

**MARION COUNTY 9-1-1 EMERGENCY  
COMMUNICATIONS DISTRICT**

**Kimball, Tennessee**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL DATA**

**June 30, 2008**

**JOHNSON, HICKEY & MURCHISON, P.C.**  
Certified Public Accountants  
Chattanooga, Tennessee

# TABLE OF CONTENTS

	<u>P a g e</u>
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	2-4
<b>INDEPENDENT AUDITORS’ REPORT</b>	5-6
<b>FINANCIAL STATEMENTS:</b>	
Balance sheet	8-9
Statement of revenues, expenses and change in net assets	10
Statement of cash flows	11-12
Notes to financial statements	13-18
<b>SUPPLEMENTARY INFORMATION:</b>	
Schedule of budget to actual	20-21
Information relative to operations	22
<b>INTERNAL CONTROL AND COMPLIANCE SECTION:</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	24-25

## MANAGEMENT'S DISCUSSION AND ANALYSIS

My discussion and analysis of Marion County 911 Emergency Communication District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2008. This should be read in conjunction with the District's financial statements, which begin on page 8.

### USING THIS ANNUAL REPORT

This annual report consists of the following financial statements: the balance sheet, the statement of revenues, expenses and changes in net assets, and the statement of cash flows. These statements provide information about the activities of the District as a whole and present an overview of the District's finances.

### THE BALANCE SHEET AND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

One of the main areas of interest for an entity is determining how successful they were at meeting their financial objectives for the year. The District accounts for its financial activities where determination of income (increase in net assets) or loss (decrease in net assets) is necessary or useful to sound financial administration. The statements are prepared on the accrual basis of accounting which recognizes revenues when earned and expenses when incurred. The balance sheet shows the assets that the District owns and the liabilities (debts) that the District owes.

The information contained in the statement of revenues, expenses, and changes in net assets is used as a "report card" to determine if the District has been successful at meeting its financial objectives. Net assets and changes in net assets are summarized as follows:

	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 399,907	\$ 346,548
Capital assets	<u>181,070</u>	<u>130,824</u>
Total Assets	580,977	477,372
Current liabilities	<u>2,567</u>	<u>2,489</u>
Net Assets	<u>\$ 578,410</u>	<u>\$ 474,883</u>
Summary of net assets-		
Invested in capital assets	\$ 181,070	\$ 130,824
Unrestricted	<u>397,340</u>	<u>344,059</u>
Total Net Assets	<u>\$ 578,410</u>	<u>\$ 474,883</u>

	<u>2008</u>	<u>2007</u>
Operating Revenues	\$ 288,417	\$ 283,135
Operating Expenses	<u>201,533</u>	<u>177,394</u>
Operating income	86,884	105,741
Nonoperating Revenues	<u>16,643</u>	<u>95,014</u>
Changes in net assets	103,527	200,755
<b>Net Assets</b>		
Beginning	<u>474,883</u>	<u>274,128</u>
Ending	<u><u>\$ 578,410</u></u>	<u><u>\$ 474,883</u></u>

### **ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

Fiscal year 2008 proved to be a financially sound year for the District. The District was able to add \$103,527 to its net assets as a result of operations.

The District saw an increase in operating revenues totaling \$5,282. The amount the District received from landlines decreased by \$1,049 as more and more people are canceling their land lines and relying on cell phones as their communication tool. As a result of more individuals using cell phones, the District received \$6,331 in increased funding from the State of Tennessee for their share of the wireless revenues and operational funding disbursements.

Operating expenses increased by \$24,139. The biggest part of this increase is directly related to the depreciation and amortization on the new communication equipment and vehicle that was purchased during the year. As a result of these new acquisitions, depreciation and amortization increased by \$18,417. Salaries and benefit expenses increased by \$2,238, contracted services decreased by \$1,672, supplies and materials increased by \$2,066, and other operating expenses increased by \$3,090.

During fiscal year 2008, the District received a GIS mapping grant totaling \$10,000, a decrease from the prior year. Interest income increased by \$286 over fiscal year 2007.

### **THE DISTRICT'S NET ASSETS**

The District continues to maintain a significant net worth (total net assets) exceeding \$578,000 at June 30, 2008. Net assets consisted of net assets invested in capital assets totaling \$181,070 and unrestricted net assets totaling \$397,340.

### **BUDGETARY HIGHLIGHTS**

The original budget for the District was amended to reflect the actual results of revenues and expenses that occurred during the year.

Actual revenues of \$305,060 differed from budgeted revenues by a surplus of \$12,410. The District saw that actual revenues fell under budgeted revenues for emergency telephone service charges by \$1,206 and state shared wireless charges by \$296. Actual operational funding revenues exceeded budgeted amounts by \$13,669 and interest income exceeded budgeted amounts by \$243.

Actual expenses for the year were under budget by \$5,843. Total cost of salaries and benefits for the District were under budget by \$328, contracted services were under budget by \$2,686, lease/rental and maintenance and repair expenses were under budget by \$87, supplies and materials were under budget by \$498, other charges were under budget by \$2,109.

### **CAPITAL ASSETS**

At June 30, 2008 the District had \$181,070 invested in capital assets such as telecommunications and office equipment, leasehold improvements, and furniture and fixtures. The District has capital assets totaling \$461,201; however, \$280,131 has been expensed through the annual provision for depreciation. The \$181,070 amount represents an increase of \$50,245 over the prior year. The increase is directly related to amounts the District has incurred on new communications equipment and vehicle for mapping, net of depreciation of \$33,465. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

### **ECONOMIC FACTORS AND PLANNING FOR FUTURE NEEDS**

The District is looking forward to the future and trying to update its equipment. The District has applied for and received \$94,557 in a cost recovery grant for equipment purchases through December 5, 2008.

Jerry Don Case  
Executive Director

## INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of**

**Marion County 9-1-1 Emergency Communications District:**

We have audited the accompanying financial statements of Marion County 9-1-1 Emergency Communications District, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of Marion County 9-1-1 Emergency Communications District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marion County 9-1-1 Emergency Communications District, as of June 30, 2008, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2009, on our consideration of Marion County 9-1-1 Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.



## INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of**

**Marion County 9-1-1 Emergency Communications District:**

We have audited the accompanying financial statements of Marion County 9-1-1 Emergency Communications District, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of Marion County 9-1-1 Emergency Communications District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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Management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of budget to actual has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole. The information relative to operations has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Johnson, Nickey & Menckem, P.C.*

March 6, 2009

## **FINANCIAL STATEMENTS**

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
BALANCE SHEET  
JUNE 30, 2008**

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ 127,327
Certificates of deposit	259,047
Accounts receivable, telephone service charges	10,201
Interest receivable	2,613
Prepaid expenses	<u>719</u>
 Total current assets	 <u>399,907</u>

**CAPITAL ASSETS**

Furniture and fixtures	7,924
Office equipment	8,151
Communications equipment	424,143
Vehicles	<u>20,983</u>
	461,201
Less accumulated depreciation	<u>280,131</u>
 Capital assets, net	 <u>181,070</u>
 Total assets	 <u>\$ 580,977</u>

(The accompanying notes are an integral part of these statements.)

## LIABILITIES AND NET ASSETS

### **CURRENT LIABILITIES:**

Payroll taxes withheld and accrued	\$ 1,301
Accrued retirement	<u>1,266</u>
Total liabilities	<u>2,567</u>

### **NET ASSETS:**

Invested in capital assets	181,070
Unrestricted	<u>397,340</u>
Total net assets	<u>578,410</u>

Total liabilities and net assets	<u>\$ 580,977</u>
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(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGE IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2008**

**REVENUES:**

Emergency telephone service charges	\$ 138,544
State Emergency Communications Board - Shared wireless charge	63,704
Operational funding	<u>86,169</u>
	<u>288,417</u>

**EXPENSES:**

Salaries and benefits	67,693
Contracted services	77,814
Lease and rental	5,575
Maintenance and repairs	88
Supplies and materials	5,827
Other expenses	11,071
Depreciation and amortization	<u>33,465</u>
	<u>201,533</u>

**OPERATING INCOME** 86,884

**NONOPERATING REVENUES:**

Interest income	6,643
State grants	<u>10,000</u>

**CHANGE IN NET ASSETS** 103,527

**NET ASSETS:**

Beginning	<u>474,883</u>
Ending	<u>\$ 578,410</u>

(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts for emergency communication services	\$ 201,719
Receipts for operational funding	86,169
Payments to or for employees	(67,615)
Payments for goods and services	<u>(100,649)</u>

Net cash provided by operating activities	<u>119,624</u>
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**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES:**

Purchase of capital assets	(83,711)
State capital grants	<u>10,000</u>

Net cash used by capital and related financing activities	<u>(73,711)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest received	6,743
Purchase of certificates of deposit	<u>(106,436)</u>

Net cash used by investing activities	<u>(99,693)</u>
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**NET DECREASE IN CASH** (53,780)

**CASH:**

Beginning	<u>181,107</u>
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Ending	<u>\$ 127,327</u>
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(The accompanying notes are an integral part of these statements).

**RECONCILIATION OF OPERATING INCOME TO NET**

**CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating income	\$ 86,884
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation and amortization	33,465
(Increase) decrease in operating assets:	
Accounts receivable	(529)
Prepaid expenses	(274)
Increase (decrease) in operating liabilities:	
Payroll withholdings and accruals	<u>78</u>
State capital grants	
Net cash provided by operating activities	<u>\$ 119,624</u>

(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Organization -**

Marion County 9-1-1 Emergency Communications District is a governmental entity organized pursuant to Chapter 867 of the 1984 Tennessee Public Acts ("The Emergency Communications District Law"), which was enacted to establish local emergency telephone service and to provide for the funding of such services.

**Financial Reporting Entity -**

The District is a component unit of Marion County, Tennessee. The Marion County Board of Commissioners appoints the District's Board of Directors, may appropriate funds for the operation and maintenance of the District, and must approve long-term debt issued by the District.

**Basis of Accounting -**

The District is a governmental unit, subject to accounting directives issued by the Governmental Accounting Standards Board (GASB), and anticipates recovering the cost of its services in a manner similar to a private business enterprise. Therefore, the District uses the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred. Operating revenues are those that result from the activities of the District, including telephone service charges and dispatching income. Revenue from other sources is considered nonoperating.

In addition to GASB pronouncements, the District is subject to all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The District does not follow FASB pronouncements issued subsequent to November 30, 1989.

**Estimates -**

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued):

**Accounts receivable -**

Accounts receivable for telephone service charges and other is reported at the outstanding principal amount. All recorded amounts are considered to be collectible; therefore no allowance for uncollectibles is recorded.

**Capital Assets -**

The District capitalizes significant purchases of capital assets, which are recorded at cost. Depreciation is provided over the estimated useful lives of the individual assets by the straight-line method.

Depreciation expense for the year ended June 30, 2008 was \$33,465.

**Cash -**

For purposes of these financial statements, cash includes cash in banks and certificates of deposit with an original maturity date of 90 days or less.

**(2) BUDGETARY CONTROL:**

The District's Board approves an annual budget based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. Budgeted expenses may be amended, as needed, to meet changing needs.

**(3) COMPENSATED ABSENCES:**

At June 30, 2008, the District has only one employee who has no compensated absences available. The employee is provided 96 hours of annual sick time, which may be accumulated up to 90 hours, but is nonvesting and is not paid upon termination; therefore, no liability is recorded.

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**(4) CHANGES IN CAPITAL ASSETS:**

Changes in capital assets for the year ended June 30, 2008, are as follows -

	<u>Beginning</u>	<u>Additions</u>	<u>Reclasses &amp; Retirements</u>	<u>Ending</u>
<b>Assets:</b>				
Furniture and fixtures	\$ 6,806	\$ 1,118	\$ -	\$ 7,924
Office equipment	4,657	3,494	-	8,151
Vehicles	-	20,983	-	20,983
Communications equipment	289,167	58,116	76,860	424,143
Mapping project in process	<u>76,860</u>	<u>-</u>	<u>(76,860)</u>	<u>-</u>
	<u>377,490</u>	<u>83,711</u>	<u>-</u>	<u>461,201</u>
<b>Accumulated depreciation:</b>				
Furniture and fixtures	6,035	572	-	6,607
Office equipment	4,045	670	-	4,715
Vehicles	-	2,448	-	2,448
Communications equipment	<u>236,586</u>	<u>29,775</u>	<u>-</u>	<u>266,361</u>
	<u>246,666</u>	<u>33,465</u>	<u>-</u>	<u>280,131</u>
<b>Net capital assets</b>	<u>\$ 130,824</u>	<u>\$ 50,246</u>	<u>\$ -</u>	<u>\$ 181,070</u>

**(5) RETIREMENT PLAN:**

The District provides a defined contribution money purchase pension plan for all full-time employees who have one year of continuous service. No employee contributions are required. The District contributes 3% of eligible compensation, subject to amendment to the plan as approved by the District's Board. The "6-year graded" vesting schedule is used. Retirement expense included in salaries and benefits was \$1,431. Plan assets are maintained by an outside trustee. Each employee directs the investments of his individual account.

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**(6) COMMITMENT FOR PROVIDER SERVICES:**

In a five year agreement beginning May, 2008 BellSouth is the District's provider of certain public safety answering point equipment and software. The provider service fee is based on the number of access lines and is subject to change. For the year ended June 30, 2008, the expense related to this agreement was \$63,377.

The estimate of future commitments is as follows -

For the year ending June 30, 2009	\$ 60,000
For the year ending June 30, 2010	60,000
For the year ending June 30, 2011	60,000
For the year ending June 30, 2012	60,000
For the year ending June 30, 2013	<u>55,000</u>
	<u>\$ 295,000</u>

**(7) OPERATING LEASES:**

The District leases its office facilities, including utilities, on a month to month basis from the Town of Kimball for \$200 per month. Rent expense for the year was \$2,400.

The District leases antenna and transmittal space for \$250 per month under a 20 year agreement expiring in July, 2013. The agreement provides for increases of no more than 3% annually, based on increases in the lessor's costs of operating and maintaining the rental site. Rent expense was \$257.50 for July, 2007, and \$265.22 per month beginning August, 2007, for a total cost of \$3,175.

Future lease commitments are as follows -

For the year ending June 30, 2009	\$ 3,270
2010	3,368
2011	3,469
2012	3,573
2013	3,680
Thereafter	<u>316</u>
	<u>\$ 17,676</u>

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**(8) CASH AND INVESTMENTS:**

The District reports its cash and investments in accordance with GASB Statement Number 40, "Deposit and Investment Risk Disclosures." This statement eliminated or modified portions of the disclosures previously required by GASB Statement Number 3. GASB Statement Number 40 is designed to improve financial reporting of deposit and investment risks.

At June 30, 2008, the District's cash and investments consist of the following -

	<b>Weighted Average Maturity (Years)</b>	<b>Fair Value</b>
Cash in demand deposit accounts	0.00	\$ 127,327
Certificates of deposit	0.37	259,047
Total	0.25	\$ 386,374

Interest Rate Risk - As a means of limiting its exposure to losses resulting from rising interest rates, the District's usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio. The District's investments experienced no significant fluctuations in fair value during the year.

Custodial Credit Risk - The District's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by federal deposit insurance or the Tennessee Bank Collateral Pool, by collateral held by the District's agent in the District's name, or by Federal Reserve Banks acting as third party agents. State statutes also authorize the types of investments in which the District may participate. The District limits its investments to certificates of deposit with local banks.

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**(8) CASH AND INVESTMENTS** (Continued):

Credit Risk - The District's policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

At June 30, 2008, investments in certificates of deposit consist of the following -

<u>Financial Institution</u>	<u>Type of Instrument</u>	<u>Interest</u>	<u>Maturity Date</u>	<u>Amount</u>
First Volunteer Bank	Certificate	2.75%	August 5, 2008	\$ 98,945
First Jackson Bank	Certificate	3.25%	May 12, 2009	100,000
Citizens Tri-County Bank	Certificate	3.75%	July 6, 2008	<u>60,102</u>
				<u>\$ 259,047</u>

**(9) RISK MANAGEMENT:**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is insured, subject to specified limits, for risks of these types of losses, including workers' compensation, general liability, personal property, and errors and omissions, through the Tennessee Municipal League Risk Management Pool. Premiums are based on the District's individual claims history, as well as the claims history of the entire pool.

There have been no settlements in excess of insurance coverage during the three most recent fiscal years.

## **SUPPLEMENTARY INFORMATION**

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Final Budget To Actual Variance
<b>Emergency telephone service charges</b> \$	140,000	\$ 139,750	\$ 138,544	\$ (1,206)
<b>State Emergency Communications Board -</b>				
<b>Shared wireless charge</b>	59,000	64,000	63,704	(296)
<b>Operational funding</b>	72,500	72,500	86,169	13,669
<b>State grants</b>	77,500	10,000	10,000	-
<b>Interest income</b>	6,400	6,400	6,643	243
	<u>355,400</u>	<u>292,650</u>	<u>305,060</u>	<u>12,410</u>
<b>Salaries and Benefits -</b>				
Salaries	46,067	47,068	46,996	72
Payroll taxes	3,545	3,695	3,670	25
Group insurance	15,725	15,826	15,596	230
Retirement	1,382	1,432	1,431	1
	<u>66,719</u>	<u>68,021</u>	<u>67,693</u>	<u>328</u>
<b>Contracted Services -</b>				
Advertising	500	500	315	185
Audit services	4,500	4,500	3,600	900
Accounting services	4,400	4,400	3,285	1,115
Private agency contracted service	750	850	815	35
911 service provider fees	63,600	63,600	63,377	223
Legal services	3,500	3,500	3,272	228
Maintenance agreements	3,150	3,150	3,150	-
	<u>80,400</u>	<u>80,500</u>	<u>77,814</u>	<u>2,686</u>
<b>Lease and Rental -</b>				
Building rental	2,400	2,400	2,400	-
Communications equipment rental	3,100	3,200	3,175	25
	<u>5,500</u>	<u>5,600</u>	<u>5,575</u>	<u>25</u>
<b>Maintenance and Repairs -</b>				
Vehicle	-	150	88	62
	<u>-</u>	<u>150</u>	<u>88</u>	<u>62</u>

	Original Budget	Final Budget	Actual	Final Budget To Actual Variance
<b>Supplies and Materials -</b>				
Office supplies	\$ 1,000	\$ 2,500	\$ 2,456	\$ 44
Custodial supplies	200	-	-	-
Other supplies	-	500	425	75
Postage	200	225	172	53
Small equipment purchases	500	-	-	-
Uniforms and shirts	200	200	-	200
Telephone	<u>2,900</u>	<u>2,900</u>	<u>2,774</u>	<u>126</u>
	<u>5,000</u>	<u>6,325</u>	<u>5,827</u>	<u>498</u>
<b>Other -</b>				
Dues and memberships	550	550	135	415
Employee testing	-	500	405	95
Insurance	4,930	5,080	4,177	903
Legal notices	500	500	488	12
Licenses and fees	-	50	39	11
Premium on surety bonds	750	750	546	204
Training	600	1,100	1,073	27
Travel	2,400	4,100	3,890	210
Miscellaneous	<u>300</u>	<u>550</u>	<u>318</u>	<u>232</u>
	<u>10,030</u>	<u>13,180</u>	<u>11,071</u>	<u>2,109</u>
<b>Depreciation and Amortization</b>	<u>15,100</u>	<u>33,600</u>	<u>33,465</u>	<u>135</u>
<b>Capital outlay</b>	<u>27,200</u>	<u>83,709</u>	<u>83,711</u>	<u>(2)</u>
<b>Total expenses</b>	<u>209,949</u>	<u>291,085</u>	<u>285,244</u>	<u>5,841</u>
	<u>\$ 145,451</u>	<u>\$ 1,565</u>	<u>\$ 19,816</u>	<u>\$ 18,251</u>
<b>Total Budgeted Expenses -</b>			\$ 285,244	
Capital outlay			<u>(83,711)</u>	
Total GAAP basis expenses			<u>\$ 201,533</u>	

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
INFORMATION RELATIVE TO OPERATIONS  
JUNE 30, 2008  
(UNAUDITED)**

Number of public safety answering points	1
Address of public safety answering point	5 North Oak Avenue Jasper, TN 37347
Type of system/equipment	Enhanced-911 Zetron
Director	Jerry Don Case 675 Main Street Kimball, TN 37347 Phone: (423)837-1282 Fax: (423)837-5777
Chairman	Ronnie Burnett 5 North Oak Avenue Jasper, TN 37347 Phone: (423)942-5667 Fax: (423)837-5777

**INTERNAL CONTROL AND COMPLIANCE SECTION**



**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

**Marion County 9-1-1 Emergency Communications District:**

We have audited the financial statements of Marion County 9-1-1 Emergency Communications District, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2008, and have issued our report thereon dated March 6, 2009. We conducted our 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 our audit, we considered Marion County 9-1-1 Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

**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**

**Marion County 9-1-1 Emergency Communications District:**

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**Internal Control Over Financial Reporting**

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marion County 9-1-1 Emergency Communications District's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is solely intended for the information and use of the Board of Directors, management and regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Johnson, Neikay & Meucham, P.C.*

March 6, 2009

