

**CITY OF CLINTON EMERGENCY
COMMUNICATIONS DISTRICT**

CLINTON, TENNESSEE

**ANNUAL FINANCIAL REPORT
WITH SUPPLEMENTARY INFORMATION**

For the Fiscal Year Ended June 30, 2009

and

INDEPENDENT AUDITOR'S REPORT

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

ANNUAL FINANCIAL REPORT
WITH SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2009

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CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

SCHEDULE OF BOARD OF DIRECTORS

June 30, 2009

Members of the Board of Directors are as follows:

Archie Brummit	Chairman
Rick Scarbrough	Vice Chairman
Vickie Fagan	Secretary/Treasurer
Mark Alderson	Member
Gary Cooper	Member
Randy Page	Member
Joe Roberts	Member

BROWN JAKE & McDANIEL, PC

**CERTIFIED PUBLIC ACCOUNTANTS
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MARILYN JAKE, CPA
FRANK D. McDANIEL, CPA, CGFM
TERRY L. MOATS, CPA
JAMES E. BOOHER, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
City of Clinton Emergency
Communications District
Clinton, Tennessee

We have audited the accompanying statement of net assets of City of Clinton Emergency Communications District, a component unit of City of Clinton, Tennessee, as of and for the year ended June 30, 2009, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the 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 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 City of Clinton Emergency Communications District as of June 30, 2009, and the results of its operations and its 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 January 26, 2010 on our consideration of the District's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 4 through 6 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

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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 financial information on pages 16 through 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Brown Jake & Mc Daniel, PC

January 26, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2009

City of Clinton Emergency Communications District (the District) follows the provisions of Statement No. 34 of the Governmental Accounting Standards Board (GASB 34). GASB 34 established standards for external financial reporting for all state and local governmental entities.

GASB 34 requires the classification of net assets, changing the statement of cash flows to the direct method, the reflection of capital contributions as a change in net assets, and the inclusion of a Management's Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.

The financial statements of the District report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about their activities.

The Statement of Net Assets include all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. The statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its fees, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balances during the reporting period.

Table 1
Condensed Statement of Net Assets

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Increase (Decrease)</u>
Current and other assets	\$ 213,434	\$ 340,568	\$ (127,134)
Capital assets	29,698	47,072	(17,374)
Total assets	<u>\$ 243,132</u>	<u>\$ 387,640</u>	<u>\$ (144,508)</u>
Current liabilities	\$ 17,239	\$ 18,059	\$ (820)
Long-term liabilities	-	16,760	(16,760)
Total liabilities	<u>\$ 17,239</u>	<u>\$ 34,819</u>	<u>\$ (17,580)</u>
Invested in capital assets, net of related debt	\$ 12,938	\$ 13,173	\$ (235)
Unrestricted	212,955	339,648	(126,693)
Total net assets	<u>\$ 225,893</u>	<u>\$ 352,821</u>	<u>\$ (126,928)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

One way to measure financial health of a company is to look at its increases or decreases in net assets over time. Increases in net assets, in general, are signs that a company's financial health is improving. Decreases may indicate that its financial health is deteriorating. However, you will need to also consider non-financial factors such as economic conditions, service growth, and legislative mandates.

The District's total net assets decreased by \$126,928 from last year as a result of revenue being lower than expenses due to an increase in expenses approved by the Board to subsidized the salaries of the dispatchers for the City.

Table 2

Statement of Revenues, Expenses and Changes in Net Assets

	For the Year Ended June 30, 2009	For the Year Ended June 30, 2008	Increase (Decrease)
Operating revenue	\$ 164,513	\$ 161,211	\$ 3,302
Non-operating revenue	<u>3,987</u>	<u>5,022</u>	<u>(1,035)</u>
Total revenues	<u>168,500</u>	<u>166,233</u>	<u>2,267</u>
Direct operating expenses	278,054	64,200	213,854
Depreciation expense	<u>17,374</u>	<u>34,526</u>	<u>(17,152)</u>
Total expenses	<u>295,428</u>	<u>98,726</u>	<u>196,702</u>
Change in net assets	(126,928)	67,507	(194,435)
Beginning net assets	<u>352,821</u>	<u>285,314</u>	<u>67,507</u>
Ending net assets	<u>\$ 225,893</u>	<u>\$ 352,821</u>	<u>\$ (126,928)</u>

As can be seen in Table 2, the change in net assets (formerly known as "net income") decreased by \$194,435. In addition, total expenses increased \$196,702 due to more expenses during the year. The total revenues increased by \$2,267.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Table 3

Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Increase (Decrease)</u>
Capital assets, net	<u>\$ 29,698</u>	<u>\$ 47,072</u>	<u>\$ (17,374)</u>

During 2009, there were no fixed asset additions.

The District has purchased a net clock and UPS (uninterrupted power source) in fiscal year 2010 and has plans to purchase a vehicle and/or CAD system. The capital expenses will be reimbursed in whole or part by the Tennessee Emergency Communications Board. There has been some discussion regarding the purchase of radios for police and fire for the new 800 mega hertz system. The District will be reimbursed for previous expenses of a digital recorder, repeater and three computers for a total cost of \$41,000.

At June 30, 2009, the District had a capital lease obligation dated April 30, 2004, principal and interest due in monthly payments of \$1,543 through May 2010. The balance owed is \$16,760 at June 30, 2009.

There were no significant variations from fiscal year 2009 budgeted operational expenditures and fiscal year 2009 actual operational expenditures. Fiscal year 2010 budget, approved in June 2009, contains no significant operational increases or decreases from fiscal year 2009.

This financial report is designed to provide the public and creditors with an overview of the finances of the District and to demonstrate accountability for the money received. If there are questions, comments, or requests for additional information pertaining to this report, please contact:

Vickie L. Fagan, Secretary/Treasurer
City of Clinton Emergency Communications District
125 W. Broad Street
Clinton, TN 37716

Phone (865) 457-0424

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

STATEMENT OF NET ASSETS

June 30, 2009

ASSETS

Current assets:	
Cash and cash equivalents	\$ 186,381
Accounts receivable	<u>27,053</u>
Total current assets	213,434
Capital assets:	
Capital assets, net of accumulated depreciation totaling \$287,953	<u>29,698</u>
Total assets	<u>\$ 243,132</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Current maturities of capital lease obligation	\$ 16,760
Accounts payable	<u>479</u>
Total current liabilities	<u>17,239</u>
Net assets:	
Invested in capital assets, net of related debt	12,938
Unrestricted	<u>212,955</u>
Total net assets	<u>225,893</u>
Total liabilities and net assets	<u>\$ 243,132</u>

See accompanying notes to basic financial statements.

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2009

Operating revenues:	
Emergency telephone surcharges	\$ 61,507
State shared wireless charge	24,488
State of Tennessee operational funding	72,215
State of Tennessee reimbursement	<u>6,303</u>
	<u>164,513</u>
Operating expenses:	
Contracted services	255,439
Supplies & materials	11,878
Other charges	<u>10,737</u>
	<u>278,054</u>
Operating margin (loss) before depreciation	(113,541)
Depreciation expense	<u>17,374</u>
Operating margin (loss)	<u>(130,915)</u>
Non-operating revenue (expense):	
Interest income	5,366
Interest expense	<u>(1,379)</u>
	<u>3,987</u>
Change in net assets	(126,928)
Net assets, beginning of the year	<u>352,821</u>
Net assets, end of the year	<u>\$ 225,893</u>

See accompanying notes to basic financial statements.

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2009

Cash flows from operating activities:	
Cash received from service fees and operational funding	\$ 147,245
Cash paid to suppliers for goods and services	<u>(278,495)</u>
Net cash used by operating activities	<u>(131,250)</u>
Cash flows from capital and related financing activities:	
Principal payments on note payable	(17,139)
Interest paid	<u>(1,379)</u>
Net cash used by capital and related financing activities	<u>(18,518)</u>
Cash flows from investing activities:	
Interest on investments	<u>5,366</u>
Net cash provided by investing activities	<u>5,366</u>
Net decrease in cash and cash equivalents	(144,402)
Cash and cash equivalents, beginning of the year	<u>330,783</u>
Cash and cash equivalents, end of the year	<u>\$ 186,381</u>

(Continued)

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

STATEMENT OF CASH FLOWS
(Continued)

For the Fiscal Year Ended June 30, 2009

Reconciliation of operating margin (loss) to net cash
used by operating activities:

Operating margin (loss)	\$ (130,915)
Adjustments to reconcile operating margin (loss) to net cash used by operating activities:	
Depreciation	17,374
Increase in receivables	(17,268)
Decrease in payables	<u>(441)</u>
Net cash used by operating activities	<u>\$ (131,250)</u>

See accompanying notes to basic financial statements.

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

1. Summary of Significant Accounting PoliciesGeneral Statement

City of Clinton Emergency Communications District (the District) is a 911 service, which receives telephone requests for emergency services and provides for the dispatch of appropriate emergency service units. The District is a component unit of another governmental entity. City of Clinton, Tennessee is the primary government in whose financial reporting entity the District is included. Also, City of Clinton's legislative body approves board members, debt issues and annual budgets of the District.

The criteria for including organizations as component units within a City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City appoints all of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Basis of Presentation

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As allowed in Section P80 of *GASB's Codification of Governmental Accounting and Financial Reporting Standards*, the District has elected not to apply *Financial Accounting Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure* issued after November 30, 1989. The more significant accounting policies of the District are described below.

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)1. Summary of Significant Accounting Policies (Continued)Basis of Presentation (Continued)

The entity is a proprietary fund type known as an Enterprise Fund. The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs are financed through user charges.

Proprietary funds are accounted for on a "flow of economic resources" measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net assets.

Methods of Accounting

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

GASB Statement No. 34

The District follows the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Statement No. 34 establishes standards for external financial reporting for all state and local governmental entities, which includes a Management's Discussion and Analysis Section, a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows. It requires the classification of net assets into three components - 1) invested in capital assets, net of related debt service, 2) restricted for debt service, and 3) unrestricted.

Cash and Cash Equivalents

For purposes of these financial statements, the District considers all highly liquid investments having original maturity dates of three months or less to be cash equivalents.

Budgetary Procedures and Budgetary Accounting

Prior to the beginning of the fiscal year, the Board of Directors prepare and approve an operating budget and hold public hearings. All supplemental appropriations must also be approved by the Board of

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)1. Summary of Significant Accounting Policies (Continued)Budgetary Procedures and Budgetary Accounting (Continued)

Directors. Actual expenses and operating transfers out may not legally exceed "budget" appropriations at the individual fund level. Budgetary control, however, is maintained at the individual expense category level. During the year ended June 30, 2009, the District over expended certain expense line items in its legally adopted budget.

Appropriations lapse at the close of the fiscal year to the extent that they have not been transferred or encumbered.

The District prepares its budget on a basis of accounting that differs from accounting principles generally accepted in the United States of America (GAAP). The major difference between the budgetary basis of accounting and GAAP is that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP). At June 30, 2009, there were no encumbrances.

Budget amounts are as originally adopted or as amended by the Board of Directors.

Capital Assets

Capital assets owned by the District are recorded at cost, or if contributed property, at their fair market value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Depreciation is calculated on each class of depreciable property using the straight-line method.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Operating and Non-Operating Revenues

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

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)2. Cash and Collateral

Cash consisted of the following at June 30, 2009:

Cash in bank \$186,381

At June 30, 2009, all of the District's deposits were either insured by federal depository insurance or guaranteed by bank participation in the Tennessee Bank Collateral Pool. Investment policies of the District follow state law and bond requirements prohibiting investments that are not secured or insured by the U.S. Government.

3. Capital Assets

Capital assets, together with accumulated depreciation, consist of the following:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
<u>Original Cost</u>				
Building improvements	\$ 30,504	\$ -	\$ -	\$ 30,504
Communication equipment	265,961	-	-	265,961
Furniture and fixtures	1,467	-	-	1,467
Office equipment	19,719	-	-	19,719
	<u>\$ 317,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317,651</u>
<u>Accumulated Depreciation</u>				
Building improvements	\$ 30,504	\$ -	\$ -	\$ 30,504
Communication equipment	227,928	13,696	-	241,624
Furniture and fixtures	1,139	152	-	1,291
Office equipment	11,008	3,526	-	14,534
	<u>\$ 270,579</u>	<u>\$ 17,374</u>	<u>\$ -</u>	<u>\$ 287,953</u>

Depreciation, at a rate of 20%, charged to expense totaled \$17,374 for the year ended June 30, 2009.

4. Capital Lease Obligation

\$104,141 capital lease obligation, dated April 30, 2004, principal and interest due in monthly payments of \$1,543.19 through May 2010. Interest rate is 5.04%.

\$16,760

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)4. Capital Lease Obligation (Continued)

Principal and interest requirements are as follows:

	<u>Capital Lease Obligation</u>	
	<u>Principal</u>	<u>Interest</u>
2010	<u>\$16,760</u>	<u>\$215</u>

5. Capitalization of Interest

Interest expense on debt used to finance construction of major fixed assets during the construction phase is capitalized when considered material. There was no capitalized interest for the year ended June 30, 2009.

6. 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; and natural disasters. The District purchases commercial insurance for all of these risks of loss. There have been no claims that have exceeded the insurance coverage during the three prior years.

7. Expenses Paid by Primary Government

All salaries and benefits of the District are paid directly by the City of Clinton through its General Fund. Beginning in the current fiscal year, the District began reimbursing the City for payroll costs. On the Schedule of Budget vs. Actual Revenue and Expense, the current expense of \$214,722 is included in the account "Contracts with Government Agencies."

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

SCHEDULE OF BUDGET VS. ACTUAL REVENUES AND EXPENSES

For the Fiscal Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>
Operating revenues:		
Emergency telephone surcharge	\$ 69,600	\$ 61,507
State shared wireless charge	21,000	24,488
State distribution	72,215	72,215
State reimbursement	-	6,303
	<u>162,815</u>	<u>164,513</u>
Total operating revenues		
Operating expenses:		
Audit service	2,774	3,300
Contracts with government agencies	45,000	214,722
Data processing services	574	574
NCIC/TBI/TIES expense	6,920	6,920
Lease/communications expense	7,858	8,058
Lease/tower	3,300	2,254
Maintenance and repairs - communication equipment	18,000	18,874
Maintenance and repairs - building	5,000	737
Office supplies	3,500	4,586
Postage	35	-
Uniforms and shirts	2,400	2,400
Utilities - electric	545	375
Utilities - general telephone	4,400	2,951
Utilities - cell phones	1,400	1,566
Subscriptions and periodicals	750	638
Dues and memberships	500	100
Insurance - liability	344	554
Insurance - equipment	365	306
Legal notices	350	29
Licenses and fees	-	510
Premiums on surety bonds	2,620	2,078
Training expenses	5,000	6,522
Travel expenses	1,000	-
	<u>112,635</u>	<u>278,054</u>
Total operating expenses		
Operating margin (loss) before depreciation	50,180	(113,541)
Depreciation expense	<u>14,361</u>	<u>17,374</u>
Operating margin (loss)	<u>35,819</u>	<u>(130,915)</u>
Non-operating income (expense):		
Interest income	3,000	5,366
Interest expense	<u>(1,379)</u>	<u>(1,379)</u>
Total non-operating income (expense)	<u>1,621</u>	<u>3,987</u>
Net income (loss)	<u>\$ 37,440</u>	<u>\$ (126,928)</u>

See independent auditor's report.

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

SCHEDULE OF DETAILED EXPENSES

For the Fiscal Year Ended June 30, 2009

Operating expenses:	
Contracted services -	
Audit service	\$ 3,300
Contracts with government agencies	214,722
Data processing services	574
NCIC/TBI/TIES expense	6,920
Lease/communications equipment	8,058
Lease/tower	2,254
Maintenance and repairs - communication equipment	18,874
Maintenance and repairs - building	<u>737</u>
Total contracted services	<u>255,439</u>
Supplies and materials -	
Office supplies	4,586
Uniforms and shirts	2,400
Utilities - electric	375
Utilities - general telephone	2,951
Utilities - cell phones	<u>1,566</u>
Total supplies and materials	<u>11,878</u>
Other charges -	
Subscriptions and periodicals	638
Dues and memberships	100
Insurance - liability	554
Insurance - equipment	306
Legal notices	29
Licenses and fees	510
Premiums on surety bonds	2,078
Training expense	<u>6,522</u>
Total other charges	<u>10,737</u>
Total operating expenses	<u>\$ 278,054</u>

See independent auditor's report.

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

SCHEDULE OF TELEPHONE SURCHARGE RATES

June 30, 2009

Residential	\$0.65/ month
Commercial	\$2.00/ month
Wireless	\$1.00/ month *

* City of Clinton Emergency Communications District receives a percentage determined by the State on a per capita basis.

See independent auditor's report.

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

SCHEDULE OF INSURANCE IN FORCE

June 30, 2009

Property coverage -	
Buildings and personal property	\$ 500
Electronic data processing equipment	161,782
Crime coverage -	
Public employee dishonesty bond	100,000
General and personal injury liability coverage -	
Bodily injury - per person	300,000
Bodily injury - per occurrence	700,000
Property damage - per occurrence	100,000
Each other loss - per occurrence	700,000
Catastrophic medical expenses	1,000,000
Medical payments - \$1,000 per person, \$10,000 per accident	
Fire damage liability - per occurrence	100,000
Impounded property liability - per occurrence	100,000
Non-monetary defense costs - per occurrence	50,000
Errors and omissions coverage -	
Per occurrence	700,000
Non-monetary defense costs - per occurrence	50,000

The building and structures are owned and insured by the City of Clinton.
Coverages of the City are as follows:

Property coverage -	
Buildings and personal property	\$18,009,535

See independent auditor's report.

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS

June 30, 2009

	Capital Lease Obligation	
	<u>Principal</u>	<u>Interest</u>
2010	<u>\$ 16,760</u>	<u>\$ 215</u>

See independent auditor's report.

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

SCHEDULE OF INFORMATION REQUIRED BY THE
TENNESSEE EMERGENCY COMMUNICATIONS BOARD

June 30, 2009

Number of Public Safety Answering Points:	1
Location:	125 West Broad Street Clinton, TN 37716
Type of System/Equipment and Database:	Positron Phred with Addressing Database
Director:	Larry Miller City of Clinton 125 West Broad Street Clinton, TN 37716 Phone: (865) 259-1114 Fax: (865) 457-3238
Chairman of the Board:	Archie Brummitt City of Clinton 125 West Broad Street Clinton, TN 37716 Phone: (865) 457-3112 Fax: (865) 457-3238

See independent auditor's report.

CITY OF CLINTON EMERGENCY COMMUNICATIONS DISTRICT

CLINTON, TENNESSEE

SCHEDULE OF EXPENDITURES OF STATE AWARDS

June 30, 2009

<u>Description</u>	<u>Project Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2008</u>	<u>Receipts and Loans Received</u>	<u>Expenditures and Loans Paid</u>	<u>Balance June 30, 2009</u>
Tennessee Department of Commerce and Insurance - Operational Funding Distribution	N/A	N/A	\$ -	\$ 72,215	\$ 72,215	\$ -
Tennessee Department of Commerce and Insurance - Dispatcher Training Reimbursement	N/A	N/A	-	6,303	6,303	-
			<u>\$ -</u>	<u>\$ 78,518</u>	<u>\$ 78,518</u>	<u>\$ -</u>

Grants:

See independent auditor's report.

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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*

Board of Directors
 City of Clinton Emergency
 Communications District
 Clinton, Tennessee

We have audited the financial statements of City of Clinton Emergency Communications District (the District), a component unit of City of Clinton, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated January 26, 2010. 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 the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's 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 District's 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.

Our consideration of 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 the 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

BUDGET

Finding (#09-1): Tennessee Code Annotated, Section 7-86-120, states that no emergency communications district may spend money except in accordance with an adopted budget. The budgetary schedule reflects that some categories of expenses exceed the adopted budget.

Recommendation: All expenditures need to be reviewed for proper appropriation prior to disbursement. A formal budget amendment should be passed by the Board of Directors before excess expenditures are made.

Management's Response: The Board approved the expenditures for salary reimbursement and the financial report is approved at every meeting and includes any overspending. We will periodically review the budget and make amendments as necessary.

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

Brown Jake & McDaniel, PC

CERTIFIED PUBLIC ACCOUNTANTS

January 26, 2010