

**FENTRESS COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE**

FINANCIAL STATEMENTS

June 30, 2009

HASSELL RAY YORK AND ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
Phone: 931-484-5570
P. O. Box 137 • 228 Rector Avenue
Crossville, Tennessee 38557

**FENTRESS COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE**

FINANCIAL STATEMENTS

June 30, 2009

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE**

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INTRODUCTORY SECTION

ROSTER OF MANAGEMENT OFFICIALS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Roster of Management Officials (Unaudited)
June 30, 2009

Gary Peters, Chairman
106 Horseshoe Circle
Jamestown, Tennessee 38556

Billy Jennings, Sr., Vice Chairman
P. O. Box 765
Jamestown, Tennessee 38556

Leonard Bilbrey, Treasurer
P. O. Box 286
Jamestown, Tennessee 38556

Karen Little, Secretary
P. O. Box 38
Clarkrange, Tennessee 38553

Rodney Foy
1114 Circle Drive
Jamestown, Tennessee 38556

Sheriff Charles S. (Chucky) Cravens
P. O. Box 730
Jamestown, Tennessee 38556

James Bilbrey
125 Pyle Road
Jamestown, Tennessee 38556

Gwenith Duncan
P. O. Box 670
Jamestown, Tennessee 38556

Hollis Crabtree
589 Ted Brooks Road
Jamestown, Tennessee 38556

MANAGEMENT'S DISCUSSION AND ANALYSIS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Management Discussion and Analysis
June 30, 2009

As financial management of the Fentress County Emergency Communications District, we offer readers of these financial statements this narrative overview and analysis of the District for the fiscal year ending June 30, 2009. Please read it in conjunction with the District's financial statements that begin on page 7.

FINANCIAL HIGHLIGHTS

- The District's total net assets increased to \$1,000,346.48 from \$937,058.00 over the course of this year's operations. This was largely due to:
 - Increase in revenues from Shared Wireless Charge
 - Slight increase in funding from the Fentress County Government to cover costs associated with the E-911 Dispatchers.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management's discussion and analysis report, the independent auditor's report, the financial statements, and supplemental information of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

BASIC FINANCIAL STATEMENTS

The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The Statement of Net Assets presents information on all the District's assets and liabilities, with the difference reported as Net Assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases to assets (without a corresponding increase to liabilities) results in increased net assets, which indicates an improved financial position.

FINANCIAL ANALYSIS

Net assets may serve, over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$63,288.23 at the close of the most current fiscal year. Part of this is attributable to an increase in revenues from the Shared Wireless Charge, slight increase from Fentress County Government for cost associated with E-911 Dispatchers.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Management Discussion and Analysis
June 30, 2009

Our analysis below focuses on the District's Net Assets (**Table 1**) and Changes in Net Assets (**Table 2**) during the year.

NET ASSETS

Table 1
Condensed Statements of Net Assets

	<u>FY 2009</u>	<u>FY 2008</u>	<u>Difference</u>
Current and Other Assets	\$ 718,120.49	\$631,681.72	\$ 86,438.77
Capital Assets (Net)	331,812.16	327,246.75	4,565.41
Total Assets	<u>\$1,049,932.65</u>	<u>\$958,928.47</u>	<u>\$ 91,004.18</u>
Current Liabilities	<u>\$ 49,586.17</u>	<u>\$ 21,870.22</u>	<u>\$ 27,715.95</u>
Net Assets:			
Invested in Capital Assets	\$ 331,812.16	\$327,246.75	\$ 4,565.41
Unrestricted	668,534.32	609,811.50	58,722.82
Total Net Assets	<u>\$1,000,346.48</u>	<u>\$937,058.25</u>	<u>\$ 63,288.23</u>

Changes in the District's net assets can be determined by reviewing the following condensed Statement of Revenue, Expenses and Changes in Net Assets for the year.

Table 2
**Condensed Statements of Revenues,
Expenses, and Changes in Net Assets**

	<u>FY 2009</u>	<u>FY 2008</u>	<u>Difference</u>
Operating Revenues	\$ 389,277.26	\$380,658.24	\$ 8,619.02
Non-Operating Revenues	85,421.11	28,577.84	56,843.27
Total Revenues	<u>\$ 474,698.37</u>	<u>\$409,236.08</u>	<u>\$ 65,462.29</u>
Depreciation Expense	\$ 46,879.35	\$ 47,557.57	\$ (678.22)
Other Operating Expense	364,530.79	312,334.88	52,195.91
Total Operating Expenses	<u>\$ 411,410.14</u>	<u>\$359,892.45</u>	<u>\$ 51,517.69</u>
Increase in Net Assets	\$ 63,288.23	\$ 49,343.63	\$ 13,944.60
Net Assets – Beginning of Year	<u>937,058.25</u>	<u>887,714.62</u>	<u>49,343.63</u>
Net Assets – End of Year	<u>\$1,000,346.48</u>	<u>\$937,058.25</u>	<u>\$ 63,288.23</u>

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Management Discussion and Analysis
June 30, 2009

NET ASSETS (continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors and Rates:

- The District currently maintains a rate for the Emergency Telephone Service Charge of \$.65 per residential line and \$2.00 per business line.
- Based upon current trends in housing and population growth, we do not anticipate any reversals in our revenue growth. We have seen a marked increase in the number of "911" calls received from wireless sources.

Future Budgetary Considerations:

Presently, the Board of Directors are not aware of any changes in conditions that would have a significant impact on the financial position or results of activities of the District in the 2009-2010 fiscal year budget.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. For questions concerning any of the information provided in this report or requests for additional financial information, contact the District's Director of Administration at 310 South Main Street, Jamestown, Tennessee 38556.

INDEPENDENT AUDITOR'S REPORT

Hassell Ray York and Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 137 • Phone: 931-484-5570

Crossville, Tennessee 38557

September 24, 2009

Board of Directors
Fentress County Emergency
Communications District
P. O. Box 460
Jamestown, Tennessee 38556

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Fentress County Emergency Communications District, a component unit of Fentress County, Tennessee, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Fentress County 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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 the Fentress County Emergency Communications District as of June 30, 2009, and the changes in financial position 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 September 24, 2009 on our consideration of Fentress County Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 assessing the results of our audit.

Board of Directors
Fentress County Emergency
Communications District
Page 2
September 24, 2009

The management's discussion and analysis on pages 2 – 4 and the schedule of funding progress for Fentress County Emergency Communications District on page 22 are not a required part of the financial statements but are 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 measurements and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The introductory section and accompanying financial information listed as supplementary information in the table of contents is presented for the purpose of additional analysis and are not a required part of the financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Respectfully,

HASSELL RAY YORK AND ASSOCIATES, P.C.

Hassell Ray York

(Signed)

Hassell Ray York
Certified Public Accountant

HRY:kam

FINANCIAL STATEMENTS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Statement of Net Assets
June 30, 2009

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 320,471.83
Certificates of Deposit	257,463.66
Accrued Interest Receivable	306.56
Due from Tennessee Emergency Communications Board	40,545.18
Prepaid Expenses	13,071.53
Other Current Assets	<u>86,261.73</u>
Total Current Assets	<u>\$ 718,120.49</u>

Non-Current Assets

Capital Assets

Building and Improvements	\$ 164,646.26
Furniture and Fixtures	33,886.88
Office Equipment	20,375.92
Communication Equipment	228,234.85
Vehicles	<u>18,300.00</u>
Total Capital Assets	\$ 465,443.91
Accumulated Depreciation	<u>(133,631.75)</u>
Capital Assets, Net	<u>\$ 331,812.16</u>

TOTAL ASSETS **\$1,049,932.65**

LIABILITIES

Current Liabilities

Accounts Payable	\$ 23,726.39
Accrued Payroll	7,707.64
Accrued Payroll Deductions Payable	3,139.90
Compensated Absences Payable	<u>15,012.24</u>
Total Current Liabilities	<u>\$ 49,586.17</u>

Total Liabilities **\$ 49,586.17**

Net Assets

Invested in Capital Assets	\$ 331,812.16
Unrestricted Net Assets	<u>668,534.32</u>

TOTAL NET ASSETS **\$1,000,346.48**

=SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2009

OPERATING REVENUES

Emergency Telephone Service Charge	\$ 95,450.04
Tennessee Emergency Communications Board – Shared Wireless Charge	43,758.46
Tennessee Emergency Communications Board – Operational Funding	86,168.76
Other Operating Revenues	<u>163,900.00</u>
Total Operating Revenues	\$ <u>389,277.26</u>

OPERATING EXPENSES

Salaries and Wages

Administrative Personnel	\$ 31,121.74
Dispatchers	177,810.15
Overtime Pay	4,366.25
Part-time Personnel	<u>15,756.90</u>
Total Salaries and Wages	\$ <u>229,055.04</u>

Employee Benefits

Social Security	\$ 13,460.20
Medicare	3,147.95
Medical Insurance	10,180.08
Unemployment Taxes	646.65
Retirement Contributions	<u>12,370.37</u>
Total Employee Benefits	\$ <u>39,805.25</u>

Contracted Services

Addressing/Mapping Expense	\$ 5,086.50
Audit Services	4,000.00
Data Processing Service	2,161.81
Maintenance Agreements	14,171.25
Mapping/Data Base Consultants	12,000.00
Maintenance and Repairs – Communications Equipment	37,448.30
Maintenance and Repairs – Office Equipment	209.00
Maintenance and Repairs – Building and Facilities	341.25
Maintenance and Repairs – Vehicles	23.95
Fuel – Vehicles	<u>519.88</u>
Total Contracted Services	\$ <u>75,961.94</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Statement of Revenues, Expenses, and Changes in Net Assets (Continued)
For the Year Ended June 30, 2009

OPERATING EXPENSES (continued)

Supplies and Materials

Office Supplies	\$ 515.54
Custodial Supplies	139.21
Data Processing Supplies	190.25
Postage	202.68
Small Equipment Purchases	429.86
Uniforms and Shirts	850.00
Utilities – General Telephone	4,861.87
Utilities – Cell Phones and Pagers	351.87
Other Supplies and Materials	<u>109.54</u>
 Total Supplies and Materials	 \$ <u>7,650.82</u>

Other Charges

Dues and Memberships	241.00
Insurance – Workers Compensation	1,333.00
Insurance – Liability	2,132.18
Insurance – Equipment	1,763.32
Insurance – Vehicles	1,049.83
Legal Notices	72.30
Premiums on Surety Bonds	337.00
Training Expense	570.00
Travel Expenses	3,828.67
Internet Charges	<u>730.44</u>
 Total Other Charges	 \$ <u>12,057.74</u>

Depreciation

Depreciation Expense	\$ <u>46,879.35</u>
 Total Depreciation	 \$ <u>46,879.35</u>

Total Operating Expenses \$ 411,410.14

Operating Income (Loss) \$ (22,132.88)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Statement of Revenues, Expenses, and Changes in Net Assets (Continued)
For the Year Ended June 30, 2009

Non-Operating Revenues and (Expenses)

Interest Income	\$ 777.33
Investment Income	7,369.96
Tennessee Emergency Communications Board – Grants and Reimbursements	22,438.47
Miscellaneous Income	70.00
Insurance Proceeds (Net) – Lightning Causality	<u>54,765.35</u>
 Total Non-Operating Revenue (Expenses)	 \$ <u>85,421.11</u>
 Increase (Decrease) in Net Assets	 \$ 63,288.23
 Net Assets – Beginning of Period	 <u>937,058.25</u>
 Net Assets – End of Period	 <u>\$1,000,346.48</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Statement of Cash Flows
For the Year Ended June 30, 2009

Cash Flows From Operating Activities

Cash Received from Surcharges and Other Revenues	\$ 365,353.55
Cash Payments to Suppliers for Goods and Services	(95,903.29)
Cash Payments for Payroll, Taxes, and Related Benefits	<u>(262,811.22)</u>
Net Cash Provided by Operating Activities	<u>\$ 6,639.04</u>

Cash Flows From NonCapital Financing Activities

Grants/Reimbursements TECB	<u>\$ 12,295.70</u>
Net Cash Provided by NonCapital Financing Activities	<u>\$ 12,295.70</u>

Cash Flows From Capital And Related Financing Activities

Purchase of Capital Assets	<u>\$ (60,966.14)</u>
Net Cash Used for Capital and Related Financing Activities	<u>\$ (60,966.14)</u>

Cash Flows From Investing Activities

Interest Income Received	\$ 8,545.06
Increase in Certificates of Deposit	<u>(7,767.73)</u>
Net Cash Provided from Investing Activities	<u>\$ 777.33</u>

Net Increase (Decrease) in Cash and Cash Equivalents \$ (41,254.07)

Cash and Cash Equivalents at Beginning of Year 361,725.90

Cash and Cash Equivalents at End of Year \$ 320,471.83

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2009

Reconciliation of Net Operating Income (Loss) to Net
Cash Provided by (Used for) Operating Activities

Operating Income (Loss)	\$ (22,132.88)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	46,879.35
Changes in Current Assets and Liabilities:	
(Increase) Decrease in Current Receivables	(23,993.71)
(Increase) Decrease in Prepaid Expenses	75.33
Increase (Decrease) in Accounts Payable	(308.12)
Increase (Decrease) Accrued Payroll	1,819.38
Increase (Decrease) Accrued Payroll Deductions Payable	994.49
Increase (Decrease) Compensated Absences Payable	3,235.20
Miscellaneous Income	<u>70.00</u>
Net Cash Provided by Operating Activities	<u>\$ 6,639.04</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Notes to the Financial Statements
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Fentress County Emergency Communications District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

REPORTING ENTITY

The Fentress County Emergency Communications District was organized October, 1990, under the authority of *Title 7, Chapter 86, Tennessee Code Annotated*, for the purpose of providing to the residence within the boundaries of Fentress County, Tennessee with emergency 9-1-1 service as a means of securing emergency services quickly and efficiently.

The County Commission of Fentress County, Tennessee is the basic level of government which has financial accountability and control over certain activities related to the Fentress County Emergency Communications District. The County Commission of Fentress County, Tennessee must approve any issuance of debt by the District, has the authority to adjust the District's service charges, and appoints the nine (9) member Board of Directors which governs the District. The Fentress County Emergency Communications District is a component unit of Fentress County, Tennessee.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets. Net assets (i.e., total assets net of total liabilities) are segregated into invested capital assets, net of related debt; restricted for specified purposes; and unrestricted components. The operating statement presents increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

The District follows all pronouncements of the *Governmental Accounting Standards Board*, and has elected not to follow *Financial Accounting Standards Board* pronouncements issued after November 30, 1989.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Notes to the Financial Statements
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DEPOSITS AND INVESTMENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalents have original maturities of three (3) months or less from the date of acquisition.

CAPITAL ASSETS

Capital assets are carried at cost.

Capital assets in service are depreciated using the straight-line method at rates that will amortize costs over the estimated useful lives of the assets. The estimated useful lives are as follows:

Building and Improvements	40 Years
Vehicles, Equipment, Furniture, and Fixtures	5 to 10 Years

COMPENSATED ABSENCES

The District's policy provides that vacation time may be accumulated and carried forward by full time employees (those who work more than thirty-five (35) hours per week) to the next year in an amount not to exceed thirty (30) days or two hundred forty (240) total hours. Any hours exceeding the two hundred-forty (240) hour limit may be converted to sick leave at the end of each fiscal year to the next. Upon termination of employment, an employee will be entitled to payment for any unused vacation time. Payment will be based upon the employee's daily rate of compensation at the time of termination. The accumulated amount is charged to expense and corresponding liability in the financial statements.

REVENUE AND EXPENSES

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are emergency telephone service charges collected from telephone service providers, shared wireless charges, and other operational funding. Operating expenses include the cost of salaries and wages, employee benefits, contracted services, materials and supplies, other charges, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Notes to the Financial Statements
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NET ASSETS

GASB 34 requires the classification of net assets into three components – Invested in Capital Assets, Net of Related Debt, Restricted, and Unrestricted. These classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This component of net assets consist of net assets that do not meet the definition of “Restricted” or “Invested in Capital Assets, Net of Related Debt.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

BUDGET

The budget is legally adopted, by the Board of Commissioners, in accordance with the provisions of ***Tennessee Code Annotated, Section 7-86-120.***

NOTE 2 – DEPOSITS AND INVESTMENTS

Investment of District funds is restricted by State of Tennessee statutes to include the following:

- Bonds, notes, or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies;
- Certificates of deposit and other evidence of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations;
- The State of Tennessee local government investment pool;
- Obligations of the United States or its agencies under a repurchase agreement, with certain conditions;

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Notes to the Financial Statements
June 30, 2009

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

- Bonds rated A or higher by any nationally recognized rating services of the State of Tennessee, bonds of any county or municipal corporations of the State of Tennessee (bonds of any road, levee, or drainage district is expressly excluded), bonds of any other state or political subdivision;
- Nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank, the Student Loan Marketing Association provided such securities are rated in the highest category by at least two (2) nationally recognized rating services;
- The county’s own bonds or notes issued in accordance with Tennessee Code Annotated (TCA), **Title 9, Chapter 21**;
- The investment must have a maturity of not greater than two (2) years or with certain authorized approval up to five (5) years.

The District’s deposits at June 30, 2009 consisted of the following:

	Bank Balance	Carrying Value
Operating Account –		
First Volunteer Bank	\$308,964.77	\$304,204.00
Progressive Savings Bank	57,521.90	57,521.90
Certificates of Deposit –		
First Volunteer Bank	249,695.93	249,695.93
Total	\$616,182.60	\$611,421.83

The difference between the bank balance and carrying amount is due to outstanding checks and/or deposits in transit.

Deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000.00. In addition, First Volunteer Bank is a member of the State of Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The District’s deposits in financial institutions were entirely insured or collateralized at June 30, 2009.

The District had no investments at June 30, 2009.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Notes to the Financial Statements
June 30, 2009

NOTE 3 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets at June 30, 2009 follows:

	Balance 6/30/08	Increases	Decreases	Balance 6/30/09
Capital Assets Being Depreciated:				
Building	\$164,646.26	\$.00	\$.00	\$164,646.26
Office Equipment and Fixtures Communication and Computer Equipment	53,755.82	506.98	.00	54,262.80
Vehicle	237,426.20	82,434.16	91,625.51	228,234.85
	<u>18,300.00</u>	<u>.00</u>	<u>.00</u>	<u>18,300.00</u>
Total Capital Assets Being Depreciated	<u>\$474,128.28</u>	<u>\$ 82,941.14</u>	<u>\$ 91,625.51</u>	<u>\$465,443.91</u>
Less: Accumulated Depreciated				
Building	\$ 28,398.04	\$ 4,116.14	\$.00	\$ 32,514.18
Office Equipment and Fixtures Communication and Computer Equipment	24,743.39	6,558.74	.00	31,302.13
Vehicle	92,977.59	33,154.47	60,129.13	66,002.93
	<u>762.51</u>	<u>3,050.00</u>	<u>.00</u>	<u>3,812.51</u>
Total Accumulated Depreciation	<u>\$146,881.53</u>	<u>\$ 46,879.35</u>	<u>\$ 60,129.13</u>	<u>\$133,631.75</u>
Net Capital Assets	<u>\$327,246.75</u>	<u>\$ 36,061.79</u>	<u>\$ 31,496.38</u>	<u>\$331,812.16</u>

NOTE 4 – EMPLOYEE RETIREMENT SYSTEM

PLAN DESCRIPTION

Employees of Fentress County Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of sixty (60) with five (5) years of service or at any age with thirty (30) years of service. A reduced retirement benefit is available to vested members at the age of fifty-five (55). Disability benefits are available to active members with five (5) years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five (5) years of service and members joining prior to July 1, 1979 were vested after four (4) years of service. Benefit provisions are established in state statute found in ***Title 8, Chapter 34-37*** of the ***Tennessee Code Annotated*** (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Fentress County Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Notes to the Financial Statements
June 30, 2009 and 2008

NOTE 4 – EMPLOYEE RETIREMENT SYSTEM (continued)

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

FUNDING POLICY

Fentress County Emergency Communications District requires employees to contribute 5.0 percent of earnable compensation.

Fentress County Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009 was 5.81% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Fentress County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

ANNUAL PENSION COST

For the year ending June 30, 2009, Fentress County Emergency Communications District’s annual pension cost of \$12,099.00 to TCRS was equal to Fentress County Emergency Communications District’s required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year (5) period. Fentress County Emergency Communications District’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was fifteen (15) years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$12,099	100.00%	\$0.00
June 30, 2008	\$11,636	100.00%	\$0.00
June 30, 2007	\$10,274	100.00%	\$0.00

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Notes to the Financial Statements
June 30, 2009 and 2008

NOTE 4 – EMPLOYEES RETIREMENT SYSTEM (continued)

FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2007, the most recent actuarial valuation date, the plan was 68.64% percent funded. The actuarial accrued liability for benefits was \$0.11 million, and the actuarial value of assets was \$0.08 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.03 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0 million, and the ratio of the UAAL to the covered payroll was 19.37% percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2007	\$81	\$118	\$37	68.64%	\$191	19.37%

NOTE 5 – OTHER OPERATING REVENUES

The Fentress County Emergency Communications District entered into an intergovernmental cooperation agreement with Fentress County, whereby the District will staff and operate the emergency communications center. Fentress County makes quarterly payments to the District for its share of the dispatching cost. The amount received for the fiscal year ended June 30, 2009 was \$163,900.00.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Notes to the Financial Statements
June 30, 2009 and 2008

NOTE 6 – RISK FINANCING

The Fentress County Emergency Communications District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and natural disasters. The premises are commercially insured by the Fentress County Government. The building coverage has some hardware insurance coverage for each of the three (3) locations where the equipment is located. Additional commercial insurance, as detailed below, has been obtained. No losses have occurred during the past three (3) years that have exceeded coverage.

<u>Commercial General Liability</u>	
General Aggregate	\$3,000,000
Products Aggregate	3,000,000
Personal and Advertising Injury	1,000,000
Each Occurrence	1,000,000
Medical Expense, Any One Person	5,000
<u>Vehicle</u>	
Liability, Each Accident	1,000,000
Uninsured Motorists	1,000,000
Medical Payments	10,000
Auto Physical Damage –	
Comprehensive and Collision	Actual Cash Value
Other Than Collision Deductible	250
Collision Deductible	250
<u>Blanket Summary</u>	
Personal Property	270,778
Software	250,000
Money and Securities	10,000
Commercial Blanket Bond	5,000
Deductible	
Policy – Per Occurrence	250
Earthquake – Per Item –	
310 South Main Street	6,790
100 South Smith Street	6,749
Flood – Per Premises	1,000
<u>Employee Dishonesty</u>	15,000
<u>Management Liability</u>	
Aggregate Limit	3,000,000
Wrongful Act – Each	1,000,000
Injunctive Relief – Each Action	25,000
<u>Workmen’s Compensation</u>	
Each Accident	100,000
Disease – Each Employee	100,000
– Policy Limit	500,000
<u>Crime and Fidelity Coverage</u>	
Blanket Bond – All Employees and	
Non-Compensatory Officers	175,000
Deductible	500

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Notes to the Financial Statements
June 30, 2009

NOTE 7 – INSURANCE RECOVERY (CASUALTY)

On May 8, 2009, the Fentress County Emergency Communications District's communication center was struck by lightning. The lightning strike destroyed communication equipment having a net book value of \$31,496.38. The insurance recovery totaled \$86,261.73. The net amount of \$54,765.35 is reflected in the non-operating revenue (expense) section of the District's Statement of Revenue, Expenses, and Changes in Net Assets.

**REQUIRED SUPPLEMENTARY
INFORMATION**

SCHEDULE OF FUNDING PROGRESS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Required Supplementary Information
Schedule of Funding Progress
June 30, 2009

Schedule of Funding Progress for Fentress County Emergency Communications District 89820

(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2007	\$81	\$118	\$37	68.64%	\$191	19.37%

The Government Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method change was made during the year of the most recent actuarial valuation date, therefore, only the most current year is presented.

SUPPLEMENTAL INFORMATION

SCHEDULE OF BONDS
ON PRINCIPAL OFFICERS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Schedule of Bonds on Principal Officers
June 30, 2009

The principal officials, including the directors, treasurer, and secretary, of the Fentress County Communications District are covered under a Public Employee Dishonesty Bond in the amount of \$175,000.00, deductible \$500.00, written with the Westfield Companies. The current bond period is January 1, 2007 to January 1, 2010.

BUDGET TO ACTUAL COMPARISONS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Budgetary Comparison Schedule (Cash Basis Budget)
June 30, 2009

<u>Cash Receipts</u>	<u>Actual</u> <u>(Cash Basis)</u>	<u>Budget</u> <u>(Cash Basis)</u>	<u>Variance</u> <u>Under(Over)</u>
Emergency Telephone Service Charge	\$ 95,450.04	\$ 96,000.00	\$ 549.96
TECB – Shared Wireless Charge	34,126.21	32,000.00	(2,126.21)
TECB – Operational Funding	71,807.30	86,169.00	14,361.70
Other Operating Revenue	163,900.00	163,900.00	.00
Interest Income	777.33	950.00	172.67
Investment Income	7,767.73	10,500.00	2,732.27
TECB-Grants and Reimbursements	12,295.70	13,000.00	704.30
Miscellaneous Income	70.00	1,000.00	930.00
	<hr/>	<hr/>	<hr/>
Total Cash Basis Revenues	\$ 386,194.31	\$403,519.00	\$ 17,324.69
<u>Cash Expenditures</u>			
<u>Salaries and Wages</u>			
Administrative Personnel	\$ 30,888.00	\$ 31,000.00	\$ 112.00
Dispatchers	172,989.31	180,500.00	7,510.69
Overtime Pay	4,366.25	5,000.00	633.75
Part-time Personnel	15,756.90	15,756.90	.00
	<hr/>	<hr/>	<hr/>
Total Salaries and Wages	\$ 224,000.46	\$232,256.90	\$ 8,256.44
<u>Employee Benefits</u>			
Social Security	\$ 13,146.81	\$ 14,000.00	\$ 853.19
Medicare	3,074.65	3,400.00	325.35
Medical Insurance	10,180.08	13,486.07	3,305.99
Unemployment Taxes	564.87	1,200.00	635.13
Retirement Compensation	11,844.35	12,800.00	955.65
	<hr/>	<hr/>	<hr/>
Total Employee Benefits	\$ 38,810.76	\$ 44,886.07	\$ 6,075.31
<u>Contracted Services</u>			
Addressing/Mapping Expense	\$ 5,348.50	\$ 6,500.00	\$ 1,151.50
Advertising	.00	200.00	200.00
Audit Services	4,000.00	4,000.00	.00
Data Processing Service	2,161.81	2,200.00	38.19
Maintenance Agreements	14,171.25	15,000.00	828.75
Mapping/Data Base Consultants	12,000.00	12,000.00	.00
Maintenance and Repairs – Communication Equipment	37,448.30	1,000.00	(36,448.30)
Maintenance and Repairs – Office Equipment	209.00	1,100.00	891.00
Maintenance and Repairs – Building and Facilities	341.25	500.00	158.75
Maintenance and Repairs – Vehicles	23.95	2,000.00	1,976.05
Fuel - Vehicles	557.03	557.03	.00
	<hr/>	<hr/>	<hr/>
Total Contracted Services	\$ 76,261.09	\$ 45,057.03	\$ (31,204.06)

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Budgetary Comparison Schedule (Cash Basis Budget) (Continued)
June 30, 2009

<u>Cash Expenditures</u> (continued)	Actual (Cash Basis)	Budget (Cash Basis)	Variance Under(Over)
<u>Supplies and Materials</u>			
Office Supplies	\$ 515.54	\$ 1,000.00	\$ 484.46
Custodial Supplies	162.41	800.00	637.59
Data Processing Supplies	190.25	700.00	509.75
Postage	202.68	400.00	197.32
Small Equipment Purchases	429.86	1,000.00	570.14
Uniforms and Shirts	850.00	2,150.00	1,300.00
Utilities – General Telephone	4,847.38	6,000.00	1,152.62
Utilities – Cell Phones and Pagers	352.13	500.00	147.87
Other Supplies and Materials	109.54	900.00	790.46
Total Supplies and Materials	<u>\$ 7,659.79</u>	<u>\$ 13,450.00</u>	<u>\$ 5,790.21</u>
<u>Other Charges</u>			
Dues and Memberships	\$ 241.00	\$ 250.00	\$ 9.00
Employee Testing and Exams	.00	1,000.00	1,000.00
Insurance – Workers Compensation	1,459.00	1,700.00	241.00
Insurance – Liability	2,148.00	3,000.00	852.00
Insurance – Buildings and Contents	.00	1,000.00	1,000.00
Insurance – Equipment	1,840.00	3,200.00	1,360.00
Insurance – Vehicles	759.00	1,500.00	741.00
Legal Notices	72.30	200.00	127.70
Premiums on Surety Bonds	334.00	800.00	466.00
Service Awards	.00	200.00	200.00
Training Expense	570.00	1,500.00	930.00
Travel Expenses	3,828.67	4,500.00	671.33
Internet Charges	730.44	800.00	69.56
Other Charges	.00	500.00	500.00
Total Other Charges	<u>\$ 11,982.41</u>	<u>\$ 20,150.00</u>	<u>\$ 8,167.59</u>
Total Cash Basis Expenses	<u>\$ 358,714.51</u>	<u>\$355,800.00</u>	<u>\$ (2,914.51)</u>
Cash Basis Net Income (Loss)	<u>\$ 27,479.80</u>	<u>\$ 47,719.00</u>	<u>\$ 20,239.20</u>

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Budgetary Comparison Schedule (Cash Basis Budget) (Continued)
June 30, 2009

Reconciliation of Cash Basis to Accrual Basis

Depreciation Expense	\$ (46,879.35)
Decrease in Accrued Interest Receivable	(397.77)
Increase in Current Receivables	34,136.48
Decrease in Prepaid Expenses	(75.33)
Insurance Recovery (net)	54,765.35
Increase in Accounts Payable	308.12
Increase in Accrued Payroll	(1,819.38)
Increase in Accrued Payroll Deductions	(994.49)
Increase in Compensated Absences Payable	<u>(3,235.20)</u>
Net Reconciliation Cash to Accrual	<u>\$ 35,808.43</u>
Increase (Decrease) in Net Assets (Accrual)	<u>\$ 63,288.23</u>
Net Assets – Beginning of Year	<u>\$ 937,058.25</u>
Net Assets - End of :Year	<u>\$1,000,346.48</u>

**SCHEDULE OF INFORMATION
REQUIRED BY THE
TENNESSEE EMERGENCY
COMMUNICATIONS BOARD**

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Schedule of Information Required by the
Tennessee Emergency Communications Board
For the Year Ended June 30, 2009

- (1) The number of public safety answering points (PSAP) –

Three

- (2) The address of each PSAP –

100 Smith Street South
Jamestown, Tennessee 38556

- (3) The type of system/equipment and database used by each PSAP –

Combix Corporation

- (4) The name, address, telephone number, and fax number of the director of the Emergency Communications District –

Fentress County Communications District does not have an Emergency Communications Director.

- (5) The name, address, telephone number, and fax number of the Chairman of the Emergency Communications District –

Gary Peters, Chairman
106 Horseshoe Circle
Jamestown, Tennessee 38556
Telephone Number: (931)879-3319
Fax Number: (931)879-5056

**INTERNAL CONTROL AND
COMPLIANCE SECTION**

**REPORT ON INTERNAL CONTROL
AND COMPLIANCE AND OTHER MATTERS**

Hassell Ray York and Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 137 • Phone: 931-484-5570

Crossville, Tennessee 38557

September 24, 2009

Board of Directors
Fentress County Emergency
Communications District
P. O. Box 460
Jamestown, Tennessee 38556

***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***

We have audited the financial statements of the Fentress County Emergency Communications District, a component unit of Fentress County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated September 24, 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 Fentress County 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 Fentress County Emergency Communications District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fentress County Emergency Communications District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 Fentress County Emergency Communications 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 Fentress County Emergency Communications District's financial statements that is more than inconsequential will not be prevented or detected by the Fentress County Emergency Communications District's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item number 09-01 to be a significant deficiency in internal control over financial reporting.

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 Fentress County Emergency Communications 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fentress County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 09-01.

Fentress County Emergency Communications District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit Fentress County Emergency Communications District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, the Comptroller's Office of the State of Tennessee, and Fentress County, Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

HASSELL RAY YORK AND ASSOCIATES, P.C.

Hassell Ray York

(Signed)

Hassell Ray York
Certified Public Accountant

SCHEDULE OF FINDINGS AND RESPONSES

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
Schedule of Findings and Responses
June 30, 2009

FINDING 09-01

Actual Amounts Exceed Budgeted Amounts

At the line-item level certain actual amounts exceed the budgeted amounts.

Tennessee Code Annotated, Section 7-86-120, states that no emergency communications district may spend monies, regardless of their source, except in accordance with an adopted budget.

Recommendation:

Management should periodically review actual to budgeted reports to ascertain that expenditures are being made within the budgeted amounts. The budget should be amended before additional expenditures are made in excess of the budgeted amounts.

Management's Response:

We are diligent in monitoring the District's actual expenditures in comparison to budgeted amounts. However, the E-911 center took a direct lightning hit which resulted in substantial repairs and replacement of communications equipment that was not originally budgeted for causing this finding and it was not possible to delay the repairs until the budget could be amended. All monies spent was reimbursed by the District's insurance company but was not received until after the close of the fiscal year.