

MEIGS COUNTY "911"  
EMERGENCY COMMUNICATIONS DISTRICT

AUDIT REPORT

TWELVE MONTHS ENDED JUNE 30, 2013

MEIGS COUNTY "911"  
EMERGENCY COMMUNICATIONS DISTRICT

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June 30, 2013

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## Meigs County Emergency Communications District

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Kelly Bredwell  
Director

### **Management's Discussion and Analysis**

Our discussion and analysis of the Meigs County "911" Emergency Communications District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. This should be read in conjunction with the District's financial statements, which may be found elsewhere in this document.

#### **Using This Annual Report**

This annual report consists of a series of financial statements. The statement of net position and statement of revenues, expenses and changes in net position provide information about the activities of the District as a whole and present an overview of the District's finances.

#### **The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position**

One of the most important questions asked about any entity's finances is: "How did the District do financially this year?" The statement of net position and statement of revenues, expenses and changes in net position report information in a way that helps answer this question. These statements include all assets and liabilities using accrual basis accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. Net position -- the difference between assets and liabilities -- are one way to measure the District's financial health, or its financial position. Over time, increases or decreases to the District's net position are an indicator of whether its financial health is improving or deteriorating. An analysis of net position and changes in net position is as follows:

	<u>2013</u>	<u>2012</u>
Net Position		
Current and other assets	\$ 480,938	\$ 388,469
Capital assets	<u>386,996</u>	<u>266,247</u>
Total assets	867,934	654,716
Current liabilities	<u>(8,588)</u>	<u>(13,986)</u>
Net Position	<u>\$ 859,346</u>	<u>\$ 640,730</u>
Summary of net position -		
Investment in capital assets	\$ 386,996	\$ 266,247
Unrestricted	<u>472,350</u>	<u>374,483</u>
Total Net Position	<u>\$ 859,346</u>	<u>\$ 640,730</u>
Change in Net Position		
Operating revenues	\$ 206,599	\$ 214,536
Operating expenses	<u>243,776</u>	<u>221,937</u>
Operating income/(loss)	(37,177)	(7,401)
Non-operating income	<u>255,793</u>	<u>44,581</u>
Change in Net Position	218,616	37,180
Net Position	<u>640,730</u>	<u>603,550</u>
Net Position - ending	<u>\$ 859,346</u>	<u>\$ 640,730</u>

### **Analysis of Financial Position and Results of Operations**

The District's net position has increased by \$218,616. Operating revenue decreased by 3.7%, primarily due to the decrease of emergency telephone service charges. Operating expenditures increased 9.8%. This increase was due to an increase in the amount paid to Meigs County government and an increase in depreciation due to the leasehold improvement remodel and new NG911 equipment being placed in service.

## **The District's Net Position**

The District completed the year with net position of \$859,346 an increase of \$218,616 over the previous year.

## **Budgetary Highlights**

In order to prevent budget overruns, the final budget was amended. The significant changes were to equipment purchases. Expenses of \$243,776, reported on page 9, differ from the District's expenses of \$369,537 reported on the budgetary comparison schedule on page 14. This difference arises due to the budget being prepared on the cash basis.

## **Capital Assets**

At the end of the accounting period, the District had \$386,996 in capital assets such as communications and office equipment, furniture and fixtures, vehicles and leasehold improvements. This amount represents an increase of \$120,749 or 4.54% due to current year additions.

## **Financial Activity and Plans for Future Needs**

During FY 2013, the ECD Board continued to frugally steward its fiscal resources and enhanced the District's fiscal strength by increasing net position. The ECD continued to support emergency communications by investing in new technology and assisting the County in the upgrade of physical facilities used for the 911 service. The building modifications were nearing completion in FY 2013 which allowed the ECD to begin the process of procuring and installing NG-911 equipment. Equipment necessary for NG-911 is funded by the Tennessee Emergency Communications Board (TECB).

The ECD, while currently in a stable fiscal position, is preparing for a period of decline in 911 revenues, as the decline of landline fees continues unabated, while growth of 911 fees from wireless/cellular devices no longer is sufficiently robust to offset the trend. Because the County is experiencing financial hardship related to the economy, it is not able to increase financial resources to support emergency communications. Thus, the ECD is taking care to retain existing revenues to offset equipment replacement costs and other mandatory expenditures.

Hugh Bryan  
Chairman of Board

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
ROSTER OF BOARD OF DIRECTORS AND MANAGEMENT  
June 30, 2013

Hugh Bryan, Chairman

George Billingsley, Vice Chairman

Jeff Thompson, Treasurer

Richard McAllister, Member

Tracey Simpson, Member

Wayne Jarvis, Member

Chris Smith, Member

## **FINANCIAL SECTION**

HARTING, BISHOP & ARRENDALE, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

ELIZABETH HARTING, CPA  
KELVIN W. BISHOP, CPA  
THOMAS H. ARRENDALE, CPA, MBA

JANICE L. HAYES, CPA

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Meigs County "911" Emergency  
Communications District

**Report on the Financial Statements**

We have audited the accompanying financial statements of Meigs County "911" Emergency Communications District, component unit of Meigs County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements.

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

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

***Auditors' Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Meigs County "911" Emergency Communications District, as of June

30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

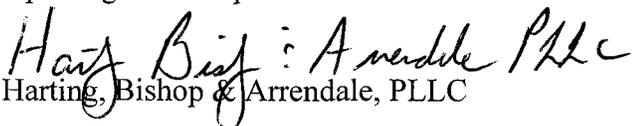
**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Meigs County "911" Emergency Communications District's basic financial statements. The budgetary comparison schedule on pages 14 and 15 is not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2014, on our consideration of the Meigs County "911" Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meigs County "911" Emergency Communications District's internal control over financial reporting and compliance.

  
Harting, Bishop & Arrendale, PLLC

Cleveland, Tennessee  
January 29, 2014

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2013

ASSETS

Current Assets

Cash and cash equivalents	\$	152,023
Certificates of deposit		142,213
Due from TECB		172,488
Accounts receivable		3,782
Accrued interest receivable		43
Prepaid expenses		10,389
Total Current Assets		480,938

Capital Assets

Furniture and fixtures		26,937
Office equipment		6,851
Communication equipment		515,031
Vehicles		31,415
Leasehold improvements		148,724
		728,958
Less Accumulated Depreciation		(341,962)
Capital Assets, net		386,996

Total Assets	\$	867,934
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LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$	8,588
Total Liabilities		8,588

Net Assets

Investment in capital assets		386,996
Unrestricted net position		472,350
Total Net Position		859,346

Total Liabilities and Net Position	\$	867,934
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The accompanying notes are an integral part  
of this financial statement.

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 For the Year Ended June 30, 2013

OPERATING REVENUES

Emergency telephone service charge	\$	53,930
TECB - shared wireless charge		28,487
TECB - operational funding		124,182
Total Operating Revenues		206,599

OPERATING EXPENSES

Contracted Services		
Addressing/Mapping expense		524
Audit services		4,310
Contracts with government agencies		85,000
Fees paid to service providers		19,866
Legal services		5,400
Map/Database Consultant		12,734
Maintenance and repairs - communications equipment		815
Communication Equipment		17,000
NCIC/TBI/TIES expenses		17,718
Other contracted services		9,601
Total Contracted Services		172,968

Supplies and Materials

Postage		44
Office supplies		3,248
Total Supplies and Materials		3,292

Other Charges

General telephone		696
Board meeting expenses		1,234
Dues and memberships		192
Legal notices		92
Insurance		1,571
Licenses and Fees		3,549
Premiums on surety bond		678
Public education		436
Training expenses		440
Travel expenses		3,256
Total Other Charges		12,144

(Continued on next page)

The accompanying notes are an integral part  
of this financial statement.

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 For the Year Ended June 30, 2013

Depreciation	
Depreciation expense	\$ 55,372
Total Operating Expenses	<u>243,776</u>
Operating Loss	<u>(37,177)</u>
NON-OPERATING REVENUE/(EXPENSES)	
Interest income	720
TECB grant & reimbursements	<u>255,073</u>
Non-operating revenue/(expenses)	<u>255,793</u>
INCREASE IN NET POSITION	218,616
Net position, beginning	<u>640,730</u>
Net position, ending	<u><u>\$ 859,346</u></u>

The accompanying notes are an integral part  
of this financial statement.

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2013

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from surcharges and other revenues	\$ 207,490
Cash payments to suppliers for goods and services	<u>(193,416)</u>
Net cash provided by operating activities	<u>14,074</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Grants / Reimbursements TECB	<u>82,585</u>
Net cash provided by noncapital financing activities	<u>82,585</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	<u>(176,121)</u>
Net cash used by capital and related financing activities	<u>(176,121)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of certificate of deposit	(381)
Interest income received	<u>735</u>
Net cash provided by investing activities	<u>354</u>
Net decrease in cash and cash equivalents	(79,108)
Cash and cash equivalents, beginning of year	<u>231,131</u>
Cash and cash equivalents, end of year	<u>\$ 152,023</u>
 <b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
Operating loss	\$ (37,177)
Adjustments to reconcile operating income to net cash provided by (used by) operating	
Depreciation expense	55,372
Change in assets and liabilities:	
Decrease in accounts receivable	891
Decrease in prepaid expenses	386
Decrease in accounts payable	<u>(5,398)</u>
Net cash provided by operating activities	<u>\$ 14,074</u>

The accompanying notes are an integral part  
of this financial statement.

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2013

NOTE 1 - General Information

Public Chapter No. 867 of the 1984 Tennessee Public Acts ("The Emergency Communications District Law") was enacted to establish local emergency telephone services; to provide for the funding of such services and such district; and to provide for the levying of a telephone service charge.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting

The District is a governmental unit, subject to accounting directives issued by the Governmental Accounting Standards Board (GASB), and anticipates recovering the cost of its services in a manner similar to a private business enterprise. Therefore, the District uses the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Operating revenues are those that result from the activities of the District, including telephone service charges, expense reimbursements, and grants for operations. Revenue from other sources is considered non-operating.

Cash and Cash Equivalents

Cash and cash equivalents are highly liquid investments which have original maturities 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. Actual results could differ from those estimates.

Capital Assets

Expenditures greater than \$750 for capital assets are recorded at historical cost. Capital assets are depreciated using the straight-line method. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Communication equipment	3-10
Furniture and fixtures	5-7
Office equipment	5-7
Leasehold improvements	5-20
Vehicles	5

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2013

NOTE 2 - Summary of Significant Accounting Policies (continued)

Component Unit

The Meigs County "911" Emergency Communications District is a component of Meigs County, Tennessee. As such, Meigs County exercises significant influence over the District by having control over the appointment of the District's Board. The District must file a budget with Meigs County and any bonds issued by the District are subject to approval by Meigs County, Tennessee.

Budgets and Budgetary Accounting

The District's Board approves an annual budget based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. Budgeted expenses may be amended, as needed, to meet changing needs.

NOTE 3 - Cash on Deposit

The treasurer of the District is responsible for receiving, disbursing, depositing and investing the District's funds. The District's policy related to deposits and investment risk is to invest in certificates of deposit usually with a maturity of three years or less. The District's policy is designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws. All deposits with a bank or other financial institution shall be secured by collateral or in a collateral pool as allowed by state statutes. As of June 30, 2013 all deposits with financial institutions were secured by collateral or by State of TN Bank collateral pool. A schedule of cash and investments classified by category of credit risk at June 30, 2013 is as follows:

	Carrying Amount	Bank Balance
Cash, insured by Federal Depository Insurance (FDIC)	\$ 152,023	\$ 152,063
Certificates of Deposit, insured by FDIC	142,213	142,213
Total	\$ 294,236	\$ 294,276

NOTE 4 - Accounts Receivable

The account receivable balance represents amounts due from the telephone companies' subscriber service charges at June 30, 2013.

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2013

NOTE 5 - Capital Assets

The following is a schedule of changes to capital assets:

	June 30, 2012	Additions	Retirements	June 30, 2013
Communications Equipment	\$ 342,543	\$ 172,488	\$ -	\$ 515,031
Furniture and Fixtures	24,441	2,496	-	26,937
Leasehold Improvements	147,586	1,138	-	148,724
Office Equipment	6,851	-	-	6,851
Vehicles	31,415	-	-	31,415
Total	<u>\$ 552,836</u>	<u>\$ 176,122</u>	<u>\$ -</u>	<u>\$ 728,958</u>
	Accumulated			Accumulated
	Depreciation			Depreciation
	June 30, 2012	Additions	Retirements	June 30, 2013
Communications Equipment	\$ 260,620	\$ 36,963	\$ -	\$ 297,583
Furniture and Fixtures	3,104	4,767	-	7,871
Leasehold Improvements	12,225	6,457	-	18,682
Office Equipment	5,405	902	-	6,307
Vehicles	5,236	6,283	-	11,519
Total	<u>\$ 286,590</u>	<u>\$ 55,372</u>	<u>\$ -</u>	<u>\$ 341,962</u>

Provision for depreciation totaled \$55,372 for the year ended June 30, 2013.

NOTE 6 - Risk Management - Claims and Insurance

Significant losses are covered by commercial insurance for property, liability, and employee dishonesty covered by Meigs County Government. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current or the three prior years.

NOTE 7 – Impact Payments and Facility Memorandum of Understanding

The communications center is located in the Meigs County Jail complex. The District will make impact payments to the County of Meigs per the terms of the 2004 Communications Agreement. Impact payments for the year ended June 30, 2013 totaled \$85,000.

The District also has a memorandum of understanding (MOU) with the County of Meigs to occupy and exercise facility management for the portion of the Meigs County Jail complex which is used exclusively for public safety communications. The MOU is effective until such a time as either party shall inform the other in writing of the termination of the MOU. Upon termination, Meigs County has agreed to reimburse the District the then-present value of the property, including any improvements.

NOTE 8 – Subsequent Events

Subsequent events were evaluated through January 29, 2014 which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 For the Year Ended June 30, 2013

	Actual	Budget	Variance
	Cash Basis	Cash Basis	(Over) Under
<b>CASH RECEIPTS</b>			
Emergency telephone service charge	\$ 54,821	\$ 86,000	\$ 31,179
TECB - shared wireless charge	28,487	26,500	(1,987)
TECB - operational funding	124,182	124,109	(73)
Interest income	734	-	(734)
TECB grants & reimbursements	<u>82,585</u>	<u>185,000</u>	<u>102,415</u>
 Total cash basis revenues	 <u>290,809</u>	 <u>421,609</u>	 <u>130,800</u>
 <b>CASH EXPENDITURES</b>			
Addressing/Mapping expenses	655	1,600	945
Audit services	4,310	4,020	(290)
Contracts with government agencies	85,000	75,000	(10,000)
Fees paid to service providers	19,767	17,000	(2,767)
Legal services	5,400	5,800	400
Mapping/Data Base Consultant	12,500	10,000	(2,500)
NCIC/TBI/TIES expenses	18,016	14,600	(3,416)
Communication equipment	16,035	8,900	(7,135)
Maintenance and repairs - communication equipment	1,035	1,100	65
Fuel expense	-	1,500	1,500
Other contracted services	6,943	5,000	(1,943)
Office supplies	3,613	3,500	(113)
Postage	44	100	56
Utilities - general telephone	696	1,500	804
Board meeting expenses	1,327	2,000	673
Dues and memberships	192	250	58
Legal notices	108	200	92
Licenses and fees	3,549	3,000	(549)
Premiums on surety bonds	-	200	200
Public education	1,189	1,000	(189)
Training expenses	480	3,000	2,520
Travel expenses	3,256	2,500	(756)
Insurance expenses	1,566	1,600	34

(Continued on next page)

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 For the Year Ended June 30, 2013

Equipment and furniture purchases	172,488	160,000	(12,488)
Leasehold improvements	<u>11,368</u>	<u>-</u>	<u>(11,368)</u>
 Total cash basis expenses	 <u>369,537</u>	 <u>323,370</u>	 <u>(46,167)</u>
 Cash Basis Net Income (Loss)	 <u>\$ (78,728)</u>	 <u>\$ 98,239</u>	 <u>\$ 176,967</u>

	<u>Actual Cash Basis</u>
Reconciliation of Cash Basis to Accrual Basis	
Depreciation expense	\$ (55,372)
Decrease in accounts receivable	(891)
Increase in due from TECB	172,488
Decrease in accrued interest receivable	(14)
Decrease in prepaid expenses	(386)
Decrease in accounts payable	5,398
Purchase of capital assets	<u>176,121</u>
 Net Reconciliation Cash to Accrual	 <u>297,344</u>
 Increase in Net Position (Accrual)	 218,616
 Net position, beginning	 <u>640,730</u>
 Net position, ending	 <u>\$ 859,346</u>

**INTERNAL CONTROL  
AND COMPLIANCE SECTION**

HARTING, BISHOP & ARRENDALE, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

ELIZABETH HARTING, CPA  
KELVIN W. BISHOP, CPA  
THOMAS H. ARRENDALE, CPA, MBA

JANICE L. HAYES, CPA

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors  
Meigs County "911" Emergency  
Communications District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Meigs County "911" Emergency Communications District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Meigs County "911" Emergency Communications District's basic financial statements and have issued our report thereon dated January 29, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Meigs County "911" Emergency Communications District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meigs County "911" Emergency Communications District's internal control. Accordingly, we do not express an opinion on the effectiveness of Meigs County "911" Emergency Communications District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

control, described in the accompanying schedule of findings and recommendations that we consider to be significant deficiencies: 2013-1.

### **Compliance and Other Matters**

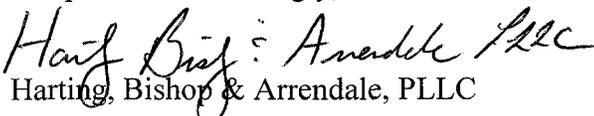
As part of obtaining reasonable assurance about whether Meigs County "911" Emergency Communications District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 and recommendations as item: 2013-2.

### **Meigs County "911" Emergency Communications District's Response to Findings**

Meigs County "911" Emergency Communications District's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. Meigs County "911" Emergency Communications District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

  
Harting, Bishop & Arrendale, PLLC

Cleveland, Tennessee

January 29, 2014

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
For the Fiscal Year Ended June 30, 2013

The findings and recommendations as a result of the audit of the Meigs County "911" Emergency Communications District are presented below. Finding 2013-1 and 2013-2 are repeated from the prior year ended June 30, 2012.

2013-1: Segregation of Duties

Condition and Criteria: Staff job functions should be segregated so that errors and fraud will be detected by employees in the normal course of their work, in a timely manner. The relatively small size of Meigs County "911" Emergency Communications District administrative staff prevents this proper segregation of duties. Segregation of duties should be in place that allows errors and fraud to be detected by employees in the normal course of their work.

Effect: Lack of segregation of duties prevents errors and fraud to be detected by employees in the normal course of their work.

Cause: This occurred due to the small size of the District.

Recommendation: Segregation of duties should be implemented as staff size increases.

Management Response: We agree with the auditor's findings and recommendations.

2013-2: Budget

Condition and Criteria: The District is required to maintain expenditures within budget amounts. Budget line items were over expended.

Effect: The District has made expenditures in excess of the amounts budgeted.

Cause: The District's accounting system did not provide timely financial and budget reports.

Recommendation: We recommend the District maintain the approved budget to ensure expenditures remain within budget.

Management Response: We agree with the auditor's findings and recommendations and have implemented new accounting and budget procedures to ensure expenditures are budgeted and budgets are properly amended.

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2013

2012-1: Segregation of Duties

Condition and Criteria: Staff job functions should be segregated so that errors and fraud will be detected by employees in the normal course of their work, in a timely manner. The relatively small size of Meigs County "911" Emergency Communications District administrative staff prevents this proper segregation of duties. Segregation of duties should be in place that allows errors and fraud to be detected by employees in the normal course of their work.

Effect: Lack of segregation of duties prevents errors and fraud to be detected by employees in the normal course of their work.

Cause: This occurred due to the small size of the District.

Recommendation: Segregation of duties should be implemented as staff size increases.

Current Status: The staff size has not increased. This finding was noted for the 2013 audit.

2012-2: Budget

Condition and Criteria: The District is required to maintain expenditures within budget amounts. Budget line items were over expended.

Effect: The District has made expenditures in excess of the amounts budgeted.

Cause: The District's accounting system did not provide timely financial and budget reports.

Recommendation: We recommend the District maintain the approved budget to ensure expenditures remain within budget.

Current Status: The District is diligently working to improve the budget amendment process to insure all expenditures are within the approved budget line items. This finding was noted for the 2013 audit.