

DICKSON COUNTY EMERGENCY

COMMUNICATIONS DISTRICT

Financial Statements

June 30, 2015

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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Introductory Section

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Officials

June 30, 2015

Officers and Board Members

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

Management Officials

Paul A. McCallister	Executive Director
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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, 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; 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.

Board of Directors
Dickson County Emergency
Communications District

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November 18, 2015

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, 2015, 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, 2015 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.

Dickson County Emergency
Communications District
November 18, 2015
Page Three

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 November 18, 2015, 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.



November 18, 2015

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2015

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, 2015. 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, 2015 are as follows:

The District's net position decreased \$109,612.

At the end of the current year the District reported total net position of \$2,183,574

At the end of the current year the District reported current assets in excess of current liabilities of \$574,082.

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 10 - 13 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 14 - 20 of this report.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2015

Financial Analysis

For the year ended June 30, 2015, assets exceeded liabilities by \$2,183,574. The District has accumulated substantial current assets, 24% of total assets are current assets. The following is a summary of the District's net position.

	2015	2014	Change
Assets			
Current assets	\$ 672,882	\$ 700,553	\$ (27,671)
Capital Assets	<u>2,187,807</u>	<u>2,413,812</u>	<u>(226,005)</u>
Total assets	<u>2,860,689</u>	<u>3,114,365</u>	<u>(253,676)</u>
Liabilities			
Current liabilities	98,800	147,726	(48,926)
Long term liabilities	<u>578,315</u>	<u>673,453</u>	<u>(95,138)</u>
Total liabilities	<u>677,115</u>	<u>821,179</u>	<u>(144,064)</u>
Net Position			
Net investment in capital assets	1,514,354	1,649,851	(135,497)
Unrestricted	<u>669,220</u>	<u>643,335</u>	<u>25,885</u>
Total net position	<u>\$2,183,574</u>	<u>\$2,293,186</u>	<u>\$ (109,612)</u>

The Communications District's net position decreased by \$109,612 for the year ended June 30, 2015. The following is a summary Statement of Statement of Revenues, Expenses, and Changes in Net Position.

	2015	2014	Change
Operating revenues	\$426,395	\$442,488	\$ (16,093)
Operating expenses	<u>537,783</u>	<u>571,129</u>	<u>(33,346)</u>
Operating income (Loss)	(111,388)	(128,641)	17,253
Non operating revenues	<u>1,776</u>	<u>37,750</u>	<u>(35,974)</u>
Change in net position	<u>\$ (109,612)</u>	<u>\$ (90,891)</u>	<u>\$ (18,721)</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2015

Revenues

The Communications District's revenues for the year ended June 30, 2015 decreased \$41,349.

The following is a summary of revenues:

	2015	2014	Change
Emergency telephone service charge	\$ 52,386	\$113,059	\$ (60,673)
Shared Wireless charge	46,520	127,215	(80,695)
Operational funding	83,607	167,214	(83,607)
TECB - distributions	243,882	-	243,882
Other income	-	35,000	(35,000)
Interest income	3,904	2,785	1,119
State Emergency Communications Board Grants	<u>49,138</u>	<u>75,513</u>	<u>(26,375)</u>
 Total Revenues	 <u>\$479,437</u>	 <u>\$520,786</u>	 <u>\$ (41,349)</u>

Expenses

The major changes in operating expenses for the year ended June 30, 2015 were an increase in depreciation expense as a result of a substantial increase in depreciable assets purchased in previous years, and an increase in salary and related expenses as a result of the District's employment of an executive director.

The following is a summary of operating expenses:

	2015	2014	Change
Salaries - director	\$ 27,083	\$ -	\$27,083
Social Security	1,679	-	1,679
Medicare	393	-	393
Medical insurance	3,649	-	3,649
Unemployment insurance	184	-	184
Addressing/mapping/database consultants	710	75,433	(74,723)
Audit services	4,500	4,500	-
Accounting services	-	7,200	(7,200)
Contracts with private agencies	54,257	-	54,257
Data processing services	3,940	2,886	1,054
Fees paid to service providers	-	4,640	(4,640)
Legal services	6,367	8,347	(1,980)
Maintenance agreements	57,739	96,749	(39,010)
Leased communications equipment	52,223	55,340	(3,117)
Lease expense - buildings & facilities	2,696	2,696	-
Office supplies	2,193	523	1,670
Postage	210	201	9
Equipment purchases not capitalized	1,892	-	1,892

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2015

Expenses - continued

The following is a summary of operating expenses - continued:

Utilities - electric	25,485	27,677	(2,192)
Utilities - natural gas/propane	976	-	976
Utilities - water & sewer	510	-	510
Utilities - general telephone	3,540	7,282	(3,742)
Utilities - cellphones & pagers	2,212	1,988	224
Repairs and maintenance - equipment	10,614	17,668	(7,054)
Repairs & maintenance - building	3,212	2,022	1,190
Fuel - gasoline and diesel	207	-	207
Other supplies	441	1,648	(1,207)
Dues	298	257	41
Insurance - liability	1,292	1,215	77
Insurance - building	2,440	2,403	37
Licenses and fees	1,945	700	1,245
Premiums on surety bonds	500	468	32
Training expenses	15,759	19,734	(3,975)
Other costs	330	2,974	(2,644)
Depreciation	248,307	226,578	21,729
Interest expense	36,143	40,548	(4,405)
Loss on disposal of equipment	<u>15,123</u>	<u>-</u>	<u>15,123</u>
 Total expenses	 <u>\$589,049</u>	 <u>\$611,677</u>	 <u>\$(22,628)</u>

Cash Flows

Cash increased \$2,205 for the year ended June 30, 2015.

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

	2015	2014	Change
Cash Flows provided by operations	\$195,865	\$105,290	\$ 90,575
Cash Flows from Non-Capital Financing Activities	49,138	75,513	(26,375)
Cash Flows from Capital and Related Financing Activities	(247,072)	(454,233)	207,161
Cash Flows from Investing Activities	<u>4,274</u>	<u>52,814</u>	<u>(48,540)</u>
 Change in cash	 <u>\$ 2,205</u>	 <u>\$(220,616)</u>	 <u>\$222,821</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2015

Capital Assets

The Communications District's investment in capital assets as of June 30, 2015 amounted to \$1,514,354 net of accumulated depreciation and related liabilities. Capital assets consist of land, buildings, furniture and fixtures, equipment and vehicles. Net investment in capital asset decreased by \$135,497 for the year. Depreciation expense was recorded in the amount of \$248,307 for the year.

	2015	2014	Change
Land	\$ 75,000	\$ 75,000	\$ -
Buildings	1,106,889	1,098,188	8,7014
Furniture and fixtures	1,942	-	1,942
Equipment	1,970,050	2,369,153	(399,103)
Vehicles	<u>41,955</u>	<u>20,759</u>	<u>21,196</u>
Total property and equipment	3,195,836	3,563,100	(367,264)
Accumulated depreciation	<u>1,008,029</u>	<u>1,149,288</u>	<u>(141,259)</u>
Property and equipment - net	2,187,807	2,413,812	(226,005)
Related liabilities	<u>673,453</u>	<u>763,961</u>	<u>(90,508)</u>
Net investment in capital assets	<u>\$1,514,354</u>	<u>\$1,649,851</u>	<u>\$ (135,497)</u>

Changes in net investment in capital assets are as follows:

Acquisition of capital assets	
Office addition	14,217
Repeater antenna	13,654
Computer	2,000
Headsets	1,574
Rangefinder	11,340
Rebates on radios	(28,498)
Office furniture	1,942
2015 Nissan Xtera	<u>21,196</u>
Total additions	37,425
Depreciation	(248,307)
Loss on disposal of equipment	(15,123)
Decrease in capital lease obligations	<u>90,508</u>
Change in net investment in capital assets	(135,497)
Net investment in capital assets - beginning of year	<u>1,649,851</u>
Net investment in capital assets - end of year	<u>\$1,514,354</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2015

Economic Factors and Future Outlook

In light of the rapid and ever-changing technology and NG911 technology additions the Dickson County Emergency Communications Board must focus our decisions and budget allocations on the procurement and implementation of such technology in a manner that keeps us up to standards and current. This will allow us to serve our citizens much more accurate and efficient.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Net Position

June 30, 2015

Assets

Current Assets

Cash	\$ 172,752
Certificates of deposit	500,000
Accrued interest receivable	<u>130</u>
Total Current Assets	672,882

Property and Equipment - Net

2,187,807

\$2,860,689

Liabilities and Net Position

Current Liabilities

Accounts payable	\$ 3,259
Payroll deductions payable	403
Current portion - capital lease obligations	<u>95,138</u>
Total Current Liabilities	<u>98,800</u>

Long Term Indebtedness

Capital lease obligation - City of Dickson	563,211
Capital Lease obligation - BellSouth Telecommunications, Inc.	<u>15,104</u>
Total Long Term Indebtedness	<u>578,315</u>

Total Liabilities

677,115

Net Position

Net investment in capital assets	1,514,354
Unrestricted net position	<u>669,220</u>
Total Net Position	<u>2,183,574</u>

Total Liabilities and Net Position

\$2,860,689

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, 2015

<u>Operating Revenues</u>	
Emergency telephone service charges	\$ 52,386
State Emergency Communications Board - shared wireless charge	46,520
Operational funding	83,607
TECB Distribution of 911 Surcharges	<u>243,882</u>
Total Operating Revenues	<u>426,395</u>
 <u>Operating Expenses</u>	
<u>Salaries and Wages</u>	
Director	<u>27,083</u>
Total Salaries and Wages	<u>27,083</u>
 <u>Employee Benefits</u>	
Social Security	1,679
Medicare	393
Medical Insurance	3,649
Unemployment insurance	<u>184</u>
Total Employee Benefits	<u>5,905</u>
 <u>Contracted Services</u>	
Addressing/mapping/database consultants	710
Audit services	4,500
Contracts with private agencies	54,257
Data processing services	3,940
Legal Services	6,367
Maintenance agreements	57,739
Lease communication equipment	52,223
Lease - building/land	<u>2,696</u>
Total Contracted Services	<u>182,432</u>
 <u>Supplies, Materials and Maintenance</u>	
Office supplies	2,193
Postage	210
Equipment purchases not capitalized	1,892
Utilities - electric	25,485
Utilities - natural gas/propane	976
Utilities - water and sewer	510
Utilities - general telephone	3,540
Utilities - cellphones & pagers	2,212
Maintenance and repairs - communications equipment	10,614
Maintenance and repairs - building	3,212
Fuel - gasoline and diesel	207
Other supplies and materials	<u>441</u>
Total Supplies, Materials and Maintenance	<u>51,492</u>

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 - continued

For the Year Ended June 30, 2015

<u>Other Charges</u>	
Dues	298
Insurance - liability	1,292
Insurance - building	2,440
Licenses and fees	1,945
Premiums on surety bonds	500
Training expenses	15,759
Other charges	330
Total Other Charges	<u>22,564</u>
<u>Depreciation</u>	<u>248,307</u>
Total Depreciation	<u>248,307</u>
Total Operating Expenses	<u>537,783</u>
Operating Income (Loss)	<u>(111,388)</u>
<u>Non-operating Revenues (Expenses)</u>	
Interest income	3,904
State Emergency Communication Board - grants & reimbursements	49,138
Interest expense	(36,143)
Loss on disposal of equipment	<u>(15,123)</u>
Total Non-operating Revenues (Expenses)	<u>1,776</u>
Increase (Decrease) in Net Position	(109,612)
<u>Net Position</u> - beginning of year	<u>2,293,186</u>
<u>Net Position</u> - end of year	<u>\$2,183,574</u>

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

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2015

<u>Cash Flows from Operations</u>	
Cash received from surcharges and other revenue	\$ 455,901
Cash paid to suppliers	(232,953)
Cash paid to employees	(27,083)
Total Cash Provided (Used) by Operations	<u>195,865</u>
<u>Cash Flows from Non-Capital Financing Activities</u>	
State Emergency Communication Board Grants	<u>49,138</u>
Cash Provided (Used) by Non-Capital Financing Activities	<u>49,138</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of property and equipment	(120,421)
Long term lease obligation payments	(90,508)
Interest expense paid	(36,143)
Cash Provided (Used) by Capital and Related Financing Activities	<u>(247,072)</u>
<u>Cash Flows from Investing Activities</u>	
Interest income received	<u>4,274</u>
Cash Provided (Used) from Investing Activities	<u>4,274</u>
Total Increase in Cash	2,205
<u>Cash</u> - beginning of year	<u>170,547</u>
<u>Cash</u> - end of year	<u>\$ 172,752</u>
Reconciliation of Net Operating Income to Net Cash Flows from Operating Activities	
Net Operating Income (Loss)	\$(111,388)
Adjustment to reconcile excess revenues and other sources over expenses to net cash provided by operating activities	
Depreciation	281,610
(Increase) decrease in:	
Accounts receivable	29,506
Increase (decrease)	
Accounts payable	(4,266)
Payroll deductions payable	<u>403</u>
Net Cash Provided by Operations	<u>\$195,865</u>

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

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2015

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, 2015 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:

	<u>Years</u>
Buildings	15 - 40
Equipment	5 - 25
Furniture and fixtures	10
Vehicles	5

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2015

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, 2015 cash consisted of the following accounts:

	Bank <u>Balance</u>	Carrying <u>Value</u>
Operating account	\$179,231	\$172,752
Certificates of deposit	<u>500,000</u>	<u>500,000</u>
Total	<u>\$679,231</u>	<u>\$672,752</u>

The District is exposed to custodial credit risk of the District's cash deposits being lost due to bank failure. The bank mitigates this risk, by complying with State statutes, and adopting a policy to require the financial institutions holding cash deposits to be members of the Tennessee Collateral Pool or pledge collateral for deposits in excess of federal depository insurance. The collateral is required to be held by the District or its agent in the District's name. The above amounts are deposited in various banks in Dickson County area. 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.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2015

Note 3 - Property and Equipment - At June 30, 2015, property and equipment consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
<u>Capital assets not being depreciated</u>		
Land	\$ 75,000	
<u>Capital assets being depreciated</u>		
Buildings	1,106,889	\$ 99,710
Furniture and fixtures	1,942	97
Equipment	1,970,050	887,109
Vehicles	<u>41,955</u>	<u>21,113</u>
Total Buildings and equipment	3,195,836	<u>\$1,008,029</u>
Less: accumulated depreciation	<u>1,008,029</u>	
Property and equipment - net	<u>\$2,187,807</u>	

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2015</u>
Land	\$ 75,000	\$ -	\$ -	\$ 75,000
Buildings	1,098,188	14,217	5,516	1,106,889
Furniture and fixtures	-	1,942	-	1,942
Equipment	2,369,153	70	399,173	1,970,050
Vehicles	<u>20,759</u>	<u>21,196</u>	<u>-</u>	<u>41,955</u>
Total	<u>\$3,563,100</u>	<u>\$37,425</u>	<u>\$404,689</u>	<u>\$3,195,836</u>

	<u>Balance June 30, 2014</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Balance June 30, 2015</u>
<u>Accumulated depreciation</u>				
Buildings	\$ 77,642	\$ 27,584	\$ 5,516	\$ 99,710
Furniture and fixtures	-	97	-	97
Equipment	1,053,654	217,505	384,050	887,109
Vehicles	<u>17,992</u>	<u>3,121</u>	<u>-</u>	<u>21,113</u>
Total	<u>\$1,149,288</u>	<u>\$248,307</u>	<u>\$389,566</u>	<u>\$1,008,029</u>

Depreciation expense for the year ended June 30, 2015 amounted to \$248,307.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2015

Note 4 - Indebtedness

Capital Lease Obligations

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

Present value of net minimum capital lease payments	\$629,248
Less current obligation	<u>66,037</u>
Long-term lease obligations - net	<u>\$563,211</u>

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

Land	\$ 75,000
Building	<u>1,084,748</u>
	1,159,748
Less accumulated amortization	<u>95,709</u>
	<u>\$1,064,039</u>

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

Present value of net minimum capital lease payments	\$44,205
Less current obligation	<u>29,101</u>
Long-term lease obligations - net	<u>\$15,104</u>

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

Equipment	\$161,776
Less accumulated amortization	<u>118,636</u>
	<u>\$ 43,140</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2015

Note 4 - Indebtedness

Capital Lease Obligations

The present value of future minimum capital lease payments as of June 30, 2015 is as follows:

<u>Year</u>	<u>City of Dickson</u>	<u>BellSouth Telcommuni- cations, Inc.</u>	<u>Total</u>
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	96,000	-	96,000
2021 - 2023	<u>288,000</u>	<u>-</u>	<u>288,000</u>
	768,000	45,975	813,975
Less amounts representing interest	<u>138,752</u>	<u>1,770</u>	<u>140,522</u>
Present value on net minimum capital lease payments	<u>\$629,248</u>	<u>\$44,205</u>	<u>\$673,453</u>

Summary of changes in indebtedness is as follows:

<u>Capital Lease Obligations</u>	<u>Balance June 30, 2014</u>	<u>Payments</u>	<u>Balance June 30, 2015</u>
City of Dickson, Tennessee	\$692,071	\$59,765	\$629,248
BellSouth Telecommunications, Inc.	<u>71,890</u>	<u>26,337</u>	<u>44,205</u>
Total	<u>\$763,961</u>	<u>\$86,102</u>	<u>\$673,453</u>

Interest was paid on lease obligations for the year ended June 30, 2015 in the amount of \$36,143. Amount charged to expense \$36,143. Amount capitalized \$-0-.

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.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2015

Note 6 - Net investment in capital assets

Changes in net investment in capital assets are as follows:

Acquisition of capital assets	
Office addition	14,217
Repeater antenna	13,654
Computer	2,000
Headsets	1,574
Rangefinder	11,340
Rebates on radios	(28,498)
Office furniture	1,942
2015 Nissan Xtera	<u>21,196</u>
Total additions	37,425
Depreciation	(248,307)
Loss on disposal of equipment	(15,123)
Decrease in capital lease obligations	<u>90,508</u>
Change in net investment in capital assets	(135,497)
Net investment in capital assets - beginning of year	<u>1,649,851</u>
Net investment in capital assets - end of year	<u>\$1,514,354</u>

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:

2016	\$ 2,000
2017	2,000
2018	2,000
2019	2,000
2020	2,000
2021 - 2025	10,000
2026 - 2030	10,000
2031 - 2034	<u>8,000</u>
Total	<u>\$38,000</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2015

Note 8 - Commitments and Contingencies

Management has evaluated subsequent events through November 18, 2015, 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, 2015

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Over (Under) <u>Budget</u>
Revenues				
Emergency telephone tariffs	\$119,000	\$ 60,363	\$ 52,386	(7,977)
TECB State wireless charges	125,000	85,442	46,520	(38,922)
Operational funding	168,000		83,607	83,607
TECB distributions of 911 surcharges		243,882	243,882	
Interest income	3,000	3,000	3,904	904
State Emergency Communication Board grants & reimbursements	76,000	66,200	49,138	(17,062)
Other income	<u>53,100</u>	<u>53,100</u>	-	(53,100)
Total Revenues	<u>544,100</u>	<u>511,987</u>	<u>479,437</u>	<u>(32,550)</u>
Expenditures				
Salaries & wages	47,200	28,000	27,083	(917)
Social Security		1,750	1,679	(71)
Medicare		350	393	43
Medical insurance		3,650	3,649	(1)
Unemployment insurance		285	184	(101)
Addressing/mapping/database consultants	45,000	20,000	710	(19,290)
Audit services	4,500	4,500	4,500	-
Contracts with private agencies		54,000	54,257	257
Data processing services	7,500	7,500	3,940	(3,560)
Legal services	10,000	10,000	6,367	(3,633)
Maintenance agreements	55,000	60,000	57,739	(2,261)
Leased communications equipment	143,000	99,000	52,223	(46,777)
Lease expense buildings & facilities	99,000	3,000	2,696	(304)
Office supplies	1,000	2,500	2,193	(307)
Postage	300	300	210	(90)
Small equipment purchases	10,000	10,000	1,892	(8,108)
Utilities - electric	30,000	30,000	25,485	(4,515)
Utilities - natural gas/propane	3,000	3,000	976	(2,024)
Utilities - water and sewer	1,000	1,000	510	(490)
Utilities - general telephone	8,000	8,000	3,540	(4,460)
Utilities - cellphones & pagers	2,500	2,500	2,212	(288)
Repairs & maintenance - equipment	20,000	30,000	10,614	(19,386)
Repairs & maintenance - buildings	5,000	5,000	3,212	(1,788)
Fuel - gasoline and diesel			207	207
Other supplies	2,500	2,500	441	(2,059)
Dues	300	300	298	(2)
Insurance - liability		1,300	1,292	(8)
Insurance - building		2,500	2,440	(60)
Licenses and fees	1,000	2,000	1,945	(55)
Premiums on surety bonds	600	600	500	(100)
Training expenses	16,000	16,000	15,759	(241)
Other charges	31,700	31,700	330	(31,370)
Interest expense		33,200	36,143	2,943
Loss on disposal of equipment			<u>15,123</u>	<u>15,123</u>
Total Expenditures	<u>544,100</u>	<u>474,435</u>	<u>340,742</u>	<u>(133,693)</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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

For the Year Ended June 30, 2015

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Over (Under) <u>Budget</u>
Excess (deficiency) of revenues over expenditures 147,164	-	37,552	138,695	\$ <u>(101,143)</u>
Net Position, beginning of year	<u>2,293,186</u>	<u>2,293,186</u>	<u>2,293,186</u>	
Net Position, end of year	<u>\$2,293,186</u>	<u>2,330,738</u>	<u>\$2,431,881</u>	

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 11 and 12 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:

Expenses (GAAP basis)	\$589,049
Depreciation expense	<u>(248,307)</u>
Expenditures (budget basis)	<u>\$340,742</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Grant and Reimbursements

For the Year Ended June 30, 2015

<u>Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	Deferred (Due from) Balance June 30, <u>2014</u>	Receipts	Expenditures	Deferred (Due From) Balance June 30, <u>2015</u>
<u>Operating grants and reimbursements</u>						
None	GIS - TIPS	Tennessee Emergency Communications Board	-	17,394	17,394	-
None	GIS - TIPS	Tennessee Emergency Communications Board	-	18,744	18,744	-
None	GIS - TIPS	Tennessee Emergency Communications Board	-	5,000	5,000	-
None	Dispatcher Training	Tennessee Emergency Communications Board	-	8,000	8,000	-
Total			-	\$49,138	\$49,138	-

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Officials Bonds

June 30, 2015

The District maintains fidelity bonds on individuals authorized to sign checks for the District. At June 30, 2015 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, 2015, 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 November 18, 2015.

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.

Board of Directors
Dickson County Emergency
Communications District
Page Two
November 18, 2015

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.



November 18, 2015

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2015

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, 2015 the District expended funds in several expense categories in excess of adopted budget.

Recommendation

I recommend the District closely monitor expenditures to ensure amounts remain within adopted budget guidelines, and if necessary, amend the budget for unforeseen expenditures.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2015

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.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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

Internal Control Structure

June 30, 2015

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.

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

Compliance with Laws and Regulations

Finding No. 2 District expended funds in excess of adopted budget

Status During the year ended June 30, 2014 the District expended funds in several categories in excess of adopted budget. This finding is repeated in present year's findings and recommendation.

Finding No. 3 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.

Status The District has been subsequently advised in writing by the Tennessee Emergency Communications Board that the District's expenditures for mobile equipment were within the guidelines of State statutes and were an allowable expenditure.