STEWART COUNTY E-911 COMMUNICATIONS DISTRICT

A COMPONENT UNIT OF STEWART COUNTY

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEAR ENDED JUNE 30, 2012

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

STEWART COUNTY E-911 COMMUNICATIONS DISTRICT
A COMPONENT UNIT OF STEWART COUNTY
FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
Year Ended June 30, 2012

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STEWART COUNTY E-911 COMMUNICATIONS DISTRICT
A COMPONENT UNIT OF STEWART COUNTY
ROSTER OF BOARD MEMBERS
Year Ended June 30, 2012

Steve Douglass, Chairman
PO Box 309
Dover, TN 37058

Greg Barrow
119 Hillcrest Drive
Dover, TN 37058

Jason Gillespie
PO Box 40
Cumberland City, TN 37050

Donna Lancaster
309 Castle Lane
Dover, TN 37058

Andy Luton
120 Ginger Drive
Dover, TN 37058

Jeff Milton
353 Leatherwood Road
Dover, TN 37058

Hilda Odom
116 Lakeland Drive
Dover, TN 37058

The following discussion and analysis of the Stewart County E-911 Communications District's ("The District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2012. Management encourages readers to consider the information presented here in conjunction with the accompanying financial statements and notes to the financial statements following this section.

The Stewart County E-911 Communications District is a proprietary component unit of Stewart County, Tennessee. The District was authorized by Stewart County, Tennessee in 1990. The District provides communication for emergency services to the appropriate public service agency. The costs of these services are funded by monthly telephone subscriber service fees and state grants.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities by $775,168 (net assets) for the year ended June 30, 2012. This compares to the previous year when assets exceeded liabilities by $725,433.

- Total net assets are comprised of the following:
  (1) Capital assets of $165,862, includes communications equipment, net of accumulated depreciation.
  (2) Unrestricted net assets of $609,307 represent the portion available to maintain the District's continuing obligations to citizens and creditors.

- Total liabilities of the District increased by $393 to $2,600 during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: (1) fund financial statements, and (2) notes to the financial statements. The District also includes in this report additional information to supplement the basic financial statements.

Fund Financial Statements

A fund is established to account for a specific activity or purpose. Law mandates the creation of some funds. Other funds are established by management to demonstrate financial compliance with budget or legal requirements. The Stewart County E-911 Communications District is a component unit of Stewart County and is accounted for as a proprietary fund.

Proprietary Funds

There are two types of proprietary funds. These are *enterprise funds* and *internal service funds.* The District is accounted for as an enterprise fund. *Enterprise funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises. Services are provided to customers external to the District.

Required Fund Financial Statements

The basic fund financial statements include the Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund, the Statement of Net Assets – Proprietary Fund, and the Statement of Cash Flows – Proprietary Fund.

The Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund reports all of the revenues and expenses received and incurred by the District during the fiscal year ended June 30, 2012. The statement measures the success of the District's operations over the fiscal year and can be used to determine whether the District has successfully recovered all its costs through surcharges, fees and grants.

The Statement of Net Assets – Proprietary Fund includes all assets and liabilities of the District as of the fiscal year ended June 30, 2012. Over time, increases and decreases in net assets will serves as a useful indicator of the District's financial position.

The Statement of Cash Flows – Proprietary Fund reports the cash provided and used by operating activities as well as cash sources and payments resulting from investing and financing activities. Consequently, only transactions that affect the District's cash accounts are recorded in this statement. A reconciliation is provided at the bottom of the Statement of Cash Flows to assist in the understanding of the difference between cash flows from operating activities and operating income as reported on the Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund.

Notes to the Financial Statements

The notes to the financial statements provide information essential to a full understanding of the fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain information required by the Tennessee Emergency Communications Board such as budget versus actual comparisons and a schedule of other information. This required supplementary information follows the notes to the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District. The District's net assets at June 30, 2012 are $775,168. This is a $49,735 increase over last year's net assets of $725,168. A portion of the District's net assets (25 percent) reflects its investment in capital assets, such as office and communication equipment and the new visitor center facility. The District uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. The remaining portion of net assets (75 percent) is available for future spending. The following table provides a summary of the District's net assets at June 30, 2012:

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

	2012	2011

Current and other assets	$ 611,906	$ 546,087
Capital assets	165,862	181,553
Total assets	777,768	727,640
Short-term liabilities	2,600	2,207
Total liabilities	2,600	2,207
Net assets:		
Invested in capital assets	165,861	181,553
Unrestricted	609,307	543,880
Total net assets	$ 775,168	$ 725,433

The District reported positive balances in net assets for both years. Total assets increased $50,128 while total liabilities increased $393. As a result, total net assets increased $49,735. The District's overall financial position improved during the fiscal year 2012.

Business-type Activities

The District's activities increased net assets by $49,735. The costs of the District's activities this year were $222,732. The amount paid by users of the operations was $69,927. The additional revenue sources include interest of $4,558 and state grants of $197,982. Comparative data is accumulated and presented in the following table to assist analysis.

Business-type Activities (Conitued)

	2012	2011
Revenues:		
Program Revenues:		
Charges for Services	$ 69,927	$ 74,422
General Revenues:		
Interest	4,558	6,567
Other	197,982	181,695
Total Revenues	272,467	262,684
Expenses:		
Program Expenses:	222,732	197,391
Total Expenses	222,732	197,391
Change in Net Assets	49,735	65,292
Beginning Net Assets	725,433	660,141
Ending Net Assets	$ 775,168	$ 725,433

BUDGETARY HIGHLIGHTS

The budgeted expenditures for fiscal year 2012 were $194,592. This was a decrease of $2,611 from the previous year's budgeted expenditures. This budgeted expenditures change was due to a small decrease in interest income that was anticipated in 2012.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, as of June 30, 2012 was $165,861, a decrease of 8 percent. In fiscal year 2011 there was an increase in investment for capital assets for a new location for the E911 call center. Additional information on the District's capital assets can be found in note 4 in the notes to the financial statements included in the basic financial statements.

Long-term Debt

The District had no long-term or short-term debt during the current or prior year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's revenue is dependent upon the number of subscribers to telephone service. In recent years the number of subscribers has continued to increase, especially with the increase in cellular telephone use. Economic factors do not appear to have a substantial impact on revenue. Telephone service is considered more of a necessity than a luxury and therefore its use does not increase or decrease with changes in the economy.

These factors were taken into consideration in preparing the budget for the next fiscal year ended June 30, 2013. The District's customer base is expected to remain fairly stable. New equipment purchases are also expected to remain fairly consistent increasing slightly as technology improves. Cash reserves have also increased in recent years and money has been converted into interest bearing certificates of deposit. In total, the expected amount of grants and reimbursements from the state has increased during the fiscal year.

REQUESTS FOR INFORMATION

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 questions about this report or would like to request additional information, contact the District's Board of Directors, at P.O. Box 751, Dover, Tennessee 37058.

THURMAN CAMPBELL GROUP, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Stewart County E-911 Communications District
Dover, Tennessee

We have audited the accompanying financial statements of Stewart County E-911 Emergency Communications District, a component unit of Stewart County, Tennessee 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 Stewart County E-911 Emergency Communication 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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and requirements prescribed by the Comptroller of the Treasury, State of Tennessee, as detailed in the *Audit Manual*. 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.

As discussed in Note 1, the financial statements present on the Stewart County E-911 Emergency Communications District and do not purport to, and do not, present fairly the financial position of Stewart County, Tennessee, as of June 30, 2012, and the changes in its financial position, or, where applicable, its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stewart County E-911 Emergency Communication District as of June 30, 2012, and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the Unites States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2012, on our consideration of Stewart County E-911 Emergency Communication 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 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 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 Stewart County E-911 Emergency Communication District's basic financial statements. The introductory section and the supplementary section are presented for the purposes of additional analysis and are not a required part of the financial statements. The introductory and the supplementary sections have 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 them.

Thurman Campbell Group PLC

October 25, 2012

STEWART COUNTY E-911 COMMUNICATIONS DISTRICT
A COMPONENT UNIT OF STEWART COUNTY
STATEMENT OF NET ASSETS – PROPRIETARY FUND
June 30, 2012

ASSETS	
Current assets:	
Cash and cash equivalents	$ 607,540
Prepaid Expense	4,366
Total current assets	611,906
Noncurrent Asset:	
Property, plant and equipment	407,859
Less accumulated depreciation	(241,997)
Total noncurrent assets	165,862
Total assets	777,768
LIABILITIES	
Current liabilities:	
Accounts payable	2,254
Other current liabilities	346
Total current liabilities	2,600
NET ASSETS	
Invested in capital assets	165,861
Unrestricted net assets	609,307
Total net assets	$ 775,168

The accompanying notes are an integral part of these financial statements.

STEWART COUNTY E-911 COMMUNICATIONS DISTRICT
A COMPONENT UNIT OF STEWART COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS – PROPRIETARY FUND
Year Ended June 30, 2012

OPERATING REVENUES	
Emergency telephone service charge–other	$ 69,927
Total operating revenues	69,927
OPERATING EXPENSES	
Personnel Costs	
Dispatchers	31,515
Part-time personnel	8,120
Social Security	2,397
Medicare	575
Unemployment compensation	763
Contracted services	
Dispatchers - interfund services	75,000
Audit services	5,500
Accounting services	3,048
Administrative fee-service charges	2,482
Fees paid to service providers	530
Maintenance agreements	1,785
Lease/Rental-communications equipment	29,389
Lease/Rental-building rent	3,290
Maintenance and repairs-buildings and facilities	1,937
Maintenance and repairs-communication equipment	1,800
Maintenance and repairs-office	6,805
Maintenance and repairs-vehicle	314
Other contracted services	100
Supplies and materials	
Office supplies	3,345
Utilities-general telephone	4,612
Utilities-cell phone and pagers	953
Fuel	1,023
Mileage reimbursement	35

The accompanying notes are an integral part of these financial statements.

STEWART COUNTY E-911 COMMUNICATIONS DISTRICT
A COMPONENT UNIT OF STEWART COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS – PROPRIETARY FUND
Year Ended June 30, 2012
(Continued)

Other charges	
Bank charges	230
Board meeting expenses	143
Dues & memberships	283
Insurance	3,740
Premiums on surety bonds	324
Depreciation	32,694
Total operating expenses	222,732
Operating income (loss)	(152,805)
NON-OPERATING REVENUE	
Interest income	4,558
State Emergency Communications Board Operational Funding Program	124,145
State Emergency Communications Board-grants and reimbursements	73,837
Total non-operating revenue	202,540
CHANGE IN NET ASSETS	49,735
NET ASSETS – BEGINNING OF YEAR	725,433
NET ASSETS – END OF YEAR	$775,168

The accompanying notes are an integral part of these financial statements.

STEWART COUNTY E-911 COMMUNICATIONS DISTRICT
A COMPONENT UNIT OF STEWART COUNTY
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 69,927
Cash payments for goods and services	(71,468)
Salaries and wages paid to employees	(43,024)
Cash payments for inter-fund services - contract labor and contract labor benefits	(75,000)
Net cash (used) by operating activities	(119,565)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Proceeds from state grant	197,983
Net cash provided by non-capital financing activities	197,983
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITES	
Purchase of equipment	(17,002)
Net cash (used) by capital and related financing activities	(17,002)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	4,558
Net cash provided by investing activities	4,558
NET INCREASE IN CASH AND CASH EQUIVALENTS	65,973
CASH AND CASH EQUIVALENTS AT JULY 1, 2011	541,567
CASH AND CASH EQUIVALENTS AT JUNE 30, 2012	$ 607,540

Reconciliation of operating income (loss) to net cash used by operating activities

Operating income (loss)	$(152,805)
Adjustments to reconcile operating income to Net cash used by operating activities	
Depreciation	32,694
Decrease in accounts receivable	780
Increase in prepaid expense	(627)
Increase in accounts payable	393
Net cash used by operating activities	$(119,565)

The accompanying notes are an integral part of these financial statements.

NOTE 1 – REPORTING ENTITY

These are proprietary component unit financial statements of Stewart County E-911 Communications District, a component unit of Stewart County, Tennessee. The nine member governing board is appointed by Stewart County's Board of Commissioners. The District's budget is presented to the County Commissioners. Stewart County Commissioners must approve the issuance of any long-term debt.

TCA (Tennessee Code Annotated) 7-86-151 states, "The legislative body of any municipality or county is authorized by ordinance or resolution, respectively, to establish, operate and maintain an emergency communications system providing 911 service within its boundaries when funded by general revenues."

The Stewart County E-911 Communications District was created by the legislative body of Stewart County, after a referendum authorizing the district was approved by a majority of the eligible voters within the area of the proposed district in 1990. TCA 7-86-106 states "The emergency communications district so created shall be a "municipality" or public corporation in perpetuity under its corporate name…"

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement focus and basis of accounting – The fund financial statements are reported using the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met. The District is treated as an enterprise fund. The governing body intends that costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Financial statement presentation – The Stewart County E-911 Communication District's financial statements have been prepared in conformity with generally accepted accounting principles as set forth in the Pronouncements of the Governmental Accounting Standards Board (GASB) and applicable Financial Accounting Standards Board (FASB) pronouncements and applicable Accounting Principles Board (APB) opinions issued on or after November 30, 1989 unless they conflict with GASB pronouncements.

Source of funds – The board of directors of the District levy an emergency telephone service charge in the amount of 1 dollar per month for residential classification users and 2.50 dollars per month for business classification users to fund the 911 emergency telephone services. These funds are collected by the

Source of funds (continued)– service supplier and remitted to the district each month. In December 1999 the State began remitting the District's share of charges collected for all wireless telephones in the amount of 85 cents per subscriber per month. The District receives 25 percent of all collected funds. These funds are collected by the State and remitted to the District every two months.

Cash and cash equivalents – Cash and cash equivalents include cash on hand, checking accounts, money fund accounts, certificates of deposit, and credit union accounts. For purposes of the statement of cash flows, the District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Fund financial statements – Fund financial statements are designed to present financial information at a detailed level. The focus of fund financial statements is on major funds. The District consists of only one fund, the enterprise fund, which is a proprietary fund type.

Proprietary fund reporting focuses on changes in net assets, financial position and cash flows. Operating income reported in proprietary fund financial statements includes revenues and expenses related to the continuing operations of the fund. Other revenue and expenses are classified as non-operating in the financial statements.

Accounts receivable – Accounts receivable consist of user charges due from service suppliers. Based on historical experience, an allowance for uncollectible accounts has not been provided. Any user charges that are subsequently determined to be uncollectible are recorded as a reduction in revenue at that time. In management's opinion, such reporting does not materially affect the fund financial statements.

Property, plant and equipment - Property, plant and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset:

Buildings and improvements	15-40 years
Vehicles	5 years
Furniture, machinery, equipment	5 - 10 years

Property, plant and equipment (continued)- When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. Significant renewals and betterments are capitalized.

Accounting estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – CONTRACTS, AGREEMENTS AND LEASES

A. The District contracted with AT&T to implement an Enhanced 911 Emergency System in Stewart County, Tennessee. The billing of the District began when E-911 was operational in January 1993. AT&T's monthly charge for equipment rental and maintenance is $2,253. This operating lease is on a month-to-month basis.

B. The District contracted with Stewart County Mayor's office to maintain the E-911 database. The contract is on a month-to-month basis and covers the County's cost for the employee's wages and related benefits. The District is billed quarterly for these expenses. Since this is a cost reimbursement, the District does not record any compensated absences. Accordingly, the District has classified these expenses as inter-fund contract labor and inter-fund contract labor benefits.

C. The District contracted with Greer Communications to maintain and service an Enhanced 911 Emergency System in Stewart County, Tennessee. The billing of the District is annually and began July 2010. Greer Communications' current annual charge for equipment maintenance and service is $29,389. This maintenance contract is on an annual basis.

NOTE 4 – CAPITAL ASSETS

Capital assets consist of the following:

	Balance June 30, 2011	Additions	Disposals	Balance June 30, 2012
Business-type activities:				
Capital assets, being depreciated				
Equipment	$ 257,404	$ 10,314	$ -	$ 267,718
Furniture and fixtures	8,452	2,081	-	10,533
Buildings	100,000	6,353	-	106,353
Land	25,000	-	-	25,000
Total assets	390,856	18,748	-	409,603
Less accumulated depreciation				
Equipment	(197,482)	(24,540)	-	(222,022)
Furniture and fixtures	(5,154)	(1,451)	-	(6,605)
Buildings	(6,667)	(6,702)	-	(13,369)
Total accumulated depreciation	(209,303)	(32,694)	-	(241,997)
Capital assets, net	$ 181,553	$ (13,946)	$ -	$ 167,606

Depreciation expense was charged as follows:

Business-type activities	$ 32,694

NOTE 5 – 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 is covered under the County's general liability insurance policy and workmen's compensation policy. There have been no insurance settlements relating to the Stewart County E-911 Communications District during the past five fiscal years and there has been no significant reduction in the amount of coverage provided.

NOTE 6 – PERFORMANCE BONDS

The chairman and treasurer of the District are bonded in the amount of $50,000 each as required by the State.

NOTE 7 – BUDGET

The District prepares a budget in accordance with TCA 7-86-120. This budget is submitted to the Stewart County Executive and the County Commissioners for approval. The legal level of control, which is the level at which management loses the ability to reapply budgeted resources from one use to another without special approval, is the line-item level.

NOTE 8 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The District maintains several checking accounts and certificates of deposit with five local financial institutions. As of June 30, 2012, the District's deposits and investments are insured or collateralized based on federal insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). Each institution is federally insured up to $250,000 on accounts that are interest-bearing and unlimited coverage on noninterest-bearing accounts. Furthermore, several of the financial institutions used by the District are participants in the Tennessee Collateral Pool, which was established to provide security for public fund deposits in excess of FDIC coverage. As of June 30, 2012, the District's deposits and investments do not exceed the insured amount and are fully insured by the FDIC or collateralized by the Tennessee Collateral Pool.

The District is exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits and investments may not be returned to it. The District does not have a formalized and written deposit policy for custodial credit risk.

As of the June 30, 2012, all investments held by the District were in the form of certificates of deposits an authorized investment provided for by TCA 5-8-301.

NOTE 9 – RELATED PARTY TRANSACTION

The District contracted with the Stewart County Mayor's office to maintain the E-911 database. The contract is on a month-to-month basis and covers the County's cost for the employee's wages and related benefits. The District is billed quarterly for these expenses. Since this is a cost reimbursement, the District does not record any compensated absences. Accordingly, the District has classified these expenses as inter-fund contract labor and inter-fund contract labor benefits. For the year ended June 30, 2012, the District paid Stewart County $75,000 for these services.

NOTE 10 – ECONOMIC DEPENDENCY

Operations of the District are dependent on continued funding from the State of Tennessee to carry out its programs. For fiscal year end June 30, 2012, the District received $197,982 or 72% of its total revenues from the State of Tennessee State Emergency Communications Board.

NOTE 11 – REPORT PRESENTATION

This report presentation follows the prescribed format of the Tennessee Emergency Communications Board.

Other Supplementary Information

STEWART COUNTY E-911 COMMUNICATIONS DISTRICT
A COMPONENT UNIT OF STEWART COUNTY
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Income				
Charges for services - Tennessee wireless	$ 33,000	$ 33,000	$ 31,235	$ (1,765)
Charges for services - other	73,000	73,000	69,927	(3,073)
State of Tennessee Operational Funding Program	124,109	124,109	124,145	36
State of Tennessee grants and reimbursements	31,000	31,000	42,603	11,603
Interest	5,776	5,776	4,558	(1,218)
Total income	$ 266,885	$ 266,885	$ 272,468	$ 5,583
Expenses				
Full-time personnel	$ 31,500	$ 31,500	$ 31,515	$ (15)
Part-time personnel	5,760	5,760	8,120	(2,360)
Dispatchers	75,000	75,000	75,000	-
Social security	2,310	2,310	2,397	(87)
Medicare	540	540	575	(35)
Unemployment compensation	-	-	763	(763)
Advertising	-	-	347	(347)
Audit services	5,000	5,000	5,500	(500)
Accounting services	3,000	3,000	3,048	(48)
Administrative fees - service charges	2,190	2,190	2,482	(292)
Fees paid to services providers	-	-	530	(530)
Legal services	-	-	-	-
Maintenance agreements	3,000	3,000	1,785	1,215
Lease/rental - communications equipment	25,021	25,021	29,389	(4,368)
Lease/rental - buildings and facilities	50	50	3,290	(3,240)
Maintenance and repairs - comm. equipment	185	185	1,800	(1,615)
Maintenance and repairs - buildings	770	770	1,937	(1,167)
Maintenance and repairs - office	645	645	6,805	(6,160)
Maintenance and repairs - vehicles	1,155	1,155	314	841
Fuel vehicles	-	-	1,023	(1,023)
Mileage reimbursement	-	-	35	(35)
Other contracted services	-	-	100	(100)

STEWART COUNTY E-911 COMMUNICATIONS DISTRICT
A COMPONENT UNIT OF STEWART COUNTY
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2012
(Continued)

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Office supplies	265	265	1,688	(1,423)
Custodial supplies	-	-	110	(110)
Data processing supplies	-	-	760	(760)
Postage	-	-	74	(74)
Gas	-	-	470	(470)
General telephone	3,541	3,541	3,460	81
U-verse internet	-	-	682	(682)
Cell phones and pagers	-	-	1,233	(1,233)
Bank charges	290	290	230	60
Board meetings	150	150	143	7
Dues and memberships	265	265	283	(18)
Insurance	3,725	3,725	3,740	(15)
Premiums on surety bonds	230	230	324	(94)
Travel expenses	-	-	87	(87)
Depreciation	30,000	30,000	32,694	(2,694)
Total expenses	194,592	194,592	222,732	(28,140)
Excess of revenues over expenses	$ 72,293	$ 72,293	$ 49,735	$ (22,558)
Fund Balance, July 1	725,433	725,433	725,433	725,433
Fund Balance, June 30	$ 797,726	$ 797,726	$ 775,168	$ 702,876

THURMAN CAMPBELL GROUP, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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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

The Board of Directors
Stewart County E-911 Communications District

We have audited the financial statements of the Stewart County E-911 Communications District (the District), a component unit of Stewart County, Tennessee, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 25, 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, and the requirements prescribed by the Comptroller of the Treasury, State of Tennessee, as detailed in the *Audit Manual*.

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 Stewart County E-911 Communications 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 Stewart County E-911 Communications District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Stewart County E-911 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.

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 Stewart County E-911 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 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.*

This report is intended solely for the information and use of management, Board of Directors, the State of Tennessee, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Thurman Campbell Group PLC

Clarksville, Tennessee
October 25, 2012