

DYER COUNTY E911
EMERGENCY COMMUNICATION DISTRICT
FINANCIAL STATEMENTS AND AUDITOR'S REPORT
Year Ended June 30, 2012

DYER COUNTY E911
Dyersburg, Tennessee
FINANCIAL STATEMENTS AND AUDITOR'S REPORT
June 30, 2012

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INTRODUCTORY SECTION

DYER COUNTY E911
Dyersburg, Tennessee
FINANCIAL STATEMENTS AND AUDITOR'S REPORT
June 30, 2012

ROSTER OF BOARD OF DIRECTORS

Jeff Box
Art Heun
James Medling
Jason Roberts

Vernita Turner
Thomas White
Bart Williams
Bob Williamson

AUDITED FINANCIAL STATEMENTS

Members

American Institute of Certified Public Accountants
Tennessee Society of Certified Public Accountants
Private Companies Practice Section

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Dyer County E911 Communication District
Dyersburg, Tennessee

We have audited the accompanying statement of net assets of Dyer County E911 Communication District, a component unit of Dyer County, Tennessee, as of and for the year ended June 30, 2012 and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These statements collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Dyer County E911 Communication District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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. We believe that our audit provides a reasonable basis for our opinions.

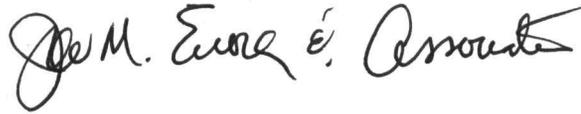
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Dyer County E911 Communication District as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2013, on our consideration of Dyer County E911 Communication 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 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 our audit.

Government Accounting Standards Board Statement No. 34 requires the inclusion of a Management Discussion and Analysis Letter; however, the management of Dyer County E911 Communication District has decided not to include this letter in the June 30, 2012 report.

Our audit was conducted for the purpose of forming opinions on Dyer County E911 Communication District's financial statements as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of state awards 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. The 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 information is fairly stated in all material respects in relation to the 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 them.



Dyersburg, Tennessee
May 6, 2013

DYER COUNTY E911 EMERGENCY COMMUNICATION DISTRICT
Dyersburg, Tennessee
STATEMENT OF NET ASSETS
June 30, 2012

ASSETS

<u>Current Assets</u>	
Cash	\$ 589,189
Investments	449,658
Accrued interest receivable	336
Accounts receivable	25,621
Total Current Assets	1,064,804
 <u>Noncurrent Assets</u>	
<u>Capital Assets</u>	
Land	10,930
Equipment	2,126,531
Total Capital Assets	2,137,461
Accumulated Depreciation	(989,519)
Capital Assets, net	1,147,942
TOTAL ASSETS	\$ 2,212,746

LIABILITIES AND NET ASSETS

<u>Liabilities</u>	
<u>Current liabilities</u>	
Accounts payable	\$ 52,527
Total Current Liabilities	52,527
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	1,101,468
Unrestricted net assets	1,058,751
Total Net Assets	2,160,219
TOTAL LIABILITIES AND NET ASSETS	\$ 2,212,746

See accompanying notes and accountant's report.

DYER COUNTY E911 EMERGENCY COMMUNICATION DISTRICT
Dyersburg, Tennessee
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2012

Operating Revenue

Emergency service charges	\$ 266,282
Tennessee Emergency Communications Board - shared wireless charge	75,174
Tennessee Emergency Communications Board - operational funding	158,063
<u>Total Operating Revenue</u>	499,519

Operating Expenses

Contracted Services

Audit services	5,100
Contracts with government agencies	20,800
Contracts with private agencies	7,200
Lease/Rental - communications equipment	61,702
Lease/Rental - office equipment	137
Maintenance agreements	18,469
Maintenance and repairs - communications equipment	4,862
Maintenance and repairs - buildings & facilities	4,805
Maintenance and repairs - vehicles	1,642
Other contract services	59
<u>Total Contracted Services</u>	124,776

Insurance Premiums

Insurance - liability	3,483
Insurance - building and contents	434
Insurance - vehicles	3,115
Surety bond premiums	1,110
<u>Total Insurance Premiums</u>	8,142

Supplies and Materials

Office supplies and postage	408
Maintenance supplies	876
Small equipment purchases	4,648
Utilities - electric	3,179
Utilities - gas	257
<u>Total Supplies and Materials</u>	9,368

Other Charges

Accounting services	1,500
Bank charges	75
Dues & memberships	326
Legal services	139
Public education	5,865
Service awards	76
Training expenses	14,880
Travel expenses	12,117
Miscellaneous charges	1,432
<u>Total Other Charges</u>	36,410

DYER COUNTY E911 EMERGENCY COMMUNICATION DISTRICT
Dyersburg, Tennessee
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (CONTINUED)
For the Year Ended June 30, 2012

<u>Depreciation</u>		
Depreciation expense	\$	251,989
<u>Total Depreciation</u>		251,989
<u>Total Operating Expense</u>		430,685
<u>Operating Income (Loss)</u>		68,833
<u>Nonoperating Revenues</u>		
State Emergency Communications Board - reimbursements		42,000
Federal Emergency Management Agency- reimbursements		11,650
Interest Income		4,473
<u>Total Nonoperating Revenues</u>		58,123
Increase (Decrease) in Net Assets		126,956
	Net Assets, July 1, 2011	2,033,263
	Net Assets, June 30, 2012	\$ 2,160,219

See accompanying notes and accountant's report.

DYER COUNTY E911 EMERGENCY COMMUNICATION DISTRICT
Dyersburg, Tennessee
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

<u>Cash Flows From Operating Activities</u>		
Receipts from emergency service charges		\$ 499,758
Payments to suppliers		<u>(172,644)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		327,114
<u>Cash Flows From Capital and Related</u>		
<u>Financing Activities</u>		
Purchase of equipment	\$ (63,685)	
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES		(63,685)
<u>Cash Flows From Noncapital</u>		
<u>Financing Activities</u>		
Reimbursements from State Communications Board	42,000	
Reimbursements from Federal Emergency Management Agency	<u>11,650</u>	
NET CASH PROVIDED IN NONCAPITAL FINANCING ACTIVITIES		53,650
<u>Cash Flows From Investing Activities</u>		
Additions to certificates of deposit	(1,502)	
Interest paid on investments	<u>4,227</u>	
NET CASH USED BY INVESTING ACTIVITIES		<u>2,725</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		319,804
Cash and Cash Equivalents, July 1, 2011		<u>269,385</u>
CASH AND CASH EQUIVALENTS, June 30, 2012		<u>\$ 589,189</u>

See accompanying notes and accountant's report.

DYER COUNTY E911 EMERGENCY COMMUNICATION DISTRICT
Dyersburg, Tennessee
STATEMENT OF CASH FLOWS (CONTINUED)
For the Year Ended June 30, 2012

<u>Reconciliation of Operating Income (Loss) to Net Cash</u> <u>Provided (Used) by Operating Activities</u>	
Operating income	\$ 68,833
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation - equipment	251,989
Changes in current assets and current liabilities:	
Decrease in accounts receivable	239
Increase in trade accounts payable	<u>6,053</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u><u>\$ 327,114</u></u>

See accompanying notes and accountant's report.

DYER COUNTY E911 EMERGENCY COMMUNICATION DISTRICT
Dyersburg, Tennessee
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

Note 1 - Significant Accounting Policies

The Dyer County E911 Emergency Communication District (the "District"), a component unit of Dyer County, was formed under the provisions of the "Emergency Communication District Law" of the State of Tennessee. The District has a board of directors appointed by the Dyer County legislative body.

The District provides a uniform emergency number to shorten the time required for a citizen to request and receive emergency aid.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Although the District has the option to apply FASB pronouncements issued after November 30, 1989, it has chosen not to do so.

Reporting Entity

The District includes only the funds relevant to the operation of the Dyer County E911 Emergency Communication District. Dyer County E911 is a component unit of the primary government of Dyer County. Therefore, the financial statements of the District include only those funds controlled and administered by the District and the governing board of directors. Control is determined on the basis of budget adoption, taxing authority, funding and appointing of the governing board. The Dyer County Legislative body must approve issuance of debt for the District. They also have the ability to adjust the service charges of the District.

Cash and Cash Equivalents

For purposes of the statement of cash flows, only investments with original maturities of less than three months are considered to be cash equivalents.

Measurement Focus and Basis of Accounting

The books and records of Dyer County E911 Emergency Communication District are maintained on a full accrual basis of accounting, and the District uses the economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when they are earned, and expenses are recognized when they are incurred. The objectives of the economic resources measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows.

DYER COUNTY E911 EMERGENCY COMMUNICATION DISTRICT
Dyersburg, Tennessee
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2012

Note 1 - Significant Accounting Policies (Continued)

Property and Equipment

Capital assets, including infrastructure assets, are recorded at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures which materially increase values or capacities, or extend useful lives of these assets are capitalized while expenditures for maintenance and repairs are charged to operations as incurred.

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

The following is a summary of capital assets at June 30, 2011 and 2012.

	Balance 6/30/2011	Additions	Retirements and Transfers	Balance 6/30/2012
Land	\$ 10,930	\$ -	\$ -	\$ 10,930
Equipment	2,016,372	110,159	-	2,126,531
Total	2,027,302	110,159	-	2,137,461
Accumulated depreciation	737,530	251,989	-	989,519
Net Capital Assets	<u>\$ 1,289,772</u>	<u>\$ (141,830)</u>	<u>\$ -</u>	<u>\$ 1,147,942</u>

Investments

Investments of the District consist of certificates of deposit at banks. Investments are valued at cost. The District is allowed to invest in the following: bonds, notes, or treasury bills of the United States; nonconvertible debt securities of the Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Student Loan Marketing Association; and other obligations which are guaranteed as to principal and interest by the United States or any of its agencies; certificate of deposit at state and federal chartered banks and savings and loans.

Collateralization of Deposits

The District is mandated by law to require that the financial institutions in which they maintain deposits pledge securities to collateralize deposits which are in excess of the amount covered by federal insurance. At June 30, 2012 the District's carrying amount of deposits was \$1,038,847 and the bank balance was \$1,044,641. Of the bank balance, \$566,517 was covered by federal depository insurance and \$478,124 was covered by collateral held by the District's agent in the District's name.

DYER COUNTY E911 EMERGENCY COMMUNICATION DISTRICT
Dyersburg, Tennessee
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2012

Note 1 - Significant Accounting Policies (Continued)

Budget

The District is required by state law to adopt an annual budget that is approved by the Board of Directors. The budget is adopted on a basis consistent with generally accepted accounting principles and once approved, it can be amended only by a majority vote of the Board of Directors. All annual appropriations lapse at fiscal year end.

In accordance with the Accounting and Financial Reporting Manual for Tennessee Emergency Communication Districts, The District's legal level of control remains at the line-item level. Therefore, prior to expending funds, each line item of expense must be amended.

Events Occurring After Reporting Date

The District has evaluated events and transactions that occurred between June 30, 2012 and May 6, 2013, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

On July 10, 2012 the City of Dyersburg invoiced the District a request for \$50,000 of operational funding to help offset the operational costs of dispatching for the Dyersburg 911 Center. The District paid the \$50,000 to the City of Dyersburg on July 11, 2012.

Note 2 - Concentration of Credit Risk

The District bills all telephone customers within its boundaries by a surcharge on the telephone bills. The telephone companies then remit the collections on a regular basis to the District. At June 30, 2012, these telephone companies are indebted to the District in the amount of \$25,621. There is no collateral or bonds securing these debts.

Note 3 - Revenue Recognition

Revenue is recorded at the time earned.

Note 4 - Operating Lease

The E911 District obtained an operating lease of some emergency telephone equipment from Bell South. There is no pre-arranged lease term on this lease. The E911 District is required to make monthly lease payments using an established rate for as long as the equipment is used by the E911 District. At any time, the E911 District may return the equipment to Bell South and thus terminate the operating lease.

Note 5 - Net Working Capital

At June 30, 2012, net working capital is \$1,012,277.

DYER COUNTY E911 EMERGENCY COMMUNICATION DISTRICT
Dyersburg, Tennessee
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2012

Note 6 - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 7 - Risk Management

The District manages the various types of risk that apply through the use of commercial insurance. The District insures against the risk of loss of property and director's misappropriation of funds. There were no settlements in excess of insurance coverage in any of the past three years.

Note 8 - Contracts With Government Agencies

The District entered into an agreement with a local government entity whereby the local government provides technical consulting and mapping/addressing services to the District. \$19,200 was paid for these services during the year ending June 30, 2012.

Note 9 - Non-operating Revenue

The District received a reimbursement from the State Communications Board of \$10,000 for mapping and related expenditures to enhance wireless 911 services and \$32,000 for dispatcher training.

The District also received an \$11,650 reimbursement from the Federal Emergency Management Agency for use of the District's mobile PSAP during the flood of 2010.

OTHER FINANCIAL INFORMATION

DYER COUNTY E911 EMERGENCY COMMUNICATION DISTRICT
Dyersburg, Tennessee
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>Operating Revenue</u>				
Emergency telephone service charge	\$ 125,000	\$ 125,000	\$ 266,282	\$ 141,282
TECB-operational funding distribution			158,063	158,063
TECB-shared wireless charge	275,000	275,000	75,174	(199,826)
Total Operating Revenue	<u>400,000</u>	<u>400,000</u>	<u>499,519</u>	<u>99,519</u>
<u>Operating Expenses</u>				
Accounting services	4,000	4,000	6,600	(2,600)
Contracts with government agencies	19,200	19,200	20,800	(1,600)
Contracts with private agencies	7,200	7,200	7,200	
Maintenance agreements	17,500	17,500	18,469	(969)
Communications equipment - lease payments	65,000	65,000	61,702	3,298
Communications equipment - maintenance and repair	5,000	5,000	4,863	137
Maintenance and repair - buildings & facilities	5,750	5,750	4,805	945
Vehicle repairs	2,500	2,500	1,642	858
Legal services	500	500	139	361
Language line	250	250	59	191
Supplies and materials	1,000	1,000	876	124
Office supplies	500	500	408	92
Small equipment purchases	90,000	90,000	4,648	85,352
Utilities	4,250	4,250	3,436	814
Bank charges	50	50	75	(25)
Board meetings	200	200		200
Dues and memberships	500	500	326	174
Insurance-liability	5,500	5,500	3,483	2,018
Insurance - building & contents	400	400	434	(34)
Insurance - vehicles	3,500	3,500	3,115	385
Premiums on surety bonds	1,500	1,500	1,110	390
Public education	2,000	2,000	5,865	(3,865)
Service awards	250	250	76	174
Training	17,000	17,000	14,880	2,120
Travel expenses	15,000	15,000	12,117	2,883
Uniforms & shirts	500	500		500
Other charges	890	890	1,570	(680)
Depreciation- equipment	134,000	134,000	251,989	(117,989)
Total Operating Expenses	<u>403,940</u>	<u>403,940</u>	<u>430,686</u>	<u>(26,746)</u>
OPERATING INCOME (LOSS)	<u>(3,940)</u>	<u>(3,940)</u>	<u>68,833</u>	<u>72,773</u>

See accompanying notes and accountant's report.

DYER COUNTY E911 EMERGENCY COMMUNICATION DISTRICT
Dyersburg, Tennessee
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
<u>Non-operating Revenue</u>				
Interest Income	\$ 6,000	\$ 6,000	\$ 4,473	\$ (1,527)
State Communications Board-reimbursement			42,000	42,000
FEMA-reimbursement			11,650	
Total Non-operating Revenue	6,000	6,000	58,123	40,473
 <u>Non-operating Expense</u>				
Loss on disposal of equipment				
Total Non-operating Expense				
 INCREASE/ (DECREASE) IN NET ASSETS				
Net Assets, July 1, 2011	2,060	2,060	126,956	124,896
Net Assets, June 30, 2012	2,033,263	2,033,263	2,033,263	
	\$ 2,035,323	\$ 2,035,323	\$ 2,160,219	\$ 124,896
Budget basis		\$ 2,060		
Revenue accruals		25,621		
Expenditure accruals		(6,053)		
Depreciation		(117,989)		
GAAP basis		\$ (96,361)		

See accompanying notes and accountant's report.

DYER COUNTY E911 EMERGENCY COMMUNICATION DISTRICT
Dyersburg, Tennessee
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2012

<u>Programs</u>	<u>Balance 7/1/2011</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance 6/30/12</u>
<u>Tennessee Department of Commerce and Insurance</u>				
GIS Mapping Maintenance Grant	\$ -	\$ 10,000	\$ 10,000	\$ -
Dispatcher Training Grant		32,000	32,000	
Total	<u>\$ -</u>	<u>\$ 42,000</u>	<u>\$ 42,000</u>	<u>\$ -</u>

See accompanying notes and accountant's report.

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
Dyer County E911 Communication District

We have audited the financial statements of Dyer County E911 Communication District as of and for the year ended June 30, 2012, and have issued our report thereon dated May 6, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dyer County E911 Communication District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Dyer County E911 Communication District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Dyer County E911 Communication 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 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 in internal control described in the accompanying Schedule of Findings, Recommendations and Responses as Finding 2009-1 to be a material weakness.

Our 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. We identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings, Recommendations and Responses as item 2009-2 that we consider to be significant deficiency in internal control over financial reporting. 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 Dyer County E911 Communication District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings, Recommendations and Responses as item 2012-1.

Dyer County E911 Communications District's response to the findings identified in our audit is described in the accompanying Schedule of Findings, Recommendations and Responses. We did not audit Dyer County E911 Communication District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dyersburg, Tennessee
May 6, 2013

A handwritten signature in cursive script that reads "Joe M. Enoch & Associates". The signature is written in black ink and is positioned to the right of the typed address.

DYER COUNTY E911 EMERGENCY COMMUNICATION DISTRICT
Dyersburg, Tennessee
SCHEDULE OF FINDINGS, RECOMMENDATIONS AND RESPONSES
June 30, 2012

Prior Year Findings Not Implemented

2009-1 Finding

Due to practical limitations in the size of the District, adequate segregation of duties is not present in the District's internal control structure. However, during the year the Board took an active interest in the financial transactions of the organization by reviewing detail transactions on a regular basis.

Recommendation

Management and the Board need to continue their efforts in complying with the control procedures that are in place to insure that transactions are properly documented and approved. The Board should continue to take an active interest in the financial transactions of the organization by reviewing detail transactions on a regular basis.

Management Response

We concur.

2009-2 Finding

Some of the balance sheet accounts and depreciation are not adjusted to the accrual basis at the end of the year.

Recommendation

An effort should be made to make accrual adjustments to the accounts at the end of the year.

Management Response

We agree, however we prefer those adjustments be made during the audit process with the approval and review of our bookkeeper.

2012-1 Finding

According to *Tennessee Code Annotated*, Section 7-86-120, no emergency communications district may spend money except in accordance with an adopted budget. However, as reflected in the budgetary schedule, some categories of expenses have exceeded The District's adopted budget.

Recommendation

Management and the Board should regularly compare year-to-date expenses to The District's adopted budget. As estimates become more readily available, the budget should be amended as necessary.

Management Response

We concur.