

**MORGAN COUNTY E-911 EMERGENCY  
COMMUNICATIONS DISTRICT  
JUNE 30, 2015**

**TAMARA L. BECKMAN  
CERTIFIED PUBLIC ACCOUNTANT**

**MORGAN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
JUNE 30, 2015**

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

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Tamara L. Beckman, CPA  
6 S. Madison Avenue  
Cookeville, TN 38501  
Office (931) 526-5489  
Fax (931) 526-9064

Sabrina Cantrell, Auditor  
409 E. Broad St.  
Smithville, TN 37166  
Office (615) 318-1821  
Fax (615) 318-1831

**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, 2015, 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, 2015, 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 15, 2015 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 15, 2015  
Cookeville, Tennessee

*Tamara L. Beckman, CPA*

**MORGAN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 122,230.75
Investments - Certificate of Deposit	56,456.20
Accounts Receivable	-
Due from State Emer. Comm. Board	-
Interest Receivable	26.61
Prepaid Expenses	<u>13,032.48</u>

**Total Current Assets** \$ 191,746.04

**Capital Assets**

Land	90,000.00
Building & Improvements	1,665,970.54
Less: A/D-Building & Improvements	(207,658.94)
Communications Equipment	712,092.69
Less: A/D Communications Equipment	(427,537.53)
Furniture & Fixtures	77,760.60
Less: A/D-Furniture & Fixtures	(49,626.11)
Office Equipment	39,709.00
Less: A/D Office Equipment	(36,130.92)
Vehicle	46,553.00
Less: A/D Vehicle	<u>(34,220.50)</u>

**Total Capital Assets** 1,876,911.83

**Total Assets** 2,068,657.87

**LIABILITIES AND NET POSITION**

**Current Liabilities**

Accounts Payable	31,627.09
Accrued Interest	1,461.18
Bonds Payable-Current Portion	<u>20,884.37</u>

**Total Current Liabilities** 53,972.64

**Long-Term Liabilities**

Bonds Payable-Long Term 1,373,452.76

**Net Position**

Net Investment in Capital Assets	482,574.70
Unrestricted Net Position	<u>158,657.77</u>

**Total Net Position** \$ 641,232.47

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, 2015**

**Operating Revenues**

Emergency Telephone Service Charges	\$ 51,496.26	
State ECB – Shared Wireless Charges	20,594.15	
State ECB – Operational Funding Program	71,430.00	
TECB Distribution of 911 Surcharges	181,494.00	
Other Operating Revenue	<u>128.04</u>	
<b>Total Operating Revenue</b>		<b>\$ 325,142.45</b>

**Operating Expense**

Contracted Services

Addressing & Mapping Consultants	\$ 15,630.00	
Audit Services	2,250.00	
Accounting/Bookkeeping Services	6,400.00	
Contract with Morgan County	130,000.00	
Fees paid to service providers	11,798.30	
Legal Services	6,600.00	
Maintenance Agreements	17,084.69	
Pest Control	720.00	
Lease/Rental-Building & Facilities	<u>2,800.50</u>	
<b>Total Contracted Services</b>		<b>193,283.49</b>

Supplies, Materials & Maintenance

Office Supplies	3,077.81
Janitorial Supplies	1,082.52
Postage	196.00
Equipment Purchases Not Capitalized	13,664.61
<u>Utilities</u>	
Electric	14,425.62
Gas	1,515.62
Water & Sewer	423.90
Telephone	7,686.43
Cell Phone	4,077.19

*MORGAN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2015*

<u>Maintenance &amp; Repairs</u>		
Communications Equipment	13,609.76	
Building & Facilities	17,525.24	
Office Equipment	3,391.56	
Vehicle	189.58	
Fuel-Vehicle	<u>1,122.91</u>	
Total Supplies & Materials		81,988.75
<u>Other Charges</u>		
Bank Charges	29.00	
Board Meeting Expenses	117.56	
Dues & Memberships	4,297.00	
Insurance-Liability	15,395.15	
Legal Notices	1,338.50	
Premiums on Surety Bonds	311.00	
Public Education	7,300.00	
Training	4,773.60	
Travel	14,095.13	
Internet Charges	2,318.40	
Other Charges	<u>948.51</u>	
Total Other Charges		50,923.85
Depreciation		<u>134,528.77</u>
<b>Total Operating Expenses</b>		<u>460,724.86</u>
Net Operating Income (Loss)		(135,582.41)
<u>Non-Operating Revenue and Expense</u>		
State ECB-Grants and Reimbursements	40,877.09	
Interest Income	196.99	
Other Non-Operating Income	2,400.00	
Interest Expense	(61,198.29)	
Loss on Disposal of Property	<u>(11,416.61)</u>	
<b>Total Non-Operating Revenue &amp; Expense</b>		<u>(29,140.82)</u>
<b>Increase (Decrease) in Net Position</b>		(164,723.23)
Total Net Position, July 1, 2014		<u>805,955.70</u>
Total Net Position, June 30, 2015		<u>\$ 641,232.47</u>

The Accompanying Notes are an integral part of the financial statement

**MORGAN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Cash Flows From Operating Activities</u>		
Cash Received from Operations	\$ 343,377.60	
Cash Payments for Goods and Services	<u>(326,876.63)</u>	
Net Cash Provided by (Used by) Operating Activities		\$ 16,500.97
 <u>Cash Flows from Capital &amp; Related Financing Activities</u>		
Interest Expense	(59,737.11)	
Principal Payments	(20,002.89)	
New Equipment	(8,679.29)	
State ECB-Grants and Reimbursements	40,877.09	
Other Non-Operating Revenue	<u>2,400.00</u>	
Net cash Provided by (Used by) Capital & Related Financing Activities		(45,142.20)
 <u>Cash Flows from Investing Activities</u>		
Interest Received	182.83	
Transferred To CD	<u>(70.46)</u>	
Net Cash Provided by (Used by) Investing Activities		<u>112.37</u>
Net Increase (Decrease) in Cash and Cash Equivalents		(28,528.86)
Cash and Cash Equivalent at 6-30-14		<u>150,759.61</u>
Cash and Cash Equivalent at 6-30-15		<u>\$ 122,230.75</u>
 <u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used by) Operating Activities</u>		
Net Operating Income (Loss)	\$ (135,582.41)	
Depreciation	134,528.77	
Decrease in Accounts Receivable	8,704.31	
Decrease in Due from State ECB	9,530.84	
Decrease in Prepaid Expense	12,201.24	
Increase in Accounts Payable	<u>(12,881.78)</u>	
<u>Net Cash Provided by (Used by) Operating Activities</u>		<u>\$ 16,500.97</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, 2015**

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>2015 Depreciation</u>
Building & Improvements	S/L	3 to 40 Years	\$ 45,424.51
Communications Equipment	S/L	5, 7 & 10 Years	72,524.63
Furniture & Fixtures	S/L	3, 5 & 10 Years	7,268.05
Office Equipment	S/L	5, 7 & 10 Years	4,378.58
Vehicle	S/L	5 Years	4,933.00
			<u>\$134,528.77</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, 2015:

Checking (Operating) – Citizen's First Bank	\$ 64,231.27
CD – Citizen's First Bank (3 month)	57,999.48
CD – Citizen's First Bank (5 month)	<u>56,456.20</u>
	<u>\$178,686.95</u>

At June 30, 2015, the carrying amount of the Morgan County E-911 Emergency Communications District's cash deposits was \$178,686.95. 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, 2015. 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 15, 2015, 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, 2015:

<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><u>Depreciable</u></b>			
Building & Imprv.	\$1,665,970.54	\$207,658.94	\$1,458,311.60
Communications Equip.	712,092.69	427,537.53	284,555.16
Furniture & Fixtures	77,760.60	49,626.11	28,134.49
Office Equipment	39,709.00	36,130.92	3,578.08
Vehicle	46,553.00	34,220.50	12,332.50
<b>Total Depreciable</b>	<b>2,542,085.83</b>	<b>755,174.00</b>	<b>1,786,911.83</b>
<b>Total Assets</b>	<b>\$2,632,085.83</b>	<b>\$755,174.00</b>	<b>\$1,876,911.83</b>

<u>Assets</u>	<u>Balance 6-30-14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6-30-15</u>
<b><u>Non-Depreciable</u></b>				
Land	\$ 90,000.00	\$ --	\$ --	\$ 90,000.00
<b><u>Depreciable</u></b>				
Bldg & Imprv.	\$1,665,970.54	\$ --	\$ --	\$1,665,970.54
Comm. Equip.	741,763.48	8,679.29	38,350.08	712,092.69
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>	<b>2,571,756.62</b>	<b>8,679.29</b>	<b>38,350.08</b>	<b>2,542,085.83</b>
<b>Total Assets</b>	<b>\$2,661,756.62</b>	<b>\$ 8,679.29</b>	<b>\$ 38,350.08</b>	<b>\$2,632,085.83</b>

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 – Compensated Absences

There were no employees at June 30, 2015.

Note 8 – Calculation of Net Investment in Capital Assets

Net Book Value	\$1,876,911.83
Current & Noncurrent Debt	<1,394,337.13>
Net Investment in Capital Assets	<u>\$ 482,574.70</u>

Note 9 – 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 10 – 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 \$20,884.37. Current year activity is as follows:

<u>Balance</u> <u>06/30/14</u>	<u>New Loans</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>06/30/15</u>
<u>\$1,414,340.02</u>	<u>\$ --</u>	<u>\$ 20,002.89</u>	<u>\$1,394,337.13</u>

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

	<u>Principal</u>	<u>Interest</u>
2016	\$ 20,884.37	\$ 58,855.63
2017	21,789.45	57,950.55
2018	22,733.75	57,006.25
2019	23,718.98	56,021.02
2020	24,746.91	54,993.09
2021-2025	140,781.96	257,918.04
2026-2030	174,049.01	224,650.99
2031-2035	215,177.12	183,522.88
2036-2040	266,023.88	132,676.12
2041-2045	328,885.83	69,814.17
2046-2047	<u>155,545.87</u>	<u>7,118.01</u>
Total	<u>\$1,394,337.13</u>	<u>\$1,160,526.75</u>

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

**SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015**

**MORGAN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance Under (Over)
<u>Operating Revenue</u>			
Emergency Telephone Service Charges	\$ 51,496.26	\$ 53,925.00	\$ (2,428.74)
State-Shared WirelessCharges	20,594.15	20,650.00	(55.85)
State-Operational Funding Program	71,430.00	71,396.00	34.00
TECB Distribution of 911 Surcharges	181,494.00	181,494.00	-
Other Operating Income	128.04	75.00	53.04
<u>Total Operating Revenue</u>	<u>\$ 325,142.45</u>	<u>\$ 327,540.00</u>	<u>\$ (2,397.55)</u>
<u>Operating Expenses</u>			
<u>Contracted Services</u>			
Addressing & Mapping Consultants	15,630.00	17,600.00	1,970.00
Audit Services	2,250.00	2,250.00	-
Accounting/Bookeeping Services	6,400.00	6,400.00	-
Contracts w/ Morgan Co.	130,000.00	155,000.00	25,000.00
Fees Paid to Service Providers	11,798.30	12,500.00	701.70
Legal Services	6,600.00	6,600.00	-
Maintenance Agreements	17,084.69	19,000.00	1,915.31
Pest Control	720.00	720.00	-
Lease/Rental - Building & Facilities	2,800.50	2,800.00	(0.50)
<u>Total Contracted Services</u>	<u>\$ 193,283.49</u>	<u>\$ 222,870.00</u>	<u>\$ 29,586.51</u>
<u>Supplies, Materials &amp; Maintenance</u>			
Office Supplies	3,077.81	4,000.00	922.19
Custodial Supplies	1,082.52	2,500.00	1,417.48
Postage	196.00	250.00	54.00
Equipment Purchases Not Capitalized	13,664.61	16,000.00	2,335.39
Uniforms & Shirts	-	500.00	500.00
Utilities - Electric	14,425.62	16,500.00	2,074.38
Utilities - Gas	1,515.62	2,000.00	484.38
Utilities - Water & Sewer	423.90	550.00	126.10
Utilities - General Telephone (Admin. Lines)	7,686.43	8,000.00	313.57
Utilities - Cell Phone	4,077.19	4,900.00	822.81
Maintenance & Repairs - Communications Equip.	13,609.76	15,000.00	1,390.24
Maintenance & Repairs - Building & Facilities	17,525.24	18,927.00	1,401.76
Maintenance & Repairs - Office Equipment	3,391.56	4,000.00	608.44
Maintenance & Repairs - Vehicle	189.58	1,000.00	810.42
Fuel-Vehicle	1,122.91	1,500.00	377.09
<u>Total Supplies &amp; Materials</u>	<u>\$ 81,988.75</u>	<u>\$ 95,627.00</u>	<u>\$ 13,638.25</u>

**MORGAN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
BUDGET AND ACTUAL-CONT'D  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Other Charges</u>			
Banks Charges	\$ 29.00	\$ 51.00	\$ 22.00
Board Meeting Expense	117.56	1,000.00	882.44
Dues & Memberships	4,297.00	4,400.00	103.00
Insurance-Liability	15,395.15	15,700.00	304.85
Legal Notices	1,338.50	1,500.00	161.50
Premiums on Surety Bonds	311.00	350.00	39.00
Public Education	7,300.00	8,000.00	700.00
Training	4,773.60	5,800.00	1,026.40
Travel	14,095.13	15,000.00	904.87
Internet Charges	2,318.40	2,400.00	81.60
Miscellaneous	948.51	1,000.00	51.49
<u>Total Other Charges</u>	<u>\$ 50,923.85</u>	<u>\$ 55,201.00</u>	<u>\$ 4,277.15</u>
Depreciation	<u>\$ 134,528.77</u>	<u>\$ 137,050.00</u>	<u>\$ 2,521.23</u>
<u>Total Operating Expenses</u>	<u>\$ 460,724.86</u>	<u>\$ 510,748.00</u>	<u>\$ 50,023.14</u>
<u>Operating Income (Loss)</u>	<u>\$ (135,582.41)</u>	<u>\$ (183,208.00)</u>	<u>\$ (47,625.59)</u>
<u>Non-Operating Revenues and (Expenses)</u>			
State ECB-Grants & Reimbursements	40,877.09	40,877.00	0.09
Interest Income	196.99	200.00	(3.01)
Other Non-Operating Income	2,400.00	2,400.00	-
Interest Expense	(61,198.29)	(59,750.00)	
Loss on Disposal of Property	(11,416.61)	(11,519.00)	102.39
<u>Total Non-Operating Revenue and (Expenses)</u>	<u>\$ (29,140.82)</u>	<u>\$ (27,792.00)</u>	<u>\$ 99.47</u>
Increase (Decrease) in Net Position	<u>\$ (164,723.23)</u>	<u>\$ (211,000.00)</u>	<u>\$ (47,725.06)</u>
Net Position-Beginning of Period	<u>\$ 805,955.70</u>	<u>\$ 805,955.70</u>	<u>\$ -</u>
Net Position-End of Period	<u>\$ 641,232.47</u>	<u>\$ 594,955.70</u>	<u>\$ (47,725.06)</u>

**MORGAN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
911 BOARD MEMBERS  
JUNE 30, 2015**

Matthew Brown (Director)  
PO Box 118  
Sunbright, TN 37872  
email: [morganco911@highland.net](mailto:morganco911@highland.net)

Mike Mahn (Counsel)  
8399 Morin Road  
Chattanooga, TN 37421  
Phone: (423) 280-3005  
email: [mjmahn@aol.com](mailto:mjmahn@aol.com)

Kathy Carroll (Chairman)  
1310 Old Deer Lodge Pk.  
Deer Lodge, TN 37726  
Phone: (423) 319-6015  
Email: [carrollk@mcsmail.net](mailto:carrollk@mcsmail.net)

Don Redmon  
191 Redmon Rd.  
Wartburg, TN 37887  
Phone: (423) 346-3620

Glen Freytag  
PO Box 387  
Wartburg, TN 37887  
(423) 346-6262  
email: [aadamsmcso@highland.net](mailto:aadamsmcso@highland.net)

Roy Shelton  
PO Box 100  
Oakdale, TN 37829  
Phone: (423) 369-3912

Paul Potter  
PO Box 965  
Wartburg, TN 37887  
Phone: (423) 346-8373

Sandra Harris  
6958 Morgan County Hwy.  
Lancing, TN 37887  
(423) 319-8448  
Email: [sharris@douglascherokee.org](mailto:sharris@douglascherokee.org)

Paula Langley (Addressing)  
220 Andy Cooper Rd.  
Lancing, TN 37770  
Phone: (423) 319-7232  
email: [mc911addressing@highland.net](mailto:mc911addressing@highland.net)

Josh Thorne (Treasurer)  
PO Box 332  
Sunbright, TN 37872  
Phone: (423) 539-8641  
email: [emermgmt@highland.net](mailto:emermgmt@highland.net)

Jody Zorsch  
386 Brewstertown Rd.  
Sunbright, TN 37872  
Phone: (423) 539-8641  
Email: [emermgmt@highland.net](mailto:emermgmt@highland.net)

Dennis Ledbetter  
PO Box 34  
Wartburg, TN 37887  
Phone: (423) 324-2763

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

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Tamara L. Beckman, CPA  
6 S. Madison Avenue  
Cookeville, TN 38501  
Office (931) 526-5489  
Fax (931) 526-9064

Sabrina Cantrell, Auditor  
409 E. Broad St.  
Smithville, TN 37166  
Office (615) 318-1821  
Fax (615) 318-1831

**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**

*Independent Auditor's Report*

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, 2015, 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 15, 2015

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 15, 2015  
Cookeville, Tennessee

*Tamara L. Beckman, CPA*