

**HAYWOOD COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
FINANCIAL STATEMENTS
For the Fiscal Year Ended
June 30, 2014**

HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Pages</u>
Financial Section	
Directory - Roster of Management Officials and Board Members	1
Financial Section	
Independent Auditor's Report	2
Management Discussion and Analysis	4
Basic Financial Statement:	
Fund Financial Statements:	
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Net Position	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Supplementary Information:	
Budgetary Comparison	15
Schedule of Expenditures of State Awards	16
Schedule of Capital Assets	17
Schedule of Prepaid Warranties	18
Other Report Section:	
Report on Internal Control over Financial Reporting Based and on Compliance and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	19
Schedule of Findings	21
Schedule of Disposition of Prior Year Findings	22

HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

ROSTER OF MANAGEMENT OFFICIALS AND BOARD MEMBERS

FOR THE YEAR ENDED JUNE 30, 2014

(Unaudited)

Management Officials

Starla Singleton
911 Director

Board Members

Joe Stephens, Chairman

Ervin Turner, Vice Chairman

Larry Livingston, Secretary

Lewis Pearson, Member

Ricky Ellington, Member

Joyce Pirtle, Member

Jimmy Studdard Sr., Member

Patricia Herron, Member

Deane Walton, Member

James Ernest, Member

Larry Banks
Attorney At Law



COWART REESE SARGENT

Certified Public Accountants, P.C.

Brownsville | Jackson | Martin | Milan | Paris

R. Kenneth Cozart, CPA
Joseph (Joey) G. Gordon, CPA

29 N. Lafayette Ave
Brownsville, TN 38012
(731)772-2273
Fax (731)772-2275
www.crscca.com

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Haywood County Emergency Communications District
Brownsville, Tennessee

We have audited the accompanying financial statements of the Haywood County Emergency Communications District, a component unit of Haywood County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the entity'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 respective financial position of the Haywood County Emergency Communications District as of June 30, 2014, and the results of its operation for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Haywood County Emergency Communication District's basic financial statements. The budgetary comparison, the schedule of expenditures of state awards, the capital asset schedule, and the prepaid warranty schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison, the schedule of expenditures of state awards, the capital asset schedule, and the prepaid warranty schedule 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 our opinion, the budgetary comparison, the schedule of expenditures of state awards, the capital asset schedule, and the prepaid warranty schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015 on our consideration of Haywood County Emergency Communications District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting or on compliance, 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 Haywood County Emergency Communication District's internal control over financial reporting and compliance.



Cowart Reese Sargent, CPA's, PC
Brownsville, Tennessee
January 30, 2015

As management of Haywood County Emergency Communications District (the District), we offer readers of the Haywood County Emergency Communication District's financial statements this narrative overview the analysis of financial activities of the District for the fiscal year ended June 30, 2014. All amounts, unless otherwise indicated, are expressed in actual dollars. Comparative analyses of key elements of total funds have been provided.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to financial statements, and should be read in conjunction with, the financial statements and other supplementary information. Summary financial data, key financial and operational indicators are made up of three sections: 1) the introductory section, 2) the financial section, 3) the internal control and compliance section. The introductory section includes the District's directory. The financial section includes the MD&A, the independent auditor's report, and the financial statements with accompanying notes. The internal control and compliance section includes the report on internal control over financial reporting and compliance.

REQUIRED FINANCIAL STATEMENTS

Due to the District being a single governmental fund entity, and receiving fund through the wireless charges, the enterprise fund statements are used to prepare financial statements. Enterprise funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenue are recognized when they are earned and expenses are recognized as a liability is incurred. The following statements are included in the financial statements of the District.

The Statement of Net Position includes all of the District's assets and obligations to the District's creditor (liabilities).

It also provides the basis for computing rate of return, evaluating the capital structure, 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 assets changed during the year. All changes in net assets 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:

- 1) measures the success of the District's operation;
- 2) determines whether the District has been successful to recover all of its costs;
- 3) measures the District's profitability and credit creditworthiness.

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 Budgetary Comparison Schedule presents the results of activities over the course of the fiscal year in comparison with the original and final budget. An additional column is presented showing the difference between the final budget and the actual expenses for the year.

ENTERPRISE FUND FINANCIAL ANALYSIS

Statement of Net Position - As noted earlier, net position may serve as a useful indicator of the district's financial position. In the case of the District, assets exceeded liabilities by \$1,624,678 at the close of the most recent fiscal year. A portion of the District's net position (35.0%) reflects its investment in capital assets (e.g., land, building, machinery, equipment and infrastructure); less any related debt

used to acquire those assets that is still outstanding.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that repayment of the debt must be provided from other resources, since the capital assets cannot be used to liquidate these liabilities.

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current and Other Assets	\$ 1,061,663	\$ 877,032	\$ 184,631	121.05%
Capital Assets (net of Accumulated Dep)	<u>563,015</u>	<u>650,162</u>	<u>(87,147)</u>	86.60%
Total Assets	1,624,678	1,527,194	\$ 97,484	106.38%
Current Liabilities	<u>-</u>	<u>-</u>	\$ -	0.00%
Total Liabilities	<u>-</u>	<u>-</u>	\$ -	0.00%
Investment in Capital Assets	563,015	650,162	\$ (87,147)	86.60%
Unrestricted	<u>1,061,663</u>	<u>877,032</u>	<u>\$ 184,631</u>	121.05%
Total Net Position	<u>\$ 1,624,678</u>	<u>\$ 1,527,194</u>	<u>\$ 97,484</u>	106.38%

During the 2014 fiscal year, the Districts net position increased by \$97,484. The increase is the result of increase in revenues over budgeted amounts.

Statement of Activities -- Revenues exceeded expenses \$97,484 for fiscal year ended June 30, 2014.

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Increase (Decrease)</u> <u>\$ Variance</u>	<u>% Variance</u>
Operating Revenue	\$ 311,765	\$ 319,605	\$ (7,840)	103%
Non-Operating Revenue	<u>1,355</u>	<u>22,155</u>	<u>\$ (20,800)</u>	1635%
Total Revenues	<u>313,120</u>	<u>341,760</u>	<u>\$ (28,640)</u>	109%
Operating Expenses	110,645	88,238	\$ 22,407	80%
Depreciation & Amortization	<u>104,991</u>	<u>102,256</u>	<u>\$ 2,735</u>	97%
Total Expenses	<u>215,636</u>	<u>190,494</u>	<u>\$ 25,142</u>	88%
Change in Net Position	<u>97,484</u>	<u>151,266</u>	<u>\$ (53,782)</u>	155%
Beginning Net Position	<u>1,527,194</u>	<u>1,375,928</u>	<u>\$ 151,266</u>	90%
Ending Net Position	<u>\$ 1,624,678</u>	<u>\$ 1,527,194</u>	<u>\$ 97,484</u>	94%

COMMENTS ON FUND FINANCIAL STATEMENTS

The District uses proprietary fund accounting to ensure and demonstrate compliance with finance-related requirements.

Enterprise Funds -- The focus of the District's enterprise fund is to provide information on cash inflows from shared wireless charges, outflows for related expenses, and balances of spendable resources. Such information are necessary to assess the District's financial requirements.

In particular, unrestricted net position may serve as useful measure of a government's net resources available for spending at the end of fiscal year to meet obligations of creditors and operational requirements of the District.

Revenues in the enterprise fund decreased by \$28,640 in fiscal 2014 in comparison with 2013 year. The operating revenues decreased by \$7,840 and non-operating revenues, which comprise the interest income and contributions from State of Tennessee TECB decreased by \$20,800.

Expenses in the enterprise fund increased by \$25,142 in 2014 in comparison with prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets -- At the end of fiscal year, the District had invested \$563,015 net of accumulated depreciation in a variety of capital assets. Accumulated depreciation at the end of period was \$432,196. Depreciation expense during the current period was \$104,991. No Capital Assets were disposed of during the current period.

Long-Term Debt -- At the end of current fiscal year, the District had no long-term debt.

REQUEST FOR INFORMATION

This financial report is prepared to provide a general overview of the District's finances for citizens, taxpayers, customer, investors, creditors and all other with an interest in the Districts finances. Questions concerning any information provided in this report or requests for additional finance information should be addressed to:

Haywood County Emergency Communications District
County Mayor -- Executive
1 North Washington
Brownsville, TN 38012

HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
June 30, 2014

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 1,061,663
Total Current Assets	<u>1,061,663</u>

Noncurrent Assets:

Prepaid Warranties	58,211
Less: Amortization	(37,147)
Capital Assets:	
Computers	27,852
Office Furniture	13,254
Communications Equipment	895,894
Less: Accumulated Depreciation	<u>(395,049)</u>
Total Noncurrent Assets	<u>563,015</u>
Total Assets	<u>1,624,678</u>

LIABILITIES

Current Liabilities:

Accounts Payable	<u>-</u>
Total Current Liabilities	<u>-</u>

NET POSITION

Investment in Capital Assets	563,015
Unrestricted	<u>1,061,663</u>
Total Net Position	<u>\$ 1,624,678</u>

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014**

Operating Revenues:

Charges for sales and services:	
Emergency Telephone Service Charges	\$ 39,630
Shared Wireless Charges	13,158
TECB Contribution - Operating Fund	258,977
Total Operating Revenues	311,765

Operating Expenses:

Administrative Personnel	13,800
Equipment Rental	9,054
Government Contracts	81,400
Audit Fees	2,500
Office Supplies	585
Postage	300
Dues/Memberships	160
Travel	1,560
Continued Education & Trainings	1,286
Depreciation	93,289
Amortization - Warranties	11,702
Total Operating Expenses	215,636

Operating Income	96,129
------------------	--------

Nonoperating Revenues (Expenses):

Interest Income	1,355
Total Nonoperating Revenues (Expenses)	1,355
Change in Net Position	97,484

Total Net Position - Beginning	1,527,194
--------------------------------	-----------

Total Net Position - Ending	\$ 1,624,678
-----------------------------	--------------

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from Surcharges and Other Revenues	\$ 311,765
Cash payments to suppliers	(96,845)
Cash payments to employees	(13,800)
Net cash provided by operating activities	<u>201,120</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Contributions from other governments	<u>-</u>
Net cash provided by noncapital financing activities	<u>-</u>

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Purchase of Capital Assets	<u>(17,844)</u>
Net cash used by capital and related financing activities	<u>(17,844)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>1,355</u>
Net cash provided by investing activities	<u>1,355</u>

Net Increase in Cash and Cash Equivalents 184,631

Cash and Cash Equivalents - July 1 877,032

Cash and Cash Equivalents - June 30 \$ 1,061,663

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED (USED) BY OPERATING
ACTIVITIES:**

Operating Income	\$ 96,129
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation Expense	93,289
Amortization Expense	11,702
Decrease (Increase) in accounts receivable	-
Decrease (Increase) in other assets	-
Decrease (Increase) in accounts payable	-
Total Adjustments	<u>104,991</u>
Net cash provided by operating activities	<u><u>\$ 201,120</u></u>

Notes to financial Statements are an integral part of this statement.

HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - INTRODUCTION

The Haywood County Emergency Communications District (the District), a component unit of Haywood County, is a quasi-municipality which was formed in order to establish and provide emergency communications services to the occupants of Haywood County. Revenues are received from a tariff charged and collected by area telephone companies. The District's Board is appointed by the County. The County is provided with the Board's budget for information purposes prior to the beginning of the respective fiscal year. The board of directors for communication district is responsible for all major budget decisions.

The accounting and reporting framework and the more significant accounting principles and practices of the Haywood County Emergency Communications District are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the District's financial activities for the fiscal year June 30, 2014.

NOTE 2 - GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Fund Financial Statements

Fund Financial Statements are provided for the proprietary fund which is considered a major fund. There are no non-major funds that should be reported in a separate column.

NOTE 3 - MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating activities of the District are charges to customers for services. Operating expense include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses.

HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 4 - FUND TYPES AND MAJOR FUNDS

Proprietary Funds

Enterprise Fund - reports as the fund of the District. This fund is used to account for all financial resources. There are no other funds used in the District.

NOTE 5 – SIGNIFICANT ACCOUNTING POLICIES

A. CASH , INVESTMENTS AND REGULATIONS

The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalent. State statutes authorize the government and the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the Emergency Communications District are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. As of June 30, 2014, investments consisted entirely of certificate of deposits.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. Collateral is required for demand deposits and certificate of deposits 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, there was no exposure to custodial credit risk due to being entirely covered by federal depository insurance, the pool, and pledged collateral held by the pledging financial institution's agency in the entity's name. Haywood County Emergency Communications District has total of \$1,061,663 of cash and cash equivalent.

B. CAPITAL ASSETS AND DEPRECIATION

The District's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The District generally capitalizes assets with cost of \$1,000 or more at time of purchase. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Estimated useful lives, in years, for depreciable assets are as follows:

	Estimated Useful Life/Years	Threshold Amount	Capital Asset Category
Buildings	30-40	5,000	Infrastructure
Improvements other Than Buildings	30-40	5,000	Infrastructure
Tower	30-40	1,000	Communication Equipment
Equipment	7-10	1,000	Communication Equipment
Computer Equipment	5-7	1,000	Computer
Furniture and Fixtures	5-7	1,000	Office Furniture

C. FUND EQUITY

The proprietary fund financial statements report restricted net position for amounts not available for appropriation or legally restricted for specified purposes.

D. BUDGETARY INFORMATION

E. BUDGET POLICY AND PRACTICE

The District's Board of Directors approves an appropriatory budget annually. The budget is prepared on a basis which differs from generally accepted accounting principles (GAAP) pertaining to proprietary funds, in that capital expenditures are budgeted as operating expenses rather than being capitalized as capital assets and expenses are on the cash basis rather than the accrual basis. It is only necessary to present budgetary revenues and expenses compared to actual. The legal level of control is at each line item of expense; therefore, each line item must be amended prior to expending funds.

F. BASIS OF BUDGETING

The fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenses are budgeted by class as follows: salaries, compensation-related, services and supplies, computer and equipment, supplies, travel, equipment rental, core material, and miscellaneous. Expenses may not exceed appropriations. The budget for the operating funds is prepared on the cash and expenditures basis. Revenues are budgeted in the year funds are expected; and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued.

Budgetary Information

The County Commission is provided with the District's budget for information purposes prior

HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

to the beginning of the respective fiscal year. Once approved the Board may amend the legally adopted budget when unexpected modifications are required. However, final authority on all major decisions rests with the County Commission.

NOTE 6 - RECEIVABLES

Accounts receivable are tariffs due from area telephone companies with the next month. Revenue is recorded when eligibility requirements are met.

NOTE 7 - PREPAID WARRANTY

The District purchased extensive communication equipment. The purchase agreement contains a five (5) years service warranty agreement.

NOTE 8 - CAPITAL ASSETS

Changes in Capital Assets -- The following table provides a summary of changes in capital assets:

	<u>Capital Assets Depreciated</u>					
	Office Equipment: Computers	Office Furnitures	Communication Equipment	Warranty	Total	
<i>Primary Government</i>						
<i>Business-Type Activities</i>						
Balance June 30, 2013	\$ 27,852	\$ 13,254	\$ 878,050	\$ 58,211	\$ 977,367	
Increases	-	-	17,844		17,844	
Decreases	-	-	-		-	
Balance June 30, 2014	27,852	13,254	895,894	58,211	995,211	-
<i>Accumulated Depreciation</i>						
Balance June 30, 2013	(12,070)	(5,896)	(283,794)	(25,445)	(327,205)	
Increases	-	-	-	-	-	
Decreases	(5,570)	(2,597)	(85,122)	(11,702)	(104,991)	
Balance June 30, 2014	(17,640)	(8,493)	(368,916)	(37,147)	(432,196)	
<i>Business -Type Activities</i>						
Capital Assets, Net	\$ 10,213	\$ 4,761	\$ 526,978	\$ 21,064	\$ 563,015	

HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 9 - RISK MANAGEMENT - CLAIMS AND ADJUSTMENTS

The District is vulnerable to two types of losses. The first is the physical loss of fixed assets from theft, fire, etc. Other losses are from civil actions based on negligence in relation to the disposition of emergency calls. Neither of these losses has occurred since the District's inception. However, the District has third party insurance coverage that is adequate in order to cover any occurrence.

NOTE 10 - LITIGATIONS AND CONTINGENCIES

The District does not have litigations or contingencies at end of fiscal year June 30, 2014.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events are events and transactions that occur subsequent to the financial statement date but before the financial and auditor's report are issued. Subsequent events have been evaluated through January 30, 2015. No significant subsequent events were noted.

HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF BUDGETARY COMPARISON
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues:				
Emergency Telephone Service Charge	\$ 50,000	\$ 50,000	\$ 39,630	\$ (10,370)
Emergency Telephone Service - Shared	40,000	40,000	13,158	(26,842)
TECB - Contribution	130,000	130,000	258,977	128,977
	<u>220,000</u>	<u>220,000</u>	<u>311,765</u>	<u>91,765</u>
Operating Expenses:				
Administrative Personnel	15,800	15,800	13,800	2,000
Addressing/Mapping	40,000	40,000	-	40,000
Government Contracts	80,000	80,000	81,400	(1,400)
Audit / Legal Services	4,000	4,000	2,500	1,500
Maintenance Agreements	25,000	25,000	-	25,000
Equipment Rental - Communications	10,000	10,000	9,054	946
Office Supplies	1,300	1,300	36	1,264
Office Equipment	1,500	1,500	549	951
Postage	300	300	300	-
Dues/Memberships	250	250	160	90
Uniforms	1,000	1,000	-	1,000
Surety Bonds	1,000	1,000	-	1,000
Travel Expenses	6,000	6,000	1,560	4,440
Training	11,500	11,500	1,286	10,214
Depreciation	-	-	93,289	(93,289)
Amortization	-	-	11,702	(11,702)
Capital Expenditures	20,000	20,000	-	20,000
	<u>217,650</u>	<u>217,650</u>	<u>215,636</u>	<u>2,014</u>
Total Expenses	<u>217,650</u>	<u>217,650</u>	<u>215,636</u>	<u>2,014</u>
Operating Income	2,350	2,350	96,129	93,779
Nonoperating Revenue (Expenses):				
Interest Income	300	300	1,355	1,055
Total Nonoperating Revenues (Expenses)	<u>300</u>	<u>300</u>	<u>1,355</u>	<u>1,055</u>
Increase (Decrease) in Net Position	<u>2,650</u>	<u>2,650</u>	97,484	<u>94,834</u>
Budgetary Net Position - Beginning			1,527,194	
Budgetary Net Position - Ending			<u>\$ 1,624,678</u>	

HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
June 30, 2014

Grant Number	Contract Date	State Grant Amount	Beginning Balance	Receipts	Expenditures	Accrued Expenses Ending Balance
-------------------------	--------------------------	-------------------------------	------------------------------	-----------------	---------------------	--

None

HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
CAPITAL ASSETS SCHEDULE
June 30, 2014

Function and Activity	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Office Equipment - Computers	\$ 27,852	\$ -	\$ -	\$ 27,852
Office Furnitures	13,254	-	-	13,254
Communication Equipment	754,514	17,844	-	772,358
Tower	123,536	-	-	123,536
	<u>919,156</u>	<u>17,844</u>	<u>-</u>	<u>937,000</u>
Less Accumulated Depreciation	<u>(301,760)</u>	<u>-</u>	<u>(93,289)</u>	<u>(395,049)</u>
Total Governmental Funds Capital Assets	<u>\$ 617,396</u>	<u>\$ 17,844</u>	<u>\$ (93,289)</u>	<u>\$ 541,951</u>

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
PREPAID WARRANTY SCHEDULE
June 30, 2014**

<u>Function and Activity</u>	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
Warranty - Sentinel Patriot- 911 System	\$ 45,248	\$ -	\$ -	\$ 45,248
Warranty - Zetron Radio	12,200	-	-	12,200
Equipment	763	-	-	763
	<u>58,211</u>	<u>-</u>	<u>-</u>	<u>58,211</u>
Less Accumulated Depreciation	<u>(25,445)</u>	<u>-</u>	<u>(11,702)</u>	<u>(37,147)</u>
Total Governmental Funds Capital Asset	<u>\$ 32,766</u>	<u>\$ -</u>	<u>\$ (11,702)</u>	<u>\$ 21,064</u>



R. Kenneth Cozart, CPA
Joseph (Joey) G. Gordon, CPA

Brownsville | Jackson | Martin | Milan | Paris

29 N. Lafayette Ave
Brownsville, TN 38012
(731)772-2273
Fax (731)772-2275
www.crscpa.com

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

The Board of Directors
Haywood County Emergency Communications District

We have audited the financial statements of the Haywood County Emergency Communications District (the "District"), as of and for the year ended June 30, 2013, and have issued our report thereon dated January 30, 2015. We have 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Haywood County Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 reasonable possibility that a material misstatement of the entity's financial statements will 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 Haywood County Emergency Communication District'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.

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 provide an opinion on the effectiveness of the entity's internal control 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.

A handwritten signature in black ink, reading "Cowart Reese Sargent". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.

Cowart Reese Sargent, CPA, PC
Brownsville, Tennessee
January 30, 2015

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014**

Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the accompanying financial statements of the Haywood County Emergency Communications District.
2. No material weaknesses identified or significant deficiencies identified that are considered to be material weaknesses.
3. There were no instances of noncompliance disclosed during the audit.

**HAYWOOD COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2014**

Financial Statement Findings

Finding Number	Finding Title	Status
None		