

**MACON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
JUNE 30, 2011**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2011**

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Statement of Net Assets	3
Statement of Revenues, Expenditures and Changes in Fund Net Assets	4-5
Statement of Cash Flows	6
Notes to the Financial Statements	7-10
Budget and Actual	11-12
911 Board Members	13
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>	14-15

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Macon County E-911 Emergency Communications District
Cookeville, Tennessee

I have audited the accompanying financial statements of the Macon County E-911 Emergency Communications District, a component unit of Macon County, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Macon 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. 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 Macon County E-911 Emergency Communications District, as of June 30, 2011, and the respective changes in financial position and 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 December 5, 2011, on my consideration of the Macon County E-911 Emergency Communications District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 conjunction with this report in considering 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 Macon 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 Macon 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.

December 5, 2011
Cookeville, Tennessee

Tamara L. Beckman, CPA

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 188,894.86	
Accounts Receivable	15,116.26	
Due from State Emer. Comm. Board	11,566.60	
Prepaid Expenses	<u>7,596.79</u>	
<u>Total Current Assets</u>		\$ 223,174.51

Non-Current Assets

Building & Improvements	54,705.00	
Less: Accumulated Depreciation	(25,353.66)	
Furniture & Fixtures	3,791.75	
Less: Accumulated Depreciation	(3,791.75)	
Office Equipment	160,121.56	
Less: Accumulated Depreciation	(133,971.83)	
Communications Equipment	480,142.36	
Less: Accumulated Depreciation	(229,233.47)	
Vehicle	29,200.00	
Less: Accumulated Depreciation	<u>(6,813.33)</u>	
<u>Total Non-Current Assets</u>		<u>328,796.63</u>
<u>Total Assets</u>		551,971.14

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	3,156.74	
Wages Payable	2,155.03	
Leases Payable - Current	<u>27,926.83</u>	
<u>Total Current Liabilities</u>		33,238.60

Long-Term Liabilities

Leases Payable - Long Term		<u>49,573.08</u>
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Net Assets

Invested in Capital Assets Net of Related Debt	251,296.72	
Unrestricted Net Assets	<u>217,862.74</u>	
<u>Total Net Assets</u>		<u>\$ 469,159.46</u>

The accompanying notes are in integral part of the financial statements

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

Operating Revenues

Emergency Telephone Service Charges	\$ 144,787.92	
State – Wireless Charges	53,479.27	
State – Operational Funding	<u>142,790.76</u>	
Total Operating Revenue		\$ 341,057.95

Operating Expense

Salaries & Wages

Director	45,827.46	
Administrative Personnel	<u>26,697.69</u>	
Total Salaries & Wages		72,525.15

Employee Benefits

Social Security	4,537.52	
Medicare	1,061.18	
Unemployment Tax	<u>382.00</u>	
Total Employee Benefits		5,980.70

Contracted Services

Addressing/Mapping	13,761.00	
Advertising	592.52	
Audit Services	2,500.00	
Accounting Services	240.47	
Fees Paid to Service Providers	35,542.49	
Legal Services	275.00	
Maintenance Agreements	7,139.23	
<u>Maintenance & Repairs</u>		
Communication Equipment	4,986.11	
Building & Facilities	1,287.34	
Office Equipment	13,583.86	
Vehicle	668.45	
Fuel-Vehicle	<u>2,485.80</u>	
Total Contracted Services		83,062.27

The Accompanying notes are in integral part of the financial statements

*MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS CONT'D
FOR THE YEAR ENDED JUNE 30, 2011*

<u>Supplies & Materials</u>		
Office Supplies	2,689.20	
Postage	216.75	
Small Equipment Purchase	9,501.24	
<u>Utilities</u>		
Electric	328.99	
Telephone	9,719.13	
Cell Phones & Pagers	<u>3,303.37</u>	
Total Supplies & Materials		25,758.68
<u>Other Charges</u>		
Dues & Memberships	472.00	
<u>Insurance</u>		
Worker's Compensation	406.13	
Equipment & Vehicle	5,888.13	
Surety Bonds	650.00	
Training Expenses	<u>5,005.61</u>	
Total Other Charges		12,421.87
Depreciation		<u>107,602.65</u>
Total Expenses		<u>307,351.32</u>
Net Operating Income		33,706.63
<u>Non-Operating Revenue and Expense</u>		
Interest Income	717.41	
Interest Expense, Late Fees	(5,926.69)	
State – Grants & Reimbursements	<u>205,271.26</u>	
Total Non-Operating Revenue & Expense		<u>200,061.98</u>
Increase in Net Assets		233,768.61
Total Net Assets, July 1, 2011		258,029.89
Prior Period Adjustments		<u>(22,639.04)</u>
Total Net Assets, June 30, 2011		<u>\$ 469,159.46</u>

The Accompanying notes are in integral part of the financial statements

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Cash Flows From Operating Activities</u>		
Cash Received from Operations	\$ 330,802.49	
Cash Paid to/for Employee Services	(79,217.10)	
Cash Payments for Goods and Services	<u>(121,411.22)</u>	
Net Cash Provided by Operating Activities		\$ 130,174.17
<u>Cash Flows from Non-Capital Financing Activities</u>		
Grants & Reimbursements Received	<u>205,271.26</u>	
Net Cash Provided by Non-Capital Financing Activities		205,271.26
<u>Cash Flows from Capital & Related Financing Activities</u>		
Acquisitions of New Assets	(200,869.14)	
Interest Paid on Leases Payable	(5,926.69)	
Principal Payment of Lease Payable	<u>(43,696.63)</u>	
Net Cash Used for Capital & Related Financing Activities		(250,492.46)
<u>Cash Flows from Investing Activities</u>		
Interest Received	<u>717.41</u>	
Net Cash Used by Investing Activities		<u>717.41</u>
Net Increase in Cash and Cash Equivalents		85,670.38
Cash and Cash Equivalent at 6-30-10		<u>103,224.48</u>
Cash and Cash Equivalent at 6-30-11		<u>\$ 188,894.86</u>
<u>Reconciliation of Operating Income to Net Cash</u>		
<u> Provided by Operating Activities</u>		
Net Operating Income	\$ 33,706.63	
Depreciation	107,602.65	
Increase in Accounts Receivable	(7,258.82)	
Increase in Due from State ECB	(2,996.64)	
Increase in Prepaid Expense	(3,325.14)	
Increase in Accounts Payable	3,156.74	
Decrease in Accrued Payroll & Payroll Liabilities	<u>(711.25)</u>	
<u>Net Cash Provided by Operating Activities</u>		<u>\$ 130,174.17</u>

The Accompanying notes are in integral part of the financial statements

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 1 – Summary of Significant Accounting Policies

The Macon County E-911 Emergency Communication District was established for the purpose of providing an enhanced level of 911 service to the Macon 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 Macon County. The Macon County E-911 Emergency Communications District is run by a board of directors, which is appointed by Macon County. The District must file a budget with Macon County each year. Any bond issued by the district is subject to approval by Macon County.

The District uses the accrual basis of accounting. 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 issued after November 30, 1989.

Depreciation – Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives using the straight-line method. All assets purchased under \$2,500 are expensed. Depreciation begins when the fixed assets are placed in service. Depreciation is summarized as follows:

	<u>Method</u>	<u>Estimated Useful Life</u>	<u>2011 Depreciation</u>
Building/Improvements	S/L	5-15 Years	\$ 5,070.73
Furniture & Fixtures	S/L	5-10 Years	533.00
Office Equipment	S/L	5-7 Years	21,250.69
Communications Equipment	S/L	3-12 Years	74,908.23
Vehicle	S/L	5 Years	5,840.00
			<u>\$107,602.65</u>

Major Source of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges. The District's non-operating revenue consists of grants and reimbursements given by the State Emergency Communications Board to help the district employ a dispatcher and interest.

Note 2 – Cash and cash investments

The following is a schedule of bank accounts at June 30, 2011:

Checking – Citizens Bank \$ 188,894.86

At June 30, 2011, the carrying amount of the Macon County E – 911 Emergency Communications District’s cash deposits was \$188,894.86. The District’s accounts are covered up to \$250,000 by the FDIC. 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

Macon County E-911 Emergency Communications District has a bond covering certain members of the board at June 30, 2011. Other risk areas include theft, property damage and public liability. The District carries general liability insurance as well as insurance that cover all equipment, building and vehicles. There have been no losses or settlements during the past three years.

Note 4 – Fixed Assets

The following is a schedule of equipment at June 30, 2011:

<u>Assets</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Bldg & Imprv.	\$ 54,705.00	\$ 25,353.66	\$ 29,351.34
Furniture & Fixture	3,791.75	3,791.75	--
Office Equipment	160,121.56	133,971.83	26,149.73
Comm. Equipment	480,142.36	229,233.47	250,908.89
Vehicles	<u>29,200.00</u>	<u>6,813.33</u>	<u>22,386.67</u>
Total Fixed Assets	<u>\$ 727,960.67</u>	<u>\$399,164.04</u>	<u>\$328,796.63</u>

<u>Assets</u>	<u>Balance 6-30-10</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Balance 6-30-11</u>
Bldg & Imprv.	\$ 54,705.00	\$ --	\$ --	\$ 54,705.00
Furniture & Fixtures	3,791.75	--	--	3,791.75
Office Equipment	160,121.56	--	--	160,121.56
Comm. Equipment	331,381.22	200,869.14	< 52,108.00>	480,142.36
Vehicles	<u>29,200.00</u>	<u>--</u>	<u>--</u>	<u>29,200.00</u>
Total Fixed Assets	<u>\$579,199.53</u>	<u>\$200,869.14</u>	<u><\$ 52,108.00></u>	<u>\$727,960.67</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 amounts due to the District from subscriber services and wireless charges include the following:

North Central Telephone Co-op	\$ 15,104.27
Misc. Wireless Charges	<u>11.99</u>
Total Accounts Receivable	15,116.26
State Emergency Communications Board	<u>11,566.60</u>
Total Due From State & Accounts Receivable	<u>\$ 26,682.86</u>

Note 7 – Compensated Absences

The District has one full-time and one part-time employee. The board has not adopted a policy for compensated absences as of June 30, 2011.

Note 8 – Calculation of Invested in Capital Assets

Net Book Value	\$328,796.63
Current & Non-Current Debt	< <u>77,499.91</u> >
Invested in Capital Assets, Net of Related Debt	<u>\$251,296.72</u>

Note 9 – Leases Payable

On March 18, 2008 the District entered into a three year lease agreement with Marlin Financial for the acquisition of a Radio Console. The total cost of the equipment, \$73,480.32, is to be repaid in 36 monthly payments of \$2,234.08 beginning March 18, 2008 at an interest rate of 5.86%.

On June 29, 2009 the District entered into a four year lease agreement with Marlin Financial for the acquisition of a Recorder. The total cost of the equipment, \$47,895.00, is to be repaid in 48 monthly payments of \$1,121.5 beginning July 29, 2009 at an interest rate of 5.85%

On October 30, 2009 the District entered into a four year lease agreement with Marlin Financial for the acquisition of Mapping Equipment. The total cost of the equipment, \$40,991.54, is to be repaid in 48 monthly payments of \$959.87 beginning November 1, 2009 at an interest rate of 5.85%.

On May 10, 2011 the District entered into a five year lease agreement with Marlin Financial for the acquisition of a 2009 Chevy Tahoe 4X4. The total cost of the vehicle, \$29,200.00, is to be repaid in 60 monthly payments of \$564.52 beginning May 10, 2011 at an interest rate of 6.0%.

A Schedule of changes in Leases Payable (principal only) is as follows:

	Balance <u>6-30-10</u>	<u>Additions</u>	<u>Payments</u>	<u>Adjustments</u>	Balance <u>6-30-11</u>
Console Lease	\$ 17,360.68	\$ --	\$ 17,360.68	--	\$ --
Recorder Lease	40,668.50	--	11,380.83	--	29,287.67
Mapping Lease	34,806.49	--	9,740.68	--	25,065.81
Vehicle Lease	<u>28,360.87</u>	<u>--</u>	<u>5,214.44</u>	<u>--</u>	<u>23,146.43</u>
Total	<u>\$121,196.54</u>	<u>\$ --</u>	<u>\$ 43,696.63</u>	<u>--</u>	<u>\$ 77,499.91</u>

Note 10 – Budgetary Information

As stated in Note 1, the District must file a budget with Macon 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.

Note 11 – Prior Period Adjustments

A prior period adjustment in the amount of \$22,639.04 was made to correct an overstatement of communications equipment in a prior year.

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL (GAAP Basis)
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Actual</u>	Amended <u>Budget</u>	<u>Variance</u>
<u>Operating Revenue</u>			
Emergency Telephone Service Charges	\$ 144,787.92	\$ 139,450.00	\$ 5,337.92
State-Shared Wireless Charges	53,479.27	51,500.00	1,979.27
State-Operational Funding	142,790.76	176,800.00	(34,009.24)
<u>Total Operating Revenue</u>	<u>\$ 341,057.95</u>	<u>\$ 367,750.00</u>	<u>\$ (26,692.05)</u>
<u>Expenditures</u>			
<u>Salaries & Wages</u>			
Director	\$ 45,827.46	\$ 46,175.00	\$ 347.54
Administrative Personnel	26,697.69	27,100.00	402.31
<u>Total Salaries & Wages</u>	<u>\$ 72,525.15</u>	<u>\$ 73,275.00</u>	<u>\$ 749.85</u>
<u>Employee Benefits</u>			
Social Security	4,537.52	4,550.00	12.48
Medicare	1,061.18	1,200.00	138.82
Unemployment	382.00	600.00	218.00
<u>Total Employee Benefits</u>	<u>\$ 5,980.70</u>	<u>\$ 6,350.00</u>	<u>\$ 369.30</u>
<u>Contracted Services</u>			
Addressing/Mapping	13,761.00	13,900.00	139.00
Advertising	592.52	700.00	107.48
Audit Services	2,500.00	2,500.00	-
Accounting Services	240.47	400.00	159.53
Fess Paid to Service Providers	35,542.49	35,550.00	7.51
Legal Services	275.00	400.00	125.00
Maintenance Agreements	7,139.23	8,450.00	1,310.77
Mapping & Database Consulting	-	100.00	100.00
Communications Equipment Maintenance	4,986.11	5,100.00	113.89
Building & Facilities Maintenance	1,287.34	1,400.00	112.66
Office Equipment Maintenance	13,583.86	13,700.00	116.14
Vehicle Maintenance	668.45	800.00	131.55
Fuel-Vehicle	2,485.80	2,500.00	14.20
<u>Total Contracted Services</u>	<u>\$ 83,062.27</u>	<u>\$ 85,500.00</u>	<u>\$ 2,437.73</u>

<u>Supplies & Materials</u>			
Office Supplies	2,689.20	2,800.00	110.80
Postage	216.75	300.00	83.25
Small Equipment Purchases	9,501.24	11,115.00	1,613.76
Uniforms	-	100.00	100.00
Utilities-Electric	328.99	500.00	171.01
Utilities-Telephone	9,719.13	9,850.00	130.87
Utilities-Cell Phones & Pagers	3,303.37	3,325.00	21.63
Other Supplies & Materials	-	425.00	425.00
<u>Total Supplies & Materials</u>	<u>\$ 25,758.68</u>	<u>\$ 28,415.00</u>	<u>\$ 2,656.32</u>
<u>Other Charges</u>			
Dues & Memberships	472.00	500.00	28.00
Worker's Compensation Insurance	406.13	450.00	43.87
Equipment & Vehicle Insurance	5,888.13	5,900.00	11.87
Premiums on Surety Bonds	650.00	650.00	-
Training Expenses	5,005.61	5,700.00	694.39
Travel Expenses	-	100.00	100.00
<u>Total Other Charges</u>	<u>\$ 12,421.87</u>	<u>\$ 13,300.00</u>	<u>\$ 878.13</u>
<u>Depreciation</u>			
Depreciation Expense	<u>\$ 107,602.65</u>	<u>\$ 109,000.00</u>	<u>\$ 1,397.35</u>
<u>Total Operating Expenses</u>	<u>\$ 307,351.32</u>	<u>\$ 315,840.00</u>	<u>\$ 8,488.68</u>
<u>Operating Income</u>	<u>\$ 33,706.63</u>	<u>\$ 51,910.00</u>	<u>\$ (18,203.37)</u>
<u>Nonoperating Revenue and (Expenses)</u>			
Interest Income	717.41	700.00	17.41
Interest Expense	(5,926.69)	(41,500.00)	35,573.31
State-Grants & Reimbursements	205,271.26	168,546.00	36,725.26
<u>Total Nonoperating Revenue and (Expenses)</u>	<u>\$ 200,061.98</u>	<u>\$ 127,746.00</u>	<u>\$ 72,315.98</u>
Increase (Decrease) in Net Assets	<u>\$ 233,768.61</u>	<u>\$ 179,656.00</u>	<u>\$ 54,112.61</u>
Net Assets - July 1, 2010	<u>\$ 258,029.89</u>	<u>\$ 258,029.89</u>	<u>\$ -</u>
Prior Period Adjustments	(22,639.04)	-	(22,639.04)
Net Assets - June 30, 2011	<u>\$ 469,159.46</u>	<u>\$ 437,685.89</u>	<u>\$ 31,473.57</u>

**MACON COUNTY E – 911
EMERGENCY COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2011**

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Derrick Bush, Post Master
Red Boiling Springs Post Office
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Red Boiling Springs, TN 37150
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Mark Gammons, Sheriff
Macon County Sheriff Dept.
902 Hwy 52 By Pass E
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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
Macon County E-911 Emergency Communications District
Cookeville, Tennessee

I have audited the financial statements of Macon County Emergency Communications District as of and for the year ended June 30, 2011, and have issued my report thereon dated December 5, 2011. 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 Macon 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 my opinion on the effectiveness of Macon County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Macon County Emergency Communications 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Macon 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the management and federal awarding agencies and pass-through entities and the State of Tennessee Comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties.

December 5, 2011
Cookeville, Tennessee

Tamara L. Beckman, CPA