

*Financial Statements*

EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

Year Ended June 30, 2014

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Directors  
Emergency Communications District of  
Anderson County, Tennessee  
Clinton, Tennessee

**Report on the Financial Statements**

We have audited the accompanying financial statements of Emergency Communications District of Anderson County, Tennessee, a component unit of Anderson County, Tennessee, as of June 30, 2014 which comprise the statement of net position, the related statement of revenue, expenses and change in net position and the statement of cash flows for the year then ended, 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 the 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 the 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 of America. 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 auditors consider internal control relevant to the 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the net position of Emergency Communications District of Anderson County, Tennessee as of June 30, 2013 and the changes in its net position and its cash flows 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 management's discussion and analysis on pages 4 to 6 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other information we obtained during our audit of the 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 Emergency Communications District of Anderson County, Tennessee's financial statements. The statement of revenue and expenses – actual and budget as well as the schedule of the board of directors are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

### **Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014 on our consideration of Emergency Communications District of Anderson County, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Emergency Communications District of Anderson County, Tennessee's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mitchell Emert & Hill". The signature is written in a cursive, flowing style.

November 3, 2014

**EMERGENCY COMMUNICATIONS DISTRICT  
OF ANDERSON COUNTY, TENNESSEE**

101 S. MAIN STREET SUITE 440  
CLINTON, TN 37716  
PHONE (865) 463-8160 FAX (865) 457-1748

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

As management of Emergency Communications District of Anderson County, Tennessee (the District), we offer readers of the District’s financial statements this narrative overview and analysis of the District’s performance during the fiscal year ending June 30, 2014. Please read it in conjunction with the District’s financial statements, as listed in the table of contents.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this management’s discussion and analysis report, the independent accountants’ audit report and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

**REQUIRED FINANCIAL STATEMENTS**

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term financial information about its activities. The statement of net position includes all of the District’s assets and liabilities and provides information about where the District has invested its resources (assets) and the obligations to the District’s creditors (liabilities).

All of the current year’s revenue and expenses are accounted for in the statement of revenue, expenses and change in net position. This statement measures the success of the District’s operations over the past year and can be used to determine whether the District has successfully recovered all its costs through surcharges and fees.

The final required financial statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balances during the reporting period.

**FINANCIAL ANALYSIS OF THE DISTRICT**

One of the most important questions asked about the District’s finances is “Is the District better off or worse off as a result of this year’s activities?” The statement of net position and the statement of revenue, expenses and change in net position report information about the District’s activities in a way that will help answer this question. The two statements report the net position of the District and the change in it. One can think of the District’s net position, the difference between assets and liabilities, as one way to measure financial health. Over time, increases or decreases in the District’s net position is one indicator of whether its financial health is improving or deteriorating. A summary of the District’s net position and change in it is presented below.

## SUMMARIZED FINANCIAL INFORMATION

	<u>2014</u>	<u>2013</u>
<b>NET POSITION</b>		
Current assets	\$ 1,269,449	\$ 1,403,987
Capital assets	<u>953,712</u>	<u>293,290</u>
Total assets	<u>\$ 2,223,160</u>	<u>\$ 1,697,275</u>
Total liabilities	\$ 13,249	\$ 9,206
Net position:		
Investment in capital assets	953,712	293,290
Unrestricted	<u>1,256,199</u>	<u>1,394,779</u>
	<u>2,209,911</u>	<u>1,688,069</u>
Total liabilities and net position	<u>\$ 2,223,160</u>	<u>\$ 1,697,275</u>
<b>CHANGE IN NET POSITION</b>		
Operating revenue	\$ 367,690	\$ 408,260
Operating expenses	<u>370,622</u>	<u>274,536</u>
Operating (loss)income	(2,932)	133,724
Non-operating income	<u>524,773</u>	<u>125,628</u>
Change in net position	521,842	259,351
Beginning net position	<u>1,688,069</u>	<u>1,428,717</u>
Ending net position	<u>\$ 2,209,911</u>	<u>\$ 1,688,069</u>

## ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The District completed the year ended June 30, 2014 with net position of \$2,209,911, which is \$521,842 more than last year's ending net position of \$1,688,069, an increase of 31% compared to last year. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, decreased by \$138,600 or 10% during the year ended June 30, 2014. The increase in net position was due primarily to an increase in revenue received from the Tennessee Emergency Communications Board. The increase in total net position was greater than the change in unrestricted net position primarily as a result of the increase in the net investment in capital assets due to asset acquisitions exceeding disposals and depreciation.

The operations of the District (a component unit of Anderson County, Tennessee) are primarily funded as follows:

	<u>2014</u>	<u>2013</u>
Emergency telephone service charges	\$ 62,674	\$ 76,433
TECB-shared wireless charge	99,938	95,898

TECB-operational funding	205,078	235,930
TECB-grants and reimbursements	629,372	124,034
Interest income	<u>3,044</u>	<u>5,384</u>
	<u>\$ 1,000,106</u>	<u>\$ 537,679</u>

Total operational costs for the District were \$370,622 for the fiscal year ended June 30, 2014, an increase of 35% compared to last year. This change was primarily a result of increases in contracted services and depreciation on capital assets.

**CAPITAL ASSETS**

At the fiscal year end of June 30, 2014, the District had \$953,712 invested in capital assets, an increase of \$660,442 or 225% over the prior year. This change was primarily a result of the purchase of communications equipment. Additional information on capital assets can be found in Note F.

**BUDGETARY HIGHLIGHTS**

The District adopts an annual operating budget, which includes proposed expenses and the means for paying these expenses. As conditions change during the year, the budget may be amended to prevent budget overruns. Amendments to the originally adopted budget for the fiscal year ended June 30, 2014 increased budgeted revenue by \$565,670 and budgeted expenses by \$41,950. The increase in revenue was primarily due to increased funding received from the Tennessee Emergency Communications Board.

**ECONOMIC FACTORS AND FUTURE NEEDS**

The main economic factor facing the Emergency Communications District of Anderson County, Tennessee is the potential continued decrease in revenue generated from landline telephones. Many residents now use cell phones for their residential lines. While the increase in cell phone use is generating revenue, only a portion of that revenue is being returned to each 911 district under the current system being used by the state for distributing shared wireless fees. The uncertainty of landline use and income from shared wireless fees has been a problem in estimating revenue for budget preparation. However, recent in recent years, increased funding from the Tennessee Emergency Communications Board in the form of operational funding, grants and reimbursements have more than offset the decrease in emergency telephone service charges.

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens with a general view of the District’s finances and to show the District’s accountability to the money it receives. If you have any questions about this report or need additional financial information, please contact Mark Lucas, Chairman of the Board of the Emergency Communications District of Anderson County, Tennessee, 101 S. Main Street, Suite 440, Clinton, TN 37716.

EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

**STATEMENT OF NET POSITION**

June 30, 2014

**ASSETS**

**CURRENT ASSETS**

Cash	\$	329,187	
Certificate of deposit		300,000	
Accounts receivable		4,750	
Due from TECB		620,284	
Prepaid expenses		15,227	
			<hr/>

**TOTAL CURRENT ASSETS** 1,269,449

**CAPITAL ASSETS**

Communications equipment	\$	919,494	
Furniture and fixtures		58,043	
Vehicle		19,425	
Leasehold improvements		72,920	
Other capital assets		142,070	
		<hr/>	
		1,211,952	
Accumulated depreciation		(258,240)	
			<hr/>

**TOTAL ASSETS** \$ 2,223,160

See the accompanying notes to the financial statements.

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts payable		\$ 12,786
Payroll taxes payable		<u>463</u>

<b>TOTAL CURRENT LIABILITIES</b>		13,249
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**NET POSITION**

Investment in capital assets	\$ 953,712	
Unrestricted	<u>1,256,199</u>	<u>2,209,911</u>

<b>TOTAL LIABILITIES AND NET POSITION</b>		<u>\$ 2,223,160</u>
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EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

**STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION**

Year Ended June 30, 2014

**OPERATING REVENUE**

Emergency telephone service charges	\$	62,674
TECB-shared wireless charge		99,938
TECB-operational funding		<u>205,078</u>

**TOTAL OPERATING REVENUE** 367,690

**OPERATING EXPENSES**

Salaries and wages:		
Administration personnel	\$	65,921
Part-time personnel		<u>8,184</u>
		74,106

Employee benefits:		
Social security		4,254
Medicare		<u>995</u>
		5,249

Contracted services:		
Audit services		5,275
Accounting services		3,900
Advertising		44
Impact payments to cities		49,689
Lease/Rental-communications equipment		72,974
Maintenance agreements		34,626
Maintenance and repairs-building and facilities		1,047
Maintenance and repairs-communications equipment		3,396
Maintenance and repairs-vehicles		5
Mapping/database consultants		650
Fuel-vehicle		323
Other contract services		<u>10,600</u>
		182,530

Supplies and materials:		
Office supplies		871
Other supplies and materials		3,434
Postage		98
Utilities-general telephone		16,579
Utilities-cell phones and pagers		<u>910</u>
		21,891

EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

**STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION**

(continued)

Year Ended June 30, 2014

Other charges:		
Board meetings	892	
Dues and memberships	1,067	
Insurance	8,050	
License and fees	790	
Training expenses	8,843	
Travel expenses	2,927	
Internet charges	3,615	
Premiums on surety bonds	<u>1,463</u>	27,646
Depreciation expense		<u>59,201</u>
<b>TOTAL OPERATING EXPENSES</b>		<u>370,622</u>
<b>(LOSS) FROM OPERATIONS</b>		(2,932)
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Other TECB funding	629,372	
Interest income	3,044	
Impairment loss	(105,827)	
Loss on disposal of assets	<u>(1,816)</u>	<u>524,773</u>
<b>CHANGE IN NET POSITION</b>		521,842
<b>NET POSITION AT THE BEGINNING OF THE YEAR</b>		<u>1,688,069</u>
<b>NET POSITION AT THE END OF THE YEAR</b>		<u>\$ 2,209,911</u>

See the accompanying notes to the financial statements.

EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

**STATEMENT OF CASH FLOWS**

Year Ended June 30, 2014

<b>CASH PROVIDED(USED) BY OPERATING ACTIVITIES</b>	
Cash received from telephone charges and TECB	\$ 369,524
Cash paid to employees	(81,315)
Cash paid to suppliers	<u>(232,990)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>55,219</b>
<b>CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of equipment	\$ (827,265)
TECB funding for capital equipment	<u>89,810</u>
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(737,455)</b>
<b>CASH PROVIDED(USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Other TECB funding	21,000
<b>CASH PROVIDED(USED) BY INVESTING ACTIVITIES</b>	
Interest received	3,044
Decrease in certificate of deposit	<u>155,842</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>158,886</u></b>
<b>NET (DECREASE) IN CASH</b>	<b>(502,350)</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>	<b><u>831,537</u></b>
<b>CASH AT THE END OF THE YEAR</b>	<b><u><u>\$ 329,187</u></u></b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Loss on disposal of capital assets	\$ 1,816
Impairment loss	105,827

EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

**STATEMENT OF CASH FLOWS**

(continued)

Year Ended June 30, 2014

**RECONCILIATION OF (LOSS) FROM  
OPERATIONS TO NET CASH PROVIDED(USED)  
BY OPERATING ACTIVITIES**

(Loss) from operations		\$ (2,932)
Adjustments to reconcile (loss) from operations to net cash provided by operating activities		
Depreciation	\$ 59,201	
(Increase)decrease in:		
Accounts receivable	2,391	
Due from TECB	(557)	
Prepaid expenses	(6,927)	
Increase(decrease) in:		
Accounts payable	6,003	
Payroll taxes payable	<u>(1,961)</u>	<u>58,151</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b><u>\$ 55,219</u></b>

See the accompanying notes to the financial statements.

EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2014

**NOTE A - DESCRIPTION OF ORGANIZATION**

Emergency Communications District of Anderson County, Tennessee (the District) was created by a countywide referendum on November 6, 1990. The Anderson County Board of Commissioners appointed the District's initial Board of Directors pursuant to Tennessee Code Annotated Section 7-86-101. The District is responsible for the installation and maintenance of the emergency communications network of Anderson County, Tennessee (Enhanced 911 Service).

The District is considered a component unit of Anderson County, Tennessee because the Anderson County Board of Commissioners appoints a majority of the District's Board of Directors and must approve any debt issued by the District.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District's financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenue, expenses and change in net position presents increases (revenue) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned while expenses are recognized in the period in which the liability is incurred.

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

GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net position groups:

Investment in capital assets: This category includes capital assets, net of accumulated depreciation. Investment in capital assets at June 30, 2014 has been calculated as follows:

Capital assets	\$ 1,211,952
Accumulated depreciation	<u>(258,240)</u>
	<u>\$ 953,712</u>

EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2014

Restricted: This category includes net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the District pursuant to those stipulations or that expire by the passage of time. The District had no restricted net position as of June 30, 2014.

Unrestricted: This category includes net position that is not subject to externally imposed stipulations and that does not meet the definition of “restricted” or “invested in capital assets”. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Accounts Receivable

Accounts receivable that are deemed uncollectible based upon a periodic review of the accounts are charged to revenue. At June 30, 2014, no allowance for uncollectible accounts was considered necessary.

Capital Assets

Capital assets, that include property and equipment, are recorded at cost. Capital assets are defined by the District as assets with an initial, individual cost of \$500 or more. Depreciation is computed using the straight-line method over the estimated useful lives, which range from five to twenty-five years.

Operating Budget

The District is required by state law to adopt an annual operating budget. The Board of Directors approves the original budget and any amendments, and maintains the legal level of control at the line item level. The budget is prepared on the accrual basis of accounting. All appropriations lapse at the end of the year.

Compensated Absences

The District's full-time employees are granted vacation leave in varying amounts. In the event of termination, the employee is paid for any unused vacation leave.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to apply restricted net position first.

EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2014

**NOTE C - CASH**

Cash represents money on deposit in various banks. The District considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

State of Tennessee law authorizes the District to invest in obligations of the United States or its agencies, non-convertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the Tennessee Department of Treasury Local Government Investment Pool (the LGIP). The LGIP contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee 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.

All of the District's cash and cash equivalent balances at June 30, 2014 were either insured through the Federal Deposit Insurance Corporation or through the State of Tennessee Bank Collateral Pool.

**NOTE D - LEASES**

The District occupies facilities provided by Anderson County, Tennessee on a month-to-month basis without charge.

**NOTE E - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including general liability and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2014

**NOTE F – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2014 was as follows:

	<u>Balance</u> <u>7/1/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/14</u>
<u>Capital assets being depreciated</u>				
Communications equipment	\$ 423,204	\$ 755,676	\$ (259,387)	\$ 919,494
Furniture and fixtures	58,043	0	0	58,043
Vehicle	19,425	0	0	19,425
Leasehold improvements	65,554	7,367	0	72,920
Other capital assets	<u>77,848</u>	<u>64,222</u>	<u>0</u>	<u>142,070</u>
	644,074	827,265	(259,387)	1,211,952
<u>Accumulated depreciation</u>				
Communications equipment	(194,449)	(48,129)	151,744	(90,834)
Furniture and fixtures	(44,769)	(4,858)	0	(49,627)
Vehicle	(19,425)	0	0	(19,425)
Leasehold improvements	(20,189)	(2,767)	0	(22,956)
Other capital assets	<u>(71,951)</u>	<u>(3,447)</u>	<u>0</u>	<u>(75,398)</u>
	<u>(350,784)</u>	<u>(59,201)</u>	<u>151,744</u>	<u>(258,240)</u>
	<u>\$ 293,290</u>	<u>\$ 768,064</u>	<u>\$ (107,643)</u>	<u>\$ 953,712</u>

During the year ended June 30, 2014 it was determined that certain communication equipment had become technologically obsolete. The net book value of this equipment was \$105,827 and an impairment loss was recognized. The loss from impairment has been reported in the statement of revenue, expenses and change in net position as a nonoperating expense.

SUPPLEMENTARY INFORMATION

EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

**STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET**

Year Ended June 30, 2014

	Actual	Budget	Variance Over (Under)
<b>OPERATING REVENUE</b>			
Emergency telephone service charges	\$ 62,674	\$ 65,000	\$ (2,326)
TECB-shared wireless charge	99,938	98,000	1,938
TECB-operational funding	205,078	204,800	278
<b>TOTAL OPERATING REVENUE</b>	367,690	367,800	(110)
<b>OPERATING EXPENSES</b>			
Salaries and wages:			
Administration personnel	65,921	70,200	(4,279)
Part-time personnel	8,184	8,500	(316)
	74,106	78,700	(4,594)
Employee benefits:			
Social security	4,254	4,800	(546)
Medicare	995	1,250	(255)
	5,249	6,050	(801)
Contracted services:			
Audit services	5,275	5,500	(225)
Accounting services	3,900	3,900	0
Advertising	44	50	(6)
Impact payments to cities	49,689	50,000	(311)
Lease/rental-communications equipment	72,974	85,000	(12,026)
Maintenance agreements	34,626	37,500	(2,874)
Maintenance and repairs- building and facilities	1,047	2,000	(953)
Maintenance and repairs- communications equipment	3,396	0	3,396
Maintenance and repairs-office equipment	0	750	(750)

EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

**STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET**

(continued)

Year Ended June 30, 2014

	Actual	Budget	Variance Over (Under)
Contracted services(continued):			
Maintenance and repairs-vehicles	5	1,000	(995)
Mapping/database consultants	650	650	0
Fuel-vehicle	323	1,000	(677)
Other contract services	10,600	10,600	0
	182,530	197,950	(15,420)
Supplies and materials:			
Office supplies	871	2,000	(1,129)
Other supplies and materials	3,434	4,500	(1,066)
Postage	98	300	(202)
Utilities-general telephone	16,579	6,500	10,079
Utilities-cell phones and pagers	910	1,500	(590)
	21,891	14,800	7,091
Other charges:			
Board meetings	892	1,000	(108)
Dues and memberships	1,067	1,750	(683)
Insurance	8,050	10,500	(2,450)
License and fees	790	2,000	(1,210)
Training expenses	8,843	10,000	(1,158)
Travel expenses	2,927	4,000	(1,073)
Internet charges	3,615	4,250	(635)
Premiums on surety bonds	1,463	1,500	(38)
	27,646	35,000	(7,354)
Depreciation expense	59,201	70,000	(10,799)
<b>TOTAL OPERATING EXPENSES</b>	<b>370,622</b>	<b>402,500</b>	<b>(31,878)</b>
<b>(LOSS) FROM OPERATIONS</b>	<b>(2,932)</b>	<b>(34,700)</b>	<b>31,768</b>

EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

**STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET**

(continued)

Year Ended June 30, 2014

	Actual	Budget	Variance Over (Under)
<b>NONOPERATING REVENUE(EXPENSE)</b>			
Other TECB funding	629,372	603,370	26,002
Interest income	3,044	500	2,544
Impairment loss	(105,827)	0	(105,827)
Loss on disposal of assets	(1,816)	0	(1,816)
	524,773	603,870	(79,097)
<b>CHANGE IN NET POSITION</b>	521,842	569,170	(47,328)
<b>NET POSITION AT THE BEGINNING OF THE YEAR</b>	1,688,069	1,688,069	0
<b>NET POSITION AT THE END OF THE YEAR</b>	\$ 2,209,911	\$ 2,257,239	\$ (47,329)

See the accompanying independent accountants' audit report.

EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

**BOARD OF DIRECTORS**

June 30, 2014

Mark Lucas  
James Shetterly  
Duane Stooksbury  
Kenny Morgan  
Danny Humphrey  
Nathan Sweet  
Terry Frank  
Jerry Creasey  
Gary Long

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

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

Board of Directors  
Emergency Communications District of  
Anderson County, Tennessee  
Clinton, Tennessee

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 of America, the financial statements of Emergency Communications District of Anderson County, Tennessee, which comprise the statement of net position as of June 30, 2014, the related statement of revenue, expenses and change in net position, and the statement of cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated November 3, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Emergency Communications District of Anderson County, Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Emergency Communications District of Anderson County, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of Emergency Communications District of Anderson County, Tennessee'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Emergency Communications District of Anderson County, Tennessee'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

We noted certain other matters that we have reported to the management of Emergency Communications District of Anderson County, Tennessee in a separate letter dated November 3, 2014.

## **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 Emergency Communications District of Anderson County, Tennessee's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Emergency Communications District of Anderson County, Tennessee's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Mitchell Emert + Hill".

November 3, 2014

EMERGENCY COMMUNICATIONS DISTRICT OF  
ANDERSON COUNTY, TENNESSEE

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

June 30, 2014

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2013-001	Capital Assets	Corrected