

**HARDIN COUNTY EMERGENCY
COMMUNICATION DISTRICT**

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

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

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**HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
ROSTER OF BOARD OF DIRECTORS
JUNE 30, 2009**

David Alexander - Director

Melvin Martin - Chairman

Mark Mitchell - Vice Chairman

Joyce England

Wally Hamilton

Donald Derr

Sammy Davidson

Paul Blount

Jamie Lee Johnson

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

Our discussion and analysis of Hardin 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 – 15 of this report.

Comparative Data

Statement of Net Assets

	<u>June 30, 2009</u>	<u>Percent of Total</u>	<u>June 30, 2008</u>	<u>Percent of Total</u>
Current and other assets	\$ 647,243	85.74%	\$ 498,118	77.39%
Capital assets	107,676	14.26%	145,525	22.61%
Total assets	<u>754,919</u>	<u>100.00%</u>	<u>643,643</u>	<u>100.00%</u>
Current liabilities	10,242	1.36%	202	0.03%
Total liabilities	<u>10,242</u>	<u>1.36%</u>	<u>202</u>	<u>0.03%</u>
Net assets				
Invested in capital assets	107,676	14.26%	145,525	22.61%
Unrestricted	637,001	84.38%	497,916	77.36%
Total net assets	<u>\$ 744,677</u>	<u>98.64%</u>	<u>\$ 643,441</u>	<u>99.97%</u>

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin 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	\$ 284,462	\$ 176,960
Expenses		
Salaries and Wages	20,103	6,000
Employee Benefits	3,101	477
Contracted services	113,917	126,763
Supplies and materials	7,670	6,456
Other charges	5,310	4,897
Depreciation	37,849	53,245
Total expenses	<u>187,950</u>	<u>197,838</u>
Operating income (loss)	96,512	(20,878)
Nonoperating revenue (expenses)	<u>4,724</u>	<u>92,560</u>
Change in net assets	101,236	71,682
Net assets - beginning of year	<u>643,441</u>	<u>571,759</u>
Net assets - end of year	<u>\$ 744,677</u>	<u>\$ 643,441</u>

The District had a profit of \$101,236 compared to a profit in the prior year of \$71,682. This current year increase in profit was due to decrease in expenses since a periodic expense was captured in the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 2009, the District had \$107,676 invested in a broad range of capital assets, including buildings and improvements, furniture and fixtures, office equipment, communications equipment, and vehicles. There were no capital asset additions or disposals in the current year. Accumulated depreciation increased by \$37,849 or 5%. Additional information on capital assets is in Note 8.

Debt

At year-end, the District had no debt.

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin 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 \$732,435 (including grants of \$50,000 which will be used to help pay operational expenses) and expenses of \$732,435.

Currently, emergency personnel are employees of the City of Savannah. The District along with Hardin County remits fees to share these costs. Effective July 1, 2009, the District will assume the salaries of dispatchers and emergency personnel.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

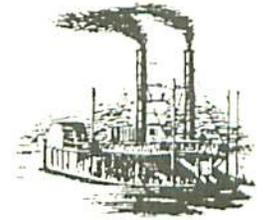
This financial report is designed to provide our citizens, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the District at 465 Main Street, Savannah, Tennessee.

David Alexander
Director

WILLIAMS, JERROLD, GODWIN & NICHOLS, PLLC
Certified Public Accountants

408 Main Street, Savannah, Tennessee 38372

Phone (731) 925-6547 Fax (731) 925-9524



Independent Auditors' Report

Board of Directors
Hardin County Emergency Communication District
Savannah, Tennessee

We have audited the accompanying financial statements of Hardin County Emergency Communication District (the District), a component unit of Hardin County, Tennessee, as listed in the table of contents, as of and for the years 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 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 January 14, 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 assessing the results of our audits.

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 - 15) 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 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. 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

January 14, 2010

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
STATEMENT OF NET ASSETS
JUNE 30, 2009

ASSETS

CURRENT ASSETS

Cash	\$ 327,281
Investments	271,159
Accounts receivable	<u>48,803</u>

TOTAL CURRENT ASSETS 647,243

FIXED ASSETS

Building improvements	43,985
Equipment - capital lease	339,029
Equipment and software	264,547
Vehicles	25,196
Maps	<u>176,904</u>

LESS: accumulated depreciation	<u>(741,985)</u>
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NET FIXED ASSETS 107,676

TOTAL ASSETS \$ 754,919

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 9,198
Accrued expenses	<u>1,044</u>

TOTAL CURRENT LIABILITIES 10,242

NET ASSETS

Invested in capital assets	107,676
Unrestricted	<u>637,001</u>

TOTAL NET ASSETS 744,677

TOTAL LIABILITIES AND NET ASSETS \$ 754,919

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

OPERATING REVENUES	
Emergency telephone service charges	\$ 110,915
State Emergency Communication Board - shared wireless charges	87,378
State Emergency Communication Board - operational funding	<u>86,169</u>
TOTAL OPERATING REVENUES	<u>284,462</u>
OPERATING EXPENSES	
Salaries and Wages	
Director	14,103
Administrative Personnel	6,000
Employee Benefits	
Social Security	967
Medicare	226
Medical insurance	1,873
Unemployment compensation	35
Contracted Services	
Advertising	398
Audit services	3,100
Accounting services	1,000
Contracts with government agencies	71,636
Fees paid to service providers	30,719
Technical services	2,670
Maintenance and repairs - communications equipment	4,394
Supplies and Materials	
Office supplies	985
Data processing supplies	767
Postage	89
Small equipment purchases	990
Utilities - gas	524
Utilities - telephone	3,029
Utilities - cell phones and pagers	1,286
Other Charges	
Board meetings	163
Dues	217
Insurance - liability	3,000
Premiums on surety bonds	560
Service awards	1,000
Travel expenses	370
Depreciation	<u>37,849</u>
TOTAL OPERATING EXPENSES	<u>187,950</u>
NET OPERATING INCOME (LOSS)	<u>96,512</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	1,057
Investment income	<u>3,667</u>
NONOPERATING REVENUES (EXPENSES) - NET	<u>4,724</u>
CHANGE IN NET ASSETS	101,236
NET ASSETS - BEGINNING OF YEAR	<u>643,441</u>
NET ASSETS - END OF YEAR	<u>\$ 744,677</u>

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

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

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 256,748
Payments to suppliers	(119,958)
Payments to employees	(20,103)
CASH PROVIDED BY OPERATING ACTIVITIES	116,687

INVESTING ACTIVITIES

Interest income	1,057
Investment income	3,667
Investment in certificate of deposit	(3,667)
Purchases of investments	(250,000)
CASH USED FOR INVESTING ACTIVITIES	(248,943)

DECREASE IN CASH	(132,256)
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CASH - BEGINNING OF PERIOD	459,537
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CASH - END OF PERIOD	\$ 327,281
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**RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income (loss)	\$ 96,512
Adjustments to derive cash effect:	
Depreciation	37,849
Accounts receivable	(27,714)
Accrued expenses	842
Accounts payable	9,198
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 116,687

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

1. GENERAL INFORMATION

Component unit

Hardin County Emergency Communication District (the District) provides 911 emergency assistance to persons living in Hardin County. The District is a component unit of Hardin County. Accordingly, this financial data is incorporated into the County's financial statements. Board members are appointed by the County Mayor. Additionally, any bonded indebtedness by the District is subject to the approval of the Hardin County Commission. Revenues received in excess of the District's operating requirements are remitted to the City of Savannah which pays the salaries of the dispatchers. Any unreimbursed dispatcher salaries are evenly shared by the City and the County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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.

Measurement focus and basis of accounting

The District uses the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities associated with their activities are reported.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. It 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.

Cash and cash equivalents

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

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

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

while expenses for maintenance and repairs are charged to operations as incurred. Any related interest cost is also added to the cost of the asset as appropriate.

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.

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. Telephone companies collect the fees on the monthly telephone bills and remit them to the District.

4. RISK MANAGEMENT

It is the policy of the District to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property damage, and theft. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the prior year.

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

5. CONTRACT AGREEMENT

In 1992, the District entered into an agreement with Hardin County, Tennessee, and the City of Savannah, Tennessee, whereby the Board of the District is charged with the responsibilities of establishing and collecting service fees; seeking additional funding and issuing bonds, if necessary; and creating a dispatch service and determining the mode. Further, the parties agreed that the City of Savannah would serve as the administrative unit with the responsibility to operate the dispatch facility in a manner consistent with statutory requirements. The District has traditionally remitted excess funds to the City to cover various operating expenses. This year the District remitted \$71,636 to the City.

6. DEPOSITS AND INVESTMENTS

The District's investment policies are governed by State statute. Included in permissible investments are 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. Investments consist of a certificate of deposit, the fair value of which was comparable to the carrying value.

For deposits, custodial credit risk is the risk that, in the event of a bank failure, District 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 and pledged collateral held by the pledging financial institution's agent in the entity's name.

7. COMPENSATED ABSENCES

The District provides no benefits such as vacation and sick leave to its employees.

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

8. CAPITAL ASSETS

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

Buildings and improvements	43,985	-	-	43,985
Equipment - capital lease	339,029	-	-	339,029
Equipment and software	264,547	-	-	264,547
Vehicles	25,196	-	-	25,196
Maps	176,904	-	-	176,904
Total capital assets being depreciated	<u>849,661</u>	<u>-</u>	<u>-</u>	<u>849,661</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,975)	(1,466)	-	(12,441)
Equipment - capital lease	(324,191)	(8,903)	-	(333,094)
Equipment and software	(235,753)	(14,606)	-	(250,359)
Vehicles	(25,196)	-	-	(25,196)
Maps	(108,021)	(12,874)	-	(120,895)
Total accumulated depreciation	<u>(704,136)</u>	<u>(37,849)</u>	<u>-</u>	<u>(741,985)</u>
Total capital assets, net	<u>\$ 145,525</u>	<u>\$ (37,849)</u>	<u>\$ -</u>	<u>\$ 107,676</u>

Depreciation expense of \$37,849 (\$53,245 in 2008) was recorded by the District.

9. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local governmental 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.

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.

10. 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.

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
STATEMENT 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 charges	\$ 84,000	\$ 110,915	\$ 26,915
State Emergency Communication Board - shared wireless charges	47,500	87,378	39,878
State Emergency Communications Board - operational funding	<u>195,000</u>	<u>86,169</u>	<u>(108,831)</u>
TOTAL OPERATING REVENUES	<u>326,500</u>	<u>284,462</u>	<u>(42,038)</u>
OPERATING EXPENSES			
<u>Salaries and Wages</u>			
Director	18,600	14,103	4,497
Administrative Personnel	6,000	6,000	-
<u>Employee Benefits</u>			
Social Security	3,150	967	2,183
Life insurance	100	-	100
Medicare	675	226	449
Dental insurance	100	-	100
Medical insurance	3,000	1,873	1,127
Unemployment compensation	500	35	465
<u>Contracted Services</u>			
Advertising	500	398	102
Audit	3,500	3,100	400
Accounting services	1,600	1,000	600
Administrative fees - service charges	1,200	-	1,200
Contracts with government agencies	77,500	71,636	5,864
Fees paid to service providers	35,000	30,719	4,281
Technical services	6,000	2,670	3,330
Maintenance and repairs - communications equipment	25,000	4,394	20,606
<u>Supplies and Materials</u>			
Office supplies	1,000	985	15
Data processing supplies	2,000	767	1,233
Internet	800	-	800
Postage	150	89	61
Small equipment purchases	2,500	990	1,510
Utilities - gas	600	524	76
Utilities - telephone	3,500	3,029	471
Utilities - cell phones and pagers	1,800	1,286	514
<u>Other Charges</u>			
Board meetings	350	163	187
Building fund	33,119	-	33,119
Dues	225	217	8
Insurance - liability	3,500	3,000	500
Insurance - workers comp	500	-	500
Premiums on surety bonds	700	560	140
Service awards	1,000	1,000	-
Training expense	1,000	-	1,000
Travel, entertainment, conventions	3,000	370	2,630
<u>Depreciation</u>			
Depreciation expense	<u>38,000</u>	<u>37,849</u>	<u>151</u>
TOTAL OPERATING EXPENSES	<u>276,169</u>	<u>187,950</u>	<u>88,219</u>
NET OPERATING REVENUE	<u>50,331</u>	<u>96,512</u>	<u>46,181</u>
OTHER INCOME (EXPENSE)			
Interest income	550	1,057	507
Investment income	-	3,667	3,667
OTHER INCOME (EXPENSE) NET	<u>550</u>	<u>4,724</u>	<u>4,174</u>
CHANGE IN NET ASSETS	<u>50,881</u>	<u>101,236</u>	<u>50,355</u>
NET ASSETS - BEGINNING OF YEAR	<u>643,441</u>	<u>643,441</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 694,322</u>	<u>\$ 744,677</u>	<u>\$ 50,355</u>

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
SCHEDULE OF INFORMATION REQUIRED BY THE TENNESSEE EMERGENCY
COMMUNICATIONS BOARD
JUNE 30, 2009

Number of public safety answering points (PSAP)

One

Address of PSAP

Hardin County Emergency Communication District
80 King Street
Savannah, TN 38372

Type of system/equipment and database used by the PSAP

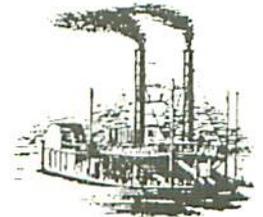
System/equipment - Positron
Database - Century Telephone and South Central Bell

Director's information

Name: David Alexander
Address: 465 Main Street
Savannah, TN 38372
Phone: (731)925-6178
Fax #: (731)925-6704

Chairman's information

Name: Melvin Martin
Address: 465 Main Street
Savannah, TN 38372
Phone: (731)925-6178
Fax #: (731)925-6704



**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
Hardin County Emergency Communication District
Savannah, Tennessee

We have audited the financial statements of Hardin County Emergency Communication District (the District), a component unit of Hardin County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated January 14, 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 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 some 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 deficiency described below to be a significant deficiency in internal control over financial reporting.

2009-01 FINANCIAL STATEMENTS MATERIALLY MISSTATED

The financial statements (before audit adjustments) were materially misstated because current year receivables, payables, and other expenses had not been posted.

Recommendation: Personnel should properly record all financial transactions as they occur and prior years' audit adjustments should be timely posted in order to present financials in accordance with generally accepted accounting principles.

Management's Response: Books will remain open for a longer period next year, in order to facilitate any necessary adjustments to receivables and payables. Closer observation will be taken with regards to these transactions in order to place them on the correct side of the fiscal year's end.

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 PRE-SIGNED CHECKS—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, Jenolds, Gordon & Nubich, PLLC

January 14, 2010