

**HENDERSON COUNTY EMERGENCY  
COMMUNICATION DISTRICT**

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

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

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

Willett Coffman - Chairman

Kenneth Vineyard - Vice Chairman

Ida Myracle -Treasurer

Emily Blankenship - Secretary

Audra Moffitt

Barry Roberts

Doug Melton

Joe Tate

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

Our discussion and analysis of Henderson 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 Statement of Net Assets and the Statement 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**

	<u>June 30, 2009</u>	<u>Percent of Total</u>	<u>June 30, 2008</u>	<u>Percent of Total</u>
Current and other assets	\$ 376,366	86.29%	\$ 355,868	80.38%
Capital assets	59,818	13.71%	86,883	19.62%
Total assets	<u>436,184</u>	<u>100.00%</u>	<u>442,751</u>	<u>100.00%</u>
Current liabilities	<u>17,751</u>	-	-	-
Total liabilities	<u>17,751</u>	-	-	-
Net assets				
Invested in capital assets	59,818	14.30%	86,883	19.62%
Unrestricted	358,615	85.70%	355,868	80.38%
Total net assets	<u>\$ 418,433</u>	<u>100.00%</u>	<u>\$ 442,751</u>	<u>100.00%</u>

**HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT**  
**(a component unit of Henderson 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>
<b>Revenues</b>		
Operating revenues	\$ 192,164	\$ 194,991
<b>Expenses</b>		
Contracted services	283,915	294,202
Supplies and materials	16,075	14,797
Other charges	4,633	3,375
Depreciation	27,065	25,774
Total expenses	<u>331,688</u>	<u>338,148</u>
<b>Operating income (loss)</b>	(139,524)	(143,157)
<b>Nonoperating revenue (expenses)</b>	<u>115,206</u>	<u>127,271</u>
<b>Change in net assets</b>	(24,318)	(15,886)
<b>Net assets - beginning of year</b>	<u>442,751</u>	<u>458,637</u>
<b>Net assets - end of year</b>	<u>\$ 418,433</u>	<u>\$ 442,751</u>

The District had a loss of \$24,318 compared to a loss in the prior year of \$15,886. This current year's loss was because the District received fewer grants from the State Emergency Communication Board and fewer funds from Henderson County.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 2009, the District had \$59,818 invested in capital assets, including buildings and improvements, furniture and fixtures, office equipment, communications equipment, and vehicles. Capital assets (before accumulated depreciation) remained unchanged in the current year since no asset purchases were made by the District. Accumulated depreciation increased by \$27,065. Additional information on capital assets is in Note 6.

**Debt**

At year-end, the District had no debt.

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

**ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES AND RATES**

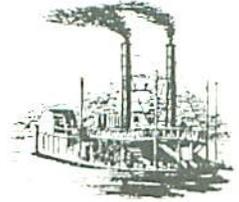
The District is dependent on telephone service charges collected by various phone companies and remitted to the District as well as operating grants and capital grants from the State Emergency Communication Board.

A budget is prepared before each fiscal year. Next year the budget shows total revenues of \$307,290 (including grants of \$174,400 which will be used to help pay mapping expenses, operating expenses, and capital asset purchases) and expenses of \$341,939.

**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 35 East Wilson Street, Lexington, Tennessee.

Pamelia Tolley  
Director



Independent Auditors' Report

Board of Directors  
Henderson County Emergency Communication District  
Henderson, Tennessee

We have audited the accompanying financial statements of Henderson County Emergency Communication District (the District), a component unit of Henderson 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 November 19, 2009, on our consideration of the District's internal control over financial reporting and 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 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*

November 19, 2009

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

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 23,748
Investments	295,034
Accounts receivable	<u>57,584</u>

**TOTAL CURRENT ASSETS** 376,366

**CAPITAL ASSETS**

Buildings and improvements	25,786
Furniture and fixtures	153
Office equipment	35,083
Communications equipment	148,277
Vehicles	<u>12,800</u>

222,099

LESS: accumulated depreciation (162,281)

**NET CAPITAL ASSETS** 59,818

**TOTAL ASSETS** \$ 436,184

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	<u>\$ 17,751</u>
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**NET ASSETS**

Invested in capital assets	59,818
Unrestricted net assets	<u>358,615</u>

**TOTAL NET ASSETS** 418,433

**TOTAL LIABILITIES AND NET ASSETS** \$ 436,184

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

<b>OPERATING REVENUES</b>	
Emergency Telephone Service Charges	\$ 125,740
State Emergency Communication Board - shared wireless charges	<u>66,424</u>
<b>TOTAL OPERATING REVENUES</b>	<u>192,164</u>
 <b>OPERATING EXPENSES</b>	
Contracted Services	283,915
Supplies and Materials	16,075
Other Charges	4,633
Depreciation	<u>27,065</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>331,688</u>
<b>NET OPERATING REVENUE (EXPENSE)</b>	<u>(139,524)</u>
 <b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment Income	11,132
Interest Income	121
Insurance Recovery	7,634
State Emergency Communication Board - Grants & Reimbursements	<u>96,319</u>
<b>NONOPERATING REVENUES (EXPENSES) - NET</b>	<u>115,206</u>
<b>CHANGE IN NET ASSETS</b>	(24,318)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>442,751</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 418,433</u></u>

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

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

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash receipts from customers	\$ 155,752
Cash payments to suppliers for goods and services	<u>(286,872)</u>
<b>CASH USED FOR OPERATING ACTIVITIES</b>	<u>(131,120)</u>
 <b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Grants and reimbursements	<u>103,953</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	121
Investment income	<u>11,132</u>
<b>CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>11,253</u>
<b>DECREASE IN CASH</b>	(15,914)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>39,662</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u><u>\$ 23,748</u></u>

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<b>RECONCILIATION OF INCOME FROM OPERATIONS TO</b>	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Net operating revenue (expense)	\$ (139,524)
Adjustments to reconcile operating revenue to net cash provided by operating activities:	
Depreciation	27,065
<b>Changes in Assets and Liabilities</b>	
Accounts receivable	(36,412)
Accounts payable	<u>17,751</u>
<b>CASH USED FOR OPERATING ACTIVITIES</b>	<u><u>\$ (131,120)</u></u>

**HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT**  
**(a component unit of Henderson 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 Henderson 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 Henderson County. The District is a component unit of Henderson County. Accordingly, this financial data is incorporated into the County's financial statements. The District is governed by nine members who are appointed by the Henderson County Commission. The County Commission pays all salaries and benefits for District personnel and furnishes the District's operating headquarters. The District reimburses the County Commission a portion of personnel salaries, which is shown in expenses under contract with government agencies.

**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.

**Capital Assets**

All capital 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.

**HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT**  
**(a component unit of Henderson 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. Each 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.

**HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT**  
**(a component unit of Henderson 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 Henderson 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 Henderson County government's general insurance coverage. It is also insured against possible loss related to acts of District key officers or directors by a separate blanket fidelity bond carried by the District. 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:

	<b>Balance 7/1/2008</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 6/30/2009</b>
Capital assets being depreciated:				
Buildings and improvements	\$ 25,786	\$ -	\$ -	\$ 25,786
Furniture & fixtures	153	-	-	153
Office equipment	35,083	-	-	35,083
Communications equipment	148,277	-	-	148,277
Vehicles	12,800	-	-	12,800
<b>Total capital assets being depreciated</b>	<b>222,099</b>	<b>-</b>	<b>-</b>	<b>222,099</b>
Less accumulated depreciation for:				
Buildings and improvements	(15,454)	(629)	-	(16,083)
Furniture & fixtures	(153)	-	-	(153)
Office equipment	(32,943)	(1,230)	-	(34,173)
Communications equipment	(79,626)	(22,646)	-	(102,272)
Vehicles	(7,040)	(2,560)	-	(9,600)
<b>Total accumulated depreciation</b>	<b>(135,216)</b>	<b>(27,065)</b>	<b>-</b>	<b>(162,281)</b>
<b>Total capital assets, net</b>	<b>\$ 86,883</b>	<b>\$ (27,065)</b>	<b>\$ -</b>	<b>\$ 59,818</b>

Depreciation expense of \$27,065 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.

**HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT**  
**(a component unit of Henderson 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 certificates of deposit with original maturities greater than three months at 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 depository insurance (a combination of federal depository insurance with the excess covered by the State's Bank Collateral Pool).

**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 in excess of 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.

**HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT**  
(a component unit of Henderson 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>
<b>OPERATING REVENUES</b>			
Emergency Telephone Service Charge	\$ 124,092	\$ 125,740	\$ 1,648
State Emergency Communication Board - shared wireless charges	<u>57,000</u>	<u>66,424</u>	<u>9,424</u>
<b>TOTAL OPERATING REVENUES</b>	<u>181,092</u>	<u>192,164</u>	<u>11,072</u>
<b>OPERATING EXPENSES</b>			
<u>Contracted Services</u>			
Addressing/Mapping Expenses	100	-	100
Advertising	486	486	-
Audit Services	2,500	2,500	-
Contract with Government Agencies	250,377	235,587	14,790
Fees Paid to Service Providers	1,000	3,000	(2,000)
Janitorial Services	50	250	(200)
Lease/Rental - Communications Equipment	20,300	20,031	269
Maintenance and Repairs-Buildings and Facilities	99	1,401	(1,302)
Maintenance and Repairs-Office Equipment	16,648	18,194	(1,546)
Maintenance and Repairs-Vehicles	623	2,466	(1,843)
<u>Supplies and Materials</u>			
Office Supplies	271	4,318	(4,047)
Uniform and shirts	1,512	1,512	-
Utilities-General Telephone	7,162	8,012	(850)
Utilities-Cell Phones and Pagers	1,913	2,233	(320)
<u>Other Charges</u>			
Board Meeting Expenses	-	385	(385)
Dues and Memberships	-	252	(252)
Employee Testing and Exams	374	361	13
Premiums on Surety Bonds	200	195	5
Training Expenses	2,045	2,045	-
Travel	-	808	(808)
Internet Charges	750	587	163
<u>Depreciation</u>			
Depreciation	-	27,065	(27,065)
<b>TOTAL OPERATING EXPENSES</b>	<u>306,410</u>	<u>331,688</u>	<u>(25,278)</u>
<b>NET OPERATING REVENUE (EXPENSE)</b>	<u>(125,318)</u>	<u>(139,524)</u>	<u>(14,206)</u>
<b>OTHER INCOME (EXPENSE)</b>			
Investment income	-	11,132	11,132
Interest income	13,000	121	(12,879)
Insurance Recovery	-	7,634	7,634
TECB-Grants and Reimbursements	<u>96,400</u>	<u>96,319</u>	<u>(81)</u>
<b>OTHER INCOME (EXPENSE) NET</b>	<u>109,400</u>	<u>115,206</u>	<u>5,806</u>
<b>CHANGE IN NET ASSETS</b>	<u>(15,918)</u>	<u>(24,318)</u>	<u>(8,400)</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>442,751</u>	<u>442,751</u>	<u>-</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 426,833</u>	<u>\$ 418,433</u>	<u>\$ (8,400)</u>

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

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

**Operating Expenses**

**Contracted Services**

Advertising	\$ 486
Audit Services	2,500
Contracts With Government Agencies	235,587
Fees Paid to Service Providers	3,000
Janitorial Services	250
Lease/Rental - Communications Equipment	20,031
Maintenance and Repairs-Buildings and Facilities	1,401
Maintenance and Repairs-Office equipment	18,194
Maintenance and Repairs-Vehicles	2,466
<b><u>Total Contracted Services</u></b>	<b><u>283,915</u></b>

**Supplies and Materials**

Office Supplies	4,318
Uniforms and shirts	1,512
Utilities-General Telephone	8,012
Utilities-Cell Phones and Pagers	2,233
<b><u>Total Supplies and Materials</u></b>	<b><u>16,075</u></b>

**Other Charges**

Board Meeting Expenses	385
Dues and Memberships	252
Employee Testing and Exams	361
Premiums on Surety Bonds	195
Training Expenses	2,045
Travel Expenses	808
Internet Charges	587
<b><u>Total Other Charges</u></b>	<b><u>4,633</u></b>

**Depreciation**

Depreciation	27,065
<b><u>Total Depreciation</u></b>	<b><u>27,065</u></b>

**Total Operating Expenses** **\$ 331,688**

**HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT**  
**(a component unit of Henderson County, Tennessee)**  
**SCHEDULE OF INFORMATION REQUIRED BY THE TENNESSEE EMERGENCY**  
**COMMUNICATION BOARD**  
**JUNE 30, 2009**

**Number of public safety answering points (PSAP)**

One

**Address of PSAP**

Henderson County Emergency Communication District  
35 East Wilson Street  
Lexington, TN 38351

**Type of system/equipment and database used by the PSAP**

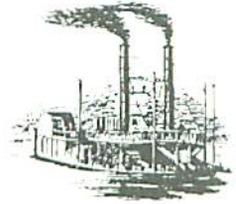
System/equipment - Moducom Ultra-Com  
Database - BellSouth

**Director's information**

Name: Pamela Tolley  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

Board of Directors  
Henderson County Emergency Communication District  
Lexington, Tennessee

We have audited the financial statements of Henderson County Emergency Communication District (the District), a component unit of Henderson County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 19, 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 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 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 were materially misstated because personnel did not adjust accounts receivable or accounts payable at year-end, and depreciation for the current year was not posted.

**RECOMMENDATION:** Personnel should properly record all financial transactions as they occur. Infrequent transactions should be properly classified to present financials 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 the significant deficiency described above is a material weakness.

#### 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 the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

#### **2009-02 EXPENSES EXCEEDING BUDGETED AMOUNTS**

The District had expenses that exceeded budgeted amounts at line-item levels.

**Recommendation:** We recommend that expenses be monitored and budget amendments be made when necessary.

**Management's Response:** We agree and will monitor more closely in the future.

#### **DISPOSITION OF PRIOR AUDIT FINDINGS:**

2008-01 BANK RECONCILIATION PREPARED INCORRECTLY—Corrected.

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, Jerrold, Gordon & Nubich, PLLC*

November 19, 2009