

**BRISTOL TENNESSEE EMERGENCY  
COMMUNICATIONS DISTRICT**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2015**

**BRISTOL TENNESSEE EMERGENCY  
COMMUNICATIONS DISTRICT**

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## **INTRODUCTORY SECTION**

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BRISTOL TENNESSEE EMERGENCY  
COMMUNICATIONS DISTRICT

DIRECTORY OF PRINCIPAL OFFICIALS  
June 30, 2015

Board of Directors:

Blaine E. Wade, Chairman  
Tim Eads, Vice-Chairman  
David Warren, Treasurer  
Dwayne Honaker  
James Messimer  
G. Wallace Elliott  
Todd Muncy  
A.D. Jones, Jr., Legal Advisor

Officers:

Virginia Smelser, Director

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Bristol Tennessee Emergency Communications District (the "District"), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. It should be read in connection with the District's financial statements and related notes included in this report.

### **Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,440,488 (net position). Of this amount, \$1,357,835 (unrestricted net position) may be used to meet the District's ongoing obligations to customers and creditors. However, it is noted \$154,046 has been paid as a deposit on equipment, not placed in service, not included as an investment in capital assets until those items are accepted and in service and, therefore, a part of the unrestricted net position at June 30, 2015.
- The District's net position increased by \$207,779, which was attributable to the operations of the District for the year.

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

This discussion and analysis is intended to serve as an introduction to the District's financial statements. Since the District is engaged in business-type activities, its basic financial statements are comprised of only two components: 1) enterprise fund financial statements and 2) notes to the financial statements. The report also contains other supporting schedules in addition to the basic financial statements themselves.

**Enterprise fund financial statements.** The enterprise fund financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The basic enterprise fund financial statements can be found on pages 12 through 14 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 15 through 19 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other supporting schedules including the District's budget to actual comparisons of revenues and expenses on the basis of accounting on which the District presents its budget. The other supporting schedules can be found on pages 21 through 23 of this report.

## Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceeded liabilities by \$1,440,488 at the close of the most recent fiscal year.

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

	<u>Net Position</u>	
	<u>2015</u>	<u>2014</u>
Current assets	\$ 1,207,426	\$ 1,199,710
Current assets – deposits on equipment	154,046	-
Capital assets	<u>82,653</u>	<u>41,270</u>
Total assets	<u>\$ 1,444,125</u>	<u>\$ 1,240,980</u>
Current liabilities	<u>\$ 3,637</u>	<u>\$ 8,271</u>
Total liabilities	<u>\$ 3,637</u>	<u>\$ 8,271</u>
Net position:		
Investment in capital assets	\$ 82,653	\$ 41,270
Unrestricted	<u>1,357,835</u>	<u>1,191,439</u>
Total net position	<u>\$ 1,440,488</u>	<u>\$ 1,232,709</u>

(Continued)

**Financial Analysis (continued)**

	<u>Changes in Net Position</u>	
	<u>2015</u>	<u>2014</u>
Revenues		
Surcharge revenue	\$ 422,812	\$ 398,236
Non-operating revenue	<u>116,357</u>	<u>69,615</u>
Total revenues	<u>\$ 539,169</u>	<u>\$ 467,851</u>
Expenses		
Contracts with government agencies	\$ 188,044	\$ 195,915
Depreciation	24,783	28,009
Lease/rental – communications equipment	51,977	108,857
Other	<u>66,586</u>	<u>50,635</u>
Total expenses	<u>\$ 331,390</u>	<u>\$ 383,416</u>
Increase in net position	\$ 207,779	\$ 84,435
Net position – July 1	<u>1,232,709</u>	<u>1,148,274</u>
Net position – June 30	<u>\$ 1,440,488</u>	<u>\$ 1,232,709</u>

The District's net position increased during the current fiscal year by \$207,779. Revenues increased by \$71,318, or by 15.2%, primarily resulting from the State of Tennessee's change on how all 911 Districts receive their funding, effective January 1, 2015, in accordance with the 911 Base Funding Law (see Note 1). The Tennessee Emergency Communications Board (TECB) began base level funding to all 911 Districts on the higher of fiscal year 2012's funding or the average of the three years Fiscal Year 2010 through Fiscal Year. The resulting bi-monthly payment of \$78,944 was greater than funding under the previous method, despite the general trend in fewer land line usage, a noticeable trend over the past few years. Other revenue increased due to state grant funding, approximately \$46,000.

Expenses decreased by \$52,026, or by 13.6%, largely due to the end of a monthly rental of communications equipment (see Note 4). The leased equipment was replaced with newer equipment. Certain maintenance costs increased thereafter, approximately \$16,700, the main reason other expenses increased. There was a slight decrease in government agency contract expenses of \$7,871 while depreciation was smaller than last year, as well.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Bristol Tennessee Emergency Communications District, 801 Anderson Street, Bristol, Tennessee 37620.

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## **FINANCIAL SECTION**

Financial Section contains the  
Basic Financial Statements



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Bristol Tennessee Emergency  
Communications District  
Bristol, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Bristol Tennessee Emergency Communications District (the "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 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**

Our responsibility is to express an opinion 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, and the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* published by the Tennessee Office of the Comptroller of the Treasury. 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bristol Tennessee 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 6 - 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 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*

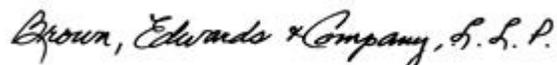
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section and accompanying information listed as supporting schedules in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Statement of Revenues and Expenses Detail-Budget to Actual Comparison listed as a supporting schedule in the Table of Contents is the responsibility of management and was 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section, Schedule of Insurance Coverage and the Statement of Surcharge Rates have 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 them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2015, on our consideration of Bristol Tennessee 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 Bristol Tennessee Emergency Communications District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia  
November 18, 2015

BRISTOL TENNESSEE EMERGENCY  
COMMUNICATIONS DISTRICT

STATEMENT OF NET POSITION  
June 30, 2015

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents (Note 2)	\$ 1,200,052
Deposits on equipment (Note 3)	154,046
Prepaid expenses	<u>7,374</u>
Total Current Assets	<u>1,361,472</u>
CAPITAL ASSETS (Note 3)	
Furniture and fixtures	67,677
Office equipment	25,504
Communications equipment	299,125
Vehicles	23,500
Less: Accumulated depreciation	<u>(333,153)</u>
Total Capital Assets	<u>82,653</u>
Total Assets	<u>\$ 1,444,125</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	<u>\$ 3,637</u>
Total Liabilities	<u>3,637</u>
NET POSITION	
Investment in capital assets	\$ 82,653
Unrestricted	<u>1,357,835</u>
Total Net Position	<u>\$ 1,440,488</u>
Total Liabilities and Net Position	<u>\$ 1,444,125</u>

The Notes to Financial Statements are an integral part of this statement.

BRISTOL TENNESSEE 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	\$ 76,133
State emergency communications board - shared wireless charge	38,417
State emergency communications board - operational funding	<u>308,262</u>
Total operating revenues	<u>422,812</u>
OPERATING EXPENSES	
Audit services	9,500
Administrative fees - service charges	2,127
Contracts with government agencies (Note 5)	188,044
Legal services	400
Maintenance agreements	20,415
Lease/rental - communications equipment	50,627
Lease/rental - buildings & equipment	1,350
Language line/interpreter service	29
Office supplies	941
Data processing supplies	903
Small equipment purchase	4,377
Utilities - telephone, cell phones, and pagers	1,989
Board meeting expenses	517
Dues and memberships	625
Insurance - building and contents	8,014
Insurance - vehicles	915
Premiums on surety bonds	1,967
Service awards	228
Training expenses	8,754
Travel expenses	3,903
Internet charges	982
Depreciation	<u>24,783</u>
Total operating expenses	<u>331,390</u>
Operating income	<u>91,422</u>
NON-OPERATING REVENUE	
State emergency communications board grants	113,362
Interest income	<u>2,995</u>
Total non-operating revenue	<u>116,357</u>
Change in net position	207,779
NET POSITION AT JULY 1	<u>1,232,709</u>
NET POSITION AT JUNE 30	<u>\$ 1,440,488</u>

The Notes to Financial Statements are an integral part of this statement.

BRISTOL TENNESSEE EMERGENCY  
COMMUNICATIONS DISTRICT

STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers through providers	\$ 460,719
Cash payments to suppliers for goods and services	<u>(461,471)</u>
Net cash used in operating activities	<u>(752)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Proceeds from state ECB grants	<u>113,362</u>
Net cash provided by non-capital financing activities	<u>113,362</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(66,166)
Interest earned	<u>2,995</u>
Net cash used in investing activities	<u>(63,171)</u>
Net increase in cash	49,439
CASH AT BEGINNING OF YEAR	<u>1,150,613</u>
CASH AT END OF YEAR	<u><u>\$ 1,200,052</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating income	<u>\$ 91,422</u>
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	24,783
Changes in assets and liabilities:	
Accounts receivable	37,906
Deposits on equipment	(154,046)
Prepaid expenses	3,816
Accounts payable	<u>(4,634)</u>
Total adjustments	<u>(92,175)</u>
Net cash used in operating activities	<u><u>\$ (753)</u></u>

The Notes to Financial Statements are an integral part of this statement.

BRISTOL TENNESSEE EMERGENCY  
COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

**Note 1. Summary of Significant Accounting Policies**

*Financial Reporting Entity*

The Tennessee General Assembly's passage of Emergency Communications District Law (Acts 1984, ch. 867) declared that the establishment of a uniform emergency number to shorten the time required for a citizen to request and receive emergency aid is a matter of public concern and interest. It is the intent of communication districts to provide a simplified means of securing emergency services.

The legislative body of any municipality or county may, by ordinance or resolution, respectively, create an emergency communications district within all or part of the boundaries of such municipality or county. Prior to the establishment of such district, an election must be held and certified by the County Election Commission indicating the voters' approval of the communication district. Such an election was held in Bristol, Tennessee in March, 1994, whereby the voters approved a referendum which formed the Bristol Tennessee Emergency Communications District (the "District"). The District began operations July 1, 1994.

*Measurement Focus and Basis of Accounting*

The District's financial statements are reported using the 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.

The District distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are surcharge revenues. Operating expenses include the equipment expenses, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Budgets and Budgetary Accounting*

In accordance with *Tennessee Code Annotated 7-86-120*, an annual budget is adopted by the District. The budget is approved by the Board and is also submitted to the City of Bristol, Tennessee. Expenses are presented at the legal level of control, which in accordance with the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts*, is the line-item level.

The following procedures are used by the Board in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year.
2. Budgets are adopted on a cash basis. A reconciliation of the budgetary data to the accrual basis financial statements is included in Note 7.
3. All budgetary data presented in the supporting schedules is the final approved revised data.
4. Budget items can only be revised upon approval of the Board of Directors.
5. Expenses cannot legally exceed the line item level.

(Continued)

BRISTOL TENNESSEE EMERGENCY  
COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

**Note 1. Summary of Significant Accounting Policies (Continued)**

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents are defined as highly liquid investments with an original maturity of three months or less from the date of acquisition.

Surcharge Revenue

The District recognizes surcharge revenue as earned. Through December 31, 2014, Century Link and BTES, the local telephone 'service suppliers', collect and remit surcharge revenues to the District on a monthly basis. Surcharge revenue collections are being remitted to the District within thirty (30) days subsequent to the last business day of the preceding month. The service suppliers are entitled to and retain three percent (3%) of their collected surcharges as an administrative fee. The State of Tennessee also collects surcharge revenue from Charter Communications and remits those funds to the District on an annual basis. The District also receives revenue from the State of Tennessee for wireless revenue. This revenue is equivalent to 25% of the revenue generated by wireless communications and is based on a proportion of the population of each District. These funds are remitted to the District on a bi-monthly basis.

Effective January 1, 2015, funding and remittances changed to the Base Level Funding Method through the Tennessee Emergency Communications Board (TECB). The TECB was no longer required to pay the 25% noted in the previous paragraph. Instead they are required to pay a fixed base amount, which is established to include the 25% amount. All surcharge revenue now comes through TECB rather than local telephone service suppliers.

The District, and all properties at any time owned by it, is exempt from all taxation in the State of Tennessee (Acts 1984, ch. 867).

Depreciation

Depreciation for capital assets, those falling under the District's capitalization policy of \$1,000, is provided on the straight-line and declining balance methods over the estimated useful lives, which range from three to ten years. Certain assets that are deemed to be used more in earlier years follow an accelerated method of depreciation. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain and loss is recognized in income or expense as incurred.

Estimates

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

Net Position

Net position is the difference between assets and liabilities. Net investment in capital assets is capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets.

BRISTOL TENNESSEE EMERGENCY  
COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

**Note 2. Cash and Cash Equivalents**

State statutes authorize the District to invest in obligations of the federal government, state government, the state investment pool, certificates of deposit and other time deposits, and repurchase agreements.

All of the District's cash and cash equivalents were deposited with financial institutions at June 30, 2015. All deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits were fully collateralized by the Tennessee Bank Collateral Pool.

**Note 3. Capital Assets**

Capital asset activity for the year was as follows:

	<u>Beginning July 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30</u>
Capital assets, being depreciated				
Furniture and fixtures	\$ 65,647	\$ 5,966	\$ 3,937	\$ 67,676
Office equipment	36,477	-	10,973	25,504
Communications equipment	288,558	60,200	49,633	299,125
Vehicles	<u>23,500</u>	<u>-</u>	<u>-</u>	<u>23,500</u>
Total capital assets, being depreciated	<u>414,182</u>	<u>66,166</u>	<u>64,543</u>	<u>415,805</u>
Less accumulated depreciation for:				
Furniture and fixtures	56,158	5,701	3,937	57,922
Office equipment	36,477	-	10,973	25,504
Communications equipment	256,777	19,082	49,633	226,226
Vehicles	<u>23,500</u>	<u>-</u>	<u>-</u>	<u>23,500</u>
Total accumulated depreciation	<u>372,912</u>	<u>24,783</u>	<u>64,543</u>	<u>333,152</u>
Total capital assets depreciated, net	<u>41,270</u>	<u>41,383</u>	<u>-</u>	<u>82,653</u>
Total capital assets, net	<u>\$ 41,270</u>	<u>\$ 41,383</u>	<u>\$ -</u>	<u>\$ 82,653</u>

Depreciation expense for the fiscal year ended June 30, 2015, was \$24,783.

The above amounts exclude deposits of \$154,046 paid for communication equipment not yet in service at June 30, 2015, which will be applied to the final purchase of such equipment once the terms and conditions to place them in operations are complete. See Note 8 for the District's future equipment commitment. During the year the District retired fully depreciated furniture and fixtures, office and communications equipment in the amount of \$64,543.

BRISTOL TENNESSEE EMERGENCY  
COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

**Note 4. Leases**

Operating Leases

The District leases certain telecommunications equipment under an operating lease, which began October 1, 2005, with Century Link that expired on October 1, 2010. This lease had an automatic renewal function, which the District allowed to renew. The District was on a month to month lease and was required to provide a ninety day notice to Century Link prior to discontinuing the lease, which was done during the fiscal year. The lease payments were \$7,450 per month, and the amount incurred during the fiscal year totaled \$50,627.

The District entered into a joint lease with Century Link effective December 1, 2012 along with seven other regional Emergency Communication Districts to lease floor space for Next Gen 911 equipment at Century Link's Bristol and Johnson City facilities. The lease is for a five year period and was paid in full upfront. The District's portion of the lease payment was \$6,750 and will be amortized over the term of the lease, resulting is \$1,350 of expenses for the fiscal year.

Lease and rental expenses were \$51,977 for the fiscal year ended June 30, 2015.

**Note 5. Related Organizations**

The District and the City of Bristol, Tennessee are parties in an "Inter-local Cooperation Agreement". According to the terms of the agreement, the District, in return for the City providing certain benefits, is to reimburse the City for the cost of those benefits out of its surcharge revenues. The benefits referred to above consist of use of the physical plant and equipment along with services of the General Manager, personnel, administrative and other services provided the District.

For the year ended June 30, 2015, the District reimbursed the City \$188,044.

**Note 6. Risk Management**

The District is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage for each of the above risks of loss.

Management believes the coverage is adequate to preclude any significant uninsured risk exposure to the District.

There were no significant reductions in insurance coverage from the prior year and no settlements that exceeded the amount of insurance coverage since the inception of the District.

**Note 7. Budgetary Reconciliation**

Change in net position, per Statement of	
Revenues, Expenses and Changes in Net Position	\$ 207,779
Differences in budgetary basis:	
Depreciation not recorded on budgetary basis	24,783
Conversion of revenues and expenses	
to the budgetary basis, net	<u>37,090</u>
Change in net position, per budgetary basis	<u>\$ 269,652</u>

BRISTOL TENNESSEE EMERGENCY  
COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

**Note 8. Commitments and Subsequent Events**

Management evaluated all activity of the District through November 18, 2015 (the issue date of the financial statements) and other than identifying a commitment for communication equipment and related software, summarized below, no other subsequent events have occurred that would require recognition in the Financial Statements or disclosures in the Notes to the Financial Statements. The District anticipates applying for and receiving funding from the State of Tennessee for this equipment.

Deposits on equipment by June 30, 2015, for equipment to be placed in service thereafter, shown as a current asset in the accompanying financial statements	\$ 154,046
Future amounts to be paid on equipment	<u>154,717</u>
Total deposits and future commitment for equipment / software known at the issue date of the financial statements	<u>\$ 308,763</u>

## **SUPPORTING SCHEDULES**

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BRISTOL TENNESSEE EMERGENCY  
COMMUNICATIONS DISTRICT

STATEMENT OF REVENUES AND EXPENSES DETAIL -  
BUDGET TO ACTUAL COMPARISON (BUDGET BASIS)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Emergency telephone service charge	\$ 100,000	\$ 110,000	\$ 102,464	\$ (7,536)
State emergency communications board - shared wireless charge	32,361	32,361	49,993	17,632
State emergency communications board - operational funding	308,262	308,262	308,262	-
State ECB grants	24,355	259,555	105,362	(154,193)
TECB Training Grant	8,000	8,000	8,000	-
Interest income	1,000	1,000	2,995	1,995
<b>Total Revenues</b>	<b>473,978</b>	<b>719,178</b>	<b>577,076</b>	<b>(142,102)</b>
<b>EXPENSES</b>				
Audit services	9,750	9,750	9,500	250
Administrative fees - service charges	3,350	3,350	2,967	383
Contracts with government agencies	188,044	188,044	188,044	-
Legal services	1,000	1,000	400	600
Maintenance agreements	21,365	21,365	17,948	3,417
Lease/rental - communications equipment	54,500	54,500	54,494	6
Maintenance & repairs - communications equipment	1,000	1,000	-	1,000
Maintenance & repairs - office equipment	1,000	1,000	-	1,000
Maintenance & repairs - vehicles	1,500	1,500	-	1,500
Vehicles - gas & fuel	700	700	-	700
Language line/interpreter service	175	175	29	146
Internet	1,060	1,060	902	158
Office supplies	3,000	3,000	941	2,059
Custodial supplies	100	100	-	100
Data processing supplies	2,500	2,500	903	1,597
Postage	150	150	-	150
Small equipment purchase	4,500	4,500	4,377	123
Uniforms	800	800	-	800
Utilities - general phone	2,600	2,600	1,996	604
Board meeting expenses	600	600	517	83
Dues and memberships	1,800	1,800	625	1,175
Employee testing	1,000	1,000	-	1,000
Insurance - liability	1,000	1,000	-	1,000
Insurance - building and contents	9,800	9,800	8,014	1,786
Insurance - vehicles	1,000	1,000	915	85
Premiums on surety bonds	2,500	2,500	1,967	533
Public education	2,000	2,000	-	2,000
Service awards	400	400	228	172
Training expenses	16,000	16,000	8,754	7,246
Travel expenses	6,000	6,000	3,903	2,097
Sub-total	339,194	339,194	307,424	31,770
Communications equipment (see note below)	76,400	374,700	-	374,700
<b>Total Expenses</b>	<b>415,594</b>	<b>713,894</b>	<b>307,424</b>	<b>406,470</b>
<b>Change in net position</b>	<b>\$ 58,384</b>	<b>\$ 5,284</b>	<b>\$ 269,652</b>	<b>\$ 264,368</b>

Noted that communications equipment (above the capitalization threshold) is not expensed but recorded as a capital asset subject to depreciation.

BRISTOL TENNESSEE EMERGENCY  
COMMUNICATIONS DISTRICT

SCHEDULE OF INSURANCE COVERAGE (UNAUDITED)  
June 30, 2015

INSURANCE COVERAGE

Type of Policy:	Package (Property, General Liability, Medical Malpractice)
Policy Number:	TR-2055992-07
Policy Premium:	\$7,964
Property Coverage:	801 Anderson St., Bristol, Sullivan Co., TN. Personal Property (Contents) \$35,000; Computer Software, \$250,000; Loss of Income \$10,000; Extra Expense \$10,000; \$250 Deductible, Replacement Cost (without deduction for depreciation, subject to the limit on the policy), All Risk.
Limits of Liability:	\$2,000,000 General Aggregate limit (Other than Products/Completed Operations) \$2,000,000 Products/Completed Operations Aggregate Limit \$25,000 Defense Expense for Injunctive Relief \$1,000,000 Personal & Advertising Injury Limit \$1,000,000 Each Occurrence Limit \$50,000 Fire Damage Limit (Any One Person) \$5,000 Medical Expense Limit (Any One Person)
Type of Policy:	Vehicles
Policy Number:	CM-1053657-07
Policy Premium:	\$915
Limits of Liability:	\$1,000,000 Combined Single Limit, Hired & Non-owned "Autos" \$1,000,000 Uninsured Motorists/underinsured Motorist Insurance \$5,000 (each person) medical payments

BRISTOL TENNESSEE EMERGENCY  
COMMUNICATIONS DISTRICT  
SCHEDULE OF SURCHARGE RATES (UNAUDITED)  
June 30, 2015

<u>CUSTOMER TYPE</u>	<u>RATE PER LINE</u>
Residential	\$ 1.16*
Commercial	\$ 2.00*

\*Effective Rate January 1, 2015 (previously \$0.65)

\*Up to 200 lines

## **COMPLIANCE SECTION**

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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 *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Bristol Tennessee Emergency  
Communications District  
Bristol, 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 and the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* published by the Tennessee Office of the Comptroller of the Treasury, the financial statements of the Bristol Tennessee Emergency Communications District (the "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 November 18, 2015.

### **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 opinion 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. Given these limitations, during our audit we 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.

### **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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.

*Brown, Edwards & Company, S. L. P.*

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia  
November 18, 2015