

**CARROLL COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2013

**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
June 30, 2013**

TABLE OF CONTENTS

ROSTER OF BOARD MEMBERS AND MANAGEMENT OFFICIALS	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS:	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Fund Net Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress – Employee Retirement System	17
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Detailed Expenses	18
Schedule of Budgetary Comparison	20
Schedule of Expenditures of State Awards – Unaudited	22
INTERNAL CONTROL AND COMPLIANCE SECTION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	23

**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF BOARD MEMBERS AND MANAGEMENT OFFICIALS
June 30, 2013**

BOARD MEMBERS

Beth Sisson - Chairman

Billy Smith- Vice Chairman

Larry Elliott - Treasurer

Janice Newman – Secretary

John Mann - Member

Danny Brawner - Member

Andy Dickson - Member

Terry Bradshaw - Member

MANAGEMENT OFFICIALS

Tressia Barksdale – Director

Kristy Meggs - Administrative Assistant



Members: American Institute of Certified Public Accountants | Tennessee Society of Certified Public Accountants
Governmental Audit Quality Center | Private Companies Practice Section
www.crscpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Carroll County Emergency Communications District
Huntingdon, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the Carroll County Emergency Communications District, a component unit of Carroll County, Tennessee, as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accrual basis of accounting. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

367-A N. Parkway, Suite 1
Jackson, TN 38305
(731)668-1806 / fax (731)668-9543

309 N. Market St
Paris, TN 38242
(731)642-1755 / fax (731)644-0413

304 Broadway St
Martin, TN 38237
(731)587-4221 / fax (731)587-9474

29 N. Lafayette Ave
Brownsville, TN 38012
(731)772-2273 / fax (731)772-2275

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Carroll County Emergency Communications District as of June 30, 2013, and the results of its operation and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to 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 basis financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express and opinion or provide any assurance on the information because the limited procedures does not provide us with sufficient evidence to express an opinion or provide any assurance

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of detailed operating expenses and budgetary comparison listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Carroll County Emergency Communications District.

The schedules of detailed operating expenses and budgetary comparison is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of detailed operating expenses and budgetary comparison are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013 on our consideration of the Carroll County Emergency Communication District's internal control over financial reporting and on our test 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* in considering the Carroll County Emergency Communication District's internal control over financial reporting and compliance.



Cowart Reese Sargent, CPAs
Martin, TN

November 1, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Carroll County Emergency Communications District, we offer readers of the District's financial statements this narrative overview and analysis of the District's performance during the fiscal year ending June 30, 2013. Please read it in conjunction with the District's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term information about its activities. The statement of net assets includes all of the District's assets and liabilities and provides information about where the District has invested its resources (assets) and the obligation to the District's creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through surcharges and fees.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is "Is the District better off or worse as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net assets of the District and the changes in them. One can think of the District's net assets – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. A summary of the District's net position and changes in it is presented on the following page.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As can be seen from the summarized financial information on the previous page, the District's current assets have increased \$339,309 during the year ended June 30, 2013 and net capital assets increased \$67,847. The increase in the District's net capital assets was mainly due to the purchase of new equipment in 2013. All new equipment was purchased from funds on hand and required no borrowing. Total assets increased by \$408,121.

The District's emergency telephone service charges revenue decreased \$29,360. The state shared wireless revenues decreased by an amount of \$6,642. In addition, the District also received operational funding in the amount of \$1,150, which decreased by \$24,850 from the prior year. The result of these changes is an overall decrease in operating revenues of \$66,012. The District received \$389,501 in grants and reimbursements from the State Emergency Communications Board. The District also earned \$7,822 in interest.

The operating expenses for the District increased by 0.1% or \$4,675. The increase in operating expenses is due mainly to depreciation.

BUDGETARY HIGHLIGHTS

The District adopts an annual operating budget, which includes proposed expenses and the means for paying for those expenses. As conditions change during the year, the budget may be amended to prevent budget overruns.

Income from residential and business phone lines decreased during the year. The actual residential and business phone line revenues were \$7,045 less than the amount budgeted. The state shared wireless revenue was \$11,428 less than the amount budgeted. Also, the State Emergency Communications Board forwarded \$1,150 of operational funding, which was the same as the amount budgeted. The overall revenues were \$17,323 less than budgeted.

All line item expenditures of the District show favorable variances when comparing the budgeted amounts with the actual amounts except for depreciation, which shows a \$16,218 unfavorable variance. Otherwise, the largest variance between actual expenditures and budgeted expenditures was \$2,888 for salary and wage expenses. Employee benefits have a favorable variance of \$1,954. Contracted services, supplies and materials, and other charges are all favorable. The overall effect of the variances of actual revenues and expenditures and budgeted revenues and expenditures is \$386,448.

CAPITAL ASSETS

The District's investment in capital assets amounts to \$1,384,927 with accumulated depreciation of \$508,388. Capital assets include buildings and improvements, communications equipment, office equipment, and a vehicle. In the current year there was an increase in capital assets of \$192,618.

ECONOMIC FACTORS AND FUTURE NEEDS

The economic factors for the Carroll County Emergency Communications District are the decreasing use of landline telephones. Many individuals now use cell phones or VOIP services instead of residential landline services. While the increase in cell phone and VOIP services is generating revenue, only a portion of that revenue is being returned to each 911 district under the current system being used by the state for distributing shared wireless fees. Also, the number of individuals who change their service providers during a given year, in addition to the continual emergence and departure of telephone service providers makes it extremely difficult to estimate revenues for budgeting purposes.

The funding provided by state grants and reimbursement programs has also become a major economic factor for the District. The District's ability to obtain funding from the various grants and reimbursement programs is a key factor in their ability to acquire and maintain equipment to continue operating efficiently and effectively.

This financial report is designed to provide the readers 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:

Carroll County Emergency Communications District
101 Dillahunty Lane
Huntingdon, Tennessee 38344
(731) 986-8911

SUMMARIZED FINANCIAL INFORMATION

	NET POSITION		Dollar Change	Percentage Change
	2013	2012		
Current assets	\$ 1,144,560	\$ 805,251	\$ 339,309	42.1%
Capital assets	876,539	808,692	67,847	8.4%
Other assets	50	50	-	0.0%
Total Assets	2,021,149	1,613,993	407,156	25.2%
Current liabilities	1,787	2,752	(965)	-35.1%
Long-term debt	-	-	-	-
Total liabilities	1,787	2,752	(965)	-35.1%
Net assets	\$ 2,019,362	\$ 1,611,241	\$ 408,121	25.3%
Summary of net position				
Invested in capital assets, net of debt	876,539	808,692	67,847	8.4%
Unrestricted net assets	1,142,823	802,549	340,274	42.4%
	\$ 2,019,362	\$ 1,611,241	\$ 408,121	25.3%
	CHANGES IN NET POSITION			
Revenues	\$ 335,706	\$ 401,718	\$ (66,012)	-16.4%
Operating expenses	318,908	314,233	4,675	1.5%
Operating income (loss)	16,798	87,485	(70,687)	-80.8%
Nonoperating revenues (expenses)	391,323	190,430	200,893	105.5%
Changes in net position	408,121	277,915	130,206	46.9%
Net position				
Beginning	1,611,241	1,333,326	277,915	
Ending	\$ 2,019,362	\$ 1,611,241	\$ 408,121	25.3%

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
June 30, 2013

Current Assets	
Cash in Bank - operating	\$ 152,435
Cash in Bank - Edward Jones Money Market	-
Investment - certificate of deposit	970,127
Accrued interest receivable	5,944
Accounts receivable	11,603
Prepaid Expenses	4,451
Total Current Assets	<u>1,144,560</u>
Noncurrent Assets	
Capital assets	
Construction in progress	-
Buildings and improvements	289,517
Office equipment	71,225
Communications equipment	1,003,000
Vehicles	21,185
	<u>1,384,927</u>
Less accumulated depreciation	<u>(508,388)</u>
Total Noncurrent Assets	<u>876,539</u>
Other Assets	
Meter deposits	<u>50</u>
Total Assets	<u>\$ 2,021,149</u>
Liabilities and Net Assets	
Current Liabilities	
Payroll deduction payable	1,401
Backup withholding	386
Other current liabilities	-
Total Current Liabilities	<u>1,787</u>
Total Liabilities	<u>1,787</u>
Net Position	
Investment in capital assets	876,539
Unrestricted	1,142,823
Total Net Position	<u>2,019,362</u>
Total Liabilities and Net Position	<u>\$ 2,021,149</u>

See accompanying notes to the financial statements.

**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

Operating Revenues:

Emergency telephone service charges	\$ 112,955
State Emergency Communications Board - shared wireless charge	221,601
State Emergency Communications Board - operational funding	1,150
Total Operating Revenues	<u>335,706</u>

Operating Expenses:

Salaries and wages	70,973
Employee benefits	23,503
Contracted services	59,958
Supplies and materials	10,315
Other charges	40,888
Depreciation	113,271
Total Operating Expenses	<u>318,908</u>

Operating Income (Loss)	<u>16,798</u>
--------------------------------	---------------

Nonoperating Revenues (Expenses)

Loss on disposal of property	(6,000)
Interest income	7,822
State Emergency Communications Board - grants & reimbursements	389,501
Net Nonoperating Revenues (Expenses)	<u>391,323</u>

Change in Net Position	408,121
-------------------------------	---------

Total Net Position at Beginning of Year	<u>1,611,241</u>
--	------------------

Total Net Position at End of Year	<u><u>\$ 2,019,362</u></u>
--	----------------------------

See accompanying notes to the financial statements.

**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

Cash Flows from Operating Activities

Cash received from customers	\$ 345,870
Cash paid to suppliers	(111,161)
Cash paid to employees	(70,973)
Cash paid for employee benefits	(24,468)
Net Cash Provided by Operating Activities	<u>139,268</u>

Cash Flows from Non-capital Financing Activities

Proceeds from dispatcher training reimbursement - State Emerg. Comm. Board	<u>389,501</u>
Net Cash Provided by Non-capital Financing Activities	<u>389,501</u>

Cash Flows from Capital and Related Financing Activities

Purchases of capital assets	(192,618)
Disposal of capital assets	5,500
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(187,118)</u>

Cash Flows from Investing Activities

Cash received from interest income	5,839
Purchase of investments	(505,364)
Net Cash Provided (Used) by Investing Activities	<u>(499,525)</u>

Net Increase in Cash and Cash Equivalents	(157,874)
Cash and Cash Equivalents at Beginning of Year	<u>310,309</u>
Cash and Cash Equivalents at End of Year	<u>\$ 152,435</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

Operating income (loss)	\$ 16,798
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation expense	113,271
(Increase) decrease in prepaid expenses	-
Increase (decrease) in payroll deduction payable	(40)
Increase (decrease) in backup withholding	(925)
Increase (decrease) in other current liabilities	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 139,268</u>

See accompanying notes to the financial statements.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 – Significant Accounting Policies

A. Reporting Entity

The Carroll County Emergency Communications District was created by the legislative body of Carroll County, Tennessee, to be an emergency communications district as defined by Tennessee state law. As such, it is considered to be a "municipality" or public corporation in perpetuity under its corporate name and shall be a body politic and corporate power of perpetual succession, but without power to levy or collect taxes. All Tennessee emergency communications districts are required to follow the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts*, developed by the Office of the Comptroller of the Treasury, Division of County Audit, pursuant to Section 7-86-304, *Tennessee Code Annotated*.

In evaluating how to define the Carroll County Emergency Communications District for financial reporting purposes, management has considered whether the District is a primary government. The decision to be included as a component unit of another reporting entity is made by applying the criteria set forth in the Governmental Accounting Standards Board Statement 14, *The Financial Reporting Entity*. The District must obtain the approval of the Carroll County Commission before issuance of most debt instruments. The county has determined that this constitutes fiscal dependency by the District, and has, therefore, included the District as a component unit of Carroll County.

The District is deemed to be a municipality under Tennessee state law and, as such, is exempt from federal income taxes.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Carroll County Emergency Communications District accounts for its financial position and results of operations in accordance with generally accepted accounting principles as defined in the Statements of Governmental Accounting Standards Board (GASB). Generally accepted accounting principles for proprietary fund types are those applicable to similar businesses in the private sector, and the measurement focus is on the determination of net income, financial position, and cash flows. Proprietary fund types are accounted for on the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on their own statements of net position. Fund equity is segregated into three primary components: investment in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Fund operating statements present increases and decreases in net position. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Operating revenues generally result from providing services in connection with the District's principle ongoing operations. Nonoperating revenues are considered all other revenues.

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.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

The District's Board of Directors approves an appropriatory budget annually. The budget is prepared on a basis which differs from generally accepted accounting principles (GAAP) pertaining to proprietary funds, in that capital expenditures are budgeted as operating expenses rather than being capitalized as fixed assets and expenses are on the cash basis rather than the accrual basis. It is only necessary to present budgetary revenues and expenses compared to actual. The legal level of control is at each line item of expense; therefore, each line item must be amended prior to expending funds.

C. Assets, Liabilities, and Net Position

Deposits and investments

For purposes of the statement of net assets and the statement of cash flows, Carroll County Emergency Communications District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

State statutes authorize the System to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations by the U.S. government or its agencies, repurchase agreements, as approved by the state director of local finance, and the state's local government pool.

Accounts receivable

Accounts receivable represent amounts due from various phone companies for emergency telephone surcharges and monthly reimbursable wireless fees.

Capital Assets

All capital assets are valued at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under review, there were no interest costs capitalized.

Compensated absences

Employees are entitled to paid vacation based on term of employment and other factors. Full-time employees with fewer than five years of service are given ten days of vacation each year, awarded on their hire date. After five years of service, employees are given twelve days of vacation, and after ten years of service, they are given fifteen days of vacation. Employees may accumulate up to thirty days of vacation. At the end of each year, employees may carry-over any unused vacation leave to the next year, not to exceed thirty work days. The cost of accumulated vacation is immaterial; thus no accrual has been recorded in the financial statements.

Full-time employees shall accrue sick leave at a rate of one day per month worked. Sick leave can be accumulated up to sixty days. At the end of the calendar year any remaining sick leave may be transferred to the next year, not to exceed a maximum of sixty days. In the event of separation, all unused sick days shall be forfeited.

It is the District's practice to expense these costs when paid to the employees.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Net position

Equity is classified as net position. Net position is categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

NOTE 2 – Detailed Notes on Accounts

A. Deposits and investments

The District has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures* for financial reporting of deposit risk.

Custodial Credit Risk – The District’s policies limit investments to those instruments allowed by applicable state laws as described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the District’s agent in the District’s name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2013, all bank deposits were fully collateralized or insured.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

B. Capital assets

Capital asset activity during the year was as follows:

	Balance at			Balance at
	June 30, 2012	Additions	Disposals	June 30, 2013
Non-depreciable assets				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Depreciable assets				
Buildings and improvements	255,105	34,060	-	289,165
Office equipment	60,344	10,881	-	71,225
Communications equipment	883,275	147,290	27,600	1,002,965
Vehicles	21,185	-	-	21,185
Total depreciable assets	1,219,909	192,231	27,600	1,384,540
Less accumulated depreciation				
Buildings and improvements	52,117	11,502	-	63,619
Office equipment	23,486	5,713	-	29,199
Communications equipment	314,430	96,056	16,100	394,386
Vehicles	21,185	-	-	21,185
Total accumulated depreciation	411,218	113,271	16,100	508,389
Total depreciable assets, net	\$ 808,691	\$ 78,960	\$ 11,500	\$ 876,151
Total capital assets, net	\$ 808,691	\$ 78,960	\$ 11,500	\$ 876,151

NOTE 3 – Other Information

A. Risk Management

The District is exposed to various risks related to general and public official's liability, property and casualty losses and workers' compensation. To cover these risks, the District has purchased insurance policies to provide coverage for these risks. The District pays annual premiums for its insurance coverage. There were no settlements in any of the prior three years in excess of insurance coverage.

B. Unemployment Taxes

Effective with the beginning of operations, the Carroll County Emergency Communications District agreed with the Tennessee Department of Labor and Workforce Development to be a reimbursing employer. Under this agreement, the District elected to reimburse the Department for all disbursements made on valid claims for unemployment insurance charged to the District during the effective period of the election. Thus far, there have not been any claims filed.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

C. Employee's Retirement Plan

Plan Description

Employees of the Carroll County Emergency 911 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 five 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 five 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 the system after July 1, 1979 become vested after five years of service and member joining prior to July 1, 1979 were vested after four 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 Carroll County 911 Emergency 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, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Carroll County 911 Emergency District requires employees to contribute 5.0 percent of earnable compensation.

Carroll County 911 Emergency District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2013 was 11.16% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirements for Carroll County 911 Emergency District are established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2013, Carroll County 911 Emergency District's annual pension cost of \$7,261 to TCRS was equal to Carroll County 911 Emergency 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 percent annual 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 five-year period. Carroll County 911 Emergency 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, 2011 was 1 year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
June 30, 2013	\$ 7,678	100.00%	\$0.00
June 30, 2012	\$ 7,031	100.00%	\$0.00
June 30, 2011	\$ 6,804	100.00%	\$0.00

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 96.14 percent funded. The actuarial accrued liability for benefits was \$0.19 million, and the actuarial value of assets was \$0.19 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 \$0.7 million, and the ratio of the UAAL to the covered payroll was 11.16 percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(Dollar amounts in thousands)

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered</u> <u>Payroll</u>
	<u>(a)</u>	<u>(b)</u>	<u>(b) - (a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
7/1/2011	\$186	\$193	\$ 7	96.14%	\$67	11.16%
7/1/2009	\$126	\$152	\$26	82.67%	\$64	41.02%
7/1/2007	\$ 86	\$102	\$16	84.31%	\$59	27.12%

NOTE 4 – Subsequent Events

The District has evaluated subsequent events through November 1, 2013, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
June 30, 2013**

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b) - (a)	(a/b)	(c)	
7/1/2011	186	193	7	96.14%	67	11.16%
7/1/2009	126	152	26	82.67%	64	41.02%
7/1/2007	86	102	16	84.31%	59	27.12%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method went into effect during the year of the 2007 actuarial valuation, therefore only the three most recent valuations are presented.

See independent auditors' report

OTHER SUPPLEMENTARY INFORMATION

**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF DETAILED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013**

Salaries and Wages

Salary - director	\$ 38,682
Salary - administrative personnel	28,791
Salary - dispatchers	3,500
	<u>70,973</u>

Employee Benefits

Social security	4,177
Medicare	977
Life insurance	1,253
Medical insurance	8,230
Disability insurance	1,605
Retirement contributions	7,261
	<u>23,503</u>

Contracted Services

Addressing/mapping	3,350
Audit services	3,200
Accounting services	4,810
Contract labor	-
Fees paid to service providers	18,567
Legal services	2,600
Maintenance agreements	11,212
Contract Labor	165
Pest control	1,134
R&M - communications equipment	3,533
R&M - buildings and facilities	6,115
R&M - office equipment	225
R&M - vehicles	159
Fuel - vehicles	1,348
Lawn care and maintenance	3,540
	<u>59,958</u>

Supplies and Materials

Office supplies	2,451
Postage	437
Small equipment purchases	-
Uniforms and shirts	-
Utilities - electric	1,592
Utilities - water	542
Utilities - telephone	4,722
Utilities - cell phones and pagers	571
	<u>10,315</u>

See independent auditors' report.

**CARROLL COUNTY EMERGENCY COMMUNICATIONS
SCHEDULE OF DETAILED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013**

Other Charges

Advertising	395
Bank charges	56
Board meeting expense	2,032
Dues and memberships	372
Insurance - liability	2,094
Insurance - buildings and contents	5,744
Insurance - equipment	5,354
Insurance - vehicles	1,280
Legal notices	-
Premiums on surety bonds	1,126
Public education	-
Service awards	-
Training expense	7,708
Travel expense	7,249
Internet charges	2,318
Reimbursable wireless fees	5,160
	<u>40,888</u>

Depreciation113,271**Total Operating Expenses**\$ 318,908

See independent auditors' report.

**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF BUDGETARY COMPARISON
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
Operating Revenues				
Emergency telephone service charges	\$ 120,000	\$ 120,000	\$ 112,955	\$ (7,045)
State Emergency Communications Board - operating fund	233,029	233,029	221,601	(11,428)
State Emergency Communications Board - reimbursement	-	-	-	-
State Emergency Communications Board - operating grant	-	-	1,150	1,150
Total Revenues	<u>353,029</u>	<u>353,029</u>	<u>335,706</u>	<u>(17,323)</u>
Operating Expenses				
Salaries and Wages	<u>73,861</u>	<u>73,861</u>	<u>70,973</u>	<u>2,888</u>
Employee Benefits				
Social security	4,362	4,362	4,177	185
Medicare	1,020	1,020	977	43
Life Insurance	1,600	1,600	1,253	347
Medical insurance	12,500	8,500	8,230	270
Disability insurance	1,625	1,700	1,605	95
Retirement contributions	8,275	8,275	7,261	1,014
	<u>29,382</u>	<u>25,457</u>	<u>23,503</u>	<u>1,954</u>
Contracted Services				
Address/mapping expenses	10,000	4,000	3,350	650
Advertising	-	-	-	-
Audit services	3,200	3,200	3,200	-
Accounting services	4,440	4,810	4,810	-
Fees paid to service providers	14,520	19,000	18,567	433
Janitorial services	3,000	-	-	-
Legal services	2,400	2,600	2,600	-
Maintenance agreements	12,811	12,811	11,212	1,599
Contract Labor	-	200	165	35
Pest control	390	1,200	1,134	66
Repairs - communications equipment	1,000	4,000	3,533	467
Repairs - buildings and facilities	500	6,500	6,115	385
Repairs - office equipment	2,000	500	225	275
Repairs - vehicles	1,000	500	159	341
Fuel - vehicles	1,800	1,800	1,348	452
Lawn care and maintenance	-	3,600	3,540	60
	<u>57,061</u>	<u>64,721</u>	<u>59,958</u>	<u>4,763</u>

See independent auditors' report.

**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF BUDGETARY COMPARISON
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Supplies and Materials				
Office supplies	1,200	2,600	2,451	149
Postage	450	450	437	13
Small equipment purchases	1,500	500	-	500
Uniforms and shirts	1,000	500	-	500
Utilities - electric	1,500	1,700	1,592	108
Utilities - water	600	600	542	58
Utilities - phone	4,200	4,800	4,722	78
Utilities - cell phone & pager	600	600	571	29
	<u>11,050</u>	<u>11,750</u>	<u>10,315</u>	<u>1,435</u>
Other Charges				
Advertising	100	400	395	5
Bank charges	50	75	56	19
Board meetings	2,800	2,500	2,032	468
Dues and memberships	380	380	372	8
Insurance - workers comp	500	500	425	75
Insurance - liability	1,518	1,700	1,669	31
Insurance - buildings and contents	3,000	6,000	5,744	256
Insurance - equipment	3,000	6,000	5,354	646
Insurance - vehicles	1,309	1,309	1,280	29
Legal Notices	-	-	-	-
Premiums on surety bonds	1,200	1,200	1,126	74
Public educations	2,000	500	-	500
Service awards	600	600	-	600
Training expenses	16,000	8,000	7,708	292
Travel expense	7,000	7,500	7,249	251
Internet charges	1,080	2,400	2,318	82
Reimbursable wireless fees	-	5,160	5,160	-
	<u>40,537</u>	<u>44,224</u>	<u>40,888</u>	<u>3,336</u>
Depreciation	<u>100,000</u>	<u>100,000</u>	<u>113,271</u>	<u>(13,271)</u>
Total Operating Expenses	<u>311,891</u>	<u>320,013</u>	<u>318,908</u>	<u>1,105</u>
Operating Income (Loss)	<u>41,138</u>	<u>33,016</u>	<u>16,798</u>	<u>(16,218)</u>
Nonoperating Revenues (Expenses)				
Interest income	10,875	10,875	7,822	(3,053)
Capital Contributions from State Emergency Communications Board	-	-	389,501	389,501
Total Nonoperating Revenues (Expenses)	<u>10,875</u>	<u>10,875</u>	<u>397,323</u>	<u>386,448</u>
Revenues in Excess of Expenses	52,013	43,891	414,121	<u>\$ 370,230</u>
Budgetary Net Position - Beginning	1,168,102	1,168,102	1,611,241	
Budgetary Net Position - Ending	<u>\$ 1,220,115</u>	<u>\$ 1,211,993</u>	<u>\$ 2,025,362</u>	

See independent auditors' report.

**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS - UNAUDITED
6/30/2013**

<u>Grantor/Pass-Through Grantor Program Title</u>	<u>Grant Number</u>	<u>Balance July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2012</u>
Department of Commerce and Insurance GIS Maintenance Grant	Z08211911	\$ -	\$ 5,160	\$ 5,160	\$ -
		<u>\$ -</u>	<u>\$ 5,160</u>	<u>\$ 5,160</u>	<u>\$ -</u>

See independent auditors' report

Members: American Institute of Certified Public Accountants | Tennessee Society of Certified Public Accountants
Governmental Audit Quality Center | Private Companies Practice Section
www.crs CPA.com

**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
Carroll County Emergency Communications District
Huntingdon, Tennessee

We have audited, in accordance with the 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, the financial statements of the governmental activities of Carroll County Emergency Communications District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Carroll County Emergency District's basic financial statements, and have issued our report thereon dated November 1, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carroll County Emergency District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carroll County Emergency District's internal control. Accordingly, we do not express an opinion on the effectiveness of Carroll County Emergency District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll County Emergency District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cowart Reese Sargent, CPAs
Martin, TN

November 1, 2013