METRO-MOORE COUNTY E-911 EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2013

TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT

METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of Metro-Moore County E-911 Emergency Communications District, a component unit of Moore County, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Metro-Moore County E-911 Emergency Communications District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Metro-Moore County E-911 Emergency Communications District, a component unit of Moore County, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historic context. The auditor's opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Metro-Moore County E-911 Emergency Communications District's basic financial statements. The Budget and Actual schedule and the schedule of 911 Board Members on pages 10-11 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Budget and Actual schedule and the schedule of 911 Board Members are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Budget and Actual schedule and the schedule of 911 Board Members are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 5, 2013 on my consideration of Metro-Moore 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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro-Moore County E-911 Emergency Communications District's internal control over financial reporting and compliance.

December 5, 2013
Cookeville, Tennessee

Tamara L. Beckman, CPA

METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 176,654.70	
Investments - Certificate of Deposit	311,539.39	
Accounts Receivable	1,444.29	
Due From State Emergency Comm. Board	2,594.01	
Interest Receivable	403.55	
Prepaid Expenses	6,578.29	
Total Current Assets		$ 499,214.23
Non-Current Assets		
Land	168,756.00	
Office Equipment	13,592.00	
Accum. Deprec-Office Equipment	(10,437.46)	
Communications Equipment	298,347.89	
Accum. Deprec-Comm. Equipment	(164,262.69)	
Total Non-Current Assets		305,995.74
Total Assets		805,209.97
LIABILITIES & NET POSITION		
Liabilities		
Accounts Payable		295.00
Net Position		
Investment in Capital Assets	305,995.74	
Unrestricted Net Position	498,919.23	
Total Net Position		$ 804,914.97

The accompanying notes are in integral part of the financial statements

METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

Operating Revenues			
Emergency Telephone Service Charges		$ 18,679.99	
State – Shared Wireless		15,564.04	
Operational Funding Program-State ECB		124,182.00	
Other Operating Revenue		500.00	
Total Operating Revenue			$ 158,926.03
Operating Expense			
Contracted Services			
Audit Services	$ 2,000.00		
Impact Payments	1,438.81		
Mapping/DB Consultants	12,000.00		
M&R - Communications Equipment	19,386.22		
M&R - Building & Facilities	9,176.00		
Total Contracted Services		44,001.03	
Supplies & Materials			
Office Supplies	102.00		
Postage	96.87		
Utilities-Telephone	10,179.27		
Total Supplies & Materials		10,378.14	
Other Charges			
Bank Service Charge	21.10		
Dues & Subscriptions	100.00		
Legal Notices	25.66		
Premiums on Surety Bonds	325.00		
Service Awards	18.50		
Training	1,276.00		
Total Other Charges		1,766.26	
Depreciation		25,550.49	
Total Expenses			81,695.92
Net Operating Income			77,230.11
Non-Operating Revenue and Expense			
Interest Income		3,043.22	
State of TN-Grants/Reimbursements		82,584.77	
Total Non-Operating Revenue & Expense			85,627.99
Increase in Net Position			162,858.10
Total Net Position, July 1, 2012			642,056.87
Total Net Position, June 30, 2013			$ 804,914.97

The Accompanying notes are in integral part of the financial statements

METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2013

Cash Flows From Operating Activities		
Cash Received from Operations	$ 160,591.65	
Cash Payments for Goods and Services	(55,850.43)	
Net Cash Provided by Operating Activities		$ 104,741.22
Cash Flows from Capital Financing Activities		
Acquisition of New Assets	(78,069.35)	
Net Cash Used by Capital Financing Activities		(78,069.35)
Cash Flows from Non-Capital Financing Activities		
State of TN - Grants & Reimbursements	82,584.77	
Net Cash Provided by Non-Capital Financing Activities		82,584.77
Cash Flows from Investing Activities		
Interest Received	2,762.33	
Transfer to CD	(202,756.23)	
Net Cash Provided by Investing Activities		(199,993.90)
Net Increase in Cash and Cash Equivalents		(90,737.26)
Cash and Cash Equivalent at 6-30-12		267,391.96
Cash and Cash Equivalent at 6-30-13		$ 176,654.70
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Net Operating Income	$ 77,230.11	
Depreciation	25,550.49	
Increase in Accounts Receivable	1,809.18	
Increase in Due from State ECB	(143.56)	
Increase in Accounts Payable	295.00	
Net Cash Provided by Operating Activities		$ 104,741.22

The Accompanying notes are in integral part of the financial statements

METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 – Summary of Significant Accounting Policies

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

The District uses the accrual basis of accounting and the economic resources measurement focus. Revenues are recognized when earned and expenses are recognized when incurred.

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

	Method	Estimated Useful Life	2013 Depreciation
Land	S/L	--	--
Office Equipment	S/L	5, 7 10 Years	1,345.83
Communications Equipment	S/L	5 & 10 Years	24,204.66
			$25,550.49

Operating and Non-Operating Income

Operating income includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues are emergency telephone and wireless surcharges. Principal operating expenses are the costs of providing services and include administrative expenses and depreciation of capital assets. Non-Operating income consists of interest income and State of TN – Grants/Reimbursements.

Note 2 – Cash and cash investments

The Tennessee Government Code requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105% of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

The following is a schedule of bank accounts at June 30, 2013:

Checking – Farmer's Bank	$176,654.70
CD – Moore County Bank	109,663.69
CD – Moore County Bank	201,875.70
Total Moore Co. Bank	311,539.39
Total of all banks	$488,194.09

At June 30, 2013, the carrying amount of the Metro-Moore County E-911 Emergency Communications District's cash deposits was $488,194.09. The District's deposit accounts are covered up to $250,000 by the Federal Deposit Insurance Corporation. The District is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated. [Acts 1992, ch. 891, sct 10].

Note 3 – Bonding & Insurance

Metro-Moore County E-911 Emergency Communications District has a bond covering certain members of the board at June 30, 2013. There have been no losses or settlements the exceeded coverage during the past three years. All other potential risks such as theft, property damage and public liability are covered under the County's insurance policy.

Note 4 – Fixed Assets

The following is a schedule of equipment and depreciation at June 30, 2013:

	Cost	Accumulated Depreciation	Book Value 6-30-13
Non-Depreciable Assets			
Land	$168,756.00	$ -0-	$168,756.00
Total Non-Depreciable	168,756.00	-0-	168,756.00
Depreciable Assets			
Office Equipment	$ 13,592.00	$ 10,437.46	$ 3,154.54
Communications Equipment	298,347.89	164,262.69	134,085.20
Total Depreciable	311,939.89	174,700.15	137,239.74
Grand Total	$480,695.89	$174,700.15	$305,995.74

A schedule of changes in equipment (at cost) for the year ended June 30, 2013 follows:

	Balance 6-30-12	Additions	Reclass	Balance 6-30-13
Non-Depreciable Assets				
Land	$100,000.00	$ 68,756.00	$ --	$168,756.00
Total Non-Depreciable	100,000.00	68,756.00	--	168,756.00
Depreciable Assets				
Office Equipment	13,592.00	--	--	13,592.00
Communications Equip.	289,034.54	9,313.35	--	298,347.89
Total Depreciable	302,626.54	9,313.35	--	311,939.89
Grand Total	$402,626.54	$ 78,069.35	$ --	$480,695.89

Note 5 – Cash and cash equivalents

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

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

The amount of $1,366.54 from AT&T, $77.75 from other telephone service companies and $2,594.01 due from the State of Tennessee represent amounts due the District for subscriber service charges and wireless charges at June 30, 2013. There is no need for an allowance for bad debts.

Note 7 – Compensated Absences

There were no employees at June 30, 2013.

Note 8 – Calculation of Invested in Capital Assets

Net Book Value	$305,995.74
Current and Non Current Debt	--
Investment in Capital Assets	$305,995.74

Note 9 – Restricted and Unrestricted Resources

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

Note 10 – Budgetary Information

As stated in Note 1, the District must file a budget with Moore County each year which is adopted by the District's Board of Directors. The budget is prepared on the accrual basis of accounting. Compliance with the budget is required at the line-item level.

METRO-MOORE COUNTY E-911 EMERGENCY COMMUNICATIONS DISTRICT

SUPPLEMENTARY INFORMATION

JUNE 30, 2013

METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance Under (Over)
Operating Revenues			
Emergency Telephone Service Charges	$ 18,679.99	$ 20,489.00	$ (1,809.01)
State-Shared Wireless Charges	15,564.04	16,000.00	(435.96)
State-Operational Funding Program	124,182.00	129,140.00	(4,958.00)
Other Operating Revenue	500.00	500.00	-
Total Revenue	$ 158,926.03	$ 166,129.00	$ (7,202.97)
Operating Expenses			
Contracted Services			
Audit Services	$ 2,000.00	$ 2,000.00	$ -
Impact Payments	1,438.81	32,000.00	30,561.19
Mapping/DB Consultants	12,000.00	12,000.00	-
M&R-Building & Facilities	19,386.22	20,000.00	613.78
M&R-Communication Equipment	9,176.00	13,650.00	4,474.00
Total Contracted Services	$ 44,001.03	$ 79,650.00	$ 35,648.97
Supplies & Materials			
Office Supplies	102.00	200.00	98.00
Postage	96.87	150.00	53.13
Utilities-Telephone	10,179.27	10,000.00	(179.27)
Total Supplies & Materials	$ 10,378.14	$ 10,350.00	$ (28.14)
Other Charges			
Bank Service Charges	21.10	-	(21.10)
Dues & Subscriptions	100.00	-	(100.00)
Legal Notices	25.66	-	(25.66)
Premiums on Surety Bonds	325.00	400.00	75.00
Service Awards	18.50	-	(18.50)
Training	1,276.00	8,000.00	6,724.00
Total Other Charges	$ 1,766.26	$ 8,400.00	$ 6,633.74
Depreciation	$ 25,550.49	$ -	$ (25,550.49)
Total Operating Expenses	$ 81,695.92	$ 98,400.00	$ 16,704.08
Operating Income (Loss)	$ 77,230.11	$ 67,729.00	$ 9,501.11
Non-Operating Revenue and (Expense)			
Interest Income	3,043.22	-	3,043.22
State-Grants & Reimbursements	82,584.77	75,546.00	7,038.77
Total Non-Operating Revenue & Expense	$ 85,627.99	$ 75,546.00	$ 10,081.99
Increase in Net Position	$ 162,858.10	$ 143,275.00	$ 19,583.10
Total Net Position, July 1, 2012	642,056.87	539,445.51	102,611.36
Total Net Position, June 30, 2013	$ 804,914.97	$ 682,720.51	$ 122,194.46
Capital Expenditures			
Equipment Purchase	$ 9,313.35	$ 9,800.00	$ 486.65
Conversion to New System	-	2,500.00	2,500.00
Land Purchase	68,756.00	70,000.00	1,244.00
Total Capital Expenditures	$ 78,069.35	$ 82,300.00	$ 4,230.65

METRO-MOORE COUNTY E – 911
EMERGENCY COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2013

James Keller, Chairman
605 Main St.
Lynchburg, TN 37352
(931) 714-7728

Belinda Smith, Treasurer
2976 Buckeye Loop Rd.
Lynchburg, TN 37352
(931) 759-7699

Board Members:

Nancy Primus
3815 Winchester Hwy
Lynchburg, TN 37352
(931) 759-7880

Jerry Dickey
PO Box 8158
Lynchburg, TN 37353
(931) 759-7213

Jason Deal
1486 Main St.
Lynchburg, TN 37352
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Robert Mathis
292 Jacey Lane
Lynchburg, TN 37352
931-307-3240

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

I have audited the accompanying financial statements of Metro-Moore County E-911 Emergency Communications District, a component unit of Moore County, as of and for the year ended June 30, 2013, and have issued my report thereon dated December 5, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Metro-Moore County E-911 Emergency Communications District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro-Moore County E-911 Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described as items 12-1, 12-2 and 12-3 in the accompanying schedule of findings and recommendations that I consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Metro-Moore County E-911 Emergency Communications District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and* which are described in the accompany schedule of findings and recommendations as items 12-1, 12-2 and 12-3.

Metro-Moore County E-911 Emergency Communications District's responses to the findings identified in my audit are described in the accompanying schedule of findings and recommendations. I did not audit the District's responses and, accordingly, I express no opinion on them.

This report is intended solely for the information of the management of The Metro-Moore County E-911 Emergency Communications District and the Comptroller of the Treasurer, State of Tennessee and is not intended to be used and should not be used by anyone other than these specified parties.

December 5, 2013
Cookeville, Tennessee

Tamara L. Beckman, CPA

METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2013

Finding 12-1
A lack of segregation of duties was noted.

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

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

Management Response:
The Metro-Moore County E-911 Emergency Communications District acknowledges the importance of segregation of duties. Transactions are segregated to the extent possible with the personnel available.

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

Finding 12-2
The total deposits at Moore County Bank exceed the amount covered by the FDIC and they are not a member of the Government Collateralization Pool.

Recommendation
All monies that belong to the District should be covered by FDIC limits, covered by collateralization at the bank held in the District name or deposited into a bank that is a participant of the Government Collateralization Pool.

Management Response:
This was an accidental overlook on behalf of the Moore County Emergency Communications District's board. The board will take immediate action to vote on a solution for this matter and correct it.

Finding 12-3
Some line items exceed budget amounts or are not accounted for on the budget at all.

Recommendation
The District must maintain a budget that covers all expense line items for the District. If a line items appear to exceed the budgeted amount, then amendments should be made by the Board of Directors prior to the end of the fiscal year.

Management Response:
Budget amendments were completed and voted on by the board. There were some items which were not expected and were therefore not covered by the budget amendments. The board will be more attentive to this in the future and will also attempt to do budget amendments on a quarterly basis instead of only at the end of the fiscal year.