

DICKSON COUNTY EMERGENCY

COMMUNICATIONS DISTRICT

Financial Statements

June 30, 2011

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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Introductory Section

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Officials

June 30, 2011

<u>Official</u>	<u>Position</u>
Scott England	Chairman
David Faulkner	Vice - chairman
Timothy Spann	Secretary
Wayne Sanders	Treasurer
Jerone Holt	Director
Steve Manley	Director
Joe Muraca	Director
Donnie Weiss	Director

Financial Section

JOHN J. MICHIE
Certified Public Accountant

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Independent Auditor's Report

Board of Directors
Dickson County Emergency Communications District
Dickson, Tennessee

I have audited the accompanying balance sheet of Dickson County Emergency Communications District, a component unit of Dickson County, Tennessee, as of June 30, 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Dickson County Emergency Communications District's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dickson County Emergency Communications District, as of June 30, 2011, and the revenues, expenses and changes in net assets, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, I have also issued my report dated December 16, 2011 on my consideration of Dickson County Emergency Communications District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my 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* and should be considered in assessing the results of my audit.

Board of Directors
Dickson County Emergency
Communications District
Page Two
December 16, 2011

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. I 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 I obtained during my audit of the basic financial statements. I do express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dickson County Emergency Communications District's financial statements as a whole. The schedule of officials on page i, and the additional information on pages 16 - 19 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of officials and additional information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.



December 16, 2011

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2011

This section of the Dickson County Emergency Communications District's financial statements present's management's overview and analysis of the Communications District's financial performance for the year ended June 30, 2011. This section should be read in conjunction with the financial statements which follow this section.

Financial Highlights

Key highlights for the year ended June 30, 2011 are as follows:

The District's net assets increased \$222,385.

At the end of the current year the District reported total net assets of \$1,797,765.

At the end of the current year the District reported current assets in excess of current liabilities of \$907,926.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements. The financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the District's net assets changed during the fiscal 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. The final required statement is the statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non capital financing activities.

The financial statements can be found on pages 8 - 10 of this report.

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided within the financial statements. The notes to the financial can be found on pages 11 - 15 of this report.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2011

Financial Analysis

For the year ended June 30, 2011, assets exceeded liabilities by \$1,565,380. The Communications District has accumulated substantial current assets, 60% of the net assets are in current assets. The following is a summary of the Communications District's net assets.

	2011	2010	Change
Assets			
Current assets	\$ 915,209	\$ 962,893	\$(47,684)
Capital Assets	879,739	621,194	258,545
Other assets	100	100	-
Total assets	<u>1,795,048</u>	<u>1,584,187</u>	<u>210,861</u>
Liabilities			
Current liabilities	<u>7,283</u>	<u>18,807</u>	<u>(11,524)</u>
Net Assets			
Invested in capital assets- net	879,739	603,765	275,974
Unrestricted	<u>908,026</u>	<u>961,615</u>	<u>(53,589)</u>
Total net assets	<u>\$1,787,765</u>	<u>\$1,565,380</u>	<u>\$222,385</u>

The Communications District's net assets increased by \$222,385 in 2011. The following is a summary Statement of Statement of Revenues, Expenses, and Changes in Net Assets.

	2011	2010	Change
Operating revenues	\$435,739	\$421,268	\$ 14,471
Operating expenses	<u>283,477</u>	<u>212,224</u>	<u>71,253</u>
Operating income (Loss)	152,262	209,044	(56,782)
Non operating revenues	<u>70,123</u>	<u>106,262</u>	<u>(36,139)</u>
Change in net assets	<u>\$222,385</u>	<u>\$315,306</u>	<u>\$92,921</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2011

Revenues

The Communications District's revenues for the year ended June 30, 2011 increased \$82,995 or 18%.

The following is a summary of revenues:

	2011	2010	Change
Emergency telephone service charge	\$155,765	\$176,407	\$(20,642)
Shared Wireless charge	112,821	109,244	3,577
Operational funding	167,153	135,617	31,536
Interest income	9,570	18,144	(8,574)
State Emergency Communications Board Grants	<u>60,553</u>	<u>88,118</u>	<u>(27,565)</u>
 Total Revenues	 <u>\$505,862</u>	 <u>\$527,530</u>	 <u>\$(21,668)</u>

Expenses

The major change in operating expenses for the year ended June 30, 2011 was an increase in telephone expense as a result of a refund received in prior year of amounts previously paid for lines not in service in the amount of \$21,641 and an increase in depreciation expense of \$16,950.

The following is a summary of operating expenses:

	2011	2010	Change
Audit services	3,500	3,500	-
Accounting services	6,000	6,000	-
Data processing services	32,640	30,427	2,213
Legal services	2,900	3,704	(804)
Maintenance agreements	28,518	9,788	18,730
Lease expense - buildings & facilities	20,996	20,996	-
Leased communications equipment	49,840	54,350	(4,510)
Repairs and maintenance - equipment	13,903	9,592	4,311
Office supplies	961	75	886
Postage	144	-	144
Utilities	4,292	2,239	2,053
Telephone	7,626	(14,015)	21,641
Cellphones & pagers	860	-	860
Other supplies	3,282	-	3,282
Dues	567	437	130
Licenses and fees	9,105	-	9,105
Insurance	1,524	1,531	(7)
Conference & training	11,280	10,165	1,115
Miscellaneous	-	4,846	4,846
Depreciation	<u>85,539</u>	<u>68,589</u>	<u>16,950</u>
Total expenses	<u>\$283,477</u>	<u>\$212,224</u>	<u>\$71,253</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2011

Cash Flows

Cash increased \$180,740 for the year ended June 30, 2011.

The following is a summary of the Communications District's cash flows:

	2011	2010	Change
Cash Flows provided by operations	\$245,138	\$316,356	\$(71,218)
Cash Flows from Non-Capital Financing Activities	60,553	88,118	(27,565)
Cash Flows from Capital and Related Financing Activities	(361,513)	(349,848)	(11,665)
Cash Flows from Investing Activities	<u>209,497</u>	<u>(81,691)</u>	<u>291,188</u>
Change in cash	<u>\$153,675</u>	<u>\$ (27,065)</u>	<u>\$180,740</u>

Capital Assets

The Communications District's investment in capital assets as of June 30, 2011 amounted to \$879,739, net of accumulated depreciation and related liabilities. Capital assets consist of computer equipment and buildings and building improvements. Investment in capital asset increased by \$275,974 for the year. Depreciation expense was recorded in the amount of \$85,539 for the year.

	2011	2010	Change
Buildings	\$ 8,926	\$ 8,926	\$ -
Equipment	<u>1,556,632</u>	<u>1,212,548</u>	<u>344,084</u>
Total property and equipment	1,565,558	1,221,474	344,084
Accumulated depreciation	<u>685,819</u>	<u>600,280</u>	<u>85,539</u>
Property and equipment - net	879,739	621,194	258,545
Related liabilities	<u>-</u>	<u>17,429</u>	<u>17,429</u>
Investment in capital assets	<u>\$ 879,739</u>	<u>\$ 603,765</u>	<u>\$275,974</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2011

Capital Assets - continued

Changes in investment in capital assets - net of related debt are as follows:

Acquisition of capital assets	
Console Equipment	256,310
Tower	83,849
File cabinets	3,225
Duplicator	<u>700</u>
Total additions	344,084
Depreciation	(85,539)
Decrease in accounts payable equipment	<u>17,429</u>
Change in investment in capital assets - net of related debt	275,974
Investment in capital assets - net of related debt - beginning of year	<u>603,765</u>
Investment in capital assets - net of related debt - end of year	<u>\$879,739</u>

Economic Factors and Future Outlook

In light of the new Homeland Security requirements and the mandated requirements laid out by the Federal Communications Commission concerning narrow band communications the Dickson County Emergency Communications District understands we must focus our decisions and our budget on meeting those goals.

The Communications District's expectations for future improvements are as follows:

<u>Description</u>	<u>Estimated Cost</u>	<u>Funding</u>
Narrow band repeaters	\$100,000	100% local
New building lease payment	\$100,000	100% local
Camera system for new building	\$15,000	100% local

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Balance Sheet

June 30, 2011

Assets

Current Assets

Cash	\$ 280,661
Certificates of deposit	600,000
Tariffs receivable	32,365
Interest receivable	783
Inventory	<u>1,400</u>
Total Current Assets	915,209

<u>Property and Equipment - Net</u>	879,739
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Other Assets

Deposits	<u>100</u>
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Total Assets	<u>\$1,795,048</u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable	<u>7,283</u>
Total Current Liabilities	<u>7,283</u>

Net Assets

Invested in capital assets - net of related debt	879,739
Unrestricted	<u>908,026</u>
Total Net Assets	<u>1,787,765</u>

Total Liabilities and Net Assets	<u>\$1,795,048</u>
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The accompanying notes are an integral part of these financial statements.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2011

<u>Operating Revenues</u>	
Emergency telephone service charge	\$ 155,765
State Emergency Communications Board - shared wireless charge	112,821
Operational funding	<u>167,153</u>
Total Operating Revenues	<u>435,739</u>
<u>Operating Expenses</u>	
Audit services	3,500
Accounting services	6,000
Data processing services	32,640
Legal Services	2,900
Maintenance agreements	28,518
Leased communication equipment	49,840
Lease expense	20,996
Repairs and maintenance - communications equipment	13,903
Office supplies	961
Postage	144
Utilities	4,292
Telephone	7,626
Cellphones & pagers	860
Other supplies	3,282
Dues	567
Licenses & permits	9,105
Insurance	1,524
Conferences/training	11,280
Depreciation	<u>85,539</u>
Total Expenses	<u>283,477</u>
Income (Loss) from Operations	<u>152,262</u>
<u>Non-operating Revenues (Expenses)</u>	
Interest income	9,570
State Emergency Communication Board - grants & reimbursements	<u>60,553</u>
Total Non-operating Revenues (Expenses)	<u>70,123</u>
Change in Net Assets	222,385
<u>Net Assets</u> - beginning of year	<u>1,565,380</u>
<u>Net Assets</u> - end of year	<u>\$1,797,765</u>

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

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2011

<u>Cash Flows from Operations</u>	
Cash received from operations	\$437,171
Cash paid to suppliers	(192,033)
Total Cash Provided (Used) by Operations	<u>245,138</u>
<u>Cash Flows from Non-Capital Financing Activities</u>	
State Emergency Communication Board Grants	<u>60,553</u>
Cash Provided (Used) by Non-Capital Financing Activities	<u>60,553</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of property and equipment	(361,513)
Cash Provided (Used) by Capital and Related Financing Activities	(361,513)
<u>Cash Flows from Investing Activities</u>	
Decrease in certificate of deposit	200,000
Interest income received	<u>9,497</u>
Cash Provided (Used) from Investing Activities	<u>209,497</u>
Total Increase in Cash	153,675
<u>Cash</u> - beginning of year	<u>126,986</u>
<u>Cash</u> - end of year	<u>\$280,661</u>
Reconciliation of Net Operating Income to Net Cash Flows from Operating Activities	
Net Operating Income	\$152,262
Adjustment to reconcile excess revenues and other sources over expenses to net cash provided by operating activities	
Depreciation	85,539
(Increase) decrease in:	
Accounts receivable	1,432
Increase (decrease) Accounts payable	<u>5,905</u>
Net Cash Provided by Operations	<u>\$245,138</u>

Non cash capital investments amounted to \$17,429.

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

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2011

Note 1 - Summary of Significant Accounting Policies

Business Activity - The Dickson County Emergency Communications District was created to provide enhanced emergency telephone communications service (E-911) within Dickson County.

Component Unit - The District is a component unit of Dickson County, Tennessee. Dickson County's board of commissioners appoints a voting majority to the District's board and is able to influence the operations of the District by regulating the tariff charged by the District for emergency telephone service.

Method of Accounting - The District recognizes income and expenses on the accrual basis of accounting, whereby operating income is reported as earned and expenses are reported when incurred. The financial statements have been prepared in conformity with all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Accounts receivable - The Board reports trade receivables at net realized value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, if a receivable is determined to be uncollectible, it is written off through a charge against an existing allowance account or against earnings. As of June 30, 2011 no allowance for doubtful accounts was deemed necessary.

Inventories - Inventories are stated at the lower of cost or market value, with cost determined by using the first-in, first-out method (FIFO).

Property and Equipment - Property and equipment are stated at cost. . The Board capitalizes expenditures when an individual cost exceeds \$500 and its estimated useful life is three years or greater. Depreciation is computed by the straight-line method based on the following estimated useful lives:

	<u>Years</u>
Buildings	15 - 25
Equipment	3 - 10

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2011

Note 1 - Summary of Significant Accounting Policies - continued

Cash and Cash Equivalents - For purpose of reporting cash flows, cash and cash equivalents include cash and all highly liquid investments with an original maturity of three months or less.

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

Operating and Non-operating revenues - Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues not meeting this definition are reported as non-operating revenues.

Concentrations of Credit Risk - The District grants credit to various telephone and cellular service providers in the form of emergency telephone tariffs collected by the providers from their customers. It is the providers responsibility to forward to the Dickson County Emergency Communications District tariffs collected.

Note 2 - Cash - At June 30, 2011 cash consisted of the following accounts:

	Bank <u>Balance</u>	Carrying <u>Value</u>
Operating account	\$286,521	\$280,661
Certificates of deposit	<u>600,000</u>	<u>600,000</u>
Total	<u>\$886,521</u>	<u>\$880,661</u>

The District is exposed to custodial credit risk of the District's cash deposits being lost due to bank failure. The bank mitigates this risk, by complying with State statutes, and adopting a policy to require the financial institutions holding cash deposits to be members of the Tennessee Collateral Pool or pledge collateral for deposits in excess of federal depository insurance. The collateral is required to be held by the District or its agent in the District's name.

The above amounts are deposited in various banks in Dickson County area. The balance in one of the accounts presently exceeds FDIC insurance levels, the excess amounts, \$250,000 as of June 30, 2011, is covered by collateral agreement between the bank and the Board.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2011

Note 2 - Cash - Continued

State statutes authorize the District to invest in obligations of the Federal government, Federal agencies, the State investment pool, certificates of deposit, other time deposits, and repurchase agreements. The District's investment policy follows State law which authorizes investments for emergency communications district in Tennessee Code Annotated Section 5-8-301. All of the District's temporary investments are in certificates of deposits.

Note 3 - Property and Equipment - At June 30, 2011, property and equipment consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
<u>Depreciable assets</u>		
Buildings and improvements	8,926	\$ 7,781
Equipment	<u>1,556,632</u>	<u>678,038</u>
Total Equipment	1,565,558	<u>685,819</u>
Less: accumulated depreciation	<u>685,819</u>	
Property and equipment - net	\$ <u>879,739</u>	

	<u>Balance June 31, 2010</u>	<u>Additions</u>	<u>Transfers & Disposals</u>	<u>Balance June 30, 2011</u>
<u>Depreciable assets</u>				
Buildings	8,926	-	-	8,926
Equipment	<u>1,212,548</u>	<u>344,084</u>	-	<u>1,556,632</u>
Total	\$ <u>1,221,474</u>	\$ <u>344,084</u>	\$ -	\$ <u>1,565,558</u>

Depreciation expense for the year ended June 30, 2008 amounted to \$85,539.

Note 4 - Leases

The District has entered into an operating equipment lease with Bell South for telephone communications equipment. During the year ended June 30, 2011 the District made payments on this lease totaling \$48,840 the District has no long term lease obligations as a result of this lease.

During the year ended June 30, 2011, the District paid the City of Dickson \$18,000 for building and equipment rental under the terms of an operating lease which expires June 30, 2011. The District has no long term lease obligations as a result of this agreement.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2011

Note 4 - Leases

The District has entered into a long-term operating lease for land located in Dickson, Tennessee. Terms of the lease require annual lease payments of \$2,000 until May 2034

Future minimum lease payments as a result of the above leases are as follows:

2012	\$2,000
2013	2,000
2014	2,000
2015	2,000
2016	2,000
2017 - 2021	10,000
2022 - 2026	10,000
2027 - 2031	10,000
2032 - 2034	<u>6,000</u>
Total	<u>\$46,000</u>

Note 5 - Changes in investment in capital assets - net of related debt

Changes in investment in capital assets - net of related debt are as follows:

Acquisition of capital assets	
Console Equipment	256,310
Tower	83,849
File cabinets	3,225
Duplicator	<u>700</u>
Total additions	344,084
Depreciation	(85,539)
Decrease in accounts payable equipment	<u>17,429</u>
Change in investment in capital assets - net of related debt	275,974
Investment in capital assets - net of related debt - beginning of year	<u>603,765</u>
Investment in capital assets - net of related debt - end of year	<u>\$879,739</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2011

Note 6 - Insurance Risk

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The district has an arrangement with the City of Dickson, Tennessee, whereby the City obtains general insurance coverage for the property of the District. The City participates in the Tennessee Municipal League Risk Management Pool (the Pool). The Pool operates as a common risk-sharing pool by which governments pool risks and funds and share in the cost of losses. The District purchase commercial insurance for the risks of losses not covered by the Pool. These risks include general fidelity bond for the board of directors. Settled claims have not exceeded this commercial coverage in the last three years.

Note 7 - Commitments and Contingencies

Management has evaluated subsequent events through December 16, 2011, the date of which the financial statements were available to be issued.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Revenues, Expenditures
and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2011

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Over (Under) <u>Budget</u>
Revenues				
Emergency telephone tariffs	\$178,000	\$ 178,000	\$270,018	\$ 92,018
Operational funding	310,000	310,000	167,153	(142,847)
State Emergency Communication Board - grants & reimbursements	16,000	16,000	60,553	44,553
Interest income	10,000	10,000	9,497	(503)
Other income	<u>217,000</u>	<u>217,000</u>	<u>-</u>	<u>(217,000)</u>
Total Revenues	<u>731,000</u>	<u>731,000</u>	<u>507,221</u>	<u>(223,779)</u>
Expenditures				
Audit services	3,500	3,500	3,500	-
Accounting services	6,000	6,000	6,000	-
Data processing services	35,000	35,000	32,640	(2,360)
Legal services	5,000	5,000	1,800	(3,200)
Maintenance agreements	10,000	28,000	28,518	518
Lease expense buildings & facilities	21,000	21,000	20,996	(4)
Leased communications equipment	50,000	50,000	49,840	(160)
Repairs & maintenance - equipment	10,000	10,000	12,049	2,049
Repairs & maintenance - buildings	2,000	2,000		(2,000)
Office supplies	1,000	1,000	873	(127)
Postage	250	250	144	(106)
Utilities	3,400	5,500	4,559	(941)
Telephone	8,000	8,000	5,296	(2,704)
Cellphones & pagers	950	1,150	860	(290)
Other supplies	4,000	4,000	3,282	(718)
Dues	500	600	567	(33)
Licenses and fees	1,000	10,000	9,105	(895)
Insurance	1,600	1,600	1,524	(76)
Conferences/training	16,000	16,000	10,480	(5,520)
Equipment purchases	<u>551,800</u>	<u>635,800</u>	<u>378,942</u>	<u>(256,858)</u>
Total Expenditures	<u>731,000</u>	<u>844,400</u>	<u>570,975</u>	<u>(273,425)</u>
Excess (deficiency) of revenues over expenditures	-	(113,400)	(63,754)	<u>\$ 49,646</u>
Net Assets, beginning of year	<u>1,565,380</u>	<u>1,565,380</u>	<u>1,565,380</u>	
Net Assets, end of year	<u>\$1,565,380</u>	<u>\$1,451,980</u>	<u>\$1,518,973</u>	

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Revenues, Expenditures
and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2011

The District budgets its revenues and expenses on a non-GAAP basis. The statement of revenues, expenses and changes in net assets presented on page 9 has been converted to this non-GAAP basis for purposes of comparison. Reconciliation of revenues and expenses between GAAP and budget basis is as follows:

Revenues (GAAP basis)	\$505,862
Decrease in amounts due for tariffs	1,432
Decrease in interest receivable	<u>(73)</u>
Revenues (budget basis)	<u>\$507,221</u>
Expenses (GAAP basis)	\$283,477
Decrease in accounts payable	(5,905)
Depreciation expense	(85,539)
Property and equipment purchases	<u>378,942</u>
Expenditures (budget basis)	<u>\$570,975</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Grant and Reimbursements

For the Year Ended June 30, 2011

<u>Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Deferred (Due from) Balance June 30, 2010</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Deferred (Due From) Balance June 30, 2011</u>
	<u>Operating grants</u>					
None	GIS Operational Funding	Tennessee Emergency Communications Board	\$ -	\$10,000	\$10,000	\$ -
	<u>Reimbursements</u>					
None	NG911 Controller	Tennessee Emergency Communications Board	-	34,553	34,553	-
None	Dispatcher Training	Tennessee Emergency Communications Board	\$ -	16,000	16,000	-
Total			\$ -	\$88,118	\$88,118	\$ -

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Officials Bonds

June 30, 2011

The District maintains fidelity bonds on individuals authorized to sign checks for the District. At June 30, 2011 the following surety bonds were in force:

Chairman	\$200,000
Vice-chairman	200,000
Treasurer	200,000

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Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance with *Governmental Auditing Standards*

Board of Directors
Dickson County Emergency
Communications District
Dickson, Tennessee

I have audited the financial statements of Dickson County Emergency Communications District, a component unit of Dickson County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Dickson County Emergenct Communications District's basic financial statements and have issued my report thereon dated December 16, 2011. I conducted my 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 my audit, I considered Dickson County Emergency Communications District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dickson County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Dickson County Emergency Communications 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 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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies in internal control over financial reporting.

Board of Directors
Dickson County Emergency
Communications District
Page Two
December 16, 2011

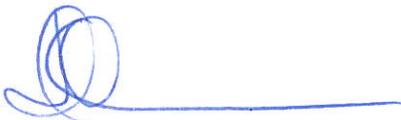
I considered the deficiency described in the accompanying schedule of findings and questioned costs Number 1 to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than 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 Dickson County Emergency Communications District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item Number 2.

Dickson County Emergency Communications District's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit Dickson County Emergency Communications District's response and, accordingly, I express no opinion on it.

This report is intended for the information of the management of the Dickson County Emergency Communications District, the County of Dickson, and the State of Tennessee, Comptroller's office and is not intended to be and should not be used by anyone other than these specified parties.



December 16, 2011

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2011

SIGNIFICANT DEFICIENCIES INVOLVING INTERNAL CONTROL STRUCTURE
BASED ON AUDIT OF GENERAL
PURPOSE FINANCIAL STATEMENTS

1. Finding

Accounting functions do not appear to be adequately separated. Good internal accounting controls mandate that no one person should perform all phases of the transaction cycle from beginning to end. The District's bookkeeper is responsible for collecting tariffs, making deposits, writing and recording disbursements and reconciling bank statements. The Uniform Accounting Manual for Tennessee Municipalities, Section 06-7-0, provides the requirements for establishing an adequate system of internal control. Without proper segregation of duties, accounting errors or irregularities may occur and not be detected.

Recommendation

To strengthen internal controls, I recommend that the District establish a simple and flexible organizational plan which clearly places responsibility for specific activities upon specified individuals. I also recommend that the Board of Directors enforce the division of duties and provide a system of checks and balances so that no one person has control over a complete transaction.

Municipality's Response

The District is unable to completely separate duties because of the very limited staff available to perform the duties. However, the Board has implemented a new system of policies and procedures in order to strengthen internal control and provide proper separation of duties.

REPORTABLE CONDITIONS INVOLVING COMPLIANCE
BASED ON AUDIT OF GENERAL
PURPOSE FINANCIAL STATEMENTS

2. Finding

During the year ended June 30, 2011 the District expended funds in one expense categories in excess of adopted budget.

Recommendation

I recommend the District closely monitor expenditures to ensure amounts remain within adopted budget guidelines, and if necessary, amend the budget for unforeseen expenditures.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2011

Municipality's Response

The District will implement the above recommendations and closely monitor individual account expenditures in order to remain within budgetary guidelines and if necessary amend the budget for expenditures not taken into account when the original budget was prepared.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Auditor's Comments on Audit Resolution Matters Relating to Prior Findings

Internal Control Structure

June 30, 2011

Finding No. 1 Accounting functions are not adequately separated.

Status Due to limited personnel the District continues to be unable to adequately segregate accounting functions. This finding is repeated in present year's findings and recommendation.

Auditor's Comments on Audit Resolution Matters Relating to Prior Findings

Compliance with Laws and Regulations

Finding No. 2 District expended funds in excess of adopted budget

Status During the year ended June 30, 2010 the District expended funds in several categories in excess of adopted budget. This finding is repeated in present year's findings and recommendation.