

Financial Statements

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

Year Ended June 30, 2015

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Emergency Communications District of Anderson County, Tennessee, a component unit of Anderson County, Tennessee, as of June 30, 2015 which comprise the statement of net position, the related statement of revenue, expenses and change in net position and the statement of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the net position of Emergency Communications District of Anderson County, Tennessee as of June 30, 2015 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 to 6 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other information we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Emergency Communications District of Anderson County, Tennessee's financial statements. The statement of revenue and expenses – actual and budget as well as the schedule of the board of directors are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2015 on our consideration of Emergency Communications District of Anderson County, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Emergency Communications District of Anderson County, Tennessee's internal control over financial reporting and compliance.

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

November 10, 2015

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

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of Emergency Communications District of Anderson County, Tennessee (the District), we offer readers of the District’s financial statements this narrative overview and analysis of the District’s performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the District’s financial statements, as listed in the table of contents.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REQUIRED FINANCIAL STATEMENTS

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT

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

SUMMARIZED FINANCIAL INFORMATION

	<u>2015</u>	<u>2014</u>
NET POSITION		
Current assets	\$ 1,375,173	\$ 1,269,449
Capital assets	<u>862,899</u>	<u>953,712</u>
Total assets	<u>\$ 2,238,071</u>	<u>\$ 2,223,160</u>
Total liabilities	\$ 6,803	\$ 13,249
Net position:		
Investment in capital assets	862,899	953,712
Unrestricted	<u>1,368,369</u>	<u>1,256,199</u>
	<u>2,231,269</u>	<u>2,209,911</u>
Total liabilities and net position	<u>\$ 2,238,071</u>	<u>\$ 2,223,160</u>
CHANGE IN NET POSITION		
Operating revenue	\$ 409,951	\$ 367,690
Operating expenses	<u>391,045</u>	<u>370,622</u>
Operating income(loss)	18,907	(2,932)
Non-operating income	<u>2,451</u>	<u>524,773</u>
Change in net position	21,358	521,842
Beginning net position	<u>2,209,911</u>	<u>1,688,069</u>
Ending net position	<u>\$ 2,231,269</u>	<u>\$ 2,209,911</u>

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The District completed the year ended June 30, 2015 with net position of \$2,231,269, which is \$21,358 more than last year's ending net position of \$2,209,911, an increase of 1% compared to last year. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, increased by \$112,170 or 9% during the year ended June 30, 2015. The decrease in change in net position compared to the prior year was due primarily to a decrease in revenue received from the Tennessee Emergency Communications Board (TECB).

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

	<u>2015</u>	<u>2014</u>
Emergency telephone service charges	\$ 28,907	\$ 62,674
TECB - shared wireless charge	53,940	99,938
TECB - operational funding	83,606	205,078
TECB - base amount distributions	195,105	0

	<u>2015</u>	<u>2014</u>
TECB - grants and reimbursements	48,393	629,372
Interest income	<u>2,451</u>	<u>3,044</u>
	<u>\$ 412,402</u>	<u>\$ 1,000,106</u>

Total operational costs for the District were \$391,045 for the fiscal year ended June 30, 2015, an increase of 6% compared to last year. This change was primarily a result of an increase in depreciation on capital assets.

CAPITAL ASSETS

At the fiscal year end of June 30, 2015, the District had \$862,899 invested in capital assets, a decrease of \$90,813 or 9% over the prior year. This change was primarily a result of the increase in accumulated depreciation. Additional information on capital assets can be found in Note F.

BUDGETARY HIGHLIGHTS

The District adopts an annual operating budget, which includes proposed expenses and the means for paying these expenses. As conditions change during the year, the budget may be amended to prevent budget overruns. Operating revenue increased as compared to the year ended June 30, 2014 and was \$6,049 less than budgeted revenue. Income from operations increased as compared to the year ended June 30, 2014 and was \$18,907 more than the budgeted amount.

ECONOMIC FACTORS AND FUTURE NEEDS

The main economic factor facing the District is the change in funding from the TECB. Beginning in January 2015, TECB began collecting all amounts due to the emergency communication districts and sending each district a check every two months for one sixth of their predetermined base amount. TECB will also no longer be distributing grants to emergency communications districts. This could result in decreased revenue compared to prior years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2015

ASSETS

CURRENT ASSETS

Cash		\$ 239,313
Certificates of deposit		1,101,950
Prepaid expenses		<u>33,909</u>

TOTAL CURRENT ASSETS 1,375,173

CAPITAL ASSETS

Communications equipment	\$ 944,682	
Furniture and fixtures	62,337	
Vehicle	19,425	
Leasehold improvements	72,920	
Other capital assets	<u>143,350</u>	
	1,242,714	
Accumulated depreciation	<u>(379,815)</u>	<u>862,899</u>

TOTAL ASSETS \$ 2,238,071

See the accompanying notes to the financial statements.

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable		\$ 6,798
Payroll taxes payable		<u>5</u>

TOTAL CURRENT LIABILITIES 6,803

NET POSITION

Investment in capital assets	\$ 862,899	
Unrestricted	<u>1,368,369</u>	<u>2,231,269</u>

TOTAL LIABILITIES AND NET POSITION \$ 2,238,071

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION

Year Ended June 30, 2015

OPERATING REVENUE

Emergency telephone service charges	\$	28,907
TECB - shared wireless charge		53,940
TECB - operational funding		83,606
TECB - base amount distributions		195,105
TECB - other grants and reimbursements		<u>48,393</u>

TOTAL OPERATING REVENUE 409,951

OPERATING EXPENSES

Salaries and wages:		
Administration personnel	\$	68,782
Part-time personnel		<u>6,560</u>
		75,342
Employee benefits:		
Social security		4,671
Medicare		<u>1,092</u>
		5,764
Contracted services:		
Audit services		5,500
Accounting services		3,900
Impact payments to cities		9,900
Fees paid to service providers		63,883
Maintenance agreements		58,264
Maintenance and repairs - building and facilities		1,429
Maintenance and repairs - office equipment		880
Maintenance and repairs - vehicles		2,158
Fuel - vehicle		864
Other contract services		<u>11,149</u>
		157,926
Supplies and materials:		
Office supplies		2,113
Other supplies and materials		2,634
Postage		98
Utilities - general telephone		<u>78</u>
		4,923

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION

(continued)

Year Ended June 30, 2015

Other charges:		
Board meetings	427	
Dues and memberships	1,771	
Insurance	10,452	
License and fees	780	
Training expenses	3,056	
Travel expenses	4,559	
Internet charges	3,680	
Premiums on surety bonds	<u>790</u>	25,515
Depreciation expense		<u>121,575</u>
TOTAL OPERATING EXPENSES		<u>391,045</u>
INCOME FROM OPERATIONS		18,907
NONOPERATING REVENUE		
Interest income		<u>2,451</u>
CHANGE IN NET POSITION		21,358
NET POSITION AT THE BEGINNING OF THE YEAR		<u>2,209,911</u>
NET POSITION AT THE END OF THE YEAR		<u><u>\$ 2,231,269</u></u>

See the accompanying notes to the financial statements.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

CASH PROVIDED(USED) BY OPERATING ACTIVITIES	
Cash received from telephone charges and TECB	\$ 1,034,985
Cash paid to employees	(81,105)
Cash paid to suppliers	<u>(213,492)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	740,388
CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of equipment	(30,762)
CASH PROVIDED(USED) BY INVESTING ACTIVITIES	
Interest received	\$ 2,451
Increase in certificates of deposit	<u>(801,950)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(799,499)</u>
NET (DECREASE) IN CASH	(89,873)
CASH AT THE BEGINNING OF THE YEAR	<u>329,187</u>
CASH AT THE END OF THE YEAR	<u><u>\$ 239,313</u></u>

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF CASH FLOWS

(continued)

Year Ended June 30, 2015

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

Income from operations		\$	18,907
Adjustments to reconcile income from operations to net cash provided by operating activities			
Depreciation	\$	121,575	
(Increase)decrease in:			
Accounts receivable		4,750	
Due from TECB		620,284	
Prepaid expenses		(18,682)	
(Decrease) in:			
Accounts payable		(5,988)	
Payroll taxes payable		(458)	
		<u> </u>	<u>721,481</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			<u>\$ 740,388</u>

See the accompanying notes to the financial statements.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE A - DESCRIPTION OF ORGANIZATION

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Investment in capital assets: This category includes capital assets, net of accumulated depreciation. Investment in capital assets at June 30, 2015 has been calculated as follows:

Capital assets	\$ 1,242,714
Accumulated depreciation	<u>(379,815)</u>
	<u>\$ 862,899</u>

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

Restricted: This category includes net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the District pursuant to those stipulations or that expire by the passage of time. The District had no restricted net position as of June 30, 2015.

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

Accounts Receivable

Accounts receivable that are deemed uncollectible based upon a periodic review of the accounts are charged to revenue. At June 30, 2015, no allowance for uncollectible accounts was considered necessary.

Capital Assets

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

Operating Budget

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

Compensated Absences

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

Use of Restricted/Unrestricted Net Position

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

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

NOTE C - CASH

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

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

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee Bank Collateral Pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

All of the District's cash and cash equivalent balances at June 30, 2015 were either insured through the Federal Deposit Insurance Corporation or through the State of Tennessee Bank Collateral Pool.

NOTE D - LEASES

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

NOTE E - RISK MANAGEMENT

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

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

NOTE F - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>7/1/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/15</u>
<u>Capital assets being depreciated</u>				
Communications equipment	\$ 919,494	\$ 25,188	\$ 0	\$ 944,682
Furniture and fixtures	58,043	4,294	0	62,337
Vehicle	19,425	0	0	19,425
Leasehold improvements	72,920	0	0	72,920
Other capital assets	<u>142,070</u>	<u>1,280</u>	<u>0</u>	<u>143,350</u>
	1,211,952	30,762	0	1,242,714
<u>Accumulated depreciation</u>				
Communications equipment	(90,834)	(101,724)	0	(192,558)
Furniture and fixtures	(49,627)	(2,662)	0	(52,289)
Vehicle	(19,425)	0	0	(19,425)
Leasehold improvements	(22,956)	(2,925)	0	(25,880)
Other capital assets	<u>(75,398)</u>	<u>(14,264)</u>	<u>0</u>	<u>(89,662)</u>
	<u>(258,240)</u>	<u>(121,575)</u>	<u>0</u>	<u>(379,815)</u>
	<u>\$ 953,712</u>	<u>\$ (90,813)</u>	<u>\$ 0</u>	<u>\$ 862,899</u>

SUPPLEMENTARY INFORMATION

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

Year Ended June 30, 2015

	Actual	Budget	Variance Over (Under)
OPERATING REVENUE			
Emergency telephone service charges	\$ 28,907	\$ 33,000	\$ (4,093)
TECB - shared wireless charge	53,940	70,000	(16,060)
TECB - operational funding	83,606	83,000	606
TECB - base amount distributions	195,105	195,000	105
TECB - other grants and reimbursements	48,393	35,000	13,393
TOTAL OPERATING REVENUE	409,951	416,000	(6,049)
OPERATING EXPENSES			
Salaries and wages:			
Administration personnel	68,782	70,200	(1,418)
Part-time personnel	6,560	8,500	(1,940)
	75,342	78,700	(3,358)
Employee benefits:			
Social security	4,671	4,800	(129)
Medicare	1,092	1,250	(158)
	5,764	6,050	(286)
Contracted services:			
Audit services	5,500	5,500	0
Accounting services	3,900	3,900	0
Impact payments to cities	9,900	10,000	(100)
Fees paid to service providers	63,883	64,000	(117)
Maintenance agreements	58,264	70,000	(11,736)
Maintenance and repairs - building and facilities	1,429	2,000	(571)
Maintenance and repairs - office equipmen	880	900	(20)
Maintenance and repairs-vehicles	2,158	2,200	(42)
Mapping/database consultants	0	650	(650)
Fuel - vehicle	864	1,000	(136)
Other contract services	11,149	11,200	(51)
	157,926	171,350	(13,424)

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

(continued)

Year Ended June 30, 2015

	Actual	Budget	Variance Over (Under)
Supplies and materials:			
Office supplies	2,113	2,113	0
Other supplies and materials	2,634	3,500	(866)
Postage	98	300	(202)
Utilities - general telephone	78	6,000	(5,922)
Utilities - cell phones and pagers	0	1,500	(1,500)
	4,923	13,413	(8,490)
Other charges:			
Board meetings	427	1,000	(573)
Dues and memberships	1,771	1,800	(29)
Insurance	10,452	17,436	(6,984)
License and fees	780	1,100	(320)
Miscellaneous	0	1,000	(1,000)
Training expenses	3,056	3,500	(444)
Travel expenses	4,559	4,750	(191)
Internet charges	3,680	4,000	(320)
Premiums on surety bonds	790	1,000	(210)
	25,515	35,586	(10,071)
Depreciation expense	121,575	130,000	(8,425)
TOTAL OPERATING EXPENSES	391,045	435,099	(44,054)
INCOME(LOSS) FROM OPERATIONS	18,907	(19,099)	38,006

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

(continued)

Year Ended June 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
NONOPERATING REVENUE			
Interest income	<u>2,451</u>	<u>2,000</u>	<u>451</u>
CHANGE IN NET POSITION	21,358	(17,099)	38,457
NET POSITION AT THE BEGINNING OF THE YEAR	<u>2,209,911</u>	<u>2,209,911</u>	<u>0</u>
NET POSITION AT THE END OF THE YEAR	<u>\$ 2,231,269</u>	<u>\$ 2,192,812</u>	<u>\$ 38,457</u>

See the accompanying independent accountants' audit report.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

BOARD OF DIRECTORS

June 30, 2015

Mark Lucas
James Shetterly
Duane Stooksbury
Kenny Morgan
Daryl Kerley
Nathan Sweet
Mark Alderson
Steve Payne
Gary Long

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of Emergency Communications District of Anderson County, Tennessee, which comprise the statement of net position as of June 30, 2015, the related statement of revenue, expenses and change in net position, and the statement of cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated November 10, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

November 10, 2015

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2015

There were no prior year findings reported.