

**LEWIS COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

**(A Component Unit)**

Financial Statements

June 30, 2014

# LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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# Introductory Section

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Directors and Officers

June 30, 2014

<u>Official</u>	<u>Office</u>
Travis Hinson	Chairman
Randy Hinson	Vice Chairman
Larry Joe Hinson	Board Member
Jesse Staggs	Board Member
Dwayne Kilpatrick	Board Member
Majorie Graves	Board Member
Howard P Moore	Board Member

# Financial Section

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

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134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Lewis County Emergency Communications District  
Hohenwald, Tennessee

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Lewis County Emergency Communications District, a component unit of Lewis 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 the audit in accordance with auditing standards generally accepted in the United States of America and 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 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.

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

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lewis County Emergency Communications District, a component unit of Lewis County, Tennessee as of June 30, 2014, and the changes in its financial position, and its 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 generally accepted in the United States of America require that the Required Supplementary Information which includes the Management's Discussion and Analysis 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. 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 my inquiries, the basic financial statements and other knowledge we obtained during the 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 Matters -Other Information**

The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section and the Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The Introductory Section and the Supplementary Information have 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 Introductory Section and the Supplementary Information, 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*, I have also issued my report dated September 30, 2014 on the consideration of the District's internal control over financial reporting and the tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of the 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* in considering the entity's internal control over financial reporting and compliance.

*John R. Poole, CPA*

September 30, 2014

## **Lewis County Emergency Communications District**

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

As management of the Lewis County Emergency Communications District, (the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the District.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

#### **Financial Highlights:**

The assets of the Lewis County Emergency Communications District exceeded its liabilities at the close of the most recent fiscal year by \$535,614. Of this amount, \$233,916 (unrestricted net position) may be used to meet the District's ongoing obligations.

The District's total net position decreased by \$19,477 during the current year, primarily as a result of lower than expected revenues. Revenues were less in the current year than the prior year, primarily from lower than expected revenues from the State of Tennessee. Operating expenses were \$19,048 more than the prior year due to higher repair and maintenance costs.

#### **Overview of the Financial Statements:**

The Statement of Net position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or 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 most recent 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows presents the flow of cash inflows/outflows during the fiscal year.

The basic financial statements can be found on pages 6-8 of this report. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 9-12 of this report.

### **Financial Analysis of the Financial Statements**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the Lewis County Emergency Communications District, assets exceeded liabilities by \$535,614 at the close of the most recent fiscal year.

By far the largest portion of the District's assets reflects its investment in capital assets. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### **Lewis County Emergency Communications District's Net Position - 2014**

Current assets	\$ 258,419
Capital assets, net	<u>891,123</u>
Total assets	<u>1,149,542</u>
Long-term debt	559,425
Other liabilities	<u>54,503</u>
	<u>613,928</u>
Net position:	
Net investment in capital assets	301,698
Unrestricted	<u>233,916</u>
Total net position	\$ <u>535,614</u>

#### **Lewis County Emergency Communications District's Net Position - 2013**

Current assets	\$ 267,539
Other assets	4,765
Capital assets, net	<u>931,285</u>
Total assets	<u>1,203,589</u>
Long-term debt	589,425
Other liabilities	<u>54,308</u>
	<u>643,733</u>
Net position:	
Net investment in capital assets	311,860
Unrestricted	<u>247,996</u>
Total net position	\$ <u>559,856</u>

At the end to the current fiscal year, the District is able to report positive balances in all categories of net position.

## Capital Assets

The Lewis County Emergency Communications District's investment in capital assets from its activities at June 30, 2014, amounts to \$891,123 (net of accumulated depreciation). This investment in capital assets is in communications equipment and vehicles.

	<u>2014</u>	<u>2013</u>
Land	3,000	3,000
Building	829,446	829,446
Vehicles	9,500	0
Communication equipment	<u>378,598</u>	<u>419,329</u>
Total	1,220,544	1,251,775
Less accumulated depreciation	<u>(329,421)</u>	<u>(320,490)</u>
Net Capital Assets	\$ <u>891,123</u>	<u>931,285</u>

Additional information on the Lewis County Emergency Communications District's capital assets can be found in the notes to the financial statements section of this report.

## Long-term Debt

The District has one loan outstanding in the amount of \$589,425 which was used to construct the District's facilities. The loan is paying down as scheduled.

## Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Lewis County Emergency Communications District  
P. O. Box 611  
Hohenwald, TN. 38462

## Comparision of 2014 to 2013

		<u>2014</u>	<u>2013</u>	Favorable (Unfavorable) <u>Variance</u>
Operating Revenues:				
	<u>Number</u>			
Emergency Telephone Service Charge	3001	\$39,964	\$43,740	(\$3,776)
State Emergency Communications Board-Operational Funding	3003	124,162	124,182	(20)
State Emergency Communications Board Wireless Charge	3002	30,976	29,476	1,500
Total Operating Revenues		<u>195,102</u>	<u>197,398</u>	<u>(2,296)</u>
Operating Expenses:				
Dispatchers	4003	76,658	82,988	6,330
Fees and licenses	4413	649	587	(62)
Depreciation	4500	59,596	59,622	26
Amortization	4600	0	320	320
Supplies	4305	26,718	7,621	(19,097)
Insurance	4409	4,431	3,972	(459)
Utility	4307	21,135	19,501	(1,634)
Professional services	4203	28,784	19,267	(9,517)
Travel and training	4418	2,180	1,625	(555)
Repair and maintenance	4232	20,526	26,126	5,600
Total Operating Expenses		<u>240,677</u>	<u>221,629</u>	<u>(19,048)</u>
Operating income (loss)		<u>(45,575)</u>	<u>(24,231)</u>	<u>21,344</u>
Nonoperating Revenues (Expenses):				
Interest expense	5010	(27,804)	(29,184)	(1,380)
Operating Contributions -State Emergency Communications	3003	52,837	82,585	(29,748)
Interest income	5002	1,065	708	357
Total Nonoperating Revenues (Expenses)		<u>26,098</u>	<u>54,109</u>	<u>(30,771)</u>
Net change in net position		<u>(19,477)</u>	<u>29,878</u>	<u>49,355</u>

# Financial Statements

**LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Statement of Net Position**

**June 30, 2014**

<u>Assets</u>	<u>Account Number</u>	
Current Assets:		
Cash and cash equivalents	1001	\$207,709
Certificate of deposits	1002	42,561
Accounts receivable	1004	8,149
Total Current Assets		258,419
Capital Assets:		
Communication equipment	1308	378,598
Less accumulated depreciation - Vehicle	1309 1310	(188,013) 9,500
Less accumulated depreciation - Building	1311 1302	(3,167) 829,446
Less accumulated depreciation -	1303	(138,241)
Total Capital Assets, Net		888,123
Capital Assets, not being depreciated:		
Land	1301	3,000
Total Capital Assets not being depreciated		3,000
Total Assets		\$1,149,542
Current Liabilities		
Accounts payable	2001	20,942
Accrued expenses	2020	3,561
Current portion of debt	2202	30,000
Total Current Liabilities		54,503
Long-term debt	2202	559,425
Total liabilities		613,928
Net Position:		
Unrestricted	2320	233,916
Net investment in capital assets	2301	301,698
Total Net Position		535,614

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

**LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Statement of Revenues, Expenses  
and Changes in Net Position**

**For the Year Ended June 30, 2014**

	<u>Account Number</u>	
Operating Revenues:		
Emergency Telephone Service Charge	3001	\$39,964
State Emergency Communications Board-Operational Funding	3003	124,162
State Emergency Communications Board Wireless Charge	3002	30,976
Total Operating Revenues		<u>195,102</u>
Operating Expenses:		
Dispatchers	4003	76,658
Fees and licenses	4413	649
Depreciation	4500	59,596
Supplies	4305	26,718
Insurance	4409	4,431
Utility	4307	21,135
Professional services	4203	28,784
Travel and training	4418	2,180
Repair and maintenance	4232	20,526
Total Operating Expenses		<u>240,677</u>
Operating income (loss)		<u>(45,575)</u>
Nonoperating Revenues (Expenses):		
Interest expense	5010	(27,804)
Operating Contributions -State Emergency Communications	3003	52,837
Interest income	5002	1,065
Total Nonoperating Revenues (Expenses)		<u>26,098</u>
Net change in net position		(19,477)
Net position, June 30, 2013		<u>559,856</u>
Restatement		(4,765)
Net position, June 30, 2013, as restated		555,091
Net position, June 30, 2014		<u><u>\$535,614</u></u>

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

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Cash Flows

For the Year Ending June 30, 2014

Cash Flows from Operating Activities:	
Cash received from customers	\$195,102
Cash paid to suppliers	<u>(160,593)</u>
Net Cash Provided (Used) by Operating Activities	<u>34,509</u>
Cash Flows from Capital and Related Financing Activities:	
Interest expense	(27,804)
Payments on loan	(30,000)
Acquisition of capital assets	<u>(19,435)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(77,239)</u>
Cash Flows from Noncapital Activities:	
Operating grants	<u>52,837</u>
Net Cash Provided (Used) by Noncapital Activities	<u>52,837</u>
Cash Flows from Investing Activities:	
Redemption (purchase) of certificate of deposit	(146)
Interest received	<u>1,065</u>
Net Cash Provided (Used) by Investing Activities	<u>919</u>
Net Increase (decrease) in Cash	11,026
Cash and Cash Equivalents, June 30, 2013	<u>196,683</u>
Cash and Cash Equivalents, June 30, 2014	<u><u>\$207,709</u></u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income (loss)	(\$45,575)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	59,596
Change in assets (increase) decrease:	
Accounts receivable	20,292
Change in liabilities increase (decrease):	
Accounts payable and accrued expenses	<u>196</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$34,509</u></u>

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

# Notes to Financial Statements

# LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Notes to Financial Statements

June 30, 2014

### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

Lewis County Emergency Communications District (District) was created as a public corporation under authority of the provisions of Chapter 867 of the Tennessee Public Acts of 1984. The District was formed to establish local emergency telephone service and a primary emergency number for the residents of Lewis County, Tennessee. The powers of the District are vested in and exercised by a majority of the members of the Board of Directors, who are appointed by the County. The District is considered a political subdivision and is exempt from Federal and State income taxes. The District is considered a component unit of Lewis County. The County appoints the Board of Directors and the County Commission may adjust service fees and must approve bonded debt. As a result, the Lewis County Commission indirectly imposes its will on the District.

#### Basis of Accounting

The accompanying financial statements of the District have been prepared on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Expenditures are recognized in the accounting period in which the liability is incurred and is measurable. The District uses the economic resources measurement focus.

#### Cash and Cash Equivalents

The District considers all highly liquid debt instruments purchased with maturities of 90 days or less to be cash equivalents.

#### Supply Inventory

Supply inventory is valued at the lower of cost (first-in, first-out) or market. Inventory items are considered expenditures when used (consumption method).

#### Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

# LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Notes to Financial Statements

June 30, 2014

### **Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

#### Capital Assets

Capital assets of the District is recorded at cost. Depreciation is computed over the estimated life of the assets using the straight-line method. The estimated life for capital assets in service is from 5 to 10 years. The District does capitalize interest incurred on construction projects.

#### 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### Budget

The District's annual budget is required by state law. The District's Board of Directors formally approve the budget. The budget is adopted on a basis consistent with generally accepted accounting principles. The Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts establishes the legal level of control to be at the line-item level. Management of the District has the authority to transfer budget amounts between line items.

#### Operating revenues and operating expenses

The District recognizes operating revenues and operating expenses resulting from providing services and producing goods to its customers. All other revenues and services are deemed nonoperating.

### **Note 2 - CASH AND CERTIFICATES OF DEPOSIT**

The District is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During the year, the District invested funds that were not immediately needed in deposit accounts. The District has deposit policies to minimize custodial credit risks. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and be deposited in an escrow account in a second bank for the benefit of the District and must total a minimum of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The District's deposits with financial institutions are fully insured or collateralized by securities held in the government's name.

**LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

Notes to Financial Statements

**Note 3 - CAPITAL ASSETS**

A summary of changes in capital assets in service is as follows:

	<u>Balance</u> <u>6-30-13</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6-30-14</u>
Building	829,446	-	-	829,446
Vehicle	-	9,500	-	9,500
Communications equipment	<u>419,329</u>	<u>9,935</u>	<u>50,666</u>	<u>378,598</u>
Less accumulated depreciation	<u>(320,490)</u>			<u>(329,421)</u>
Capital assets - net	<u>\$928,285</u>			<u>888,123</u>

Accumulated depreciation on the building was \$138,241, accumulated depreciation on the vehicle of \$3,167 and accumulated depreciation on the communications equipment was \$188,013. Depreciation expense was \$59,622.

Assets not being depreciated:

	<u>6-30-13</u>	<u>Additions</u>	<u>Disposals</u>	<u>6-30-14</u>
Land	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>

**Note 4 - LONG-TERM DEBT**

The following is a summary of changes in long-term debt:

	<u>Balance</u> <u>6-30-13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6-30-14</u>
Series 2005	\$ 619,425	-	30,000	589,425

Future maturities of note principal and interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2015	30,000	26,450
2016	30,000	25,070
2017	35,000	23,575
2018	35,000	21,965
2019	35,000	20,355
2020-2024	215,000	76,855
2025-2028	<u>209,425</u>	<u>29,210</u>
Total	<u>\$ 589,425</u>	<u>223,480</u>

The District used the proceeds of the loan for facility expansion.

# LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Notes to Financial Statements

June 30, 2014

### **Note 5 - RISK MANAGEMENT**

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 purchases commercial financial bonded insurance for its Treasurer and Chairman. For all other risks, the District is included in the liability insurance of the Lewis County government. The coverage also includes fire and extended insurance for damages or loss which might occur to the District's equipment. There have been no claims during the last three years.

### **Note 6 - RESTATEMENT**

The City Implemented GASB 63 (Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position) and GASB 65 (Items Previously Reported as Assets and Liabilities), and as such restated its beginning net position by \$4,765.

# Supplemental Information

**LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Schedule of Debt Service Requirements**

**June 30, 2014**

<u>Year</u>	<u>CAPITAL OUTLAY BUILDING</u>		<u>TOTALS</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 30,000	26,450	30,000	26,450
2016	30,000	25,070	30,000	25,070
2017	35,000	23,575	35,000	23,575
2018	35,000	21,965	35,000	21,965
2019	35,000	20,355	35,000	20,355
2020	40,000	18,630	40,000	18,630
2021	40,000	16,790	40,000	16,790
2022	45,000	14,835	45,000	14,835
2023	45,000	13,835	45,000	13,835
2024	45,000	12,765	45,000	12,765
2025	50,000	10,695	50,000	10,695
2026	50,000	8,510	50,000	8,510
2027	55,000	6,210	55,000	6,210
2028	54,425	3,795	54,425	3,795
	<u>589,425</u>	<u>223,480</u>	<u>589,425</u>	<u>223,480</u>
	\$		\$	

**LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Schedule of Revenues and Expenses  
Budget and Actual**

**For the Year Ended June 30, 2014**

		<u>Amended Budget</u>	<u>Actual</u>	Favorable (Unfavorable) <u>Variance</u>
Operating Revenues:	<u>Number</u>			
Emergency Telephone Service Charge	3001	\$29,000	\$39,964	\$10,964
State Emergency Communications Board-Operational Funding	3003	125,000	124,162	(838)
State Emergency Communications Board Wireless Charge	3002	<u>62,000</u>	<u>30,976</u>	<u>(31,024)</u>
Total Operating Revenues		<u>216,000</u>	<u>195,102</u>	<u>(20,898)</u>
Operating Expenses:				
Dispatchers	4003	77,000	76,658	342
Fees and licenses	4413	1,900	649	1,251
Depreciation	4500	60,000	59,596	404
Supplies	4305	26,900	26,718	182
Insurance	4409	4,472	4,431	41
Utility	4307	21,500	21,135	365
Professional services	4203	29,700	28,784	916
Travel and training	4418	3,000	2,180	820
Repair and maintenance	4232	<u>21,502</u>	<u>20,526</u>	<u>976</u>
Total Operating Expenses		<u>245,974</u>	<u>240,677</u>	<u>5,297</u>
Operating income (loss)		<u>(29,974)</u>	<u>(45,575)</u>	<u>(26,195)</u>
Nonoperating Revenues (Expenses):				
Interest expense	5010	(30,000)	(27,804)	2,196
Operating Contributions -State Emergency Communications	3003	300,000	52,837	(247,163)
Interest income	5002	<u>1,000</u>	<u>1,065</u>	<u>65</u>
Total Nonoperating Revenues (Expenses)		<u>271,000</u>	<u>26,098</u>	<u>(244,902)</u>
Net change in net position		<u>241,026</u>	<u>(19,477)</u>	<u>(260,503)</u>

**LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Schedule of Monthly Rates in Effect**

**June 30, 2014**

<u>Type of Customer</u>	<u>Rate</u>
Residential customers	\$ 0.65
Business customers	\$ 2.00

**LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Schedule of Number and Classification of Customers**

**June 30, 2014**

All Telephone Companies

Residential customers	approximately	4,000
Business customers	approximately	850

LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of State Financial Assistance

For the Year Ended June 30, 2014

<u>State Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Receivable (Deferred) Balance July 1, 2013</u>	<u>Cash Receipts</u>	<u>Other Receipts</u>	<u>Cash Expenditures</u>	<u>Receivable (Deferred) Balance June 30, 2014</u>
N/A	Dispatchers	State of Tennessee Commerce and Insurance	\$0	8,000	0	8,000	0
N/A	GIS	State of Tennessee Commerce and Insurance	\$0	10,000	0	10,000	0
N/A	Operational Funding	State of Tennessee Commerce and Insurance	\$0	124,162	0	124,162	0
N/A	GIS/TIPS	State of Tennessee Commerce and Insurance	\$0	34,837	0	34,837	0
Totals			\$0	176,999	0	176,999	0

# Compliance and Internal Control

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

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**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**

Board of Directors  
Lewis County Emergency Communications District  
Hohenwald, Tennessee

I have audited 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, the financial statements of the Lewis County Emergency Communications District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Lewis County Emergency Communications District's basic financial statements, and have issued a report thereon dated September 30, 2014.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Lewis 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lewis County Emergency Communications District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Lewis County Emergency Communications District's internal control.

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. However, as discussed below, I identified a deficiency in internal control that I consider to be a material weakness (2007-001 Lack of segregation of Duties).

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 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. 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. I consider the deficiency described below (2007-001) to be a material weakness.

The material weakness is as follows:

2007-001 Separation of Duties

Due to the limited number of personnel employed by the District, several functions, which ideally should be performed by different individuals, are regularly performed by one or two persons. I recommend that the District strengthen its internal control in cash receipts, cash disbursements, and reconciliation of cash.

Management Response:

Due to the size of the office, a complete separation of duties is not possible. However we are continuing to monitor office responsibilities and segregate duties as needed.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Lewis 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Response to Finding**

The Lewis County Emergency Communications District's response to the finding identified in the audit is described above. The Lewis County Emergency Communications District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result 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.

*John R Poole, CPA*

September 30, 2014

# LEWIS COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Schedule of Disposition of Prior Year Comments

June 30, 2014

### 2007-001 Separation of Duties

Due to the limited number of personnel employed by the District, several functions, which ideally should be performed by different individuals, are regularly performed by one or two persons. I recommend that the District strengthen its internal control in cash receipts, cash disbursements, and reconciliation of cash.

#### Disposition:

Due to the size of the office, a complete separation of duties is not possible. However they are continuing to monitor office responsibilities and segregate duties as needed.