

HICKMAN COUNTY EMERGENCY

COMMUNICATIONS DISTRICT

(A Component Unit)

Financial Statements

June 30, 2012

HICKMAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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INTRODUCTORY SECTION

HICKMAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Directors and Officers

June 30, 2012

<u>Official</u>	<u>Office</u>
Ronnie Martin	Chairman
Janet Kelley	Board Member
Charles List	Board Member
Jerry Deal	Board Member
Hugh David Love	Board Member
Randal Ward	Board Member
Carl Grimes	Board Member
Rick Hines	Board Member
Management	
Misty Aydelott	Address Coordinator

FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

INDEPENDENT AUDITORS' REPORT

Board of Directors
Hickman County Emergency Communications District
Centerville, Tennessee

I have audited the accompanying financial statements of Hickman County Emergency Communications District, a component unit of Hickman County, Tennessee for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of Hickman 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 auditing standards generally accepted 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 Hickman County Emergency Communications District, a component unit of Hickman County, as of June 30, 2012, and the results of its operations and the cash flows for the year ending June 30, 2012 in conformity with accounting principles generally accepted of the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 31, 2012, on the consideration of Hickman 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 agreement 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.

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information which includes the Management's Discussion and Analysis 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. I have applied certain limited procedures to the required supplementary information including the Management's Discussion and Analysis in accordance with auditing standards generally accepted in the United State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge we obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section and the Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Introductory Section and the Supplementary Information have 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 State of America. In our opinion, the Introductory Section and the Supplementary Information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Jah R Poole, CPA

October 31, 2012

Hickman County Emergency Communications District

Management's Discussion and Analysis

As management of the Hickman 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, 2012. 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 Hickman County Emergency Communications District exceeded its liabilities at the close of the most recent fiscal year by \$850,551. Of this amount, \$598,533 (unrestricted net assets) may be used to meet the District's ongoing obligations. The District's total net assets increased by \$131,562 during the current year as the District received a capital grant and higher than expected operating revenues and were able to control its costs within budgeted amounts.

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 to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9-11 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 Hickman County Emergency Communications District, assets exceeded liabilities by \$850,551 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.

Hickman County Emergency Communications District's Net Assets

	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 603,500	604,548
Capital assets, net	<u>252,018</u>	<u>118,642</u>
Total assets	<u>855,518</u>	<u>723,190</u>
Accounts payable	<u>4,967</u>	<u>4,201</u>
Total liabilities	<u>4,967</u>	<u>4,201</u>
Net assets:		
Invested in capital assets	252,018	118,642
Unrestricted	<u>598,533</u>	<u>600,347</u>
Total net assets	\$ <u>850,551</u>	<u>718,989</u>

Comparison between years

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
Operating Revenues:			
Emergency Telephone Service Charge	\$88,228	\$71,111	\$17,117
State Emergency Communications Board	200,443	200,981	(538)
Total Operating Revenues	<u>288,671</u>	<u>272,092</u>	<u>16,579</u>
Operating Expenses:			
Salaries and payroll taxes	45,840	42,198	(3,642)
Contract services	7,528	48,120	40,592
Fees and licenses	4,593	3,082	(1,511)
Depreciation	68,597	81,297	12,700
Rent	2,800	2,000	(800)
Training and travel	14,498	7,803	(6,695)
Supplies	43,567	3,303	(40,264)
Insurance	528	486	(42)
Professional services	4,800	7,825	3,025
Utilities	40,617	4,228	(36,389)
Repair and maintenance	23,651	9,067	(14,584)
Miscellaneous	146	35	(111)
Total Operating Expenses	<u>257,165</u>	<u>209,444</u>	<u>(47,721)</u>
Operating income (loss)	<u>31,506</u>	<u>62,648</u>	<u>(31,142)</u>
Nonoperating Revenues (Expenses):			
Operating Contributions -State Emergency Communications	44,452	18,000	26,452
Capital contributions	51,402	0	51,402
Interest income	4,202	2,312	1,890
Total Nonoperating Revenues (Expenses)	<u>100,056</u>	<u>20,312</u>	<u>79,744</u>
Net change in net assets	131,562	82,960	48,602

Capital Asset

The Hickman County Emergency Communications District's investment in capital assets from its activities at June 30, 2012, amounts to \$252,018 (net of accumulated depreciation). This investment in capital assets is in communications equipment.

Hickman County Emergency Communications District's Capital Assets

	<u>2012</u>	<u>2011</u>
Communications equipment	467,989	544,193
Furniture and equipment	2,469	2,469
Vehicle	12,800	12,800
Less accumulated depreciation	<u>(231,240)</u>	<u>(440,820)</u>
Net Capital Assets	\$ <u>252,018</u>	<u>118,642</u>

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

Misty Aydelott
Hickman County Emergency Communications District

FINANCIAL STATEMENTS

HICKMAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Net Assets

June 30, 2012

<u>Assets</u>	<u>Account Number</u>	
Current Assets:		
Cash and cash equivalents	1001	\$369,734
Certificate of deposits	1001	204,000
Accounts receivable	1004	29,766
Total Current Assets		<u>603,500</u>
Capital Assets:		
Communication equipment	1308	467,989
Furniture and equipment	1304	2,469
Vehicle	1310	12,800
Less accumulated depreciation - comm.	1309	(215,971)
Less accumulated depreciation - furn	1305	(2,469)
Less accumulated depreciation - veh	1311	(12,800)
Total Capital Assets, Net		<u>252,018</u>
Total Assets		<u><u>\$855,518</u></u>
-		
Current Liabilities		
Accounts payable	2001	4,967
Total Current Liabilities		<u>4,967</u>
Total liabilities		<u>4,967</u>
Net Assets:		
Unrestricted	2320	598,533
Invested in capital assets	2301	252,018
Total Net assets		<u>850,551</u>

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

HICKMAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Revenues, Expenses
and Changes in Net Assets

For the Year Ended June 30, 2012

	Account Number	
Operating Revenues:		
Emergency Telephone Service Charge	3001	\$88,228
State Emergency Communications Board	3002	55,613
State Emergency Communications Board-Operational Funding	3003	144,830
Total Operating Revenues		<u>288,671</u>
Operating Expenses:		
Salaries and payroll taxes	4000	45,840
Contract services	4200	7,528
Fees and licenses	4413	4,593
Depreciation	4500	68,597
Rent	4227	2,800
Training and travel	4418	14,498
Supplies	4305	43,567
Insurance	4409	528
Professional services	4203	4,800
Utilities	4307	40,617
Repair and maintenance	4232	23,651
Miscellaneous	4499	146
Total Operating Expenses		<u>257,165</u>
Operating income (loss)		<u>31,506</u>
Nonoperating Revenues (Expenses):		
Operating Contributions -State Emergency Communications	5005	44,452
Interest income	5002	4,202
Total Nonoperating Revenues (Expenses)		<u>48,654</u>
Capital contributions	6003	<u>51,402</u>
Net change in net assets		131,562
Net assets, June 30, 2011		<u>718,989</u>
Net assets, June 30, 2012		<u>\$850,551</u>

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

HICKMAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Cash Flows

For the Year Ending June 30, 2012

Cash Flows from Operating Activities:	
Cash received from customers	\$279,460
Cash paid to employees	(45,840)
Cash paid to suppliers	(97,510)
Net Cash Provided by Operating Activities	<u>136,110</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(201,973)
Capital contributions received	51,402
Net Cash Provided by Capital and Related Financing Activities	<u>(150,571)</u>
Cash Flows from Investing Activities:	
(Purchase) redemption of certificate of deposit	(4,000)
Interest received	4,202
Net Cash From Investing Activities	<u>202</u>
Net Increase (decrease) in Cash	(14,259)
Cash and Cash Equivalents, June 30, 2011	<u>383,993</u>
Cash and Cash Equivalents, June 30, 2012	<u><u>\$369,734</u></u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income (loss)	\$31,506
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	68,597
Operating contributions	44,452
Change in assets (increase) decrease:	
Accounts receivable	(9,211)
Change in liabilities increase (decrease):	
Accounts payable	766
Net Cash Provided by Operating Activities	<u><u>\$136,110</u></u>

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

HICKMAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Hickman County Emergency Communications District (District) was created as a public corporation under authority of the provisions of Chapter 867 of the Tennessee Public Acts of 1984. The District was formed to establish local emergency telephone service and a primary emergency number for the residents of Hickman 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 County. The Board consists of nine members (seven voting and two non-voting). The District is considered a political subdivision and is exempt from Federal and State income taxes. The District is considered a component unit of Hickman County. The County appoints the Board of Directors and the County Commission may adjust service fees and must approve bonded debt. As a result, the Hickman County Commission indirectly imposes its will on the District.

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 90 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 5 to 40 years. The District does capitalize interest incurred on construction projects. No such amounts have been capitalized. Capital assets are defined by the District as assets with an individual cost of \$5,000 and an estimated useful life in excess of five years.

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.

Operating Revenues and Operating Expenses

The District recognizes operating revenues and operating expenses resulting from providing services and producing goods to its customers. All other revenues and services are deemed nonoperating.

HICKMAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Budgeting

The District's annual budget is required by state law. The District's Board of Directors formally approve the budget. The budget is adopted on a basis consistent with generally accepted accounting principles, except that the budgeted costs of fixed assets purchased and debt service are included as expenditures. The budget may be amended by the Board as conditions warrant during the year. The Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts requires the legal level of control to be at the line-item level, which the District follows.

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. The District has deposit policies to minimize custodial credit risks. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. 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 government's name.

Note 3 - CAPITAL ASSETS

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

	Balance 6-30-11	Additions	Disposals	Balance 6-30-12
Communications equipment	\$ 544,193	201,973	278,177	467,989
Furniture and fixtures	2,469	-	-	2,469
Vehicles	12,800	-	-	12,800
	559,462	201,973	278,177	483,258
Less accumulated depreciation	(440,820)			(231,240)
Utility plant - net	\$118,642			252,018

All assets are being depreciated. Accumulated depreciation for the vehicles \$12,800, furniture and fixtures \$2,469 and communications equipment \$215,971. Depreciation expense for the year was \$68,597.

HICKMAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2012

Note 4 - OPERATING LEASES

The District leases office space from the Town of Centerville under a two-year renewable lease. Annual lease payments under this lease totaled \$2,800 for the current year.

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 Treasurer and Chairman. For all other risks, the District is included in the liability insurance of the Hickman County government. The coverage also includes fire and extended insurance for damages or loss which might occur to the District's equipment. There have been no claims during the last three years.

SUPPLEMENTAL INFORMATION

Financial schedules are used to demonstrate finance related legal and contractual compliance, provide details of data summarized in the financial statements and present other information deemed useful.

HICKMAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**Schedule of Revenues and Expenses
Budget and Actual**

For the Year Ended June 30, 2012

	<u>Account Number</u>	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Operating Revenues:				
Emergency Telephone Service Charge	3001	\$83,000	\$88,228	\$5,228
State Emergency Communications Board	3002	55,000	55,613	(613)
State Emergency Communications Board-Operational Funding	3003	150,000	144,830	(5,170)
Total Operating Revenues		<u>288,000</u>	<u>288,671</u>	<u>(555)</u>
Operating Expenses:				
Salaries and payroll taxes	4000	45,957	45,840	117
Contract services	4200	8,500	7,528	972
Fees and licenses	4413	5,000	4,593	407
Depreciation	4500	70,000	68,597	1,403
Rent	4227	3,600	2,800	800
Training and travel	4418	15,000	14,498	502
Supplies	4305	92,600	43,567	49,033
Insurance	4409	1,000	528	472
Professional services	4203	5,000	4,800	200
Utilities	4307	55,000	40,617	14,383
Repair and maintenance	4232	90,000	23,651	66,349
Miscellaneous	4499	200	146	54
Total Operating Expenses		<u>391,857</u>	<u>257,165</u>	<u>134,692</u>
Operating income (loss)		<u>(103,857)</u>	<u>31,506</u>	<u>103,857</u>
Nonoperating Revenues (Expenses):				
Operating Contributions -State Emergency Communications	3003	88,000	44,452	(83,798)
Interest income	5002	395	4,202	48,259
Total Nonoperating Revenues (Expenses)		<u>88,395</u>	<u>48,654</u>	<u>(35,539)</u>
Capital contributions	6003	<u>51,000</u>	<u>51,402</u>	<u>(51,000)</u>
Net change in net assets		35,538	131,562	17,318

HICKMAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Monthly Rates in Effect

June 30, 2012

<u>Type of Customer</u>	<u>Rate</u>
Residential customers	\$ 0.65
Business customers	\$ 2.00

HICKMAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Number and Classification of Customers

June 30, 2012

All Telephone Companies

Residential customers	3,952
Business customers	654

HICKMAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of State Financial Assistance

For the Year Ended June 30, 2012

State Grant Number	Program Name	Grantor Agency	Receivable (Deferred) Balance July 1, 2011	Cash Receipts	Other Receipts	Cash Expenditures	Receivable (Deferred) Balance June 30, 2012
N/A	GIS/Dispatcher training	State of Tennessee Commerce and Insurance	\$0	18,000	0	18,000	0
N/A	EZ911 and CAD Mapping System	State of Tennessee Commerce and Insurance	\$0	51,402	0	51,402	0
N/A	GIS	State of Tennessee Commerce and Insurance	\$0	17,241	0	26,452	9,211
Totals			\$0	86,643	0	95,854	9,211

State Program:

**COMPLIANCE AND
INTERNAL CONTROL**

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

**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
Hickman County Emergency Communications District
Centerville, Tennessee

I have audited the financial statements (as listed in the table of contents) of Hickman County Emergency Communications District, a component unit of Hickman County, Tennessee for the year ending June 30, 2012, and have issued my report thereon dated October 31, 2012. 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.

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 Hickman 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 Hickman 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 (2010-1 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 (2010-1) to be a material weakness.

The material weakness is as follows:

2010-1 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 Hickman 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

2012-1 Failure to Follow District Travel Policy

During the year the District had exceptions to the travel policy. While the District has not adopted a travel policy for itself, The Tennessee Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts requires the Emergency Communications District to follow the local County's travel policy. The Lewis County's travel policy does not allow for the payment of travel expenses for a spouse. During the year the District paid for the payment of certain travel expenses of spouses who traveled to meetings and conferences.

Recommendation: The District should approve an appropriate travel policy ensuring compliance with all of the TCA travel requirements, and should review the items previously noted and determine if reimbursements of these travel amounts are required.

Management Response:

Hickman 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 Hickman County Emergency Communications District in a separate letter dated October 31, 2012.

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

October 31, 2012