

DICKSON COUNTY EMERGENCY

COMMUNICATIONS DISTRICT

Financial Statements

June 30, 2012

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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Introductory Section

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Officials

June 30, 2012

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

Financial Section

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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, 2012, 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, 2012, 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 14, 2012 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 14, 2012

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 not 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 accompanying statement of revenues, expenses, and changes in net assets - budget and actual, schedule of grants and reimbursements, and officials bonds is presented for the purposes of additional analysis and is also not a required part of the financial statements. The statement of revenues, expenses, and changes in net assets - budget and actual, schedule of grants and reimbursements, and officials bonds are the responsibility of management and were derived from and relate 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The schedule of officials and additional information has 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 it.



December 14, 2012

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2012

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, 2012. 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, 2012 are as follows:

The District's net assets increased \$269,271.

At the end of the current year the District reported total net assets of \$2,057,036.

At the end of the current year the District reported current assets in excess of current liabilities of \$707,853.

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, 2012

Financial Analysis

For the year ended June 30, 2012, assets exceeded liabilities by \$2,057,036. The Communications District has accumulated substantial current assets, 26% of the net assets are in current assets. The following is a summary of the Communications District's net assets.

	2012	2011	Change
Assets			
Current assets	\$ 795,498	\$ 915,209	\$ (119,711)
Capital Assets	2,203,994	879,739	1,324,255
Other assets	100	100	-
Total assets	<u>2,999,592</u>	<u>1,795,048</u>	<u>1,204,544</u>
Liabilities			
Current liabilities	87,645	7,283	80,362
Long term liabilities	854,911	-	854,911
Total liabilities	<u>942,556</u>	<u>7,283</u>	<u>935,273</u>
Net Assets			
Invested in capital assets- net	1,267,407	879,739	387,668
Unrestricted	789,629	908,026	(118,397)
Total net assets	<u>\$2,057,036</u>	<u>\$1,787,765</u>	<u>\$ 269,271</u>

The Communications District's net assets increased by \$269,271 in 2012. The following is a summary Statement of Statement of Revenues, Expenses, and Changes in Net Assets.

	2012	2011	Change
Operating revenues	\$433,214	\$435,739	\$ (2,525)
Operating expenses	<u>382,942</u>	<u>283,477</u>	<u>99,465</u>
Operating income (Loss)	50,272	152,262	(101,990)
Non operating revenues	<u>218,999</u>	<u>70,123</u>	<u>148,876</u>
Change in net assets	<u>\$269,271</u>	<u>\$222,385</u>	<u>\$ 46,886</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2012

Revenues

The Communications District's revenues for the year ended June 30, 2012 increased \$82,995 or 18%.

The following is a summary of revenues:

	2012	2011	Change
Emergency telephone service charge	\$150,435	\$155,765	\$ (5,330)
Shared Wireless charge	115,606	112,821	2,785
Operational funding	167,173	167,153	20
Interest income	5,005	9,570	(4,565)
State Emergency Communications Board Grants	<u>238,104</u>	<u>60,553</u>	<u>177,551</u>
 Total Revenues	 <u>\$676,323</u>	 <u>\$505,862</u>	 <u>\$170,461</u>

Expenses

The major changes in operating expenses for the year ended June 30, 2012 were an increase in depreciation expense as a result of a substantial increase in depreciable assets purchased in recent years, and the payments of interest expense due to recent additions of long term lease obligations.

The following is a summary of operating expenses:

	2012	2011	Change
Audit services	3,500	3,500	-
Accounting services	6,600	6,000	600
Data processing services	30,663	32,640	(1,977)
Legal services	2,763	2,900	(137)
Maintenance agreements	21,765	28,518	(6,753)
Lease expense - buildings & facilities	10,184	20,996	(10,812)
Leased communications equipment	47,793	49,840	(2,047)
Repairs and maintenance - equipment	14,614	13,903	711
Repairs & maintenance - building	548	-	548
Office supplies	1,600	961	639
Postage	277	144	133
Utilities	12,521	4,292	8,229
Telephone	8,279	7,626	653
Cellphones & pagers	1,118	860	258
Other supplies	4,891	3,282	1,609
Dues	629	567	62
Licenses and fees	12,687	9,105	3,582
Insurance	1,490	1,524	(34)
Conference & training	21,122	11,280	9,842
Depreciation	179,898	85,539	94,359
Interest expense	23,990	-	23,990
Loss on disposal of equipment	120	-	120
Total expenses	<u>\$407,052</u>	<u>\$283,477</u>	<u>\$123,575</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2012

Cash Flows

Cash increased \$31,707 for the year ended June 30, 2012.

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

	2012	2011	Change
Cash Flows provided by operations	\$230,207	\$245,138	\$(14,931)
Cash Flows from Non-Capital Financing Activities	238,104	60,553	177,551
Cash Flows from Capital and Related Financing Activities	(591,676)	(361,513)	(230,163)
Cash Flows from Investing Activities	<u>155,072</u>	<u>209,497</u>	<u>(54,425)</u>
Change in cash	<u>\$ 31,707</u>	<u>\$153,675</u>	<u>\$(121,968)</u>

Capital Assets

The Communications District's investment in capital assets as of June 30, 2012 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 \$387,668 for the year. Depreciation expense was recorded in the amount of \$179,898 for the year.

	2012	2011	Change
Land	\$ 75,000	\$ -	\$ 75,000
Buildings	993,104	8,926	984,178
Equipment	<u>1,919,042</u>	<u>1,556,632</u>	<u>362,410</u>
Total property and equipment	<u>2,987,146</u>	<u>1,565,558</u>	<u>1,421,588</u>
Accumulated depreciation	<u>783,152</u>	<u>685,819</u>	<u>97,333</u>
Property and equipment - net	<u>2,203,994</u>	<u>879,739</u>	<u>1,324,255</u>
Related liabilities	<u>936,587</u>	<u>-</u>	<u>936,587</u>
Investment in capital assets	<u>\$1,267,407</u>	<u>\$ 879,739</u>	<u>\$ 387,668</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2012

Capital Assets - continued

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

Acquisition of capital assets	
Land	75,000
Building	984,178
Positron equipment	161,776
Tower	50,624
Furniture	63,142
Other additions	<u>169,553</u>
Total additions	1,504,273
Depreciation	(179,898)
Loss on disposal of equipment	(120)
Increase in capital lease obligations	<u>(936,587)</u>
Change in investment in capital assets - net of related debt	387,668
Investment in capital assets - net of related debt - beginning of year	<u>879,739</u>
Investment in capital assets - net of related debt - end of year	<u>\$1,267,407</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.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Balance Sheet

June 30, 2012

Assets

Current Assets

Cash	\$ 312,368
Certificates of deposit	450,000
Tariffs receivable	31,036
Interest receivable	716
Inventory	<u>1,378</u>
Total Current Assets	795,498

Property and Equipment - Net 2,203,994

Other Assets

Deposits 100

Total Assets \$2,999,592

Liabilities and Net Assets

Current Liabilities

Accounts payable	5,969
Current portion - capital lease obligations	<u>81,676</u>
Total Current Liabilities	<u>87,645</u>

Long Term Indebtedness

Capital lease obligation - City of Dickson	756,684
Capital Lease obligation - BellSouth Telecommunications, Inc.	<u>98,227</u>
Total Long term Indebtedness	<u>854,911</u>

Total Liabilities 942,556

Net Assets

Invested in capital assets - net of related debt	1,267,407
Unrestricted	<u>789,629</u>
Total Net Assets	<u>2,057,036</u>

Total Liabilities and Net Assets \$2,999,592

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, 2012

<u>Operating Revenues</u>	
Emergency telephone service charge	\$ 150,435
State Emergency Communications Board - shared wireless charge	115,606
Operational funding	<u>167,173</u>
Total Operating Revenues	<u>433,214</u>
 <u>Operating Expenses</u>	
Audit services	3,500
Accounting services	6,600
Data processing services	30,663
Legal Services	2,763
Maintenance agreements	21,765
Leased communication equipment	47,793
Lease expense	10,184
Repairs and maintenance - communications equipment	14,614
Repairs and maintenance - building	548
Office supplies	1,600
Postage	277
Utilities	12,521
Telephone	8,279
Cellphones & pagers	1,118
Other supplies	4,891
Dues	629
Licenses & permits	12,687
Insurance	1,490
Conferences/training	21,122
Depreciation	<u>179,898</u>
Total Expenses	<u>382,942</u>
Income (Loss) from Operations	<u>50,272</u>
 <u>Non-operating Revenues (Expenses)</u>	
Interest income	5,005
State Emergency Communication Board - grants & reimbursements	238,104
Interest expense	(23,990)
Loss on disposal of equipment	<u>(120)</u>
Total Non-operating Revenues (Expenses)	<u>218,999</u>
Change in Net Assets	269,271
<u>Net Assets</u> - beginning of year	<u>1,787,765</u>
<u>Net Assets</u> - end of year	<u>\$2,057,036</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, 2012

<u>Cash Flows from Operations</u>	
Cash received from surcharges and other revenue	\$ 434,543
Cash paid to suppliers	<u>(204,336)</u>
Total Cash Provided (Used) by Operations	<u>230,207</u>
<u>Cash Flows from Non-Capital Financing Activities</u>	
State Emergency Communication Board Grants	<u>238,104</u>
Cash Provided (Used) by Non-Capital Financing Activities	<u>238,104</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of property and equipment	(1,504,273)
Long term lease obligation borrowing	975,922
Long term lease obligation payments	(39,335)
Interest expense paid	<u>(23,990)</u>
Cash Provided (Used) by Capital and Related Financing Activities	<u>(591,676)</u>
<u>Cash Flows from Investing Activities</u>	
Decrease in certificate of deposit	150,000
Interest income received	<u>5,072</u>
Cash Provided (Used) from Investing Activities	<u>155,072</u>
Total Increase in Cash	31,707
<u>Cash</u> - beginning of year	<u>280,661</u>
<u>Cash</u> - end of year	<u>\$ 312,368</u>
Reconciliation of Net Operating Income to Net Cash Flows from Operating Activities	
Net Operating Income	\$ 50,272
Adjustment to reconcile excess revenues and other sources over expenses to net cash provided by operating activities	
Depreciation	179,898
(Increase) decrease in:	
Accounts receivable	1,329
Inventory	22
Increase (decrease)	
Accounts payable	<u>(1,314)</u>
Net Cash Provided by Operations	<u>\$230,207</u>

Non cash capital investments amounted to \$975,922.

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

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2012

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, 2012 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, 2012

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, 2012 cash consisted of the following accounts:

	Bank <u>Balance</u>	Carrying <u>Value</u>
Operating account	\$326,286	\$312,368
Certificates of deposit	<u>450,000</u>	<u>450,000</u>
Total	<u>\$776,286</u>	<u>\$762,368</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, 2012, is covered by collateral agreement between the bank and the Board.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2012

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, 2012, property and equipment consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Capital assets not being depreciated		
Land	\$ 75,000	
Capital assets being depreciated		
Buildings and improvements	993,104	\$ 22,638
Equipment	<u>1,919,042</u>	<u>760,514</u>
Total Buildings and equipment	2,987,146	<u>\$783,152</u>
Less: accumulated depreciation	<u>783,152</u>	
Property and equipment - net	<u>\$2,203,994</u>	

	<u>Balance June 31, 2011</u>	<u>Additions</u>	<u>Transfers & Disposals</u>	<u>Balance June 30, 2012</u>
Land	\$ -	\$ 75,000	\$ -	\$ 75,000
Buildings	8,926	984,178	-	993,104
Equipment	<u>1,556,632</u>	<u>445,095</u>	<u>82,685</u>	<u>1,919,042</u>
Total	<u>\$1,565,558</u>	<u>\$1,504,273</u>	<u>\$82,685</u>	<u>\$2,987,146</u>

Depreciation expense for the year ended June 30, 2012 amounted to \$179,898.

Note 4 - Indebtedness

Capital Lease Obligations

City of Dickson, Tennessee
 Non-cancelable capital lease
 Due in monthly installments
 of \$8,000 until June 2023
 Secured by District's communication center

Present value of net minimum capital lease payments	\$813,305
Less current obligation	<u>56,621</u>
Long-term lease obligations - net	<u>\$756,684</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2012

Note 4 - Indebtedness - continued

Capital Lease Obligations

City of Dickson, Tennessee - continues

The amounts capitalized under the above capitalized lease arrangements are included in equipment on the balance sheet as follows:

Land	\$ 75,000
Building	<u>984,178</u>
	1,059,178
Less accumulated amortization	<u>14,353</u>
	<u>\$1,044,825</u>

BellSouth Telecommunications, Inc.

Non-cancelable capital lease
Due in monthly installments
of \$2,554 until December 2016
Secured by specific equipment

Present value of net minimum capital lease payments	\$123,282
Less current obligation	<u>25,055</u>
Long-term lease obligations - net	<u>\$ 98,227</u>

The amounts capitalized under the above capitalized lease arrangements are included in equipment on the balance sheet as follows:

Equipment	\$161,776
Less accumulated amortization	<u>1,570</u>
	<u>\$140,206</u>

The present value of future minimum capital lease payments as of June 30, 2012 is as follows:

<u>Year</u>	BellSouth		<u>Total</u>
	<u>City of Dickson</u>	<u>Telcommuni- cations, Inc.</u>	
2013	\$ 96,000	\$ 30,650	\$ 126,650
2014	96,000	30,650	126,650
2015	96,000	30,650	126,650
2016	96,000	30,650	126,650
2017	96,000	15,325	111,325
2018 - 2022	480,000	-	480,000
2023 - 2024	<u>100,007</u>	<u>-</u>	<u>100,007</u>
	1,060,007	137,925	1,197,932
Less amounts representing interest	<u>246,702</u>	<u>14,643</u>	<u>261,345</u>
Present value on net minimum Capital lease payments	<u>\$ 813,305</u>	<u>\$123,282</u>	<u>\$ 936,587</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2012

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	
Land	75,000
Building	984,178
Positron equipment	161,776
Tower	50,624
Furniture	63,142
Other additions	<u>169,553</u>
Total additions	1,504,273
Depreciation	(179,898)
Loss on disposal of equipment	(120)
Increase in capital lease obligations	<u>(936,587)</u>
Change in investment in capital assets - net of related debt	387,668
Investment in capital assets - net of related debt - beginning of year	<u>879,739</u>
Investment in capital assets - net of related debt - end of year	<u>\$1,267,407</u>

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 14, 2012, 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, 2012

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Emergency telephone tariffs	\$150,000	\$ 150,000	\$267,370	\$117,370
Operational funding	235,000	235,000	167,173	(67,827)
State Emergency Communication Board - grants & reimbursements	126,700	126,700	238,104	111,404
Interest income	6,600	6,600	5,072	(1,528)
Other income	366,300	366,300	-	(366,300)
Total Revenues	<u>884,600</u>	<u>884,600</u>	<u>677,719</u>	<u>(206,881)</u>
Expenditures				
Audit services	3,500	3,500	3,500	-
Accounting services	7,200	7,200	7,100	(100)
Data processing services	37,000	37,000	28,113	(8,887)
Legal services	5,000	5,000	3,863	(1,137)
Maintenance agreements	30,000	30,000	21,765	(8,235)
Lease expense buildings & facilities	75,000	75,000	10,184	(64,816)
Leased communications equipment	83,000	83,000	47,793	(35,207)
Repairs & maintenance - equipment	10,000	30,000	16,784	(13,216)
Repairs & maintenance - buildings	5,000	5,000	335	(4,665)
Office supplies	1,000	1,000	1,688	688
Postage	250	350	277	(73)
Utilities	27,200	27,200	10,356	(16,844)
Telephone	5,300	11,300	10,284	(1,016)
Cellphones & pagers	950	1,150	1,032	(118)
Other supplies	4,000	4,000	4,826	826
Dues	600	700	629	(71)
Licenses and fees	2,000	14,000	12,687	(1,313)
Insurance	1,600	1,600	1,490	(110)
Conferences/training	16,000	16,000	21,652	5,652
Other charges	10,000	10,000		(10,000)
Equipment purchases	560,000	610,000	1,504,273	894,273
Interest expense	-	-	23,990	23,990
Loss on disposal of equipment	-	-	120	120
Total Expenditures	<u>884,600</u>	<u>884,600</u>	<u>1,732,741</u>	<u>759,741</u>
Excess (deficiency) of revenues over expenditures	-	(88,400)	(1,055,022)	<u>\$966,622</u>
Net Assets, beginning of year	<u>1,787,765</u>	<u>1,787,765</u>	<u>1,787,765</u>	
Net Assets, end of year	<u>\$1,787,765</u>	<u>\$1,699,35</u>	<u>\$ 732,743</u>	

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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

For the Year Ended June 30, 2012

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)	\$676,323
Decrease in amounts due for tariffs	1,329
Decrease in interest receivable	<u>67</u>
Revenues (budget basis)	<u>\$677,719</u>
Expenses (GAAP basis)	\$407,052
Decrease in accounts payable	1,314
Depreciation expense	(179,898)
Property and equipment purchases	<u>1,504,273</u>
Expenditures (budget basis)	<u>\$1,732,741</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Grant and Reimbursements

For the Year Ended June 30, 2012

<u>Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Deferred (Due from) Balance June 30, 2011</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Deferred (Due From) Balance June 30, 2012</u>
<u>Operating grants and reimbursements</u>						
None	GIS Operational Funding	Tennessee Emergency Communications Board	\$ -	\$10,000	\$10,000	\$ -
None	GIS - TIPS	Tennessee Emergency Communications Board	-	9,223	9,223	-
None	GIS - TIPS	Tennessee Emergency Communications Board	-	10,198	10,198	-
None	GIS - TIPS	Tennessee Emergency Communications Board	-	9,535	9,535	-
None	Controller Position - Viper	Tennessee Emergency Communications Board	-	183,148	183,148	-
None	Dispatcher Training	Tennessee Emergency Communications Board	\$ -	<u>16,000</u>	<u>16,000</u>	-
Total			\$ -	<u>\$238,104</u>	<u>\$238,104</u>	\$ -

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Officials Bonds

June 30, 2012

The District maintains fidelity bonds on individuals authorized to sign checks for the District. At June 30, 2012 the following surety bonds were in force:

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

JOHN J. MICHIE
Certified Public Accountant

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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, 2012, which collectively comprise Dickson County Emergency Communications District's basic financial statements and have issued my report thereon dated December 14, 2012. 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

Management of Dickson County Emergency Communications District, is responsible for establishing and maintaining effective 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.

Board of Directors
Dickson County Emergency
Communications District
Page Two
December 14, 2012

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 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.

A handwritten signature in black ink, consisting of a large, stylized initial 'D' followed by a long, sweeping horizontal line that tapers to the right.

December 14, 2012

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2012

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 recorder 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 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, 2012 the District expended funds in several 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, 2012

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, 2012

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, 2011 the District expended funds in several categories in excess of adopted budget. This finding is repeated in present year's findings and recommendation.