

**DECATUR COUNTY EMERGENCY
COMMUNICATION DISTRICT**

**FINANCIAL STATEMENTS AND
AUDITORS' REPORTS
JUNE 30, 2009**

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
INDEPENDENT AUDITORS' REPORT, FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION
JUNE 30, 2009

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**DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
ROSTER OF BOARD OF DIRECTORS AND MANAGEMENT OFFICIALS
JUNE 30, 2009**

BOARD OF DIRECTORS

Joe Keeton – President

Russell Keeton – Vice President

Diana Montgomery – Secretary/Treasurer

Melvin Brasher

Kevin Cagle

Becky Stanfill

Blain Houchin

Curtis Mickey Bond

Scott Cagle

MANAGEMENT OFFICIALS

Debbie Keeton – Director

Joey Alexander – Assistant Director

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

Our discussion and analysis of Decatur County Emergency Communication District's (the District) financial performance will offer readers of the District's financial statements a narrative overview and review of the financial activities of the District for the fiscal year ended June 30, 2009. Readers are encouraged to consider the information presented here in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statements of Net Assets and the Statements of Revenues, Expenses and Changes in Net Assets (on pages 7 through 8) provide information about the activities of the District's finances.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the District's financial statements. The notes to the financial statements can be found on pages 10 - 13.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplemental information concerning the District is required by the Tennessee Emergency Communication Board. This other supplemental information can be found on pages 14 – 16 of this report.

Comparative Data

Statement of Net Assets

	June 30, 2009	Percent of Total	June 30, 2008	Percent of Total
Current assets	\$ 236,853	43.85%	\$ 333,607	68.86%
Capital assets	303,091	56.12%	150,738	31.11%
Other assets	140	0.03%	140	0.03%
Total assets	<u>540,084</u>	<u>99.97%</u>	<u>484,485</u>	<u>100.00%</u>
Current liabilities	-	0.00%	-	0.00%
Total liabilities	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Net assets				
Invested in capital assets	303,091	56.12%	150,738	31.11%
Unrestricted	236,993	43.88%	333,747	68.89%
Total net assets	<u>\$ 540,084</u>	<u>100.00%</u>	<u>\$ 484,485</u>	<u>100.00%</u>

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

The changes in the District's net assets are described below:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Revenues		
Operating revenues	\$ 164,433	\$ 162,331
Expenses		
Contracted services	167,990	126,579
Supplies and materials	21,233	12,715
Other charges	6,417	4,803
Depreciation	33,004	34,669
Total expenses	<u>228,644</u>	<u>178,766</u>
Operating income (loss)	(64,211)	(16,435)
Nonoperating revenue (expenses)	<u>119,810</u>	<u>22,689</u>
Change in net assets	55,599	6,254
Net assets - beginning of year	<u>484,485</u>	<u>478,231</u>
Net assets - end of year	<u>\$ 540,084</u>	<u>\$ 484,485</u>

The District had a profit of \$55,599 compared to a profit in the prior year of \$6,254. This current year increase in profit was due to receiving additional grants from the State Emergency Communication Board and receiving insurance recovery on damaged assets (purchased assets are being depreciated over their useful life).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 2009, the District had \$303,091 invested in a broad range of capital assets, including buildings and improvements, furniture and fixtures, office equipment, and communications equipment. There were capital asset additions of \$191,504 and capital asset disposals of \$237,788 in the current year due to (1) lightning damage to existing assets and (2) additional asset purchases due to move of the District's physical location. Accumulated depreciation decreased by \$198,637 due to capital asset disposals. Additional information on capital assets is in Note 6.

Debt

At year-end, the District had no debt.

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES AND RATES

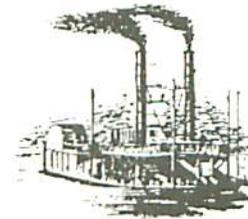
The District is dependent on telephone service charges collected by various phone companies and remitted to the District as well as operating grants and capital grants from the State Emergency Communications Board.

A budget is prepared before each fiscal year. Next year the budget shows total revenues of \$183,085 (including grants of \$82,215 which will be used to help pay operational expenses) and expenses of \$164,399.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the District at 21 S. South Street, Decaturville, Tennessee.

Debbie Keeton
Director



Independent Auditors' Report

Board of Directors
Decatur County Emergency Communication District
Decaturville, Tennessee

We have audited the accompanying financial statements of Decatur County Emergency Communication District (the District), a component unit of Decatur County, Tennessee, as listed in the table of contents, as of and for the year ended June 30, 2009. 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 the District, as of June 30, 2009, and the changes in financial position, and its cash flows thereof 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 December 7, 2009, 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 important for assessing the results of our audit.

The management's discussion and analysis on pages 3 - 5 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 financial statements that collectively comprise the District's basic financial statements. The introductory section (pages 1 - 2) and the supplemental information (pages 14 - 16) are presented for purposes of additional analysis and are not required parts of the basic 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 basic financial statements taken as a whole. The introductory section 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.

Williams, Jerrold, Godwin & Nichols, PLLC

December 7, 2009

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
STATEMENT OF NET ASSETS
JUNE 30, 2009

ASSETS

CURRENT ASSETS

Cash	\$ 182,756
Certificate of deposit	30,092
Accounts receivable	<u>24,005</u>

TOTAL CURRENT ASSETS 236,853

FIXED ASSETS

Furniture and fixtures	32,767
Office equipment	21,115
Communications equipment	<u>379,360</u>
	433,242
LESS: accumulated depreciation	<u>(130,151)</u>

NET FIXED ASSETS 303,091

OTHER ASSETS

Utility deposit	<u>140</u>
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TOTAL ASSETS \$ 540,084

LIABILITIES AND NET ASSETS

LIABILITIES \$ -

NET ASSETS

Invested in capital assets	303,091
Unrestricted net assets	<u>236,993</u>

TOTAL NET ASSETS 540,084

TOTAL LIABILITIES AND NET ASSETS \$ 540,084

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

OPERATING REVENUES	
Emergency telephone service charges	\$ 61,687
State Emergency Communication Board - shared wireless charges	30,531
State Emergency Communication Board - operational funding	<u>72,215</u>
TOTAL OPERATING REVENUES	<u>164,433</u>
OPERATING EXPENSES	
Contracted Services	167,990
Supplies and Materials	21,233
Other Charges	6,417
Depreciation	<u>33,004</u>
TOTAL OPERATING EXPENSES	<u>228,644</u>
NET OPERATING REVENUE (EXPENSE)	<u>(64,211)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest and Investment Income	3,541
State Emergency Communications Board - Grants & Reimbursements	52,685
Loss on Disposal of Property	(6,147)
Insurance Reimbursements	<u>69,731</u>
NONOPERATING REVENUES (EXPENSES) - NET	<u>119,810</u>
CHANGE IN NET ASSETS	55,599
NET ASSETS - BEGINNING OF YEAR	<u>484,485</u>
NET ASSETS - END OF YEAR	<u><u>\$ 540,084</u></u>

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 145,947
Cash payments to suppliers for goods and services	<u>(195,640)</u>
CASH USED FOR OPERATING ACTIVITIES	<u>(49,693)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Grants and reimbursements	<u>20,286</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grants and reimbursements	32,399
Insurance recovery on damaged capital asset	69,731
Acquisition of capital assets	<u>(191,504)</u>
CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES	<u>(89,374)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment income	3,541
Investment in certificate of deposit	(2,683)
Proceeds from certificate of deposit	<u>149,108</u>
CASH PROVIDED BY INVESTING ACTIVITIES	<u>149,966</u>
INCREASE IN CASH	31,185
CASH AND CASH EQUIVALENTS - BEGINNING	<u>151,571</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 182,756</u></u>
<hr/>	
RECONCILIATION OF INCOME FROM OPERATIONS TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net operating revenue (expense)	\$ (64,211)
Adjustments to reconcile operating revenue to net cash provided by operating activities:	
Depreciation	33,004
Changes in Assets and Liabilities	
Accounts receivable	<u>(18,486)</u>
CASH USED FOR OPERATING ACTIVITIES	<u><u>\$ (49,693)</u></u>

The accompanying notes are an integral part of these financial statements.

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. GENERAL INFORMATION

GASB Conformity

The financial statements included herein are prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement 20 - "Election of a Reporting Method" - required the Decatur County Emergency Communication District (the District) to elect either (1) all provisions of the Financial Accounting Standards Board (FASB) issued prior to 1989 for proprietary type funds, or (2) all of the provisions of the FASB regardless of the issue date for proprietary type funds. The District elected to adopt only the provisions of the FASB prior to 1989.

Component unit

The District provides 911 emergency assistance to persons living in Decatur County. The District is a component unit of Decatur County. Accordingly, this financial data is incorporated into the County's financial statements. The District is governed by nine members who serve staggered four-year terms. Board members are appointed by the County Mayor and ratified by the Decatur County Commission. The County Commission pays for dispatcher salaries and benefits and furnishes the District's operating headquarters. The District pays the County Commission \$4/hour per each District employee (as well as an additional \$.84/hour for the assistant director's salary) and pays all of the salary of one employee, which is shown as contract with government agencies expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Revenues and expenses are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Fixed Assets

All fixed assets of the District are recorded at original cost, except for donated equipment which is recorded at fair market value. Expenses which materially increase values or capacities, or extend useful lives of these assets are capitalized while expenses for maintenance and repairs are charged to operations as incurred.

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Gains and losses from the sale of fixed assets are reflected in operations and the asset accounts and related allowances for depreciation are reduced. Also, depreciation expense on all depreciable items is systematically charged against operations using the straight-line method over their estimated useful lives. Any related interest cost is also added to the cost of the asset as appropriate.

Operating revenues and expenses

Operating revenues and expenses are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from daily operations are defined as nonoperating.

Fund Accounting

The accounts of the District are organized on the basis of funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses, as appropriate. The accounts in the financial statements in this report fall under one broad fund category as follows:

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

3. REVENUES

Revenues are derived from telephone customers in the area served by the District. The telephone company collects the fees on the monthly telephone bills (\$.65 per residence line and \$2.00 per business line) and remits them to the District. Revenues are also derived from wireless charges from cellular phone fees. The State of Tennessee collects these fees and remits them to the District bimonthly.

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

4. RISK MANAGEMENT

All of the District's fixed assets are located in or on facilities owned by Decatur County. The District owns all office and communications equipment. The District is exposed to loss of personal property by fire, accident or an act of God, as well as tort liabilities and errors and omissions. The District is insured against these risks under the Decatur County Mayor's commercial insurance policy. It is also named as a component unit of Decatur County for basic general liability coverage of up to \$1,000,000 per liability. The District has had no insurance settlements in excess of insurance coverage during the past three years.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, as used in the Statement of Cash Flows, includes demand deposit accounts and certificates of deposit with original maturities of three months or less when purchased, in accordance with GASB Statement No. 9.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows:

	<u>Balance 7/1/2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2009</u>
Capital assets being depreciated:				
Land improvements	7,829	-	7,829	-
Furniture and fixtures	-	32,767	-	32,767
Office equipment	28,382	15,975	23,242	21,115
Communications equipment	443,315	142,762	206,717	379,360
Total capital assets being depreciated	<u>479,526</u>	<u>191,504</u>	<u>237,788</u>	<u>433,242</u>
Less accumulated depreciation for:				
Land improvements	(6,411)	(319)	6,730	-
Furniture and fixtures	-	(546)	-	(546)
Office equipment	(28,219)	(424)	23,237	(5,406)
Communications equipment	(294,158)	(31,715)	201,674	(124,199)
Total accumulated depreciation	<u>(328,788)</u>	<u>(33,004)</u>	<u>231,641</u>	<u>(130,151)</u>
Total business-type activities capital assets, net	<u>\$ 150,738</u>	<u>\$ 158,500</u>	<u>\$ 469,429</u>	<u>\$ 303,091</u>

Depreciation expense of \$33,004 was recorded by the District.

7. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state, and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over the District resources follows.

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

7.A. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

The District's investment policies are governed by State statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit and savings accounts. The District has no policy that further limits allowable investments. At June 30, 2009, investments consisted entirely of a certificate of deposit with a local bank. Investments are carried at cost which approximates fair value.

For deposits and investments, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy regarding custodial credit risk for deposits. Collateral is required for demand deposits and certificates of deposit at 105% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. The District's deposits at year-end were not exposed to custodial credit risk due to being entirely covered by federal depository insurance.

7.B. BUDGET APPROPRIATIONS

In accordance with State law, the board of the District must adopt and operate under an annual budget. Criteria for the information required in the annual adopted budget are detailed in Section 7-86-120, *Tennessee Code Annotated*. However, for financial reporting purposes it is only necessary to present budgetary revenues and expenses compared to actual. All purchases must be made within the limits of the approved budget. Expenses must be presented at the legal level of control, which is defined to be at the line-item level.

The District's expenses were within appropriations at the line-item level.

8. ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with generally accepted accounting principles 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.

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Emergency Telephone Service Charge	\$ 67,368	\$ 61,687	\$ (5,681)
State Emergency Communication Board - Shared wireless charge	26,671	30,531	3,860
Operational funding	91,791	72,215	(19,576)
TOTAL OPERATING REVENUES	185,830	164,433	(21,397)
OPERATING EXPENSES			
<u>Contracted Services</u>			
Addressing/Mapping Expenses	3,200	1,126	2,074
Advertising	119	119	-
Audit Services	2,250	2,250	-
Contract with Government Agencies	101,182	101,182	-
Fees Paid to Service Providers	15,216	14,868	348
Maintenance agreements	13,810	13,810	-
NCIC/TBI/TIES Expenses	1,050	-	1,050
Pest Control	150	-	150
Maintenance and Repairs-Communications Equipment	167,929	25,087	142,842
Maintenance and Repairs-Buildings and Facilities	1,441	1,091	350
Maintenance and Repairs-Office Equipment	32,767	-	32,767
Other Contracted Services-Generator	8,457	8,457	-
<u>Supplies and Materials</u>			
Office Supplies	5,964	5,492	472
Custodial Supplies	2,000	1,008	992
Postage	390	254	136
Small Equipment Purchases	7,300	5,579	1,721
Utilities-Electric	4,333	4,333	-
Utilities-Gas	721	720	1
Utilities-Water and Sewer	1,374	278	1,096
Utilities-General Telephone	19,227	2,618	16,609
Utilities-Cell Phones and Pagers	1,090	951	139
<u>Other Charges</u>			
Bank Charges	81	16	65
Board Meeting Expenses	369	369	-
Dues and Memberships	150	150	-
Employee Testing and Exams	500	27	473
Legal Notices	110	-	110
Premiums on Surety Bonds	2,180	2,148	32
Public Education	550	249	301
Service Awards	2,750	2,750	-
Training Expenses	210	-	210
Travel	100	-	100
Internet Charges	708	708	-
<u>Depreciation</u>			
Depreciation expense	-	33,004	(33,004)
TOTAL OPERATING EXPENSES	397,678	228,644	169,034
NET OPERATING REVENUE (EXPENSE)	(211,848)	(64,211)	147,637
OTHER INCOME (EXPENSE)			
Interest and Investment Income	1,203	3,541	2,338
State Emergency Communications Board - Grants & Reimb.	625,204	52,685	(572,519)
Loss on Disposal of Property	-	(6,147)	(6,147)
Insurance Reimbursements	-	69,731	69,731
OTHER INCOME (EXPENSE) NET	626,407	119,810	(506,597)
CHANGE IN NET ASSETS	414,559	55,599	(358,960)
NET ASSETS - BEGINNING OF YEAR	484,485	484,485	-
NET ASSETS - END OF YEAR	\$ 899,044	\$ 540,084	\$ (358,960)

DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
SCHEDULE OF DETAILED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

Operating Expenses

Contracted Services

Addressing/Mapping Expenses	\$ 1,126
Advertisement	119
Audit Services	2,250
Contracts With Government Agencies	101,182
Fees Paid to Service Providers	14,868
Maintenance Agreements	13,810
Maintenance and Repairs-Communications Equipment	25,087
Maintenance and Repairs-Buildings and Facilities	1,091
Generator Rental	8,457
<u>Total Contracted Services</u>	<u>167,990</u>

Supplies and Materials

Office Supplies	5,492
Custodial Supplies	1,008
Postage	254
Small Equipment Purchases	5,579
Utilities-Electric	4,333
Utilities-Gas	720
Utilities-Water and Sewer	278
Utilities-General Telephone	2,618
Utilities-Cell Phones and Pagers	951
<u>Total Supplies and Materials</u>	<u>21,233</u>

Other Charges

Bank charges	16
Board Meeting Expenses	369
Dues and Memberships	150
Testing/Evaluations	27
Premiums on Surety Bonds	2,148
Public Education	249
Service Awards	2,750
Internet Charges	708
<u>Total Other Charges</u>	<u>6,417</u>

Depreciation

Depreciation Expense	33,004
<u>Total Depreciation</u>	<u>33,004</u>

<u>Total Operating Expenses</u>	<u>\$ 228,644</u>
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DECATUR COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Decatur County, Tennessee)
SCHEDULE OF INFORMATION REQUIRED BY THE TENNESSEE EMERGENCY
COMMUNICATIONS BOARD
JUNE 30, 2009

Number of public safety answering points (PSAP)

One

Address of PSAP

Decatur County Emergency Communication District
21 S. South Street
Decaturville, TN 38363

Type of system/equipment and database used by the PSAP

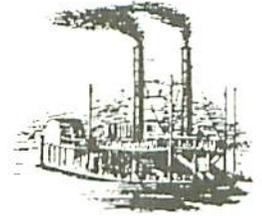
System/equipment - TCI equipment
Database - Tennessee Telephone

Director's information

Name: Debbie Keeton
Address: 250 Luna Street, P.O. Box 251
Decaturville, TN 38329
Phone: (731) 852-4861
Fax #: (731) 852-3914

Chairman's information

Name: Joe Keeton
Address: 5158 Largo Road
Decaturville, TN 38329
Phone: (731) 852-4507
Fax #: (731) 852-3914



**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
Decatur County Emergency Communication District
Decaturville, Tennessee

We have audited the financial statements of Decatur County Emergency Communication District (the District), a component unit of Decatur County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 7, 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 Decatur County Emergency Communication 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 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 two 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 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. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

2009-01 INADEQUATE SEGREGATION OF DUTIES

Due to the lack of personnel there is not sufficient segregation of duties to accomplish an adequate internal control structure.

RECOMMENDATION: Management should try to compensate for this by requiring preparation of monthly reports in key areas. These reports should be reviewed and maintained by management.

MANAGEMENT'S RESPONSE: We have management review monthly key reports. We also keep management informed of any changes or corrections made to key reports.

2009-012 FINANCIAL STATEMENTS MATERIALLY MISSTATED

The financial statements were materially misstated because personnel failed to record disposal of capital assets, did not adjust accounts receivable, and misclassified equipment purchases.

RECOMMENDATION: Personnel should properly record all financial transactions as they occur. Infrequent transactions should be posted so that financials are in accordance with generally accepted accounting principles.

MANAGEMENT'S RESPONSE: We record all financial information as accurately as possible. We will strive to improve our accounting and 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 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 significant deficiencies 2009-01 and 2009-02 described above are material weaknesses.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

DISPOSITION OF PRIOR AUDIT FINDINGS:

2008-01 UNCOLLATERALIZED DEPOSITS—Corrected.

The District's response to the findings identified in our audit is described above. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

William, Jewell, Gordon & Nulish, PLLC

December 7, 2009