

**WAYNE COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

(A Component Unit)

Financial Statements

June 30, 2013

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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INTRODUCTORY SECTION

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Board of Directors

June 30, 2013

<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

Report on the Financial Statements

I have audited the accompanying financial statements of the Wayne County Emergency Communications District, a component unit of Wayne 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 Wayne County Emergency Communications District, a component unit of Wayne 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 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.

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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 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.

September 30, 2013

John R Poole, CPA

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, 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 Wayne County Emergency Communications District exceeded its liabilities at the close of the most recent fiscal year by \$885,101. Of this amount, \$339,645 (unrestricted net position) may be used to meet the District's ongoing obligations.

The District's total net position increased by \$142,744 during the current year, primarily as a result of higher than expected operating and capital revenues. Operating expenses were \$28,382 more in the current year due to higher personnel, training and repair and maintenance costs.

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 Revenues, Expenses and Changes in Net Position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 Statement of Cash Flows presents the flow of cash inflows/outflows for all enterprise funds during the fiscal year.

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 position 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 \$885,101 at the close of the most recent fiscal year.

By far the largest portion of the District's assets reflect 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 position - 2013

Current assets	\$ 500,390
Capital assets, net	<u>1,255,065</u>
Total assets	<u>1,755,455</u>
Long-term debt	620,644
Current liabilities	<u>249,710</u>
	<u>870,354</u>
Net position:	
Investment in capital assets	545,456
Unrestricted	<u>339,645</u>
Total net position	\$ <u>885,101</u>

Wayne County Emergency Communications District's Net position - 2012

Current assets	\$ 333,210
Capital assets, net	<u>1,226,657</u>
Total assets	<u>1,559,867</u>
Long-term debt	709,609
Current liabilities	<u>107,901</u>
	<u>817,510</u>
Net position:	
Net investment in capital assets	430,532
Unrestricted	<u>311,825</u>
Total net position	\$ <u>742,357</u>

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

Capital Asset

The Wayne County Emergency Communications District’s investment in capital assets from its activities at June 30, 2013, amounts to \$1,255,065 (net of accumulated depreciation). This investment in capital assets is in communications equipment and vehicles.

Wayne County Emergency Communications District’s Capital Assets

	<u>2013</u>	<u>2012</u>
Land	55,244	55,244
Building	820,294	820,294
Communication equipment	<u>745,898</u>	<u>658,998</u>
Total	1,621,436	1,534,536
Less accumulated depreciation	<u>(366,371)</u>	<u>(307,879)</u>
Net Capital Assets	\$ <u>1,255,065</u>	<u>1,226,657</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.

Long-term Debt

The District has \$709,609 in long-term debt that was used to finance the purchase of a facility and communication equipment. The loans are paying down as scheduled. Additional information on the Wayne County Emergency Communications District’s long-term debt 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:

Jimmy Turnbow
Wayne County Emergency Communications District

Comparison of revenues and expenses

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Operating Revenues:			
Emergency Telephone Service Charge	\$128,568	\$132,316	(\$3,748)
State Emergency Communications Board Wireless	146,664	146,935	(271)
Total Operating Revenues	<u>275,232</u>	<u>279,251</u>	<u>(4,019)</u>
Contributions:			
State Emergency Communications	218,470	44,452	174,018
Total Contributions	<u>218,470</u>	<u>44,452</u>	<u>174,018</u>
Operating Expenses:			
Salaries and wages	124,369	117,985	(6,384)
Employee benefits	18,801	15,238	(3,563)
Contract services	39,794	48,607	8,813
Supplies and materials	4,131	5,374	1,243
Depreciation	58,491	65,909	7,418
Insurance	14,108	10,990	(3,118)
Repair and maintenance	35,432	10,966	(24,466)
Training and travel	14,573	5,642	(8,931)
Utilities	18,949	19,239	290
Miscellaneous	943	1,259	316
Total Operating Expenses	<u>329,591</u>	<u>301,209</u>	<u>(28,382)</u>
Operating income (loss)	<u>164,111</u>	<u>22,494</u>	<u>141,617</u>
Nonoperating Revenues (Expenses):			
Interest expense	(34,233)	(43,018)	8,785
Other income	10,041	16,550	(6,509)
Interest income	2,825	2,762	63
Total Nonoperating Revenues (Expenses)	<u>(21,367)</u>	<u>(23,706)</u>	<u>2,339</u>
Net income (loss)	<u>142,744</u>	<u>(1,212)</u>	<u>143,956</u>

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Net Position

June 30, 2013

<u>Assets</u>	<u>Account Number</u>	
Current Assets:		
Cash and cash equivalents	1001	\$232,512
Certificate of deposits	1002	240,016
Accounts receivable	1004	21,096
Prepaid insurance	1009	6,766
Total Current Assets		<u>500,390</u>
Capital Assets:		
Land	1300	55,244
Communication equipment	1308	695,925
Vehicles	1310	17,746
Buildings	1302	820,294
Maps	1320	32,227
Less accumulated depreciation - comm. equip.	1309	(203,744)
Less accumulated depreciation - vehicles	1305	(17,746)
Less accumulated depreciation - building	1303	(112,654)
Less accumulated depreciation - maps	1321	(32,227)
Total Capital Assets, Net		<u>1,255,065</u>
Total Assets		<u>\$1,755,455</u>
<u>Liabilities</u>		
Current Liabilities		
Accounts payable	2001	14,113
Accrued liabilities	2020	15,774
Unavailable revenues	2013	130,858
Current portion of long-term debt	2202	88,965
Total Current Liabilities		<u>249,710</u>
<u>Other Liabilities</u>		
Long-term debt	2202	620,644
		<u>620,644</u>
Total liabilities		<u>\$870,354</u>
Net Position		
Net investment in capital assets	2301	545,456
Unrestricted	2320	339,645
Total Net Position		<u>885,101</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 Position**

For the Year Ended June 30, 2013

	<u>Account Number</u>	
Operating Revenues:		
Emergency Telephone Service Charge	3001	\$87,275
State Emergency Communications Board Wireless Charge	3002	41,293
State Emergency Communications Board - Operational Funding	3003	146,664
Total Operating Revenues		<u>275,232</u>
Operating Expenses:		
Salaries and wages	4000	124,369
Employee benefits	4100	18,801
Contract services	4200	39,794
Supplies and materials	4300	4,131
Depreciation	4500	58,491
Insurance	4409	14,108
Repair and maintenance	4232	35,432
Training and travel	4418	14,573
Utilities	4307	18,949
Miscellaneous	4499	943
Total Operating Expenses		<u>329,591</u>
Operating income (loss)		<u>(54,359)</u>
Nonoperating Revenues (Expenses):		
Interest expense	5010	(34,233)
Interest income	5002	2,825
Other income	5009	10,041
Grants -State Emergency Communications	5006	90,160
Total Nonoperating Revenues (Expenses)		<u>68,793</u>
Capital contribution	6003	<u>128,310</u>
Net change in net position		142,744
Net position, June 30, 2012		<u>742,357</u>
Net position, June 30, 2013		<u><u>\$885,101</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, 2013

Cash Flows from Operating Activities:	
Cash received from activities	\$401,877
Cash paid to employees	(143,170)
Cash paid to suppliers	(100,960)
Net Cash Provided (Used) by Operating Activities	157,747
Cash Flows from Capital and Related Financing Activities:	
Payments of debt- principal	(86,516)
Payments of interest	(34,233)
Contribution capital	128,310
Acquisition of capital assets	(86,900)
Net Cash Provided (Used) by Capital and Related Financing Activities	(79,339)
Cash Flows from Noncapital financing:	
Operating contributions	90,160
Net Cash Provided (Used) by Noncapital financing	90,160
Cash Flows from Investing Activities:	
Redemption (purchase) of Certificate of deposit	(414)
Interest received	2,825
Net Cash Provided (Used) by Investing Activities	2,411
Net Change in Cash	170,979
Cash and Cash Equivalents, June 30, 2012	61,533
Cash and Cash Equivalents, June 30, 2013	\$232,512

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income (loss)	(\$54,359)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Other income	10,041
Depreciation	58,491
Change in assets (increase) decrease:	
Accounts receivable	4,213
Change in liabilities increase (decrease):	
Deferred income	130,858
Account payable and accrued liabilities	8,503
Net Cash Provided (Used) by Operating Activities	\$157,747

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, 2013

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 uses the economic resources measurement focus in the financial statements.

Cash and Cash Equivalents

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

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.

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 government-wide and proprietary fund 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.

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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).

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 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>6-30-12</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6-30-13</u>
Land	55,244	-	-	55,244
Equipment	609,025	86,900	-	695,925
Buildings	820,294	-	-	820,294
Vehicles	17,746	-	-	17,746
Maps	<u>32,227</u>	-	-	<u>32,227</u>
Total	1,534,536	86,900	-	1,621,436

Less accumulated depreciation

	Balance <u>6-30-12</u>	Balance <u>6-30-13</u>
Equipment	165,760	203,744
Buildings	92,146	112,654
Vehicles	17,746	17,746
Maps	<u>32,227</u>	<u>32,227</u>
Less accumulated depreciation	<u>(307,879)</u>	<u>(366,371)</u>
Utility plant - net	<u>\$1,226,657</u>	<u>1,255,065</u>

Depreciation consists of equipment \$37,984 and Building \$20,507. All assets except land are being depreciated.

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2013

Note 4 - LONG-TERM DEBT

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

	<u>Balance</u> <u>6-30-12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6-30-13</u>
Mortgage loan	\$ 534,977	-	25,000	509,977
Equipment lease	<u>261,148</u>	<u>-</u>	<u>61,516</u>	<u>199,632</u>
Total	796,125	-	86,516	709,609

Future maturities of note principal and interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2014	88,965	31,150
2015	96,510	27,468
2016	99,157	23,455
2017	30,000	19,338
2018	30,000	17,973
2019-2023	185,000	66,886
2024-2027	<u>179,977</u>	<u>21,159</u>
Total	<u>\$ 709,609</u>	<u>207,429</u>

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

June 30, 2013

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.

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.

SUPPLEMENTAL INFORMATION

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Revenues and Expenses
Budget and Actual

For the Year Ended June 30, 2013

		<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Operating Revenues:	<u>Number</u>			
Emergency Telephone Service Charge	3001	\$90,000	\$87,275	(\$2,725)
State Emergency Communications Board Wireless Charge	3002	39,000	41,293	2,293
State Emergency Communications Board Operational Funding	3003	188,800	146,664	(42,136)
Total Operating Revenues		<u>317,800</u>	<u>275,232</u>	<u>(42,568)</u>
Operating Contributions:				
Grants - State Emergency Communications	5006	<u>85,000</u>	<u>90,160</u>	<u>5,160</u>
Total Operating Contributions		<u>85,000</u>	<u>90,160</u>	<u>5,160</u>
Capital Contributions:				
Grants - State Emergency Communications	5006	<u>0</u>	<u>128,310</u>	<u>128,310</u>
Total Capital Contributions		<u>0</u>	<u>128,310</u>	<u>128,310</u>
Operating Expenses:				
Salaries and wages	4000	129,600	124,369	5,231
Employee benefits	4100	20,000	18,801	1,199
Contract services	4200	47,300	39,794	7,506
Supplies and materials	4300	15,600	4,131	11,469
Depreciation	4500	60,000	58,491	1,509
Insurance	4409	14,700	14,108	592
Repair and maintenance	4232	36,000	35,432	568
Training and travel	4418	17,000	14,573	2,427
Utilities	4307	27,300	18,949	8,351
Miscellaneous	4499	3,050	943	2,107
Total Operating Expenses		<u>370,550</u>	<u>329,591</u>	<u>40,959</u>
Operating income (loss)		<u>32,250</u>	<u>164,111</u>	<u>131,861</u>
Nonoperating Revenues (Expenses):				
Interest expense	5010	(34,500)	(34,233)	(267)
Other income	5009	23,200	10,041	13,159
Interest income	5002	1,500	2,825	1,325
Total Nonoperating Revenues (Expenses)		<u>(9,800)</u>	<u>(21,367)</u>	<u>14,217</u>
Net change in position		<u>22,450</u>	<u>142,744</u>	<u>120,294</u>

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Monthly Rates in Effect

June 30, 2013

<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, 2013

<u>Program Name</u>	<u>Grantor Agency</u>	<u>Receivable (Deferred) Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Other Receipts</u>	<u>Cash Expenditures</u>	<u>Receivable (Deferred) Balance June 30, 2013</u>
One time funding	State of Tennessee Commerce and Insurance	\$0	33,931	\$0	33,931	0
Operational funding	State of Tennessee Commerce and Insurance	\$0	146,664	\$0	146,664	0
GIS Incentive	State of Tennessee Commerce and Insurance	\$0	9,608	\$0	9,608	0
Dispatch	State of Tennessee Commerce and Insurance	\$0	8,000	\$0	8,000	0
GIS allocation	State of Tennessee Commerce and Insurance	\$0	10,000	\$0	10,000	0
Controller/CAD	State of Tennessee Commerce and Insurance	\$0	(74,458)	\$0	56,400	(130,858)
GIS allocation	State of Tennessee Commerce and Insurance	\$0	71,910	\$0	71,910	0
GIS-TIPS	State of Tennessee Commerce and Insurance	\$0	28,621	\$0	28,621	0
Totals		\$0	\$234,276	\$0	\$365,134	(\$130,858)

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Debt Service Requirements

June 30, 2013

Year	BUILDING LOAN		EQUIPMENT LOAN		TOTALS	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 509,977</u>	<u>191,332</u>	<u>199,632</u>	<u>16,097</u>	<u>709,609</u>	<u>207,429</u>

**COMPLIANCE AND
INTERNAL CONTROL**

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

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
Wayne County Emergency Communications District
Waynesboro, 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 Wayne 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 Wayne County Emergency Communications District's basic financial statements, and have issued a report thereon dated September 30, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Wayne 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 Wayne County Emergency Communications District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Wayne 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 and significant deficiency (2011-01 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 (2011-01) to be a material weakness.

The material weakness is as follows:

2011-01 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 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*.

Response to Finding

The Wayne County Emergency Communications District's response to the finding identified in the audit is described above. The Wayne 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

September 30, 2013