</b>	<u>11,330,158</u>	<u>11,330,158</u>	<u>11,187,826</u>	<u>(142,332)</u>
<b>EXPENSES:</b>				
<b>Salaries and Benefits -</b>				
Salaries - director	94,000	94,000	93,272	728
Salaries - administrative	177,000	177,000	175,656	1,344
Salaries - technology	270,448	270,448	270,383	65
Salaries - telecommunications	5,523,515	5,523,515	5,284,009	239,506
Salaries - communications training officers	-	26,440	25,984	456
Compensated absences	122,204	122,204	11,601	110,603
Social security taxes	376,028	377,248	345,778	31,470
Medicare taxes	87,942	88,362	80,867	7,495
Group insurance	1,288,131	1,288,131	1,264,488	23,643
Retirement benefits	719,308	722,308	713,753	8,555
	<u>8,658,576</u>	<u>8,689,656</u>	<u>8,265,791</u>	<u>423,865</u>
<b>Contracted Services -</b>				
Auditing services	8,500	8,500	8,500	-
Accounting services	2,000	3,550	3,520	30
Administrative service charges	91,000	91,000	79,552	11,448
Contracts with govt agencies	40,000	40,000	40,000	-
Data processing services	2,000	2,000	1,800	200
Janitorial services	50,000	50,000	46,350	3,650
Legal services	25,956	25,956	25,956	-
Legal services - other	10,000	10,000	-	10,000
Maintenance agreements	645,880	596,800	478,075	118,725
Mapping/database consulting	60,000	60,000	59,129	871
Other consulting	12,500	12,500	12,216	284
Pest control	500	500	410	90
Communications equipment rental	500	500	-	500
Office equipment rental	19,400	19,400	17,509	1,891
Communications equipment repairs	2,500	2,500	141	2,359
Building maintenance and repairs	45,000	45,000	40,803	4,197
Office equipment repair	2,500	2,500	197	2,303
Vehicle maintenance and repairs	1,750	2,250	2,195	55
Fuel - vehicles	3,800	3,800	2,666	1,134
Grounds maintenance	10,000	10,000	9,000	1,000
Interpretation services	12,000	12,000	9,891	2,109
Technology support	3,000	3,000	1,750	1,250
	<u>1,048,786</u>	<u>1,001,756</u>	<u>839,660</u>	<u>162,096</u>

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget To Actual Variance</u>
<b>Supplies and Materials -</b>				
Office supplies	\$ 9,850	\$ 9,850	\$ 8,399	\$ 1,451
Custodial supplies	8,400	8,900	8,708	192
Communications supplies	2,200	2,200	1,655	545
Postage	1,000	1,100	1,057	43
Small equipment purchases	32,000	36,780	12,575	24,205
Uniforms	23,250	27,800	25,037	2,763
Utilities - electric	100,000	100,000	81,172	18,828
Utilities - gas	10,000	10,000	7,691	2,309
Utilities - water	6,900	6,900	4,590	2,310
Telephone - communications	428,500	448,500	447,996	504
Telephone - administration	13,000	13,600	13,523	77
Telephone - cell phones and pagers	15,995	15,995	13,222	2,773
	<u>651,095</u>	<u>681,625</u>	<u>625,625</u>	<u>56,000</u>
<b>Other -</b>				
Board meeting expenses	1,400	1,400	683	717
Dues and memberships	2,700	4,700	4,569	131
Employee testing and exams	8,600	12,770	10,107	2,663
Insurance - workers compensation	49,830	49,830	43,468	6,362
Insurance - liability	44,500	44,500	44,246	254
Insurance - equipment	7,000	7,000	5,937	1,063
Premiums on surety bonds	4,000	4,000	2,921	1,079
Legal notices	2,000	5,250	5,155	95
Licenses and taxes	4,881	10,481	3,011	7,470
Public education	10,000	10,000	1,631	8,369
Service awards and incentives	7,000	7,000	6,288	712
Training	22,000	22,000	8,207	13,793
Seminars and workshops	1,675	1,775	1,750	25
Travel	12,015	12,315	9,759	2,556
Internet charges	6,000	6,000	3,978	2,022
Miscellaneous	8,000	8,000	5,973	2,027
	<u>191,601</u>	<u>207,021</u>	<u>157,683</u>	<u>49,338</u>
<b>Contingency</b>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>800 MHz project</b>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
<b>Total expenses</b>	<u>10,780,058</u>	<u>10,780,058</u>	<u>10,088,759</u>	<u>691,299</u>
	<u>\$ 550,100</u>	<u>\$ 550,100</u>	<u>\$ 1,099,067</u>	<u>\$ 548,967</u>
<b>Total Actual Budgeted Expenses -</b>			\$ 10,088,759	
Deprecation and amortization			<u>511,574</u>	
Total GAAP basis expenses			<u>\$ 10,600,333</u>	

**INTERNAL CONTROL AND COMPLIANCE SECTION**



**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**

**Hamilton County "911" Emergency Communications District:**

We have audited the financial statements of Hamilton County "911" Emergency Communications District, a component unit of Hamilton County, Tennessee, as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated November 1, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hamilton County “911” Emergency Communications 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Johnson, Niekey & Meucham, P.C.*

November 1, 2012

**HAMILTON COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2012 AND 2011**

**CURRENT YEAR FINDING:**

None

**PRIOR YEAR FINDINGS CORRECTED:**

**2010-1 CONTROLS OVER THE FINANCIAL REPORTING PROCESS:**

**Condition:**

Our consideration of the internal control structure disclosed that the District has no employee with the qualifications and skills to prepare the financial statements and the related footnotes in accordance with accounting principles generally accepted in the United States of America.

**Status:**

The District now employs someone with the qualifications and skills to prepare the financial statements and the related footnotes in accordance with accounting.