

**HAYWOOD COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT  
FINANCIAL STATEMENTS  
For the Fiscal Year Ended  
June 30, 2013**

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
TABLE OF CONTENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

	<u>Pages</u>
<b>Financial Section</b>	
Directory - Roster of Management Officials and Board Members	1
Financial Section	
Independent Auditor's Report	2
Management Discussion and Analysis	4
Basic Financial Statement:	
Fund Financial Statements:	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Supplementary Information:	
Budgetary Comparison	16
Schedule of Expenditures of State Awards	17
Schedule of Capital Assets	18
Schedule of Prepaid Warranties	19
<b>Other Report Section:</b>	
Report on Internal Control over Financial Reporting Based and on Compliance and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	20
Schedule of Findings	22

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**ROSTER OF MANAGEMENT OFFICIALS AND BOARD MEMBERS**

**FOR THE YEAR ENDED JUNE 30, 2013**

---

**(Unaudited)**

**Management Officials**

---

Starla Singleton  
911 Director

**Board Members**

---

Joe Stephens, Chairman

Jimmy Studdard Sr., Vice Chairman

Larry Livingston, Secretary

Lewis Pearson, Member

Jerry White, Member

Joyce Pirtle, Member

Ervin Turner, Member

Patricia Herron, Member

Deane Walton, Member

James Ernest, Member

Larry Banks



R. Kenneth Cozart, CPA  
G. Joseph (Joey) Geter, CPA

29 N. Lafayette Avenue  
Brownsville, TN 38012  
731-772-2273  
Fax 731-772-2275  
www.crscpa.com

## Independent Auditors' Report

November 26, 2013

The Board of Directors  
Haywood County Emergency Communications District  
Brownsville, TN

### Report on the Financial Statements

We have audited the accompanying financial statements of the Haywood County Emergency Communications District, 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 purposes 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.

### Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Haywood County Emergency Communications District as of June 30, 2013, and the results of its operation for the year 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 to 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 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013 on our consideration of Haywood County Emergency Communications 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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the 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 Haywood County Emergency Communications District's internal control over financial reporting and compliance.



Cowart Reese Sargent,  
Certified Public Accounts, P.C.  
Brownsville, TN

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
HAYWOOD COUNTY EMERGENCY COMMUNICATION DISTRICT (911)  
FOR YEAR ENDED JUNE 30, 2013**

As management of Haywood County Emergency Communications District (the District), we offer readers of the Haywood County Emergency Communication District's financial statements this narrative overview the analysis of financial activities of the District for the fiscal year ended June 30, 2013. All amounts, unless otherwise indicated, are expressed in actual dollars. Comparative analyses of key elements of total funds have been provided.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis (MD&A) serves as an introduction to financial statements, and should be read in conjunction with, the financial statements and other supplementary information. Summary financial data, key financial and operational indicators are made up of three sections: 1) the introductory section, 2) the financial section, 3) the internal control and compliance section. The introductory section includes the District's directory. The financial section includes the MD&A, the independent auditor's report, and the financial statements with accompanying notes. The internal control and compliance section includes the report on internal control over financial reporting and compliance.

### **REQUIRED FINANCIAL STATEMENTS**

Due to the District being a single governmental fund entity, and receiving fund through the wireless charges, the enterprise fund statements are used to prepare financial statements. Enterprise funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenue are recognized when they are earned and expenses are recognized as a liability is incurred. The following statements are included in the financial statements of the District.

The Statement of Net Assets includes all of the District's assets and obligations to the District's creditor (liabilities).

It also provides the basis for computing rate of return, evaluating the capital structure, assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses, and Changes in Net Assets presents the results of the business activities over the course of the fiscal year and information as to how the net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement:

- 1) measures the success of the District's operation;
- 2) determines whether the District has been successful to recover all of its costs;
- 3) measures the District's profitability and credit creditworthiness.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
HAYWOOD COUNTY EMERGENCY COMMUNICATION DISTRICT (911)  
FOR YEAR ENDED JUNE 30, 2013**

The Budgetary Comparison Schedule presents the results of activities over the course of the fiscal year in comparison with the original and final budget. An additional column is presented showing the difference between the final budget and the actual expenses for the year.

**ENTERPRISE FUND FINANCIAL ANALYSIS**

**Statement of Net Position** - As noted earlier, net position may serve as a useful indicator of the district's financial position. In the case of the District, assets exceeded liabilities by \$1,527,194 at the close of the most recent fiscal year. A portion of the District's net assets (43.0%) reflects its investment in capital assets (e.g., land, building, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that repayment of the debt must be provided from other resources, since the capital assets cannot be used to liquidate these liabilities.

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current and Other Assets	\$ 877,032	\$ 663,747	\$ 213,285	132.13%
Capital Assets ( net of Accumulated Dep)	650,162	712,181	(62,019)	91.29%
Total Assets	1,527,194	1,375,928	\$ 151,266	110.99%
Current Liabilities	-	-	\$ -	0.00%
Total Liabilities	-	-	\$ -	0.00%
Invested in Capital Assets	650,162	712,181	\$ (62,019)	91.29%
Unrestricted	877,032	663,747	\$ 213,285	132.13%
Total Net Position	\$ 1,527,194	\$ 1,375,928	\$ 151,266	110.99%

During the 2013 fiscal year, the Districts net position increased by \$151,266. The increase is the result of increase in revenues.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
HAYWOOD COUNTY EMERGENCY COMMUNICATION DISTRICT (911)  
FOR YEAR ENDED JUNE 30, 2013**

**Statement of Activities** -- Revenues exceeded expenses \$151,266 for fiscal year ended June 30, 2013.

	June 30, 2013	June 30, 2012	Increase (Decrease)	
			\$ Variance	% Variance
Operating Revenue	\$ 319,605	\$ 271,892	\$ 47,713	85%
Non-Operating Revenue	22,155	46,652	\$ (24,497)	211%
Total Revenues	341,760	318,544	\$ 23,216	93%
Operating Expenditures	88,238	155,248	\$ (67,010)	176%
Depreciation & Amortization	102,256	95,254	\$ 7,002	93%
Total Expenditures	190,494	250,502	\$ (60,008)	132%
Change in Net Position	151,266	68,042	\$ 83,224	45%
Beginning Net Position	1,375,928	1,307,886	\$ 68,042	95%
Ending Net Position	\$ 1,527,194	\$ 1,375,928	\$ 151,266	90%

#### COMMENTS ON FUND FINANCIAL STATEMENTS

The District uses proprietary fund accounting to ensure and demonstrate compliance with finance-related requirements.

**Enterprise Funds** -- The focus of the District's enterprise fund is to provide information on cash inflows from shared wireless charges, outflows for related expenses, and balances of spendable resources. Such information are necessary to assess the District's financial requirements.

In particular, unrestricted fund balance may serve as useful measure of a government's net resources available for spending at the end of fiscal year to meet obligations of creditors and operational requirements of the District.

Revenues in the enterprise fund increased by \$23,216 in fiscal 2013 in comparison with 2012 year. The operating revenues increased by \$47,713 and non-operating revenues, which comprise the interest income and contributions from State of Tennessee TECB decreased by \$24,497.

Expenses in the enterprise fund decreased by \$60,008 in 2013 in comparison with prior year.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** -- At the end of fiscal year, the District had invested \$650,162 net of accumulated depreciation in a variety of capital assets. Accumulated depreciation at the end of period was \$327,205. Depreciation expense during the current period was \$102,256. No Capital Assets were disposed of during the current period.

**Long-Term Debt** -- At the end of current fiscal year, the District had no long-term debt.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
HAYWOOD COUNTY EMERGENCY COMMUNICATION DISTRICT (911)  
FOR YEAR ENDED JUNE 30, 2013**

**REQUEST FOR INFORMATION**

This financial report is prepared to provide a general overview of the District's finances for citizens, taxpayers, customer, investors, creditors and all other with an interest in the Districts finances. Questions concerning any information provided in this report or requests for additional finance information should be addressed to:

Haywood County Emergency Communications District  
County Mayor -- Executive  
1 North Washington  
Brownsville, TN 38012

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

---

**ASSETS**

## Current Assets:

Cash and Cash Equivalents	\$	877,001
Accounts Receivable		-
Grants Receivable		-
Accrued Interest - Receivable		31
Total Current Assets		<u>877,032</u>

## Noncurrent Assets:

Prepaid Warranties		58,211
Less: Amortization		(25,445)
Capital Assets:		
Computers		27,852
Office Furniture		13,254
Communications Equipment		878,050
Less: Accumulated Depreciation		<u>(301,760)</u>
Total Noncurrent Assets		<u>650,162</u>
Total Assets		<u>1,527,194</u>

**LIABILITIES**

## Current Liabilities:

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

**NET POSITION**

Invested in Capital Assets		650,162
Unrestricted		<u>877,032</u>
Total Net Position	\$	<u><u>1,527,194</u></u>

Notes to financial statements are an integral part of this statement.

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

---

**Operating Revenues:**

Charges for sales and services:	
Emergency Telephone Service Charges	\$ 44,410
Shared Wireless Charges	15,116
TECB Contribution - Operating Fund	260,079
State Grants - Operating	22,000
Total Operating Revenues	<u>341,605</u>

**Operating Expenses:**

Administrative Personnel	13,800
Addressing/Mapping	757
Equipment Rental	7,876
Government Contracts	61,211
Audit Fees	1,700
Office Supplies	227
Postage	300
Telephone	-
Travel	729
Maintenance Agreements	736
Uniforms	204
Continued Education & Trainings	698
Building Insurance	-
Transfer to County	-
Depreciation	90,512
Amortization - Warranties	11,744
Total Operating Expenses	<u>190,494</u>

Operating Income	<u>151,111</u>
------------------	----------------

**Nonoperating Revenues (Expenses):**

Interest Income	155
TECB - Grant	-
Other Income	-
Total Nonoperating Revenues (Expenses)	<u>155</u>
Change in Net Position	151,266

Total Net Position - Beginning	<u>1,375,928</u>
--------------------------------	------------------

Total Net Position - Ending	<u>\$ 1,527,194</u>
-----------------------------	---------------------

Notes to financial statements are an integral part of this statement.

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

---

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash receipts from Surcharges and Other Revenues	\$ 345,999
Cash payments to suppliers	(74,438)
Cash payments to employees	(13,800)
Net cash provided by operating activities	257,761

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Contributions from other governments	-
Net cash provided by noncapital financing activities	-

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of Capital Assets	(40,237)
Net cash used by capital and related financing activities	(40,237)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	176
Net cash provided by investing activities	176

Net Increase in Cash and Cash Equivalents 217,700

Cash and Cash Equivalents - July 1 659,301

Cash and Cash Equivalents - June 30 \$ 877,001

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

<b>Operating Income</b>	\$ 151,111
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>	
Depreciation Expense	90,512
Amortization Expense	11,744
Decrease (Increase) in accounts receivable	4,394
Decrease (Increase) in other assets	-
Decrease (Increase) in accounts payable	-
Total Adjustments	106,650
Net cash provided by operating activities	\$ 257,761

Notes to financial Statements are an integral part of this statement.

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

**NOTE 1 - INTRODUCTION**

The Haywood County Emergency Communications District (the District), a component unit of Haywood County, is a quasi-municipality which was formed in order to establish and provide emergency communications services to the occupants of Haywood County. Revenues are received from a tariff charged and collected by area telephone companies. The District's Board is appointed by the County. The County is provided with the Board's budget for information purposes prior to the beginning of the respective fiscal year. The board of directors for communication district is responsible for all major budget decisions.

The accounting and reporting framework and the more significant accounting principles and practices of the Haywood County Emergency Communications District are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the District's financial activities for the fiscal year June 30, 2013.

**NOTE 2 - GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

***Fund Financial Statements***

Fund Financial Statements are provided for the proprietary fund which is considered a major fund. There are no non-major funds that should be reported in a separate column.

**NOTE 3 - MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The financial statements are reported using the economic resources measurement focus and 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 eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued November 30, 1989, generally are followed in proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitations. The District elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating activities of the District are charges to customers for services. Operating expense include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses.

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

**NOTE 4 - FUND TYPES AND MAJOR FUNDS**

***Proprietary Funds***

Enterprise Fund - reports as the fund of the District. This fund is used to account for all financial resources. There are no other funds used in the District.

**NOTE 5 – SIGNIFICANT ACCOUNTING POLICIES**

**A. CASH , INVESTMENTS AND REGULATIONS**

The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalent. State statute's authorize the government and the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the Emergency Communications District are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. As of June 30, 2013, investments consisted entirely of certificate of deposits.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. Collateral is required for demand deposits and certificate of deposits at 105% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. As of June 30, 2013, there was no exposure to custodial credit risk due to being entirely covered by federal depository insurance, the pool, and pledged collateral held by the pledging financial institution's agency in the entity's name. Haywood County Emergency Communications District has total of \$877,001 of cash and cash equivalent.

**B. CAPITAL ASSETS AND DEPRECIATION**

The District's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The District generally capitalizes assets with cost of \$1,000 or more at time of purchase. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

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

	<b>Estimated Useful Life/Years</b>	<b>Threshold Amount</b>	<b>Capital Asset Category</b>
Buildings	30-40	5,000	Infrastructure
Improvements other Than Buildings	30-40	5,000	Infrastructure
Tower	30-40	1,000	Communication Equipment
Equipment	7-10	1,000	Communication Equipment
Computer Equipment	5-7	1,000	Computer
Furniture and Fixtures	5-7	1,000	Office Furniture

**C. FUND EQUITY**

The proprietary fund financial statements report restricted net position for amounts not available for appropriation or legally restricted for specified purposes.

**D. BUDGETARY INFORMATION**

**E. BUDGET POLICY AND PRACTICE**

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 capital 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.

**F. BASIS OF BUDGETING**

The fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenses are budgeted by class as follows: salaries, compensation related, services and supplies, computer and equipment, supplies, travel, equipment rental, core material, and miscellaneous. Expenses may not exceed appropriations. The budget for the operating funds are prepared on the cash and expenditures basis. Revenues are budgeted in the year funds are expected; and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued.

*Budgetary Information*

The County Commission is provided with the District's budget for information purposes prior to the beginning of the respective fiscal year. Once approved the Board may amend the legally adopted budget when unexpected modifications are required. However, final authority on all major decisions rests with the County Commission.

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

**NOTE 6 - RECEIVABLES**

Accounts receivable are tariffs due from area telephone companies with the next month. Revenue is recorded when eligibility requirements are met.

**NOTE 7 - PREPAID WARRANTY**

The District purchased extensive communication equipment. The purchase agreement contains a five (5) years service warranty agreement.

**NOTE 8 - CAPITAL ASSETS**

Changes in Capital Assets -- The following table provides a summary of changes in capital assets:

	<u>Capital Assets Depreciated</u> Equipment
Primary Government	
<i>Business-Type Activities</i>	
Balance June 30, 2012	\$ 878,919
Increases	40,237
Decreases	-
Balance June 30, 2013	919,156
Accumulated Depreciation	
Balance June 30, 2012	(211,248)
Increases	(90,512)
Decreases	-
Balance June 30, 2013	(301,760)
<i>Business -Type Activities</i>	
Capital Assets, Net	\$ 617,396

**NOTE 9 - RISK MANAGEMENT - CLAIMS AND ADJUSTMENTS**

The District is vulnerable to two types of losses. The first is the physical loss of fixed assets from theft, fire, etc. Other loss are from civil actions based on negligence in relation to the disposition of emergency calls. Neither of these losses have occurred since the District's inception. However, the District has third party insurance coverage that is adequate in order to cover any occurrence.

**NOTE 10 - LITIGATIONS AND CONTINGENCIES**

The District does not have litigations or contingencies at end of fiscal year June 30, 2013.

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

**NOTE 11 - SUBSEQUENT EVENTS**

Subsequent events are events and transactions that occur subsequent to the financial statement date but before the financial and auditor's report are issued. Subsequent events have been evaluated through November 26, 2013. No significant subsequent events were noted.

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Revenues:</b>				
Emergency Telephone Service Charge	\$ 55,000	\$ 55,000	\$ 44,410	\$ (10,590)
Emergency Telephone Service - Shared	12,000	12,000	15,116	3,116
Other Income	-	-	-	-
TECB - Contribution	160,000	160,000	282,079	122,079
	<u>227,000</u>	<u>227,000</u>	<u>341,605</u>	<u>114,605</u>
Total Revenues				
<b>Operating Expenses:</b>				
Administrative Personnel	15,800	15,800	13,800	2,000
Addressing/Mapping	60,000	60,000	757	59,243
Government Contracts	60,000	60,000	61,211	(1,211)
Audit / Legal Services	4,000	4,000	1,700	2,300
Maintenance Agreements	25,000	25,000	736	24,264
Telephone	-	-	-	-
Equipment Rental - Communications	16,000	16,000	7,876	8,124
Office Supplies	1,800	1,800	9	1,791
Office Equipment	1,500	1,500	218	1,282
Postage	300	300	300	-
Dues/Memberships	250	250	-	250
Uniforms	500	500	204	296
Surety Bonds	600	600	-	600
Travel Expenses	6,000	6,000	729	5,271
Training	12,000	12,000	698	11,302
Building Inspection	-	-	-	-
Transfer to County	-	-	-	-
Depreciation	-	-	90,512	(90,512)
	-	-	11,744	(11,744)
Capital Expenditures	20,000	20,000	-	20,000
	<u>223,750</u>	<u>223,750</u>	<u>190,494</u>	<u>33,256</u>
Total Expenses				
Operating Income	3,250	3,250	151,111	147,861
<b>Nonoperating Revenue (Expenses):</b>				
Interest Income	200	200	155	(45)
TECB - Grants - Nonoperating	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>200</u>	<u>200</u>	<u>155</u>	<u>(45)</u>
Increase (Decrease) in Net Position	<u>3,450</u>	<u>3,450</u>	151,266	<u>147,816</u>
Budgetary Net Position - Beginning			1,375,928	
Budgetary Net Position - Ending			<u>\$ 1,527,194</u>	

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**June 30, 2013**

Grant Number	Contract Date	State Grant Amount	Beginning Balance	Receipts	Expenditures	Accrued Expenses Ending Balance
Department of Commerce and Insurance	7/1/12-6/30/13	\$ 22,000	\$ -	\$ 22,000	\$ 22,000	\$ -
		<u>\$ 22,000</u>	<u>\$ -</u>	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ -</u>

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**CAPITAL ASSETS SCHEDULE**  
**June 30, 2013**

<b>Function and Activity</b>	<b>Balance July 1, 2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2013</b>
Office Equipment - Computers	\$ 27,852	\$ -	\$ -	\$ 27,852
Office Furnitures	13,254	-	-	13,254
Communication Equipment	714,277	40,237	-	754,514
Tower	123,536	-	-	123,536
	<u>878,919</u>	<u>40,237</u>	<u>-</u>	<u>919,156</u>
Less Accumulated Depreciation	<u>(211,248)</u>	<u>-</u>	<u>(90,512)</u>	<u>(301,760)</u>
Total Governmental Funds Capital Assets	<u><u>\$ 667,671</u></u>	<u><u>\$ 40,237</u></u>	<u><u>\$ (90,512)</u></u>	<u><u>\$ 617,396</u></u>

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
PREPAID WARRANTY SCHEDULE  
June 30, 2013**

---

<u>Function and Activity</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
Warranty - Sentinel Patriot- 911 System	\$ 45,248	\$ -	\$ -	\$ 45,248
Warranty - Zetron Radio	12,200	-	-	12,200
Equipment	763	-	-	763
	<u>58,211</u>	<u>-</u>	<u>-</u>	<u>58,211</u>
Less Accumulated Depreciation	<u>(13,701)</u>	<u>(11,744)</u>	<u>-</u>	<u>(25,445)</u>
Total Governmental Funds Capital Asset	<u>\$ 44,510</u>	<u>\$ (11,744)</u>	<u>\$ -</u>	<u>\$ 32,766</u>



R. Kenneth Cozart, CPA  
G. Joseph (Joey) Geter, CPA

29 N. Lafayette Avenue  
Brownsville, TN 38012  
731-772-2273  
Fax 731-772-2275  
www.crscpa.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**

The Board of Directors  
Haywood County Emergency Communications District

We have audited the financial statements of the Haywood County Emergency Communications District (the "District"), as of and for the year ended June 30, 2013, and have issued our report thereon dated November 26, 2013. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Haywood County Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 reasonable possibility that a material misstatement of the entity's financial statements will 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 the Haywood County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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 the Haywood County Emergency Communications District's audit committee, management, County Commission, 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.

A handwritten signature in black ink, reading "Cowart Reese Sargent". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.

Cowart Reese Sargent, PC  
Certified Public Accountants  
Brownsville, Tennessee

November 26, 2013

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2013**

---

**Summary of Auditors' Results**

1. The auditors' report expresses an unqualified opinion on the accompanying financial statements of the Haywood County Emergency Communications District.
2. No material weaknesses identified or significant deficiencies identified that are considered to be material weaknesses.
3. There were no instances of noncompliance disclosed during the audit.