

**DYER COUNTY E911
EMERGENCY COMMUNICATIONS DISTRICT
FINANCIAL STATEMENTS
Year Ended June 30, 2015**

DYER COUNTY E911
EMERGENCY COMMUNICATIONS DISTRICT

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INTRODUCTORY SECTION

DYER COUNTY E911
EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
ROSTER OF BOARD OF DIRECTORS AND MANAGEMENT OFFICIALS
June 30, 2015

BOARD MEMBERS

Jeff Box
James Medling
Jason Roberts
Vernita Turner
Thomas White
Bob Williamson

MANAGEMENT OFFICIAL

Jeff Burns

FINANCIAL STATEMENTS



Brownsville | Dyersburg | Jackson | Martin | Milan | Paris

Joe M Enoch, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Dyer County Emergency Communications District
Dyersburg, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Dyer County Emergency Communications District, a component unit of Dyer County, Tennessee, as of and for the year ended June 30, 2015, 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. Management is also responsible for 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

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

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of Dyer County E911 Emergency Communications District, as of June 30, 2015, and the respective changes in financial 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 generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a required 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 taken as a whole. The Budgetary Comparison Schedule and Schedule of Expenditures of State Financial Assistance are presented for purposes of additional analysis and are not a required part of the financial statements of Dyer County E911 Communications District. The Budgetary Comparison Schedule and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The roster of board directors and management officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2016, on our consideration of Dyer County E911 Communication District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dyer County E911 Communications District's internal control over financial reporting and compliance.



Dyersburg, Tennessee
March 1, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Dyer County E911 Emergency Communications District, we offer readers of the District's financial statements this narrative overview and analysis of the District's performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the District's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term information about its activities. The Statement of Net Position includes all of the District's assets and liabilities and provides information about where the District has invested its resources (assets) and the obligation to the District's creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through surcharges and fees.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse as a result of this year's activities?". The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the Net Position of the District and the changes in them. One can think of the District's Net Position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the District's Net Position are one indicator of whether its financial health is improving or deteriorating. A summary of the District's Net Position and changes in it is presented on the following page.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As can be seen from the summarized financial information on page 6, the District's current assets have decreased \$269,029 during the year ended June 30, 2015 and net capital assets increased \$3,616. The increase in net capital assets was due to capital asset additions exceeding depreciation expense during the year. The overall revenue of the district increased \$25,690.

Total operating expenses increased by 19.95% from the prior year. Nonoperating revenues, net of expenses decreased \$23,734. This decrease is a result of a decrease in grant revenue from the State Emergency Communications Board.

BUDGETARY HIGHLIGHTS

The District adopts an annual operating budget, which includes proposed expenses and the means for paying those expenses. The budget is prepared on the cash basis of accounting. As conditions change during the year, the budget may be amended to prevent budget overruns.

The comparison between actual revenues and expenditures and budgeted revenues and expenditures are unfavorable. Maintenance agreement expenses had an unfavorable variance of \$52,821, and total operating revenue had an unfavorable variance of \$35,039.

The District had only one line item expenditure showing an unfavorable variance when comparing the budgeted amount with the actual amount. The unfavorable balance was the maintenance agreement expense account. This expense was adjusted by the auditors, and therefore unknown until after the end of the budgeting period.

CAPITAL ASSETS

The District's investment in capital assets amounts to \$3,532,575 with accumulated depreciation of \$2,188,650. Investment in capital assets was \$445,789 for the current year. Capital assets include communications equipment.

COMMITMENTS

During fiscal year ended June 30, 2012, the District agreed to pay \$500,000 to help fund the purchase of a new radio system for the City of Dyersburg. During the current fiscal year, the District paid \$50,000 to the City, leaving a remaining commitment of \$350,000.

ECONOMIC FACTORS AND FUTURE NEEDS

The main economic factor facing Dyer County E911 Emergency Communications District is the decrease in revenue generated from landline telephones. Many individuals are using cellular phones and VOIP services instead of landline services. While the increase in cell phone and VOIP services generate revenue, only a portion of that revenue is being returned to each 911 district under the current system being used by the state for distributing shared wireless fees. Due to the steady number of individuals who change their service providers during a given year, in addition to the continual emergence and departure of telephone service providers, it is extremely difficult to estimate revenues for budgeting purposes.

The increased availability of state grants and reimbursements is also a major economic factor for the District. The District's ability to qualify for the various types of grants and reimbursements enables the District to acquire and maintain the necessary equipment and services to continue to operate the District efficiently and effectively.

This financial report is designed to provide the readers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact:

Dyer County E911 Emergency Communications District
P.O. Box 367
Dyersburg, TN 38025

SUMMARIZED FINANCIAL INFORMATION

	NET POSITION		Dollar Change	Percentage Change
	2015	2014		
Current assets	\$ 847,404	\$ 1,116,433	\$ (269,029)	-24.10%
Capital assets	<u>1,343,925</u>	<u>1,340,307</u>	<u>3,618</u>	0.27%
Total Assets	<u>2,191,329</u>	<u>2,456,740</u>	<u>(265,411)</u>	-10.80%
Current liabilities	133,108	95,265	37,843	39.72%
Noncurrent liabilities	<u>-</u>	<u>85,918</u>	<u>(85,918)</u>	-100.00%
Total Liabilities	<u>133,108</u>	<u>181,183</u>	<u>(48,075)</u>	-26.53%
Net Position	<u>\$ 2,058,221</u>	<u>\$ 2,275,557</u>	<u>\$ (217,336)</u>	-9.55%
Summary of net position				
Net investment in capital assets	\$ 1,210,817	\$ 1,159,125	\$ 51,692	4.46%
Unrestricted	<u>847,404</u>	<u>1,116,432</u>	<u>(269,028)</u>	-24.10%
	<u>\$ 2,058,221</u>	<u>\$ 2,275,557</u>	<u>\$ (217,336)</u>	-9.55%
	CHANGES IN NET POSITION			
Revenues	\$ 510,257	\$ 484,567	\$ 25,690	5.30%
Operating expenses	<u>746,560</u>	<u>622,384</u>	<u>124,176</u>	19.95%
Operating income (loss)	(236,303)	(137,817)	(98,486)	71.46%
Nonoperating revenues net of expenses	<u>18,967</u>	<u>42,701</u>	<u>(23,734)</u>	-55.58%
Changes in net position	(217,336)	(95,116)	(122,220)	128.50%
Net position				
Beginning	<u>2,275,557</u>	<u>2,370,673</u>	<u>(95,116)</u>	-4.01%
Ending	<u>\$ 2,058,221</u>	<u>\$ 2,275,557</u>	<u>\$ (217,336)</u>	-9.55%

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
STATEMENT OF NET POSITION
June 30, 2015

ASSETS

Current Assets		
Cash	\$	372,330
Investments		457,702
Accrued interest receivable		182
Due from Tennessee Emergency Communications Board		11,465
Prepaid expense		5,725
Total Current Assets		<u>847,404</u>
Noncurrent Assets		
Capital Assets		
Land		10,930
Equipment		3,521,645
Total Capital Assets		<u>3,532,575</u>
Accumulated Depreciation		<u>(2,188,650)</u>
Capital Assets, net		<u>1,343,925</u>
 TOTAL ASSETS	 \$	 <u><u>2,191,329</u></u>

LIABILITIES AND NET POSITION

Liabilities		
Current liabilities		
Accounts Payable	\$	133,108
Total Liabilities		<u>133,108</u>
Net Position		
Net investment in capital assets		1,210,817
Unrestricted		847,404
Total Net Position		<u>2,058,221</u>
 TOTAL LIABILITIES AND NET POSITION	 \$	 <u><u>2,191,329</u></u>

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2015

Operating Revenue

Emergency service charges	\$ 73,484
Tennessee Emergency Communications Board - shared wireless charge	35,907
Tennessee Emergency Communications Board - operational funding	91,876
Tennessee Emergency Communications Board - distribution of 911 surcharges (base amount)	297,525
Tennessee Emergency Communications Board - distribution of excess revenue	11,465
Total Operating Revenue	<u>510,257</u>

Operating Expenses

Contracted Services

Audit Services	6,400
Contracts with government agencies	19,200
Contracts with private agencies	10,900
Impact payments to government agencies	50,000
Lease/Rental - communications equipment	71,433
Maintenance agreements	54,083
Other contract services	709
Total Contracted Services	<u>212,725</u>

Supplies, Materials, and Maintenance

Office supplies and postage	104
Equipment purchases not capitalized	3,881
Utilities - electric	1,947
Utilities - gas	81
Maintenance and repairs - communications equipment	1,191
Maintenance and repairs - buildings & facilities	3,807
Maintenance and repairs - vehicles	268
Total Supplies and Materials	<u>11,279</u>

Other Charges

Accounting services	2,400
Insurance - liability	1,757
Insurance - building and contents	569
Insurance - equipment	138
Insurance - vehicles	1,141
Surety bond premiums	1,110
Legal services	403
Public education	8,018
Service awards	97
Training expenses	24,824
Travel expenses	39,928
Total Other Charges	<u>80,385</u>

DYER COUNTY E911 EMERGENCY COMMUNICATION DISTRICT
Dyersburg, Tennessee
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)
For the Year Ended June 30, 2015

<u>Depreciation</u>		<u>442,171</u>
Total Operating Expense		<u>746,560</u>
Operating Income (Loss)		<u>(236,303)</u>
<u>Nonoperating Revenues (Expenses)</u>		
State- grants and reimbursements		21,000
Interest Income		4,379
Interest expense		<u>(6,412)</u>
Total Nonoperating Revenues		<u>18,967</u>
Increase (Decrease) in Net Position		<u>(217,336)</u>
Net Position, July 1, 2014		2,275,557
Net Positon, June 30, 2015		<u><u>\$ 2,058,221</u></u>

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

<u>Cash Flows From Operating Activities</u>		
Receipts from emergency service charges		\$ 554,961
Payments to suppliers		<u>(306,831)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		248,130
<u>Cash Flows From Capital and Related Financing Activities</u>		
Purchase of equipment	\$ (445,789)	
Payments on capital lease	(181,183)	
Proceeds from capital related payable	133,108	
Interest paid on capital assets	<u>(6,412)</u>	
NET CASH PROVIDED (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES		(500,276)
<u>Cash Flows From Noncapital Financing Activities</u>		
State- grants and reimbursements	<u>21,000</u>	
NET CASH PROVIDED (USED) IN NONCAPITAL FINANCING ACTIVITIES		21,000
<u>Cash Flows From Investing Activities</u>		
Increase in certificates of deposit	(1,762)	
Interest received on investments	<u>4,379</u>	
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		<u>2,617</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(228,529)
Cash and Cash Equivalents, July 1, 2014		<u>600,859</u>
CASH AND CASH EQUIVALENTS, June 30, 2015		<u><u>\$ 372,330</u></u>

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
STATEMENT OF CASH FLOWS (CONTINUED)
For the Year Ended June 30, 2015

<u>Reconciliation of Operating Income (Loss) to Net Cash</u> <u>Provided (Used) by Operating Activities</u>	
Operating income (loss)	\$ (236,303)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation - equipment	442,171
Changes in current assets and current liabilities:	
Increase in prepaid expense	(2,442)
Decrease in accounts receivable	<u>44,704</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u><u>\$ 248,130</u></u>

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

Note 1 - Significant Accounting Policies

The Dyer County E911 Emergency Communications District (the "District"), a component unit of Dyer County, was formed under *Tennessee Code Annotated (TCA) 7-86-109 et. Seq. Emergency Communication District Law* of the State of Tennessee. The District has a board of directors appointed by the Dyer County legislative body.

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

Reporting Entity

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

Cash and Cash Equivalents

Investments that have maturities of three months or less at the date of purchase are classified as cash equivalents. Cash represents money on deposit in various banks. Cash and investments are stated at cost, which approximates market value. A summary of cash balances is as follows:

Unrestricted \$ 372,330

State of Tennessee law authorizes the District to invest in obligations of the United States of America or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States of America or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the Tennessee Department of Treasury Local Government Investment Pool (the LGIP). The LGIP contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee Bank Collateral Pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

All cash balances at June 30, 2015 were entirely insured through the Federal Deposit Insurance Corporation or fully collateralized.

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2015

Note 1 - Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The books and records of Dyer County E911 Emergency Communications District are maintained on a full accrual basis of accounting, and the District uses the economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when they are earned, and expenses are recognized when they are incurred. The objective of this measurement focus is to report all inflows, outflows, and balances affecting or reflecting the entity's net position.

Capital Assets

The district considers any purchases purchased at a price in excess of \$1,000 to be capital assets. Capital assets, including infrastructure assets, are recorded at cost, and depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Expenditures for maintenance, repairs and minor renewals are charged to operations as incurred.

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

The following is a summary of capital assets at June 30, 2015 and 2014.

	Balance 6/30/2014	Additions	Retirements and Transfers	Balance 6/30/2015
Land	\$ 10,930	\$ -	\$ -	\$ 10,930
Equipment	3,075,856	445,789	-	3,521,645
Total	3,086,786	445,789	-	3,532,575
Accumulated Depreciation	(1,746,479)	(442,171)	-	(2,188,650)
Net Capital Assets	<u>\$ 1,340,307</u>	<u>\$ 3,618</u>	<u>\$ -</u>	<u>\$ 1,343,925</u>

Operating and Non-operating Revenues

In proprietary funds, operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues are revenues generated from the proprietary fund's primary operations. Non-operating revenues are all revenues not classified as operating revenues.

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2015

Note 1 – Significant Accounting Policies (Continued)

Operating and Non-operating Expenses

Operating expenses are expenses incurred from the proprietary fund's primary operations. Non-operating expenses are all expenses not classified as operating expenses.

Budget

The District is required by state law to adopt an annual budget that is approved by the Board of Directors. The budget is prepared on a cash basis, which differs from generally accepted accounting principles (GAAP) pertaining to proprietary funds, in that expenses are budgeted on a cash basis rather than an accrual basis. Depreciation expense is not budgeted, which is also not in accordance with GAAP. Once approved, the budget can be amended only by a majority vote of the Board of Directors. All annual appropriations lapse at fiscal year end.

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

Note 2 - Revenue Recognition

Revenue is recorded at the time earned.

Note 3 - Operating Lease

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

Note 4- Capital Leases

On October 1, 2012, Dyer County E911 Communication District entered into a forty-five month lease-purchase agreement for 50 mobile workstations. The terms of the agreement require total lease payments of \$244,950 plus interest of 3.18 percent. Upon delivery of the equipment, title to the equipment will vest in Dyer County E911 Communication District. However, in the event of termination or default, title will immediately vest in the lessor.

On January 1, 2013, Dyer County E911 Communication District entered into a forty-two month lease purchase agreement for 33 mobile workstations. The terms of the agreement require total lease payments of \$161,667 plus interest of 3.18 percent. Upon delivery of the equipment, title to the equipment will vest in Dyer County E911 Communication District. However, in the event of termination or default, title will immediately vest in the lessor.

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2015

Note 5– Long-term Obligations

Capital Lease Payable

During fiscal year ended June 30, 2015, all capital leases were paid in full. The capital lease payable activity for the year is as follows:

	Balance 6/30/2014	Increases	Decreases	Balance 6/30/2015
Capital Lease Payable	\$ 181,183	\$ -	\$ 181,183	\$ -

Note 6 - Net Working Capital

At June 30, 2015, net working capital is \$714,296.

Note 7 - Estimates

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

Note 8 - Risk Management

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

Note 9 –Contracts With Government Agencies

The District entered into an agreement with a local government entity whereby the local government provides technical consulting and mapping/addressing services to the District. During the year ending June 30, 2015, \$19,200 was paid for these services.

Note 10 – Non-operating Revenue

The District received \$5,000 for mapping and related expenditures and \$16,000 for dispatcher training from the State Communications Board.

Note 11 – Subsequent Events

Management has evaluated subsequent events through March 1, 2016, the date which the financial statements were available to be issued.

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2015

Note 12 – Commitments

During fiscal year ended June 30, 2012 Dyer County E911 agreed to help fund the purchase of a new radio system for the City of Dyersburg. The District's portion of the cost is \$500,000, to be paid in ten annual installments of \$50,000 each. At June 30, 2015 the remaining balance owed on the commitment was \$350,000. The future payments are as follows:

<u>Year ended June 30.</u>	<u>Payment Amount</u>
2016	\$ 50,000
2017	50,000
2018	50,000
2019	50,000
2020	50,000
2021-2022	100,000
Total Payments	<u>\$ 350,000</u>

OTHER SUPPLEMENTARY INFORMATION

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>Operating Revenue</u>				
Emergency telephone service charge	\$ 590,000	\$ 590,000	\$ 73,484	\$ (516,516)
TECB-shared wireless charge and operational funding	-	-	481,477	481,477
Total Operating Revenue	<u>590,000</u>	<u>590,000</u>	<u>554,961</u>	<u>(35,039)</u>
<u>Operating Expenses</u>				
Accounting services	2,400	2,400	2,400	-
Audit services	3,500	6,400	6,400	-
Bank charges	100	100	-	100
Contracts with government agencies	19,200	19,200	19,200	-
Contracts with private agencies	7,200	10,900	10,900	-
Impact payments	50,000	50,000	50,000	-
Insurance - building and contents	400	729	729	-
Insurance - equipment	-	364	364	-
Insurance - liability	5,500	5,500	2,763	2,737
Insurance - vehicles	3,500	3,500	2,192	1,308
Pest control	250	310	310	-
Language line	200	709	709	-
Lease/Rental - communications equipment	72,000	72,000	71,433	567
Legal services	500	500	403	97
Maintenance agreements	37,500	952	53,773	(52,821)
Maintenance and repairs - buildings & facilities	5,000	7,657	3,807	3,850
Maintenance and repairs - communications equipment	5,000	5,000	1,191	3,809
Maintenance and repairs - vehicles	2,500	2,500	268	2,232
Maintenance supplies	1,500	1,500	-	1,500
Office supplies and postage	950	950	104	846
Other charges	250	278	128	150
Other contract services	480	480	-	480
Public education	8,500	8,500	8,018	482
Service awards	250	250	97	153
Small equipment purchases	15,000	36,616	3,881	32,735
Surety bond premiums	1,500	1,500	1,110	390
Training expenses	10,000	25,021	24,696	325
Travel expenses	22,000	39,928	39,928	-
Utilities	4,000	4,000	2,028	1,972
Total Operating Expenses	<u>279,180</u>	<u>307,744</u>	<u>306,832</u>	<u>912</u>
OPERATING INCOME (LOSS)	<u>310,820</u>	<u>282,256</u>	<u>248,129</u>	<u>(34,127)</u>

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
<u>Non-operating Revenue</u>				
Interest Income	\$ 3,000	\$ 3,000	\$ 4,379	\$ 1,379
State Communications Board-reimbursement	42,000	42,000	21,000	(21,000)
Total Non-operating Revenue	45,000	45,000	25,379	(19,621)
 <u>Non-operating Expense</u>				
Interest expense	-	-	6,412	(6,412)
Total Non-operating Expense	-	-	6,412	(6,412)
Revenues in Excess of Expenditures	\$ 355,820	\$ 327,256	\$ 267,096	\$ (60,160)
 <u>Reconciliation to GAAP</u>				
Adjustments for:				
Revenues to accrual basis			(44,704)	
Expenses to accrual basis			2,443	
Depreciation expense			(442,171)	
Net Reconciliation to GAAP			(484,432)	
INCREASE/ (DECREASE) IN NET POSITION			(217,336)	
Net Position, July 1, 2014			2,275,557	
Net Position, June 30, 2015			\$ 2,058,221	

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2015

<u>CFDA Number</u>	<u>Programs</u>	<u>Balance 7/1/2014</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance 6/30/2015</u>
<u>Tennessee Department of Commerce and Insurance</u>					
	Dispatcher Training Grant	\$ -	\$ 16,000	\$ 16,000	\$ -
	GIS Grant	-	5,000	5,000	-
	Total	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ -</u>

Note: *The accompanying Schedule of Expenditures of State Financial Assistance includes the grant activity of Dyer County E911 Emergency Communication District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, "Activities of States, Local Governments and Non-Profit Organizations". Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.*

INTERNAL CONTROL AND COMPLIANCE SECTION



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

Board of Directors
Dyer County E911 Emergency Communications District
Dyersburg, Tennessee

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 Dyer County E911 Communications District (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 1, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of 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 weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, recommendations, and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings, recommendations, and responses as Finding 2009-001 to be a material weakness.

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. We consider the deficiency described in the accompany schedule of findings, recommendations, and responses as Finding 2009-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, recommendations, and responses as Finding 2012-001.

Dyer County E911 Communications District's Response to Findings

Dyer County E911 Communications District's response to the findings identified in our audit is described in the accompanying schedule of findings, recommendations, and responses. The 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.



Dyersburg, Tennessee
March 1, 2016

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
SCHEDULE OF FINDINGS, RECOMMENDATIONS AND RESPONSES
June 30, 2015

Financial Statement Findings

2009-001 Finding: Segregation of Duties - (Material Weakness)

Condition

Due to practical limitations in the size of the District, adequate segregation of duties is not present in the District's internal control structure.

Criteria

Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that internal controls are effective.

Effect

The risk of errors and irregularities occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.

Recommendation

We recommend that the District make efforts to improve internal control.

Management Response

Management believes the cost of hiring the personnel necessary to adequately segregate the accounting functions would exceed the benefits derived. However, during the year, the Board took an active interest in the financial transactions of the organization by reviewing detail transactions on a regular basis. Management will continue to take steps to improve the system of internal control whenever it is feasible.

Finding 2009-002: Lack of Year-End Adjustments - (Significant Deficiency)

Condition

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

Criteria

The District should be able to make accrual adjustments to the accounts at the end of the year.

Effect

The accounts are not presented in accordance with generally accepted accounting principals.

Recommendation

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

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
SCHEDULE OF FINDINGS, RECOMMENDATIONS AND RESPONSES (CONTINUED)
June 30, 2015

Management Response

Management agrees; however, management prefers those adjustments be made during the audit process with the review and approval of their bookkeeper.

Finding 2012-001: Expenditures in Excess of Budget – (Significant Deficiency & Non-Compliance)

Condition

As reflected in the budgetary comparison schedule, one expense line item has exceeded the District's adopted budget.

Criteria

According to *Tennessee Code Annotated*, Section 7-86-120, no emergency communications district may spend money except in accordance with an adopted budget.

Effect

Any instance of noncompliance poses risks that could have a material effect on the financial statements.

Recommendation

We recommend the District carefully monitor its budget each month and make amendments as appropriate in order to include all expenditures. All final budget amendments for a current fiscal year must be approved prior to June 30.

Management Response

Management concurs.

DYER COUNTY E911 EMERGENCY COMMUNICATIONS DISTRICT
Dyersburg, Tennessee
SCHEDULE OF PRIOR YEAR FINDINGS
For the Fiscal Year Ended June 30, 2015

Financial Statement Findings

Finding Number	Finding Title	Status
2009-001	Segregation of Duties	Repeated
2009-002	Lack of Year-End Adjustments	Repeated
2012-001	Expenditures in Excess of Budget	Repeated

Federal Award Findings and Questioned Costs

Finding Number	Finding Title	Status
There were no prior findings reported.		