

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

**THE WHITE COUNTY 911
EMERGENCY COMMUNICATIONS DISTRICT
(A component unit of White County, Tennessee)
SPARTA, TENNESSEE**

Year ended June 30, 2013

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INTRODUCTORY SECTION

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF OFFICIALS
June 30, 2013**

Board of Directors:

Denny Wayne Robinson - Chairman

Chris Isom – Vice-Chairman

Matt McBride – Secretary/Treasurer

Geeta McMillan - Board Member

Robert McCormick - Board Member

Jerry Fowler - Board Member

Cain Rogers – Board Member

Management Officials:

Greg England – Communications Director

Suzi Cash – Interim Communications Director

FINANCIAL SECTION

ALBERT R. DICUS

Certified Public Accountant

Member: AICPA; TSCPA

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*P.O. Box 176
131 South Main Street
Sparta, Tennessee 38583*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The White County 911 Emergency
Communications District
Sparta, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of White County 911 Emergency Communications District, a component unit of White County, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the White County 911 Emergency Communications District, as of June 30, 2013, and the 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 and the schedule of funding progress on pages 9 through 15 and page 35, respectively, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the White County 911 Emergency Communications District's basic financial statements. The information described as the "Introductory Section" and the "Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The information described as “Supplementary Information” in the table of contents 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 my opinion, the information described as “Supplementary Information” in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information described as the “Introductory Section” in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated September 23, 2013 on my consideration of the White County 911 Emergency Communications District’s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering White County 911 Emergency Communications District’s internal control over financial reporting and compliance.



Certified Public Accountant

Sparta, Tennessee
September 23, 2013

White County E9-1-1



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Sparta, TN 38583

Phone: (931) 738-8653
Fax: (931) 738-8683

E9-1-1 Board Members
White County Emergency
Communications District
Sparta, Tennessee

INDEPENDENT AUDIT

The unqualified opinion of our independent auditor, Albert R. Dicus, CPA, is included in this report on page 6 through 8.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's analysis of the White County Emergency Communications District (ECD) financial condition and results of operations for the year ended June 30, 2013. This information should be read in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

The Director believes the ECD's financial position has improved over the prior fiscal year and remains strong. The ECD has no debt, and, therefore, has no debt service. The following are key financial highlights:

- The ECD keeps its firm commitment by continuing its upgrade and maintenance program of the computer-based GIS system in 2012/2013 to assist in receiving both landline and cell phone calls to the PSAP. The ECD also is assisted with this system in VOIP (voice over internet) calls.
- The ECD was part of 67,275 inbound telephone calls answered by dispatchers for 2012/2013. The calls generated 41,870 CAD cards for 2012/2013. There were over 9,500 actual 9-1-1 dispatches of life or property-threatening situations in 2012/2013.

- The upgrade the PSAP's controller/switch and workstations was completed. The total cost was \$169,228 to conform to TECB requirements of being Next Generation/i3 compliant. The upgrade included three (3) additional workstations to be used for backup/contingency dispatching. An initial payment of thirty (30) percent of the contract price was paid in May 2012. The three (3) additional payments were made in April and May 2013 as contractual milestones were met.
- Total assets at year-end were \$1,568,790 and exceeded total liabilities by \$1,487,904 (net position). Of the total net position, \$631,135 was unrestricted and was available to support short-term operations. Total assets and total net position increased from 2012 to 2013 by \$121,219 and \$173,854, respectively. Unrestricted net position increased from 2012 by \$ 86,510.
- Operating revenues were \$427,136, a decrease of \$30,769, or 6.72 %, from 2012.
- Operating expenses before depreciation increased by \$2,957 for 2013, which is a decrease of .56%, compared to 2012.
- Operating loss for the year was \$194,973, representing a 33.49 % increase from 2012. The decrease in the change in net position was \$239,239 when compared to 2012.
- The ratios of operating income to total operating revenues were -45.65% for 2013 compared to -31.90% for 2012.
- A Grant for \$10,000 was received from the Tennessee Emergency Communications Board for use in GIS maintenance in 2012/2013, and \$12,000 was received for use with dispatcher training.
- Funds totaling \$169,278 were received from the Tennessee Emergency Communications Board earmarked for operating budget in lieu of losing landline telephone revenue income and takes place of the Rural Dispatcher Grant. This money is included as operating income in the financial statements. The money received from the state for this is divided into payments received every two months throughout the year from the state.
- The ECD receives operating revenue from both landline and wireless phone fees with additional non-operating and capital revenue needs received from the County of White and City of Sparta based on Intergovernmental agreement between White County ECD and County of White / City of Sparta.

OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the ECD's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the ECD's budget and other management tools were used for this analysis.

The financial statements report information about the ECD using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements. The statement of net position presents the financial position of the ECD on a full accrual basis of accounting. While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the statement of revenues, expenses and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The statement also provides certain information about the ECD's recovery of its costs.

The statement of cash flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

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 ECD's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

SUMMARY OF ORGANIZATION AND BUSINESS

The White County Emergency Communications District was established on January 21, 1991, by a resolution of the County Commissioners of White County, Tennessee, in accordance with the TCA 7-86-101. The resolution was passed after the voters of White County approved the establishment of such District by a 92% vote on November 6, 1990. The jurisdiction of the ECD includes all of White County, Tennessee.

The ECD's capital assets consist of the land, buildings, tower, and all equipment.

The ECD receives financial support from telephone surcharge, County of White, Tennessee and the City of Sparta, Tennessee.

FINANCIAL ANALYSIS

The following comparative condensed financial statements and other selected information provides key financial data and indicators for management, monitoring, and planning.

**WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
 CONDENSED STATEMENTS OF NET POSITION
 June 30, 2013 and June 30, 2012**

ASSETS	2013	2012	Variance	
			Amount	%
Current Assets	\$ 647,936.47	\$ 728,563.68	\$ (80,627.21)	-11.07%
Capital Assets:				
Producing - Net	920,503.30	718,656.94	201,846.36	28.09%
Utility Deposits	350.00	350.00	-	
Total assets	\$ 1,568,789.77	\$ 1,447,570.62	\$ 121,219.15	8.37%
LIABILITIES				
Current Liabilities	\$ 80,885.29	\$ 133,520.24	\$ (52,634.95)	-39.42%
NET POSITION				
Net investment in capital assets	\$ 856,769.04	\$ 600,197.53	\$ 256,571.51	42.75%
Restricted for capital activity	-	169,227.73	(169,227.73)	
Unrestricted	631,135.44	544,625.12	86,510.32	15.88%
Total net position	\$ 1,487,904.48	\$ 1,314,050.38	\$ 173,854.10	13.23%

WHITE COUNTY 911 EMERGENCY COMMUNICATION DISTRICT
CONDENSED STATEMENT OF REVENUES, EXPENSES & CHANGE IN NET POSITION
For Years Ended June 30, 2013 and June 30, 2012

	2013	2012	Variance	
			Amount	%
Operating revenues:				
Emergency telephone charges	\$ 221,230.22	\$ 228,008.60	\$ (6,778.38)	
State shared wireless charge	63,045.45	60,617.86	2,427.59	
State operational funding	142,860.00	169,278.41	(26,418.41)	
Total Operating Revenue	\$ 427,135.67	\$ 457,904.87	\$ (30,769.20)	-6.72%
Non-operating income:				
Interest income	\$ 1,038.62	\$ 736.55	\$ 302.07	
Other non-operating income	975.09	934.20	40.89	
Gain on disposal of property	-	3,500.00	(3,500.00)	
Contributions -primary government	100,000.00	100,000.00	-	
Contributions - other governments	25,000.00	25,000.00	-	
State ECB grant	84,949.58	22,000.00	62,949.58	
Total Non-operating income	\$ 211,963.29	\$ 152,170.75	\$ 59,792.54	39.29%
Total Revenues	\$ 639,098.96	\$ 610,075.62	\$ 29,023.34	4.76%
Operating expenses:				
Salaries, wages, and benefits	\$ 379,301.11	\$ 403,227.47	\$ (23,926.36)	
Contracted services	93,326.88	73,149.78	20,177.10	
Supplies and materials	26,098.34	26,783.25	(684.91)	
Other expenses	36,450.76	29,059.35	7,391.41	
Depreciation	86,931.77	71,740.81	15,190.96	
Total Operating Expenses	\$ 622,108.86	\$ 603,960.66	\$ 18,148.20	3.00%
Increase in Net Position Before				
Capital Contributions	\$ 16,990.10	\$ 6,114.96	\$ 10,875.14	
Capital Contributions:				
Contributions -primary government	-	126,920.80	(126,920.80)	
Contributions - other governments	111,910.00	110,829.50	1,080.50	
Contributions - State ECB grant	44,954.00	169,227.73	(124,273.73)	
Increase in Net Position	\$ 173,854.10	\$ 413,092.99	\$ (239,238.89)	-57.91%
Net position at July 1	1,314,050.38	900,957.39	413,092.99	
Net position at June 30	\$ 1,487,904.48	\$ 1,314,050.38	\$ 173,854.10	13.23%

GENERAL TRENDS AND SIGNIFICANT EVENTS

FINANCIAL CONDITION

The ECD's financial condition improved during the year with adequate liquid assets and a reasonable level of unrestricted net position at year-end. The current financial condition, staff capabilities, operating plans and upgrade plan to meet future emergency communication requirements are well balanced and under control.

Total assets increased \$121,219, or 8.37%, with a portion represented by an increase in capital assets. Net position increased by \$173,854.

CAPITAL ASSETS

There was a net increase of \$201,846 in capital assets. New capital assets purchased during the year were a NexGen i3 controller/switch and six (6) NexGen-compatible workstations from Combix. Additional information concerning the District's capital assets can be found in Note C in the accompanying notes to the financial statements.

RESULTS OF OPERATIONS

White County Emergency Communication District has been involved with approximately 67,275 inbound telephone calls for 2011/2012. As a result of these calls, there were 41,870 CAD calls generated, up from 38,503 for 2010/2011. The district saw over 9-1-1 emergency telephone calls recorded with minimal concern from Citizens served and/or Emergency Service Personnel.

Expenses

Operating expenses, excluding depreciation, increased by \$2,957 from 2012. This was a result of the following:

Salaries, wages, and benefits	\$ (23,926)
Contracted services	20,177
Supplies and materials	(685)
Other expenses	7,391
TOTAL	\$ 2,957

Depreciation expense of the ECD's system increased by \$15,191, or 21.17 %.

911 Board Members
White County ECD
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CONTACTING THE DISTRICT

The financial audit is designed to provide our Board, County Executive/County Commissioners, City Mayor/Board of Alderman, and regulatory agencies with a general overview of the ECD's finances. If you have any questions about this report or need additional information, you may contact the ECD at:

White County Emergency Communication District
PO Box 911
2677 Crossville Hwy
Sparta, TN 38583

BASIC FINANCIAL STATEMENTS

THE WHITE COUNTY 911 EMERGENCY COMMUNICATION DISTRICT
STATEMENT OF NET POSITION
June 30, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents - Note B		\$ 392,817.04
Temporary cash investments - Note B		171,105.49
Accounts receivable		17,469.51
Due from State Emergency Communications Board		34,642.67
Interest receivable		79.08
Prepaid expenses		<u>31,822.68</u>

TOTAL CURRENT ASSETS \$ 647,936.47

NONCURRENT ASSETS

Capital assets - Note C	\$ 1,614,698.30	
Less accumulated depreciation	<u>(694,195.00)</u>	920,503.30
Other assets		
Utility deposit		<u>350.00</u>
		<u><u>\$ 1,568,789.77</u></u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable - trade		\$ 3,891.28
Accounts payable - equipment		63,734.26
Accrued payroll		6,332.49
Compensated absences payable		<u>6,927.26</u>

TOTAL LIABILITIES \$ 80,885.29

NET POSITION

Net investment in capital assets	\$ 856,769.04	
Unrestricted	<u>631,135.44</u>	<u><u>1,487,904.48</u></u>

See the notes to financial statements.

THE WHITE COUNTY 911 EMERGENCY COMMUNICATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year ended June 30, 2013

Operating revenue:

Emergency telephone service charges	\$	221,230.22
State Emergency Communications Board - Shared wireless charge		63,045.45
State Emergency Communications Board - Operational funding		<u>142,860.00</u>

TOTAL OPERATING REVENUE \$ 427,135.67

Operating expenses:

Salaries and Wages	\$	337,642.00	
Employee Benefits		41,659.11	
Contracted Services		93,326.88	
Supplies and Materials		26,098.34	
Other charges		<u>36,450.76</u>	535,177.09

Provision for depreciation - straight line 86,931.77

OPERATING LOSS \$ (194,973.19)

Non-operating revenues (expenses):

Interest income	\$	1,038.62	
Miscellaneous income		975.09	
Contributions from primary government		100,000.00	
Contributions from other governments		25,000.00	
State Emergency Communications Board grants		<u>84,949.58</u>	<u>211,963.29</u>

INCOME BEFORE CAPITAL CONTRIBUTIONS \$ 16,990.10

Capital contributions:

Capital contributions from primary government	\$	111,910.00	
Capital contributions from other governments		<u>44,954.00</u>	<u>156,864.00</u>

CHANGE IN NET POSITION \$ 173,854.10

Net position - July 1, 2012 1,314,050.38

NET POSITION - JUNE 30, 2013 \$ 1,487,904.48

See the notes to financial statements.

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
Year ended June 30, 2013

Cash flows from operating activities:		
Receipts from surcharges and other revenues	\$	428,151.60
Payments to suppliers for goods and services		(177,381.90)
Payments for payroll, taxes and related benefits		<u>(376,465.90)</u>
NET CASH USED BY OPERATING ACTIVITIES	\$	(125,696.20)
Cash flows from noncapital financing activities -		
Grants/reimbursements TECB	\$	84,949.58
Intergovernmental revenues		<u>125,000.00</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		209,949.58
Cash flows from capital and related financing activities:		
Acquisition of communication equipment	\$	(340,703.28)
Grants/reimbursements TECB		169,227.73
Intergovernmental Revenues		<u>154,064.00</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		(17,411.55)
Cash flows from investing activities:		
Interest from investments	\$	1,050.41
Increase in investments		<u>(1,050.41)</u>
NET CASH USED BY INVESTING ACTIVITIES		-
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$	66,841.83
Cash and cash equivalents at July 1, 2012		<u>325,975.21</u>
CASH AND CASH EQUIVALENTS AT JUNE 30, 2013	\$	<u>392,817.04</u>
Schedule of non-cash capital and related financing activities:		
White County donated a 2002 Ford Explorer to the District	\$	2,800.00

See the notes to financial statements.

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
Year ended June 30, 2013

Cash flows from operating activities:		
Operating loss		\$ (194,973.19)
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Provision for depreciation	\$ 86,931.77	
Other revenues received	975.09	
Change in current assets and current liabilities:		
Decrease in accounts receivable	40.84	
Increase in other current assets	(20,760.91)	
Increase in other current liabilities	2,835.21	
Decrease in accounts payable	(745.01)	
	69,276.99	
NET CASH USED BY OPERATING ACTIVITIES		\$ (125,696.20)

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2013

NOTE A - The White County 911 Emergency Communications District was established on January 21, 1991, by a resolution of the Board of Commissioners of White County, Tennessee, in accordance with the Emergency Communications District Law (9-1-1 Law), Tennessee Code Annotated, Section 7-86-101. The resolution was passed after the voters of White County approved the establishment of such a District on November 6, 1990. The jurisdiction of the District includes all of White County, Tennessee. The White County 911 Emergency Communications District has adopted the following accounting policies:

(1) Reporting Entity

The White County 911 Emergency Communications District is a component unit of White County, Tennessee. The Board of Directors of the District are appointed by White County's Board of Commissioners and the Mayor of the City of Sparta in the same proportion as each entity contributor to the funding of the District. Any short fall between the District's budgeted revenues and operating expenses are subsidized by White County and the City of Sparta, Tennessee, 75% and 25%, respectively. Also, the District must obtain the approval of the Board of Commissioners before the issuance of most debt instruments.

(2) Basis of Accounting

The District uses the accrual method of accounting to prepare its financial statements.

The activities of the District are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2013**

NOTE A (Cont'd):

(2) Basis of Accounting (Con't)

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of net position.

(3) Capital Assets

Capital assets in service are carried at cost and are depreciated over the estimated useful life of the asset using the straight-line method of depreciation. Cost consists of all direct costs related to construction or acquisition of capital assets. In addition, the District capitalizes interest costs related to qualified expenditures for projects under development.

Maintenance and repairs, which do not significantly extend the value or life of the property or equipment, are expensed as incurred.

Capital policy for the District is items purchased or betterment, not repairs, in excess of \$2,500.00 and having a useful life of one year or more will be capitalized.

Assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Equipment	3-10
Building	10-40
Vehicles	5
Furniture & Fixtures	10

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2013

NOTE A (Cont'd):

(4) Provision for Uncollectible Accounts

Management has not made an allowance for uncollectible accounts receivable as losses, if any, are recognized on the direct charge-off method.

(5) Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with a maturity date of three months or less when purchased are considered to be cash equivalents.

(6) Compensated Absences

The District's policy for compensated absences is that employees must use accumulated vacation before the end of the calendar year in which the days are accrued. Vacation days not used before December 31 are not carried forward. The District accrues the portion of vacation days available at June 30.

(7) Restricted Assets

Restricted assets represent cash and investments maintained in accordance with bond resolutions, loan agreements, grant awards, and other resolutions and formal actions of the District or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities, and improvements and extensions to the system. Restricted assets are generally not available for current operating expenses. The District had no restricted assets at June 30, 2013.

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2013

NOTE A (Cont'd):

(8) Receivables and Revenues

Revenues from Ben Lomand Rural Telephone Cooperative, Inc. and Frontier Communications of the South, Inc. are received monthly. Revenues not received by June 30 are accrued.

Operating revenue consists of monies received from Ben Lomand and Frontier, shared wireless charge from the State Emergency Communications Board and other miscellaneous income. Non-operating revenue consists of interest income earned on cash investments, noncapital contributions from the primary government and other governments and noncapital grants from the State Emergency Communications Board.

(9) Expenses

Operating expenses consist of salaries, wages and the related employee benefits; the fees charged by the telephone companies; materials and supplies and other general and administrative expenses.

(10) Contributions

Contributions are recognized in the Statement of Revenues, Expenses, and Changes in Net Position when earned. Contributions include capacity and support by other districts and federal, state and local grants in support of District operations.

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2013

NOTE A (Cont'd):

(11) Net Position

Net position contains the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified as net investment in capital assets and unrestricted net position. Net investment in capital assets is all capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction or improvement of the assets. Debt related to unspent proceeds or other restricted cash and investments is not included in this determination. Restricted for capital activity and debt service includes assets, net of the liabilities, restricted by external parties such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. Unrestricted net position consists of the assets, net of the liabilities that do not meet the definition of net investment in capital assets.

(12) Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

June 30, 2013

NOTE A (Cont'd):

(13) Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

For the year ended June 30, 2013, the District has neither a deferred inflow nor outflow of resources.

(14) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Actual results may vary from those estimates.

(15) Budgets

Prior to July 1, the budget is approved by the commissioners and submitted to the state comptroller's office as required by state statute. The budget is prepared on the basis where current available funds must be sufficient to meet current expenditures.

The District prepares its budget using the cash basis. The legal level of control over the budget is at the line-item level.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2013**

NOTE A (Cont'd):

(16) Implementation of new GASB Statements

During the fiscal year ended June 30, 2013, the District implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance, included in certain FASB and AICPA pronouncements issued prior to November 30, 1989, which does not conflict with or contradict GASB pronouncements.

During the fiscal year ended June 30, 2013, the District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting the balance sheets and statements of revenues, expenses, and changes in net position.

During the fiscal year ended June 30, 2013, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

June 30, 2013

NOTE B - BANK DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's deposit policy for custodial risk is as follows:

All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool.

The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, 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. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the District.

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2013

NOTE C - Capital assets activity during the year was as follows:

	<u>Balance at July 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30</u>
Capital Assets Not Being Depreciated:				
Land	\$ 67,261.31	\$ -	\$ -	\$ 67,261.31
Construction in progress	169,227.73	-	169,227.73	-
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	\$ 236,489.04	\$ -	\$ 169,227.73	\$ 67,261.31
Capital Assets Being Depreciated:				
Building	\$ 101,263.53	\$ -	\$ -	\$ 101,263.53
Equipment	968,644.23	450,383.10	-	1,419,027.33
Vehicles	-	2,800.00	-	2,800.00
Furniture and fixtures	19,523.37	4,822.76	-	24,346.13
TOTAL CAPITAL ASSETS BEING DEPRECIATED	\$ 1,089,431.13	\$ 458,005.86	\$ -	\$ 1,547,436.99
Less Accumulated Depreciation for:				
Building	(41,587.79)	(2,859.69)	-	(44,447.48)
Equipment	(553,446.32)	(82,807.83)	-	(636,254.15)
Vehicles	-	(186.67)	-	(186.67)
Furniture and fixtures	(12,229.12)	(1,077.58)	-	(13,306.70)
TOTAL ACCUMULATED DEPRECIATION	\$ (607,263.23)	\$ (86,931.77)	\$ -	\$ (694,195.00)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, Net	\$ 482,167.90	\$ 371,074.09	\$ -	\$ 853,241.99
CAPITAL ASSETS, Net	\$ 549,429.21	\$ 371,074.09	\$ -	\$ 920,503.30

Depreciation expense was \$86,931.77.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

June 30, 2013

NOTE D - RISK FINANCING ACTIVITIES

It is the policy of the District to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, errors and omissions, and worker's compensation. The District also carries commercial insurance to cover the District's vehicles and commercial property. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE E - RETIREMENT PLAN

A. PLAN DESCRIPTION

Employees of The White County 911 Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 (five) years of service or at any age with 30 (thirty) 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 5 (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 5 (five) years of service and members joining prior to July 1, 1979 were vested after 4 (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 The White County 911 Emergency Communications District participate in

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

June 30, 2013

NOTE E (Cont'd):

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, Tennessee 37243-0230 or can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

B. FUNDING POLICY

The White County 911 Emergency Communications District requires employees to contribute 5.0 percent of earnable compensation.

The White County 911 Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 8.01% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for The White County 911 Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

C. ANNUAL PENSION COST

For the year ended June 30, 2013, the White County 911 Emergency Communications District's annual pension cost of \$8,390 to TCRS was equal to The White County 911 Emergency Communications District's required and actual contributions. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (d) projected 3.5 percent annual

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

June 30, 2013

NOTE E (Cont'd):

increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The White County 911 Emergency Communications District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011 was 4 years.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$ 8,390	100.00%	\$ 0.00
6-30-12	\$11,422	100.00%	\$ 0.00
6-30-11	\$13,003	100.00%	\$ 0.00

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 98.13% funded. The actuarial accrued liability for benefits was \$0.31 million, and the actuarial value of assets was \$0.30 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.01 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.11 million, and the ratio of the UAAL to the covered payroll was 5.30%.

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

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2013**

NOTE E (Cont'd):

Schedule of Funding Progress for the White County 911 Emergency Communications District, 88980

(Dollar amounts in thousands)

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Plan Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Liability</u> <u>(AAL)</u> <u>-Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Annual</u> <u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
July 1, 2011	\$ 300	\$ 306	\$ 6	98.13%	\$ 108	5.30%
July 1, 2009	233	239	6	97.47%	130	4.65%
July 1, 2007	216	224	8	96.43%	133	6.02%

NOTE F - LITIGATION

There were no lawsuits pending in which the District is involved which could result in any liability to the District.

NOTE G – SUBSEQUENT EVENTS

During the August 12, 2013, meeting, the Director was placed on paid administrative leave pending an internal investigation. Concerns were raised about dispatcher errors, radio signal strength, and protocol.

REQUIRED SUPPLEMENTARY INFORMATION

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013**

Schedule of Funding Progress for the White County 911 Emergency Communications District, 88980

(Dollar amounts in thousands)

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Plan Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>-Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Annual</u> <u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
July 1, 2011	\$ 300	\$ 306	\$ 6	98.13%	\$ 108	5.30%
July 1, 2009	233	239	6	97.47%	130	4.65%
July 1, 2007	216	224	8	96.43%	133	6.02%

OTHER FINANCIAL INFORMATION

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
Year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Cash receipts:				
Emergency telephone service charge	\$ 213,000	\$ 213,000	\$ 221,705	\$ 8,705
TECB - shared wireless charge	61,700	61,700	62,634	934
TECB - operational funding	190,791	190,791	142,860	(47,931)
Interest income	-	-	1,050	1,050
Miscellaneous income	300	300	975	675
Rental income	350	350	-	(350)
Contributions from the primary government	100,000	209,110	211,910	2,800
Contributions from other governments	25,000	69,954	69,954	-
State Emergency Communications Board grants	-	169,228	84,950	(84,278)
TOTAL CASH BASIS REVENUES	\$ 591,141	\$ 914,433	\$ 796,038	\$ (118,394)
Cash expenditures:				
Salaries and wages:				
Director	\$ 42,512	\$ 42,512	\$ 42,107	\$ 405
Administrative	29,000	31,500	30,765	735
Telecommunications	272,250	250,000	224,666	25,334
Part-time personnel	15,780	9,680	8,746	934
Other salaries and wages	16,935	12,935	11,930	1,005
Overtime pay	8,900	19,000	16,033	2,967
Total salaries and wages	\$ 385,377	\$ 365,627	\$ 334,247	\$ 31,380
Employee benefits:				
Social security	\$ 27,100	\$ 25,100	\$ 21,334	\$ 3,766
Medicare	7,800	6,793	4,990	1,803
Unemployment compensation	3,000	6,500	2,774	3,726
Retirement	17,500	9,500	8,390	1,110
Health insurance	12,200	3,360	2,885	475
Total employee benefits	\$ 67,600	\$ 51,253	\$ 40,373	\$ 10,880
Contracted services:				
Accounting and auditing	\$ 6,450	\$ 6,400	\$ 6,400	\$ -
Legal services	13,000	11,002	6,060	4,942
Fees paid to service providers	10,000	10,000	10,102	(102)
NCIC TBI TIES expenses	9,100	9,100	8,247	853
Mapping/data base consultant	5,100	7,015	6,715	300
Advertising	250	50	30	20
Pest control	300	300	285	15
Lease/rental - office equipment	1,750	2,300	2,126	174
Maintenance agreements	36,000	43,010	55,012	(12,002) *
Maintenance and repairs - communications equipmen	-	4,323	4,323	0
Maintenance and repairs - buildings and facilities	-	11,099	10,821	278
Maintenance and repairs - office equipment	-	1,171	1,038	133

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
BUDGET AND ACTUAL
Year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable</u>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Maintenance and repairs - vehicles	-	1,000	728	272
Fuel - vehicles	-	450	219	231
Other contracted services	4,032	4,330	4,330	-
Total contracted services	\$ 85,982	\$ 111,550	\$ 116,437	\$ (4,887)
Supplies and materials:				
Office supplies	\$ 2,500	\$ 3,800	\$ 3,581	\$ 219
Postage	350	350	316	34
Custodial supplies	1,400	900	630	270
Data processing supplies	225	1,775	1,768	7
Small equipment purchases	-	6	-	6
Uniforms and shirts	100	-	-	-
Utilities - electric	11,500	11,500	10,983	517
Utilities - gas	2,500	1,500	405	1,095
Utilities - water	500	700	585	115
Telephone	7,200	8,200	8,110	90
Total supplies and materials	26,275	28,731	26,377	2,354
Other charges:				
Dues and memberships	\$ 350	\$ 565	\$ 230	\$ 335
Bank charges	150	95	0	95
Insurance	14,115	16,222	14,636	1,586
Service awards	50	4	-	4
Premiums on bonds	1,250	450	163	287
Training expenses	5,900	15,161	15,156	5
Travel	1,500	1,343	1,337	6
Public education	50	-	-	-
Licenses and fees	1,500	1,555	1,555	-
Employee testing	750	1,757	1,657	100
Legal notices	250	1,450	1,317	133
Capital purchases	-	505,528	343,503	162,025 *
Total other charges	\$ 25,865	\$ 544,130	\$ 379,555	\$ 164,575
TOTAL CASH BASIS EXPENSES	591,099	1,101,291	896,989	204,302
CASH BASIS NET INCOME (LOSS)	42	(186,858)	(100,951)	(322,696)

RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS

Depreciation expense	\$ (86,932)
Capital purchases	458,006
Decrease in interest receivable	(12)
Decrease in current receivables	(169,269)
Increase in prepaid expenses	20,761
Decrease in accounts payable	55,470
Increase in accrued payroll	(242)
Increase in compensated absences	(2,978)
Net reconciliation cash to accrual	\$ 274,805
Increase (decrease) in net assets (accrual)	\$ 173,854
Net assets - beginning of period	\$ 1,314,050
Net assets - end of period	\$ 1,487,904

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF DETAILED EXPENSES
Year ended June 30, 2013

Salaries and Wages:

Director	\$ 42,164.56
Administrative	31,426.55
Telecommunications	226,659.64
Part-time personnel	9,066.69
Holiday	11,930.28
Overtime pay	16,394.28
	<u>\$ 337,642.00</u>

Employee Benefits:

Social security	\$ 21,334.40
Medicare	4,989.51
Unemployment compensation	2,296.18
Retirement	8,389.82
Health insurance	4,649.20
	<u>\$ 41,659.11</u>

Contracted Services:

Accounting and auditing services	\$ 6,400.00
Legal services	5,790.00
Fees paid to service providers	10,079.69
NCIC/TBI/TIES expenses	8,247.00
Mapping/data base consultant	5,440.00
Advertising	30.00
Pest control	285.00
Lease/rental - office equipment	2,136.38
Maintenance agreements	32,486.81
Maintenance and repairs - communications equipment	5,223.33
Maintenance and repairs - buildings and facilities	10,820.80
Maintenance and repairs - office equipment	1,037.77
Maintenance and repairs - vehicles	728.32
Fuel - vehicles	291.34
Other contracted services	4,330.44
	<u>\$ 93,326.88</u>

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF DETAILED EXPENSES (CONTINUED)
Year ended June 30, 2013**

Supplies and materials:

Office supplies	\$ 3,559.82
Postage	267.52
Custodial supplies	679.81
Data processing supplies	1,526.88
Utilities - electric	10,926.96
Utilities - gas	435.00
Utilities - water	592.02
Telephone	8,110.33
	<u>\$ 26,098.34</u>

Other charges:

Dues and memberships	\$ 230.00
Insurance	14,798.58
Training expenses	14,833.70
Travel	2,334.82
Licenses and fees	1,555.45
Employee testing	1,607.47
Legal notices	1,090.74
	<u>\$ 36,450.76</u>

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

Independent Auditor's Report

Board of Directors
The White County 911 Emergency
Communications District
Sparta, Tennessee

I 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 White 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 White County 911 Emergency Communications District's basic financial statements, and have issued my report thereon dated September 23, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the White 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of White County 911 Emergency Communications District's internal control. Accordingly, I do not express an opinion on the effectiveness of White County 911 Emergency Communications District's internal control.

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and recommendations, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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. I consider the deficiency described in the accompanying schedule of findings and recommendations as Item 13-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether White County 911 Emergency Communications District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

White County 911 Emergency Communications District's Response to Findings

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

Purpose of this Report

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



Certified Public Accountant

Sparta, Tennessee
September 23, 2013

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

June 30, 2013

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of The White County 911 Emergency Communications District.
2. One significant deficiency was disclosed during the audit of the financial statements. Item 13-1 is reported as a material weakness.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. Audit findings relative to the financial statement audit of The White County 911 Emergency Communications District are reported in Part B of this Schedule.

B: FINDINGS

Item 13-1: Financial statement preparation (Material Weakness)

The financial statements and note disclosures are prepared by the auditor and presented to management for their approval. Management's ability to prepare the financial statements and note disclosures without material misstatements is questionable.

Recommendation: Management should consider hiring an individual with the proper training and qualifications to apply generally accepted accounting principles in the preparation of financial statements.

Management's response: We concur with the auditor's finding that preparation of the financial statements and note disclosures may be beyond our expertise. It is not practical nor would it be financially feasible for the District to hire qualified employees to oversee financial statement preparation. However, we believe that our knowledge and experience enables us to review the report and to understand it fully.

Item 13-1 was mentioned in the prior year report as Item 12-1.

Prior year item 12-2, regarding custody of financial assets, has been corrected.

Prior year item 12-3, regarding expenditures in excess of the budget, has been corrected.