

**METRO-MOORE COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
JUNE 30, 2014**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2014**

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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, 2014, 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, 2014, 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 November 10, 2014 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.

November 10, 2014
Cookeville, Tennessee

Tamara L. Beckman, CPA

**METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 141,891.47
Investments - Certificate of Deposit	315,311.42
Accounts Receivable	1,355.97
Due From State Emergency Comm. Board	2,707.58
Interest Receivable	408.25
Prepaid Expenses	<u>12,569.23</u>

Total Current Assets \$ 474,243.92

Non-Current Assets

Land	183,313.63
Office Equipment	13,592.00
Accum. Deprec-Office Equipment	(11,297.58)
Communications Equipment	298,347.89
Accum. Deprec-Comm. Equipment	(186,731.53)
Construction in Progress - Building	<u>148,699.96</u>

Total Non-Current Assets 445,924.37

Total Assets 920,168.29

LIABILITIES & NET POSITION

Liabilities

Accounts Payable	<u>710.67</u>
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Net Position

Investment in Capital Assets	445,924.37
Unrestricted Net Position	<u>473,533.25</u>

Total Net Position \$ 919,457.62

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, 2014**

Operating Revenues

Emergency Telephone Service Charges	\$ 16,766.13
State – Shared Wireless	16,318.44
Operational Funding Program-State ECB	<u>124,182.00</u>

Total Operating Revenue **\$ 157,266.57**

Operating Expense

Contracted Services

Advertising	\$ 235.68
Audit Services	2,000.00
Contracts with Government Agencies	23,664.12
Maintenance Agreements	20,506.61
Mapping/DB Consultants	12,000.00
Pest Control	13.00
M&R - Communications Equipment	<u>563.25</u>

Total Contracted Services 58,982.66

Supplies & Materials

Office Supplies	318.82
Postage	90.45
Uniforms & Shirts	470.60
Utilities - Electric	545.47
Utilities - Gas	1,424.91
Utilities-Telephone	<u>10,547.00</u>

Total Supplies & Materials 13,397.25

Other Charges

Dues & Subscriptions	100.00
Insurance - Liability	2,972.00
Premiums on Surety Bonds	500.00
Service Awards	50.00
Training	<u>525.00</u>

Total Other Charges 4,147.00

Depreciation 23,328.96

Total Expenses 99,855.87

Net Operating Income 57,410.70

Non-Operating Revenue and Expense

Interest Income	3,776.73
State of TN-Grants/Reimbursements	53,158.42
Sale of Scrap Metal	<u>196.80</u>

Total Non-Operating Revenue & Expense 57,131.95

Increase in Net Position

Total Net Position, July 1, 2013 804,914.97

Total Net Position, June 30, 2014 \$ 919,457.62

**METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Cash Flows From Operating Activities</u>		
Cash Received from Operations	\$ 157,830.94	
Cash Payments for Goods and Services	<u>(82,691.80)</u>	
Net Cash Provided by Operating Activities		\$ 75,139.14
 <u>Cash Flows from Capital Financing Activities</u>		
Construction in Progress	(148,699.96)	
Acquisition of New Assets - Land	<u>(14,557.63)</u>	
Net Cash Used by Capital Financing Activities		(163,257.59)
 <u>Cash Flows from Non-Capital Financing Activities</u>		
Sale of Scrap Metal	196.80	
State of TN - Grants & Reimbursements	<u>53,158.42</u>	
Net Cash Provided by Non-Capital Financing Activities		53,355.22
 <u>Cash Flows from Investing Activities</u>		
Interest Received	3,772.03	
Transfer to CD	<u>(3,772.03)</u>	
Net Cash Provided by Investing Activities		<u>-</u>
 Net Increase in Cash and Cash Equivalents		 (34,763.23)
Cash and Cash Equivalent at 6-30-13		<u>176,654.70</u>
Cash and Cash Equivalent at 6-30-14		<u>\$ 141,891.47</u>
 <u>Reconciliation of Net Operating Income to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Net Operating Income	\$ 57,410.70	
Depreciation	23,328.96	
Decrease in Accounts Receivable	88.32	
Increase in Due from State ECB	(113.57)	
Increase in Prepaid Expenses	(5,990.94)	
Increase in Accounts Payable	<u>415.67</u>	
<u>Net Cash Provided by Operating Activities</u>		<u>\$ 75,139.14</u>

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, 2014**

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:

	<u>Method</u>	<u>Estimated Useful Life</u>	<u>2014 Depreciation</u>
Office Equipment	S/L	5, 7, 10 Years	\$ 860.12
Communications Equipment	S/L	5 & 10 Years	<u>22,468.84</u>
			<u>\$23,328.96</u>

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, 2014:

Checking – Farmer’s Bank	<u>\$141,891.47</u>
CD – Moore County Bank	110,900.41
CD – Moore County Bank	<u>204,411.01</u>
Total Moore Co. Bank	<u>315,311.42</u>
Total of all banks	<u>\$457,202.89</u>

At June 30, 2014, the carrying amount of the Metro-Moore County E-911 Emergency Communications District’s cash deposits was \$457,202.89. The District’s deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. Any amounts at Moore County Bank above FDIC coverage is covered by collateral held by the bank 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 & Insurance

Metro-Moore County E-911 Emergency Communications District has a bond covering certain members of the board at June 30, 2014. 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, 2014:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value 6-30-14</u>
<u>Non-Depreciable Assets</u>			
Land	\$183,313.63	\$ -0-	\$183,313.63
CIP – Building	<u>148,699.96</u>	<u>-0-</u>	<u>148,699.96</u>
Total Non-Depreciable	<u>332,013.59</u>	<u>-0-</u>	<u>332,013.59</u>
 <u>Depreciable Assets</u>			
Office Equipment	\$ 13,592.00	\$ 11,297.58	\$ 2,294.42
Communications Equipment	<u>298,347.89</u>	<u>186,731.53</u>	<u>111,616.36</u>
Total Depreciable	<u>311,939.89</u>	<u>198,029.11</u>	<u>113,910.78</u>
Grand Total	<u>\$643,953.48</u>	<u>\$198,029.11</u>	<u>\$445,924.37</u>

A schedule of changes in equipment (at cost) for the year ended June 30, 2014 follows:

	<u>Balance</u> <u>6-30-13</u>	<u>Additions</u>	<u>Reclass</u>	<u>Balance</u> <u>6-30-14</u>
<u>Non-Depreciable Assets</u>				
Land	\$168,756.00	\$ 14,557.63	\$ --	\$183,313.63
CIP – Building	<u>--</u>	<u>148,699.96</u>	<u>--</u>	<u>148,699.96</u>
Total Non-Depreciable	<u>168,756.00</u>	<u>163,257.59</u>	<u>--</u>	<u>332,013.59</u>
<u>Depreciable Assets</u>				
Office Equipment	13,592.00	--	--	13,592.00
Communications Equip.	<u>289,347.89</u>	<u>--</u>	<u>--</u>	<u>298,347.89</u>
Total Depreciable	<u>311,939.89</u>	<u>--</u>	<u>--</u>	<u>311,939.89</u>
Grand Total	<u>\$480,695.89</u>	<u>\$163,257.59</u>	<u>\$ --</u>	<u>\$643,953.48</u>

Note 5 – Cash and cash equivalents

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

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

The amount of \$1,308.73 from BellSouth, \$47.24 from other telephone service companies and \$2,707.58 due from the State of Tennessee represent amounts due the District for subscriber service charges and wireless charges at June 30, 2014. There is no need for an allowance for bad debts.

Note 7 – Compensated Absences

There were no employees at June 30, 2014.

Note 8 – Calculation of Invested in Capital Assets

Net Book Value	\$445,924.37
Current and Non Current Debt	<u>--</u>
Investment in Capital Assets	<u>\$445,924.37</u>

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, 2014

**METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance Under (Over)
<u>Operating Revenues</u>			
Emergency Telephone Service Charges	\$ 16,766.13	\$ 16,854.00	\$ (87.87)
State-Shared Wireless Charges	16,318.44	16,500.00	(181.56)
State-Operational Funding Program	124,182.00	124,182.00	-
Total Revenue	<u>\$ 157,266.57</u>	<u>\$ 157,536.00</u>	<u>\$ (269.43)</u>
<u>Operating Expenses</u>			
<u>Contracted Services</u>			
Advertising	\$ 235.68	\$ 236.00	\$ 0.32
Audit Services	2,000.00	2,000.00	
Contract w/ Government Agencies	23,664.12	30,000.00	6,335.88
Maintenance Agreements	20,506.61	21,000.00	493.39
Mapping/DB Consultants	12,000.00	12,000.00	-
Pest Control	13.00	200.00	187.00
M&R - Communications Equipment	563.25	857.00	293.75
Total Contracted Services	<u>\$ 58,982.66</u>	<u>\$ 66,293.00</u>	<u>\$ 7,310.34</u>
<u>Supplies & Materials</u>			
Office Supplies	318.82	320.00	1.18
Postage	90.45	91.00	0.55
Uniforms & Shirts	470.60	471.00	0.40
Utilities - Electric	545.47	552.00	6.53
Utilities - Gas	1,424.91	1,438.00	13.09
Utilities-Telephone	10,547.00	10,569.00	22.00
Total Supplies & Materials	<u>\$ 13,397.25</u>	<u>\$ 13,441.00</u>	<u>\$ 43.75</u>
<u>Other Charges</u>			
Dues & Subscriptions	100.00	100.00	-
Insurance - Liability	2,972.00	8,064.00	
Premiums on Surety Bonds	500.00	500.00	-
Service Awards	50.00	50.00	-
Training	525.00	820.00	295.00
Total Other Charges	<u>\$ 4,147.00</u>	<u>\$ 9,534.00</u>	<u>\$ 295.00</u>
Depreciation	<u>\$ 23,328.96</u>	<u>\$ -</u>	<u>\$ (23,328.96)</u>
Total Operating Expenses	<u>\$ 99,855.87</u>	<u>\$ 89,268.00</u>	<u>\$ (15,679.87)</u>
Operating Income (Loss)	<u>\$ 57,410.70</u>	<u>\$ 68,268.00</u>	<u>\$ (10,857.30)</u>
<u>Non-Operating Revenue and (Expense)</u>			
Interest Income	3,776.73	-	3,776.73
State-Grants & Reimbursements	53,158.42	52,863.00	295.42
Sale of Scrap Metal	196.80	-	196.80
Total Non-Operating Revenue & Expense	<u>\$ 57,131.95</u>	<u>\$ 52,863.00</u>	<u>\$ 4,268.95</u>
Increase in Net Position	<u>\$ 114,542.65</u>	<u>\$ 121,131.00</u>	<u>\$ (6,588.35)</u>
Total Net Position, July 1, 2013	<u>804,914.97</u>	<u>804,914.97</u>	<u>-</u>
Total Net Position, June 30, 2014	<u>\$ 919,457.62</u>	<u>\$ 926,045.97</u>	<u>\$ (6,588.35)</u>

**METRO-MOORE COUNTY E – 911
EMERGENCY COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2014**

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

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

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

Marge Gammill, Treasurer
2240 Edde Bend
Belvedere, TN 37306
(931) 759-7031

Board Members:

Jerry Dickey
PO Box 8158
Lynchburg, TN 37353
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Jason Deal
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Lynchburg, TN 37352
(931) 703-2456

Larry Hatfield
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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, 2014, and have issued my report thereon dated November 10, 2014. 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, material weaknesses may exist that have not been identified. I identified certain deficiencies in internal control over financial reporting, described as item 14-1 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 14-1.

Metro-Moore County E-911 Emergency Communications District's response to Findings
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.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 10, 2014
Cookeville, Tennessee

Tamara L. Beckman, CPA

**METRO-MOORE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2014**

Finding 14-1

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.