Financial Statements

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

Year Ended June 30, 2011

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MEH MITCHELL EMERT & HILL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Directors
Emergency Communications District of
Anderson County, Tennessee
Clinton, Tennessee

We have audited the accompanying statement of net assets of Emergency Communications District of Anderson County, Tennessee, a component unit of Anderson County, Tennessee, as of June 30, 2011, and the related statement of revenue, expenses and change in net assets and statement of cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Emergency Communications District of Anderson County, Tennessee as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 to 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

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Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Emergency Communications District of Anderson County, Tennessee's basic financial statements. The accompanying schedule of expenditures of state awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2011 on our consideration of Emergency Communications District of Anderson County, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and other matters 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 the results of our audit.

Mitchell Emert & Hill

October 14, 2011

EMERGENCY COMMUNICATIONS DISTRICT
OF ANDERSON COUNTY, TENNESSEE
101 S. MAIN STREET SUITE 440
CLINTON, TN 37716
PHONE (865) 463-8160 FAX (865) 457-1748

Our discussion and analysis of the Emergency Communications District of Anderson County, Tennessee's (the District) financial performance provides an overview of the District's activities for the year ended June 30, 2011. Please read it in conjunction with the District's financial statements, as listed in the Table of Contents.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Revenues, Expenses, and Change in Net Assets provide information about the District as a whole and present a long-term view of the District's finances.

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

One of the most important questions asked about the District's finances is "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Revenue, Expenses and Change in Net Assets report information about the District and about its activities that help answer this question. These statements include all assets and liabilities using the accrual basis of 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 assets and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

FINANCIAL HIGHLIGHTS

The operations of the Anderson County Emergency Communications District (a component unit of Anderson County, Tennessee) are primarily funded as follows:

Telephone and Wireless companies "911" fees
Operational fund program from State of Tennessee Emergency Communications Board (TECB)
Interest income

Total operational costs for the District were $275,804 for the fiscal year ended June 30, 2011.

NET ASSETS

The analysis below focuses on the net assets and changes in net assets of the District:

	2011	2010
NET ASSETS		
Current assets	$ 1,054,734	$ 908,806
Capital assets	232,484	255,042
Total assets	$ 1,287,218	$ 1,163,848
Total liabilities	142	0
Net assets:		
Invested in capital assets	232,484	255,042
Unrestricted	1,054,592	908,806
	1,287,076	1,163,848
Total liabilities and net assets	$ 1,287,218	$ 1,163,848
CHANGE IN NET ASSETS		
Operating revenue	$ 365,575	$ 348,916
Operating expenses	275,804	254,409
Operating income	89,772	94,507
Non-operating income	33,457	34,751
Change in net assets	123,228	129,258
Beginning net assets	1,163,848	1,034,590
Ending net assets	$ 1,287,076	$ 1,163,848

Net assets of the District increased by 11% during 2011 and 12% during 2010. Unrestricted net assets, the portion of the net assets that can be used to finance day-to-day operations, increased by $145,786 or 16% for 2011 and $154,188 or 20% for 2010.

FINANCIAL RATIOS

The ratios of Working Capital and Days Cash demonstrate the continuing ability to finance operations with cash. The stability of the current ratio and the liabilities to net assets ratio demonstrate that the District has not financed its working capital and days cash with an increased proportion of debt. The following is a related schedule of ratios:

	2011	2010
Working Capital (the amount by which current assets exceed current liabilities)	$ 1,054,592	$ 908,806
Days Cash and Investments (represents the number of days' normal operations could continue with no revenue collections)	1358 days	1260 days
Return on Assets – illustrates to what extent there will be sufficient funds to replace assets in the future	10%	12%

CAPITAL ASSETS

At the fiscal year end of June 30, 2011, the District had $232,484 invested in capital assets as outlined below (a $22,558 or 9% decrease over the last year).

	2011	2010
Communications equipment	$ 380,336	$ 387,691
Furniture and fixtures	48,625	52,822
Office equipment	14,998	6,842
Vehicle	19,425	19,425
Leasehold improvements	60,542	50,240
Other fixed assets	71,848	71,848
	595,774	588,868
Less accumulated depreciation	(363,290)	(333,826)
	$ 232,484	$ 255,042

DEBT

At the fiscal year end, the District had no outstanding bonds payable, notes payable or lease obligations outstanding. During the next year, the District does not plan substantial additions to the District's capital assets.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general view of the District's finances and to show the District's accountability to the money it receives. If you have any questions about this report or need additional financial information, please contact Mark Lucas, Chairman of the Board of the Anderson County Emergency Communications District, 101 S. Main Street, Suite 440, Clinton, TN 37716.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF NET ASSETS

June 30, 2011

ASSETS		
CURRENT ASSETS		
Cash		$ 576,269
Certificate of deposit		444,986
Accounts receivable		10,201
Due from TECB		14,977
Prepaid expenses		8,300
TOTAL CURRENT ASSETS		1,054,734
CAPITAL ASSETS		
Communications equipment	$ 380,336	
Furniture and fixtures	48,625	
Office equipment	14,998	
Vehicle	19,425	
Leasehold improvements	60,542	
Other fixed assets	71,848	
	595,774	
Accumulated depreciation	(363,290)	232,484
TOTAL ASSETS		$ 1,287,218
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll taxes payable		$ 142
NET ASSETS		
Invested in capital assets	$ 232,484	
Unrestricted	1,054,592	1,287,076
TOTAL LIABILITIES AND NET ASSETS		$ 1,287,218

See the accompanying notes to the financial statements.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

Year Ended June 30, 2011

OPERATING REVENUE		
Emergency telephone service charges		$ 107,826
TECB-shared wireless charge		90,596
TECB-operational funding program		167,153
TOTAL OPERATING REVENUE		365,575
OPERATING EXPENSES		
Salaries and wages:		
Administration personnel	$ 56,291	
Part-time personnel	4,951	61,242
Employee benefits:		
Social security	4,484	
Medicare	823	5,307
Contracted services:		
Addressing/mapping	16,114	
Audit services	4,400	
Accounting services	3,300	
Fuel-vehicles	669	
Impact payments to cities	14,400	
Lease/Rental-communications equipment	80,344	
Maintenance agreements	11,162	
Maintenance and repairs-building and facilities	2,734	
Maintenance and repairs-communications equipment	468	
Maintenance and repairs-office equipment	692	
Maintenance and repairs-vehicles	1,347	135,631
Supplies and materials:		
Office supplies	854	
Other supplies and materials	1,418	
Postage	219	
Utilities-general telephone	3,793	
Utilities-cell phones and pagers	974	7,258

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS
(continued)

Year Ended June 30, 2011

Other charges:		
Board meetings	847	
Dues and memberships	862	
Insurance	6,628	
Training expenses	2,037	
Travel expenses	2,703	
Internet charges	6,600	
Premiums on surety bonds	1,463	
Other charges	622	21,763
Depreciation expense		44,602
TOTAL OPERATING EXPENSES		275,804
INCOME FROM OPERATIONS		89,772
NONOPERATING REVENUE		
TECB-grants	26,000	
Interest income	7,457	33,457
CHANGE IN NET ASSETS		123,228
NET ASSETS AT THE BEGINNING OF THE YEAR		1,163,848
NET ASSETS AT THE END OF THE YEAR		$1,287,076

See the accompanying notes to the financial statements.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF CASH FLOWS

Year Ended June 30, 2011

CASH PROVIDED(USED) BY OPERATING ACTIVITIES		
Cash received from telephone charges		$ 364,213
Cash paid to suppliers		(175,474)
Cash paid to employees		(61,242)
NET CASH PROVIDED BY OPERATING ACTIVITIES		127,496
CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquistion of equipment		(22,044)
CASH PROVIDED(USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES		
TECB-grants		26,000
CASH PROVIDED(USED) BY INVESTING ACTIVITIES		
Interest received	$ 7,457	
(Increase) in certificate of deposit	(7,457)	
NET CASH (USED) BY INVESTING ACTIVITIES		0
NET INCREASE IN CASH		131,452
CASH AT THE BEGINNING OF THE YEAR		444,817
CASH AT THE END OF THE YEAR		$ 576,269

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF CASH FLOWS
(continued)

Year Ended June 30, 2011

RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES		
Income from operations		$ 89,772
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation	$ 44,602	
(Increase)decrease in:		
Accounts receivable	(947)	
Due from TECB	(462)	
Prepaid expenses	(5,610)	
Increase in:		
Accounts payable	142	42,246
NET CASH PROVIDED BY OPERATING ACTIVITIES		$ 132,017

See the accompanying notes to the financial statements.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE A - DESCRIPTION OF ORGANIZATION

Emergency Communications District of Anderson County, Tennessee (the District) was created by a countywide referendum on November 6, 1990. The Anderson County Board of Commissioners appointed the District's initial Board of Directors pursuant to Tennessee Code Annotated Section 7-86-101. The District is responsible for the installation and maintenance of the emergency communications network of Anderson County, Tennessee (Enhanced 911 Service).

The District is considered a component unit of Anderson County, Tennessee because the Anderson County Board of Commissioners appoints a majority of the District's Board of Directors and must approve any debt issued by the District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The District uses the accrual basis of accounting. Revenue is recognized when earned and measurable, and expenses are recognized when the liability is incurred. Operating revenue is revenue that is generated from the primary operations of the District. All other revenue is reported as nonoperating revenue. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as nonoperating expenses.

The District follows all pronouncements of the Governmental Accounting Standards Board (GASB) and pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989. The District has not elected to follow FASB pronouncements issued after November 30, 1989.

GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset groups:

Invested in capital assets: This category includes capital assets, net of accumulated depreciation. Invested in capital assets at June 30, 2011 has been calculated as follows:

Capital assets	$ 595,774
Accumulated depreciation	(363,290)
	$ 232,484

Restricted: This category includes net assets whose use is subject to externally imposed stipulations that can be fulfilled by actions of the District pursuant to those stipulations or that expire by the passage of time. The District had no restricted net assets as of June 30, 2011.

Unrestricted: This category includes net assets that are not subject to externally imposed stipulations and that do not meet the definition of "restricted" or "invested in capital assets". Unrestricted net assets may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Accounts Receivable

Accounts receivable which are deemed uncollectible based upon a periodic review of the accounts are charged to revenue. At June 30, 2011, no allowance for uncollectible accounts was considered necessary.

Capital Assets

Capital assets, which include property and equipment, are recorded at cost. Capital assets are defined by the District as assets with an initial, individual cost of $500 or more. Depreciation is computed using the straight-line method over the estimated useful lives, which range from five to twenty-five years.

Operating Budget

The District is required by state law to adopt an annual operating budget. The Board of Directors approves the original budget and any amendments, and maintains the legal level of control at the line item level. The budget is prepared on the accrual basis of accounting. All appropriations lapse at the end of the year.

Compensated Absences

The District's full-time employees are granted vacation leave in varying amounts. In the event of termination, the employee is paid for any unused vacation leave**.**

NOTE C - CASH

Cash represents money on deposit in various banks. The District considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

State of Tennessee law authorizes the District to invest in obligations of the United States or its agencies, non-convertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the state treasurer's local government investment pool.

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

All of the District’s cash and cash equivalent balances at June 30, 2011 were entirely insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the District’s agent in the District’s name.

NOTE D - LEASES

The District occupies facilities provided by Anderson County, Tennessee on a month-to-month basis without charge.

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance 7/1/10	Additions	Retirements	Balance 6/30/11
Capital assets being depreciated				
Communications equipment	$ 387,690	$ 3,586	$ (10,941)	$ 380,336
Furniture and fixtures	52,823	0	(4,197)	48,625
Office equipment	6,842	8,156	0	14,998
Vehicle	19,425	0	0	19,425
Leasehold improvements	50,240	10,301	0	60,542
Other fixed assets	71,848	0	0	71,848
	588,868	22,044	(15,138)	595,774
Accumulated depreciation				
Communications equipment	(204,655)	(27,743)	10,941	(221,457)
Furniture and fixtures	(32,468)	(6,402)	4,197	(34,674)
Office equipment	(408)	0	0	(408)
Vehicle	(19,425)	0	0	(19,425)
Leasehold improvements	(19,719)	(2,554)	0	(22,272)
Other fixed assets	(57,151)	(7,902)	0	(65,053)
	(333,826)	(44,601)	15,138	(363,290)
	$ 255,042	$ (22,557)	$ 0	$ 232,484

NOTE F - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including general liability and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SUPPLEMENTARY INFORMATION

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

Year Ended June 30, 2011

	Actual (Accrual basis)	Budget (Accrual basis)	Variance Over (Under)
OPERATING REVENUE			
Emergency telephone service charges	$ 107,826	$ 122,400	$ (14,574)
TECB-shared wireless charge	90,596	87,000	3,596
TECB-operational funding program	167,153	143,000	24,153
TOTAL OPERATING REVENUE	365,575	352,400	13,175
OPERATING EXPENSES			
Salaries and wages:			
Administration personnel	56,291	58,000	(1,709)
Part-time personnel	4,951	5,750	(799)
	61,242	63,750	(2,508)
Employee benefits:			
Social security	4,484	3,953	531
Medicare	823	924	(101)
	5,307	4,877	430
Contracted services:			
Addressing/mapping	16,114	20,273	(4,159)
Advertising	0	100	(100)
Audit services	4,400	4,400	0
Accounting services	3,300	3,800	(500)
Fuel-vehicles	669	2,000	(1,331)
Impact payments to cities	14,400	14,400	0
Lease/Rental-communications equipment	80,344	85,000	(4,656)
Maintenance agreements	11,162	14,000	(2,838)
Maintenance and repairs-building and facilities	2,734	3,000	(266)
Maintenance and repairs-communications equipment	468	500	(32)
Maintenance and repairs-office equipment	692	750	(58)

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET
(continued)

Year Ended June 30, 2011

	Actual (Accrual basis)	Budget (Accrual basis)	Variance Over (Under)
Contracted services(continued):			
Maintenance and repairs-vehicles	1,347	1,500	(153)
Mapping/database consultants	0	5,000	(5,000)
Other professional services	0	5,000	(5,000)
	135,631	159,723	(24,092)
Supplies and materials:			
Office supplies	854	2,000	(1,146)
Other supplies and materials	1,418	2,000	(582)
Postage	219	300	(81)
Utilities-general telephone	3,793	5,000	(1,207)
Utilities-cell phones and pagers	974	1,250	(276)
	7,258	10,550	(3,292)
Other charges:			
Board meetings	847	1,000	(153)
Dues and memberships	862	1,750	(888)
Public education	0	1,200	(1,200)
Insurance	6,628	10,700	(4,072)
Training expenses	2,037	5,000	(2,963)
Travel expenses	2,703	4,000	(1,297)
Internet charges	6,600	7,000	(400)
Premiums on surety bonds	1,463	1,850	(388)
Other charges	622	1,000	(378)
	21,763	33,500	(11,737)
Depreciation expense	44,602	80,000	(35,398)
TOTAL OPERATING EXPENSES	275,804	352,400	(76,596)
INCOME FROM OPERATIONS	89,772	0	89,772

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET
(continued)

Year Ended June 30, 2011

	Actual (Accrual basis)	Budget (Accrual basis)	Variance Over (Under)
NONOPERATING REVENUE			
TECB-grants	26,000	26,000	0
Interest income	7,457	3,000	4,457
	33,457	29,000	4,457
CHANGE IN NET ASSETS	123,228	29,000	94,228
NET ASSETS AT THE BEGINNING OF THE YEAR	1,163,848	1,163,848	0
NET ASSETS AT THE END OF THE YEAR	$ 1,287,076	$ 1,192,848	$ 94,228

See the accompanying independent accountants' audit report.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

EXPENDITURES OF STATE AWARDS

Year Ended June 30, 2011

Grant Number	Grant Purpose	State Grantor
N/A	GIS Mapping Upgrade	Tennessee Department of Commerce and Insurance
N/A	Dispatcher Training	Tennessee Department of Commerce and Insurance

See the accompanying independent accountants' audit report.

Receivable July 1, 2010	Receipts	Expenditures	Receivable June 30, 2011
$ 0	$ 10,000	$ 10,000	$ 0
0	16,000	16,000	0
$ 0	$ 26,000	$ 26,000	$ 0

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

BOARD OF DIRECTORS

June 30, 2011

Mark Lucas
James Shetterly
Duane Stooksbury
Kenny Morgan
Danny Humphrey
Nathan Sweet
Myron Iwanski
Jerry Creasey
Gary Long

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

MEH MITCHELL EMERT & HILL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

Board of Directors
Emergency Communications District of
Anderson County, Tennessee
Clinton, Tennessee

We have audited the financial statements of Emergency Communications District of Anderson County, Tennessee, a component unit of Anderson County, Tennessee, as of and for the year ended June 30, 2011, and have issued our report thereon dated October 14, 2011. 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 of America.

Internal Control Over Financial Reporting

Management of Emergency Communications District of Anderson County, Tennessee is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Emergency Communications District of Anderson County, Tennessee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Emergency Communications District of Anderson County, Tennessee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Emergency Communications District of Anderson County, Tennessee's internal control over financial reporting.

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.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Emergency Communications District of Anderson County, Tennessee's financial statements are free of material misstatement, we 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 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*.

However, we noted certain other matters that we have reported to the management of Emergency Communications District of Anderson County, Tennessee in a separate letter dated October 14, 2011.

This report is intended solely for the information and use of management and government regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Mitchell Emert & Hill

October 14, 2011