

**BLEDSON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
JUNE 30, 2014**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**BLEDSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Bledsoe County E-911 Emergency Communications District
Pikeville, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of Bledsoe County E-911 Emergency Communications District, a component unit of Bledsoe County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Bledsoe County E-911 Emergency Communications District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Bledsoe County E-911 Emergency Communications District, a component unit of Bledsoe County, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion be presented to supplement the basic financial statements. Such information, although not a part of the basic financials statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historic context.

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

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Bledsoe County E-911 Emergency Communications District's basic financial statements. The Budget and Actual schedule and the schedule of 911 Board Members on pages 11-12 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budget and Actual schedule and the schedule of 911 Board Members are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted

in the United States of America. In my opinion, the Budget and Actual schedule and the schedule of 911 Board Members are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 6, 2014 on my consideration of Bledsoe County E-911 Emergency Communications District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bledsoe County E-911 Emergency Communications District's internal control over financial reporting and compliance.

October 6, 2014
Cookeville, Tennessee

Tamara L. Beckman, CPA

**BLEDSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 553,445.49	
Accounts Receivable	8,135.37	
Due from State Emer. Comm. Board	5,821.44	
Prepaid Expenses	<u>12,997.50</u>	
<u>Total Current Assets</u>		\$ 580,399.80

Capital Assets

Building & Improvements	93,393.05	
Less: Accumulated Depreciation	(23,747.35)	
Communications Equipment	477,959.28	
Less: Accumulated Depreciation	<u>(335,002.03)</u>	
<u>Total Capital Assets</u>		<u>212,602.95</u>

<u>Total Assets</u>		793,002.75
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LIABILITIES

Accounts Payable		-
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Net Position

Investment in Capital Assets	212,602.95	
Unrestricted Net Position	<u>580,399.80</u>	

<u>Total Net Position</u>		<u>\$ 793,002.75</u>
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The accompanying notes are in integral part of the financial statements

**BLEDSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Operating Revenues</u>		
Emergency Telephone Service Charges	\$ 89,951.56	
State – Wireless Charges	33,220.66	
State – Operational Funding Program	<u>124,182.00</u>	
Total Operating Revenue		\$ 247,354.22
<u>Operating Expenses</u>		
<u>Contracted Services</u>		
Addressing/Mapping Expense	\$ 3,500.00	
Audit Services	2,250.00	
Accounting Services	1,710.00	
Contracts with Government Agencies	183,000.00	
Fees Paid to Service Providers	2,647.20	
Legal Services	4,800.00	
Maintenance Agreements	16,136.90	
R&M-Communications Equipment	3,206.52	
R&M-Building & Facilities	17.67	
R&M-Office Equipment	927.11	
IT Services	<u>2,100.00</u>	
Total Contracted Services		220,295.40
<u>Supplies & Materials</u>		
Office Supplies	3,300.00	
Postage	<u>80.00</u>	
Total Supplies & Materials		3,380.00
<u>Other Charges</u>		
Board Meeting Expense	450.00	
Dues & Memberships	109.00	
Legal Notices	215.00	
Premiums on Surety Bonds	<u>140.93</u>	
Total Other Charges		914.93
Depreciation	<u>47,553.70</u>	
Total Expenses		<u>272,144.03</u>
Net Operating Income		(24,789.81)
<u>Non-Operating Revenue and (Expense)</u>		
Interest Income	499.61	
State Grants & Reimbursements	59,696.87	
Loss Due to Change in Capitalization Policy	<u>(16,392.31)</u>	
Total Non-Operating Revenue & Expense		<u>43,804.17</u>
Increase in Net Position		19,014.36
Total Net Position, July 1, 2013		<u>773,988.39</u>
Total Net Position, June 30, 2014		<u>\$ 793,002.75</u>

The Accompanying notes are in integral part of the financial statements

**BLEDSOE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Cash Flows From Operating Activities</u>		
Cash Received from Operations	\$ 246,970.20	
Cash Payments for Goods and Services	<u>(225,902.50)</u>	
Net Cash Provided by Operating Activities		\$ 21,067.70
 <u>Cash Flows from Capital & Related Financing Activities</u>		
Acquisition of New Assets		-
 <u>Cash Flows from Non-Capital Financing Activities</u>		
State Grants & Reimbursements		59,696.87
 <u>Cash Flows from Investing Activities</u>		
Interest Received		<u>499.61</u>
Net Increase in Cash and Cash Equivalents		81,264.18
Cash and Cash Equivalent at 6-30-13		<u>472,181.31</u>
Cash and Cash Equivalent at 6-30-14		<u>\$ 553,445.49</u>
 <u>Reconciliation of Net Operating Income (Loss) to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Net Operating Income (Loss)	(24,789.81)	
Depreciation	47,553.70	
Decrease in Accounts Receivable	39.74	
Increase in Due from State ECB	(423.76)	
Increase in Prepaid Expense	(1,032.17)	
Decrease in Accounts Payable	<u>(280.00)</u>	
<u>Net Cash Provided by Operating Activities</u>		<u>\$ 21,067.70</u>

The Accompanying notes are in integral part of the financial statements

**BLEDSOE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 1 – Summary of Significant Accounting Policies

The Bledsoe County E-911 Emergency Communication District was established for the purpose of providing an enhanced level of 911 services to the Bledsoe County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Bledsoe County. The District must file a budget with Bledsoe County each year. Any bond issued by the district is subject to approval by Bledsoe County. On January 16, 2008, the District entered into an inter-local agreement with Bledsoe County that appears to give all authority of the District, its operations and assets to the County. (See Note 9)

The District uses the accrual basis of accounting and **economic resource measurement focus**. Revenues are recognized when earned and expenses are recognized when incurred.

Depreciation

Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives. All Capital Assets over \$500 are capitalized. Depreciation begins when the capital assets are placed in service. Depreciation is summarized as follows:

	<u>Method</u>	<u>Estimated Useful Life</u>	<u>2014 Depreciation</u>
Building & Improvements	S/L	10-40 Years	\$ 2,394.69
Furniture & Fixtures	S/L	5-10 Years	--
Office Equipment	S/L	5-10 Years	--
Communications Equipment	S/L	5-10 Years	<u>45,159.01</u>
			<u>\$47,553.70</u>

Major Source of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges. Non-operating revenue consists of a grant given by the State Emergency Communications Board to help the district employ dispatchers, interest and miscellaneous income.

Note 2 – Cash and cash investments

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

The following is a schedule of bank accounts at June 30, 2014:

Checking – First National Bank	<u>\$553,445.49</u>
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At June 30, 2014, the carrying amount of the Bledsoe County E-911 Emergency Communications District’s cash deposits was \$553,445.49. The District’s deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. Any amounts over \$250,000 are covered by the government collateralization pool of which First National Bank is a member. The District is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated. [Acts 1992, ch. 891, sct 10].

Note 3 – Risk Management

Bledsoe County E-911 Emergency Communications District has bonds covering certain members of the board at June 30, 2014. The District is exposed to other areas of risk including theft, property damage and public liabilities. The District is covered under the county’s policy for these areas of risk. There have been no losses or settlements during the past three years that have exceeded coverage amounts.

Note 4 – Capital Assets

The following is a schedule of capital assets at June 30, 2014:

<u>Assets</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>
Bldg. & Imprvmnts	\$110,567.62	\$ --	\$ 17,174.57	\$ 93,393.05
Furniture & Fixtures	16,160.19	--	16,160.19	--
Office Equipment	11,083.01	--	11,083.01	--
Comm. Equipment	<u>506,015.04</u>	<u>--</u>	<u>28,055.76</u>	<u>477,959.28</u>
	<u>\$643,825.86</u>	<u>\$ --</u>	<u>\$ 72,473.53</u>	<u>\$571,352.33</u>
	Accumulated			Accumulated
	Depreciation	Current Year		Depreciation
<u>Assets</u>	<u>June 30, 2013</u>	<u>Depreciation</u>	<u>Retirements</u>	<u>June 30, 2014</u>
Bldg. & Imprvmnts	\$ 27,704.96	\$ 2,394.69	<\$ 6,352.30>	\$ 23,747.35
Furniture & Fixtures	15,968.62	--	< 15,968.62>	--
Office Equipment	10,473.61	--	< 10,473.61>	--
Comm. Equipment	<u>313,129.71</u>	<u>45,159.01</u>	<u>< 23,286.69></u>	<u>335,002.03</u>
	<u>\$367,276.90</u>	<u>\$ 47,553.70</u>	<u><\$56,081.22></u>	<u>\$358,749.38</u>

Note 5 – Cash and cash equivalents

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

Note 6 – Accounts Receivable/Due from State

The amounts due to the District from the wireless charges and other government agencies include the following:

Bledsoe Telephone Coop	\$ 8,077.17
AT&T	<u>58.20</u>
Total Accounts Receivable	<u>\$ 8,135.37</u>
State of Tennessee-ECB	<u>\$ 5,821.44</u>
Total Due from State ECB	<u>\$ 5,821.44</u>

Note 7 – Compensated Absences

There were no compensated absences for June 30, 2014.

Note 8 – Calculation of Investment in Capital Assets

Net Book Value	\$212,602.95
Current and Non-Current Debt	<u>-</u>
Investment in Capital Assets	<u>\$212,602.95</u>

Note 9 – Inter-local Agreements

An Inter-local Agreement was entered into January 16, 2008 between Bledsoe County and the 911 District. This agreement gives the County through the Mayor's office:

- Authority to manage all county radio communications.
- Complete authority over employees necessary for operations at the Center.
- Authority to perform maintenance of the addressing, mapping & GIS in accordance with guidelines of the TECB.
- And Citizen's access to the Center's conference room for Board and committee meetings and rights to public records as defined by state law.

The revised agreement returns to the District:

- Any interest and title to the Center and grounds as it may have possessed. The District hereby grants the County a license to use the Center for purposes described herein. The County will keep the Center in good condition.
- Any interest in ownership of PSAP equipment previously acquired by the County. The District hereby grants the County a license to use the PSAP equipment for the purposes described herein. The County shall be responsible to maintain all equipment.
- Any equipment not needed or no longer functional.
- The District shall annually provide to the County cost recovery payments to offset adequately staged by trained and competent personnel, to the extent that funds are available to the District and authorized by the TECB.

- The County will remain responsible for paying costs associated with the radio system, including, but not limited to, towers, repeaters, generators, and tower equipment buildings, as and when required.

Another Inter-local Agreement was entered into April 16, 2008 between Bledsoe County 911 District and Sequatchie County 911 District. As of June 30, 2014, this agreement has been terminated.

Note 10 – Budgetary Process

The District is required to file a budget with the county each year. The budget is presented on the accrual basis of accounting and is an adopted non-appropriated budget approved by the Board of Directors with line-item level of budgetary control.

Note 11 – Subsequent Events

The District has evaluated subsequent events through October 6, 2014, the date in which the financial statements were available to be issued.

BLEDSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
SUPPLEMENTARY INFORMATION
JUNE 30, 2014

**BLEDSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance Under (Over)
<u>Operating Revenues</u>			
Emergency Telephone Service Charges	\$ 89,951.56	\$ 102,000.00	\$ 12,048.44
State-Shared Wireless Charges	33,220.66	32,500.00	(720.66)
State-Operational Funding Program	124,182.00	142,209.00	18,027.00
Total Revenue	<u>\$ 247,354.22</u>	<u>\$ 276,709.00</u>	<u>\$ 29,354.78</u>
<u>Operating Expenses</u>			
<u>Contracted Services</u>			
Addressing/Mapping	3,500.00	6,500.00	3,000.00
Audit Services	2,250.00	2,250.00	-
Accounting Services	1,710.00	1,890.00	180.00
Contracts with Government Agencies	183,000.00	183,000.00	-
Fees Paid to Service Providers	2,647.20	2,880.00	232.80
Legal Services	4,800.00	4,800.00	-
Maintenance Agreements	16,136.90	17,000.00	863.10
<u>Maintenance & Repairs</u>			
Communication Equipment	3,206.52	4,011.02	804.50
Building & Facilities	17.67	3,000.00	2,982.33
Office Equipment	927.11	1,000.00	72.89
IT Services	2,100.00	2,100.00	-
Total Contracted Services	<u>\$ 220,295.40</u>	<u>\$ 228,431.02</u>	<u>\$ 8,135.62</u>
<u>Supplies & Materials</u>			
Office Supplies	3,300.00	3,500.00	200.00
Postage	80.00	150.00	70.00
Total Supplies & Materials	<u>\$ 3,380.00</u>	<u>\$ 3,650.00</u>	<u>\$ 270.00</u>
<u>Other Charges</u>			
Board Meeting Expenses	450.00	500.00	50.00
Dues & Memberships	109.00	300.00	191.00
Legal Notices	215.00	350.00	135.00
Premiums on Surety Bonds	140.93	310.00	169.07
Training Expenses	-	98.98	98.98
Travel Expenses	-	1,890.00	1,890.00
Total Other Charges	<u>\$ 914.93</u>	<u>\$ 3,448.98</u>	<u>\$ 545.07</u>
Depreciation	<u>\$ 47,553.70</u>	<u>\$ 40,000.00</u>	<u>\$ (7,553.70)</u>
Total Operating Expenses	<u>\$ 272,144.03</u>	<u>\$ 275,530.00</u>	<u>\$ 1,396.99</u>
Operating Income (Loss)	<u>\$ (24,789.81)</u>	<u>\$ 1,179.00</u>	<u>\$ 27,957.79</u>
<u>Non-Operating Revenue and (Expense)</u>			
Interest Income	499.61	-	(499.61)
State – Grants & Reimbursements	59,696.87	-	(59,696.87)
Loss Due to Change in Capitalization Policy	(16,392.31)	2,880.00	19,272.31
Total Non-Operating Revenue & Expense	<u>\$ 43,804.17</u>	<u>\$ 2,880.00</u>	<u>\$ (40,924.17)</u>
Increase in Net Position	<u>\$ 19,014.36</u>	<u>\$ 4,059.00</u>	<u>\$ (14,955.36)</u>
Total Net Position, July 1, 2013	773,988.39	773,988.39	-
Total Net Position, June 30, 2014	<u>\$ 793,002.75</u>	<u>\$ 778,047.39</u>	<u>\$ (14,955.36)</u>

**BLEDSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2014**

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

To the Board of Directors of the
Bledsoe County E-911 Emergency Communications District
Pikeville, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United State 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 Bledsoe County E-911 Emergency Communications District, a component unit of Bledsoe County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Bledsoe County E-911 Emergency Communications District's basic financial statements, and have issued my report thereon dated October 6, 2014

Internal Control over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bledsoe County E-911 Emergency Communications District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 are required to be reported under *Government Auditing Standards*.

Purpose of Report

The purpose of this report is solely to describe the scope of my 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.

October 6, 2014
Cookeville, Tennessee

Tamara L. Beckman, CPA