

**METRO-MOORE COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
JUNE 30, 2010**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2010**

TABLE OF CONTENTS

| | |
|---|-------|
| Independent Auditor's Report | 1-2 |
| Statement of Net Assets | 3 |
| Statement of Revenues, Expenditures and Changes in Fund Net Assets | 4 |
| Statement of Cash Flows | 5 |
| Notes to the Financial Statements | 6-8 |
| Budget and Actual | 9 |
| Schedule of Required Information | 10 |
| 911 Board Members | 11 |
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 12-13 |
| Audit Findings & Recommendations | 14 |

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Metro-Moore County E-911 Emergency Communications District
Lynchburg, Tennessee

I have audited the accompanying financial statements of the Metro-Moore County E-911 Emergency Communications District, a component unit of Moore County, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Metro-Moore County E-911 Emergency Communications district's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Metro-Moore County E-911 Emergency Communications District, as of June 30, 2010, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated August 27, 2010, on my consideration of the Metro-Moore County E-911 Emergency Communications District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of my 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 the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

GASB Statement No. 34 provides guidance on Management's Discussion and Analysis, which is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board; however, management has chosen to exclude this information.

My audit was conducted for the purpose of forming an opinion on the financial statements of Metro-Moore County E-911 Emergency Communications District, taken as a whole. The accompanying supplementary financial information is presented for the purposes of additional analysis and is not a required part of the financial statement of Metro-Moore County E-911 Emergency Communications District. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

August 27, 2010
Cookeville, Tennessee

Tamara L. Beckman, CPA

**METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010**

ASSETS

Current Assets

| | |
|--------------------------------------|-----------------|
| Cash and Cash Equivalents | \$ 53,359.62 |
| Investments - Certificate of Deposit | 81,397.43 |
| Accounts Receivable | 1,897.05 |
| Due From State Emergency Comm. Board | 2,413.01 |
| Interest Receivable | 113.87 |
| Prepaid Expenses | <u>1,022.59</u> |

Total Current Assets \$ 140,203.57

Non-Current Assets

| | |
|--------------------------------|-------------------|
| Land | 100,000.00 |
| Office Equipment | 12,673.00 |
| Accum. Deprec-Office Equipment | (5,446.56) |
| Communications Equipment | 146,833.90 |
| Accum. Deprec-Comm. Equipment | (90,573.55) |
| Construction in Progress | <u>108,452.10</u> |

Total Non-Current Assets 271,938.89

Total Assets 412,142.46

LIABILITIES & NET ASSETS

Liabilities

| | |
|------------------|----------|
| Accounts Payable | <u>-</u> |
|------------------|----------|

Net Assets

| | |
|----------------------------|-------------------|
| Invested in Capital Assets | 271,938.89 |
| Unrestricted Net Assets | <u>140,203.57</u> |

Total Net Assets \$ 412,142.46

The accompanying notes are in integral part of the financial statements

**METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

Operating Revenues

| | | |
|---------------------------------------|------------------|----------------------|
| Emergency Telephone Service Charges | \$ 23,131.64 | |
| State – Shared Wireless | 14,428.00 | |
| Operational Funding Program-State ECB | <u>98,161.74</u> | |
| Total Operating Revenue | | \$ 135,721.38 |

Operating Expense

| | | |
|------------------------------------|------------------|-------------------------|
| <u>Contracted Services</u> | | |
| Addressing & Mapping Expense | \$ - | |
| Advertising | - | |
| Audit Services | 1,750.00 | |
| Contracts with Government Agencies | 30,000.00 | |
| Maintenance Agreements | 4,028.47 | |
| Mapping/DB Consultants | 12,000.00 | |
| M&R-Communications Equipment | <u>2,701.07</u> | |
| Total Contracted Services | | 50,479.54 |
| <u>Supplies & Materials</u> | | |
| Postage | 42.65 | |
| Utilities-Telephone | <u>9,602.64</u> | |
| Total Supplies & Materials | | 9,645.29 |
| <u>Other Charges</u> | | |
| Premiums on Surety Bonds | 317.33 | |
| Training | 509.00 | |
| Other | <u>128.77</u> | |
| Total Other Charges | | 955.10 |
| Depreciation | <u>18,018.71</u> | |
| Total Expenses | | <u>79,098.64</u> |
| Net Operating Loss | | 56,622.74 |

Non-Operating Revenue and Expense

| | | |
|---------------------------------------|---------------|------------------|
| Interest Income | 2,829.14 | |
| State of TN-Grants/Reimbursements | 18,000.00 | |
| Other | <u>200.00</u> | |
| Total Non-Operating Revenue & Expense | | <u>21,029.14</u> |

Increase in Net Assets

| | | |
|---------------------------------|--|-----------------------------|
| | | 77,651.88 |
| Total Net Assets, July 1, 2009 | | <u>334,490.58</u> |
| Total Net Assets, June 30, 2010 | | <u>\$ 412,142.46</u> |

The Accompanying notes are in integral part of the financial statements

**METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2010**

| | | |
|---|---------------------|----------------------------|
| <u>Cash Flows From Operating Activities</u> | | |
| Cash Received from Operations | \$ 151,244.45 | |
| Cash Payments for Goods and Services | <u>(60,609.13)</u> | |
| Net Cash Provided by Operating Activities | | \$ 90,635.32 |
| <u>Cash Flows from Non-Capital Financing Activities</u> | | |
| State of TN - Grants & Reimbursements | <u>18,000.00</u> | |
| Net Cash Provided by Non-Capital Financing Activities | | 18,000.00 |
| <u>Cash Flows from Capital & Related Financing Activities</u> | | |
| Acquisition of New Assets | <u>(201,571.40)</u> | |
| Net Cash Used by Capital & Related Financing Activities | | (201,571.40) |
| <u>Cash Flows from Investing Activities</u> | | |
| Interest Income Received (all interest went into CD's). | 4,309.27 | |
| Transfer to CD | (4,309.27) | |
| Transfer From CD | <u>87,559.96</u> | |
| Net Cash Used by Investing Activities | | <u>87,559.96</u> |
| Net Decrease in Cash and Cash Equivalents | | (5,376.12) |
| Cash and Cash Equivalent at 6-30-09 | | <u>58,735.74</u> |
| Cash and Cash Equivalent at 6-30-10 | | <u><u>\$ 53,359.62</u></u> |
| <u>Reconciliation of Net Operating Loss to Net Cash</u> | | |
| <u>Provided by Operating Activities</u> | | |
| Net Operating Loss | \$ 56,622.74 | |
| Depreciation | 18,018.71 | |
| Other Income | 200.00 | |
| Decrease in Accounts Receivable | 183.94 | |
| Decrease in Due from State ECB | 15,139.13 | |
| Decrease in Prepaid Expense | 1,970.80 | |
| Decrease in Accounts Payable | <u>(1,500.00)</u> | |
| Net Cash Provided by Operating Activities | | <u><u>\$ 90,635.32</u></u> |

The Accompanying notes are in integral part of the financial statements

**METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1 – Summary of Significant Accounting Policies

The Metro-Moore County E-911 Emergency Communication District was established for the purpose of providing an enhanced level of 911 services to the Metro-Moore County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Metro-Moore County. The Metro-Moore County E-911 Emergency Communications District is run by a board of directors, which is appointed by Metro Moore County. The District must file a budget with Metro Moore County each year. Any bond issued by the district is subject to approval by Metro Moore County.

The District uses the accrual basis of accounting and the economic resources measurement focus. Revenues are recognized when earned and expenses are recognized when incurred. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board. As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Board has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989.

Depreciation – Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives. Depreciation begins when the fixed assets are placed in service. Depreciation is summarized as follows:

| | <u>Method</u> | <u>Estimated Useful Life</u> | <u>2010 Depreciation</u> |
|--------------------------|---------------|----------------------------------|------------------------------|
| Land | S/L | -- | -- |
| Office Equipment | S/L | 5, 7 10 Years | 1,661.11 |
| Communications Equipment | S/L | 5 & 10 Years | <u>16,357.60</u> |
| | | | <u>\$18,018.71</u> |

Operating and Non-Operating Income

Operating income includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues are emergency telephone and wireless surcharges. Principal operating expenses are the costs of providing services and include administrative expenses and depreciation of capital assets.

Non-Operating income consists of interest income and State of TN – Grants/Reimbursements.

Note 2 – Cash and cash investments

The following is a schedule of bank accounts at June 30, 2010:

| | |
|-----------------------------|---------------------|
| Checking – Farmer’s Bank | \$ 28,869.67 |
| CD – Farmer’s Bank | <u>4,752.88</u> |
| Total Famer’s Bank | <u>33,622.55</u> |
| | |
| Savings – Moore County Bank | 24,489.95 |
| CD – Moore County Bank | <u>76,644.55</u> |
| Total Moore Co. Bank | <u>101,134.50</u> |
| | |
| Total of all banks | <u>\$134,757.05</u> |

At June 30, 2010, the carrying amount of the Metro-Moore County Emergency Communications District’s cash deposits was \$134,757.05. The District’s deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. The District is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated. [Acts 1992, ch. 891, sct 10].

Note 3 – Bonding & Insurance

Metro-Moore County E-911 Emergency Communications District has a bond covering certain members of the board at June 30, 2010. There have been no losses or settlements the exceeded coverage during the past three years. All other potential risks such as theft, property damage and public liability are covered under the County’s insurance policy.

Note 4 – Fixed Assets

The following is a schedule of equipment and depreciation at June 30, 2010:

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Depreciation Expense 6-30-10</u> |
|-------------------------------|---------------------|-------------------------------------|---|
| <u>Non-Depreciable Assets</u> | | | |
| Land | \$100,000.00 | \$ -0- | \$ -0- |
| Construction in Progress | <u>108,452.10</u> | <u>-0-</u> | <u>-0-</u> |
| Total Non-Depreciable | <u>208,452.10</u> | <u>-0-</u> | <u>-0-</u> |
| | | | |
| <u>Depreciable Assets</u> | | | |
| Office Equipment | 12,673.00 | 5,446.56 | 1,661.11 |
| Communications Equipment | <u>146,833.90</u> | <u>90,573.55</u> | <u>16,357.60</u> |
| Total Depreciable | <u>159,506.90</u> | <u>96,020.11</u> | <u>18,018.71</u> |
| | | | |
| Grand Total | <u>\$367,959.00</u> | <u>\$ 96,020.11</u> | <u>\$ 18,018.71</u> |

A schedule of changes in equipment (at cost) for the year ended June 30, 2010 follows:

| | <u>Balance</u> <u>6-30-09</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance</u> <u>6-31-10</u> |
|-------------------------------|----------------------------------|---------------------|------------------|----------------------------------|
| <u>Non-Depreciable Assets</u> | | | | |
| Land | \$ -- | \$100,000.00 | \$ -- | \$100,000.00 |
| Construction in Progress | <u>36,150.70</u> | <u>72,301.40</u> | <u>--</u> | <u>108,452.10</u> |
| Total Non-Depreciable | <u>36,150.70</u> | <u>172,301.40</u> | <u>--</u> | <u>208,452.10</u> |
| <u>Depreciable Assets</u> | | | | |
| Office Equipment | 9,073.00 | 3,600.00 | -- | 12,673.00 |
| Communications Equip. | <u>121,163.90</u> | <u>25,670.00</u> | <u>--</u> | <u>146,833.90</u> |
| Total Depreciable | <u>130,236.90</u> | <u>29,270.00</u> | <u>--</u> | <u>159,506.90</u> |
| Grand Total | <u>\$166,387.60</u> | <u>\$201,571.40</u> | <u>\$ --</u> | <u>\$367,959.00</u> |

Note 5 – Cash and cash equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

Note 6 – Accounts Receivable/Due from State Emergency Communications Board

The amount of \$1,729.33 from AT&T, \$157.82 from other telephone service companies and \$2,413.01 due from the State of Tennessee represent amounts due the District for subscriber service charges and wireless charges at June 30, 2010. There is no need for an allowance for bad debts.

Note 7 – Compensated Absences

There were no employees at June 30, 2010.

Note 8 – Calculation of Invested in Capital Assets

| | |
|------------------------------|---------------------|
| Net Book Value | \$271,938.89 |
| Current and Non Current Debt | <u>--</u> |
| Invested in Capital Assets | <u>\$271,938.89</u> |

Note 9 – Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first.

Note 10 – Budgetary Information

As stated in Note 1, the District must file a budget with Moore County each year which must be legally adopted by the County. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted is required at the program level as well as the object level.

**METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

| | Actual (Accrual Basis) | Budget (Accrual Basis) | Variance Under (Over) |
|--|---------------------------|---------------------------|--------------------------|
| <u>Operating Revenues</u> | | | |
| Emergency Telephone Service Charges | \$ 23,131.64 | \$ 23,400.00 | \$ 268.36 |
| State-Shared Wireless Charges | 14,428.00 | 23,000.00 | 8,572.00 |
| State-Operational Funding Program | 98,161.74 | 104,000.00 | 5,838.26 |
| Total Revenue | \$ 135,721.38 | \$ 150,400.00 | \$ 14,678.62 |
| <u>Operating Expenses</u> | | | |
| <u>Contracted Services</u> | | | |
| Addressing/Mapping | \$ - | \$ - | \$ - |
| Advertising | - | 100.00 | 100.00 |
| Audit Services | 1,750.00 | 2,000.00 | 250.00 |
| Contracts with Government Agencies | 30,000.00 | 30,000.00 | - |
| Maintenance Agreements | 4,028.47 | 3,550.00 | (478.47) |
| Mapping/DB Consultants | 12,000.00 | 13,000.00 | 1,000.00 |
| M&R-Communication Equipment | 2,701.07 | 2,500.00 | (201.07) |
| Total Contracted Services | \$ 50,479.54 | \$ 51,150.00 | \$ 670.46 |
| <u>Supplies & Materials</u> | | | |
| Postage | 42.65 | 150.00 | 107.35 |
| Utilities-Telephone | 9,602.64 | 9,550.00 | (52.64) |
| Total Supplies & Materials | \$ 9,645.29 | \$ 9,700.00 | \$ 54.71 |
| <u>Other Charges</u> | | | |
| Premiums on Surety Bonds | 317.33 | 400.00 | 82.67 |
| Training | 509.00 | 500.00 | (9.00) |
| Other | 128.77 | - | (128.77) |
| Total Other Charges | \$ 955.10 | \$ 900.00 | \$ (55.10) |
| Depreciation | \$ 18,018.71 | \$ 3,209.00 | \$ (14,809.71) |
| Total Operating Expenses | \$ 79,098.64 | \$ 64,959.00 | \$ (14,139.64) |
| Operating Income (Loss) | \$ 56,622.74 | \$ 85,441.00 | \$ 28,818.26 |
| <u>Non-Operating Revenue and (Expense)</u> | | | |
| Interest Income | 2,829.14 | - | (2,829.14) |
| State-Grants & Reimbursements | 18,000.00 | 18,000.00 | - |
| Other Income | 200.00 | 500.00 | 300.00 |
| Total Non-Operating Revenue & Expense | \$ 21,029.14 | \$ 18,500.00 | \$ (2,529.14) |
| Increase in Net Assets | \$ 77,651.88 | \$ 103,941.00 | \$ 26,289.12 |
| Total Net Assets, July 1, 2009 | 334,490.58 | 71,215.00 | (263,275.58) |
| Total Net Assets, June 30, 2010 | \$ 412,142.46 | \$ 175,156.00 | \$ (236,986.46) |

**METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATION DISTRICT**

**SCHEDULE OF INFORMATION REQUIRED BY THE TENNESSEE
EMERGENCY COMMUNICATION BOARD
JUNE 30, 2010**

Number of public
safety answering points: 1

Address: 58 Elm St.
Lynchburg, TN 37352

Type of System/Equipment: Positron 911/Motorola Radio

Type of Database: Scc/Bell South

Chairman: Frank Phipps
2461 Six Mile Board Rd.
Belvidere, TN 37306
(931) 967-4380

**METRO-MOORE COUNTY E – 911
EMERGENCY COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2010**

Frank Phipps, Chairman
424 Shasteen Hollow Rd.
Lynchburg, TN 37352
(931) 759-6419
fdhipps@yahoo.com

Bonnie Lewis, Treasurer
10992 Chestnut Ridge Rd.
Lynchburg, TN 37352
(931) 759-4449
lbsmostunique@gmail.com

Board Members:

Kay Solomon
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Lynchburg, TN 37352
(931) 759-7323
kay_solomon@yahoo.com

Joe Milsapps
1180 Marble Hill Rd.
Winchester, TN 37398
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Nancy Primus
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Jerry Dickey
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Jason Deal
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CERTIFIED PUBLIC ACCOUNTANT

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**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**

To the Board of Directors of the
Metro-Moore County Emergency Communications District
Lynchburg, Tennessee

I have audited the accompanying financial statements of Metro-Moore County Emergency Communications District, a component unit of Moore County, as of and for the year ended June 30, 2010, and have issued my report thereon dated August 27, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered The Metro-Moore County Emergency Communications District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro-Moore County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 a 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses, as defined above. I did not identify any

deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described as items 10-1 and 10-2 in the accompanying schedule of findings and recommendations that I consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Metro-Moore 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and* which are described in the accompany schedule of findings and recommendations as items 10-1 and 10-2.

Metro-Moore County Emergency Communications District's responses to the findings identified in my audit are described in the accompanying schedule of findings and recommendations. I did not audit the District's responses and, accordingly, I express no opinion on them.

This report is intended solely for the information of the management of The Metro-Moore County Emergency Communications District and the Comptroller of the Treasurer, State of Tennessee and is not intended to be used and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

August 27, 2010
Cookeville, Tennessee

Tamara L. Beckman, CPA

**METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2010**

Finding 10-1

A lack of segregation of duties was noted.

Recommendation

The following duties should not be performed by the same individual: receiving cash, making bank deposits, maintaining the accounting records and reconciling bank accounts.

In addition, these duties should also not be performed by the same individual: preparing purchase authorizations, approving purchase authorizations, receiving goods or services, approving payment, preparing checks, signing checks and preparing bank reconciliations.

Director's Response:

The Metro-Moore County Emergency Communications District acknowledges the importance of segregation of duties. Transactions are segregated to the extent possible with the personnel available.

Auditor's Note:

Due to the small size of the entity and lack of personnel, total segregation of duties is not feasible. However, all it was noted that the District segregates the duties to the extent possible.

Finding 10-02

A few expense items exceeded the adopted budget amounts. The continued inaction of the District to correct this deficiency not only indicates a significant deficiency in internal control and compliance, but could reflect on the integrity of management. This is in violation of the Tennessee Code Annotated, Title 7, Section 86, Chapter 120.

Recommendation

When it is apparent that an expense item will exceed the budget, the budget should be amended to cover the additional expense. Management should review end of the year invoices for any items that may be accounts payable and include those amounts in the amended budget. Findings should be addressed and corrected in a timely manner.

Director's Response:

Management will review and take under advisement.

This finding was brought to management's attention in last several years' reports.