

**VAN BUREN COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
JUNE 30, 2013**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2013**

TABLE OF CONTENTS

Independent Auditor's Report	1-3
Statement of Net Position	4
Statement of Revenues, Expenses and Changes in Fund Net Position	5-6
Statement of Cash Flows	7
Notes to the Financial Statements	8-12
<u>Required Supplementary Information</u>	
Schedule of Funding Progress	13
<u>Supplementary Information</u>	
Budget and Actual	14-15
911 Board Members	16
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17-18
Findings & Recommendations	19

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Van Buren County E-911 Emergency Communications District
Spencer, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of Van Buren County E-911 Emergency Communications District, a component unit of Van Buren County, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Van Buren County E-911 Emergency Communications District's basic financial statements, 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Van Buren County E-911 Emergency Communications District, a component unit of Van Buren County, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 historic context. The auditor's opinion on the basic financial statements is not affected by this missing information.

I have applied certain limited procedures to the Schedule of Funding Progress on page 13 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Van Buren County Emergency Communications District's basic financial statements. The Budget and Actual schedule and the schedule of 911 Board Members on pages 14-16 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Budget and Actual schedule and the schedule of 911 Board Members are the responsibility of management and were derived from and relate 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 my opinion, the Budget and Actual schedule and the schedule of 911 Board Members are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 6, 2013 on my consideration of Van Buren County E-911 Emergency Communications District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing 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* in considering Van Buren County E-911 Emergency Communications District's internal control over financial reporting and compliance.

November 6, 2013
Cookeville, Tennessee

Tamara L. Beckman, CPA

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013**

ASSETS

Current Assets

Cash and Cash Equivalents	\$	107,036.21	
Accounts Receivable		4,163.15	
Due from State Emer. Comm. Board		2,325.75	
Prepaid Expenses		5,857.00	
<u>Total Current Assets</u>			\$ 119,382.11

Non-Current Assets

Land		60,000.00	
Building & Improvements		380,177.28	
Less: A/D-Building & Improvements		(63,931.91)	
Furniture & Fixtures		22,494.00	
Less: A/D-Furniture & Fixtures		(11,230.33)	
Office Equipment		2,750.00	
Less: A/D-Office Equipment		(1,650.00)	
Communications Equipment		343,639.55	
Less: A/D-Communications Equipment		(108,742.42)	
<u>Total Non-Current Assets</u>			623,506.17

<u>Total Assets</u>			742,888.28
---------------------	--	--	------------

LIABILITIES & NET POSITION

Current Liabilities

Accounts Payable		730.53	
<u>Total Current Liabilities</u>			730.53

Net Position

Net Investment in Capital Assets		623,506.17	
Unrestricted Net Position		118,651.58	
<u>Total Net Position</u>			\$ 742,157.75

The accompanying notes are in integral part of the financial statements

**VAN BUREN COUNTY E-911
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	\$ 50,648.98	
State – Wireless Charges	13,636.30	
State – Operational Funding Program	<u>124,182.00</u>	
Total Operating Revenue		\$ 188,467.28

Operating Expense

Salaries & Wages

Director Salary	\$ 30,721.11	
Dispatcher Salary	<u>140,590.35</u>	
Total Salaries & Wages		171,311.46

Employee Benefits

Social Security	10,602.48	
Medicare	2,484.00	
Medical Insurance	4,699.14	
Unemployment	1,213.72	
Retirement	<u>4,439.42</u>	
Total Employee Benefits		23,438.76

Contracted Services

Addressing/Mapping	10,166.67	
Audit Services	2,000.00	
Accounting Services	943.55	
Legal Services	3,000.00	
Maintenance Agreements	10,661.71	
Pest Control	480.60	
R&M-Communications Equipment	3,753.99	
R&M-Building	1,516.22	
R&M-Office Equipment	75.00	
R&M-Vehicles	369.95	
Fuel	<u>410.63</u>	
Total Contracted Services		33,378.32

Supplies & Materials

Office Supplies	2,074.90	
Custodial Supplies	464.38	
Postage	109.11	
Small Equipment Purchases	1,426.00	
Uniforms	867.81	

The Accompanying notes are in integral part of the financial statements

VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS CONT'D
FOR THE YEAR ENDED JUNE 30, 2013

<u>Utilities</u>		
Electric	5,890.51	
Gas	1,971.00	
Water & Sewage	388.01	
General Telephone	<u>8,831.43</u>	
Total Supplies & Materials		22,023.15
<u>Other Charges</u>		
Board Meeting Expense	360.00	
Dues & Memberships	288.00	
Employee Testing	100.00	
<u>Insurance</u>		
Worker's Compensation	1,318.42	
Liability	2,702.18	
Building	3,422.52	
Equipment	63.82	
Vehicle	855.52	
Premium on Surety Bonds	675.85	
Public Education	814.21	
Training Expenses	623.98	
Travel Expenses	<u>669.93</u>	
Total Other Charges		11,894.43
Depreciation		<u>53,905.05</u>
Total Expenses		<u>315,951.17</u>
Net Operating Loss		(127,483.89)
<u>Non-Operating Revenue and (Expense)</u>		
Interest Income	141.00	
Interest Expense	(580.21)	
Loss on Disposal of Property	(29,409.65)	
State – Grants & Reimbursements	208,294.79	
Contributions from Primary Government	51,700.00	
Contributions from Other Government	<u>28,500.00</u>	
Total Non-Operating Revenue & Expense		<u>258,645.93</u>
Net Increase in Net Position		131,162.04
Total Net Position, July 1, 2012		609,394.81
Prior Period Adjustment		<u>1,600.90</u>
Total Net Position, June 30, 2013		<u>\$ 742,157.75</u>

The Accompanying notes are in integral part of the financial statements

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Cash Flows From Operating Activities</u>		
Cash Received from Operations	\$ 188,502.48	
Cash Payments for Goods and Services	(70,523.76)	
Cash Payments to/for Employees	<u>(195,171.32)</u>	
Net Cash Used by Operating Activities		\$ (77,192.60)
 <u>Cash Flows From Capital & Related Financing Activities</u>		
Principal Payments on Loan	(19,098.67)	
Interest Paid on Loan	(580.21)	
Acquisition of New Assets	<u>(134,152.00)</u>	
Net Cash Used by Capital & Related Financing Activities		(153,830.88)
 <u>Cash Flows from Non-Capital Financing Activities</u>		
State ECB Grant Received	208,294.79	
Contributions from Primary Government	51,700.00	
Contributions from Other Governments	<u>28,500.00</u>	
Net Cash Provided by Non-Capital Financing Activities		288,494.79
 <u>Cash Flows from Investing Activities</u>		
Interest Received		<u>141.00</u>
Net Increase in Cash and Cash Equivalents		57,612.31
Cash and Cash Equivalent at 6-30-12		<u>49,423.90</u>
Cash and Cash Equivalent at 6-30-13		<u>\$ 107,036.21</u>
 <u>Reconciliation of Operating Loss to Net Cash</u>		
<u>Used by Operating Activities</u>		
Net Operating Loss	\$ (127,483.89)	
Other Non-Operating Revenue	-	
Depreciation	53,905.05	
Decrease in Accounts Receivable	153.63	
Increase in Due from State ECB	(188.83)	
Increase in Prepaid Expense	(2,614.23)	
Decrease in Accounts Payable	(613.63)	
Decrease in Payroll Taxes Payable	<u>(350.70)</u>	
<u>Net Cash Used by Operating Activities</u>		<u>\$ (77,192.60)</u>

The Accompanying notes are in integral part of the financial statements

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 1 – Summary of Significant Accounting Policies

The Van Buren County E-911 Emergency Communication District was established for the purpose of providing an enhanced level of 911 services to the Van Buren County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Van Buren County. The Van Buren County E-911 Emergency Communications District is run by a board of directors, which is appointed by Van Buren County. The District must file a budget with Van Buren County each year. Any bond issued by the district is subject to approval by Van Buren County.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis of accounting when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving value, in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On an accrual basis, expenses are recognized at the time they are incurred. The District also uses the economic resources measurement focus.

Depreciation

Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives. Depreciation begins when the fixed assets are placed in service. Any capital assets purchased over \$10,000 are capitalized. Depreciation is summarized as follows:

	<u>Method</u>	<u>Estimated Useful Life</u>	<u>2013 Depreciation</u>
Land	--	--	\$ --
Building & Improvements	S/L	40 Years	12,072.40
Furniture & Fixtures	S/L	10 Years	2,249.40
Office Equipment	S/L	5-10 Years	550.00
Communications Equipment	S/L	5-10 Years	<u>39,033.25</u>
			<u>\$53,905.05</u>

Major Source of Revenue

The major source of operating revenue is emergency telephone, wireless surcharges and Operational Funding from Tennessee Emergency Communications Board (TECB). Non-operating revenue consists of grants given by the TECB, contributions from Van Buren County and the City of Spencer and miscellaneous income.

Net Position

Net position present the difference between assets and liabilities in the statement of net position.

Net investment in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

Note 2 – Cash and cash investments

The Tennessee Government Code requires Tennessee banks and savings and loan associations to secure a governmental entity’s deposits by pledging government securities as collateral. The market value of pledged securities must equal 105% of the entity’s deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

The following is a schedule of bank accounts at June 30, 2013:

Operating Checking-Citizens Bank	<u>\$107,036.21</u>
Total	<u>\$107,036.21</u>

At June 30, 2013, the carrying amount of the Van Buren County E – 911 Emergency Communications District’s cash deposits was \$107,036.21. The District’s deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. The District is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated. [Acts 1992, ch. 891, section 10].

Note 3 – Bonding

Van Buren County E-911 Emergency Communications District has a bond covering certain members of the board at June 30, 2013. The District also has insurance covering liability, building and contents. There have been no losses or settlements that exceeded coverage during the past three years.

Note 4 – Fixed Assets

The following is a schedule of equipment at June 30, 2013:

<u>Assets</u>	<u>Cost</u> <u>6/30/2013</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Book Value</u> <u>6/30/2013</u>
<u>Non-Depreciable</u>			
Land	\$ 60,000.00	\$ -	\$ 60,000.00
<u>Depreciable</u>			
Bldg. & Improvements	\$ 380,177.28	\$ 63,931.91	\$ 316,245.37
Furniture & Fixtures	22,494.00	11,230.33	11,263.67
Office Equipment	2,750.00	1,650.00	1,100.00
Communications Equip.	<u>343,639.55</u>	<u>108,742.42</u>	<u>234,897.13</u>
Total Depreciable	<u>749,060.83</u>	<u>185,554.66</u>	<u>563,506.17</u>
Total	<u>\$ 809,060.83</u>	<u>\$ 185,554.66</u>	<u>\$ 623,506.17</u>

<u>Assets</u>	<u>Balance 6/30/2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/2013</u>
<u>Non-Depreciable</u>				
Land	\$ 60,000.00	\$ -	\$ -	\$ 60,000.00
<u>Depreciable</u>				
Bldg. & Improvements	\$ 380,177.28	\$ -	\$ -	\$ 380,177.28
Furniture & Fixtures	22,494.00	-	-	22,494.00
Office Equipment	3,589.97	-	839.97	2,750.00
Communications Equip.	403,971.49	134,152.00	194,483.94	343,639.55
Total Depreciable	<u>810,232.74</u>	<u>134,152.00</u>	<u>195,323.91</u>	<u>749,060.83</u>
Total	<u>\$ 870,232.74</u>	<u>\$ 134,152.00</u>	<u>\$ 195,323.91</u>	<u>\$ 809,060.83</u>

Note 5 – Cash and cash equivalents

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

Note 6 – Accounts Receivable/Due from State

The amounts due to the District from the wireless charges and TECB include the following:

Ben Lomand	\$ 3,170.79
Bledsoe Telephone	<u>992.36</u>
Subtotal	4,163.15
State of Tennessee-ECB Wireless	<u>2,325.75</u>
Total	<u>\$ 6,488.90</u>

Note 7 – Compensated Absences

There were no compensated absences for June 30, 2013.

Note 8 – Notes Payable

Van Buren County E-911 Emergency Communications District purchased the old bank building from Citizens Bank of Spencer, Tennessee at a cost of \$150,000. The District paid a \$25,000 down payment leaving a principal balance of \$125,000. Payments will be made annually in the amount of \$25,000 a year for 5 years at an interest rate of 5.472% with a balloon payment of \$25,002.98 on June 5, 2013.

A schedule of changes in Notes Payable is as follows:

	<u>Balance 6-30-12</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 6-30-13</u>
Building	<u>\$ 20,699.57</u>	<u>\$ --</u>	<u><\$20,699.57></u>	<u>\$ --</u>

Note 9 – Calculation of Net Investment in Capital Assets

Net Book Value	\$623,506.17
Current and Non-Current Debt	<u>< -0- ></u>
Net Investment in Capital Assets	<u>\$623,506.17</u>

Note 10 – Budgetary Information

As stated in Note 1, the District must file a budget with Van Buren County each year. The budget is prepared on the accrual basis of accounting. Compliance with the budget is required at the line item level.

Note 11 – Pension Plan

Plan Description

Employees of Van Buren County E911 are members of the Political Subdivision Pension Plan (PSPP), and 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 year 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 members 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 Van Buren County E911 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

Van Buren County E911 requires employees to contribute 5.0 percent of earnable compensation.

Van Buren County E911 is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2013 was 5.53% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Van Buren County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2013, Van Buren County E911's annual pension cost of \$4,422 to TCRS was equal to Van Buren County E911's required and actual contributions. The required contribution was determined as part of the July 1, 2011 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 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), and (d) projected 3.5 percent annual increase in the Social Security wage base.

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. Van Buren County 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, 2011 was 11 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost(APC)</u>	Percentage of <u>APC Contributed</u>	Net Pension <u>Obligation</u>
June 30, 2013	\$4,422	100.00%	\$0.00
June 30, 2012	4,134	100.00%	0.00
June 30, 2011	4,303	100.00%	0.00

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 77.44% funded. The actuarial accrued liability for benefits was \$0.06 million, and the actuarial value of assets was \$0.05 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 \$0.07 million, and the ratio of the UAAL to the covered payroll was 19.39%.

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.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b) - (a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>[(b-a)/(c)]</u>
July 1, 2011	\$49	\$64	\$14	77.44%	\$74	19.39%

Note 12 – Subsequent Events

The District evaluated subsequent events through January 12, 2013, the date in which the financial statements were available to be issued.

**VAN BUREN COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2013

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2013**

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/(c)]
July 1, 2011	\$49	\$64	\$14	77.44%	\$74	19.39%
July 1, 2009	\$25	\$39	\$13	65.30%	\$91	14.74%
July 1, 2007	\$15	\$30	\$15	50.00%	\$30	26.79%

**VAN BUREN COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT**

SUPPLEMENTARY INFORMATION

JUNE 30, 2013

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance Under (Over)
<u>Operating Revenues</u>			
Emergency Telephone Service Charges	\$ 50,648.98	\$ 50,803.00	\$ (154.02)
State-Shared Wireless Charges	13,636.30	13,447.00	189.30
State-Operational Funding Program	124,182.00	124,182.00	-
Total Revenue	\$ 188,467.28	\$ 188,432.00	\$ 35.28
<u>Operating Expenses</u>			
<u>Salaries & Wages</u>			
Director	\$ 30,721.11	\$ 30,750.00	\$ 28.89
Dispatchers	140,590.35	141,950.00	1,359.65
Total Salaries & Wages	\$ 171,311.46	\$ 172,700.00	\$ 1,388.54
<u>Employee Benefits</u>			
Social Security Tax	10,602.48	11,000.00	397.52
Medicare Tax	2,484.00	2,800.00	316.00
Medical Insurance	4,699.14	5,218.00	518.86
Unemployment	1,213.72	822.00	(391.72)
Retirement Contributions	4,439.42	5,000.00	560.58
Total Employee Benefits	\$ 23,438.76	\$ 24,840.00	\$ 1,401.24
<u>Contracted Services</u>			
Addressing/Mapping	10,166.67	10,167.00	0.33
Audit Services	2,000.00	2,000.00	-
Accounting Services	943.55	944.00	0.45
Legal Services	3,000.00	3,000.00	-
Maintenance Agreements	10,661.71	6,637.00	(4,024.71)
Pest Control	480.60	481.00	0.40
<u>Maintenance & Repairs</u>			
Communication Equipment	3,753.99	1,000.00	(2,753.99)
Building & Facilities	1,516.22	2,500.00	983.78
Office Equipment	75.00	75.00	-
Vehicles	369.95	400.00	30.05
Fuel	410.63	500.00	89.37
Total Contracted Services	\$ 33,378.32	\$ 27,704.00	\$ (5,674.32)
<u>Supplies & Materials</u>			
Office Supplies	\$ 2,074.90	\$ 2,500.00	\$ 425.10
Custodial Supplies	464.38	525.00	60.62
Postage	109.11	220.00	110.89
Small Equipment Purchases	1,426.00	1,600.00	174.00
Uniforms	867.81	868.00	0.19

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Utilities</u>			
Electric	5,890.51	6,700.00	809.49
Gas	1,971.00	2,100.00	129.00
Water	388.01	500.00	111.99
General Telephone	8,831.43	9,000.00	168.57
Total Supplies & Materials	<u>\$ 22,023.15</u>	<u>\$ 24,013.00</u>	<u>\$ 1,989.85</u>
 <u>Other Charges</u>			
Board Meeting Expense	360.00	500.00	140.00
Dues & Memberships	288.00	450.00	162.00
Employee Testing	100.00	100.00	-
Insurance-Worker's Compensation	1,318.42	1,498.00	179.58
Insurance-Liability	2,702.18	3,000.00	297.82
Insurance-Building	3,422.52	5,800.00	2,377.48
Insurance-Equipment	63.82	500.00	436.18
Insurance-Vehicle	855.52	1,169.00	313.48
Legal Notices	-	150.00	150.00
Premiums on Surety Bonds	675.85	1,598.00	922.15
Public Education	814.21	815.00	0.79
Training Expenses	623.98	700.00	76.02
Travel Expenses	669.93	700.00	30.07
Other	-	172.00	172.00
Total Other Charges	<u>\$ 11,894.43</u>	<u>\$ 17,152.00</u>	<u>\$ 5,257.57</u>
Depreciation	<u>\$ 53,905.05</u>	<u>\$ -</u>	<u>\$ (53,905.05)</u>
Total Operating Expenses	<u>\$ 315,951.17</u>	<u>\$ 266,409.00</u>	<u>\$ (49,542.17)</u>
<u>Operating Income (Loss)</u>	<u>\$ (127,483.89)</u>	<u>\$ (77,977.00)</u>	<u>\$ (49,506.89)</u>
 <u>Non-Operating Revenue and (Expense)</u>			
Interest Income	141.00	141.00	-
Contributions from Primary Govts	51,700.00	51,700.00	-
Contributions from Other Govts	28,500.00	28,500.00	-
State – Grants & Reimbursements	208,294.79	74,142.00	134,152.79
Loss on Disposal of Property	(29,409.65)	167.00	(29,576.65)
Interest Expense	(580.21)	-	(580.21)
Total Non-Operating Revenue & Expense	<u>\$ 258,645.93</u>	<u>\$ 154,650.00</u>	<u>\$ 103,995.93</u>
Increase in Net Position	<u>\$ 131,162.04</u>	<u>\$ 76,673.00</u>	<u>\$ 54,489.04</u>
Total Net Position, July 1, 2012	609,394.81	609,394.81	-
Prior Period Adjustment	1,600.90	1,600.90	-
Total Net Position, June 30, 2013	<u>\$ 742,157.75</u>	<u>\$ 687,668.71</u>	<u>\$ 54,489.04</u>

**VAN BUREN COUNTY E – 911
EMERGENCY COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2013**

Brian Bricker, Chairman
260 Fall Creek Rd.
Spencer, TN 38585
(931) 946-2006
bbricker@bloman.net

Stacy Mills, Vice Chairman
PO Box 398
Spencer, TN 38585
(931) 946-7675
sgmills1975@gmail.com

Bonnie Adcock, Secretary/Treasurer
1032 College Street
Spencer, TN 38585
(931) 946-3051
bonelu@yahoo.com

Mark Hillis
190 Earl Lane
Rock Island, TN 38581
(931) 686-2443
lazyhfarms@blomand.net

Will Maxwell
1540 Archie Rhinehart Pkwy
Spencer, TN 38585
(931) 946-2679
wrm2a1619@yahoo.com

David Cook
204 Dry Hollow Rd.
Doyle, TN 38559
(931) 657-5499
onedryhollow@blomand.net

Jim Hall
1170 Grove Rd.
Pikeville, TN 37237
(423) 881-5356
jhalltn@gmail.com

David Chandler, Director
1014 Drake & Shockley St.
Spencer, TN 38585
(931) 946-2034
dmchandler161@aol.com

TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT

6 SOUTH MADISON AVENUE
COOKEVILLE, TN 38501
Office (931) 526-5489
Fax (931) 526-9064

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of the
Van Buren County E-911 Emergency Communications District
Spencer, Tennessee

I 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 Van Buren County E-911 Emergency Communications District, a component unit of Van Buren County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon date November 6, 2013.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Van Buren County E-911 Emergency Communications District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Van Buren County E-911 Emergency Communications District's internal control. Accordingly, I do not express an opinion on the effectiveness of the 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 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.

My consideration of the 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. These are described as: 2013-1 & 2013-2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Van Buren County E-911 Emergency Communications District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and recommendations as items: 2013-1 & 2013-2

Response to Findings

Van Buren County E-911 Emergency Communications District's responses to the findings identified in my audit are described in the accompanying schedule of findings and recommendations. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

November 6, 2013
Cookeville, Tennessee

Tamara L. Beckman, CPA

**VAN BUREN COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2013**

Prior Year Findings:

Finding 12-1 (Bond Coverage) from the prior year has been corrected.

2013-1: Budget

Condition & Criteria: The District is required to maintain expenditures within budget amounts. Budget line items were over expended.

Effect: The District has made expenditures in excess of the amounts budgeted.

Cause: The District had a few accounts with expenditures in excess of the budgeted amounts and one account with no amount budgeted at all.

Recommendation: We recommend the District maintain the approved budget to ensure expenditures remain within budget. The Board should ensure that all expenses are appropriated for in the annual budget.

Management Response: The Van Buren County E-911 will maintain an up to date approved budget and that all expenses will be appropriated to the correct account.

2013-2: Segregation of Duties

Condition & Criteria: The District exhibits conflicting duties (receiving functions, preparing deposits, posting transactions, reconciling bank records and maintaining receivables and payable). Several correcting errors were necessary to properly reflect the District's payroll, payroll tax and employee benefits expense items.

Effect: Lack of segregation of duties prevents errors and fraud from being detected in the normal course of duties.

Cause: The District is unlikely to be able to completely correct these weaknesses without adding personnel or outsourcing duties to an accounting firm.

Recommendation: The District should separate key accounting functions to the extent possible or in absence of personnel, outsource oversight duties to an accounting firm.

Management Response:

Due to our limited finances the Van Buren County E-911 has not been able to afford a bookkeeper. With Board permission; an agreement will be made between the Van Buren County E-911 and an accounting firm or we will hire a part-time bookkeeper to oversee accounting practices. This will conform to the separation of duties recommended by auditor.