

**TIPTON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

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**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

	<b>Page</b>
<b>DISTRICT OFFICIALS</b> .....	1

**FINANCIAL SECTION**

<b>INDEPENDENT AUDITOR'S REPORT</b> .....	2-4
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	5-8
<b>STATEMENT OF NET POSITION</b> .....	9
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b> .....	10-11
<b>STATEMENT OF CASH FLOWS</b> .....	12-13
<b>NOTES TO FINANCIAL STATEMENTS</b> .....	14-20
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	

Retirement Plan - Schedule of Funding Progress .....	21
------------------------------------------------------	----

**SCHEDULE**

Budgetary Comparison .....	22-24
----------------------------	-------

<b>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</b> .....	25-26
<b>SCHEDULE OF FINDINGS AND RESPONSES</b> .....	27
<b>STATUS OF PRIOR YEARS' FINDINGS</b> .....	28

## **INTRODUCTORY SECTION**

**TIPTON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT  
DISTRICT OFFICIALS  
JUNE 30, 2014**

Director

Ruth Renee Downing

Board of Directors

Jim Harger, Chairman  
Jeff Mason, Vice Chairman  
Roy Warmath, Treasurer  
Bennie Carver  
Lessie Fisher  
Brett Giannini  
Larry McKee  
Tommy Rogers

**FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Tipton County Emergency Communications District  
Covington, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Tipton County Emergency Communications District (a component unit of Tipton County, Tennessee) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Tipton County Emergency Communications District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tipton County Emergency Communications District as of June 30, 2014, and the respective changes in financial position and 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 the management's discussion and analysis and retirement plan - schedule of funding progress on pages 5-8 and 21 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 Tipton County Emergency Communicating District's basic financial statements. The introductory section and budgetary comparison are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison 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 budgetary comparison 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 November 5, 2014, on our consideration of the Tipton County Emergency Communications 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 Tipton County Emergency Communications District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Whitehorn Jenkins & Sons, PLLC".

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2014**

Our discussion and analysis of Tipton County Emergency Communications District's (the "District") financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2014. It should be read with the District's financial statements, which begin on page 9.

**FINANCIAL HIGHLIGHTS**

- The District's net position increased approximately \$322,600 from the prior year as a result of this year's operations.
- Operating expenses decreased to \$1,110,950 in the current year, from \$1,150,490 for the year ended June 30, 2013.
- Current year revenues, including contributions and grants from participating local and state governments, were approximately \$1,149,000, a decrease of approximately \$31,000 from the immediately preceding year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of the following parts: Management's Discussion and Analysis, Financial Statements, Notes to the Financial Statements, Required Supplementary Information, and Other Supplementary Information.

**USING THIS ANNUAL REPORT AND REQUIRED FINANCIAL STATEMENTS**

This annual report consists of several basic financial statements. The Statement of Net Position provides a measure of the difference between the District's assets and its liabilities at a given point in time, at our fiscal year-end date of June 30. The Statement of Revenues, Expenses, and Changes in Net Position provides information about the sources of income and how the resources were used during the fiscal year. The Statement of Cash Flows gives a detail of how cash was received and used during the fiscal year. The budgetary comparison data compares actual results of operations against budgeted amounts. Our analysis of the financial status of Tipton County Emergency Communications District begins below.

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**CONDENSED COMPARATIVE FINANCIAL INFORMATION**

The District's total net position decreased from a year ago, and this analysis presents net position at June 30 for two years (Table 1) and the changes in net position (Table 2) for each of the years.

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
YEAR ENDED JUNE 30, 2014**

**TABLE 1  
NET POSITION  
(IN THOUSANDS)**

	<u>2014</u>	<u>2013</u>
Current Assets .....	\$ 1,881	\$ 1,718
Equipment .....	<u>580</u>	<u>296</u>
Total Assets .....	<u>2,461</u>	<u>2,014</u>
 Current Liabilities .....	 <u>157</u>	 <u>33</u>
 Net Position		
Net investment in capital assets .....	450	295
Unrestricted .....	<u>1,854</u>	<u>1,686</u>
Total Net Position .....	<u>\$ 2,304</u>	<u>\$ 1,981</u>

Total net position increased by approximately \$323,000 during the current year as a result of revenues from state grants and grants from participating governments, net of expenses.

A summary of the District's Statement of Revenues, Expenses, and Changes in Net Position is given below:

**TABLE 2  
REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
(IN THOUSANDS)**

	<u>2014</u>	<u>2013</u>
Revenues and Contributions		
Operating revenues .....	\$ 730	\$ 741
Contributions from local and other governments .....	415	433
Interest and other .....	<u>4</u>	<u>(56)</u>
Total Revenues and Contributions ..	<u>1,149</u>	<u>1,118</u>
 Operating Expenses		
Salaries and benefits .....	823	767
Contracted services .....	122	184
Supplies and materials .....	47	44
Depreciation .....	93	145
Other .....	<u>26</u>	<u>20</u>
Total Operating Expenses .....	<u>1,111</u>	<u>1,160</u>
 Capital Contributions .....	 <u>285</u>	 <u>-</u>
 Change in Net Position .....	 <u>\$ 323</u>	 <u>\$ (42)</u>

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
YEAR ENDED JUNE 30, 2014**

Our expenses were down from approximately \$1,160,000 to approximately \$1,111,000 largely due to decreased contracted services of \$62,000, and depreciation of \$52,000. Other expenses, especially salaries and benefits, were more than last year.

**BUDGETARY MATTERS**

Several times during the course of the year budgeted income and expenses were changed to reflect changing expectations and desires of the board to allocate resources to achieve our objectives.

**CAPITAL ASSET ADMINISTRATION**

At the end of our fiscal year the District has a total of \$579,844 invested in various capital assets, primarily in communications equipment, stated at original cost less related depreciation expense.

**TABLE 3  
CAPITAL ASSETS AT YEAR END  
(IN THOUSANDS)**

	2014	2013
Deposit on equipment . . . . .	\$ -	\$ 47
Equipment held for future use . . . . .	2	2
Communication related equipment . . . . .	556	223
Dispatch room . . . . .	22	24
Total Capital Assets . . . . .	\$ 580	\$ 296

There were major purchases of communication equipment this year totaling approximately \$427,000, but there was also scrapping of obsolete equipment.

**ECONOMIC FACTORS FOR NEXT YEAR**

Because of continuing inflation and a steadily increasing population, the District had to raise its rates to several local government partners in the current fiscal year by a total of approximately \$90,000 and have raised rates by approximately \$35,000 for fiscal year 2015.

The District expects to purchase a total of \$10,000 in new equipment for the fiscal year ending June 30, 2015. We expect to pay this amount from routine operations and state grants. No other large increases over the prior year's budget were made.

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
YEAR ENDED JUNE 30, 2014**

**FINANCIAL CONTACT**

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information, please contact the District's Director at 220 Highway 51 North, Covington, Tennessee 38019.

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

**ASSETS****CURRENT ASSETS**

Cash and cash equivalents .....	\$ 541,469
Investments-certificates of deposit .....	1,256,689
Accrued interest receivable .....	1,388
Accounts receivable .....	23,577
Due from Tennessee Emergency Communications Board .....	<u>57,963</u>
<b>TOTAL CURRENT ASSETS</b> .....	<b><u>1,881,086</u></b>

**NONCURRENT ASSETS****Capital Assets****Not being depreciated**

Equipment not in use .....	<u>2,000</u>
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**Being depreciated**

Communication equipment .....	1,092,760
Furniture .....	15,430
Vehicle .....	22,750
Leasehold improvements .....	33,460
Less accumulated depreciation .....	<u>(586,556)</u>
	<u>577,844</u>

<b>TOTAL CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b> .....	<b><u>579,844</u></b>
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<b>TOTAL ASSETS</b> .....	<b><u>\$ 2,460,930</u></b>
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**LIABILITIES AND NET POSITION****CURRENT LIABILITIES**

Accounts payable .....	\$ 131,810
Accrued payroll .....	11,108
Accrued expenses .....	978
Compensated absences .....	<u>13,066</u>
<b>TOTAL CURRENT LIABILITIES</b> .....	<b><u>156,962</u></b>

**NET POSITION**

Net investment in capital assets .....	450,043
Unrestricted .....	<u>1,853,925</u>
<b>TOTAL NET POSITION</b> .....	<b><u>2,303,968</u></b>

<b>TOTAL LIABILITIES AND NET POSITION</b> .....	<b><u>\$ 2,460,930</u></b>
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See notes to financial statements

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

**OPERATING REVENUES**

Emergency telephone service charges .....	\$ 297,614
Tennessee Emergency Communications Board	
Shared wireless charge .....	156,453
Operational funding .....	<u>275,780</u>
<b>TOTAL OPERATING REVENUES .....</b>	<b><u>729,847</u></b>

**OPERATING EXPENSES**

Salaries and wages	
Director .....	49,090
Administrative personnel .....	33,924
Dispatchers .....	512,193
Part time personnel .....	<u>15,193</u>
	610,400
Employee benefits	
Payroll taxes .....	47,749
Insurance .....	117,257
Retirement .....	<u>47,437</u>
	212,443
Contracted services	
Advertising .....	264
Audit and accounting services .....	9,580
Legal services .....	6,740
NCIC/TBI/TIES expenses .....	2,280
Consultants .....	5,838
Maintenance .....	40,138
Other contracted services .....	<u>56,856</u>
	121,696
Supplies and materials	
Office supplies and postage .....	5,152
Noncapitalized equipment .....	26,657
Other supplies .....	2,278
Utilities and telephones .....	<u>12,820</u>
	46,907
Other charges	
Insurance .....	11,828
Training and travel .....	8,036
Other .....	<u>7,125</u>
	26,989
Depreciation .....	<u>92,515</u>
<b>TOTAL OPERATING EXPENSES .....</b>	<b><u>1,110,950</u></b>
<b>OPERATING (LOSS) .....</b>	<b><u>(381,103)</u></b>

See notes to financial statements

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION - CONTINUED  
YEAR ENDED JUNE 30, 2014**

**NONOPERATING REVENUES (EXPENSES)**

Interest income .....	\$ 7,111
Contributions from governments	
Primary government .....	175,000
Other governments .....	239,853
Gain (loss) on disposal of capital assets .....	(3,334)
Other .....	<u>518</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES) .....</b>	<b><u>419,148</u></b>

**CAPITAL CONTRIBUTIONS**

Primary government .....	20,000
Tennessee Emergency Communication Board .....	<u>264,575</u>
	<u>284,575</u>

**CHANGE IN NET POSITION .....** 322,620

**NET POSITION**

Balance at July 1, 2013 .....	<u>1,981,348</u>
Balance at June 30, 2014 .....	<u>\$ 2,303,968</u>

See notes to financial statements

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2014**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from surcharges and other operating revenues .....	\$ 717,495
Cash payments to suppliers for goods and services .....	(207,700)
Cash payments for payroll, taxes, and employee benefits .....	(816,183)
Other revenues .....	<u>518</u>
Net cash (used) by operating activities .....	<u>(305,870)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Contributions from primary government .....	175,000
Contributions from other governments .....	<u>239,853</u>
Net cash provided by noncapital financing activities .....	<u>414,853</u>

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

Purchase of capital assets .....	(250,074)
Capital contributions from primary government .....	20,000
Capital contributions from Tennessee Emergency Communications Board .....	<u>264,575</u>
Net cash provided by capital and related financing activities .....	<u>34,501</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of investments .....	(200,000)
Interest income .....	<u>2,279</u>
Net cash (used) by investing activities .....	<u>(197,721)</u>

**NET (DECREASE) IN CASH AND CASH EQUIVALENTS .....** (54,237)

**CASH AND CASH EQUIVALENTS**

Balance at July 1, 2013 .....	<u>595,706</u>
Balance at June 30, 2014 .....	<u>\$ 541,469</u>

See notes to financial statements

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF CASH FLOWS - CONTINUED  
YEAR ENDED JUNE 30, 2014**

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

Operating (loss) .....	\$ (381,103)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities	
Depreciation .....	92,515
Other nonoperating revenue .....	518
Changes in assets and liabilities	
Accounts receivable .....	(11,480)
Due from Tennessee Emergency Communications Board .....	(872)
Accounts payable .....	(4,747)
Accrued payroll .....	3,859
Accrued expenses .....	(7,361)
Compensated absences .....	2,801
	<u>75,233</u>
<b>NET CASH (USED) BY OPERATING ACTIVITIES .....</b>	<b><u>\$ (305,870)</u></b>
 <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>	
Interest credited to certificates of deposit .....	<u>\$ 4,500</u>

See notes to financial statements

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**GENERAL STATEMENT** - Tipton County Emergency Communications District (District) complies with accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The District applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect).

**FINANCIAL REPORTING ENTITY** - The District is a component unit of Tipton County, Tennessee, the primary government unit. The District is considered a component unit of Tipton County because Tipton County appoints a majority of the District's Board of Directors, and the District must obtain County Commission approval before the issuance of most debt and/or the County Commission has the ability to adjust the District's service charges. The financial statements present only the financial position and changes in financial position of the District and are not intended to present fairly the financial position of Tipton County, Tennessee and the changes in its financial position in conformity with U.S. generally accepted accounting principles.

The District was formed by the Tipton County Legislature under provisions of Tennessee law on June 30, 1988. As such, it is a public corporation authorized to maintain and operate an emergency communications system providing 911 service within the boundaries of Tipton County, Tennessee. Under law it is a body politic, without powers of taxation, governed by an appointed nine-member Board of Directors. It is funded by monthly user fees, or tariff rates, charged on each resident and business telephone within the County, contributions from participating governments, and by funding from the Tennessee Emergency Communications Board.

**BASIS OF PRESENTATION** - The financial statements of the District are organized into a fund, which is considered to be a separate accounting entity. The fund is accounted for by providing a set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenses. The financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

**PROPRIETARY FUND**

*Enterprise Fund* - An Enterprise Fund is used to account for business-like activities 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. The Enterprise Fund accounts for the operations of the emergency communications system. Operating revenues are derived principally from service charges and funding from the Tennessee Emergency Communications Board.

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING** - Measurement focus is a term used to describe “which” transactions are recorded within the financial statements.

The proprietary fund is accounted for using the “economic resources” measurement focus. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in total net position.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. Proprietary funds utilize the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

**DEPOSITS** - Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. Although the District has not formally adopted a policy regarding collateralization of deposits, the District follows collateralization requirements of State statutes.

**INVESTMENTS** - State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies, instrumentalities and obligations guaranteed as to principal and interest by the United States or any of its agencies, repurchase agreements, the Tennessee local government investment pool, and certificates of deposit at state and federally chartered banks and savings and loan associations. The District has not adopted a formal investment policy that limits its interest rate or credit risk.

Investments with a remaining maturity of more than one year at the time of purchase are reported at fair value as determined by quoted market prices. Short-term investments are reported at amortized cost, which approximates fair value.

**ACCOUNTS RECEIVABLE** - Accounts receivable result principally from unpaid user fees or tariff rates. Accounts receivable are reported net of any necessary allowance for uncollectible accounts and revenues are reported net of uncollectibles. Allowances, or any need therefore, are based on past history of uncollectible accounts and management’s analysis of current accounts. There was no allowance for uncollectible accounts at June 30, 2014 nor any uncollectible amounts netted with charges for user fees or tariffs for the year ended June 30, 2014.

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***CAPITAL ASSETS*** - Capital assets include property and equipment. The District has adopted a formal capitalization policy whereby assets with an individual cost of at least \$7,500 and an estimated useful life in excess of one year are capitalized. The District's assets are capitalized at historical cost or estimated historical cost. Gifts or contributions of capital assets are recorded at fair value when received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

A provision for depreciation is made on a basis considered adequate to amortize costs over the assets' estimated useful lives using the straight-line method. Useful lives are estimated at 15-30 years for leasehold improvements and at 5-10 years for all other capital assets.

***RESTRICTED RESOURCES*** - The District elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

***NET POSITION*** - Equity is classified as net position and displayed in the following three components:

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any liabilities that are attributable to the acquisition of those assets.

Restricted - Consists of net position for which constraints are placed thereon by outside sources or external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities.

Unrestricted - All other net position that do not meet the description of the above categories.

***CASH FLOWS*** - For purposes of reporting cash flows, cash consists of cash on hand and on deposit with banks. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. Certificates of deposit with original maturities of three months or more when purchased are classified as investments.

***COMPENSATED ABSENCES*** - Vacation pay for employees is accrued as an expense at the time the employees have a vested right to receive it. Sick leave is not accrued as the employees never have a vested right to receive it.

***BUDGETS*** - The District prepares a budget for management monitoring and control and to comply with Tennessee law. The budget, which is prepared at the line item level, is approved by the Board of Directors and is on a basis generally consistent with generally accepted accounting principles. Appropriations lapse at the end of the year.

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**ACCOUNTING CHANGE** - For the year ended June 30, 2014, the District changed the useful life estimate for communication equipment from 5 years to 10 years. The change is being applied prospectively, beginning July 1, 2013. The effect of this change in the year ended June 30, 2014 is a decrease in depreciation expense of approximately \$30,400 and a corresponding increase in the change in net position.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The bank balances of deposits as of June 30, 2014 were entirely insured by federal depository insurance or by the Bank Collateral Pool of the State of Tennessee.

The only investments were certificates of deposit of more than 90 days to original maturity when purchased.

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity during the year was as follows:

	<u>BALANCE</u> <u>JULY 1, 2013</u>	<u>ADDITIONS</u>	<u>TRANSFERS/ DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2014</u>
Capital assets not being depreciated				
Equipment not in use . . . . .	\$ 2,000	\$ -	\$ -	\$ 2,000
Deposit on equipment . . . . .	<u>47,333</u>	<u>-</u>	<u>(47,333)</u>	<u>-</u>
Total capital assets not being depreciated . . . . .	<u>49,333</u>	<u>-</u>	<u>(47,333)</u>	<u>2,000</u>
Other capital assets				
Communication equipment . . . . .	1,048,962	427,208	(383,410)	1,092,760
Furniture . . . . .	15,430	-	-	15,430
Vehicle . . . . .	22,750	-	-	22,750
Leasehold improvements . . . . .	<u>33,460</u>	<u>-</u>	<u>-</u>	<u>33,460</u>
Total other capital assets at historical cost . . . . .	<u>1,120,602</u>	<u>427,208</u>	<u>(383,410)</u>	<u>1,164,400</u>
Less accumulated depreciation				
Communication equipment . . . . .	(826,254)	(90,842)	380,076	(537,020)
Furniture . . . . .	(15,298)	(132)	-	(15,430)
Vehicle . . . . .	(22,750)	-	-	(22,750)
Leasehold improvements . . . . .	<u>(9,815)</u>	<u>(1,541)</u>	<u>-</u>	<u>(11,356)</u>
Total accumulated depreciation . . . . .	<u>(874,117)</u>	<u>(92,515)</u>	<u>380,076</u>	<u>(586,556)</u>
Other capital assets, net . . . . .	<u>246,485</u>	<u>334,693</u>	<u>(3,334)</u>	<u>577,844</u>
Capital assets, net . . . . .	<u>\$ 295,818</u>	<u>\$ 334,693</u>	<u>\$ (50,667)</u>	<u>\$ 579,844</u>

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED JUNE 30, 2014**

**NOTE 3 - CAPITAL ASSETS - CONTINUED**

Depreciation expense for the year ended June 30, 2014 was \$92,515.

The District occupies space in a county-owned building at no rent expense.

**NOTE 4- RISK FINANCING ACTIVITIES**

It is the policy of the District to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, employment practices, public officials liability, worker's compensation, and employee health and accident. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE 5 - RETIREMENT 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 5 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 became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after 5 years of service and members joining prior to July 1, 1979 were vested after 4 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 [www.tn.gov/treasury/tcrs/PS/](http://www.tn.gov/treasury/tcrs/PS/).

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED JUNE 30, 2014**

**NOTE 5 - RETIREMENT PLAN - CONTINUED**

*FUNDING POLICY* - The District has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0% of annual covered payroll.

The District is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014 was 8.06% 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 ended June 30, 2014, the District's annual pension cost of \$47,437 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% a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5% annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5% 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 2 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**TREND INFORMATION**

<b><u>FISCAL YEAR ENDED</u></b>	<b><u>ANNUAL PENSION COST (APC)</u></b>	<b><u>PERCENTAGE OF APC CONTRIBUTED</u></b>	<b><u>NET PENSION OBLIGATION</u></b>
6/30/14	\$47,437	100.00%	\$0.00
6/30/13	\$43,897	100.00%	\$0.00
6/30/12	\$50,836	100.00%	\$0.00

*FUNDED STATUS AND FUNDING PROGRESS* - As of July 1, 2013, the most recent actuarial valuation date, the plan was 100.00% funded. The actuarial accrued liability for benefits was \$.72 million, and the actuarial value of assets was \$.72 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.00 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.66 million, and the ratio of the UAAL to the covered payroll was 0.00%.

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

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED JUNE 30, 2014**

**NOTE 5 - RETIREMENT PLAN - CONTINUED**

(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))
7/01/13	\$ 715	\$ 715	\$ 0	100.00 %	\$ 661	0.00 %
7/01/11	\$ 560	\$ 579	\$ 19	96.81 %	\$ 553	3.34 %
7/01/09	\$ 367	\$ 390	\$ 23	94.29 %	\$ 537	4.14 %

**REQUIRED SUPPLEMENTARY INFORMATION**

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
RETIREMENT PLAN - SCHEDULE OF FUNDING PROGRESS  
YEAR ENDED JUNE 30, 2014**

(Dollar amounts in thousands)

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUE OF ASSETS (A)</u>	<u>ACTUARIAL ACCRUED LIABILITY (AAL) (B)</u>	<u>UNFUNDED AAL (UAAL) (B)-(A)</u>	<u>FUNDED RATIO (A/B)</u>	<u>ANNUAL COVERED PAYROLL (C)</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL ((B-A)/(C))</u>
7/01/13	\$715	\$715	\$0	100.00%	\$661	0.00%
7/01/11	\$560	\$579	\$19	96.81%	\$553	3.34%
7/01/09	\$367	\$390	\$23	94.29%	\$537	4.14%

**SCHEDULE**

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
BUDGETARY COMPARISON  
YEAR ENDED JUNE 30, 2014**

	<u>ACTUAL</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET UNDER(OVER)</u>
		<u>ORIGINAL</u>	<u>FINAL</u>	
<b>OPERATING REVENUES</b>				
Emergency telephone service charges				
AT&T .....	\$ 120,163	\$ 132,000	\$ 132,000	\$ 11,837
Ritter Communications .....	157,059	156,000	156,000	(1,059)
Other .....	20,392	16,088	16,088	(4,304)
Tennessee Emergency Communications Board				
Shared wireless charge .....	156,453	120,000	120,000	(36,453)
Operational funding .....	<u>275,780</u>	<u>246,855</u>	<u>246,855</u>	<u>(28,925)</u>
<b>TOTAL OPERATING     REVENUES .....</b>	<u>729,847</u>	<u>670,943</u>	<u>670,943</u>	<u>(58,904)</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages				
Director .....	49,090	49,316	49,316	226
Administrative personnel .....	33,924	37,527	37,527	3,603
Dispatchers				
Regular .....	502,463	530,879	500,879	(1,584)
Overtime .....	9,730	20,000	20,000	10,270
Part time personnel .....	<u>15,193</u>	<u>20,800</u>	<u>20,800</u>	<u>5,607</u>
	<u>610,400</u>	<u>658,522</u>	<u>628,522</u>	<u>18,122</u>
Employee benefits				
Payroll taxes				
Social security tax .....	37,094	40,828	40,828	3,734
Medicare tax .....	8,675	9,549	9,549	874
Unemployment insurance .....	1,979	2,376	2,376	397
Insurance				
Life .....	1,164	1,368	1,368	204
Health .....	116,093	135,318	135,318	19,225
Retirement .....	<u>47,438</u>	<u>51,400</u>	<u>51,400</u>	<u>3,962</u>
	<u>212,443</u>	<u>240,839</u>	<u>240,839</u>	<u>28,396</u>
Contracted services				
Advertising .....	264	400	344	80
Audit and accounting services				
Audit services .....	6,800	6,800	6,800	-
Accounting .....	2,780	4,200	4,200	1,420
Private .....	5,838	5,884	5,838	-
Legal services .....	6,740	2,400	12,000	5,260
NCIC/TBI/TIES expenses .....	2,280	2,250	2,280	-

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
BUDGETARY COMPARISON - CONTINUED  
YEAR ENDED JUNE 30, 2014**

	<u>ACTUAL</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET UNDER(OVER)</u>
		<u>ORIGINAL</u>	<u>FINAL</u>	
<b>OPERATING EXPENSES - CONTINUED</b>				
Contracted services - continued				
Maintenance				
Maintenance agreements . . . . .	\$ 30,569	\$ 45,000	\$ 45,000	\$ 14,431
Maintenance and repairs -				
Communication equipment . .	7,154	10,000	10,000	2,846
Vehicle maintenance . . . . .	1,048	1,000	1,048	-
Vehicle fuel . . . . .	1,366	1,800	1,800	434
Noncapitalized equipment				
Other equipment . . . . .	-	1,200	-	-
Other contracted services				
Service fees . . . . .	54,357	65,000	65,000	10,643
Lease/rental - communication equipment . . . . .	2,500	2,634	2,634	134
Lease/rental - building and facilities . . . . .	-	3,012	-	-
	<u>121,696</u>	<u>151,580</u>	<u>156,944</u>	<u>35,248</u>
Supplies and materials				
Office supplies and postage				
Office supplies . . . . .	4,740	4,000	4,740	-
Postage . . . . .	412	600	412	-
Noncapitalized equipment . . . . .	26,657	24,000	29,500	2,843
Other supplies				
Custodial supplies . . . . .	845	1,680	845	-
Other supplies . . . . .	1,434	1,000	2,252	818
Utilities and telephone				
Electric . . . . .	1,818	5,200	5,200	3,382
Cell phones and pagers . . . . .	446	600	470	24
Telephone . . . . .	10,555	12,600	12,600	2,045
	<u>46,907</u>	<u>49,680</u>	<u>56,019</u>	<u>9,112</u>
Other charges				
Other				
Bank charges . . . . .	450	780	780	330
Dues and memberships . . . . .	977	1,200	977	-
Internet . . . . .	2,330	2,400	2,400	70
Miscellaneous . . . . .	1,612	3,000	3,000	1,388
TENA meeting . . . . .	1,756	2,200	1,756	-
Insurance				
Workmens compensation . . . . .	2,443	2,800	2,443	-
Liability . . . . .	6,356	6,200	6,356	-
Vehicle . . . . .	1,134	1,200	1,134	-
Licenses and fees . . . . .	383	-	383	-
Surety bond . . . . .	1,512	1,800	1,512	-

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
BUDGETARY COMPARISON - CONTINUED  
YEAR ENDED JUNE 30, 2014**

	<u>ACTUAL</u>	<u>BUDGET</u>		<u>VARIANCE WITH FINAL BUDGET UNDER(OVER)</u>
		<u>ORIGINAL</u>	<u>FINAL</u>	
<b>OPERATING EXPENSES - CONTINUED</b>				
Other charges - continued				
Training and travel				
Travel .....	\$ 2,230	\$ 4,260	\$ 2,230	\$ -
Public education .....	1,706	1,100	1,706	-
Other .....	<u>4,100</u>	<u>4,260</u>	<u>4,100</u>	<u>-</u>
	<u>26,989</u>	<u>31,200</u>	<u>28,777</u>	<u>1,788</u>
Depreciation .....	<u>92,515</u>	<u>199,800</u>	<u>108,418</u>	<u>15,903</u>
<b>TOTAL OPERATING EXPENSES .....</b>	<u>1,110,950</u>	<u>1,331,621</u>	<u>1,219,519</u>	<u>108,569</u>
<b>OPERATING (LOSS) .....</b>	<u>(381,103)</u>	<u>(660,678)</u>	<u>(548,576)</u>	<u>(167,473)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income .....	7,111	11,000	11,000	3,889
Contributions from governments				
Primary government .....	175,000	175,000	175,000	-
Other governments				
Town of Atoka .....	53,000	53,000	53,000	-
Town of Brighton .....	27,573	18,120	27,573	-
City of Covington .....	105,000	105,000	105,000	-
Town of Mason .....	8,280	8,280	8,280	-
City of Munford .....	46,000	46,000	46,000	-
Gain (loss) on disposal of capital assets .....	(3,334)	-	-	3,334
Other .....	<u>518</u>	<u>-</u>	<u>-</u>	<u>(518)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES) ...</b>	<u>419,148</u>	<u>416,400</u>	<u>425,853</u>	<u>(6,705)</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Primary government .....	20,000	-	-	(20,000)
Tennessee Emergency Communications Board .....	<u>264,575</u>	<u>264,575</u>	<u>264,575</u>	<u>-</u>
	<u>284,575</u>	<u>264,575</u>	<u>264,575</u>	<u>(20,000)</u>
<b>CHANGE IN NET POSITION .....</b>	<b>322,620</b>	<b>20,297</b>	<b>141,852</b>	<b>(180,768)</b>
<b>NET POSITION</b>				
Balance at July 1, 2013 .....	<u>1,981,348</u>	<u>1,981,348</u>	<u>1,981,348</u>	<u>-</u>
Balance at June 30, 2014 .....	<u>\$ 2,303,968</u>	<u>\$ 2,001,645</u>	<u>\$ 2,123,200</u>	<u>\$ (180,768)</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**

To the Board of Directors  
Tipton County Emergency Communications District  
Covington, 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, the financial statements of the Tipton County Emergency Communications District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Tipton County Emergency Communications District's basic financial statements and have issued our report thereon dated November 5, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Tipton County Emergency Communications District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tipton County Emergency Communications District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tipton County Emergency Communication District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

*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. We consider the deficiency described in the accompanying Schedule of Findings and Responses to be a material weakness (Item No. 2011-001).

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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tipton County Emergency Communications 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as Item No. 2014-001.

### **Tipton County Emergency Communications District's Response to Findings**

Tipton County Emergency Communications District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. Tipton County Emergency Communications District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.



**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2014**

**Material Weakness**

**Item No. 2011-001: Adjustment of General Ledger Account Balances**

*Condition:* Audit adjustments are proposed when necessary to correct material misstatements in general ledger account balances. The District received an additional \$20,000 in funding from Tipton County to assist with the purchase of a generator. The receipt of this funding was initially recorded as a reduction from the cost of the generator. An adjustment was made to increase the cost of the generator by \$20,000 with a corresponding increase in contributions from Tipton County. This adjustment had the effect of increasing net capital assets and change in net position by \$20,000, respectively.

*Criteria:* The District is responsible for internal controls over the adjustment of its general ledger account balances.

*Effect:* The general ledger account balances for capital assets and nonoperating revenues were misstated.

*Recommendation:* Appropriate care should be taken to ensure that general ledger account balances are properly stated prior to commencement of the audit.

*Management response:* Upon inquiry as to the proper recording of this receipt, our understanding was it should be reflected as a reduction of the cost of the generator. We will continue to seek assistance when necessary to record items properly to avoid any material misstatement.

**Compliance and Other Matters**

**Item No. 2014-001: Line Item Budget Overrun**

*Condition:* Although total operating expenses were within the total adjusted budget amount, the actual amount of dispatcher salaries exceeded the adjusted budget amount by \$1,584.

*Criteria:* Since the budget is adopted on a line item basis, the level of budgetary control is on a line item basis.

*Effect:* There was one line item budget overrun for the year.

*Recommendation:* The budget should be amended prior to year end so that actual expenses are within line item budget amounts.

*Management response:* The increase in salaries due to the increase in accrued vacation liability was not fully accounted for in adjusting the budget for dispatcher salaries. In the future, we will take care to amend the budget in sufficient amounts.

**TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
STATUS OF PRIOR YEARS' FINDINGS  
YEAR ENDED JUNE 30, 2014**

**Item Corrected**

None

**Item Not Corrected**

Item No. 2011-001: Adjustment of General Ledger Account Balances

