# TROUSDALE COUNTY EMERGENCY

# COMMUNICATIONS DISTRICT

**(A Component Unit)**

Financial Statements

June 30, 2013

**TROUSDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

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# INTRODUCTORY SECTION

**TROUSDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Board of Directors**

**June 30, 2013**

| Official | Office |
|---|---|
| Wayland Cothron | Chairman |
| Ray Russell | Vice - Chairman |
| Mark Beeler | Treasurer |
| Jerry Helm | Secretary |
| Jimmy Anthony | Director |
| James McDonald | Director |
| Tamara Wright | Director |
| Bill Scruggs | Director |

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

# INDEPENDENT AUDITORS' REPORT

Board of Directors
Trousdale County Emergency Communications District
Hartsville, Tennessee

**Report on the Financial Statements**
I have audited the accompanying financial statements of the Trousdale County Emergency Communications District, a component unit of Trousdale County, Tennessee as of and for the year ended June 30, 2013, 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**
My responsibility is to express opinions on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and 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 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting policies made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinions.

**Opinions**
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trousdale County Emergency Communications District, a component unit of Trousdale County, Tennessee as of June 30, 2013, and the changes in its financial position, and its cash flows 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 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 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 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.

**Other Matters -Other Information**

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 States 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2013 on the consideration of the District's internal control over financial reporting and the 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 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* in considering the entity's internal control over financial reporting and compliance.

John R Poole, CPA

November 30, 2013

# FINANCIAL SECTION

## Trousdale County Emergency Communications District

## Management's Discussion and Analysis

As management of the Trousdale 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, 2013. 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 Trousdale County Emergency Communications District exceeded its liabilities at the close of the most recent fiscal year by $1,217,902. Of this amount, $1,003,975 (unrestricted Net Position) may be used to meet the District's ongoing obligations. The District's total Net Position increased by $248,227 during the current year as the District received higher than expected revenues and was able to control its costs within budgeted amounts.

**Overview of the Financial Statements:**
The Statement of Net Position presents information on all 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 Activities 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 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 Position may serve over time as a useful indicator of the District's financial position. In the case of the Trousdale County Emergency Communications District, assets exceeded liabilities by $1,217,902 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.

**Trousdale County Emergency Communications District's Net Position**

| | | 2012 | 2013 |
|---|---|---|---|
| Current and other assets | $ | 823,162 | 1,006,872 |
| Capital assets, net | | 149,421 | 213,927 |
| Total assets | | 972,583 | 1,220,799 |
| | | | |
| Accounts payable | | 2,908 | 2,897 |
| Total liabilities | | 2,908 | 2,897 |
| | | | |
| Net Position: | | | |
| Invested in capital assets | | 149,421 | 213,927 |
| Unrestricted | | 820,254 | 1,003,975 |
| Total Net Position | $ | 969,675 | 1,217,902 |

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

Comparison between years

| | 2013 | 2012 | Variance |
|---|---|---|---|
| Operating Revenues: | | | |
| Emergency Telephone Service Charge | $20,476 | $23,432 | $2,956 |
| State Emergency Communications Board Wireless Charge | 19,076 | 27,553 | 8,477 |
| TECB - Operational Funding | 124,182 | 115,016 | (9,166) |
| Total Operating Revenues | 163,734 | 166,001 | 2,267 |
| | | | |
| Operating Expenses: | | | |
| Addressing and mapping | 16,804 | 11,553 | 5,251 |
| Dispatchers | 5,280 | 2,000 | 3,280 |
| Fees and licenses | 200 | 200 | 0 |
| Depreciation | 34,090 | 33,403 | 687 |
| Supplies | 276 | 3,922 | (3,646) |
| Contract services | 34,464 | 33,012 | 1,452 |
| Professional services | 1,300 | 14,807 | (13,507) |
| Training | 2,310 | 3,711 | (1,401) |
| Insurance | 3,281 | 3,159 | 122 |
| Repair and maintenance | 2,527 | 2,829 | (302) |
| Total Operating Expenses | 100,532 | 108,596 | (8,064) |
| | | | |
| Operating income (loss) | 63,202 | 57,405 | (5,797) |
| | | | |
| Nonoperating Revenues (Expenses): | | | |
| Interest income | 5,675 | 5,977 | 302 |
| Total Nonoperating Revenues (Expenses) | 5,675 | 5,977 | 302 |
| | | | |
| Operating grant - State Emergency Communications Board | 74,143 | 42,503 | (31,640) |
| | | | |
| Capital contributions | 105,207 | 0 | (105,207) |
| | | | |
| Net change in net assets | 248,227 | 105,885 | (142,342) |

## Capital Assets

The Trousdale County Emergency Communications District's investment in capital assets from its activities at June 30, 2013, amounts to $213,927 (net of accumulated depreciation). This investment in capital assets is in communications equipment.

Trousdale County Emergency Communications District's Capital Assets

| | | 2012 | 2013 |
|---|---|---|---|
| Communications equipment | | 312,047 | 410,644 |
| Less accumulated depreciation | | (162,626) | (196,717) |
| Net Capital Assets | $ | 149,421 | 213,927 |

Additional information on the Trousdale 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:

Mark Beeler
Trousdale County Emergency Communications District

# FINANCIAL STATEMENTS

## TROUSDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

### Statement of Net Position

### June 30, 2013

| Assets | Account Number | |
|---|---|---|
| Current Assets: | | |
| Cash and cash equivalents | 1001 | $754,863 |
| Certificate of deposits | 1001 | 250,000 |
| Accounts receivable | 1004 | 2,009 |
| Total Current Assets | | 1,006,872 |
| Capital Assets: | | |
| Communication equipment | 1308 | 410,644 |
| Less accumulated depreciation - Comm. equipment | 1311 | (196,717) |
| Total Capital Assets, Net | | 213,927 |
| Total Assets | | $1,220,799 |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | 2001 | 2,897 |
| Total Current Liabilities | | 2,897 |
| Net Position: | | |
| Unrestriced | 2320 | 1,003,975 |
| Investment in capital assets | 2301 | 213,927 |
| Total Net Position | | 1,217,902 |

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

TROUSDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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

**For the Year Ended June 30, 2013**

| | Account Number | |
|---|---|---|
| Operating Revenues: | | |
| Emergency Telephone Service Charge | 3001 | $20,476 |
| State Emergency Communications Board Wireless Charge | 3002 | 19,076 |
| TECB - Operational Funding | 3003 | 124,182 |
| Total Operating Revenues | | 163,734 |
| Operating Expenses: | | |
| Addressing and mapping | 4201 | 16,804 |
| Dispatchers | 4003 | 5,280 |
| Fees and licenses | 4413 | 200 |
| Depreciation | 4500 | 34,090 |
| Supplies | 4301 | 276 |
| Contract services | 4200 | 34,464 |
| Professional services | 4203 | 1,300 |
| Training | 4418 | 2,310 |
| Insurance | 4409 | 3,281 |
| Repair and maintenance | 4232 | 2,527 |
| Total Operating Expenses | | 100,532 |
| Operating income (loss) | | 63,202 |
| Nonoperating Revenues (Expenses): | | |
| Interest income | 5002 | 5,675 |
| Total Nonoperating Revenues (Expenses) | | 5,675 |
| Operating grant - State Emergency Communications Board | 3103 | 74,143 |
| Capital contributions | 5006 | 105,207 |
| Net change in net position | | 248,227 |
| Net position, June 30, 2012 | | 969,675 |
| Net position, June 30, 2013 | | $1,217,902 |

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

## TROUSDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

### Statement of Cash Flows

### For the Year Ending June 30, 2013

| | |
|---|---|
| Cash Flows from Operating Activities: | |
| Cash received from customers | $163,719 |
| Cash paid to suppliers | (66,422) |
| Net Cash Provided (Used) by Operating Activities | 97,297 |
| Cash Flows from Capital and Related Financing Activities: | |
| Capital contributions | 105,207 |
| Acquisition of capital assets | (98,597) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 6,610 |
| Cash Flows from Non-Capital Activities: | |
| Grants | 74,143 |
| Net Cash Provided (Used) by Non-Capital Activities | 74,143 |
| Cash Flows from Investing Activities: | |
| Interest income | 5,675 |
| Net Cash Provided (Used) by Investing Activities | 5,675 |
| Net Change in Cash | 183,725 |
| Cash and Cash Equivalents, June 30, 2012 | 571,138 |
| Cash and Cash Equivalents, June 30, 2013 | $754,863 |

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

| | |
|---|---|
| Operating income (loss) | $63,202 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 34,090 |
| Changes in assets/liabilities | |
| Accounts receivable | (15) |
| Accounts payable | 20 |
| Net Cash Provided (Used) by Operating Activities | $97,297 |

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

## Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Trousdale County Emergency Communications District ( the District) was created as a public corporation on November 8, 1998 under authority of the provisions of Chapter 867 of the Tennessee Public Acts of 1984, as approved by the voters of Trousdale 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 Court. The District is considered a political subdivision and is exempt from Federal and State income taxes. The District is considered a component unit of Trousdale County. The County Court appoints the board of directors and the County Commission may adjust service fees and must approve bonded debt. As a result, the Trousdale 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 uses the economic resources measurement focus.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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 capital assets in service is from 5 to 10 years. The District capitalizes 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.

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

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). The Board has the ability to change line item amounts without a formal vote if the change does not increase the amounts budgeted.

b. The budget amounts shown are the final authorized amounts as amended during the year.

The Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts establishes the legal budget level of control to be at the line-item level.

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.

## 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 certificates of deposit and savings 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 6-30-12 | Additions | Disposals | Balance 6-30-13 |
|---|---|---|---|---|
| Equipment | $ 312,047 | 98,597 | - | 410,644 |
| Less accumulated depreciation | 162,626 | | | 196,717 |
| Capital assets - net | $ 149,421 | | | 213,927 |

## Note 4 - 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 three years.

## Note 5 - SERVICE ARRANGEMENT CONTRACT AND ECONOMIC DEPENDENCE

The District negotiated a service application with Bell South for the installation and service of an Enhanced 911 Emergency Service System. Bell South furnishes equipment and service sufficient to operate the system for an initial installation fee and a monthly fee based upon the number of telephone stations and access lines served by the system.

## Note 6 - RELATED PARTY TRANSACTIONS

The District contracted with the Trousdale County Building Inspector to do the current addressing. The contract is with the inspector personally; however, he received the contract based on his employment with Trousdale County. The contract was for the amount of $5,100 a year. The payments are made to the inspector directly and are not transactions with the County.

## Note 7 - DONATED SERVICES

The Hartsville/Trousdale County Sheriff Department provides dispatch services for the District. Amounts have not been assigned for these services because it is impractical to allocate the hours of each employee.

# 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.

TROUSDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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

**For the Year Ended June 30, 2013**

| | Number | Budget | Actual | Favorable (Unfavorable) Variance |
|---|---|---|---|---|
| Operating Revenues: | | | | |
| Emergency Telephone Service Charge | 3001 | $32,100 | $20,476 | ($11,624) |
| State Emergency Communications Board Wireless Charge | 3002 | 80,000 | 19,076 | (60,924) |
| TECB - Operational Funding | 3003 | 0 | 124,182 | 124,182 |
| Total Operating Revenues | | 112,100 | 163,734 | 51,634 |
| Operating Expenses: | | | | |
| Addressing and mapping | 4201 | 17,800 | 16,804 | 996 |
| Dispatchers | 4003 | 12,500 | 5,280 | 7,220 |
| Fees and licenses | 4413 | 500 | 200 | 300 |
| Depreciation | 4500 | 63,550 | 34,090 | 29,460 |
| Supplies | 4301 | 500 | 276 | 224 |
| Contract services | 4200 | 35,000 | 34,464 | 536 |
| Professional services | 4203 | 2,000 | 1,300 | 700 |
| Training | 4418 | 2,500 | 2,310 | 190 |
| Insurance | 4409 | 3,600 | 3,281 | 319 |
| Repair and maintenance | 4232 | 3,100 | 2,527 | 573 |
| Total Operating Expenses | | 141,050 | 100,532 | 40,518 |
| Operating income (loss) | | (28,950) | 63,202 | 92,152 |
| Nonoperating Revenues (Expenses): | | | | |
| Interest income | 5002 | 3,750 | 5,675 | 1,925 |
| Total Nonoperating Revenues (Expenses) | | 3,750 | 5,675 | 1,925 |
| Operating grant - State Emergency Communications Board | 3003 | 25,200 | 74,143 | 48,943 |
| Capital contributions | 5006 | 0 | 105,207 | 105,207 |
| Net change in net position | | 0 | 248,227 | 248,227 |

## TROUSDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

### Schedule of Monthly Rates in Effect

### June 30, 2013

| Type of Customer | Rate |
|---|---|
| Residential customers | $ 0.65 |
| Business customers | $ 2.00 |

## TROUSDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

### Schedule of Number and Classification of Customers

### June 30, 2013

All Telephone Companies

| | | |
|---|---|---|
| Residential customers | approximately | 3,000 |
| Business customers | approximately | 600 |

TROUSDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**Schedule of State Financial Assistance**

**For the Year Ended June 30, 2013**

| State Grant Number | Program Name | Grantor Agency | Receivable (Deferred) Balance July 1, 2012 | Cash Receipts | Other Receipts | Cash Expenditures | Receivable (Deferred) Balance June 30, 2013 |
|---|---|---|---|---|---|---|---|
| **State Program:** | | | | | | | |
| N/A | Dispatcher grant | State of Tennessee Emergency Communications District | $0 | 8,000 | 0 | 8,000 | 0 |
| N/A | GIS- TIPS | State of Tennessee Emergency Communications District | $0 | 17,574 | 0 | 17,574 | 0 |
| N/A | Incentive funding | State of Tennessee Emergency Communications District | $0 | 8,719 | 0 | 8,719 | 0 |
| N/A | GIS Mapping Maintenance | State of Tennessee Emergency Communications District | $0 | 10,000 | 0 | 10,000 | 0 |
| N/A | One Time Monies | State of Tennessee Emergency Communications District | $0 | 29,850 | 0 | 29,850 | 0 |
| N/A | Essential Equipment | State of Tennessee Emergency Communications District | $0 | 105,207 | 0 | 105,207 | 0 |
| N/A | Operational Funding | State of Tennessee Emergency Communications District | $0 | 124,182 | 0 | 124,182 | 0 |
| | | Total | 0 | 303,532 | 0 | 303,532 | 0 |

## TROUSDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

### Schedule of Insurance Coverage

### June 30, 2013

| Type of Coverage | Detail Coverage |
|---|---|
| Liability | $ 1,000,000 maximum |
| Property | various |
| Directors and officers | $ 1,000,000 maximum |
| Surety | $25,000 |

# COMPLIANCE AND INTERNAL CONTROL

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

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HENDERSONVILLE, TN 37075

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

Board of Directors
Trousdale County Emergency Communications District
Hartsville, Tennessee

I have audited 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, the financial statements of the Trousdale County Emergency Communications District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Trousdale County Emergency Communications District's basic financial statements, and have issued a report thereon dated November 30, 2013.

## Internal Control Over Financial Reporting

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

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. However, as discussed below, I identified a deficiency in internal control that I consider to be a material weakness (2001-01 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 (2001-01) to be a material weakness.

The material weakness is as follows:

2001-01 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 or two persons. 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 Trousdale 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*.

**Response to Finding**

The Trousdale County Emergency Communications District's response to the finding identified in the audit is described above. The Trousdale County Emergency Communications District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result 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.

John R Poole, CPA

November 30, 2013