

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

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

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

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TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT

6 SOUTH MADISON AVENUE
COOKEVILLE, TN 38501
Office (931) 526-5489
Fax (931) 526-9064

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Putnam County E-911 Emergency Communications District, a component unit of Putnam 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 Putnam 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 Putnam 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 2, 2012, on my consideration of the Putnam 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 Putnam 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 Putnam 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 2, 2012
Cookeville, Tennessee

Tamara L. Beckman, CPA

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

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 76,048.87	
Investments - Certificate of Deposit	1,250,000.00	
Accounts Receivable	27,497.07	
Due from State Emer. Comm. Board	27,855.84	
Interest Receivable	323.97	
Prepaid Expenses	<u>28,583.11</u>	
<u>Total Current Assets</u>		\$ 1,410,308.86

Non-Current Assets

Building & Improvements	219,867.48	
Less: Accumulated Depreciation	(59,722.21)	
Furniture & Fixtures	8,338.83	
Less: Accumulated Depreciation	(2,293.17)	
Communications Equipment	1,471,415.16	
Less: Accumulated Depreciation	(526,283.57)	
Vehicle	84,729.61	
Less: Accumulated Depreciation	<u>(66,036.61)</u>	
<u>Total Non-Current Assets</u>		<u>1,130,015.52</u>
<u>Total Assets</u>		<u>2,540,324.38</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts Payable		<u>1,940.46</u>
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Net Assets

Invested in Capital Assets	1,130,015.52	
Unrestricted Net Assets	<u>1,408,368.40</u>	

<u>Total Net Assets</u>		<u><u>\$ 2,538,383.92</u></u>
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The accompanying notes are in integral part of the financial statements

**PUTNAM 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	\$ 334,548.00	
State – Wireless Charges	168,349.85	
State – Operational Funding	188,865.00	
UCEMC Contract	10,083.50	
Sale of Map Books	<u>200.00</u>	
Total Operating Revenue		\$ 702,046.35

Operating Expense

Contracted Services

Addressing/Mapping	7,572.17	
Audit Services	2,500.00	
Contract with Governemnt Agency	288,522.77	
Maintenance Agreements	60,453.42	
<u>Maintenance & Repairs</u>		
Communication Equipment	16,562.14	
Building	7,434.49	
Office Equipment	1,999.90	
Vehicle Expenses	<u>2,795.04</u>	
Total Contracted Services		387,839.93

Supplies & Materials

Office Supplies	1,216.27	
Data Processing	1,223.93	
Postage	90.00	
Small Equipment Purchase	112,515.63	
<u>Utilities</u>		
Electric	1,275.71	
Gas for Generators	1,734.07	
Telephone	57,034.91	
Cell Phones & Pagers	<u>3,522.72</u>	
Total Supplies & Materials		178,613.24

The Accompanying notes are in integral part of the financial statements

*PUTNAM 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>Other Charges</u>		
Board Meetings	1,099.31	
Dues & Memberships	1,360.00	
<u>Insurance</u>		
Liability	2,507.06	
Building	4,004.00	
Equipment	3,934.02	
Vehicle	3,266.84	
Legal Notices	102.71	
Surety Bonds	1,096.25	
Public Education	3,633.07	
Training Expenses	3,506.43	
Other	<u>1,534.99</u>	
Total Other Charges		26,044.68
Depreciation		<u>168,718.31</u>
Total Expenses		<u>761,216.16</u>
Net Operating Income (Loss)		(59,169.81)
<u>Non-Operating Revenue and Expense</u>		
Interest Income	30,162.61	
Contributions from Other Governments	4,825.00	
State – Grants & Reimbursements	<u>65,187.33</u>	
Total Non-Operating Revenue & Expense		<u>100,174.94</u>
Increase in Net Assets		41,005.13
Total Net Assets, July 1, 2011		<u>2,497,378.79</u>
Total Net Assets, June 30, 2012		<u><u>\$ 2,538,383.92</u></u>

The Accompanying notes are in integral part of the financial statements

**PUTNAM 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	\$ 701,825.17	
Cash Payments for Goods and Services	<u>(591,038.78)</u>	
Net Cash Provided by Operating Activities		\$ 110,786.39
<u>Cash Flows from Non-Capital Financing Activities</u>		
Grant Received	65,187.33	
Contributions from Other Governments	<u>4,825.00</u>	
Net Cash Provided by Non-Capital Financing Activities		70,012.33
<u>Cash Flows from Capital & Related Financing Activities</u>		
Acquisitions of New Assets	<u>(479,810.69)</u>	
Net Cash Used for Capital & Related Financing Activities		(479,810.69)
<u>Cash Flows from Investing Activities</u>		
Interest Received on CDs & Money Market	34,564.67	
Transfer from CD	100,000.00	
Transfer to CD	<u>(150,000.00)</u>	
Net Cash Used by Investing Activities		<u>(15,435.33)</u>
Net Decrease in Cash and Cash Equivalents		(314,447.30)
Cash and Cash Equivalent at 6-30-11		<u>390,496.17</u>
Cash and Cash Equivalent at 6-30-12		<u>\$ 76,048.87</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u> Provided by Operating Activities</u>		
Net Operating Income (Loss)	\$ (59,169.81)	
Depreciation	168,718.31	
Decrease in Accounts Receivable	608.68	
Increase in Due from State ECB	(829.86)	
Decrease in Prepaid Expense	27,400.76	
Decrease in Accounts Payable	<u>(25,941.69)</u>	
Net Cash Provided by Operating Activities		<u>\$ 110,786.39</u>

The Accompanying notes are in integral part of the financial statements

**PUTNAM COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 1 – Summary of Significant Accounting Policies

The Putnam County E-911 Emergency Communication District was established on November 21, 1988 for the purpose of providing an enhanced level of 911 service to the Putnam 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 Putnam County. The Putnam County E-911 Emergency Communications District is run by a board of directors, which is appointed by Putnam County. The District must file a budget with Putnam County each year. Any bond issued by the district is subject to approval by Putnam 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 \$3,000 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	5-20 Years	\$ 9,771.90
Furniture & Fixtures	S/L	5 Years	833.88
Communications Equipment	S/L	4-7 Years	151,515.00
Vehicle	S/L	5 Years	<u>6,597.53</u>
			<u>\$168,718.31</u>

Major Source of Revenue

The major source of operating revenue is emergency telephone, wireless surcharges and a contract with UC EMC to answer after-hours telephone calls. The District's non-operating revenue consists of a grant given by the State Emergency Communications Board to help the district employ a dispatcher, rebates, reimbursements from the county and interest.

Note 2 – Cash and cash investments

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

Checking – Bank of Putnam County	\$ 20,000.00
Money Market – Bank of Putnam County	56,048.87
Certificates of Deposit – Bank of Putnam County	<u>1,250,000.00</u>
Total	<u><u>\$1,326,048.87</u></u>

At June 30, 2012, the carrying amount of the Putnam County E – 911 Emergency Communications District’s cash deposits was \$1,326,048.87. The District’s accounts are covered up to \$250,000 by the FDIC. Any amounts over \$250,000 are covered by collateralization held by Bank of Putnam County in the District’s name. 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

Putnam 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 coverage during the past three years.

Note 4 – Fixed Assets

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

<u>Depreciable Assets</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Bldg & Imprv.	\$ 219,867.48	\$ 59,722.21	\$ 160,145.27
Furniture & Fixture	8,338.83	2,293.17	6,045.66
Comm. Equipment	1,471,415.16	526,283.57	945,131.59
Vehicles	<u>84,729.61</u>	<u>66,036.61</u>	<u>18,693.00</u>
Total Depreciable	<u>1,784,351.08</u>	<u>\$654,335.56</u>	<u>\$1,130,015.52</u>
<u>Non-Depreciable</u>			
Construction in Progress	--	--	--
Total Fixed Assets	<u>\$1,784,351.08</u>	<u>\$654,335.56</u>	<u>\$1,130,015.52</u>

<u>Depreciable</u>	<u>Balance 6-30-11</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6-30-12</u>
Bldg & Imprv.	\$ 219,867.48	\$ --	\$ --	\$ 219,867.48
Furniture & Fixtures	8,338.83	--	--	8,338.83
Comm. Equipment	991,604.47	479,810.69	--	1,471,415.16
Vehicles	<u>84,729.61</u>	<u>--</u>	<u>--</u>	<u>84,729.61</u>
Total Depreciable	<u>1,304,540.39</u>	<u>479,810.69</u>	<u>--</u>	<u>1,784,351.08</u>
<u>Non-Depreciable</u>				
Const. in Progress	--	--	--	--
Total Fixed Assets	<u>\$1,304,540.39</u>	<u>\$ 479,810.69</u>	<u>\$ --</u>	<u>\$1,784,351.08</u>

Putnam County E-911 Emergency Communications District purchased equipment for some county agencies that assists them in answering 911 calls. The District feels that since the 911 call does not end with them, that the county agencies needed a faster way for the 911 to communicate to them when needed. The District paid \$90,895.00 for the radios, which makes up 100% of small equipment purchases expense. Ownership of the equipment is retained by the county agencies. The agencies are responsible for operating and maintaining all equipment.

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:

Citizens Communications	\$ 18,843.18
Misc. Wireless Charges	<u>8,653.89</u>
Subtotal	27,497.07
State Emergency Communications Board	<u>27,855.84</u>
Total	<u>\$ 55,352.91</u>

Note 7 – Compensated Absences

There were no employees at June 30, 2012.

Note 8 – Calculation of Invested in Capital Assets

Net Book Value	\$1,130,015.52
Current & Non-Current Debt	<u>-0-</u>
Invested in Capital Assets	<u>\$1,130,015.52</u>

Note 9 – UCCEMC Contract

The District provides after-hours call answering services for UCCEMC. The amount is calculated by the number of meters energized multiplied by \$0.50 or \$5,000.00, whichever is greater. Management has decided to include this amount in Operating Revenue on the Statement of Revenues, Expenses and Changes in Fund Net Assets.

Note 10 – Budgetary Information

As stated in Note 1, the District must file a budget with Putnam County each year. The budget is prepared on the accrual basis of accounting. Compliance with the adopted budget is required at the line item level.

Note 11 – Subsequent Events

The District has evaluated subsequent events through December 31, 2012, the date in which the financial statements were available to be issued.

**PUTNAM COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
SUPPLEMENTARY INFORMATION
JUNE 30, 2012**

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

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<u>Operating Revenue</u>			
Emergency Telephone Service Charges	\$ 334,548.00	\$ 340,000.00	\$ (5,452.00)
State-Shared Wireless Charges	168,349.85	170,000.00	(1,650.15)
Sale of Map Books	200.00	100.00	100.00
UCEMC Contract	10,083.50	10,100.00	(16.50)
State-Operational Funding	188,865.00	190,000.00	(1,135.00)
<u>Total Operating Revenue</u>	<u>\$ 702,046.35</u>	<u>\$ 710,200.00</u>	<u>\$ (8,153.65)</u>

Expenditures

Contracted Services

Addressing/Mapping	7,572.17	10,000.00	2,427.83
Audit Services	2,500.00	3,000.00	500.00
Contract with Government Agency	288,522.77	288,600.00	77.23
Legal Services	-	1,000.00	1,000.00
Maintenance Agreements	60,453.42	61,000.00	546.58
Communications Equipment Maintenance	16,562.14	17,000.00	437.86
Building & Facilities Maintenance	7,434.49	9,000.00	1,565.51
Office Equipment Maintenance	1,999.90	2,000.00	0.10
Vehicle Expense	2,795.04	6,000.00	3,204.96
<u>Total Contracted Services</u>	<u>\$ 387,839.93</u>	<u>\$ 397,600.00</u>	<u>\$ 9,760.07</u>

Supplies & Materials

Office Supplies	1,216.27	3,000.00	1,783.73
Data Processing Supplies	1,223.93	1,400.00	176.07
Postage	90.00	100.00	10.00
Small Equipment Purchases	112,515.63	112,600.00	84.37
Utilities - Electric	1,275.71	1,300.00	24.29
Utilities - Gas for Generators	1,734.07	1,900.00	165.93
Utilities - Telephone Expenses	57,034.91	60,000.00	2,965.09
Utilities - Cell Phones & Pagers	3,522.72	4,000.00	477.28
<u>Total Supplies & Materials</u>	<u>\$ 178,613.24</u>	<u>\$ 184,300.00</u>	<u>\$ 5,686.76</u>

Other Charges

Board Meeting Expenses	1,099.31	1,500.00	400.69
Dues & Memberships	1,360.00	2,000.00	640.00
Liability Insurance	2,507.06	3,500.00	992.94
Building & Contents Insurance	4,004.00	4,500.00	496.00
Equipment Insurance	3,934.02	10,000.00	6,065.98
Vehicle Insurance	3,266.84	3,500.00	233.16
Legal Notices	102.71	150.00	47.29
Premiums on Surety Bonds	1,096.25	3,000.00	1,903.75
Public Education	3,633.07	8,000.00	4,366.93
Training Expenses	3,506.43	5,000.00	1,493.57
Travel Expenses	-	-	-
Other	1,534.99	3,000.00	1,465.01
<u>Total Other Charges</u>	<u>\$ 26,044.68</u>	<u>\$ 44,150.00</u>	<u>\$ 18,105.32</u>

Depreciation

Depreciation Expense	<u>\$ 168,718.31</u>	<u>\$ 170,000.00</u>	<u>\$ 1,281.69</u>
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Total Operating Expenses

<u>\$ 761,216.16</u>	<u>\$ 796,050.00</u>	<u>\$ 34,833.84</u>
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Operating Income (Loss)

<u>\$ (59,169.81)</u>	<u>\$ (85,850.00)</u>	<u>\$ 26,680.19</u>
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Nonoperating Revenue and (Expenses)

Interest Income	30,162.61	25,000.00	5,162.61
Contributions from Other Governments	4,825.00	5,000.00	(175.00)
State-Grants & Reimbursements	65,187.33	60,000.00	5,187.33
<u>Total Nonoperating Revenue and (Expenses)</u>	<u>\$ 100,174.94</u>	<u>\$ 90,000.00</u>	<u>\$ 10,174.94</u>

Increase (Decrease) in Net Assets	<u>\$ 41,005.13</u>	<u>\$ 4,150.00</u>	<u>\$ 36,855.13</u>
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Net Assets - July 1, 2011	<u>\$ 2,497,378.79</u>	<u>\$ 2,497,378.79</u>	<u>\$ -</u>
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Net Assets - June 30, 2012	<u>\$ 2,538,383.92</u>	<u>\$ 2,501,528.79</u>	<u>\$ 36,855.13</u>
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**PUTNAM COUNTY E – 911
EMERGENCY COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2012**

Robert Duncan – Chairman
(931) 528-1545
855 Loweland Rd.
Cookeville, TN 38501
Expires 2015

Paul Swallows
(931) 528-7621
343 Foutch Dr.
Cookeville, TN 38501
Expires 2015

Randy Shelton – Vice Chairman
(931) 537-2016
3142 Middleford Dr.
Cookeville, TN 38506
Expires 2012

Mayor Matt Swallows
(931) 526-9591
45 E. Broad St.
Cookeville, TN 38501
Expires 2014

Charlie Cobble – Secretary
(931) 526-2658
250 Choate Cemetery Rd.
Cookeville, TN 38501
Expires 2014

Jere Mason
(931) 528-7500
577 Mason Rd.
Cookeville, TN 38501
Expires 2014

Ralph Dunn – Treasurer
(931) 432-4458
1785 Herbert Garrett Rd.
Cookeville, TN 38506
Expires 2012

Jerry Abston
(931) 537-9226
1302 Turnberry Place
Cookeville, TN 38506
Expires 2015

Sandy Martin
(931) 260-7977
402 Ellis Avenue, C-4
Cookeville, TN 38501
Expires 2012

TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT

6 SOUTH MADISON AVENUE
COOKEVILLE, TN 38501
Office (931) 526-5489
Fax (931) 526-9064

**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
Putnam County E-911 Emergency Communications District
Cookeville, Tennessee

I have audited the financial statements of Putnam County Emergency Communications District as of and for the year ended June 30, 2012, and have issued my report thereon dated December 2, 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 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Putnam 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 Putnam County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Putnam 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 Putnam 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 2, 2012
Cookeville, Tennessee

Tamara L. Beckman, CPA