WAYNE COUNTY EMERGENCY

COMMUNICATIONS DISTRICT

(A Component Unit)

Financial Statements

June 30, 2014

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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Introductory Section

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Board of Directors

June 30, 2014

Official	Office
Frank Quigley	Chairman
Mike Smith	Board Member
Keith Wilbanks	Board Member
Janice Harris	Board Member
Jerry Butler	Board Member
Daniel Kimes	Board Member
Gary Cook	Board Member
Melba Staggs	Board Member
Randy Burns	Board Member
Management	
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, 2014, 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 estimates 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, 2014, 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 September 30, 2014 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, 2014

John R Pool, 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, 2014. 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 $1,066,662. Of this amount, $329,721 (unrestricted net position) may be used to meet the District's ongoing obligations.

The District's total net position increased by $181,561 during the current year, primarily as a result of higher than expected operating and capital revenues, $37,492 more than the prior year. Expenses were $1,325 less in the current year.

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 $1,066,662 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	1,255,065
Total assets	1,755,455
Long-term debt	620,644
Current liabilities	249,710
	870,354
Net position:	
Investment in capital assets	545,456
Unrestricted	339,645
Total net position	$ 885,101

Wayne County Emergency Communications District's Net position - 2014

Current assets	$ 351,854
Capital assets, net	1,357,585
Total assets	1,709,439
Long-term debt	524,134
Current liabilities	118,643
	642,777
Net position:	
Net investment in capital assets	736,941
Unrestricted	329,721
Total net position	$ 1,066,662

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, 2014, amounts to $1,357,585 (net of accumulated depreciation). This investment in capital assets is in communications equipment and vehicles.

Wayne County Emergency Communications District's Capital Assets

		2013	2014
Land		55,244	55,244
Building		820,294	820,294
Communication equipment		745,898	914,930
Total		1,621,436	1,790,468
Less accumulated depreciation		(366,371)	(432,883)
Net Capital Assets	$	1,255,065	1,357,585

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 $620,644 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

	2014	2013	Variance
Operating Revenues:			
Emergency Telephone Service Charge	$126,069	$128,568	($2,499)
State Emergency Communications Board Wireless	142,860	146,664	(3,804)
Total Operating Revenues	268,929	275,232	(6,303)
Contributions:			
State Emergency Communications	255,932	218,470	37,462
Total Contributions	255,932	218,470	37,462
Operating Expenses:			
Salaries and wages	138,307	124,369	(13,938)
Employee benefits	11,552	18,801	7,249
Contract services	31,652	39,794	8,142
Supplies and materials	7,675	4,131	(3,544)
Depreciation	74,016	58,491	(15,525)
Insurance	14,174	14,108	(66)
Repair and maintenance	19,172	35,432	16,260
Training and travel	12,684	14,573	1,889
Utilities	20,549	18,949	(1,600)
Miscellaneous	1,569	943	(626)
Total Operating Expenses	331,350	329,591	(1,759)
Operating income (loss)	193,511	164,111	29,400
Nonoperating Revenues (Expenses):			
Interest expense	(31,149)	(34,233)	3,084
Other income	16,391	10,041	6,350
Interest income	2,808	2,825	(17)
Total Nonoperating Revenues (Expenses)	(11,950)	(21,367)	9,417
Net change in position	181,561	142,744	38,817

Financial Statements

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Net Position

June 30, 2014

Assets	Account Number	
Current Assets:		
Cash and cash equivalents	1001	$73,012
Certificate of deposits	1002	240,689
Accounts receivable	1004	21,097
Prepaid insurance	1009	17,056
Total Current Assets		351,854
Capital Assets:		
Land	1300	55,244
Communication equipment	1308	837,181
Vehicles	1310	45,522
Buildings	1302	820,294
Maps	1320	32,227
Less accumulated depreciation - comm. equip.	1309	(244,193)
Less accumulated depreciation - vehicles	1305	(23,301)
Less accumulated depreciation - building	1303	(133,162)
Less accumulated depreciation - maps	1321	(32,227)
Total Capital Assets, Net		1,357,585
Total Assets		$1,709,439
Liabilities		
Current Liabilities		
Accounts payable	2001	17,056
Accrued liabilities	2020	5,077
Current portion of long-term debt	2202	96,510
Total Current Liabilities		118,643
Other Liabilities		
Long-term debt	2202	524,134
		524,134
Total liabilities		$642,777
Net Position		
Net investment in capital assets	2301	736,941
Unrestriced	2320	329,721
Total Net Position		1,066,662

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, 2014

	Account Number	
Operating Revenues:		
Emergency Telephone Service Charge	3001	$82,714
State Emergency Communications Board Wireless Charge	3002	43,355
State Emergency Communications Board - Operational Funding	3003	142,860
Total Operating Revenues		268,929
Operating Expenses:		
Salaries and wages	4000	138,307
Employee benefits	4100	11,552
Contract services	4200	31,652
Supplies and materials	4300	7,675
Depreciation	4500	74,016
Insurance	4409	14,174
Repair and maintenance	4232	19,172
Training and travel	4418	12,684
Utilities	4307	20,549
Miscellaneous	4499	1,569
Total Operating Expenses		331,350
Operating income (loss)		(62,421)
Nonoperating Revenues (Expenses):		
Interest expense	5010	(31,149)
Interest income	5002	2,808
Other income	5009	16,391
Grants -State Emergency Communications	5006	86,449
Total Nonoperating Revenues (Expenses)		74,499
Capital contribution	6003	169,483
Net change in net position		181,561
Net position, June 30, 2013		885,101
Net position, June 30, 2014		$1,066,662

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, 2014

Cash Flows from Operating Activities:	
Cash received from activities	$268,928
Cash paid to employees	(149,859)
Cash paid to suppliers	(239,485)
Net Cash Provided (Used) by Operating Activities	(120,416)
Cash Flows from Capital and Related Financing Activities:	
Payments of debt- principal	(88,965)
Payments of interest	(31,149)
Contribution capital	169,483
Acquisition of capital assets	(177,037)
Net Cash Provided (Used) by Capital and Related Financing Activities	(127,668)
Cash Flows from Noncapital financing:	
Operating contributions	86,449
Net Cash Provided (Used) by Noncapital financing	86,449
Cash Flows from Investing Activities:	
Redemption (purchase) of Certificate of deposit	(673)
Interest received	2,808
Net Cash Provided (Used) by Investing Activities	2,135
Net Change in Cash	(159,500)
Cash and Cash Equivalents, June 30, 2013	232,512
Cash and Cash Equivalents, June 30, 2014	$73,012

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income (loss)	($62,421)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Other income	16,391
Depreciation	74,016
Change in assets (increase) decrease:	
Accounts receivable	(1)
Prepaid insurance	(10,290)
Change in liabilities increase (decrease):	
Deferred income	(130,858)
Account payable and accrued liabilities	(7,253)
Net Cash Provided (Used) by Operating Activities	($120,416)

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

Notes to Financial Statements

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.

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 6-30-13	Additions	Disposals	Balance 6-30-14
Land	55,244	-	-	55,244
Equipment	695,925	149,261	8,005	837,181
Buildings	820,294	-	-	820,294
Vehicles	17,746	27,776	-	45,522
Maps	32,227	-	-	32,227
Total	1,621,436	177,037	8,005	1,790,468

Less accumulated depreciation

	Balance 6-30-13	Balance 6-30-14
Equipment	203,744	244,193
Buildings	112,654	133,162
Vehicles	17,746	23,301
Maps	32,227	32,227
Less accumulated depreciation	(366,371)	(432,883)
Utility plant - net	$1,255,065	1,357,585

Depreciation consists of equipment $47,954, vehicles $5,555 and Building $20,507. All assets except land are being depreciated.

Note 4 - LONG-TERM DEBT

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

	Balance 6-30-13	Additions	Retirements	Balance 6-30-14
Mortgage loan	$ 509,977	-	25,000	484,977
Equipment lease	199,632	-	63,965	135,667
Total	709,609	-	88,965	620,644

Future maturities of note principal and interest are as follows:

Year	Principal	Interest
2015	96,510	27,468
2016	99,157	23,455
2017	30,000	19,338
2018	30,000	17,973
2019	30,000	16,608
2020-2024	190,000	58,468
2025-2027	139,977	12,969
Total	$ 620,644	176,279

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 three 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.

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, 2014

	Number	Budget	Actual	Favorable (Unfavorable) Variance
Operating Revenues:				
Emergency Telephone Service Charge	3001	$90,000	$82,714	($7,286)
State Emergency Communications Board Wireless Charge	3002	39,000	43,355	4,355
State Emergency Communications Board Operational Funding	3003	188,800	142,860	(45,940)
Total Operating Revenues		317,800	268,929	(48,871)
Operating Contributions:				
Grants - State Emergency Communications	5006	85,000	86,449	1,449
Total Operating Contributions		85,000	86,449	1,449
Capital Contributions:				
Grants - State Emergency Communications	5006	0	169,483	169,483
Total Capital Contributions		0	169,483	169,483
Operating Expenses:				
Salaries and wages	4000	144,900	138,307	6,593
Employee benefits	4100	20,000	11,552	8,448
Contract services	4200	32,000	31,652	348
Supplies and materials	4300	15,600	7,675	7,925
Depreciation	4500	76,000	74,016	1,984
Insurance	4409	14,700	14,174	526
Repair and maintenance	4232	20,000	19,172	828
Training and travel	4418	17,000	12,684	4,316
Utilities	4307	27,300	20,549	6,751
Miscellaneous	4499	3,050	1,569	1,481
Total Operating Expenses		370,550	331,350	39,200
Operating income (loss)		32,250	193,511	161,261
Nonoperating Revenues (Expenses):				
Interest expense	5010	(34,500)	(31,149)	(3,351)
Other income	5009	23,200	16,391	6,809
Interest income	5002	1,500	2,808	1,308
Total Nonoperating Revenues (Expenses)		(9,800)	(11,950)	4,766
Net change in position		22,450	181,561	159,111

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Monthly Rates in Effect

June 30, 2014

Type of Customer	Rate
Residential customers	$ 1.00
Business customers	$ 2.50

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of State Financial Assistance

For the Year Ended June 30, 2014

Program Name	Grantor Agency	Receivable (Deferred) Balance July 1, 2013	Cash Receipts	Other Receipts	Cash Expenditures	Receivable (Deferred) Balance June 30, 2014
State Program:						
Mapping	State of Tennessee Commerce and Insurance	$0	21,000	$0	21,000	0
Operational funding	State of Tennessee Commerce and Insurance	$0	142,860	$0	142,860	0
GIS Incentive	State of Tennessee Commerce and Insurance	$0	10,000	$0	10,000	0
Dispatch	State of Tennessee Commerce and Insurance	$0	8,000	$0	8,000	0
GIS allocation	State of Tennessee Commerce and Insurance	$0	41,264	$0	41,264	0
Controller/CAD	State of Tennessee Commerce and Insurance	($130,858)	38,625	$0	169,483	0
ECB reimbursement	State of Tennessee Commerce and Insurance	$0	6,185	$0	6,185	0
		($130,858)	$267,934	$0	$398,792	$0

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Debt Service Requirements

June 30, 2014

		BUILDING LOAN		EQUIPMENT LOAN		TOTALS	
Year		Principal	Interest	Principal	Interest	Principal	Interest
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
	$	484,977	168,127	135,667	8,152	620,644	176,279

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, 2014, 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, 2014.

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 (2011-001 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 significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. 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 (2011-001) to be a material weakness.

The material weakness is as follows:

2011-001 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.

Jack R Poole, CPA

September 30, 2014

WAYNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Disposition of Prior Year Comments

June 30, 2014

2011-001 Separation of Duties

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

Disposition:

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