

GRUNDY COUNTY 911  
EMERGENCY COMMUNICATIONS DISTRICT

AUDIT REPORT

June 30, 2012



**BEAN, RHOTON & KELLEY, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS

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**GRUNDY COUNTY 911 EMERGENCY  
COMMUNICATIONS DISTRICT  
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June 30, 2012**

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**GRUNDY COUNTY 911 EMERGENCY  
COMMUNICATIONS DISTRICT  
INTRODUCTORY SECTION - UNAUDITED  
JUNE 30, 2012**

Board Members

Don M. Hutcheson – Chairman, Director

Alan Joslyn – Vice Chairman, Director

Rusty Payne – Secretary, Treasurer

Virgil McNeese – Board Member

Brent Parsons – Board Member

Mike Birdwell – Board Member

Larry Davis – Board Member

Eric Northcutt – Board Member

Deryl Graham – Board Member

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Grundy County 911 Emergency  
Communications District  
Altamont, Tennessee

We have audited the accompanying financial statements of the business-type activities of Grundy County 911 Emergency Communications District, a component unit of Grundy County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 we 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. We believe that our audit provides a reasonable basis for our opinion.

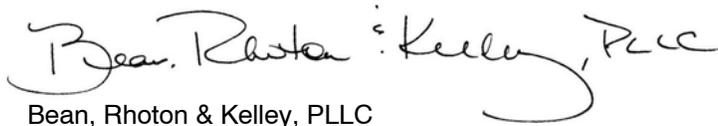
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Grundy County 911 Emergency Communications District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012, on our consideration of the Grundy County 911 Emergency Communications District's internal control over financial reporting and our 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 our 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* and important for assessing the results of our audit.

The District has not presented Management's Discussion and Analysis. The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Grundy County 911 Emergency Communications District's basic financial statements as a whole. The introductory section and schedules listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. The schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has 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 financial statements or to the financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Bean, Rhoton & Kelley, PLLC". The signature is written in dark ink and is positioned above the printed name of the firm.

Bean, Rhoton & Kelley, PLLC  
December 14, 2012

**GRUNDY COUNTY 911 EMERGENCY  
COMMUNICATIONS DISTRICT  
STATEMENT OF NET ASSETS  
June 30, 2012**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 252,247.98
Certificates of deposit	210,155.34
Account receivable	44,776.61
Accrued interest	459.99
Total current assets	<u>507,639.92</u>

Noncurrent assets:

Capital assets:

Equipment, net accumulated depreciation	274,918.47
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Other assets:

Mapping, net accumulated amortization	<u>34,892.87</u>
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Total noncurrent assets	<u>309,811.34</u>
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Total assets	<u><u>\$ 817,451.26</u></u>
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**LIABILITIES**

Current liabilities:

Accounts payable	\$ 23,535.58
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Total current liabilities	<u>23,535.58</u>
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Total liabilities	<u><u>\$ 23,535.58</u></u>
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**NET ASSETS**

Invested in capital assets	\$ 309,811.34
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Unrestricted	484,104.34
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Total net assets	<u><u>\$ 793,915.68</u></u>
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The accompanying notes are an integral part of this statement.

**GRUNDY COUNTY 911 EMERGENCY  
COMMUNICATIONS DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
Year ended June 30, 2012**

**OPERATING REVENUES**

Emergency telephone service charge	\$ 124,136.78
Tennessee Emergency Communications Board - shared wireless charges	31,896.12
Tennessee Emergency Communications Board - operational funding	<u>124,145.37</u>
Total operating revenues	<u>280,178.27</u>

**OPERATING EXPENSES**

Amortization	16,308.34
Depreciation	33,151.85
Salary expense	39,238.53
Office supplies	989.01
Telephone charges	1,049.55
Premiums on surety bonds	448.00
Professional fees	7,600.00
Training expenses	812.35
Repairs and maintenance	1,768.46
Meeting notices	259.94
Contracted services - Ben Lomand	12,895.20
Responder & dispatcher	177,000.00
Maintenance agreements	2,790.00
Postage	30.00
Total operating expenses	<u>294,341.23</u>
Operating (loss)	<u>(14,162.96)</u>

**NONOPERATING REVENUES**

Interest revenue	5,312.85
Tennessee Emergency Communications Board grants and reimbursements	<u>42,502.66</u>
Total nonoperating revenue	<u>47,815.51</u>

Change in net assets	33,652.55
Total net assets - beginning	733,362.56
Restatement (Note 9)	<u>26,900.57</u>
Total net assets - beginning, as restated	<u>760,263.13</u>
Total net assets - ending	<u>\$ 793,915.68</u>

The accompanying notes are an integral part of this statement.

**GRUNDY COUNTY 911 EMERGENCY  
COMMUNICATIONS DISTRICT  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2012**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 409,246.09
Responders & dispatchers	(177,000.00)
Telephone charges	(12,895.20)
Other receipts (payments)	<u>(52,195.84)</u>
Net cash provided by operating activities	<u>167,155.05</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Grants / reimbursements from TECB	<u>8,000.00</u>
Net cash provided by noncapital financing activities	<u>8,000.00</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Grants / reimbursements from TECB	34,502.66
Purchases of capital assets	<u>(275,641.98)</u>
Net cash used by capital and related financing activities	<u>(241,139.32)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	5,490.05
Invested in long term cash	<u>(2,698.27)</u>
Net cash provided by investing activities	<u>2,791.78</u>
Net decrease in cash and cash equivalents	<u>(63,192.49)</u>
 Balances - beginning of the year	 <u>315,440.47</u>
 Balances - end of the year	 <u>\$ 252,247.98</u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (14,162.96)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	33,151.85
Amortization expense	16,308.34
Change in assets and liabilities:	
Receivables, net	105,532.24
Prepaid expenses	2,790.00
Payables, net	<u>23,535.58</u>
Net cash provided by operating activities	<u>\$ 167,155.05</u>

The accompanying notes are an integral part of this statement.

**GRUNDY COUNTY 911 EMERGENCY  
COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Business Activities

The Grundy County 911 Emergency Communications District provides funds and support to procure, lease, and maintain necessary equipment and services related to fielding emergency phone calls in Grundy County, Tennessee.

The District is a governmental entity organized pursuant to Chapter 867 of the 1984 Tennessee Public Acts. The District is defined as a component unit of the local government of Grundy County, Tennessee under the criteria of Government Accounting Standards Board. The Grundy County Commission appoints the Board of Directors. The Grundy County Commission may appropriate funds to the District for its operation and maintenance. No funds have been appropriated by the Grundy County Commission. The District must obtain permission from the Grundy County Commission prior to issuing long-term debt.

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses. Actual results could vary from the estimates that were used.

The District's reports are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual method of accounting, revenues are recorded as such when earned, and expenses are reported when incurred. The District applies all GASB pronouncements as well as Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Cash Deposits

The District is authorized to invest in the following types of securities and indebtedness, in accordance with governing statutes:

- (1) Bonds, notes, treasury bills or similar types of indebtedness to the United States.
- (2) Non-convertible debt including Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Student Loan Marketing Association.
- (3) Other obligations not specified above which provide guaranteed principal and interest by the United States or any of its agencies.
- (4) Repurchase agreements which involve obligations of the United States or its agencies provided the term of the repurchase agreement does not extend beyond the maturity date of the obligation and the market value of the security exceeds the cost of the security.
- (5) Money market funds invested in any of the aforementioned securities.

The District's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the District's custodial bank in the District's name. The carrying amount of total cash deposits for the year ended June 30, 2012, was \$462,403.32. The amount of deposits collateralized with securities held by pledging financial institutions and federal depository insurance was \$462,403.32.

**GRUNDY COUNTY 911 EMERGENCY  
COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Utility Plant

Equipment and property additions are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful life. The District estimates the useful life of its equipment to be 7 years as well as 5 years for general office equipment.

Mapping Costs

This intangible asset represents amounts paid for mapping the area and preparing a database for information purposes. These costs are being amortized over a 10-year period.

Amortization expense for the year ended June 30, 2012, was \$16,308.34.

Cash Flow

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Budgetary Data

Formal budgetary accounting is employed as a management control for all funds of the District. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the proprietary funds, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. Budgetary control is exercised at the line-item level. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

NOTE 2 – UTILITY PLANT

A summary of changes in the utility plant is as follows:

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
Equipment	<u>\$ 234,211.28</u>	<u>\$ 275,641.98</u>	<u>\$ (0.00)</u>	<u>\$ 509,853.26</u>
Less: Accumulated Depreciation	<u>(201,782.94)</u>	<u>(33,151.85)</u>	<u>0.00</u>	<u>(234,934.79)</u>
Total	<u>\$ 32,428.34</u>	<u>\$ 242,490.13</u>	<u>\$ 0.00</u>	<u>\$ 274,918.47</u>

**GRUNDY COUNTY 911 EMERGENCY  
COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 3 – CASH & CASH EQUIVALENTS**

At June 30, 2012, total cash was \$462,403.32 of which \$210,155.34 is held in certificates of deposit with maturities of more than three months, leaving \$252,247.98 considered as cash and cash equivalents.

**NOTE 4 – BUDGETING PROCEDURES**

The official and amended budget for June 30, 2012, was prepared for adoption for the proprietary fund by July 14, 2011.

**NOTE 5 – COMPENSATED ABSENCES**

At June 30, 2012, the District did not have any employees. The District has deferred establishing policies for vacation and/or sick pay until such time as it has full time employees. As a result, no liability is recorded in the financial statements.

**NOTE 6 – INTERGOVERNMENTAL COOPERATION**

The District has agreed to participate in an intergovernmental cooperation that includes Bledsoe, Grundy, Sequatchie, and Van Buren counties in Tennessee. The cooperation was formed for the sole purpose of assisting the counties involved in the addressing, mapping, and database development needed for the implementation of a dispatch center. The cooperation does not obligate any district to any expenditure without express, written, approval from the applicable county. The cooperation's board of directors is composed of three individuals from each district's board of directors.

**NOTE 7 – EMERGENCY COMMUNICATIONS AGREEMENT**

On July 1, 2004, the District entered into an Emergency Communications Agreement with the City of Monteagle pursuant to Tennessee Code Annotated Section 5-11-113. The agreement was renewed in 2008 for a period of four years expiring on June 30, 2012. Following 2012, the District and the City of Monteagle have agreed upon a one-year contract ending June 30, 2013.

The agreement provides for the City of Monteagle to supply trained and certified dispatchers as required under State Law and Emergency Communications Board Standards to handle dispatching calls. The City agrees to adequately staff and operate the 911 system twenty-four hours a day, seven days per week. The agreement specified that the District shall cover all cost the City incurs and other payments are discretionary to the District's Board of Directors.

The City agrees to name the District and its designees as an additional named insurer on City property and liability insurance policies, to cover any loss, damage or destruction of the PSAP equipment or other property of the District that may result from any cause or peril, or provide an acceptable equivalent guarantee, provided the District reimburse the City any cost relating to premiums, or portions of premiums, that relate to District property.

Payments under this agreement for the year ended June 30, 2012, totaled \$177,000.00.

**NOTE 8 – GRANTS AND REIMBURSEMENTS**

The District received a dispatcher training grant totaling \$8,000.00, and a GIS mapping grant totaling \$35,502.66 during the year from the Tennessee Emergency Communications Board.

**GRUNDY COUNTY 911 EMERGENCY  
COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 9 – RESTATEMENT**

During 2012, certain matters were noted which require restatement of the prior year. Material accounts receivable were discovered during the audit, which required a restatement to correctly report certain revenue accounts.

The following summarizes the aforementioned adjustments to net assets at July 1, 2012:

Net assets, beginning of year, as previously reported	\$ 733,362.56
Accounts receivable	<u>26,900.57</u>
Net assets, beginning of year as restated	<u>\$ 760,263.13</u>

**OTHER SUPPLEMENTARY INFORMATION**

**GRUNDY COUNTY 911 EMERGENCY  
COMMUNICATIONS DISTRICT  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Operating Revenues				
Service charges	\$ 176,984.00	\$ 176,984.00	\$ 248,282.15	\$ 71,298.15
Shared wireless charges	37,000.00	37,000.00	31,896.12	(5,103.88)
Total Operating Revenues	<u>213,984.00</u>	<u>213,984.00</u>	<u>280,178.27</u>	<u>66,194.27</u>
Expenses				
Depreciation and amortization	47,300.00	47,300.00	49,460.19	(2,160.19)
Meeting notices	400.00	400.00	259.94	140.06
Maintenance personnel	42,000.00	42,000.00	39,238.53	2,761.47
Repairs and maintenance	4,000.00	4,000.00	1,768.46	2,231.54
Office supplies	1,100.00	1,100.00	989.01	110.99
Training expenses	1,400.00	1,400.00	220.00	1,180.00
Telephone services	14,000.00	14,000.00	13,944.75	55.25
Premiums on surety bonds	400.00	400.00	448.00	(48.00)
Maintenance agreements	8,370.00	8,370.00	2,790.00	5,580.00
Audit Services	2,900.00	2,900.00	3,100.00	(200.00)
Professional services	4,500.00	4,500.00	4,500.00	0.00
Insurance - equipment	500.00	500.00	0.00	500.00
Dues and memberships	150.00	150.00	0.00	150.00
Dispatchers' services	172,500.00	172,500.00	177,000.00	(4,500.00)
Travel	500.00	500.00	592.35	(92.35)
Postage	100.00	100.00	30.00	70.00
Licenses & fees	100.00	100.00	0.00	100.00
Total Expenses	<u>300,220.00</u>	<u>300,220.00</u>	<u>294,341.23</u>	<u>5,878.77</u>
Operating (loss)	<u>(86,236.00)</u>	<u>(86,236.00)</u>	<u>(14,162.96)</u>	<u>72,073.04</u>
Non-Operating Revenues				
Interest income	2,200.00	2,200.00	5,312.85	3,112.85
Grants and reimbursements	90,215.00	90,215.00	42,502.66	(47,712.34)
Total Non-Operating Revenues	<u>92,415.00</u>	<u>92,415.00</u>	<u>47,815.51</u>	<u>(44,599.49)</u>
	6,179.00	6,179.00	33,652.55	27,473.55
Total net assets-beginning	<u>760,263.13</u>	<u>760,263.13</u>	<u>760,263.13</u>	<u>0.00</u>
Total net assets-ending	<u>\$ 766,442.13</u>	<u>\$ 766,442.13</u>	<u>\$ 793,915.68</u>	<u>\$ 27,473.55</u>

See Accompanying Independent Auditors' Report.

**GRUNDY COUNTY 911 EMERGENCY  
COMMUNICATIONS DISTRICT  
OTHER SUPPLEMENTARY INFORMATION  
June 30, 2012**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

<u>Federal Grantor/ Pass - Through Grantor</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Beginning (Accrued) Deferred</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending (Accrued) Deferred</u>
<u>State Financial Assistance</u>						
Tennessee Emergency Communication Board	N/A	Training Reimbursement	\$ 0.00	\$ 8,000.00	\$ 8,000.00	\$ 0.00
Tennessee Emergency Communication Board	N/A	Equipment Grant	112,931.00	0.00	112,931.00	0.00
Tennessee Emergency Communication Board	N/A	GIS Mapping	<u>0.00</u>	<u>34,502.66</u>	<u>34,502.66</u>	<u>0.00</u>
Total State Awards			<u>\$ 112,931.00</u>	<u>\$ 42,502.66</u>	<u>\$ 155,433.66</u>	<u>\$ 0.00</u>

Note 1: The GIS Mapping grant is a cost recovery program for expenses relating to the cost of dispatchers and mapping.

Note 2: The schedule is presented using the modified accrual basis of accounting.

See Accompanying Independent Auditors' Report

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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  
Grundy County 911 Emergency  
Communications District  
Altamont, Tennessee

We have audited the financial statements of the business-type activities of the Grundy County 911 Emergency Communications District, a component unit of Grundy County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise the Grundy County 911 Emergency Communications District's basic financial statements and have issued our report thereon dated December 14, 2012. We conducted our 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 our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our 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 and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

*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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses [12-01].

*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. We consider the deficiencies described in the accompanying schedule of finding and responses to be significant deficiencies [09-01].

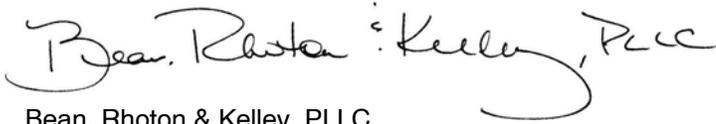
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Grundy County 911 Emergency Communications District's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are

described in the accompanying schedule of findings and responses [09-02 and 09-03].

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

A handwritten signature in cursive script that reads "Bean, Rhoton & Kelley, PLLC". The signature is written in black ink and is positioned above the typed name of the firm.

Bean, Rhoton & Kelley, PLLC  
December 14, 2012

**GRUNDY COUNTY 911  
EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2012**

I. Summary of Auditors' Results

- A. The June 30, 2012 Auditors' Report on the Financial Statements was unqualified.
- B. Significant deficiencies in internal control were disclosed by the audit and are discussed below in finding 09-01.
- C. Reportable conditions in compliance were disclosed by the audit and are discussed below in findings 09-02 and 09-03.
- D. Material weaknesses in internal control were disclosed by the audit and are discussed below in finding 12-01.

II. Findings Related to the Financial Statements, which are required to be reported in accordance with *Government Auditing Standards*.

(09-01) Receipts

During our review, we found that receipts had not been written or a receipt log kept during the year.

Recommendation:

Although the District's monetary collections are almost entirely made up of direct deposits, to ensure that all monies are accounted for and deposited into the bank, receipts should be written or a receipt log should be kept.

District's Comment:

Most money collected by the District is in the form of direct deposit. Due to lack of monies directly received and administrative resources available, the District does not view this condition as a high priority. If the situation changes, the District will begin writing receipts.

Disposition:

As of June 30, 2012, this problem still exists.

(09-02) Budget

We noted that actual expenditures exceeded the amount appropriated in the budget.

Recommendation:

All expenditures should be authorized either in the original budget or an amendment to that budget or in a supplemental appropriation.

District's Comment:

The budget will be monitored more closely in the future.

Disposition:

As of June 30, 2012, this problem still exists.

**GRUNDY COUNTY 911  
EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES (continued)  
June 30, 2012**

(09-03) Bank accounts

In our review of financial institution accounts, it was noted that at least one unauthorized signer was listed on a financial account.

Recommendation:

Financial institution accounts should be reviewed annually for correct signatures on file. Only current members of the Board or current employees should be listed on financial accounts as signers.

District's Comment:

We will correct this problem.

Disposition:

As of June 30, 2012, this problem still exists.

(11-01) Bank statements

During our review, we noted the bank statements are not being reconciled.

Disposition:

As of June 30, 2012, this problem no longer exists.

(12-01) Significant Adjustments to the Year End Trial Balance

The District did not provide auditors with a substantially complete trial balance.

Recommendation:

Current standards relating to the internal control structure require an entity to make all material adjustments to their trial balance before giving it to the auditors, or to provide the auditors with any material adjustments that need to be made to the trial balance. Because of this material weakness, management may lack the controls necessary to present financial statements and footnotes in accordance with generally accepted accounting principles. Management should consider making all material adjustments to their trial balance in accordance with generally accepted accounting principles.

District's Comment:

We have approved all adjusting journal entries our auditors have proposed and will correct this problem going forward.