

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

**TAMARA L. BECKMAN  
CERTIFIED PUBLIC ACCOUNTANT**

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

TABLE OF CONTENTS

Independent Auditor's Report	1-3
Statement of Net Position	4
Statement of Revenues, Expenses, and Changes in Fund Net Position	5-6
Statement of Cash Flow	7
Notes to the Financial Statement	8-11
 <b><u>SUPPLEMENTARY INFORMATION</u></b>	
Budget and Actual	12-13
911 Board Members	14
 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Basd on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	   15-16

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Morgan County E-911 Emergency Communications District  
Wartburg, Tennessee

**Report on the Financial Statements**

I have audited the accompanying financial statements of Morgan County E-911 Emergency Communications District, a component unit of Morgan County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Morgan 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 Morgan County E-911 Emergency Communications District, a component unit of Morgan 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**

Accounting principles generally accepted in the United States of America require that the Management Discussion be presented to supplement the basic financial statements. Such information, although not a part of the basic financials 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.

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. 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 Morgan County E-911 Emergency Communications District's basic financial statements. The Budget and Actual schedule and the schedule of 911 Board Members on pages 12-14 are presented for purposes of additional analysis and are 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 October 28, 2014 on my consideration of Morgan 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 Morgan County E-911 Emergency Communications District's internal control over financial reporting and compliance.

October 28, 2014  
Cookeville, Tennessee

*Tamara L. Beckman, CPA*

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

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 150,759.61
Investments - Certificate of Deposit	56,385.74
Accounts Receivable	8,704.31
Due from State Emer. Comm. Board	9,530.84
Interest Receivable	12.45
Prepaid Expenses	<u>25,233.72</u>

**Total Current Assets** **\$ 250,626.67**

**Capital Assets**

Land	90,000.00
Building & Improvements	1,665,970.54
Less: A/D-Building & Improvements	(162,234.43)
Communications Equipment	741,763.48
Less: A/D Communications Equipment	(381,946.37)
Furniture & Fixtures	77,760.60
Less: A/D-Furniture & Fixtures	(42,358.06)
Office Equipment	39,709.00
Less: A/D Office Equipment	(31,752.34)
Vehicle	46,553.00
Less: A/D Vehicle	<u>(29,287.50)</u>

**Total Capital Assets** **2,014,177.92**

**Total Assets** **2,264,804.59**

**LIABILITIES AND NET POSITION**

**Current Liabilities**

Accounts Payable	44,508.87
Bonds Payable-Current Portion	<u>20,017.49</u>

**Total Current Liabilities** **64,526.36**

**Long-Term Liabilities**

Bonds Payable-Long Term	<u>1,394,322.53</u>
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**Net Position**

Net Investment in Capital Assets	599,837.90
Unrestricted Net Position	<u>206,117.80</u>

**Total Net Position** **\$ 805,955.70**

The accompanying notes are in integral part of the financial statements

**MORGAN 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	\$ 106,774.16	
State ECB – Shared Wireless Charges	56,317.59	
State ECB – Operational Funding Program	142,860.00	
Other Operating Revenue	144.04	
<b>Total Operating Revenue</b>		<b>\$ 306,095.79</b>

**Operating Expense**

Contracted Services

Audit Services	\$ 2,000.00	
Accounting Services	6,200.00	
Contract with Morgan County	140,137.69	
Fees paid to service providers	11,259.63	
Legal Services	6,600.00	
Maintenance Agreements	18,489.01	
Pest Control	720.00	
Lease/Rental-Building & Facilities	2,781.00	

Maintenance & Repairs

Communications Equipment	15,198.64	
Building & Facilities	15,212.05	
Office Equipment	3,229.50	
Vehicle	1,205.21	
Other Contracted Services	16,800.00	

Total Contracted Services		239,832.73
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Supplies & Materials

Office Supplies	3,956.86	
Custodial Supplies	2,406.25	
Postage	146.80	
Small Equipment Purchases	10,830.67	

Utilities

Electric	14,201.86	
Gas	1,160.60	
Water & Sewer	394.60	

The Accompanying Notes are an integral part of the financial statement

*MORGAN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2014*

Telephone	7,395.41	
Cell Phone	2,973.51	
Fuel-Vehicle	<u>975.27</u>	
<b>Total Supplies &amp; Materials</b>		44,441.83
<b><u>Other Charges</u></b>		
Bank Charges	29.00	
Board Meeting Expenses	891.46	
Dues & Memberships	1,924.00	
Insurance-Liability	12,761.46	
Insurance-Auto	2,378.36	
Legal Notices	960.50	
Premiums on Surety Bonds	309.33	
Public Education	6,400.00	
Training	3,387.39	
Travel	11,503.25	
Internet Chrges	2,207.65	
Other Charges	<u>2,112.98</u>	
<b>Total Other Charges</b>		44,865.38
Depreciation		<u>125,086.84</u>
<b>Total Operating Expenses</b>		<u>454,226.78</u>
Net Operating Income (Loss)		(148,130.99)
<b><u>Non-Operating Revenue and Expense</u></b>		
State ECB-Grants and Reimbursements	338,126.76	
Interest Income	221.85	
Other Non-Operating Income	2,400.00	
Interest Expense	<u>(60,553.99)</u>	
<b>Total Non-Operating Revenue &amp; Expense</b>		<u>280,194.62</u>
<b>Increase (Decrease) in Net Position</b>		132,063.63
Total Net Position, July 1, 2013		<u>673,892.07</u>
Total Net Position, June 30, 2014		<u>\$ 805,955.70</u>

The Accompanying Notes are an integrat part of the financial statement

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

Cash Flows From Operating Activities

Cash Received from Operations	\$ 297,972.52	
Cash Payments for Goods and Services	<u>(321,557.47)</u>	
Net Cash Provided by (Used by) Operating Activities		\$ (23,584.95)

Cash Flows from Capital & Related Financing Activities

Interest Expense	(60,553.99)	
Principal Payments	(19,186.01)	
New Equipment	(396,163.18)	
Transfer from CIP to New Equipment	79,470.00	
State ECB-Grants and Reimbursements	338,126.76	
Other Non-Operating Revenue	<u>2,400.00</u>	
Net cash Provided by (Used by) Capital & Related Financing Activities		(55,906.42)

Cash Flows from Investing Activities

Interest Received	243.10	
Transferred To CD	<u>(105.77)</u>	
Net Cash Provided by (Used by) Investing Activities		<u>137.33</u>

Net Increase (Decrease) in Cash and Cash Equivalents	(79,354.04)
Cash and Cash Equivalent at 6-30-13	<u>230,113.65</u>
Cash and Cash Equivalent at 6-30-14	<u>\$ 150,759.61</u>

Reconciliation of Net Operating Income (Loss) to Net Cash

<u>Provided by (Used by) Operating Activities</u>		
Net Operating Income (Loss)	\$ (148,130.99)	
Depreciation	125,086.84	
Increase in Accounts Receivable	(7,809.48)	
Increase in Due from State ECB	(313.79)	
Increase in Prepaid Expense	(10,756.25)	
Increase in Accounts Payable	<u>18,338.72</u>	
<u>Net Cash Provided by (Used by) Operating Activities</u>		<u>\$ (23,584.95)</u>

The Accompanying notes are in integral part of the financial statements

**MORGAN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

Note 1 – Summary of Significant Accounting Policies

The Morgan County E-911 Emergency Communication District was established for the purpose of providing an enhanced level of 911 service to the Morgan 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 Morgan County. The Morgan County E-911 Emergency Communications District is run by a board of directors, which is appointed by Morgan County. The District must file a budget with Morgan County each year. Any bond issued by the district is subject to approval by Morgan 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. All assets over \$5,000 are capitalized. Depreciation is summarized as follows:

	<u>Method</u>	<u>Estimated Useful Life</u>	<u>2014 Depreciation</u>
Building & Improvements	S/L	3 to 40 Years	\$ 42,230.42
Communications Equipment	S/L	5, 7 & 10 Years	64,610.94
Furniture & Fixtures	S/L	3, 5 & 10 Years	8,656.34
Office Equipment	S/L	5, 7 & 10 Years	4,656.14
Vehicle	S/L	5 Years	4,933.00
			<u>\$125,086.84</u>

Major Source of Revenue

The major sources of operating revenue are emergency telephone service charges from local telephone companies and wireless surcharges and operational funding from the State Emergency Communications Board. The only non-operating revenue is interest, grants and reimbursements from the State Emergency Communications Board and miscellaneous income.

Operating Income

Operating income includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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

Note 2 – Deposits and 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).

The following is a schedule of bank accounts at June 30, 2014:

Checking (Operating)– Citizen's First Bank	\$ 92,847.05
CD – Citizen's First Bank (3 month)	57,912.56
CD – Citizen's First Bank (5 month)	<u>56,385.74</u>
	<u>\$207,145.35</u>

At June 30, 2014, the carrying amount of the Morgan County E-911 Emergency Communications District's cash deposits was \$207,145.35. The District's deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. Any amounts over \$250,000 are covered by the government collateralization pool of which Citizen's First Bank is a member. 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 and Insurance

The District has a bond covering certain members of the board at June 30, 2014. They also have a general liability policy that covers all fixed assets. There have been no losses or settlements during the past three years.

Note 4 – Subsequent Events

The District has evaluated subsequent events through October 28, 2014, 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, 2014:

<u>Assets</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
<b><u>Non-Depreciable</u></b>			
Land	\$ 90,000.00	\$ --	\$ 90,000.00
<b>Total Non-Depreciable</b>	<u>90,000.00</u>	<u>--</u>	<u>90,000.00</u>
<b><u>Depreciable</u></b>			
Building & Imprv.	\$1,665,970.54	\$162,234.43	\$1,503,736.11
Communications Equip.	741,763.48	381,946.37	359,817.11
Furniture & Fixtures	77,760.60	42,358.06	35,402.54
Office Equipment	39,709.00	31,752.34	7,956.66
Vehicle	46,553.00	29,287.50	17,265.50
<b>Total Depreciable</b>	<u>2,571,756.62</u>	<u>647,578.70</u>	<u>1,924,177.92</u>
<b>Total Assets</b>	<u>\$2,661,756.62</u>	<u>\$647,578.70</u>	<u>\$2,014,177.92</u>

<u>Assets</u>	<u>Balance 6-30-13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6-30-14</u>
<b><u>Non-Depreciable</u></b>				
Land	\$ 90,000.00	\$ --	\$ --	\$ 90,000.00
CIP	79,470.00	--	79,470.00	--
<b>Total Non-Depreciable</b>	<u>169,470.00</u>	<u>--</u>	<u>79,470.00</u>	<u>90,000.00</u>
<b><u>Depreciable</u></b>				
Bldg & Imprv.	\$1,487,155.54	\$ 178,815.00	\$ --	\$1,665,970.54
Comm. Equip.	524,415.30	217,348.18	--	741,763.48
Furn. & Fixt.	77,760.60	--	--	77,760.60
Office Equipment	39,709.00	--	--	39,709.00
Vehicle	46,553.00	--	--	46,553.00
<b>Total Depreciable</b>	<u>2,175,593.44</u>	<u>396,163.18</u>	<u>--</u>	<u>2,571,756.62</u>
<b>Total Assets</b>	<u>\$2,345,063.44</u>	<u>\$ 396,163.18</u>	<u>\$ 79,470.00</u>	<u>\$2,661,756.62</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

<u>Accounts Receivable:</u>	Highland Telephone Co-op	\$ 7,908.90
	Other Companies	<u>795.41</u>
	Subtotal	<u>8,704.31</u>
<u>Due From State ECB:</u>	State ECB	<u>9,530.84</u>
	Total	<u>\$ 18,235.15</u>

Note 8 – Compensated Absences

There were no employees at June 30, 2014.

Note 9 – Calculation of Net Investment in Capital Assets

Net Book Value	\$2,014,177.92
Current & Noncurrent Debt	<1,414,340.02>
Net Investment in Capital Assets	<u>\$ 599,837.90</u>

Note 10 – Budgetary Information

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

Note 11 – Construction Loan

On July 31, 2008 the District opened a 12-month construction loan at Citizen’s First Bank in the amount of \$1,500,000. As of June 30, 2009 the District had drawn the full \$1,500,000. The District applied for a \$1,500,000 bond with USDA. The bond was approved on August 1, 2009 in the amount of \$1,500,000 to be paid over 38 years at an interest rate of 4.25%. Monthly payments are to be made at \$6,645/month starting August 1, 2009. The current portion of long-term debt due in one year is \$20,017.49. Current year activity is as follows:

Balance		Principal	Balance
<u>06/30/13</u>	<u>New Loans</u>	<u>Payments</u>	<u>06/30/14</u>
\$1,433,526.03	\$ --	\$ 19,186.01	\$1,414,340.02

Debt Service requirements to maturity for principal and interest are as follows:

	<u>Principal</u>	<u>Interest</u>
2015	\$ 20,017.49	\$ 59,722.51
2016	20,885.00	58,855.00
2017	21,790.11	57,949.89
2018	22,734.44	57,005.56
2019	23,719.70	56,020.30
2020-2024	134,938.31	263,761.69
2025-2029	166,824.48	231,875.52
2030-2034	206,245.44	192,454.56
2035-2039	254,981.63	143,718.37
2040-2044	315,234.26	83,465.74
2045-2048	<u>226,969.16</u>	<u>15,377.77</u>
Total	<u>\$1,414,340.02</u>	<u>\$1,220,206.91</u>

**MORGAN COUNTY E-911 EMERGENCY  
COMMUNICATIONS DISTRICT**

**SUPPLEMENTARY INFORMATION**

**JUNE 30, 2014**

**MORGAN 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 Revenue</u>			
ETSC	\$ 106,774.16	\$ 110,000.00	\$ (3,225.84)
State-Wireless	56,317.59	52,000.00	4,317.59
State-Operational Funding Program	142,860.00	142,791.00	69.00
Other Operating Income	144.04	300.00	(155.96)
<u>Total Operating Revenue</u>	<u>\$ 306,095.79</u>	<u>\$ 305,091.00</u>	<u>\$ 1,004.79</u>
<u>Operating Expenses</u>			
<u>Contracted Services</u>			
Audit Services	2,000.00	2,000.00	-
Acct. Services	6,200.00	6,200.00	-
Contracts w/ Morgan Co.	140,137.69	150,000.00	9,862.31
Fees Paid to Service Providers	11,259.63	12,500.00	1,240.37
Legal Services	6,600.00	6,600.00	-
Maintenance Agreements	18,489.01	19,700.00	1,210.99
Pest Control	720.00	720.00	-
<u>Lease/Rental</u>			
Building & Facilities	2,781.00	2,800.00	19.00
<u>Maintenance &amp; Repairs</u>			
Communications Equipment	15,198.64	21,000.00	5,801.36
Building & Facilities	15,212.05	16,500.00	1,287.95
Office Equipment	3,229.50	4,000.00	770.50
Vehicle	1,205.21	1,500.00	294.79
<u>Other Contracted Services</u>			
Add. & Mapping Expense	16,800.00	18,200.00	1,400.00
<u>Total Contracted Services</u>	<u>\$ 239,832.73</u>	<u>\$ 261,720.00</u>	<u>\$ 21,887.27</u>
<u>Supplies &amp; Materials</u>			
Office Supplies	3,956.86	5,000.00	1,043.14
Custodial Supplies	2,406.25	2,700.00	293.75
Postage	146.80	250.00	103.20
Small Equip. Purchase	10,830.67	12,000.00	1,169.33
Uniforms & Shirts	-	300.00	300.00
<u>Utilities</u>			
Electric	14,201.86	16,500.00	2,298.14
Gas	1,160.60	1,700.00	539.40
Water & Sewer	394.60	530.00	135.40

**MORGAN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
BUDGET AND ACTUAL-CONT'D  
FOR THE YEAR ENDED JUNE 30, 2014**

Telephone	7,395.41	8,000.00	604.59
Cell Phone	2,973.51	3,100.00	126.49
Fuel-Vehicle	975.27	1,500.00	524.73
<u>Total Supplies &amp; Materials</u>	<u>\$ 44,441.83</u>	<u>\$ 51,580.00</u>	<u>\$ 7,138.17</u>
<u>Other Charges</u>			
Banks Charges	\$ 29.00	\$ 51.00	\$ 22.00
Board Meeting Expense	891.46	1,000.00	108.54
Dues & Memberships	1,924.00	3,400.00	1,476.00
Insurance-Liability	12,761.46	13,000.00	238.54
Insurance-Auto	2,378.36	2,500.00	121.64
Legal Notices	960.50	4,000.00	3,039.50
Premiums on Surety Bonds	309.33	405.00	95.67
Public Education	6,400.00	6,500.00	100.00
Training	3,387.39	3,880.00	492.61
Travel	11,503.25	12,700.00	1,196.75
Internet Chrges	2,207.65	2,400.00	192.35
Miscellaneous	2,112.98	2,400.00	287.02
<u>Total Other Charges</u>	<u>\$ 44,865.38</u>	<u>\$ 52,236.00</u>	<u>\$ 7,370.62</u>
Depreciation	<u>\$ 125,086.84</u>	<u>\$ 130,000.00</u>	<u>\$ 4,913.16</u>
<u>Total Operating Expenses</u>	<u>\$ 454,226.78</u>	<u>\$ 495,536.00</u>	<u>\$ 41,309.22</u>
<u>Operating Income (Loss)</u>	<u>\$ (148,130.99)</u>	<u>\$ (190,445.00)</u>	<u>\$ (42,314.01)</u>
<u>Non-Operating Revenues and (Expenses)</u>			
State ECB-Grants & Reimbursements	338,126.76	338,000.00	126.76
Interest Income	221.85	300.00	(78.15)
Other Non-Operating Income	2,400.00	2,400.00	-
Interest Expense	(60,553.99)	(60,555.00)	1.01
<u>Total Non-Operating Revenue and (Expenses)</u>	<u>\$ 280,194.62</u>	<u>\$ 280,145.00</u>	<u>\$ 49.62</u>
Increase (Decrease) in Net Position	<u>\$ 132,063.63</u>	<u>\$ 89,700.00</u>	<u>\$ (42,363.63)</u>
Net Position-Beginning of Period	<u>\$ 673,892.07</u>	<u>\$ 676,215.17</u>	<u>\$ 2,323.10</u>
Net Position-End of Period	<u>\$ 805,955.70</u>	<u>\$ 765,915.17</u>	<u>\$ (40,040.53)</u>

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EMERGENCY COMMUNICATIONS DISTRICT  
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JUNE 30, 2014**

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**TAMARA L. BECKMAN, CPA**  
CERTIFIED PUBLIC ACCOUNTANT

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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  
Morgan County E-911 Emergency Communications District  
Wartburg, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Morgan County E-911 Emergency Communications District, a component unit of Morgan County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Morgan County E-911 Emergency Communications District's basic financial statements, and have issued my report thereon dated October 28, 2014

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Morgan County E-911 Emergency Communications District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Morgan County E-911 Emergency Communications District's internal control. Accordingly, I do not express an opinion on the effectiveness of Morgan County E-911 Emergency Communications District's internal control.

*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. *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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Morgan 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of 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.

October 28, 2014  
Cookeville, Tennessee

*Tamara L. Beckman, CPA*