DICKSON COUNTY EMERGENCY

COMMUNICATIONS DISTRICT

Financial Statements

June 30, 2014

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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Introductory Section

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Officials

June 30, 2014

Official	Position
Scott England	Chairman
David Faulkner	Vice - chairman
Timothy Spann	Secretary
Jerone Holt	Treasurer
Joe Muraca	Director
Donnie Weiss	Director
Jimmy Mann	Director
Chuck Boyd	Director

Financial Section

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Independent Auditor's Report

Board of Directors
Dickson County Emergency Communications District
Dickson, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of Dickson County Emergency Communications District, a component unit of Dickson County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I 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 I 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 auditor's 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, I 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.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Dickson County Emergency Communications District as of June 30, 2014, and the changes in net position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles general accepted in the United State of America require that the management's discussion and analysis on pages 4 through 8 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 historic context. I have applied certain limited procedures to the required supplemental 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 my 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.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dickson County Emergency Communications District's financial statements. The accompanying Roster of Officers, Board Members and Officials for the year ended June 30, 2014 is presented for the purpose of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Grants and Reimbursements is also presented for purposes of additional analysis and is also not a required part of the financial statements.

The Schedule of Grants and Reimbursements is the responsibility of management and was 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 general accepted in the United States of America.

In my opinion, the Schedule of Grants and Reimbursements is fairly stated in all material respects in relation to the financial statements as a whole.

The Roster of Officers, Board Members and Officials 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, I have also issued my report dated December 16, 2014, on my consideration of Dickson County Emergency Communications District's internal control over financial reporting and my 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 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 Dickson County Emergency Communications District's internal control over financial reporting and compliance.

December 16, 2014

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2014

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, 2014. 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, 2014 are as follows:

The District's net position decreased $90,891.

At the end of the current year the District reported total net position of $2,293,186

At the end of the current year the District reported current assets in excess of current liabilities of $552,827.

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 Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position 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 Position presents information showing how the District's net position changed during the fiscal year. All changes in net position 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 9 - 12 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 12 - 19 of this report.

Financial Analysis

For the year ended June 30, 2014, assets exceeded liabilities by $2,293,186. The Communications District has accumulated substantial current assets, 22% of total assets are current assets. The following is a summary of the Communications District's net position.

	2014	2013	Change
Assets			
Current assets	$ 700,553	$ 975,365	$(274,812)
Capital Assets	2,413,812	2,263,115	150,697
Other assets	-	100	(100)
Total assets	3,114,365	3,238,580	(124,215)
Liabilities			
Current liabilities	147,726	90,542	57,184
Long term liabilities	673,453	763,961	(90,508)
Total liabilities	821,179	854,503	(33,324)
Net Position			
Net investment in capital assets	1,649,851	1,413,051	236,799
Unrestricted	643,335	971,026	(327,690)
Total net position	$2,293,186	$2,384,077	$(90,891)

The Communications District's net position decreased by $90,891 for the year ended June 30, 2014. The following is a summary Statement of Statement of Revenues, Expenses, and Changes in Net Position.

	2014	2013	Change
Operating revenues	$442,488	$462,077	$(19,589)
Operating expenses	571,129	449,405	121,724
Operating income (Loss)	(128,641)	12,672	(141,313)
Non operating revenues	37,750	314,369	(276,619)
Change in net position	$(90,891)	$327,041	$(417,932)

Revenues

The Communications District's revenues for the year ended June 30, 2014 decreased $303,787.

The following is a summary of revenues:

	2014	2013	Change
Emergency telephone service charge	$113,059	$133,567	$ (20,508)
Shared Wireless charge	127,215	122,072	5,143
Operational funding	167,214	206,438	(39,224)
Other income	35,000	-	35,000
Interest income	2,785	3,988	(1,203)
State Emergency Communications Board Grants	75,513	358,508	(282,995)
Total Revenues	$520,786	$824,573	$(303,787)

Expenses

The major changes in operating expenses for the year ended June 30, 2014 were an increase in depreciation expense as a result of a substantial increase in depreciable assets purchased in previous years, and the payments for mapping/ data base consultants.

The following is a summary of operating expenses:

	2014	2013	Change
Audit services	$ 4,500	$ 4,500	$ -
Accounting services	7,200	8,300	(1,100)
Data processing services	2,886	55,595	(52,709)
Tower expenses	10,306	-	10,306
Fees paid to service providers	4,640	-	4,640
Legal services	8,347	1,800	6,547
Maintenance agreements	96,749	26,399	70,350
Mapping/data base consultants	75,433	-	75,433
Lease expense - buildings & facilities	2,696	2,684	12
Leased communications equipment	55,340	61,100	(5,760)
Repairs and maintenance - equipment	7,362	13,693	(6,331)
Repairs & maintenance - building	2,022	4,760	(2,738)
Office supplies	523	234	289
Postage	201	236	(35)
Utilities	27,677	25,697	1,980
Telephone	7,282	7,833	(551)
Cellphones & pagers	1,988	894	1,094
Other supplies	1,648	3,174	(1,526)
Dues	257	422	(165)
Insurance - liability	1,215	-	1,215
Insurance - building	2,403	-	2,403
Licenses and fees	700	1,700	(1,000)
Insurance	468	1,490	(1,022)

Expenses - continued

The following is a summary of operating expenses - continued:

Conference & training	19,734	3,695	16,039
Other costs	2,974	8,722	(5,748)
Depreciation	226,578	216,477	10,101
Interest expense	40,548	48,127	(7,579)
Total expenses	$611,677	$497,532	$(114,145)

Cash Flows

Cash decreased $220,616 for the year ended June 30, 2014.

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

	2014	2013	Change
Cash Flows provided by operations	$105,290	$226,360	$(121,070)
Cash Flows from Non-Capital Financing Activities	75,513	358,508	(282,995)
Cash Flows from Capital and Related Financing Activities	(454,233)	(410,248)	(43,985)
Cash Flows from Investing Activities	52,814	(95,825)	148,639
Change in cash	$(220,616)	$ 78,795	$(299,411)

Capital Assets

The Communications District's investment in capital assets as of June 30, 2014 amounted to $1,649,851 net of accumulated depreciation and related liabilities. Capital assets consist of computer equipment and buildings and building improvements. Net investment in capital asset increased by $236,800 for the year. Depreciation expense was recorded in the amount of $226,578 for the year.

	2014	2013	Change
Land	$ 75,000	$ 75,000	$ -
Buildings	1,098,188	1,098,188	-
Equipment	2,389,912	2,089,556	300,356
Total property and equipment	3,563,100	3,262,744	300,356
Accumulated depreciation	1,149,288	999,629	149,659
Property and equipment - net	2,413,812	2,263,115	150,697
Related liabilities	763,961	850,064	(86,103)
Net investment in capital assets	$1,649,851	$1,413,051	$236,800

Capital Assets - continued

Changes in net investment in capital assets are as follows:

Acquisition of capital assets	
Mini split air conditioners	4,950
NXDN UHF portable radio	715
Computer and software	4,739
Battery backups	4,385
ArcMap software	1,687
Computers	3,996
NXDN portable radios	206,901
NXDN mobile radios	149,902
Total additions	377,275
Depreciation	(226,578)
Decrease in capital lease obligations	86,103
Change in net investment in capital assets	236,800
Net investment in capital assets - beginning of year	1,413,051
Net investment in capital assets - end of year	$1,649,851

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

Statement of Net Position

June 30, 2014

Assets

Current Assets	
Cash	$ 170,547
Certificates of deposit	500,000
Tariffs receivable	29,506
Interest receivable	500
Total Current Assets	700,553
Property and Equipment - Net	2,413,812
Total Assets	$3,114,365

Liabilities and Net Position

Current Liabilities	
Accounts payable	57,218
Current portion - capital lease obligations	90,508
Total Current Liabilities	147,726
Long Term Indebtedness	
Capital lease obligation - City of Dickson	629,248
Capital Lease obligation - BellSouth Telecommunications, Inc.	44,205
Total Long Term Indebtedness	673,453
Total Liabilities	821,179
Net Position	
Net investment in capital assets	1,649,851
Unrestricted	643,335
Total Net Position	2,293,186
Total Liabilities and Net Position	$3,114,365

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

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2014

Operating Revenues	
Emergency telephone service charge	$ 113,059
State Emergency Communications Board - shared wireless charge	127,215
Operational funding	167,214
Other operating revenue	35,000
Total Operating Revenues	442,488
Operating Expenses	
Audit services	4,500
Accounting services	7,200
Data processing services	2,886
Tower expenses	10,306
Fees paid to service providers	4,640
Legal Services	8,347
Maintenance agreements	96,749
Mapping data base consultants	75,433
Leased communication equipment	55,340
Lease expense	2,696
Repairs and maintenance - communications equipment	7,362
Repairs and maintenance - building	2,022
Office supplies	523
Postage	201
Utilities	27,677
Telephone	7,282
Cellphones & pagers	1,988
Other supplies	1,648
Dues	257
Insurance - liability	1,215
Insurance - building	2,403
Licenses & permits	700
Insurance	468
Conferences/training	19,734
Other costs	2,974
Depreciation	226,578
Total Expenses	571,129
Income (Loss) from Operations	(128,641)
Non-operating Revenues (Expenses)	
Interest income	2,785
State Emergency Communication Board - grants & reimbursements	75,513
Interest expense	(40,548)
Total Non-operating Revenues (Expenses)	37,750
Change in Net Position	$ (90,891)

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

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2014

Change in Net Position	$ (90,891)
Net Position - beginning of year	2,384,077
Net Position - end of year	$2,293,186

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, 2014

Cash Flows from Operations	
Cash received from surcharges and other revenue	$ 445,277
Cash paid to suppliers	(339,987)
Total Cash Provided (Used) by Operations	105,290
Cash Flows from Non-Capital Financing Activities	
State Emergency Communication Board Grants	75,513
Cash Provided (Used) by Non-Capital Financing Activities	75,513
Cash Flows from Capital and Related Financing Activities	
Purchase of property and equipment	(327,582)
Long term lease obligation payments	(86,103)
Interest expense paid	(40,548)
Cash Provided (Used) by Capital and Related Financing Activities	(454,233)
Cash Flows from Investing Activities	
Decrease in certificate of deposit	50,000
Interest income received	2,814
Cash Provided (Used) from Investing Activities	52,814
Total Increase in Cash	(220,616)
Cash - beginning of year	391,163
Cash - end of year	$ 170,547

Reconciliation of Net Operating Income to Net Cash Flows from Operating Activities

Net Operating Income (Loss)	$(128,641)
Adjustment to reconcile excess revenues and other sources over expenses to net cash provided by operating activities	
Depreciation	226,578
(Increase) decrease in:	
Accounts receivable	2,789
Inventory	1,378
Utility deposits	100
Increase (decrease)	
Accounts payable	3,086
Net Cash Provided by Operations	$105,290
Non cash transactions	
Purchase of property and equipment	$49,693

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

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2014

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.

Measurement Focus - The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, and all liabilities, and deferred inflows of resources associated with the operations are included in the statement of net position. The statement of Revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position.

Accounts receivable - The District 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, 2014 no allowance for doubtful accounts was deemed necessary.

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.

Property and Equipment - Property and equipment are stated at cost. The District 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:

	Years
Buildings	15 - 25
Equipment	3 - 10

Note 1 - Summary of Significant Accounting Policies - continued

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, 2014 cash consisted of the following accounts:

	Bank Balance	Carrying Value
Operating account	$170,692	$170,547
Certificates of deposit	500,000	500,000
Total	$670,692	$670,547

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. 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, 2014, property and equipment consisted of the following:

	Cost	Accumulated Depreciation
Capital assets not being depreciated		
Land	$ 75,000	
Capital assets being depreciated		
Buildings and improvements	1,098,188	$ 77,642
Equipment	2,389,912	1,071,646
Total Buildings and equipment	3,563,100	$1,149,288
Less: accumulated depreciation	1,149,288	
Property and equipment - net	$2,413,812	

	Balance June 30, 2013	Additions	Disposals	Balance June 30, 2014
Land	$ 75,000	$ -	$ -	$ 75,000
Buildings	1,098,188	-	-	1,098,188
Equipment	2,089,556	377,275	76,919	2,389,912
Total	$3,262,744	$377,275	$76,919	$3,563,100

	Balance June 30, 2013	Depreciation	Disposals	Balance June 30, 2014
Accumulated depreciation				
Buildings	$ 50,207	$ 27,435	$ -	$77,642
Equipment	949,422	199,143	76,919	1,071,646
Total	$999,629	$226,578	$76,919	$1,149,288

Depreciation expense for the year ended June 30, 2014 amounted to $226,578.

Note 4 - 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 5 - 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	$692,071
Less current obligation	62,823
Long-term lease obligations - net	$629,248

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

Land	$ 75,000
Building	1,084,748
	1,159,748
Less accumulated amortization	68,590
	$1,091,158

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	$71,890
Less current obligation	27,685
Long-term lease obligations - net	$44,205

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	86,281
	$ 75,495

Note 5 - Indebtedness

Capital Lease Obligations

The present value of future minimum capital lease payments as of June 30, 2014 is as follows:

Year	City of Dickson	BellSouth Telcommunications, Inc.	Total
2015	$ 96,000	$ 30,650	$ 126,650
2016	96,000	30,650	126,650
2017	96,000	15,325	111,325
2018	96,000	-	96,000
2019	96,000	-	96,000
2020 - 2024	388,024	-	388,024
	868,024	76,625	944,649
Less amounts representing interest	175,953	4,735	180,688
Present value on net minimum capital lease payments	$692,071	$71,890	$763,961

Summary of changes in indebtedness is as follows:

	Balance June 30, 2013	Payments	Balance June 30, 2014
Capital Lease Obligations			
City of Dickson, Tennessee	$751,836	$59,765	$692,071
BellSouth Telecommunications, Inc.	98,227	26,337	71,890
Total	$850,063	$86,102	$763,961

Interest was paid on lease obligations for the year ended June 30, 2014 in the amount of $40,548. Amount charged to expense $40,548. Amount capitalized $-0-.

Note 6 - Net investment in capital assets

Changes in net investment in capital assets are as follows:

Acquisition of capital assets	
Mini split air conditioners	4,950
NXDN UHF portable radio	715
Computer and software	4,739
Battery backups	4,385
ArcMap software	1,687
Computers	3,996
NXDN portable radios	206,901
NXDN mobile radios	149,902
Total additions	377,275
Depreciation	(226,578)
Decrease in capital lease obligations	86,103
Change in net investment in capital assets	236,800
Net investment in capital assets - beginning of year	1,413,051
Net investment in capital assets - end of year	$1,649,851

Note 7 - Lease Commitments

The District leases land on which District has located a base station and antenna. The lease agreement provides for annual rental in the amount of $2,000 plus property taxes. The term of the lease is 30 years with an option to renew the lease for another 30 years. The term of the lease is from May 2005 until May 2035.

Future minimum lease payments are as follows:

2015	$ 2,000
2016	2,000
2017	2,000
2018	2,000
2019	2,000
2020 - 2024	10,000
2025 - 2029	10,000
2030 - 2034	10,000
2035	2,000
Total	$42,000

Note 8 - Commitments and Contingencies

Management has evaluated subsequent events through December 16, 2014, 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 Position - Budget and Actual

For the Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Emergency telephone tariffs	$ 134,203	$152,203	$ 243,063	$ 90,860
Operational funding	288,623	288,623	167,214	(121,409)
State Emergency Communication Board grants & reimbursements	59,000	112,000	75,513	(36,487)
Interest income	2,300	2,300	2,814	514
Other income	-	-	35,000	35,000
Total Revenues	484,126	555,126	523,604	(31,522)
Expenditures				
Salaries & wages	40,000	40,000	-	(40,000)
Audit services	4,500	4,500	4,500	-
Accounting services	7,200	7,200	7,200	-
Data processing services	30,000	30,000	1,206	(28,794)
Tower expenses	10,000	12,000	10,306	(1,694)
Fees paid to service providers	-	-	4,640	4,640
Legal services	10,000	10,000	8,347	(1,653)
Maintenance agreements	30,000	77,000	96,749	19,749
Mapping/data base consultants	-	-	75,433	75,433
Lease expense buildings & facilities	98,684	98,696	98,696	-
Leased communications equipment	100,000	100,000	85,990	(14,010)
Repairs & maintenance - equipment	20,000	20,000	8,047	(11,953)
Repairs & maintenance - buildings	9,321	9,321	1,653	(7,668)
Office supplies	1,000	1,000	523	(477)
Postage	300	300	201	(99)
Small equipment purchases	50,000	327,581	327,582	1
Utilities	28,500	31,500	27,360	(4,140)
Telephone	12,000	12,000	6,692	(5,308)
Cellphones & pagers	1,200	2,700	1,828	(872)
Other supplies	1,000	2,000	1,797	(203)
Dues	700	700	257	(443)
Insurance - liability	-	-	1,215	1,215
Insurance - building	-	-	2,403	2,403
Licenses and fees	5,000	5,000	700	(4,300)
Insurance - bonds	1,500	1,500	468	(1,032)
Conferences/training	16,000	20,000	19,691	(309)
Other charges	7,221	7,221	2,213	(5,008)
Total Expenditures	484,126	820,219	795,697	(24,522)
Excess (deficiency) of revenues over expenditures	-	(265,093)	(272,093)	$ 7,000
Net Position, beginning of year	2,384,077	2,384,077	2,384,077	
Net Position, end of year	$2,384,077	$2,118,984	$2,111,984	

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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

For the Year Ended June 30, 2014

The District budgets its revenues and expenses on a non-GAAP basis. The statement of revenues, expenses and changes in net position presented on page 9 and 10 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)	$520,786
Decrease in amounts due for tariffs	2,789
Decrease in interest receivable	29
Revenues (budget basis)	$523,604

Expenses (GAAP basis)	$611,677
Increase in accounts payable	(52,779)
Depreciation expense	(226,578)
Property and equipment purchases	377,275
Capital lease principal payments	86,102
Expenditures (budget basis)	$795,697

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Grant and Reimbursements

For the Year Ended June 30, 2014

Grant Number	Program Name	Grantor Agency	Deferred (Due from) Balance June 30, 2013	Receipts	Expenditures	Deferred (Due From) Balance June 30, 2014
Operating grants and reimbursements						
None	GIS Mapping Grant	Tennessee Emergency Communications Board	-	$10,000	$10,000	-
None	GIS - TIPS	Tennessee Emergency Communications Board	-	17,124	17,124	-
None	GIS - TIPS	Tennessee Emergency Communications Board	-	15,740	15,740	-
None	GIS - TIPS	Tennessee Emergency Communications Board	-	16,649	16,649	-
None	Dispatcher Training	Tennessee Emergency Communications Board	-	16,000	16,000	-
Total			-	$75,513	$75,513	-

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Officials Bonds

June 30, 2014

The District maintains fidelity bonds on individuals authorized to sign checks for the District. At June 30, 2014 the following surety bonds were in force:

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

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Independent Auditor's 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, 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 Dickson County Emergency Communications District, a component unit of Dickson County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Dickson County Emergency Communications District's basic financial statements and have issued my report thereon dated December 16, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Dickson County 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 my opinions 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. Accordingly, I do not express an opinion on the effectiveness of Dickson County 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 combination of control deficiencies, in internal control, such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented or detected 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.

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

My 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 my audit I 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 questioned costs as number 1 that I consider to be significant deficiencies.

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 items Number 2 and 3.

Dickson County Emergency Communications District's
Response to Findings

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.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

December 16, 2014

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2014

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.

District'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.

SIGNIFICANT DEFICIENCIES INVOLVING COMPLIANCE BASED ON AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS

2. Finding

During the year ended June 30, 2014 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.

District'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.

3. Finding

T.C.A. § 7-86-103(10) disallows capital costs for emergency response equipment used for response after the 911 call is dispatched, transferred, or relayed (paraphrased). During the year ended June 30, 2014 the District expended $357,518 for mobile communications equipment provided to responders of 911 communications to be used subsequent to the dispatch of the 911 call. This expenditure results in a questioned cost of $357,518. The District has indicated that it consulted with and received approval from the Tennessee Emergency Communications Board prior to approval of the expenditure, however, this approval was verbal and without a written opinion from the Board as to the propriety of the purchases.

Recommendation

I recommend the Dickson County Emergency Communications District obtain a written opinion from the Tennessee Emergency Communications Board's legal counsel as to the propriety of the expenditure under State of Tennessee statutes. In the event the expenditure is determined to be unallowable I recommend the District develop a plan to seek reimbursement from the municipalities for the equipment provided.

District's Response

The District is of the opinion that the expenditure is within the allowable guidelines of the Tennessee statutes related to emergency communications districts. The District consulted with personnel of the Tennessee Emergency Communications Board before approval of the equipment purchase and received verbal representations the expenditure was within State guidelines. The District will contact the Tennessee Emergency Communications Board for written approval of the expenditure from the Board's legal counsel.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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

Internal Control Structure

June 30, 2014

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, 2013 the District expended funds in several categories in excess of adopted budget. This finding is repeated in present year's findings and recommendation.