

**WAYNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

**(A Component Unit)**

Financial Statements

June 30, 2011

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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# **INTRODUCTORY SECTION**

# WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Board of Directors

June 30, 2011

<u>Official</u>	<u>Office</u>
Frank Quigley	Chairman
Mike Smith	Board Member
Keith Wilbanks	Board Member
Janice Harris	Board Member
Jerry Butler	Board Member
Amanda Wilson	Board Member
Gary Cook	Board Member
Melba Staggs	Board Member
Randy Burns	Board Member
<u>Management</u>	
Jimmy Turnbow	Director

## **FINANCIAL SECTION**

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Wayne County Emergency Communications District  
Waynesboro, Tennessee

I have audited the accompanying financial statements of Wayne County Emergency Communications District, a component unit of Wayne County, Tennessee for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of Wayne County Emergency Communications District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with generally accepted auditing standards of the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wayne County Emergency Communications District, a component unit of Wayne County, as of June 30, 2011, and the results of its operations and the cash flows for the year ending June 30, 2011 in conformity with generally accepted accounting principles of the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2011, on the consideration of Wayne County Emergency Communications District's internal control over financial reporting and the test 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 the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

Management's Discussion and Analysis 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. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

The audit was conducted for the purpose of forming an opinion on the financial statements of Wayne County Emergency Communications District, a component unit of Wayne County, taken as a whole. The accompanying Introductory Section and the Supplemental schedules in the table of contents, including the Schedule of State Financial Assistance, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in my opinion is fairly stated in all material respects in relation to the financial statements, taken as a whole.

*John R Poole, CPA*

November 30, 2011

## Wayne County Emergency Communications District

### Management's Discussion and Analysis

As management of the Wayne County Emergency Communications District, (the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the District.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

#### **Financial Highlights:**

The assets of the Wayne County Emergency Communications District exceeded its liabilities at the close of the most recent fiscal year by \$743,569. Of this amount, \$394,965 (unrestricted net assets) may be used to meet the District's ongoing obligations.

The District's total net assets increased by \$26,750 during the current year, primarily as a result of higher than expected revenues. Revenues were \$1,077 more in the current year as the District had higher operating grant revenues from the State of Tennessee. Expenses were \$27,129 more in the current year due to higher personnel costs.

During the year the District borrowed \$320,310 to finance the acquisition of communications equipment.

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

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

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related 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 financial statements can be found on pages 6-8 of this report. 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 9-12 of this report.

### Financial Analysis of the Financial Statements

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. In the case of the Wayne County Emergency Communications District, assets exceeded liabilities by \$743,569 at the close of the most recent fiscal year.

By far the largest portion of the District's assets reflects its investment in capital assets. The District uses these capital assets to provide 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, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### Wayne County Emergency Communications District's Net Assets - 2011

Current assets	\$ 414,649
Capital assets, net	<u>1,228,891</u>
Total assets	<u>1,643,540</u>
Long-term debt	796,125
Current liabilities	<u>103,846</u>
	<u>899,971</u>
Net assets:	
Invested in capital assets	348,604
Unrestricted	<u>394,965</u>
Total net assets	\$ <u>743,569</u>

#### Wayne County Emergency Communications District's Net Assets - 2010

Current assets	\$ 366,510
Capital assets, net	<u>955,858</u>
Total assets	<u>1,322,368</u>
Long-term debt	559,977
Other liabilities	<u>45,572</u>
	<u>605,549</u>
Net assets:	
Invested in capital assets	370,880
Unrestricted	<u>345,939</u>
Total net assets	\$ <u>716,819</u>

At the end to the current fiscal year, the District is able to report positive balances in all categories of net assets.

Comparison of revenues and expenses

	<u>2011</u>	<u>2010</u>	<u>Variance</u>
<b>Operating Revenues:</b>			
Emergency Telephone Service Charge	\$140,427	\$140,960	(\$533)
State Emergency Communications Board Wireless	<u>142,791</u>	<u>114,480</u>	<u>28,311</u>
Total Operating Revenues	<u>283,218</u>	<u>255,440</u>	<u>27,778</u>
<b>Operating Contributions:</b>			
State Emergency Communications	<u>21,487</u>	<u>51,594</u>	<u>(30,107)</u>
Total Capital Contributions	<u>21,487</u>	<u>51,594</u>	<u>(30,107)</u>
<b>Operating Expenses:</b>			
Salaries and wages	107,136	101,825	(5,311)
Employee benefits	8,589	7,889	(700)
Contract services	24,473	20,435	(4,038)
Supplies and materials	5,068	3,064	(2,004)
Depreciation	54,277	57,506	3,229
Insurance	8,922	8,159	(763)
Repair and maintenance	21,124	17,690	(3,434)
Training and travel	9,704	5,095	(4,609)
Utilities	24,774	17,474	(7,300)
Miscellaneous	1,991	459	(1,532)
Total Operating Expenses	<u>266,058</u>	<u>239,596</u>	<u>(26,462)</u>
Operating income (loss)	<u>38,647</u>	<u>67,438</u>	<u>(28,791)</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest expense	(26,616)	(27,283)	667
Other income	11,246	7,200	4,046
Interest income	<u>3,473</u>	<u>4,780</u>	<u>(1,307)</u>
Total Nonoperating Revenues (Expenses)	<u>(11,897)</u>	<u>(15,303)</u>	<u>3,406</u>
Net income (loss)	<u>26,750</u>	<u>52,135</u>	<u>(25,385)</u>

The assets of the Wayne County Emergency Communications District exceeded its liabilities at the close of the most recent fiscal year by \$743,569. Of this amount, \$394,965 (unrestricted net assets) may be used to meet the District's ongoing obligations.

The District's total net assets increased by \$26,750 during the current year, primarily as a result of higher than expected revenues. Revenues were \$1,077 more in the current year as the District had higher operating grant revenues from the State of Tennessee. Expenses were \$27,129 more in the current year due to higher personnel costs.

## Capital Asset

The Wayne County Emergency Communications District's investment in capital assets from its activities at June 30, 2011, amounts to \$1,228,891 (net or accumulated depreciation). This investment in capital assets is in communications equipment and vehicles.

### Wayne County Emergency Communications District's Capital Assets

	<u>2011</u>	<u>2010</u>
Land	55,244	55,244
Building	820,294	820,294
Communication equipment	<u>780,121</u>	<u>452,811</u>
Total	1,655,659	1,328,349
Less accumulated depreciation	<u>(426,768)</u>	<u>(372,491)</u>
Net Capital Assets	\$ <u>1,228,891</u>	<u>955,858</u>

Additional information on the Wayne County Emergency Communications District's capital assets can be found in the notes to the financial statements section of this report.

## 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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Jimmy Turnbow  
Wayne County Emergency Communications District

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Net Assets

June 30, 2011

<u>Assets</u>	<u>Account Number</u>	
Current Assets:		
Cash and cash equivalents	1001	\$152,959
Certificate of deposits	1002	238,815
Accounts receivable	1004	16,109
Prepaid insurance	1009	6,766
Total Current Assets		<u>414,649</u>
Capital Assets:		
Land	1300	55,244
Communication equipment	1308	730,148
Vehicles	1310	17,746
Buildings	1302	820,294
Maps	1320	32,227
Less accumulated depreciation - comm. equip.	1309	(304,764)
Less accumulated depreciation - vehicles	1305	(17,746)
Less accumulated depreciation - building	1303	(71,639)
Less accumulated depreciation - maps	1321	(32,619)
Total Capital Assets, Net		<u>1,228,891</u>
Total Assets		<u>\$1,643,540</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	2001	1,000
Accrued liabilities	2020	18,684
Current portion of long-term debt	2202	84,162
Total Current Liabilities		<u>103,846</u>
<u>Other Liabilities</u>		
Long-term debt	2202	796,125
		<u>796,125</u>
Total liabilities		<u>\$899,971</u>
Net Assets:		
Invested in capital assets, net of related debt	2301	348,604
Unrestricted	2320	394,965
Total Net assets		<u>743,569</u>

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

**WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Statement of Revenues, Expenses  
and Changes in Net Assets**

**For the Year Ended June 30, 2011**

	<u>Account Number</u>	
<b>Operating Revenues:</b>		
Emergency Telephone Service Charge	3001	\$96,469
State Emergency Communications Board Wireless Charge	3002	43,958
State Emergency Communications Board - Operational Funding	3003	<u>142,791</u>
<b>Total Operating Revenues</b>		<u><b>283,218</b></u>
<b>Operating Expenses:</b>		
Salaries and wages	4000	107,136
Employee benefits	4100	8,589
Contract services	4200	24,473
Supplies and materials	4300	5,068
Depreciation	4500	54,277
Insurance	4409	8,922
Repair and maintenance	4232	21,124
Training and travel	4418	9,704
Utilities	4307	24,774
Miscellaneous	4499	<u>1,991</u>
<b>Total Operating Expenses</b>		<u><b>266,058</b></u>
<b>Operating income (loss)</b>		<u><b>17,160</b></u>
<b>Nonoperating Revenues (Expenses):</b>		
Interest expense	5010	(26,616)
Interest income	5002	3,473
Other income	5009	11,246
Grants -State Emergency Communications	5006	<u>21,487</u>
<b>Total Nonoperating Revenues (Expenses)</b>		<u><b>9,590</b></u>
<b>Net change in assets</b>		<b>26,750</b>
Net assets, June 30, 2010		<u>716,819</u>
Net assets, June 30, 2011		<u><u><b>\$743,569</b></u></u>

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

**WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Statement of Cash Flows**

**For the Year Ending June 30, 2011**

Cash Flows from Operating Activities:	
Cash received from activities	\$283,218
Cash paid to employees	(115,725)
Cash paid to suppliers	(84,136)
Net Cash Provided by Operating Activities	83,357
Cash Flows from Capital and Related Financing Activities:	
Payments of debt- principal	(25,000)
Payments of interest	(26,616)
Proceeds of loans	320,310
Acquisition of capital assets	(327,310)
Net Cash Provided by Capital and Related Financing Activities	(58,616)
Cash Flows from Noncapital financing:	
Operating contributions	21,487
Net Cash From Noncapital financing	21,487
Cash Flows from Investing Activities:	
Redemption (purchase) of Certificate of deposit	(1,720)
Interest received	3,473
Net Cash From Investing Activities	1,753
Net Increase in Cash	47,981
Cash and Cash Equivalents, June 30, 2010	104,978
Cash and Cash Equivalents, June 30, 2011	\$152,959

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income (loss)	\$17,160
Adjustments to reconcile operating income to net cash provided by operating activities:	
Other income	11,246
Depreciation	54,277
Change in assets (increase) decrease:	
Inventory	4,060
Prepaid assets	(2,497)
Change in liabilities increase (decrease):	
Account payable and accrued liabilities	(889)
Net Cash Provided by Operating Activities	\$83,357

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

# NOTES TO THE FINANCIAL STATEMENTS

# WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Notes to Financial Statements

June 30, 2011

### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

Wayne County Emergency Communications District ( the District) is a component unit of Wayne County, Tennessee. The District encompasses the same boundaries as Wayne County, Tennessee. The powers of the District are vested in and exercised by a majority of the members of the Board of Directors, who are appointed by the Wayne County Mayor. The Wayne County Commission has the ability to adjust the District's service charges. The District must obtain County Commission approval before the issuance of most debt. The District is considered a political subdivision and is exempt from Federal and State income taxes.

#### Basis of Accounting

The accompanying financial statements of the District have been prepared on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Expenditures are recognized in the accounting period in which the liability is incurred and is measurable.

The District applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions; issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The District has elected not to apply FASB Statements and interpretations issued after November 30, 1989.

#### Cash and Cash Equivalents

The District considers all highly liquid debt instruments purchased with maturities of 60 days or less to be cash equivalents.

#### Supply Inventory

Supply inventory is valued at the lower of cost (first-in, first-out) or market. Inventory items are considered expenditures when used (consumption method).

#### Capital Assets

Capital assets of the District is recorded at cost. Depreciation is computed over the estimated life of the assets using the straight-line method. The estimated life for property, plant and equipment in service is from 3 to 40 years. The District does capitalize interest incurred on construction projects.

#### 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

Notes to Financial Statements

June 30, 2011

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Annual budget

The District's annual budget is required by state law. The budget is adopted on a basis consistent with generally accepted accounting principles and is prepared on the accrual basis. All budget appropriations lapse at year end.

**Note 2 - CASH AND CERTIFICATES OF DEPOSIT**

The District is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During the year, the District invested funds that were not immediately needed in deposit accounts. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. The District has deposit policies to minimize custodial credit risks. The collateral must meet certain requirements and be deposited in an escrow account in a second bank for the benefit of the District and must total a minimum of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The District's deposits with financial institutions are fully insured or collateralized by securities held in the District's name.

**Note 3 - CAPITAL ASSETS**

A summary of changes in capital assets in service is as follows:

	Balance <u>6-30-10</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6-30-11</u>
Land	55,244	-	-	55,244
Equipment	402,838	327,310	-	730,148
Buildings	820,294	-	-	820,294
Vehicles	17,746	-	-	17,746
Maps	<u>32,227</u>	<u>-</u>	<u>-</u>	<u>32,227</u>
	1,328,349	327,310	-	1,655,659
Less accumulated depreciation				
	Balance <u>6-30-10</u>			Balance <u>6-30-11</u>
Equipment	273,101			304,764
Buildings	51,171			71,639
Vehicles	17,746			17,746
Maps	<u>30,473</u>			<u>32,619</u>
Less accumulated depreciation	<u>(372,491)</u>			<u>(426,768)</u>
Utility plant - net	<u>\$955,858</u>			<u>1,228,891</u>

Depreciation consists of equipment \$31,663, Building \$20,468, Maps \$2,146. All assets except land are being depreciated.

**WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

Notes to Financial Statements

June 30, 2011

**Note 4 - LONG-TERM DEBT**

The following is a summary of changes in long-term debt:

	<u>Balance</u> <u>6-30-10</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6-30-11</u>
Mortgage loan	\$ 584,977	-	25,000	559,977
Equipment lease	-	320,310	-	320,310
Total	584,977	320,310	25,000	880,287

Future maturities of note principal and interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2012	84,162	38,228
2013	86,516	34,737
2014	88,965	31,150
2015	96,510	27,468
2016	99,157	23,455
2017-2021	165,000	82,357
2022-2026	210,000	40,723
2027	49,977	2,276
Total	\$ 880,287	280,394

The Building of the District is pledged as collateral on the mortgage loan indebtedness until the existing principal and interest are paid in full.

**Note 5 - 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, and natural disasters. The District purchases commercial financial bonded insurance for its officials. For all other risks, the District purchases commercial insurance. There have been no claims during the last four years.

**Note 6 - COMMITMENTS AND CONTINGENCIES**

Federal and State Grants

In the normal course of operations, the District receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities: the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

# WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Notes to Financial Statements

### **Note 7 - BUDGETS AND BUDGETARY ACCOUNTING**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by Board vote on an annual basis. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The Board approves, total budget appropriations. The Manager is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the Board.
- c. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

## **SUPPLEMENTAL INFORMATION**

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Revenues and Expenses  
Budget and Actual

For the Year Ended June 30, 2011

		<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable) <u>Variance</u>
Operating Revenues:	<u>Number</u>			
Emergency Telephone Service Charge	3001	\$97,000	\$96,469	(\$531)
State Emergency Communications Board Wireless Charge	3002	45,000	43,958	(1,042)
State Emergency Communications Board Operational Funding	3003	77,350	142,791	65,441
Total Operating Revenues		<u>219,350</u>	<u>283,218</u>	<u>63,868</u>
Operating Contributions:				
Grants - State Emergency Communications	5006	22,000	21,487	(513)
Total Capital Contributions		<u>22,000</u>	<u>21,487</u>	<u>(513)</u>
Operating Expenses:				
Salaries and wages	4000	111,400	107,136	4,264
Employee benefits	4100	10,250	8,589	1,661
Contract services	4200	26,800	24,473	2,327
Supplies and materials	4300	3,800	3,800	0
Depreciation	4500	0	54,277	(54,277)
Insurance	4409	11,500	8,922	2,578
Repair and maintenance	4232	23,600	22,392	1,208
Training and travel	4418	11,550	9,704	1,846
Utilities	4307	26,800	24,774	2,026
Miscellaneous	4499	2,900	1,991	909
Total Operating Expenses		<u>228,600</u>	<u>266,058</u>	<u>(37,458)</u>
Operating income (loss)		<u>12,750</u>	<u>38,647</u>	<u>25,897</u>
Nonoperating Revenues (Expenses):				
Interest expense	5010	(27,500)	(26,616)	(884)
Other income	5009	11,250	11,246	4
Interest income	5002	3,500	3,473	(27)
Total Nonoperating Revenues (Expenses)		<u>(12,750)</u>	<u>(11,897)</u>	<u>(907)</u>
Net income (loss)		<u>0</u>	<u>26,750</u>	<u>26,750</u>

**WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Schedule of Monthly Rates in Effect**

**June 30, 2011**

<u>Type of Customer</u>	<u>Rate</u>
Residential customers	\$ 1.00
Business customers	\$ 2.50

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of State Financial Assistance

For the Year Ended June 30, 2011

Program Name	Grantor Agency	Receivable (Deferred) Balance July 1, 2010	Cash Receipts	Other Receipts	Cash Expenditures	Receivable (Deferred) Balance June 30, 2011
Training	State of Tennessee Commerce and Insurance	\$0	8,000	\$0	8,000	0
GIS Mapping Maintenance	State of Tennessee Commerce and Insurance	\$0	10,000	\$0	10,000	0
Totals		\$0	\$18,000	\$0	\$18,000	\$0

State Program:

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Debt Service Requirements

June 30, 2011

Year	BUILDING LOAN		EQUIPMENT LOAN		TOTALS	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 25,000	25,480	59,162	12,748	84,162	38,228
2013	25,000	24,343	61,516	10,394	86,516	34,737
2014	25,000	23,205	63,965	7,945	88,965	31,150
2015	30,000	22,068	66,510	5,400	96,510	27,468
2016	30,000	20,703	69,157	2,752	99,157	23,455
2017	30,000	19,338			30,000	19,338
2018	30,000	17,973			30,000	17,973
2019	35,000	16,608			35,000	16,608
2020	35,000	15,015			35,000	15,015
2021	35,000	13,423			35,000	13,423
2022	40,000	11,830			40,000	11,830
2023	40,000	10,010			40,000	10,010
2024	40,000	8,190			40,000	8,190
2025	45,000	6,370			45,000	6,370
2026	45,000	4,323			45,000	4,323
2027	49,977	2,276			49,977	2,276
	<u>\$ 559,977</u>	<u>241,155</u>	<u>320,310</u>	<u>39,239</u>	<u>880,287</u>	<u>280,394</u>

**COMPLIANCE AND  
INTERNAL CONTROL**

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

Board of Directors  
Wayne County Emergency Communications District  
Waynesboro, Tennessee

I have audited the financial statements (as listed in the table of contents) of Wayne County Emergency Communications District as of and for the year ended June 30, 2011, and have issued my report thereon dated November 30, 2011. I conducted the 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.

**Internal Control Over Financial Reporting**

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing the audit, I considered the Wayne County Emergency Communications District's internal control over financial reporting as a basis for designing the 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 the Wayne County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness (2011-1 Lack of segregation of Duties).

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of 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. I consider the deficiency described below (2011-1) to be a material weakness.

The material weakness is as follows:

**2011-1 Separation of Duties**

Due to the limited number of personnel employed by the District, several functions, which ideally should be performed by different individuals, are regularly performed by one person. I recommend that the District strengthen its internal control in cash receipts, cash disbursements, and reconciliation of cash.

**Management Response:**

Due to the size of the office, a complete separation of duties is not possible. However we are continuing to monitor office responsibilities and segregate duties as needed.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wayne County Emergency Communications District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Wayne County Emergency Communications District's response to the finding identified in the audit is described above. I did not audit the Management Response and, accordingly, I express no opinion on it.

I noted certain matters that I reported to management of the Wayne County Emergency Communications District in a separate letter dated November 30, 2011.

This report is intended solely for the information and use of the audit committee, management, and State Comptrollers Office and is not intended to be and should not be used by anyone other than these specified parties.

*John R. Poole, CPA*

November 30, 2011