

MEIGS COUNTY "911"
EMERGENCY COMMUNICATIONS DISTRICT

AUDIT REPORT

TWELVE MONTHS ENDED JUNE 30, 2015

MEIGS COUNTY "911"
EMERGENCY COMMUNICATIONS DISTRICT

CONTENTS

June 30, 2015

Roster of Board of Directors and Management	1
Independent Auditors' Report	2-3
Management's Discussion and Analysis	4-6
Financial Section	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8-9
Statement of Cash Flows	10
Notes to Financial Statements	11-13
Supplementary Information	
Budgetary Comparison Schedule	14-15
Internal Control and Compliance Section	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting	16-17
Schedule of Findings and Recommendations	18
Schedule of Prior Audit Findings	19

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF BOARD OF DIRECTORS AND MANAGEMENT
June 30, 2015

Hugh Bryan, Chairman

George Billingsley, Vice Chairman

Jeff Thompson, Treasurer / Secretary

Tracey Simpson, Member

Wayne Jarvis, Member

Chris Smith, Member

Billy Ogle, Member

HARTING, BISHOP & ARRENDALE, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

KELVIN W. BISHOP, CPA
THOMAS H. ARRENDALE, CPA, MBA
JANICE L. HAYES, CPA

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements Meigs County "911" Emergency Communications District, component unit of Meigs County, Tennessee as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Meigs County "911" Emergency Communications District's 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.

Auditors' 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meigs County "911" Emergency Communications District, as of June 30, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015, on our consideration of the Meigs County "911" Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Meigs County "911" Emergency Communications District's internal control over financial reporting and compliance.


Harting, Bishop & Arrendale, PLLC

Cleveland, Tennessee
December 21, 2015



Meigs County Emergency Communications District

P.O. Box 352 • Decatur, Tennessee 37322
(423) 334-4950 • Fax: (423) 334-3165

Kelly Bredwell
Director

Management's Discussion and Analysis

Our discussion and analysis of the Meigs County "911" Emergency Communications District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. This should be read in conjunction with the District's financial statements, which may be found elsewhere in this document.

Using This Annual Report

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

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

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

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

	<u>2015</u>	<u>2014</u>
Net Position		
Current and other assets	\$ 557,513	\$ 481,611
Capital assets	<u>282,540</u>	<u>326,917</u>
Total assets	840,053	808,528
Current liabilities	<u>(699)</u>	<u>(2,902)</u>
Net Position	<u>\$ 839,354</u>	<u>\$ 805,626</u>
Summary of net position -		
Investment in capital assets	\$ 282,540	\$ 326,917
Unrestricted	<u>556,814</u>	<u>478,709</u>
Total Net Position	<u>\$ 839,354</u>	<u>\$ 805,626</u>
Change in Net Position		
Operating revenues	\$ 222,318	\$ 197,770
Operating expenses	<u>234,257</u>	<u>305,154</u>
Operating income/(loss)	(11,939)	(107,384)
Non-operating income	<u>45,667</u>	<u>53,664</u>
Change in Net Position	33,728	(53,720)
Net Position	<u>805,626</u>	<u>859,346</u>
Net Position - ending	<u>\$ 839,354</u>	<u>\$ 805,626</u>

Analysis of Financial Position and Results of Operations

The District's net position has increased by \$33,728. Operating revenue increased by 12.41%, primarily due to the increase of TECB operational funding. Operating expenditures decreased 23.23%. This increase was due to a decrease in the amount paid to Meigs County government and a decrease in depreciation due to fully depreciated assets.

The District's Net Position

The District completed the year with net position of \$839,354, an increase of \$33,728 from the previous year.

Budgetary Highlights

In order to prevent budget overruns, the final budget was amended. The significant changes were to communication equipment and office equipment purchases. Expenses of \$234,257, reported on page 9, differ from the District's expenses of \$194,831 reported on the budgetary comparison schedule on page 15. This difference arises due to the budget being prepared on the cash basis.

Capital Assets

At the end of the accounting period, the District had \$282,540 in capital assets such as communications and office equipment, furniture and fixtures, vehicles and leasehold improvements. This amount represents a decrease of \$44,377 or 13.57% due to current year depreciation.

Financial Activity and Plans for Future Needs

During the FY 2015, the ECD continued to support emergency communications by investing in new technology and assisting the County in 911 services. In the upcoming FY the District would like to assist in upgrading radio communications by increasing signal at radio repeater sites.

The ECD is in a stable fiscal position and is taking care to retain existing revenues to offset equipment replacement costs and other mandatory expenditures.

Hugh Bryan
Chairman of Board

FINANCIAL SECTION

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

ASSETS

Current Assets

Cash and cash equivalents	\$	399,194
Certificates of deposit		142,698
Accrued interest receivable		26
Prepaid expenses		<u>15,595</u>
Total Current Assets		<u>557,513</u>

Capital Assets

Furniture and fixtures		26,937
Office equipment		7,699
Communication equipment		525,619
Vehicles		31,415
Leasehold improvements		<u>153,724</u>
		745,394
Less Accumulated Depreciation		<u>(462,854)</u>
Capital Assets, net		<u>282,540</u>

Total Assets	\$	<u><u>840,053</u></u>
--------------	----	-----------------------

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$	<u>699</u>
Total Liabilities		<u>699</u>

Net Position

Investment in capital assets		282,540
Unrestricted net position		<u>556,814</u>
Total Net Position		<u>839,354</u>

Total Liabilities and Net Position	\$	<u><u>840,053</u></u>
------------------------------------	----	-----------------------

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

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2015

OPERATING REVENUES

Emergency telephone service charge	\$	19,888
TECB - shared wireless charge		16,103
TECB - operational funding		186,327
Total Operating Revenues		222,318

OPERATING EXPENSES

Contracted Services

Audit services		4,525
Contracts with government agencies		85,000
Fees paid to service providers		13,378
Legal services		5,400
Map/Database Consultant		13,318
Maintenance and repairs - communications equipment		20,142
Maintenance and repairs - vehicles		465
Communication Equipment		18,369
Other contracted services		1,052
Total Contracted Services		161,649

Supplies and Materials

Postage		50
Office supplies		2,493
Uniform and shirts		584
Total Supplies and Materials		3,127

Other Charges

Bank services charges		131
Board meeting expenses		560
Dues and memberships		2,192
Legal notices		126
Insurance		1,578
Licenses and Fees		562
Premiums on surety bond		428
Public education		2,498
Training expenses		2,136
Travel expenses		2,653
Total Other Charges		12,864

(Continued on next page)

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

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 For the Year Ended June 30, 2015

Depreciation		
Depreciation expense		\$ 56,617
Total Operating Expenses		<u>234,257</u>
Operating Loss		<u>(11,939)</u>
NON-OPERATING REVENUE/(EXPENSES)		
Interest income		660
TECB grant & reimbursements		<u>45,007</u>
Non-operating revenue/(expenses)		<u>45,667</u>
INCREASE IN NET POSITION		33,728
Net position, beginning		<u>805,626</u>
Net position, ending		<u><u>\$ 839,354</u></u>

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

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from surcharges and other revenues	\$ 225,633
Cash payments to suppliers for goods and services	(182,592)
Net cash provided by operating activities	<u>43,041</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grants / Reimbursements TECB	<u>45,007</u>
Net cash provided by noncapital financing activities	<u>45,007</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	<u>(12,240)</u>
Net cash used by capital and related financing activities	<u>(12,240)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of certificate of deposit	(198)
Interest income received	<u>672</u>
Net cash provided by investing activities	<u>474</u>
Net increase in cash and cash equivalents	76,282
Cash and cash equivalents, beginning of year	<u>322,912</u>
Cash and cash equivalents, end of year	<u>\$ 399,194</u>
 Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating loss	\$ (11,939)
Adjustments to reconcile operating income to net cash provided by (used by) operating	
Depreciation expense	56,617
Change in assets and liabilities:	
Decrease in accounts receivable	3,315
Increase in prepaid expenses	(2,749)
Decrease in accounts payable	<u>(2,203)</u>
Net cash provided by operating activities	<u>\$ 43,041</u>

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

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - General Information

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

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting

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

Cash and Cash Equivalents

Cash and cash equivalents are highly liquid investments which have original maturities of three months or less.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

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

Communication equipment	2-10
Furniture and fixtures	5-7
Office equipment	2-7
Leasehold improvements	5-20
Vehicles	5

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2015

NOTE 2 - Summary of Significant Accounting Policies (continued)

Component Unit

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

Budgets and Budgetary Accounting

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

NOTE 3 - Cash on Deposit

The treasurer of the District is responsible for receiving, disbursing, depositing and investing the District's funds. The District's policy related to deposits and investment risk is to invest in certificates of deposit usually with a maturity of three years or less. The District's policy is designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws. All deposits with a bank or other financial institution shall be secured by collateral or in a collateral pool as allowed by state statutes. As of June 30, 2015 all deposits with financial institutions were secured by collateral or by State of TN Bank collateral pool. A schedule of cash and investments classified by category of credit risk at June 30, 2015 is as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash, insured by Federal Depository Insurance (FDIC)	\$ 250,000	\$ 250,000
Amount not insured by FDIC	149,194	151,976
Certificates of Deposit, insured by FDIC	<u>142,698</u>	<u>142,698</u>
Total	<u>\$ 541,892</u>	<u>\$ 544,674</u>

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2015

NOTE 4 - Capital Assets

The following is a schedule of changes to capital assets:

	June 30, 2014	Additions	Retirements	June 30, 2015
Communications Equipment	\$ 515,031	\$ 11,392	\$ (804)	\$ 525,619
Furniture and Fixtures	26,937	-	-	26,937
Leasehold Improvements	153,724	-	-	153,724
Office Equipment	6,851	848	-	7,699
Vehicles	31,415	-	-	31,415
Total capital assets being depreciated	733,958	12,240	(804)	745,394
Less accumulated depreciation	(407,041)	(56,617)	804	(462,854)
Total capital assets, net	<u>\$ 326,917</u>	<u>\$ (44,377)</u>	<u>\$ -</u>	<u>\$ 282,540</u>

Provision for depreciation totaled \$56,617 for the year ended June 30, 2015.

NOTE 5 - Risk Management - Claims and Insurance

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

NOTE 6 – Impact Payments and Facility Memorandum of Understanding

The communications center is located in the Meigs County Jail complex. The District will make impact payments to the County of Meigs per the terms of the 2004 Communications Agreement. Impact payments for the year ended June 30, 2015 totaled \$85,000.

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

NOTE 7 – Subsequent Events

Subsequent events were evaluated through December 21, 2015 which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 For the Year Ended June 30, 2015

	Actual	Budget	Variance
	Cash Basis	Cash Basis	(Over) Under
CASH RECEIPTS			
Emergency telephone service charge	\$ 23,203	\$ 43,000	\$ 19,797
TECB - shared wireless charge	16,103	13,250	(2,853)
TECB - operational funding	186,327	186,289	(38)
Interest income	672	-	(672)
TECB grants & reimbursements	<u>45,007</u>	<u>-</u>	<u>(45,007)</u>
Total cash basis revenues	<u>271,312</u>	<u>242,539</u>	<u>(28,773)</u>
 CASH EXPENDITURES			
Addressing/Mapping expenses	-	1,600	1,600
Audit services	4,525	4,525	-
Contracts with government agencies	85,000	85,000	-
Fees paid to service providers	13,378	16,633	3,255
Legal services	5,400	5,800	400
Mapping/Data Base Consultant	14,302	10,000	(4,302)
Maintenance and repairs - communication equipment	20,976	27,000	6,024
Maintenance and repairs - vehicles	465	-	(465)
Fuel expense	-	1,500	1,500
Communication equipment	17,670	18,000	330
Other contracted services	2,451	5,000	2,549
Postage	50	100	50
Utilities - general telephone	-	579	579
Office supplies	3,013	2,923	(90)
Uniform and shirts	584	584	-
Bank service charges	131	-	(131)
Board meeting expenses	560	1,416	856
Dues and memberships	4,192	2,092	(2,100)
Legal notices	126	200	74
Insurance	1,580	1,600	20
Licenses and fees	562	824	262
Premiums on surety bonds	340	2,800	2,460
Public education	2,498	2,498	-
Training expenses	2,136	3,000	864
Travel expenses	2,653	3,176	523

(Continued on next page)

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2015

	<u>Actual</u> <u>Cash Basis</u>	<u>Budget</u> <u>Cash Basis</u>	<u>Variance</u> <u>(Over)</u> <u>Under</u>
Communication Equipment	11,392	15,887	4,495
Office Equipment	<u>848</u>	<u>2,519</u>	<u>1,671</u>
 Total cash basis expenses	 <u>194,832</u>	 <u>215,256</u>	 <u>20,424</u>
 Cash Basis Net Income (Loss)	 <u>76,480</u>	 <u>\$ 27,283</u>	 <u>\$ (49,197)</u>

Reconciliation of Cash Basis to Accrual Basis:

Depreciation expense	(56,617)
Decrease in accounts receivable	(3,315)
Decrease in accrued interest receivable	(12)
Increase in prepaid expenses	2,749
Decrease in accounts payable	2,203
Purchase of capital assets	<u>12,240</u>
 Net Reconciliation Cash to Accrual	 <u>(42,752)</u>
 Increase in Net Position (Accrual)	 33,728
 Net position, beginning	 <u>805,626</u>
 Net position, ending	 <u>\$ 839,354</u>

**INTERNAL CONTROL
AND COMPLIANCE SECTION**

HARTING, BISHOP & ARRENDALE, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

KELVIN W. BISHOP, CPA
THOMAS H. ARRENDALE, CPA, MBA
JANICE L. HAYES, CPA

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Meigs County "911" Emergency Communications District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Meigs County "911" Emergency Communications District's basic financial statements and have issued our report thereon dated December 21, 2015.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations that we consider to be significant deficiencies: 2014-001.

Compliance and Other Matters

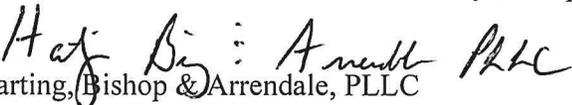
As part of obtaining reasonable assurance about whether Meigs County “911” Emergency Communications District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items: 2014-002.

Meigs County “911” Emergency Communications District’s Response to Findings

Meigs County “911” Emergency Communications District’s response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. 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.


Harting, Bishop & Arrendale, PLLC

Cleveland, Tennessee
December 21, 2015

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2015

The findings and recommendations as a result of the audit of the Meigs County "911" Emergency Communications District are presented below. Finding 2014-001 and 2014-002 are repeated from the prior year ended June 30, 2014.

2014-001: Segregation of Duties

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

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

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

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

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

2014-002: Budget

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

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

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

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

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

MEIGS COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2015

2014-001: Segregation of Duties

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

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

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

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

Current Status: The staff size has not increased. This finding was noted for the 2015 audit.

2014-002: Budget

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

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

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

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

Current Status: The District is diligently working to improve the budget amendment process to ensure all expenditures are within the approved budget line items. This finding was noted for the 2015 audit.