

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
INDEPENDENT AUDITOR'S REPORT, FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION
JUNE 30, 2014

Table of Contents

	Page
Introductory Section	
Table of Contents	1
Roster of Board of Directors	2
Financial Section	
Independent Auditor's Report	3 - 4
Management's Discussion and Analysis	5 - 7
Statement of Net Position.	8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 17
Required Supplementary Information	
Analysis of Funding Progress – Employee Retirement System	18
Notes to Required Supplemental Information	19
Supplemental Information	
Statement of Revenues, Expenses, and Changes in Net Position	
- Budget and Actual	20
Schedule of Detailed Expenses	21
Schedule of Long-term Debt, Principal and Interest Requirements by	
Fiscal Year	22
Internal Control and Compliance Section	
Independent Auditor's Report on Internal Control over Financial Reporting	
and on Compliance and Other Matters Based on an Audit of	
Financial Statements Performed in Accordance with	
<i>Government Auditing Standards</i>	23 - 24

**HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
ROSTER OF BOARD OF DIRECTORS
JUNE 30, 2014**

David Alexander - Director

James Berry - Chairman

Glen Spencer - Secretary

Paul Blount

Jerry Clarke

Sammy Davidson

Wally Hamilton

Jamie Lee Johnson

Melvin Martin

(THIS PAGE INTENTIONALLY LEFT BLANK)



Independent Auditor's Report

Board of Directors
Hardin County Emergency Communication District
Savannah, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Hardin County Emergency Communication District (the District), a component unit of Hardin County, Tennessee, as of and for the year ended June 30, 2014, 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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2014, 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.

Change in Accounting Principles

As described in Note 11, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, which has an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 – 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section (pages 1 – 2) and the supplemental information (pages 20 – 22) are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

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

Godwin & Associates, PLLC

December 3, 2014

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

As management of the Hardin County Emergency Communication District's (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,525,797 (*net position*). Of this amount, \$703,388 represents unrestricted net position, which may be used to meet the District's ongoing obligations.
- Net position increased \$156,948 or 11.47%.
- Operating revenues were \$811,427, a decrease from the prior year (\$842,008) by \$30,581 or 3.63%.
- Operating expenses were \$798,656, an increase from the prior year (\$772,374) by \$26,282 or .95%.
- The operating income for the year was \$12,771 compared to \$69,634 in the prior year.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of four sections: 1) introductory section, 2) financial section, 3) supplemental information section, and (4) compliance and internal control section. The introductory section includes table of contents and the District's roster of Board of Directors. The financial section includes the MD&A, the independent auditor's report, and the financial statements with accompanying notes. The supplemental information section includes selected financial and operational information. The internal control and compliance section includes the report on internal control and compliance.

Proprietary Funds. A proprietary fund is used to account for the operations of the District, which is financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements report information about the District, using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

The *statement of net position* presents the financial position of the District on a full accrual, historical cost basis. The statement of net position includes all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

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 the related cash flows. This statement measures the success of the District's operations and can be used to determine whether the District has successfully recovered all of its costs. This statement also measures the District's profitability and credit worthiness.

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

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

The *supplementary schedule* comparing the budget to actual expenses and a schedule of detailed expenses are also presented as supplementary information.

Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$1,525,797 at the close of the most recent fiscal year.

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Statement of Net Position

	June 30, 2014	Percent of Total	June 30, 2013	Percent of Total
Current and other assets	\$ 815,156	29.74%	\$ 826,624	31.33%
Capital assets	1,926,197	70.26%	1,811,739	68.67%
Total assets	<u>2,741,353</u>	<u>100.00%</u>	<u>2,638,363</u>	<u>100.00%</u>
Current liabilities	63,580	2.32%	57,846	2.19%
Long-term liabilities	1,151,976	42.02%	1,211,668	45.92%
Total liabilities	<u>1,215,556</u>	<u>44.34%</u>	<u>1,269,514</u>	<u>48.12%</u>
Net position				
Net investment in capital assets	744,221	27.15%	600,071	22.74%
Restricted net position for debt service	78,188	2.85%	78,188	0.00%
Unrestricted net position	703,388	25.66%	690,590	26.17%
Total net position	<u>\$ 1,525,797</u>	<u>55.66%</u>	<u>\$ 1,368,849</u>	<u>48.92%</u>

The changes in the District's net positions are described below:

	June 30, 2014	June 30, 2013
Revenues		
Operating revenues	\$ 811,427	\$ 842,008
Expenses		
Salaries and Wages	359,696	346,914
Employee Benefits	120,773	110,616
Contracted services	112,468	95,453
Supplies and materials	73,015	89,336
Other charges	25,886	24,249
Depreciation	106,509	105,499
Amortization	309	307
Total operating expenses	<u>798,656</u>	<u>772,374</u>
Operating income (loss)	<u>12,771</u>	<u>69,634</u>
Nonoperating revenue (expenses)	<u>55,034</u>	<u>69,583</u>
Income before capital contribution	<u>67,805</u>	<u>139,217</u>
Capital contributions	<u>89,143</u>	<u>25,259</u>
Change in net position	<u>156,948</u>	<u>164,476</u>
Net position - beginning of year, as originally stated	1,368,849	1,234,702
Prior period adjustment	<u>-</u>	<u>(30,329)</u>
Net position - beginning of year, as restated	<u>1,368,849</u>	<u>1,204,373</u>
Net position - end of year	<u>\$ 1,525,797</u>	<u>\$ 1,368,849</u>

**HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

The District had a profit in the current year of \$156,948, which is comparable to a profit in the prior year of \$164,476. All expense categories except supplies and materials slightly increased during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 2014, the District had \$1,926,197 invested in a broad range of capital assets, including buildings and improvements, furniture and fixtures, office equipment, communications equipment, and vehicles. Capital additions were \$220,967. Accumulated depreciation increased by \$106,509. Additional information on capital assets is in Note 6.

Debt

During a prior year, the District issued Emergency Communications District Revenue Bonds, Series 2010 for \$1,275,000. These bonds provided the funding needed for the District to construct a new communication facility. At year-end, the District had \$1,190,000 in outstanding long-term debt compared to \$1,220,000 last year. Additional information on long-term debt is in Note 10.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES AND RATES

The District is dependent on telephone service charges collected by various phone companies and remitted to the District as well as operating grants and capital grants from the State Emergency Communications Board.

A budget is prepared before each fiscal year. Next year the budget shows total revenues of \$848,650 (including grants of \$120,000 which will be used to help pay operational expenses) and expenses of \$751,350.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the District at 90 Riverside Drive S, Savannah, Tennessee.

David Alexander
Director

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County, Tennessee)
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

CURRENT ASSETS	
Cash	\$ 373,389
Investments	291,031
Accounts receivable	9,478
Due from other governments	51,788
Due from Tennessee Emergency Communications Board	<u>11,282</u>
TOTAL CURRENT ASSETS	<u>736,968</u>
 RESTRICTED ASSETS	
Cash	<u>78,188</u>
 CAPITAL ASSETS	
Land	140,550
Building improvements	41,719
Buildings	1,397,520
Equipment - radio communication	705,434
Equipment and software	390,064
Furniture and fixtures	49,586
Vehicles	50,455
Maps	<u>237,788</u>
	3,013,116
LESS: accumulated depreciation	<u>(1,086,919)</u>
NET CAPITAL ASSETS	<u>1,926,197</u>
TOTAL ASSETS	<u>2,741,353</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	3,356
Accrued expenses	30,224
Current portion of long-term debt	<u>30,000</u>
TOTAL CURRENT LIABILITIES	<u>63,580</u>
 LONG-TERM LIABILITIES	
Bonds payable (net of unamortized discounts)	<u>1,151,976</u>
 NET POSITION	
Net investment in capital assets	744,221
Restricted net position for debt service	78,188
Unrestricted net position	<u>703,388</u>
TOTAL NET POSITION	<u>\$ 1,525,797</u>

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

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County, Tennessee)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES	
Emergency Telephone Service Charge	\$ 121,483
Tennessee Emergency Communication Board - shared wireless charge	66,663
Tennessee Emergency Communication Board - operational funding	142,860
Dispatching revenue	<u>480,421</u>
TOTAL OPERATING REVENUES	<u>811,427</u>
 OPERATING EXPENSES	
Salaries and Wages	359,696
Employee Benefits	120,773
Contracted Services	112,468
Supplies and Materials	73,015
Other Charges	25,886
Depreciation	106,509
Amortization	<u>309</u>
TOTAL OPERATING EXPENSES	<u>798,656</u>
OPERATING INCOME (LOSS)	<u>12,771</u>
 NONOPERATING REVENUES (EXPENSES)	
Investment Income	2,704
Interest Income	425
TECB - Grants and Reimbursements	85,791
Interest Expense	(44,881)
Rental Income	<u>10,995</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>55,034</u>
INCOME BEFORE CAPITAL CONTRIBUTION	<u>67,805</u>
 CAPITAL CONTRIBUTIONS	
Capital Contributions from Tennessee Emergency Communications Board	<u>89,143</u>
CHANGE IN NET POSITION	156,948
NET POSITION - BEGINNING OF YEAR	<u>1,368,849</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,525,797</u></u>

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County, Tennessee)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 868,194
Receipts from other sources	10,995
Payments to suppliers	(213,149)
Payments to employees	(482,660)
CASH PROVIDED BY OPERATING ACTIVITIES	<u>183,380</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grants/reimbursements TECB	<u>85,791</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(241,262)
Principal paid on notes payable	(30,000)
Interest paid on notes payable	(44,881)
Grants/reimbursements TECB	89,143
CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(227,000)</u>
INVESTING ACTIVITIES	
Interest income	425
Investment income	2,704
Reinvested in investments	(2,704)
CASH PROVIDED BY INVESTING ACTIVITIES	<u>425</u>
INCREASE IN CASH	42,596
CASH - BEGINNING OF PERIOD	<u>408,981</u>
CASH - END OF PERIOD	<u>\$ 451,577</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 12,771
Adjustments to derive cash effect:	
Depreciation	106,509
Amortization	309
Rental income	10,995
Accounts receivable	979
Due from other governments	(25,746)
Due from TECB	81,534
Accrued expenses	(2,191)
Accounts payable	(1,780)
CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 183,380</u>
Reconciliation of purchase of capital assets with Statement of Cash Flows	
Capital asset additions per Statement of Net Position	\$ (220,967)
Prior year accounts payable - purchase of capital assets	(20,295)
Purchase of capital assets per Statement of Cash Flows	<u>\$ (241,262)</u>

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. GENERAL INFORMATION

Component unit

Hardin County Emergency Communication District (the District) provides 911 emergency assistance to persons living in Hardin County. The District is a component unit of Hardin County. Accordingly, this financial data is incorporated into the County's financial statements. Board members are appointed by the County Mayor. Additionally, any bonded indebtedness by the District is subject to the approval of the Hardin County Commission. Hardin County and the cities of Savannah, Saultillo, and Crump are billed for dispatching services (these revenues provide funding for the dispatchers' salaries).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accounts of the District are organized on the basis of funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses, as appropriate. The accounts in the financial statements in this report fall under one broad fund category as follows:

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District's financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Cash and Cash Equivalents

Cash and cash equivalents, as used in the Statements of Cash Flows, includes demand deposit accounts and certificates of deposit with maturities of three months or less when purchased, in accordance with GASB Statement No. 9.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Balances reported at year-end include telephone wireless fees due from phone companies, dispatching revenue due from the County and the City, wireless charges due from the State of Tennessee, and grant receivables due from the Tennessee Emergency Communications Board.

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Restricted Assets

Certain resources set aside for bond repayment are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Bond Discounts

Bond discounts are deferred and amortized over the term of the bonds using the straight-line method if it does not differ materially from the interest method.

Capital Assets

All capital assets of the District are recorded at original cost, except for donated equipment which is recorded at fair market value. Expenses which materially increase values or capacities, or extend useful lives of these assets are capitalized while expenses for maintenance and repairs are charged to operations as incurred. Any related interest cost is also added to the cost of the asset as appropriate.

Gains and losses from the sale of capital assets are reflected in operations and the asset accounts and related allowances for depreciation are reduced. Also, depreciation expense on all depreciable items is systematically charged against operations using the straight-line method over their estimated useful lives. Any related interest cost is also added to the cost of the asset as appropriate.

Vacation Leave

Vacation leave time for employees of the District is earned each pay period. Vacation time can be carried over from one year to the next. Any outstanding balance is paid to the employee upon separation from service.

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from daily operations are defined as non-operating.

Long-term debt

All long-term debt to be repaid is reported as liabilities in the Statement of Net Position. The long-term debt consists primarily of revenue bonds and unamortized premiums and discounts.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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/expenditure) until then. The District does not have any items that qualify for reporting in this category as of June 30, 2014.

In addition to liabilities, the statement of net 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. The District does not have any items that qualify for reporting in this category as of June 30, 2014.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e. g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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

Net Position

In the District's financial statements, equity is classified as net position and displayed in three components:

- a. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints place on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of restricted or net investment in capital assets.

3. REVENUES

Revenues are derived from telephone customers in the area served by the District. Telephone companies and the TECB collect the fees on the monthly telephone bills and remit them to the District.

Operating revenues and expenses are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from daily operations are defined as non-operating.

4. RISK MANAGEMENT

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, property damage, and theft. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. It is also insured against possible loss related to acts of District key officers or directors by official statutory bonds carried by the District. The District has had no insurance settlements in excess of insurance coverage during the past three years.

5. CONTRACT AGREEMENT

In 1992, the District entered into an agreement with Hardin County, Tennessee, and the City of Savannah, Tennessee, whereby the Board of the District is charged with the responsibilities of establishing and collecting service fees; seeking additional funding and issuing bonds, if necessary; and creating a dispatch service and determining the mode. Further, the parties agreed in 2009 that the District would serve as the administrative unit with the responsibility to operate the dispatch facility in a manner consistent with statutory requirements. The City and County have agreed to remit funds to the District to cover various operating expenses in exchange for dispatching services provided by the District. This year the City and County remitted \$451,095 to the District.

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

6. CAPITAL ASSETS

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

	Balance 7/1/2013	Additions	Retirements	Balance 6/30/2014
Capital assets not being depreciated:				
Land	\$ 127,150	\$ 13,400	\$ -	\$ 140,550
Capital assets being depreciated				
Buildings and improvements	30,561	11,158	-	41,719
Buildings	1,238,920	158,600	-	1,397,520
Equipment- radio comm	692,335	13,099	-	705,434
Equipment and software	370,277	19,786	-	390,063
Furniture and fixtures	44,662	4,924	-	49,586
Vehicles	50,455	-	-	50,455
Maps	237,788	-	-	237,788
Total capital assets being depreciated	<u>2,664,998</u>	<u>207,567</u>	<u>-</u>	<u>2,872,565</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,524)	(1,157)	-	(6,681)
Buildings	(69,584)	(33,732)	-	(103,316)
Equipment - radio comm	(411,020)	(35,937)	-	(446,957)
Equipment and software	(281,351)	(13,178)	-	(294,529)
Furniture and fixtures	(9,304)	(4,630)	-	(13,934)
Vehicles	(28,143)	(5,052)	-	(33,195)
Maps	(175,483)	(12,823)	-	(188,306)
Total accumulated depreciation	<u>(980,409)</u>	<u>(106,509)</u>	<u>-</u>	<u>(1,086,918)</u>
Total capital assets, being depreciated, net	<u>1,684,589</u>	<u>101,058</u>	<u>-</u>	<u>1,785,647</u>
Total capital assets, net	<u>\$ 1,811,739</u>	<u>\$ 114,458</u>	<u>\$ -</u>	<u>\$ 1,926,197</u>

Depreciation expense of \$106,509 (\$105,499 in 2013) was recorded by the District.

In addition to the above capital asset purchases, additional small equipment purchases (\$34,183) were made in the current year. These were purchases below the District's capitalization threshold (\$5,000).

7. PENSION PLAN

Plan Description

Employees of the 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 five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the *Tennessee Code Annotated* (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Funding Policy

The District requires employees to contribute 5.0 percent of earnable compensation.

The District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2014 was 4.81% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2014, the District's annual pension cost of \$14,450 to TCRS was equal to the 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The 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 18 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Fiscal Year Ending	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	\$ 14,450	100.00%	\$ -
June 30, 2013	\$ 13,176	100.00%	\$ -
June 30, 2012	\$ 25,676	100.00%	\$ -

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 97.79% percent funded. The actuarial accrued liability for benefits was \$0.23 million, and the actuarial value of assets was \$0.23 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 \$0.28 million, and the ratio of the UAAL to the covered payroll was 1.85% percent.

The schedule 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 plan assets are increasing or decreasing over time relative to the AALs for benefits.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2013	\$ 229	\$ 234	\$ 5	97.79%	\$ 279	1.85%
July 1, 2011	\$ 137	\$ 190	\$ 54	71.85%	\$ 313	17.10%
July 1, 2009	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

8. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state, and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over the District resources follows.

A. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

The District's investment policies are governed by State statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit and savings accounts. The District has no policy that further limits allowable investments. At June 30, 2014, investments consisted entirely of certificates of deposit with original maturities greater than three months at a local bank. Investments are carried at cost which approximates fair value.

For deposits and investments, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy regarding custodial credit risk for deposits. Collateral is required for demand deposits and certificates of deposit at 105% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. As of June 30, 2014, the District's deposits were not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance with the excess covered by pledged collateral).

B. BUDGET APPROPRIATIONS

In accordance with State law, the board of the District must adopt and operate under an annual budget. Criteria for the information required in the annual adopted budget are detailed in Section 7-86-120, *Tennessee Code Annotated*. However, for financial reporting purposes it is only necessary to present budgetary revenues and expenses compared to actual. All purchases must be made within the limits of the approved budget. Expenses must be presented at the legal level of control, which is defined to be at the line-item level.

The District's expenses were within appropriations at the line-item level.

9. ESTIMATES AND ASSUMPTIONS

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

10. LONG-TERM DEBT

Long-term debt consists of Emergency Communication District Revenue Bonds, Series 2010, dated October 5, 2010, through June 30, 2040, with interest rates varying from 1.75% to 4.25%.

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2014:

	Balance 7/1/2013	Issues or Additions	Payments or Retirements	Balance 6/30/2014	Due within one year
Revenue Bonds	\$ 1,220,000	\$ -	\$ 30,000	\$ 1,190,000	\$ 30,000
Unamortized debt discounts	(8,333)	-	309	(8,024)	-
	<u>\$ 1,211,667</u>	<u>\$ -</u>	<u>\$ 30,309</u>	<u>\$ 1,181,976</u>	<u>\$ 30,000</u>

Annual Requirements to Retire Debt Outstanding

The annual aggregate maturities for revenue bonds payable for the years subsequent to June 30, 2014, are as follows:

Year Ending June 30,	<u>Revenue Bonds</u> Business-type Activities	
	Principal	Interest
2015	\$ 30,000	\$ 44,356
2016	30,000	43,831
2017	30,000	43,006
2018	30,000	42,181
2019	35,000	41,356
2020-2024	180,000	190,944
2025-2029	210,000	158,625
2030-2034	255,000	114,907
2035-2039	315,000	57,088
2040	75,000	3,187
Total	<u>\$ 1,190,000</u>	<u>\$ 739,481</u>

11. ACCOUNTING CHANGES

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* became effective for the year ended June 30, 2014.

GASB Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County, Tennessee)
REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS – EMPLOYEE RETIREMENT SYSTEM
JUNE 30, 2014

Required Supplementary Information

Schedule of Funding Progress for the District

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2013	\$ 229	\$ 234	\$ 5	97.79%	\$ 279	1.85%
July 1, 2011	\$ 137	\$ 190	\$ 54	71.85%	\$ 313	17.10%
July 1, 2009	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County, Tennessee)
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2014

Schedule of Funding Progress

Information relating to the District's pension can be found in the Notes to Financial Statements at Note 7. The schedule of funding progress is designed to reflect the pension plan's success over time in setting aside assets sufficient to cover its actuarial accrued liability.

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County, Tennessee)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES			
Emergency telephone service charge	\$ 145,000	\$ 121,483	\$ (23,517)
Tennessee Emergency Communication Board - shared wireless charges	45,000	66,663	21,663
Tennessee Emergency Communications Board - operational funding	100,000	142,860	42,860
Dispatching revenue	476,850	480,421	3,571
TOTAL OPERATING REVENUES	766,850	811,427	44,577
OPERATING EXPENSES			
<u>Salaries and Wages</u>			
Director	51,000	48,072	2,928
Administrative Personnel	55,000	52,323	2,677
Dispatchers	265,000	259,301	5,699
<u>Employee Benefits</u>			
Social Security	25,300	21,987	3,313
Medicare	6,550	5,137	1,413
Medical insurance	76,000	75,228	772
Dental insurance	3,000	2,594	406
Unemployment compensation	2,500	1,543	957
Retirement expense	17,000	14,304	2,696
<u>Contracted Services</u>			
Advertising	100	87	13
Audit services	4,000	4,000	-
Accounting services	1,600	1,502	98
Administrative fees - service charges	1,500	887	613
Fees paid to service providers	34,000	30,855	3,145
Janitorial services	6,600	6,400	200
Legal fees	900	777	123
Mapping/data base consultants	16,000	12,030	3,970
Other consultants - technical services	3,350	-	3,350
Maintenance and repairs - buildings and facilities	10,000	9,817	183
Maintenance and repairs - radio equipment	30,000	23,904	6,096
Maintenance and repairs - office equipment	250	230	20
Maintenance and repairs - vehicles	6,000	5,195	805
Maintenance and repairs - consultants	17,000	16,784	216
<u>Supplies and Materials</u>			
Office supplies	4,000	1,561	2,439
Custodial supplies	2,000	1,323	677
Data processing supplies	17,000	12,383	4,617
Postage	400	368	32
Small equipment purchases	35,000	34,183	817
Uniforms and shirts	1,500	217	1,283
Utilities - electric	11,500	11,167	333
Utilities - gas	1,400	1,347	53
Utilities - water and sewer	1,500	567	933
Utilities - general telephone	8,000	7,597	403
Utilities - cell phones and pagers	3,000	2,302	698
<u>Other Charges</u>			
Bank charges	1,000	652	348
Board meeting expenses	400	-	400
Dues and memberships	400	313	87
Employee testing/exams	600	565	35
Insurance - workers comp	2,500	2,490	10
Insurance - liability	6,700	6,673	27
Premiums on surety bonds	1,500	1,115	385
Service awards	3,500	15	3,485
Training expense	7,500	5,364	2,136
Travel expenses	5,300	4,754	546
Internet charges	4,000	3,945	55
<u>Depreciation</u>			
Depreciation expense	-	106,509	(106,509)
<u>Amortization</u>			
Amortization expense	-	309	(309)
TOTAL OPERATING EXPENSES	751,350	798,656	(47,306)
OPERATING INCOME (LOSS)	15,500	12,771	(2,729)
NONOPERATING REVENUES (EXPENSES)			
Investment income	-	2,704	2,704
Interest income	600	425	(175)
TECB - grants and reimbursements	-	85,791	85,791
Interest expense	(46,000)	(44,881)	1,119
Rental income	7,200	10,995	3,795
TOTAL NONOPERATING REVENUES (EXPENSES)	(38,200)	55,034	93,234
INCOME BEFORE CAPITAL CONTRIBUTION	(22,700)	67,805	90,505
CAPITAL CONTRIBUTIONS			
Capital contributions from Tennessee Emergency Communications Board	120,000	89,143	(30,857)
CHANGE IN NET POSITION	97,300	156,948	59,648
NET POSITION - BEGINNING OF YEAR	1,368,849	1,368,849	-
NET POSITION - END OF YEAR	\$ 1,466,149	\$ 1,525,797	\$ 59,648

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County, Tennessee)
SCHEDULE OF DETAILED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

Operating Expenses

Salaries and Wages

Director	\$ 48,072
Administrative Personnel	52,323
Dispatchers	259,301
<u>Total Salaries and Wages</u>	<u>359,696</u>

Employee Benefits

Social Security	21,967
Medicare	5,137
Medical Insurance	75,228
Dental Insurance	2,594
Unemployment Compensation	1,543
Retirement Expense	14,304
<u>Total Employee Benefits</u>	<u>120,773</u>

Contracted Services

Advertising	87
Audit Services	4,000
Accounting Services	1,502
Administrative Fees - Service Charges	887
Fees Paid to Service Providers	30,855
Janitorial Services	6,400
Legal Fees	777
Mapping/Data Base Consultants	12,030
Maintenance and Repairs-Buildings and Facilities	9,817
Maintenance and Repairs-Radio Equipment	23,904
Maintenance and Repairs-Office Equipment	230
Maintenance and Repairs-Vehicles	5,195
Maintenance and Repairs-Consultants	16,784
<u>Total Contracted Services</u>	<u>112,468</u>

Supplies and Materials

Office Supplies	1,561
Custodial Supplies	1,323
Data Processing Supplies	12,383
Postage	368
Small Equipment Purchases	34,183
Uniforms and Shirts	217
Utilities-Electric	11,167
Utilities-Gas	1,347
Utilities-Water and Sewer	567
Utilities-General Telephone	7,597
Utilities-Cell Phones and Pagers	2,302
<u>Total Supplies and Materials</u>	<u>73,015</u>

Other Charges

Bank Charges	652
Dues and Memberships	313
Employee Testing/Exams	565
Insurance-Workmans Comp	2,490
Insurance-Liability	6,673
Premiums on Surety Bonds	1,115
Service Awards	15
Training Expenses	5,364
Travel Expenses	4,754
Internet Charges	3,945
<u>Total Other Charges</u>	<u>25,886</u>

Depreciation

Depreciation	106,509
<u>Total Depreciation</u>	<u>106,509</u>

Amortization

Amortization	309
<u>Total Amortization</u>	<u>309</u>

Total Operating Expenses \$ 798,656

**HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
JUNE 30, 2014**

Year Ended June 30,	Revenue Bonds Payable		Totals
	Principal	Interest	
2015	\$ 30,000	\$ 44,356	\$ 74,356
2016	30,000	43,831	73,831
2017	30,000	43,006	73,006
2018	30,000	42,181	72,181
2019	35,000	41,356	76,356
2020	35,000	40,394	75,394
2021	35,000	39,300	74,300
2022	35,000	38,206	73,206
2023	35,000	37,113	72,113
2024	40,000	35,931	75,931
2025	40,000	34,581	74,581
2026	40,000	33,231	73,231
2027	40,000	31,781	71,781
2028	45,000	30,332	75,332
2029	45,000	28,700	73,700
2030	45,000	26,900	71,900
2031	50,000	25,100	75,100
2032	50,000	23,100	73,100
2033	55,000	21,038	76,038
2034	55,000	18,769	73,769
2035	60,000	16,500	76,500
2036	60,000	14,025	74,025
2037	60,000	11,475	71,475
2038	65,000	8,925	73,925
2039	70,000	6,162	76,162
2040	75,000	3,188	78,188
	<u>\$ 1,190,000</u>	<u>\$ 739,481</u>	<u>\$ 1,929,481</u>



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

Board of Directors
Hardin County Emergency Communication District
Savannah, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Hardin County Emergency Communication District (the District), a component unit of Hardin County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which comprise the District's basic financial statements and have issued our report thereon dated December 3, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

DISPOSITION OF PRIOR AUDIT FINDINGS:

2013-01 UNINSURED AND UNCOLLATERALIZED DEPOSITS – corrected.

Admin : Associates, PLLC

December 3, 2014