

**JACKSON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
JUNE 30, 2009**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**JACKSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2009**

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**JACKSON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2009**

Joey Denson, Chairman
PO Box 347
Gainesboro, TN 38562
E-mail: jdenson@twlakes.net
Phone (931) 268-9440
Term Expires 10/1/2009

Shelby Bryant, Vice Chairman/Director
155 Hidden Cove Lane
Whitleyville, TN 38588
E-mail: N/A
Phone (931) 268-0882
Term Expires 10/1/2010

Bruce Hawkins, Secretary
120 Hawkins & Biggs Lane
Gainesboro, TN 38562
E-mail: N/A
Phone (931) 268-2521
Term Expires 10/1/2009

Rebecca Smith, Treasurer
PO Box 943
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E-mail: rebeccasmith@jacksonco.com
Phone (931) 268-9785
Term Expires 10/1/2010

Michael Head
175 Head Lane
Gainesboro, TN 38562
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Term Expires 10/1/2010

Patrick Martin
224 Brown Stafford Lane
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Phone (931) 268-5755
Term Expires 10/1/2010

Mickey Smith
3247 Granville Hwy
Gainesboro, TN 38562
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Phone (931) 858-7344
Term Expires 10/1/2009

Willard Mayberry
1625 Seven Knobs Rd.
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E-mail: N/A
Phone (931) 268-0950
Term Expires 10/1/2009

TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Board of directors of the
Jackson County E-911 Emergency Communications District
Gainesboro, Tennessee

I have audited the accompanying financial statements of the Jackson County E-911 Emergency Communications District, a component unit of Jackson County, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Jackson County E-911 Emergency Communications District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jackson County E-911 Emergency Communications District, as of June 30, 2009, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 18, 2009, on my consideration of the Jackson County E-911 Emergency Communications District's internal control over financial reporting and my 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 my 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 my audit.

GASB Statement No. 34 provides guidance on Management's Discussion and Analysis, which is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board; however, management has chosen to exclude this information.

My audit was performed for the purpose of forming an opinion on the financial statements of Jackson County E-911 Emergency Communications District, taken as a whole. The accompanying supplementary financial information is presented for the purposes of additional analysis and is not a required part of the financial statements of Jackson County E-911 Emergency Communications District. Such information has been subjected to the auditing procedures applied in the examination of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

November 18, 2009
Cookeville, Tennessee

Tamara L. Beckman, CPA

**JACKSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009**

ASSETS

Current Assets

Accounts Receivable	93.96	
Due from State ECB	27,381.38	
Prepaid Expenses	<u>6,837.09</u>	
<u>Total Current Assets</u>		\$ 34,312.43

Fixed Assets

Land	2,500.00	
Building	152,968.20	
Less: A/D-Bldg & Improvements	(26,769.47)	
Office Equipment	39,284.00	
Less: A/D-Office Equipment	(35,280.92)	
Communications Equipment	786,769.51	
Less: A/D-Comm Equipment	<u>(681,459.04)</u>	
<u>Total Fixed Assets</u>		<u>238,012.28</u>

Total Assets \$ 272,324.71

LIABILITIES & NET ASSETS

Current Liabilities

Accounts Payable	508.57	
Bank Overdraft	28,591.60	
Accrued Payroll	3,870.00	
Interest Payable	1,783.69	
Lease Payable-Current Portion	<u>46,852.54</u>	
<u>Total Current Liabilities</u>		81,606.40

Long Term Lease Payable	<u>87,509.45</u>	
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Total Liabilities 169,115.85

Net Assets

Invested in Capital Assets, Net of Related Debt	103,650.29	
Unrestricted Net Assets	<u>(441.43)</u>	
<u>Total Net Assets</u>		<u>\$ 103,208.86</u>

The accompanying notes are in integral part of the financial statements

**JACKSON COUNTY E-911 EMERGENCY
COMMUNICATION DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Operating Revenue</u>		
Emergency Telephone Service Charges	\$ 103,857.46	
State ECB – Wireless	28,587.02	
State ECB – Operational Funding Program	<u>66,233.74</u>	
<u>Total Operating Revenue</u>		\$ 198,678.22
 <u>Operating Expenses</u>		
<u>Salaries & Wages</u>		
Dispatchers	<u>191,749.59</u>	
Total Salaries & Wages		\$ 191,749.59
 <u>Employee Benefits</u>		
Social Security	12,149.18	
Medicare	2,841.31	
Unemployment-State & Federal	524.45	
Health Insurance	5,543.01	
Dental Insurance	<u>1,466.40</u>	
Total Employee Benefits		22,524.35
 <u>Contracted Services</u>		
Auditing Services	2,000.00	
Legal Services	3,600.00	
Maintenance Agreements	21,236.48	
Mapping/DB Consultants	8,291.99	
NCIC & TCIC Data Lines	6,920.00	
<u>Maintenance & Repairs</u>		
Communications Equipment	<u>12,130.71</u>	
<u>Total Contracted Services</u>		54,179.18
 <u>Supplies & Materials</u>		
Office Supplies	1,734.61	
Postage	94.39	
Small Equipment Purchases	529.80	
<u>Utilities</u>		
General Telephone	11,714.26	
Satellite	<u>1,287.76</u>	
<u>Total Supplies & Materials</u>		15,360.82

The accompanying notes are an integral part of the financial statements

*JACKSON COUNTY E-911 EMERGENCY
COMMUNICATION DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009*

<u>Other Charges</u>		
Dues & Subscriptions	220.00	
<u>Insurance</u>		
Liability	9,035.17	
Worker's Compensation	749.96	
Legal Notices	252.00	
Premiums on Surety Bonds	975.00	
Training Expenses	998.45	
Travel Expenses	<u>2,594.13</u>	
<u>Total Other Charges</u>		14,824.71
Depreciation		<u>34,062.91</u>
<u>Total Operating Expenses</u>		<u>332,701.56</u>
Net Operating Loss		(134,023.34)
<u>Non-operating Revenue and (Expenses)</u>		
Interest Income	134.24	
State-Grants & Reimbursements	99,739.35	
Contributions from Primary Government	49,000.00	
Contributions from Other Governments	19,250.00	
UCEMC Grant	5,000.00	
Interest Expense	<u>(9,380.33)</u>	
<u>Total Non-operating Revenue (Expenses)</u>		<u>163,743.26</u>
<u>Net Increase in Net Assets</u>		29,719.92
Net Assets, June 30, 2008		<u>73,488.94</u>
Net Assets, June 30, 2009		<u>\$ 103,208.86</u>

The accompanying notes are an integral part of the financial statements

**JACKSON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2009**

Cash Flows from Operating Activities:

Cash Received from Operations	\$ 186,724.64	
Cash paid to/for Employee Services	(214,273.94)	
Cash Paid for Goods & Services	<u>(103,536.27)</u>	
Net Cash Used by Operating Activities		\$ (131,085.57)

Cash Flows from Capital & Related Financing Activities:

Payment on Lease	(36,058.89)	
Payment on Interest & Late Fees	(9,380.33)	
Purchase of New Equipment	<u>(53,042.75)</u>	
Net Cash Used by Capital & Related		(98,481.97)

Cash Flows from Non-Capital Financing Activities

Contributions from Primary Governments	49,000.00	
Contributions from Other Governments	19,250.00	
State ECB-Grants & Reimbursements	99,739.35	
Bank financing overdraft	<u>28,591.60</u>	
Net Cash Provided by Non-Capital Financing Activities		196,580.95

Cash Flows from Investing Activities:

Interest Received		<u>134.24</u>
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Net Increase in Cash and Cash Equivalent	(32,852.35)
Cash and Cash Equivalents at 6-30-08	<u>32,852.35</u>
Cash and Cash Equivalents at 6-30-09	<u>\$ -</u>

Reconciliation of Net Operating Loss to Net Cash

Used by Operating Activities

Operating Loss	\$ (134,023.34)	
Depreciation	34,062.91	
UCEMC Contract	5,000.00	
Decrease in Accounts Receivable	26.67	
Increase in Due from State ECB	(16,980.25)	
Decrease in Prepaid Expenses	3,943.53	
Decrease in Accounts Payable	(18,078.34)	
Decrease in Payroll Tax Payable	(4,276.87)	
Decrease in Accrued Payroll	(1,641.00)	
Increase in Interest Payable	<u>881.12</u>	
Net Cash Used by Operating Activities		<u>\$ (131,085.57)</u>

The accompanying notes are an integral part of the financial statements

**JACKSON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1-Organization

The Jackson County E-911 Emergency Communications District was established on October 1, 1990, for the purpose of providing an enhanced level of 911 service for the Jackson County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Jackson County – the commissioners of which appoint the Board of Directors that governs. The District must file a budget with Jackson County each year. Any bond issued by the district is subject to approval by Jackson County.

Note 2 – Summary of significant accounting policies

The Jackson county E-911 Emergency Communications district presents its financial statements on the accrual basis and according to Governmental Accounting Standards Board (GASB) Statement No. 20, follows pronouncements of the Financial Accounting Standards (FASB) issued before November 30, 1989 unless they conflict with or contradict GASB guidance. After November 30, 1989, the District follows GASB guidance only and does not follow any FASB guidance issued after that date.

Fixed assets are depreciated over their useful lives using the straight-line method. All assets purchased under \$5,000.00 are expensed unless otherwise stated by management. Depreciation begins when the fixed assets are placed in service. Depreciation is summarized as follows:

	<u>Method</u>	<u>Estimated Useful Life</u>	<u>Depreciation Expense</u>
Building	S/L	40	\$ 3,824.21
Office Equipment	S/L	5	1,441.52
Communications Equipment	S/L	5,7,12	<u>28,797.18</u>
			<u>\$ 34,062.91</u>

The budget is compiled and brought before the board for approval. The board approves any amendments.

Major Source of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges and the State Emergency Communications Board Operational Funding Program revenue. Non-operating revenue consists of grants and reimbursements from the State Emergency Communications Board, and contributions from primary and other governments.

Budgeting, Budgetary Control, and Budgetary Reporting

An annual budget using the modified accrual basis of accounting is prepared and adopted each year. The budget for the year ended June 30, 2009 was approved by the board before the fiscal year began. Certain changes in expenditure allocations of the budget were addressed and approved by the Board. Revenues are considered to be available for unrestricted use unless specifically restricted by the donor or grantor, thus the Board may reapply budgeted resources from one use to another without special approval for unrestricted funds.

Note 3 – Cash and investments

The Tennessee Government Code requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105% of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

The District had an overdraft in their checking account which has been reported in the current liability section of the Statement of Net Assets. The following is a schedule of cash accounts at June 30, 2009:

Checking	\$(28,642.35)
Payroll Checking	<u>50.75</u>
Total	<u>\$(28,591.60)</u>

At June 30, 2009, the carrying amount of the Jackson County E – 911 Emergency Communications District's cash deposits was \$(28,591.60). The District's deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. The District is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated [Acts 1992, ch. 891, Section 10].

Note 4 – Insurance Risk

Jackson County E-911 Emergency Communication District has bonds covering the chairman, vice-chairman, secretary and treasurer in the amount of \$50,000.00 at June 30, 2009. The District also holds a workers compensation policy and a liability policy covering; property theft, damage and public liability. There have been no claims that exceeded coverage as of June 30, 2009.

Note 5 – Fixed Assets

The following is a schedule of equipment at June 30, 2009:

<u>Assets</u>	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>
<u>Depreciable</u>				
Land	\$ 2,500.00	--	--	\$ 2,500.00
<u>Non-Depreciable</u>				
Bldg & Improvements	152,968.20	--	--	152,968.20
Office Equipment	34,917.00	4,367.00	--	39,284.00
Comm. Equipment	<u>738,093.76</u>	<u>48,675.75</u>	--	<u>786,769.51</u>
Subtotal	<u>925,978.96</u>	<u>53,042.75</u>	--	<u>979,021.71</u>
Total Assets	<u>\$ 928,478.96</u>	<u>\$ 53,042.75</u>	<u>\$ --</u>	<u>\$981,521.71</u>
	<u>Accumulated</u>		<u>Accumulated</u>	
	<u>Depreciation</u>	<u>Current Year</u>	<u>Depreciation</u>	<u>Book Value</u>
<u>Assets</u>	<u>June 30, 2008</u>	<u>Depreciation</u>	<u>June 30, 2009</u>	<u>June 30, 2009</u>
<u>Depreciable</u>				
Land	\$ --	\$ --	\$ --	\$ 2,500.00
<u>Non-Depreciable</u>				
Bldg & Improvements	22,945.26	3,824.21	26,769.47	126,198.73
Office Equipment	33,839.40	1,441.52	35,280.92	4,003.08
Comm. Equipment	<u>652,661.86</u>	<u>28,797.18</u>	<u>681,459.04</u>	<u>105,310.47</u>
Subtotal	<u>709,446.52</u>	<u>34,062.91</u>	<u>743,509.43</u>	<u>235,512.28</u>
Total Assets	<u>\$709,446.52</u>	<u>\$ 34,062.91</u>	<u>\$743,509.43</u>	<u>\$238,012.28</u>

Note 6 – Cash and Cash equivalents

Cash and Cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

Note 7 – Long-Term Liabilities

Lease payable at June 30, 2009 is a capital lease with Marlin Financial & Leasing Corporation. Terms of the lease agreement are fifty-four payments of \$5,529.53 beginning July 18, 2003. The interest rate is 5.85%. The last payment should have been January 18, 2009, however, the District renegotiated the lease agreement for lower payments of \$4,455.81 over a longer period of time. The annual requirement for long-term debt outstanding at June 30, 2009 is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 46,852.54	\$ 6,617.18	\$ 53,469.72
2011	49,668.11	3,801.61	53,469.72
2012	<u>37,841.34</u>	<u>902.08</u>	<u>38,743.42</u>
Total	<u>\$134,361.99</u>	<u>\$11,320.87</u>	<u>\$145,682.86</u>

A schedule of changes in Lease Payable is as follows:

	<u>Balance</u> <u>6-30-08</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6-30-09</u>
Lease	<u>\$170,420.88</u>	<u>\$ --</u>	<u><\$ 36,058.89></u>	<u>\$134,361.99</u>
Total	<u>\$170,420.88</u>	<u>\$ --</u>	<u><\$ 36,058.89></u>	<u>\$134,361.99</u>

Note 8 – Compensated Absences

There was no compensated absences payable at June 30, 2009.

Note 9 – Calculation of Invested In Capital Assets

Net Book Value	\$238,012.28
Current & Non-Current Debt	< <u>134,361.99</u> >
Invested in Capital Assets, Net of Related Debt	<u>\$103,650.29</u>

Note 10 – Budgetary Information

As stated in Note 1, the District must file a budget with Jackson County each year which must be legally adopted by the County. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the program level as well as the object level.

**JACKSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance Under (Over)
<u>Operating Revenues</u>			
Emergency Telephone Service Charges	\$ 103,857.46	\$ 105,000.00	\$ 1,142.54
State-Shared Wireless Charges	28,587.02	29,000.00	412.98
State-Operational Funding Program	66,233.74	67,000.00	766.26
Total Revenue	<u>\$ 198,678.22</u>	<u>\$ 201,000.00</u>	<u>\$ 2,321.78</u>
<u>Operating Expenses</u>			
<u>Salaries & Wages</u>			
Dispatchers	\$ 191,749.59	\$ 196,500.00	\$ 4,750.41
Total Salaries & Wages	<u>\$ 191,749.59</u>	<u>\$ 196,500.00</u>	<u>\$ 4,750.41</u>
<u>Employee Benefits</u>			
Social Security Tax	12,149.18	13,000.00	850.82
Medicare Tax	2,841.31	3,000.00	158.69
Unemployment	524.45	1,000.00	475.55
Medical Insurance	5,543.01	6,000.00	456.99
Dental Insurance	1,466.40	2,000.00	533.60
Total Employee Benefits	<u>\$ 22,524.35</u>	<u>\$ 25,000.00</u>	<u>\$ 2,475.65</u>
<u>Contracted Services</u>			
Audit Services	2,000.00	2,000.00	-
Legal Services	3,600.00	3,600.00	-
Maintenance Agreements	21,236.48	22,000.00	763.52
Mapping/DB Consultants	8,291.99	10,000.00	1,708.01
NCIC/TBI/TIES Expenses	6,920.00	7,000.00	80.00
<u>Maintenance & Repairs</u>			
Communication Equipment	12,130.71	16,000.00	3,869.29
Total Contracted Services	<u>\$ 54,179.18</u>	<u>\$ 60,600.00</u>	<u>\$ 6,420.82</u>
<u>Supplies & Materials</u>			
Office Supplies	1,734.61	2,000.00	265.39
Postage	94.39	200.00	105.61
Small Equipment Purchases	529.80	1,000.00	470.20
<u>Utilities</u>			
General Telephone	11,714.26	14,000.00	2,285.74
Satellite	1,287.76	1,500.00	212.24
Total Supplies & Materials	<u>\$ 15,360.82</u>	<u>\$ 18,700.00</u>	<u>\$ 3,339.18</u>

**JACKSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Other Charges</u>			
Dues & Memberships	220.00	500.00	280.00
<u>Insurance</u>			
Liability	9,035.17	9,065.00	29.83
Worker's Compensation	749.96	750.00	0.04
Legal Notices	252.00	260.00	8.00
Premiums on Surety Bonds	975.00	975.00	-
Training Expenses	998.45	2,000.00	1,001.55
Travel Expenses	2,594.13	3,000.00	405.87
Total Other Charges	<u>\$ 14,824.71</u>	<u>\$ 16,550.00</u>	<u>\$ 1,725.29</u>
Depreciation	<u>\$ 34,062.91</u>	<u>\$ -</u>	<u>\$ (34,062.91)</u>
Total Operating Expenses	<u>\$ 332,701.56</u>	<u>\$ 317,350.00</u>	<u>\$ (15,351.56)</u>
<u>Operating Income (Loss)</u>	<u>\$ (134,023.34)</u>	<u>\$ (116,350.00)</u>	<u>\$ (17,673.34)</u>
<u>Non-Operating Revenue and (Expense)</u>			
Interest Income	134.24	100.00	(34.24)
State – Grants & Reimbursements	99,739.35	10,000.00	(89,739.35)
Contributions from Primary Govts	49,000.00	49,000.00	-
Contributions from Other Govts	19,250.00	19,250.00	-
UCEMC Contract	5,000.00	5,000.00	-
Interest Expense	(9,380.33)	(9,000.00)	(380.33)
Total Non-Operating Revenue & Expense	<u>\$ 163,743.26</u>	<u>\$ 74,350.00</u>	<u>\$ (90,153.92)</u>
Increase in Net Assets	<u>\$ 29,719.92</u>	<u>\$ (42,000.00)</u>	<u>\$ (71,719.92)</u>
Total Net Assets, July 1, 2008	73,488.94	55,000.00	(18,488.94)
Total Net Assets, June 30, 2009	<u><u>\$ 103,208.86</u></u>	<u><u>\$ 13,000.00</u></u>	<u><u>\$ (90,208.86)</u></u>

**JACKSON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
SCHEDULE OF INFORMATION REQUIRED BY THE
TENNESSEE EMERGENCY COMMUNICATIONS BOARD
JUNE 30, 2009**

Number of public safety answering points: 1

Address: 104 Short Street
Gainesboro, TN 38562

Type of system/equipment: Motorola
Type of Database: Stand alone

Director: Shelby Bryant
155 Hidden Cove Lane
Whitleyville, TN 38588
E-mail: N/A
Phone (931) 268-0882

Chairman: Joe Denson
P.O. Box 347
Gainesboro, TN 38562
Email: jdenson@twlakes.net
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TAMARA L. BECKMAN
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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***

To the Board of Directors of the
Jackson County E-911 Emergency Communications District
Gainesboro, Tennessee

I have audited the financial statements of Jackson County Emergency Communications District as of and for the year ended June 30, 2009, and have issued my report thereon dated November 18, 2009. I conducted my 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 my audit, I considered Jackson County Emergency Communications District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Jackson County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Jackson County Emergency Communications District's internal control over financial reporting.

My 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, I identified certain deficiencies in internal control over financial reporting that I 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 Jackson County Emergency Communications District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles

such that there is more than a remote likelihood that a misstatement of Jackson County Emergency Communications District's financial statements that is more than inconsequential will not be prevented or detected by Jackson County Emergency Communications District's internal control. I consider the deficiency described in the accompanying schedule of findings and recommendations as items 09-1 and 09-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Jackson County Emergency Communications District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not be 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, I believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson County Emergency Communications District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 09-1 and 09-2.

Jackson County Emergency Communications District's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. I did not audit the District's response and, accordingly, I express no opinion on it.

This report is intended for the information of the management and the State of Tennessee Comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties. However, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

November 18, 2009
Cookeville, Tennessee

Tamara L. Beckman, CPA

**JACKSON COUNTY E-911 EMERGENCY
COMMUNICATION DISTRICT
AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

Finding 09-1

A couple expense items exceeded the adopted budget amounts. This is a violation of Section 7-86-120 of the Tennessee Code Annotated.

Recommendation

When it is apparent that an expense item will exceed the budget, the budget should be amended. Accruals should also be considered.

Management Comment

We will comply.

Finding 09-2

The District had an overdraft in the checking account in the amount of \$28,591.60. This is in violation of Section 7-86-102(d) of the Tennessee Code Annotated.

Recommendation

No disbursements of public funds should be made without an adequate balance in the checking account to cover said disbursements.

Management Comment

Checks are run twice per month. We ran checks on June 30, 2009, but since we knew we didn't have a sufficient balance in the checking account, we did not mail the checks to the vendors until the balance was sufficient. In the future, we will make sure we do not print checks until the balance in the account is adequate to cover all disbursements.