HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

(A Component unit of Humphreys County, Tennessee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

This page left blank intentionally

HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2013

TABLE OF CONTENTS

Introductory Section

Roster of Board Members 1
Management's Discussion and Analysis 2-4

Financial Section

Independent Auditor's Report 5-7
Statement of Net Assets 8
Statement of Revenues, Expenses, and
Changes in Net Assets 9-10
Statement of Cash Flows 11
Notes to Financial Statements 12-18

Supplementary Information

Budgetary Comparison Schedule 19
State Grant Schedule 20
Schedule of Official Bonds of Principal Officials 21

Internal Control and Compliance Section

Independent Auditor's 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 22-23
Schedule of Findings and Recommendations 24

INTRODUCTORY SECTION

HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2013

Officials	Position
Jess S. Bowen, III	Chairman
Carolyn Ingram	Vice-Chairman
W.B. Frazier	Secretary-Treasurer
Sheriff Chris Davis	Board Member
Reed Dreaden	Board Member
Patricia McNeil	Board Member
Tim Daniel	Board Member
Ronnie Moran	Board Member
John Lee Williams	Board Member
Bobby Brown	Director

Management's Discussion and Analysis

This section of the Humphreys County Emergency Communications District's (District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2013. This section should be read in conjunction with the financial statements and accompanying notes, which follow this section.

The District is a proprietary component unit of the government of Humphreys County, Tennessee. The District was created in May 1988. The District provides the public a means of securing emergency services by telephone. In November 2001, the emergency service dispatch functions were consolidated under the central control of the District for the governments of Humphreys County, City of Waverly, City of New Johnsonville, and City of McEwen.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The financial report includes three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. The financial statements are prepared on the accrual basis of accounting. The Statement of Net Assets includes all the assets and liabilities of the District at the end of the fiscal year. The difference in the assets and liabilities is the net assets or equity of the District. The Statement of Revenues, Expenses and Changes in Net Assets reports all of the revenues and expenses of the District for the fiscal year. The Statement of Cash Flows reports the cash provided and used by operating activities as well as other cash sources and cash payments, such as investment income and capital outlays, for the fiscal year. The Notes to the Financial Statements include an explanation of the major accounting policies of the District and also in certain instances provide further or explanatory information about information contained in the three financial statements.

Financial Highlights

Statement of Net Assets

	2013	2012
Current Assets	$ 725,503	$ 687,414
Capital Assets and Deferred Charges	357,549	328,226
TOTAL ASSETS	$1,083,052	$1,015,640
Current Liabilities (Equals Total Liabilities)	$ 6,870	$ 5,878
Net Assets Invested in Capital Assets	356,191	326,768
Unrestricted Net Assets	719,991	682,994
Total Net Assets	1,076,182	1,009,762
TOTAL LIABILITIES AND NET ASSETS	$1,083,052	$1,015,640

Changes in Net Assets

	2013	2012
Operating Revenues	$331,554	$342,850
Operating Expenses	709,934	693,484
Net Operating Income	(378,380)	(350,634)
Other Income	444,800	281,499
Other Expenses	0	0
Changes in Net Assets	$ 64,420	$(69,135)

Operating Revenues

Operating revenues decreased from the prior year due to an across the board decrease from the two major service providers in the County and amounts received from the State of Tennessee for the County's wireless allocation of funds.

Other Income

Some of the items categorized under the other income category are amounts received from the primary government and other local governments that participate in an inter-local cooperation agreement (cost sharing) in order to provide for the operation of central dispatching. There was an increase in the funding from these governments of approximately $21,523 ($235,519 – 2012 and $257,042 – 2013).

The District received $39,242 in 2012 and $180,451 in 2013 in grants and reimbursements from the Tennessee Emergency Communications Board. The amounts received in 2013 were for such items as maintaining a Global Information System (GIS) mapping system, dispatcher training, purchases of equipment and a one-time non-recurring funding payment.

Operating Expenses

Operating expenses were up $16,450 when compared to last year. There was not one main cause for the increase, in relation to the prior year. Expenses for such items as personnel costs and maintenance agreements increased while the expense for depreciation decreased when compared to the prior year.

Capital Expenditures

Some of the significant capital expenditures made during the fiscal year 2012 and 2013 were:

For the year ended June 30, 2012:	
Utility Trailer	$ 1,210
2 Computers, Microphone, Headset, etc	3,640
For the year ended June 30, 2013:	
Recorders, Servers and Related Items	$ 62,496
Chairs – Intensive Use	5,252
Vehicle and Related Equipment	27,331

Contacting the Agency's Financial Management

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have any questions about this report or need additional financial information, contact the District's office at P.O. Box 553; Waverly, TN 37185.

FINANCIAL SECTION

DURHAM NUNNERY POYNER & WALTERS PC
CERTIFIED PUBLIC ACCOUNTANTS

70 EAST MAIN STREET
CAMDEN, TN 38320
PHONE 731-584-4448 * FAX 731-584-4417

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Humphreys County Emergency Communications District
Waverly, Tennessee

We have audited the accompanying financial statements of the Humphreys County Emergency Communications District (District) (a component unit of Humphreys County, Tennessee) as of and for the year ended June 30, 2013, and the related notes to the 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 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

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 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, 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2013, and the changes in financial position and cash flows thereof 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 on pages 2 through 4, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information listed as the introductory section and supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the District.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 8, 2013, on our consideration of the District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, 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 District's internal control over financial reporting and compliance.

Durham, Nunnery, Poyner & Walters, P.C.

Durham, Nunnery, Poyner & Walters, P.C.
Certified Public Accountants
November 8, 2013

HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2013

ASSETS

Current Assets		
Cash and Cash Equivalents	$	54,034.70
Investments		626,987.73
Accounts Receivable		10,362.00
Due from Tennessee Emergency Communications Board		7,771.22
Prepaid Expense		26,347.12
Total Current Assets		725,502.77
Deferred Charges		
Loan Cost Associated with Lease - Net		1,358.33
Property and Equipment		
Furniture and Fixtures		23,932.35
Office Equipment		8,260.15
Other Equipment		1,210.00
Vehicles		27,331.00
Communication Equipment		601,498.91
Total		662,232.41
Less: Accumulated Depreciation		(306,041.55)
Net Property and Equipment		356,190.86
TOTAL ASSETS	$	1,083,051.96

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	$	310.87
Payroll Taxes Payable		101.15
Payroll Withholding		0.00
Compensated Absences Payable		6,457.50
Total Current Liabilities		6,869.52
Net Assets		
Invested in Capital Assets		356,190.86
Unrestricted		719,991.58
Total Net Assets		1,076,182.44
TOTAL LIABILITIES AND NET ASSETS	$	1,083,051.96

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

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

Operating Revenues		
Emergency Telephone Service Charge	$	138,096.22
Tennessee Emergency Communications Board-Shared Wireless Charge		45,564.05
Tennessee Emergency Communications Board-Operational Funding		142,860.00
Other Operating Revenues		5,033.53
Total Operating Revenues		331,553.80
Operating Expenses		
Salaries and Wages		
Director		49,331.22
Calltakers/Dispatchers		276,903.36
Holiday Pay		10,331.38
Total Salaries and Wages		336,565.96
Employee Benefits		
Social Security		18,965.77
Medicare		4,435.79
Life Insurance		1,104.93
Medical Insurance		57,381.69
Dental Insurance		1,537.50
Vision Insurance		546.27
Unemployment Compensation		493.36
Retirement Contributions		13,050.81
Total Employee Benefits		97,516.12
Contracted Services		
Fees Paid to Service Providers		24,559.42
Administrative Fees - Service Charge		4,021.51
Addressing/Mapping Services		1,499.00
Advertising		0.00
Accounting and Auditing		5,830.96
Data Processing Services		435.00
Legal Services		0.00
Maintenance Agreements		77,242.77
Maintenance and Repairs		13,384.10
NCIB/TBI/TIES Expenses		1,680.00
Lease/Rental - Facilities		38,400.00
Total Contracted Services		167,052.76

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

HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (Continued)
FOR THE YEAR ENDED JUNE 30, 2013

Supplies and Materials		
Office Supplies	$	2,571.59
Data Processing Supplies		0.00
Postage		280.60
Small Equipment Purchases		3,692.37
Uniforms and Shirts		1,781.16
Utilities		8,008.21
Fuel		1,720.77
Total Supplies and Materials		18,054.70
Other Charges		
Bank Service Charges		12.00
Board Meetings		493.58
Dues and Memberships		158.00
Employee Testing and Exams		460.00
Insurance		12,878.18
Legal Notices		30.00
Licenses and Fees		0.00
Premiums on Surety Bonds		818.00
Public Education		0.00
Service Awards		393.82
Training		3,604.71
Travel		6,139.87
Total Other Charges		24,988.16
Depreciation		
Depreciation Expense		65,655.93
Amortization Expense		100.00
Total Operating Expenses		709,933.63
Operating Income (Loss)		(378,379.83)
Nonoperating Revenues (Expenses) & Capital Contributions		
Interest Earned		806.12
Contributions from Primary Government		132,953.00
Contributions from Other Governments		124,089.48
Tennessee Emergency Communications Board-Grants/Reimbursements		94,160.55
Tennessee Emergency Communications Board-Capital Contributions		86,290.79
Gain on Disposal of Property		6,500.00
Change in Net Assets		66,420.11
Net Assets, Beginning		1,009,762.33
Net Assets, Ending	$	1,076,182.44

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

HUMPHREYS 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	$	341,141.36
Cash Payments to Suppliers for Goods and Services		(195,206.05)
Cash Payments for Payroll, Taxes and Related Benefits		(432,798.89)
Net Cash Provided (Used) by Operating Activities		(286,863.58)
Cash Flows from Non-Capital Financing Activities:		
Grants/Reimbursements TECB		94,160.55
Contributions from Primary Government		132,953.00
Contributions from Other Governments		124,089.48
Net Cash Provided (Used) by Non-Capital Financing Activities		351,203.03
Cash Flows from Capital & Related Financing Activities:		
Capital Contributions by TECB		86,290.79
Proceeds from Sale of Equipment		6,500.00
Purchase of Equipment		(95,078.79)
Net Cash Provided (Used) by Capital & Related Financing Activities		(2,288.00)
Cash Flows from Investing Activities:		
Purchase of Investments		(50,800.91)
Proceeds From Redemption of Investments		25,000.00
Interest Collected		806.12
Net Cash Provided (Used) by Investing Activities		(24,994.79)
Net Increase (Decrease) in Cash & Cash Equivalents		37,056.66
Cash & Cash Equivalents, Beginning		16,978.04
Cash & Cash Equivalents, Ending	$	54,034.70

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	$	(378,379.83)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) for Operating Activities:		
Depreciation		65,655.93
Amortization		100.00
Gain on Disposal of Property		
Changes in Assets and Liabilities:		
Accounts Receivable		10,218.50
Due from State Emergency Communications Board		(630.94)
Prepaid Expense		15,181.12
Accounts Payable		(291.55)
Payroll Taxes Payable		13.09
Payroll Withholding Payable		0.00
Compensated Absences Payable		1,270.10
Total Adjustments		91,516.25
Net Cash Provided (Used) by Operating Activities	$	(286,863.58)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Humphreys County Emergency Communications District (District or Humphreys County E911) was created under *Tennessee Code Annotated 7-86-104 et. seq., Emergency Communications Districted Law* by a referendum of voters in Humphreys County, Tennessee (County) in May 1988. The assessment of service fees began September 1, 1989.

The purpose of the District is to provide a simplified means of securing emergency services by telephone to those persons living in the County. In November 2001, emergency service dispatch functions were consolidated under a centralized communications center (the District) for the governments of Humphreys County, City of Waverly, City of New Johnsonville, and City of McEwen.

The District is considered a component unit of the County because the Board of Directors is appointed by the County Commission. The County Commission has the authority to adjust rates charged by the District, and the County Commission must approve most debts issued by the District.

Measurement Focus/Basis of Accounting

The District is considered an enterprise fund; therefore, the District's financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenue, Expenses and Changes in Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned while expenses are recognized in the period in which the liability is incurred.

Operating revenue is revenue that is generated from the primary operations of the district. All other revenue is reported as nonoperating revenue. Operating expenses are those expenses that are essential to the primary operations of the district. All other expenses are reported as nonoperating expenses.

The financial statements are prepared under the requirements of GASB Statement Number 34, Basic Financial Statements, Management's Discussion and Analysis for State and Local Governments and related standards. This statement provides for various terminology and includes recognition of capital grants in the Statement of Revenues, Expenses and Changes in Net Assets; a presentation of net assets; as well as an inclusion of a management discussion and analysis; supplementary information; and other changes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

Cash and cash equivalents include amounts of cash on hand, demand deposits and time deposits with original maturities of three months or less.

State statutes (TCA, 5-8-301) determine what investments are allowable for the District. For the most part, allowable investments consist of bonds, notes or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies, repurchase agreements, the Tennessee Local Government Investment Pool and certificates of deposits.

Due from Tennessee Emergency Communications Board (TECB)

The amount due from the Tennessee Emergency Communications Board includes the amount of wireless surcharges collected by the State prior to June 30, 2013, but not remitted to the District until after June 30, 2013.

Due from Primary and Other Governments

In November 2001, the District entered into an inter-local cooperation agreement between the governments of Humphreys County, City of Waverly, City of New Johnsonville, and City of McEwen. The inter-local cooperation agreement essentially consolidated the dispatching of emergency services process for all the governments to a central location and in turn the governments contribute funds to the District to cover personnel costs. There were no amounts owed the District by the primary government or other local governments at June 30, 2013.

Accounts Receivable

Accounts receivable represents amounts due from AT&T, TDS Telecom, and other service providers that operate in the area and collect the user fees assessed by the District.

Accounts Payable

Payables are accrued for goods, services and equipment that have been received by June 30, but for which payment was not made by the balance sheet date.

Property and Equipment

Property and equipment is recorded at historical cost. Maintenance repairs and minor renewals are expensed as incurred. Depreciation has been provided over the estimated useful lives of the fixed assets by the straight-line method. The estimated useful lives for depreciable items range from 4 to 10 years.

NOTE 2 – DEPOSITS, INVESTMENTS AND CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. State statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. Further, state statutes require that the collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the District.

At June 30, 2013, the carrying value (bank balance) of deposits of the District was $76,201. Therefore, all deposits would be considered insured.

Investments consisted of an account with the Tennessee Local Government Investment Pool, with interest being earned at a variable rate. The market value of the account is equivalent to the carrying value, which at June 30, 2013, was $626,988.

NOTE 3 - FUNDING SOURCES

Funds for operations are provided by monthly fees from service users in the County. Two major service suppliers in the County, AT&T and Humphreys County Telephone, collect the service fees and remit the funds to the District. The telephone companies retain one to three percent of the collections as an administrative fee. The District also receives a portion of the wireless phone surcharge administered by the State of Tennessee, Department of Commerce and Insurance, Tennessee Emergency Communications Board.

NOTE 4 - RISK MANAGEMENT

The District is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It is the policy of the District to purchase commercial insurance for these risks. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 5 - BUDGETARY INFORMATION

The District is required by Section 7-86-120, TCA, to adopt an annual budget. The budget must be prepared at the line-item level. The District's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP). Therefore, capital outlay items, although authorized, are not presented in the Budgetary Comparison Schedule, which compares budgetary revenues and expenses to actual. The Budgetary Comparison Schedule is presented in the supplementary information section of this report.

NOTE 6 - PROPERTY AND EQUIPMENT

Changes in property and equipment for the period ended June 30, 2013 were:

Category	Balance 7/1/12	Additions	Deletions	Balance 6/30/13
Furniture and Fixtures	$ 24,269.35	$ 0.00	$ 337.00	$ 23,932.35
Office Equipment	3,008.32	5,251.83	0.00	8,260.15
Other Equipment	1,210.00	0.00	0.00	1,210.00
Vehicles	24,995.00	27,331.00	24,995.00	27,331.00
Communication Equipment	542,024.97	62,495.96	3,022.02	601,498.91
Total	$ 595,507.64	$ 95,078.79	$ 28,354.02	$ 662,232.41

Summary of Accumulated Depreciation

Category	Balance 7/1/12	Additions	Deletions	Balance 6/30/13
Furniture and fixtures	$ 22,976.17	$ 975.18	$ 337.00	$ 23,614.35
Office equipment	2,951.74	756.83	0.00	3,708.57
Other equipment	144.05	172.86	0.00	316.91
Vehicles	24,995.00	3,526.03	24,995.00	3,526.03
Communication equipment	217,672.68	60,225.03	3,022.02	274,875.69
Total	$268,739.64	$ 65,655.93	$ 28,354.02	$306,041.55

NOTE 7 - COMMITMENTS

In 2001, the District entered into a 20-year lease with the City of Waverly for premises in order to operate the central dispatching functions of the District. The lease term is for 240 monthly payments of $3,200.00 each beginning July 1, 2002.

NOTE 8 – TOWER PURCHASES BY COUNTY AND FUTURE COMMITMENT

During the year ended June 30, 2009, Humphreys County, Tennessee purchased two 300' Type WSST self supported towers for a price of $154,589 each. One of the towers is located on a County owned site while the other tower is located on a City of Waverly site. It is the intent of all parties involved that the District will maintain and manage the towers upon completion as long as the District is providing central dispatching functions. The towers are financially being accounted for by Humphreys County, Tennessee and no amounts are reflected within these financial statements.

NOTE 9 – SUPPLEMENTAL CASH FLOW INFORMATION

There were no amounts of interest expense capitalized during the current year.

NOTE 10 – SUBSEQUENT EVENTS

There were no subsequent events that occurred after the fiscal year end and through the date of the auditor's report that would require adjustment or disclosure to the financial statements.

NOTE 11 – TCRS PENSION PLAN

Employees of HUMPHREYS COUNTY 911 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 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 HUMPHREYS COUNTY 911 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

HUMPHREYS COUNTY 911 requires employees to contribute 5.0 percent of earnable compensation.

HUMPHREYS COUNTY 911 is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2013 was 4.30% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for HUMPHREYS COUNTY 911 is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2013, HUMPHREYS COUNTY 911's annual pension cost of $12,843 to TCRS was equal to HUMPHREYS COUNTY 911'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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. HUMPHREYS COUNTY 911'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 7 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2013	$ 12,843	100.00%	$ 0.00
June 30, 2012	$ 13,667	100.00%	$ 0.00
June 30, 2011	$ 13,043	100.00%	$ 0.00

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 82.03% percent funded. The actuarial accrued liability for benefits was $0.25 million, and the actuarial value of assets was $0.20 million, resulting in an unfunded actuarial accrued liability (UAAL) of $0.04 million. The covered payroll (annual payroll of active employees covered by the plan) was $0.24 million, and the ratio of the UAAL to the covered payroll was 18.22%percent.

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

Schedule of Funding Progress:

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2011	$202	$247	$44	82.03%	$243	18.22%
July 01, 2009	$107	$139	$32	76.74%	$234	13.79%
July 01, 2007	$ 67	$112	$45	59.82%	$230	19.57%

NOTE 12 – CONCENTRATION OF REVENUES AND GRANTS

Whether from pass-through wireless collections, grants/reimbursement programs or operational funding programs, the District often receives 30-50% of its revenue from the Tennessee Emergency Communications Board. Any significant change in the Tennessee Emergency Communications Board's funding policies could have a significant impact on the District.

SUPPLEMENTARY INFORMATION

HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues				
Emergency Telephone Service Charge	$ 195,000.00	$ 160,000.00	$ 138,096.22	$ (21,903.78)
TECB - Shared Wireless Charge	45,000.00	45,000.00	45,564.05	564.05
TECB - Operational Funding	154,791.00	154,791.00	142,860.00	(11,931.00)
Other Operating Revenues	2,000.00	4,500.00	5,033.53	533.53
Total Operating Revenues	396,791.00	364,291.00	331,553.80	(32,737.20)
Operating Expenses				
Director	47,503.85	47,503.85	49,331.22	(1,827.37)
Calltakers/Dispatchers, Holiday & Overtime	291,872.74	288,272.74	287,234.74	1,038.00
Social Security	21,500.00	20,000.00	18,965.77	1,034.23
Medicare	5,000.00	5,000.00	4,435.79	564.21
Life Insurance	1,500.00	1,300.00	1,104.93	195.07
Medical Insurance	57,000.00	57,300.00	57,381.69	(81.69)
Dental Insurance	1,700.00	1,550.00	1,537.50	12.50
Vision Insurance	600.00	600.00	546.27	53.73
Unemployment Compensation	2,500.00	1,500.00	493.36	1,006.64
Retirement Contributions	14,000.00	13,500.00	13,050.81	449.19
Fees Paid to Service Providers	28,000.00	25,000.00	24,559.42	440.58
Administrative Fees - Service Charge	500.00	2,000.00	4,021.51	(2,021.51)
Addressing/Mapping Services	1,500.00	1,500.00	1,499.00	1.00
Advertising	500.00	100.00	0.00	100.00
Accounting and Auditing	6,000.00	5,745.00	5,830.96	(85.96)
Data Processing Services	1,000.00	500.00	435.00	65.00
Legal Services	1,000.00	0.00	0.00	0.00
Maintenance Agreements	70,000.00	70,000.00	77,242.77	(7,242.77)
Maintenance and Repairs	15,000.00	14,500.00	13,384.10	1,115.90
NCIB/TBI/TIES Expenses	3,000.00	2,300.00	1,680.00	620.00
Lease/Rental - Facilities	38,400.00	38,400.00	38,400.00	0.00
Office Supplies	3,000.00	3,000.00	2,571.59	428.41
Data Processing Supplies	1,000.00	100.00	0.00	100.00
Postage	600.00	600.00	280.60	319.40
Small Equipment Purchases	6,000.00	4,500.00	3,692.37	807.63
Uniforms and Shirts	3,000.00	3,000.00	1,781.16	1,218.84
Utilities	11,000.00	9,000.00	8,008.21	991.79
Fuel	2,000.00	2,000.00	1,720.77	279.23
Bank Service Charges	300.00	300.00	12.00	288.00
Board Meetings	500.00	500.00	493.58	6.42
Dues and Memberships	400.00	400.00	158.00	242.00
Employee Testing and Exams	400.00	500.00	460.00	40.00
Insurance	12,800.00	13,455.00	12,878.18	576.82
Legal Notices	200.00	100.00	30.00	70.00
Licenses and Fees	100.00	100.00	0.00	100.00
Premiums on Surety Bonds	1,900.00	0.00	818.00	(818.00)
Public Education	1,000.00	500.00	0.00	500.00
Service Awards	800.00	500.00	393.82	106.18
Training	9,000.00	4,000.00	3,604.71	395.29
Travel	9,000.00	7,000.00	6,139.87	860.13
Depreciation Expense	70,000.00	64,000.00	65,655.93	(1,655.93)
Amortization Expense	100.00	100.00	100.00	0.00
Total Operating Expenses	741,176.59	710,226.59	709,933.63	292.96
Operating Income	(344,385.59)	(345,935.59)	(378,379.83)	(32,444.24)
Nonoperating Revenues(Expenses)				
Interest Earned	5,000.00	1,000.00	806.12	(193.88)
Contributions from Primary Government	132,952.98	132,952.98	132,953.00	0.02
Contributions from Other Governments	124,089.44	124,089.44	124,089.48	0.04
TECB-Grants/Reimbursements	10,000.00	135,209.00	180,451.34	45,242.34
Gain on Disposal of Property	0.00	6,500.00	6,500.00	0.00
Net Income	$ (72,343.17)	$ 53,815.83	$ 66,420.11	$ 12,604.28

HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2013

Grantor Agency	Contract / Grant Number	Amount Due From Beginning	Cash Received	Earned / Expended	Amount Due From Ending
State of Tennessee					
Commerce and Insurance					
Tennessee Emergency Comm. Board (GIS - TIPS)	Unavailable	$0.00	$48,229.55	$48,229.55	$0.00
Tennessee Emergency Comm. Board (Dispatcher Training)	Unavailable	0.00	12,000.00	12,000.00	0.00
Tennessee Emergency Comm. Board (Non-recurring Funding)	Unavailable	0.00	33,931.00	33,931.00	0.00
Tennessee Emergency Comm. Board (Operational Funding)	Unavailable	0.00	142,860.00	142,860.00	0.00
Tennessee Emergency Comm. Board (Capital Equipment)	Unavailable	0.00	86,290.79	86,290.79	0.00
		$0.00	$323,311.34	$323,311.34	$0.00

NOTES TO SCHEDULE OF STATE FINANCIAL ASSISTANCE

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of state financial assistance is a summary of the activities of the District's state assistance programs and does not necessarily present transactions that would be included in the financial statements of a district presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America.

HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF OFFICIAL BONDS OF PRINCIPAL OFFICIALS
JUNE 30, 2013

Officials	Position	Bond
Jess S. Bowen, III	Chairman	$75,000
Carolyn Ingram	Vice-Chairman	75,000
W.B. Frazier	Secretary-Treasurer	75,000
Bobby Brown	Director	75,000
Sherriff Chris Davis	Board Member	0
Reed Dreaden	Board Member	0
Patricia McNeil	Board Member	0
Tim Daniel	Board Member	0
Ronnie Moran	Board Member	0
John Lee Williams	Board Member	0

INTERNAL CONTROL AND COMPLIANCE SECTION

DURHAM NUNNERY POYNER & WALTERS PC
CERTIFIED PUBLIC ACCOUNTANTS

70 EAST MAIN STREET
CAMDEN, TN 38320
PHONE 731-584-4448 * FAX 731-584-4417

INDEPENDENT AUDITOR'S 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*

Board of Directors
Humphreys County Emergency Communications District
Waverly, Tennessee

We have audited, 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, the financial statements of Humphreys County Emergency Communications District (District)(a component unit of Humphreys County, Tennessee) as of and for the year ended June 30, 2013, and have issued our report thereon dated November 8, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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 a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 and other matters, 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*.

We noted certain matters that we reported to management in a separate letter dated November 8, 2013.

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.

Durham, Nunnery, Poyner & Walters, P.C.

Durham, Nunnery, Poyner & Walters, P.C.
Certified Public Accountants
November 8, 2013

HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2013

A. PRIOR YEAR FINDINGS

Government Auditing Standards require auditors to report on the status of uncorrected findings from prior audits. Presented below is the summarized data related to the prior year's audit findings:

There were no findings reported in the prior year.

B. CURRENT YEAR FINDINGS

There were no findings reported in the current year.