

**MACON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
JUNE 30, 2012**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2012**

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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, 2012, 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, 2012, 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 18, 2012, 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 18, 2012
Cookeville, Tennessee

Tamara L. Beckman, CPA

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 227,078.18	
Accounts Receivable	43,666.25	
Due from State Emer. Comm. Board	11,294.45	
Prepaid Expenses	<u>14,228.31</u>	
<u>Total Current Assets</u>		\$ 296,267.19

Non-Current Assets

Building & Improvements	70,506.60	
Less: Accumulated Depreciation	(18,052.12)	
Furniture & Fixtures	3,791.75	
Less: Accumulated Depreciation	(3,791.75)	
Office Equipment	160,121.56	
Less: Accumulated Depreciation	(154,089.79)	
Communications Equipment	515,579.36	
Less: Accumulated Depreciation	(306,758.44)	
Vehicle	29,200.00	
Less: Accumulated Depreciation	<u>(12,653.33)</u>	
<u>Total Non-Current Assets</u>		<u>283,853.84</u>

<u>Total Assets</u>		<u>580,121.03</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	3,928.25	
Leases Payable - Current	<u>29,613.85</u>	
<u>Total Current Liabilities</u>		33,542.10

Long-Term Liabilities

Leases Payable - Long Term		<u>19,959.23</u>
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Net Assets

Invested in Capital Assets Net of Related Debt	234,280.76	
Unrestricted Net Assets	<u>292,338.94</u>	

<u>Total Net Assets</u>		<u>\$ 526,619.70</u>
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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, 2012**

Operating Revenues

Emergency Telephone Service Charges	\$ 176,257.58	
State – Wireless Charges	51,786.09	
State – Operational Funding	<u>142,813.84</u>	
Total Operating Revenue		\$ 370,857.51

Operating Expense

Salaries & Wages

Director	49,132.61	
Administrative Personnel	<u>26,489.38</u>	
Total Salaries & Wages		75,621.99

Employee Benefits

Social Security	4,971.18	
Medicare	1,127.34	
Retirement	7,476.88	
Unemployment Tax	<u>382.00</u>	
Total Employee Benefits		13,957.40

Contracted Services

Addressing/Mapping	16,921.80	
Audit Services	2,500.00	
Fees Paid to Service Providers	33,414.01	
Legal Services	200.00	
Maintenance Agreements	24,137.11	
<u>Maintenance & Repairs</u>		
Communication Equipment	22,000.45	
Building & Facilities	9,530.93	
Office Equipment	10,972.49	
Vehicle	211.74	
Fuel-Vehicle	<u>2,663.25</u>	
Total Contracted Services		122,551.78

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, 2012*

<u>Supplies & Materials</u>		
Office Supplies	2,501.78	
Custodial Supplies	1,377.92	
Postage	195.96	
Small Equipment Purchase	14,915.37	
Uniforms	406.75	
<u>Utilities</u>		
Electric	107.14	
Telephone	11,449.42	
Cell Phones & Pagers	<u>2,175.52</u>	
Total Supplies & Materials		33,129.86
<u>Other Charges</u>		
Dues & Memberships	488.00	
<u>Insurance</u>		
Worker's Compensation	1,970.00	
Equipment & Vehicle	4,146.00	
Legal Notices	605.56	
Licenses	274.57	
Premiums on Surety Bonds	650.00	
Training Expenses	3,427.50	
Travel Expenses	<u>506.86</u>	
Total Other Charges		12,068.49
Depreciation		<u>106,859.39</u>
Total Expenses		<u>364,188.91</u>
Net Operating Income		6,668.60
<u>Non-Operating Revenue and Expense</u>		
Interest Income	648.23	
Interest Expense, Late Fees	(3,823.85)	
State – Grants & Reimbursements	<u>53,967.26</u>	
Total Non-Operating Revenue & Expense		<u>50,791.64</u>
Increase in Net Assets		57,460.24
Total Net Assets, July 1, 2011		<u>469,159.46</u>
Total Net Assets, June 30, 2012		<u>\$ 526,619.70</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, 2012**

<u>Cash Flows From Operating Activities</u>		
Cash Received from Operations	\$ 342,579.67	
Cash Paid to/for Employee Services	(91,734.42)	
Cash Payments for Goods and Services	<u>(173,610.14)</u>	
Net Cash Provided by Operating Activities		\$ 77,235.11
 <u>Cash Flows from Non-Capital Financing Activities</u>		
Grants & Reimbursements Received	<u>53,967.26</u>	
Net Cash Provided by Non-Capital Financing Activities		53,967.26
 <u>Cash Flows from Capital & Related Financing Activities</u>		
Acquisitions of New Assets	(61,916.60)	
Interest Paid on Leases Payable	(3,823.85)	
Principal Payment of Lease Payable	<u>(27,926.83)</u>	
Net Cash Used by Capital & Related Financing Activities		(93,667.28)
 <u>Cash Flows from Investing Activities</u>		
Interest Received	<u>648.23</u>	
Net Cash Provided by Investing Activities		<u>648.23</u>
Net Increase in Cash and Cash Equivalents		38,183.32
Cash and Cash Equivalent at 6-30-11		<u>188,894.86</u>
Cash and Cash Equivalent at 6-30-12		<u>\$ 227,078.18</u>
 <u>Reconciliation of Operating Income to Net Cash</u>		
<u> Provided by Operating Activities</u>		
Net Operating Income	\$ 6,668.60	
Depreciation	106,859.39	
Increase in Accounts Receivable	(28,549.99)	
Decrease in Due from State ECB	272.15	
Increase in Prepaid Expense	(6,631.52)	
Increase in Accounts Payable	771.51	
Decrease in Accrued Payroll & Payroll Liabilities	<u>(2,155.03)</u>	
<u>Net Cash Provided by Operating Activities</u>		<u>\$ 77,235.11</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, 2012**

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>2012 Depreciation</u>
Building/Improvements	S/L	5-15 Years	\$ 3,376.46
Furniture & Fixtures	S/L	5-10 Years	--
Office Equipment	S/L	5-7 Years	20,117.96
Communications Equipment	S/L	3-12 Years	77,524.97
Vehicle	S/L	5 Years	<u>5,840.00</u>
			<u>\$106,859.39</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, 2012:

Checking – Citizens Bank \$ 227,078.18

At June 30, 2012, the carrying amount of the Macon County E – 911 Emergency Communications District’s cash deposits was \$227,078.18. 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, 2012. 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 that exceeded this coverage during the past three years.

Note 4 – Subsequent Events

The District has evaluated subsequent events through January 7, 2013, the date in which the financial statements were available to be issued.

Note 5 – Fixed Assets

The following is a schedule of equipment at June 30, 2012:

<u>Assets</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Bldg & Imprv.	\$ 70,506.60	\$ 18,052.12	\$ 52,454.48
Furniture & Fixture	3,791.75	3,791.75	--
Office Equipment	160,121.56	154,089.79	6,031.77
Comm. Equipment	515,579.36	306,758.44	208,820.92
Vehicles	<u>29,200.00</u>	<u>12,653.33</u>	<u>16,546.67</u>
Total Fixed Assets	<u>\$779,199.27</u>	<u>\$495,345.43</u>	<u>\$283,853.84</u>

<u>Assets</u>	<u>Balance 6-30-11</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Balance 6-30-12</u>
Bldg & Imprv.	\$ 54,705.00	\$ 26,479.60	<\$ 10,678.00>	\$ 70,506.60
Furniture & Fixtures	3,791.75	--	--	3,791.75
Office Equipment	160,121.56	--	--	160,121.56
Comm. Equipment	480,142.36	35,437.00	--	515,579.36
Vehicles	<u>29,200.00</u>	<u>--</u>	<u>--</u>	<u>29,200.00</u>
Total Fixed Assets	<u>\$727,960.67</u>	<u>\$ 61,916.60</u>	<u><\$ 10,678.00></u>	<u>\$779,199.27</u>

Note 6 – 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 7 – 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	\$ 43,657.52
Misc. Wireless Charges	<u>8.73</u>
Total Accounts Receivable	43,666.25
State Emergency Communications Board	<u>11,294.45</u>
Total Due From State & Accounts Receivable	<u>\$ 54,960.70</u>

Note 8 – 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, 2012.

Note 9 – Calculation of Invested in Capital Assets

Net Book Value	\$283,853.84
Current & Non-Current Debt	< <u>49,573.08</u> >
Invested in Capital Assets, Net of Related Debt	<u>\$234,280.76</u>

Note 10 – 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 \$1,121.50 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, 2010 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, 2012 at an interest rate of 6.0%.

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

	Balance <u>6-30-11</u>	<u>Additions</u>	<u>Payments</u>	<u>Adjustments</u>	Balance <u>6-30-12</u>
Console Lease	\$ --	\$ --	\$ --	--	\$ --
Recorder Lease	29,287.67	--	12,064.74	--	17,222.93
Mapping Lease	25,065.81	--	10,326.04	--	14,739.77
Vehicle Lease	<u>23,146.43</u>	--	<u>5,536.05</u>	--	<u>17,610.38</u>
Total	<u>\$ 77,499.91</u>	<u>\$ --</u>	<u>\$ 27,926.83</u>	<u>--</u>	<u>\$ 49,573.08</u>

Note 11 – 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 line item level.

Note 12 – Pension Plan

Plan Description

Employees of Macon County E911 are members of the Political Subdivision Pension Plan (PSPP), and agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member’s high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Macon County E911 participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Macon County E911 requires employees to contribute 5.0 percent of earnable compensation.

Macon County E911 is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2012 was 9.51% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Macon County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2012, Macon County E911’s annual pension cost of \$7,477 to TCRS was equal to Macon County E911’s required and actual contributions. The required contribution was determined as part of the July 1, 2009 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a tenar period. Macon County Emergency Communications District’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009 was 0 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ending	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$7,477	100.00%	\$0.00
June 30, 2011	--	100.00%	0.00
June 30, 2010	--	100.00%	0.00

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 0.00% funded. The actuarial accrued liability for benefits was \$0.06 million, and the actuarial value of assets was \$0.00 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.00 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0.00 million, and the ratio of the UAAL to the covered payroll was 0.00%.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/(c)]
July 1, 2011	\$0	\$0	\$0	0.00%	\$0	0.00%
July 1, 2009	\$0	\$0	\$0	0.00%	\$0	0.00%
July 1, 2007	\$0	\$0	\$0	0.00%	\$0	0.00%

**MACON COUNTY E – 911
EMERGENCY COMMUNICATIONS DISTRICT
SUPPLEMENTARY INFORMATION
JUNE 30, 2012**

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL (GAAP Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance</u>
<u>Operating Revenue</u>			
Emergency Telephone Service Charges	\$ 176,257.58	\$ 180,000.00	\$ (3,742.42)
State-Shared Wireless Charges	51,786.09	51,500.00	286.09
State-Operational Funding	142,813.84	145,000.00	(2,186.16)
<u>Total Operating Revenue</u>	<u>\$ 370,857.51</u>	<u>\$ 376,500.00</u>	<u>\$ (5,642.49)</u>
 <u>Expenditures</u>			
<u>Salaries & Wages</u>			
Director	\$ 49,132.61	\$ 49,675.00	\$ 542.39
Administrative Personnel	26,489.38	26,800.00	310.62
<u>Total Salaries & Wages</u>	<u>\$ 75,621.99</u>	<u>\$ 76,475.00</u>	<u>\$ 853.01</u>
 <u>Employee Benefits</u>			
Social Security	4,971.18	8,800.00	3,828.82
Medicare	1,127.34	3,100.00	1,972.66
Retirement	7,476.88	7,500.00	23.12
Unemployment	382.00	650.00	268.00
<u>Total Employee Benefits</u>	<u>\$ 13,957.40</u>	<u>\$ 20,050.00</u>	<u>\$ 6,092.60</u>
 <u>Contracted Services</u>			
Addressing/Mapping	16,921.80	25,000.00	8,078.20
Audit Services	2,500.00	2,500.00	-
Accounting Services	-	500.00	500.00
Fess Paid to Service Providers	33,414.01	38,000.00	4,585.99
Legal Services	200.00	200.00	-
Maintenance Agreements	24,137.11	24,200.00	62.89
Mapping & Database Consulting	-	1,800.00	1,800.00
Lease/Rental - Communications Equipment	-	2,800.00	2,800.00
Communications Equipment Maintenance	22,000.45	22,100.00	99.55
Building & Facilities Maintenance	9,530.93	12,000.00	2,469.07
Office Equipment Maintenance	10,972.49	12,000.00	1,027.51
Vehicle Maintenance	211.74	1,200.00	988.26
Fuel-Vehicle	2,663.25	3,100.00	436.75
<u>Total Contracted Services</u>	<u>\$ 122,551.78</u>	<u>\$ 145,400.00</u>	<u>\$ 22,848.22</u>

<u>Supplies & Materials</u>			
Office Supplies	2,501.78	2,502.00	0.22
Custodial Supplies	1,377.92	1,498.00	120.08
Postage	195.96	375.00	179.04
Small Equipment Purchases	14,915.37	15,000.00	84.63
Uniforms	406.75	600.00	193.25
Utilities-Electric	107.14	500.00	392.86
Utilities-Telephone	11,449.42	11,500.00	50.58
Utilities-Cell Phones & Pagers	2,175.52	3,500.00	1,324.48
<u>Total Supplies & Materials</u>	<u>\$ 33,129.86</u>	<u>\$ 35,475.00</u>	<u>\$ 2,345.14</u>
<u>Other Charges</u>			
Dues & Memberships	488.00	600.00	112.00
Worker's Compensation Insurance	1,970.00	2,000.00	30.00
Equipment & Vehicle Insurance	4,146.00	9,000.00	4,854.00
Legal Notices	605.56	800.00	194.44
Licenses	274.57	300.00	25.43
Premiums on Surety Bonds	650.00	650.00	-
Training Expenses	3,427.50	9,000.00	5,572.50
Travel Expenses	506.86	1,000.00	493.14
<u>Total Other Charges</u>	<u>\$ 12,068.49</u>	<u>\$ 23,350.00</u>	<u>\$ 11,281.51</u>
<u>Depreciation</u>			
Depreciation Expense	<u>\$ 106,859.39</u>	<u>\$ 120,000.00</u>	<u>\$ 13,140.61</u>
<u>Total Operating Expenses</u>	<u>\$ 364,188.91</u>	<u>\$ 420,750.00</u>	<u>\$ 56,561.09</u>
<u>Operating Income (Loss)</u>	<u>\$ 6,668.60</u>	<u>\$ (44,250.00)</u>	<u>\$ 50,918.60</u>
<u>Nonoperating Revenue and (Expenses)</u>			
Interest Income	648.23	600.00	48.23
Interest Expense	(3,823.85)	(3,900.00)	76.15
State-Grants & Reimbursements	53,967.26	53,800.00	167.26
<u>Total Nonoperating Revenue and (Expenses)</u>	<u>\$ 50,791.64</u>	<u>\$ 50,500.00</u>	<u>\$ 291.64</u>
Increase (Decrease) in Net Assets	<u>\$ 57,460.24</u>	<u>\$ 6,250.00</u>	<u>\$ 51,210.24</u>
Net Assets - July 1, 2011	<u>\$ 469,159.46</u>	<u>\$ 469,159.46</u>	<u>\$ -</u>
Net Assets - June 30, 2012	<u>\$ 526,619.70</u>	<u>\$ 475,409.46</u>	<u>\$ 51,210.24</u>

**MACON COUNTY E – 911
EMERGENCY COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2012**

Stacy Gann, Chief
Lafayette Police Dept.
118 East Locust St.
Lafayette, TN 37083
Office: (615) 666-4725
Email: chiefgann201@nctc.com

Clint Carter, Board Secretary/Treasurer
North Central Telephone Corp.
PO Box 70, 872 52 By Pass E
Lafayette, TN 37083
Work: (615) 666-2151 Cell: (615) 633-7909
Email: ccarter@nctc.com

Derrick Bush, Post Master
Red Boiling Springs Post Office
134 Market St.
Red Boiling Springs, TN 37150
Office: (615) 699-2580

Mark Gammons, Sheriff
Macon County Sheriff Dept.
902 Hwy 52 By Pass E
Lafayette, TN 37083
Office: (615) 666-3325

Randall Kirby, Chairman
EMS Director
30 Weldon Dr.
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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, 2012, and have issued my report thereon dated December 18, 2012. 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

The District's management is responsible for establishing and maintaining effective 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 18, 2012
Cookeville, Tennessee

Tamara L. Beckman, CPA