

POLK COUNTY "911"
EMERGENCY COMMUNICATIONS DISTRICT

AUDIT REPORT

TWELVE MONTHS ENDED JUNE 30, 2013

POLK COUNTY "911"
EMERGENCY COMMUNICATIONS DISTRICT

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June 30, 2013

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POLK COUNTY E-911
PO BOX 911
Ocoee, TN 37361

CARE OF: THEDA BRAMLETT - EXECUTIVE DIRECTOR

Management's Discussion and Analysis

Our discussion and analysis of the Polk County 911 Emergency Communications District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. This should be read in conjunction with the District's financial statements, which may be found elsewhere in this document.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and statement of revenues, expenses and changes in net position provide information about the activities of the District as a whole and present an overview of the District's finances.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any entity's finances is: "How did the District do financially this year?" The statement of net position and statement of revenues, expenses and changes in net position report information in a way that helps answer this question. These statements include all assets and liabilities using accrual basis accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. Net position -- the difference between assets and liabilities -- are one way to measure the District's financial health, or its financial position. Over time, increases or decreases to the District's net position are an indicator of whether its financial health is improving or deteriorating. An analysis of net position and changes in net position are as follows:

	<u>2013</u>	<u>2012</u>
Net Position		
Current and other assets	\$ 415,434	\$ 657,292
Capital assets	<u>538,153</u>	<u>251,467</u>
Total assets	953,587	908,759
Current liabilities	<u>(5,320)</u>	<u>(49,123)</u>
Net Position	<u>\$ 948,267</u>	<u>\$ 859,636</u>
Summary of net position -		
Investment in capital assets	\$ 538,153	\$ 251,467
Unrestricted	<u>410,114</u>	<u>608,169</u>
Total Net Position	<u>\$ 948,267</u>	<u>\$ 859,636</u>
Change in Net Position		
Operating revenues	\$ 231,440	\$ 235,496
Operating expenses	<u>234,392</u>	<u>188,599</u>
Operating income/(loss)	(2,952)	46,897
Non-operating income	<u>91,583</u>	<u>37,900</u>
Change in Net Position	88,631	84,797
Net Position - beginning	<u>859,636</u>	<u>774,839</u>
Net Position - ending	<u>\$ 948,267</u>	<u>\$ 859,636</u>

Analysis of Financial Position and Results of Operations

The District's net position has increased by \$88,631. Operating revenues decreased 1.72% primarily due to decreases in emergency telephone service charges. Operating expenditures were up 24.28% due to increases in addressing/mapping expenses, data processing service/T line expenses, IT and training expenses, and rental/building facility expenses.

The District's Net Position

The District completed the year with net position of \$948,267 an increase of \$88,631 over the previous year.

Budgetary Highlights

The actual charges to expenses were \$296,223 below the final budgeted amount. This is primarily due to the budgeted small equipment purchases that were capitalized instead of expensed and maintenance and utility expenses were less than anticipated. Other budget variances are not considered significant and, therefore, not addressed here.

Actual revenues, in total, were less than budgeted revenues by \$111,277, with operating revenues being over budget by \$2,440 due to more TECB funding received than budgeted. Non-operating revenues were under budget due to equipment reimbursements that were budgeted but not requested during the year.

Capital Assets

At the end of the accounting period, The District had \$538,153 in capital assets such as communications and office equipment, vehicles, and leasehold improvements. This amount represents an increase of \$286,686 or 114%. The increase is due to the addition of new PSAP equipment and two equipped vehicles.

Financial Activity and Plans for Future Needs

Polk County E-911 will focus on finishing the installation of the new PSAP equipment and the addition of the radio system that is integrated into it. There are some building repairs upgrades that will be looked at and included in our completion of the new backup center. We also will be looking at the mapping system and any changes or upgrades we can make in it that will make it functionally easier to use and portable for our fire rescue and EMS personal. We will address additional concerns we have about radio site issues and how we may better communicate with public safety personal.

Stephen M Lofty
Chairman of the Board

POLK COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF BOARD OF DIRECTORS AND MANAGEMENT
June 30, 2013

Steve Lofty, Chairman

Bruce Wentworth, Vice Chairman

Ruth Patton, Treasurer

Wayne Loudermilk, Secretary

Jerry Stephens, Member

FINANCIAL SECTION

HARTING, BISHOP & ARRENDALE, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

ELIZABETH HARTING, CPA
KELVIN W. BISHOP, CPA
THOMAS H. ARRENDALE, CPA, MBA

JANICE L. HAYES, CPA

MEMBER
AMERICAN INSTITUTE OF
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TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Polk County "911" Emergency
Communications District

Report on the Financial Statements

We have audited the accompanying financial statements of Polk County "911" Emergency Communications District, component unit of Polk County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Polk County "911" Emergency Communications District, as of June

30, 2013, and the respective changes in financial position and 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

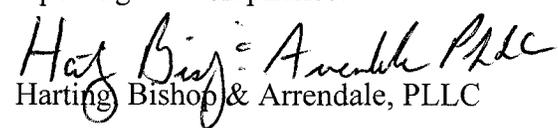
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Polk County "911" Emergency Communications District's basic financial statements. The budgetary comparison schedule on pages 14 and 15 is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2014, on our consideration of the Polk County "911" Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Polk County "911" Emergency Communications District's internal control over financial reporting and compliance.


Harting Bishop & Arrendale, PLLC

Cleveland, Tennessee
January 27, 2014

POLK COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
June 30, 2013

ASSETS

Current Assets

Cash and cash equivalents	\$ 201,707
Certificates of deposit	199,171
Accounts receivable	11,356
Accrued interest receivable	71
Prepaid expenses	<u>3,129</u>
 Total Current Assets	 <u>415,434</u>

Capital Assets

Communication equipment	744,315
Furniture and fixtures	17,160
Office equipment	13,238
Vehicles	88,459
Leasehold improvements	<u>140,798</u>
	1,003,970
 Less Accumulated Depreciation	 <u>(465,817)</u>

Capital Assets, net 538,153

Total Assets \$ 953,587

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ <u>5,320</u>
 Total Liabilities	 <u>5,320</u>

Net Position

Investment in capital assets	538,153
Unrestricted net position	<u>410,114</u>
 Total Net Position	 <u>948,267</u>

Total Liabilities and Net Position \$ 953,587

The accompanying notes are an integral part
of this financial statement.

POLK COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 For the Year Ended June 30, 2013

OPERATING REVENUES

Emergency telephone service charge	\$	47,799
TECB - shared wireless charge		40,781
TECB - operational funding		142,860
Total Operating Revenues		231,440

OPERATING EXPENSES

Contracted Services		
Addressing/Mapping expenses		40,360
Advertising		74
Audit services		4,250
Accounting services		10,000
Data processing service/ T Line		32,254
Fees paid to service providers		836
Legal services		6,600
IT consultant		5,587
Training consultant		14,800
Rental/Buildings facilities		1,735
Maintenance and repairs - communications equipment		8,971
Maintenance and repairs - buildings facility		179
Total Contracted Services		125,646

Supplies and Materials

Office supplies		2,651
Postage		680
Small equipment purchases		14,623
Utilities - electric		2,560
Utilities - gas		204
Utilities - water and sewer		177
Utilities - general telephone		3,479
Utilities - cell phones		1,954
Total Supplies and Materials		26,328

Other Charges

Board meeting expenses		425
Insurance - buildings and contents		2,688

(Continued on next page)

The accompanying notes are an integral part
of this financial statement.

POLK COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2013
(Continued from previous page)

Insurance - vehicles	\$	308
Licenses and fees		3,498
Premiums on surety bonds		876
Training expenses		5,976
Travel expenses		5,829
Bank charges		30
Internet charges		5,101
Total Other Charges		24,731
Depreciation		
Depreciation expense		57,687
Total Operating Expenses		234,392
Operating Loss		(2,952)
NON-OPERATING REVENUE		
Interest income - checking		234
Interest income - certificate of deposit		1,188
TECB grant & reimbursements		90,161
Non-Operating Revenue		91,583
INCREASE IN NET POSITION		88,631
Net position, beginning		859,636
Net position, ending	\$	948,267

The accompanying notes are an integral part
of this financial statement.

POLK COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from surcharges and other revenues	\$ 236,080
Cash payments to suppliers for goods and services	<u>(221,679)</u>
Net cash provided by operating activities	<u>14,401</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Grants/Reimbursements TECB	<u>90,161</u>
Net cash provided by noncapital financing activities	<u>90,161</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	<u>(320,891)</u>
Net cash used by capital and related financing activities	<u>(320,891)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of certificates of deposit	(1,188)
Interest income	<u>1,422</u>
Net cash provided by investing activities	<u>234</u>

Net decrease in cash and cash equivalents (216,095)

Cash and cash equivalents, beginning of year 417,802

Cash and cash equivalents, end of year \$ 201,707

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

Operating loss	\$ (2,952)
Adjustments to reconcile operating loss to net cash provided by (used by) operating activities:	
Depreciation expense	57,687
Change in assets and liabilities:	
Decrease in accounts receivable	4,640
Increase in prepaid expenses	(1,171)
Decrease in accounts payable	<u>(43,803)</u>

Net cash provided by operating activities \$ 14,401

The accompanying notes are an integral part
of this financial statement.

POLK COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - General Information

Public Chapter No. 867 of the 1984 Tennessee Public Acts ("The Emergency Communications District Law") was enacted to establish local emergency telephone services; to provide for the funding of such services and such district; and to provide for the levying of a telephone service charge.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting

The District is a governmental unit, subject to accounting directives issued by the Governmental Accounting Standards Board (GASB), and anticipates recovering the cost of its services in a manner similar to a private business enterprise. Therefore the District uses the flow of 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. Operating revenues are those that result from the activities of the District, including telephone service charges, expense reimbursements, and grants for operations. Revenue from other sources is considered non-operating.

Cash and Cash Equivalents

Cash and cash equivalents are highly liquid investments which have original maturities of three months or less.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Expenditures for capital assets are recorded at historical cost. Capital assets are depreciated using the straight-line method. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated 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:

Communication equipment	5-10
Furniture and fixtures	5-10
Office equipment	5-10
Leasehold improvements	10-20
Vehicles	5

POLK COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2013

NOTE 2 - Summary of Significant Accounting Policies (continued)

Component Unit

The Polk County "911" Emergency Communications District is a component of Polk County, Tennessee. As such, Polk County exercises significant influence over the District by having control over the appointment of the District's Board. The District must file a budget with Polk County and any bonds issued by the District are subject to approval by Polk County, Tennessee.

Budgets and Budgetary Accounting

The District's Board approves an annual budget based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. Budgeted expenses may be amended, as needed, to meet changing needs.

NOTE 3 - Cash on Deposit

The treasurer of the District is responsible for receiving, disbursing, depositing and investing the District's funds. The District's policy related to deposits and investment risk is to invest in certificates of deposit usually with a maturity of three years or less. The District's policy is designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws. All deposits with a bank or other financial institution shall be secured by collateral or in a collateral pool as allowed by state statutes. As of June 30, 2013 all deposits with financial institutions were secured by collateral. A schedule of cash and investments classified by category of credit risk at June 30, 2013 is as follows:

	Carrying Amount	Bank Balance
Cash, insured by Federal Depository Insurance (FDIC)	\$ 201,707	\$ 206,893
Certificates of Deposit, Insured by Federal Depository Insurance (FDIC)	48,293	43,107
Certificates of Deposit, Secured by Pledged Collateral	150,878	156,064
Total	\$ 400,878	\$ 406,064

NOTE 4 - Accounts Receivable

The accounts receivable balance represents amounts due from telephone companies subscriber service charges at June 30, 2013.

POLK COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2013

NOTE 5 - Capital Assets

The following is a schedule of changes to capital assets:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>
Communications Equipment	\$ 492,673	\$ 251,641	\$ -	\$ 744,314
Furniture and Fixtures	17,160	-	-	17,160
Office Equipment	12,063	1,175	-	13,238
Leasehold Improvements	137,701	3,098	-	140,799
Vehicles	-	88,459	-	88,459
Total	<u>\$ 659,597</u>	<u>\$ 344,373</u>	<u>\$ -</u>	<u>\$ 1,003,970</u>

	<u>Accumulated Depreciation June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Accumulated Depreciation June 30, 2013</u>
Communications Equipment	\$ 379,793	\$ 43,762	\$ -	\$ 423,555
Furniture and Fixtures	7,304	1,716	-	9,020
Office Equipment	7,764	1,423	-	9,187
Leasehold Improvements	13,269	6,068	-	19,337
Vehicles	-	4,718	-	4,718
Total	<u>\$ 408,130</u>	<u>\$ 57,687</u>	<u>\$ -</u>	<u>\$ 465,817</u>

Provision for depreciation totaled \$57,687 for the year ended June 30, 2013.

NOTE 6 - Risk Management - Claims and Insurance

Significant losses are covered by commercial insurance for property, liability, and employee dishonesty. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current or the three prior years.

NOTE 7 - Lease Commitments

The District has a Special Use Permit with the U.S. Department of Agriculture, Forest Service, for the building and land in which the District office is located. The Special Use Permit authorizes the District to use the building and land at no cost as long as the District maintains the building in compliance with the Operation and Maintenance Plan. The Special Use Permit expired on December 31, 2009 and a new permit can be obtained at the discretion of the U.S. Department of Agriculture. The District continues to use the building and land in accordance with the expired Special Use Permit.

NOTE 8 - Subsequent Events

Subsequent events were evaluated through January 27, 2014 which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

POLK COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 For the Year Ended June 30, 2013

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance (Over) Under
OPERATING REVENUES			
Emergency telephone service charge	\$ 47,799	\$ 53,000	\$ 5,201
TECB - shared wireless charge	40,781	36,000	(4,781)
TECB - operational funding	<u>142,860</u>	<u>140,000</u>	<u>(2,860)</u>
Total Operating Revenues	<u>231,440</u>	<u>229,000</u>	<u>(2,440)</u>
OPERATING EXPENSES			
Contracted Services			
Addressing/Mapping expenses	40,360	45,300	4,940
Advertising	74	500	426
Audit services	4,250	4,800	550
Accounting services	10,000	10,600	600
Data processing service/ T Line	32,254	34,000	1,746
Fees paid to service providers	836	4,400	3,564
Legal services	6,600	6,600	-
IT consultant	5,587	7,000	1,413
Communication consultants	-	1,600	1,600
Training consultant	14,800	16,000	1,200
Pest Control	-	500	500
Rental/Buidlings facilities	1,735	2,525	790
Maintenance and repairs communication equip	8,971	15,000	6,029
Maintenance and repairs buildings facility	<u>179</u>	<u>3,000</u>	<u>2,821</u>
Total Contracted Services	<u>125,646</u>	<u>151,825</u>	<u>26,179</u>
Supplies and Materials			
Office supplies	2,651	3,000	349
Postage	680	800	120
Small equipment purchases	14,623	271,300	256,677
Uniforms and shirts	-	1,500	1,500
Utilities - electric	2,560	5,200	2,640
Utilities - gas	204	500	296
Utilities - water-sewer	177	500	323
Utilities - general telephone	3,479	10,000	6,521
Utilities - cell phones	<u>1,954</u>	<u>4,000</u>	<u>2,046</u>
Total Supplies and Materials	<u>26,328</u>	<u>296,800</u>	<u>270,472</u>

(Continued on next page)

POLK COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2013

(Continued from previous page)

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance (Over) Under
Other Charges			
Board meeting expenses	425	600	175
Insurance - buildings and content	2,688	3,000	312
Insurance - vehicles	308	1,000	692
Licenses and fees	3,498	3,600	102
Premiums on surety bonds	876	2,000	1,124
Public education	-	300	300
Service awards	-	200	200
Training expenses	5,976	8,000	2,024
Travel expenses	5,829	6,500	671
Bank charges	30	50	20
Internet charges	5,101	8,740	3,639
Total Other Charges	<u>24,731</u>	<u>33,990</u>	<u>9,259</u>
Depreciation			
Depreciation expense	<u>57,687</u>	<u>48,000</u>	<u>(9,687)</u>
Total Depreciation	<u>57,687</u>	<u>48,000</u>	<u>(9,687)</u>
Total Operating Expenses	<u>234,392</u>	<u>530,615</u>	<u>296,223</u>
Operating Income (Loss)	<u>(2,952)</u>	<u>(301,615)</u>	<u>(298,663)</u>
NON-OPERATING REVENUE			
Interest income - checking	234	750	516
Interest income - certificate of deposit	1,188	5,600	4,412
TECB grant & reimbursements	<u>90,161</u>	<u>198,950</u>	<u>108,789</u>
Total Non-Operating Revenue	<u>91,583</u>	<u>205,300</u>	<u>113,717</u>
Change in Net Position	<u>\$ 88,631</u>	<u>\$ (96,315)</u>	<u>\$ (184,946)</u>

**INTERNAL CONTROL
AND COMPLIANCE SECTION**

HARTING, BISHOP & ARRENDALE, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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JANICE L. HAYES, CPA

MEMBER
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TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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
Polk County "911" Emergency
Communications District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Polk County "911" Emergency Communications District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Polk County "911" Emergency Communications District's basic financial statements and have issued our report thereon dated January 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Polk County "911" Emergency Communications District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Polk County "911" Emergency Communications District's internal control. Accordingly, we do not express an opinion on the effectiveness of Polk County "911" Emergency Communications District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal

control, described in the accompanying schedule of findings and recommendations that we consider to be significant deficiencies: 2013-1.

Compliance and Other Matters

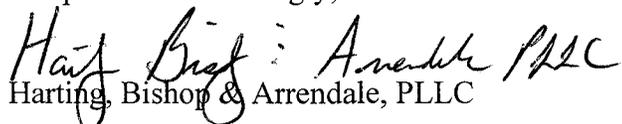
As part of obtaining reasonable assurance about whether Polk County "911" Emergency Communications District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with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

Polk County "911" Emergency Communications District's Response to Findings

Polk County "911" Emergency Communications District's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. Polk County "911" Emergency Communications District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.


Harting, Bishop & Arrendale, PLLC

Cleveland, Tennessee

January 27, 2014

POLK COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2013

The findings and recommendations as a result of the audit of the Polk County "911" Emergency Communications District are presented below. Finding 2013-1 and 2013-2 are repeated from the prior year ended June 30, 2012.

2013 -1: Segregation of Duties

Condition and Criteria: Staff job functions should be segregated so that errors and fraud will be detected by employees in the normal course of their work, in a timely manner. The relatively small size of Polk County "911" Emergency Communications District administrative staff prevents this proper segregation of duties. Segregation of duties should be in place that allows errors and fraud to be detected by employees in the normal course of their work.

Effect: Lack of segregation of duties prevents errors and fraud to be detected by employees in the normal course of their work.

Cause: This occurred due to the small size of the District.

Recommendation: Segregation of duties should be implemented as staff size increases.

Management Response: We agree with the auditor's findings and recommendations.

2013-2: Budget

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

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

Cause: The District had one account with expenditures in excess of the budgeted amount.

Recommendation: We recommend the District maintain the approved budget to ensure expenditures remain within budget.

Management Response: We agree with the auditors' findings and recommendations and have implemented budget procedures to ensure expenditures are budgeted and budgets are properly amended.

POLK COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2013

2012 -1: Segregation of Duties

Condition and Criteria: Staff job functions should be segregated so that errors and fraud will be detected by employees in the normal course of their work, in a timely manner. The relatively small size of Polk County "911" Emergency Communications District administrative staff prevents this proper segregation of duties. Segregation of duties should be in place that allows errors and fraud to be detected by employees in the normal course of their work.

Effect: Lack of segregation of duties prevents errors and fraud to be detected by employees in the normal course of their work.

Cause: This occurred due to the small size of the District.

Recommendation: Segregation of duties should be implemented as staff size increases.

Current Status: The staff size has not increased. This finding was noted for the 2013 audit.

2012-2: Budget

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

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

Cause: The District had one account with expenditures in excess of the budgeted amount.

Recommendation: We recommend the District maintain the approved budget to ensure expenditures remain within budget.

Current Status: New staff is being trained in QuickBooks to adequately prepare and monitor the budget. This finding was noted for the 2013 audit.