

**MARION COUNTY 9-1-1 EMERGENCY
COMMUNICATIONS DISTRICT**

Kimball, Tennessee

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL DATA**

June 30, 2009

JOHNSON, HICKEY & MURCHISON, P.C.
Certified Public Accountants
Chattanooga, Tennessee

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MANAGEMENT'S DISCUSSION AND ANALYSIS

My discussion and analysis of Marion County 911 Emergency Communication District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2009. This should be read in conjunction with the District's financial statements, which begin on page 8.

USING THIS ANNUAL REPORT

This annual report consists of the following financial statements: the balance sheet, the statement of revenues, expenses and changes in net assets, and the statement of cash flows. These statements provide information about the activities of the District as a whole and present an overview of the District's finances.

THE BALANCE SHEET AND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

One of the main areas of interest for an entity is determining how successful they were at meeting their financial objectives for the year. The District accounts for its financial activities where determination of income (increase in net assets) or loss (decrease in net assets) is necessary or useful to sound financial administration. The statements are prepared on the accrual basis of accounting which recognizes revenues when earned and expenses when incurred. The balance sheet shows the assets that the District owns and the liabilities (debts) that the District owes.

The information contained in the statement of revenues, expenses, and changes in net assets is used as a "report card" to determine if the District has been successful at meeting its financial objectives. Net assets and changes in net assets are summarized as follows:

	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 478,198	\$ 399,907
Capital assets	<u>238,223</u>	<u>181,070</u>
Total Assets	716,421	580,977
Current liabilities	<u>2,518</u>	<u>2,567</u>
Net Assets	<u><u>\$ 713,903</u></u>	<u><u>\$ 578,410</u></u>
Summary of net assets -		
Invested in capital assets	\$ 238,223	\$ 181,070
Unrestricted	<u>475,680</u>	<u>397,340</u>
Total Net Assets	<u><u>\$ 713,903</u></u>	<u><u>\$ 578,410</u></u>

	<u>2009</u>	<u>2008</u>
Operating Revenues	\$ 285,913	\$ 288,417
Operating Expenses	<u>267,532</u>	<u>201,533</u>
Operating income	18,381	86,884
Nonoperating Revenues	<u>117,112</u>	<u>16,643</u>
Changes in net assets	135,493	103,527
Net Assets		
Beginning	<u>578,410</u>	<u>474,883</u>
Ending	<u>\$ 713,903</u>	<u>\$ 578,410</u>

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Fiscal year 2009 proved to be a financially sound year for the District. The District was able to add \$135,493 to its net assets as a result of operations.

The District's operating revenues were down \$2,504 over the prior fiscal year as a result of decreased revenues from landlines. More and more people are canceling their land lines and relying on cell phones as their means of communication tool. As a result, revenues from landlines decreased by \$7,602 and revenues received from cellular telephones increased by \$5,098.

Operating expenses increased by \$65,999. The biggest part of this increase is directly related to the \$50,000 dispatching grant that was received and disbursed to the Marion County Government to offset dispatching costs. Salaries and benefit expenses increased by \$3,180, contracted services increased by \$6,862, supplies and materials increased by \$1,272, depreciation and amortization increased by \$5,745, and other operating expenses decreased by \$1,060.

During fiscal year 2009, the District received \$109,132 in grant funds from the State of Tennessee. The District received a \$94,557 reimbursement grant for the purchase of ECD/PSAP equipment and \$14,575 from GIS mapping grant funds. This represents an increased funding from grants over the prior year totaling \$99,132.

THE DISTRICT'S NET ASSETS

The District continues to maintain a significant net worth (total net assets) exceeding \$713,000 at June 30, 2009. Net assets consisted of net assets invested in capital assets totaling \$238,223 and unrestricted net assets totaling \$475,680.

BUDGETARY HIGHLIGHTS

The original budget for the District was amended to reflect the actual results of revenues and expenses that occurred during the year.

Actual revenues of \$403,025 differed from budgeted revenues by a deficit of \$36,900. The District saw that actual revenues were over budget for emergency telephone service charges by \$3,942, operational funding from the State of Tennessee was \$19 over budget and state shared wireless charges were over budget by \$2, interest income was over budget by \$5, and the grants received from the State of Tennessee were under budget by \$40,868.

Actual expenses for the year were under budget by \$14,375. Total cost of salaries and benefits for the District were under budget by \$994, contracted services were under budget by \$4,161, supplies and materials were under budget by \$1,401, other charges were under budget by \$5,029, and depreciation and amortization was under budget by \$2,790.

CAPITAL ASSETS

At June 30, 2009 the District had \$238,223 invested in capital assets such as telecommunications and office equipment, leasehold improvements, and furniture and fixtures. The District has capital assets totaling \$557,564; however, \$319,341 has been expensed through the annual provision for depreciation. The \$238,223 amount represents an increase of \$96,363 over the prior year. The increase is directly related to amounts the District has incurred on new communications equipment. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND PLANNING FOR FUTURE NEEDS

The District is looking forward to the future and making plans to upgrade its communications equipment.

Jerry Don Case
Executive Director



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

Marion County 9-1-1 Emergency Communications District:

We have audited the accompanying financial statements of Marion County 9-1-1 Emergency Communications District, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of Marion County 9-1-1 Emergency Communications District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 the 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 Marion County 9-1-1 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*, we have also issued our report dated November 2, 2009, on our consideration of Marion County 9-1-1 Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis 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 basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of budget to actual 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 financial statements taken as a whole. The information relative to operations 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.

Johnson, Nicky & Menckson, P.C.

November 2, 2009

FINANCIAL STATEMENTS

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
BALANCE SHEET
JUNE 30, 2009**

ASSETS

CURRENT ASSETS:

Cash	\$ 69,851
Certificates of deposit	366,680
Accounts receivable, telephone service charges	36,349
Interest receivable	2,799
Prepaid expenses	<u>2,519</u>
 Total current assets	 <u>478,198</u>

CAPITAL ASSETS:

Furniture and fixtures	10,046
Office equipment	14,531
Communications equipment	442,434
Vehicles	20,983
Construction in process and equipment deposits	<u>69,570</u>
	557,564
Less accumulated depreciation	<u>319,341</u>
 Capital assets, net	 <u>238,223</u>
 Total assets	 <u>\$ 716,421</u>

(The accompanying notes are an integral part of these statements.)

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Payroll taxes withheld and accrued	\$ 1,189
Accrued retirement	<u>1,329</u>
 Total liabilities	 <u>2,518</u>

NET ASSETS:

Invested in capital assets	238,223
Unrestricted	<u>475,680</u>
 Total net assets	 <u>713,903</u>

Total liabilities and net assets	<u><u>\$ 716,421</u></u>
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(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

REVENUES:

Emergency telephone service charges	\$ 130,942
State Emergency Communications Board - Shared wireless charge	68,802
Operational funding	<u>86,169</u>
	<u>285,913</u>

EXPENSES:

Salaries and benefits	70,873
Contracted services	90,339
Supplies and materials	7,099
Other expenses	10,011
Depreciation and amortization	39,210
Dispatching grant to Marion County	<u>50,000</u>
	<u>267,532</u>

OPERATING INCOME

18,381

NONOPERATING REVENUES:

Interest income	7,980
State grants	<u>109,132</u>

CHANGE IN NET ASSETS

135,493

NET ASSETS:

Beginning	<u>578,410</u>
Ending	<u><u>\$ 713,903</u></u>

(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts for emergency communication services	\$ 173,596
Receipts for operational funding	86,169
Payments to or for employees	(70,922)
Payments for goods and services	<u>(159,249)</u>

Net cash provided by operating activities	<u>29,594</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets	(96,363)
State capital grants	<u>109,132</u>

Net cash provided by capital and related financing activities	<u>12,769</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	7,794
Purchase of certificates of deposit	<u>(107,633)</u>

Net cash used by investing activities	<u>(99,839)</u>
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NET DECREASE IN CASH	(57,476)
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CASH:

Beginning	<u>127,327</u>
Ending	<u><u>\$ 69,851</u></u>

(The accompanying notes are an integral part of these statements.)

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating income	\$ 18,381
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation and amortization	39,210
(Increase) decrease in operating assets:	
Accounts receivable	(26,148)
Prepaid expenses	(1,800)
Increase (decrease) in operating liabilities:	
Payroll withholdings and accruals	<u>(49)</u>
Net cash provided by operating activities	<u><u>\$ 29,594</u></u>

(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization -

Marion County 9-1-1 Emergency Communications District is a governmental entity organized pursuant to Chapter 867 of the 1984 Tennessee Public Acts ("The Emergency Communications District Law"), which was enacted to establish local emergency telephone service and to provide for the funding of such services.

Financial Reporting Entity -

The District is a component unit of Marion County, Tennessee. The Marion County Board of Commissioners appoints the District's Board of Directors, may appropriate funds for the operation and maintenance of the District, and must approve long-term debt issued by the District.

Basis of Accounting -

The District is a governmental unit, subject to accounting directives issued by the Governmental Accounting Standards Board (GASB), and anticipates recovering the cost of its services in a manner similar to a private business enterprise. Therefore, the District uses the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred. Operating revenues are those that result from the activities of the District, including telephone service charges and state allocations and operational funding. Revenue from other sources is considered nonoperating.

In addition to GASB pronouncements, the District is subject to all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The District does not follow FASB pronouncements issued subsequent to November 30, 1989.

Estimates -

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Accounts Receivable -

Accounts receivable for telephone service charges and other is reported at the outstanding principal amount. All recorded amounts are considered to be collectible; therefore no allowance for uncollectibles is recorded.

Capital Assets -

The District capitalizes significant purchases of capital assets, which are recorded at cost. Depreciation is provided over the estimated useful lives of the individual assets by the straight-line method.

Depreciation expense for the year ended June 30, 2009, was \$39,210.

Cash -

For purposes of these financial statements, cash includes cash in banks and certificates of deposit with an original maturity date of 90 days or less.

(2) BUDGETARY CONTROL:

The District's Board approves an annual budget based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. Budgeted expenses may be amended, as needed, to meet changing needs.

(3) COMPENSATED ABSENCES:

The District has only one employee whose accrued vacation must be taken by the last day of the fiscal year; therefore, there is no unused vacation time available at June 30, 2009. The employee is provided 96 hours of annual sick time, which may be accumulated up to 90 hours; because unused sick time is nonvesting and is not paid upon termination, no liability is recorded.

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

(4) CHANGES IN CAPITAL ASSETS:

Changes in capital assets for the year ended June 30, 2009, are as follows -

	<u>Beginning</u>	<u>Additions</u>	<u>Reclasses & Retirements</u>	<u>Ending</u>
Assets:				
Furniture and fixtures	\$ 7,924	\$ 2,122	\$ -	\$ 10,046
Office equipment	8,151	6,380	-	14,531
Vehicles	20,983	-	-	20,983
Communications equipment	424,143	18,291	-	442,434
Projects in process	<u>-</u>	<u>69,570</u>	<u>-</u>	<u>69,570</u>
	<u>461,201</u>	<u>96,363</u>	<u>-</u>	<u>557,564</u>
Accumulated depreciation:				
Furniture and fixtures	6,607	746	-	7,353
Office equipment	4,715	1,603	-	6,318
Vehicles	2,448	4,197	-	6,645
Communications equipment	<u>266,361</u>	<u>32,664</u>	<u>-</u>	<u>299,025</u>
	<u>280,131</u>	<u>39,210</u>	<u>-</u>	<u>319,341</u>
Net capital assets	<u>\$ 181,070</u>	<u>\$ 57,153</u>	<u>\$ -</u>	<u>\$ 238,223</u>

(5) RETIREMENT PLAN:

The District provides a defined contribution money purchase pension plan for all full-time employees who have one year of continuous service. No employee contributions are required. The District contributes 3% of eligible compensation, subject to amendment to the plan as approved by the District's Board. The "6-year graded" vesting schedule is used. Retirement expense included in salaries and benefits was \$1,470. Plan assets are maintained by an outside trustee. Each employee directs the investments of his individual account.

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

(6) COMMITMENT FOR PROVIDER SERVICES:

In a five year agreement beginning May, 2009, BellSouth is the District's provider of certain public safety answering point equipment and software. The provider service fee is based on the number of access lines and is subject to change. For the year ended June 30, 2009, the expense related to this agreement was \$63,577.

The estimate of future commitments is as follows -

For the year ending June 30, 2010	\$ 63,600
For the year ending June 30, 2011	63,600
For the year ending June 30, 2012	63,600
For the year ending June 30, 2013	<u>58,300</u>
	<u>\$ 249,100</u>

(7) OPERATING LEASES:

The District leases its office facilities, including utilities, on a month to month basis from the Town of Kimball for \$200 per month. Rent expense for the year was \$2,400.

The District leases antenna and transmittal space for \$250 per month under a 20 year agreement expiring in July, 2013. The agreement provides for annual, negotiated increases, based on increases in the lessor's costs of operating and maintaining the rental site. Rent expense was \$265.22 for July, 2008, and \$289.07 per month beginning August, 2008, for a total cost of \$3,445.

Future lease commitments, based on the increase for the year beginning August, 2008, are as follows -

For the year ending June 30, 2010	\$ 3,755
2011	4,292
2012	4,460
2013	4,861
2014	<u>410</u>
	<u>\$ 17,778</u>

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

(8) CASH AND INVESTMENTS:

The District reports its cash and investments in accordance with GASB Statement Number 40, "Deposit and Investment Risk Disclosures." This statement eliminated or modified portions of the disclosures previously required by GASB Statement Number 3. GASB Statement Number 40 is designed to improve financial reporting of deposit and investment risks.

At June 30, 2009, the District's cash and investments consist of the following -

	Weighted Average Maturity (Years)	Cost Basis
Cash in demand deposit accounts	0.00	\$ 69,851
Certificates of deposit	0.37	366,680
Total	0.25	\$ 436,531

Interest Rate Risk - As a means of limiting its exposure to losses resulting from rising interest rates, the District's usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio. The District's investments experienced no significant fluctuations in fair value during the year.

Custodial Credit Risk - The District's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by federal deposit insurance or the Tennessee Bank Collateral Pool, by collateral held by the District's agent in the District's name, or by Federal Reserve Banks acting as third party agents. State statutes also authorize the types of investments in which the District may participate. The District limits its investments to certificates of deposit with local banks.

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

(8) CASH AND INVESTMENTS (Continued):

Credit Risk - The District's policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

At June 30, 2009, investments in certificates of deposit consist of the following -

<u>Financial Institution</u>	<u>Type of Instrument</u>	<u>Interest</u>	<u>Maturity Date</u>	<u>Amount</u>
First Volunteer Bank	Certificate	2.10%	August 5, 2009	\$ 101,352
First Jackson Bank	Certificate	2.03%	May 12, 2010	103,250
Peoples State Bank	Certificate	2.75%	February 12, 2010	100,000
Citizens Tri-County Bank	Certificate	2.44%	July 6, 2009	<u>62,078</u>
				<u>\$ 366,680</u>

(9) RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is insured, subject to specified limits, for risks of these types of losses, including workers' compensation, general liability, personal property, and errors and omissions, through the Tennessee Municipal League Risk Management Pool. Premiums are based on the District's individual claims history, as well as the claims history of the entire pool.

There have been no settlements in excess of insurance coverage during the three most recent fiscal years.

(10) SUBSEQUENT EVENTS:

Management has evaluated subsequent events through November 2, 2009, the date which this financial statement was available for issue.

SUPPLEMENTARY INFORMATION

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget To Actual Variance</u>
Emergency telephone service charges	\$ 137,500	\$ 127,000	\$ 130,942	\$ 3,942
State Emergency Communications Board -				
Shared Wireless Charge	65,000	68,800	68,802	2
Operational funding	-	86,150	86,169	19
State grants	150,000	150,000	109,132	(40,868)
Interest income	<u>6,400</u>	<u>7,975</u>	<u>7,980</u>	<u>5</u>
 Total revenues	 <u>358,900</u>	 <u>439,925</u>	 <u>403,025</u>	 <u>(36,900)</u>
 Salaries and Benefits -				
Salaries	48,260	49,020	48,997	23
Payroll taxes	3,717	3,782	3,769	13
Group insurance	17,450	17,590	16,637	953
Retirement	<u>1,450</u>	<u>1,475</u>	<u>1,470</u>	<u>5</u>
	<u>70,877</u>	<u>71,867</u>	<u>70,873</u>	<u>994</u>
 Contracted Services -				
Advertising	500	500	-	500
Audit services	4,500	4,500	4,000	500
Accounting services	4,400	4,400	2,965	1,435
Private agency contracted services	900	1,200	1,154	46
911 service provider fees	64,250	64,250	63,577	673
Legal services	3,500	3,500	3,064	436
Maintenance agreements	3,150	3,150	3,150	-
Communications equipment rental	3,200	3,450	3,445	5
Facilities rental	2,400	2,400	2,400	-
Maintenance and repairs -				
Communication equipment	-	4,900	4,758	142
Vehicle	250	250	67	183
Fuel - vehicle	<u>-</u>	<u>2,000</u>	<u>1,759</u>	<u>241</u>
	<u>87,050</u>	<u>94,500</u>	<u>90,339</u>	<u>4,161</u>

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget To Actual Variance</u>
Supplies and Materials -				
Office supplies	\$ 2,500	\$ 4,250	\$ 3,994	\$ 256
Custodial supplies	200	200	-	200
Postage	250	300	220	80
Small equipment purchases	500	500	-	500
Uniforms and shirts	200	200	48	152
Telephone	2,900	3,050	2,837	213
	<u>6,550</u>	<u>8,500</u>	<u>7,099</u>	<u>1,401</u>
Other -				
Dues and memberships	550	550	271	279
Insurance	5,525	6,025	4,457	1,568
Legal notices	500	500	317	183
Premium on surety bonds	800	800	586	214
Training	1,100	2,600	2,172	428
Travel	4,000	4,000	1,732	2,268
Miscellaneous	350	565	476	89
	<u>12,825</u>	<u>15,040</u>	<u>10,011</u>	<u>5,029</u>
Depreciation and amortization	<u>37,000</u>	<u>42,000</u>	<u>39,210</u>	<u>2,790</u>
Dispatching grant to Marion County	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total expenses	<u>214,302</u>	<u>281,907</u>	<u>267,532</u>	<u>14,375</u>
	<u>\$ 144,598</u>	<u>\$ 158,018</u>	<u>\$ 135,493</u>	<u>\$ (22,525)</u>

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
INFORMATION RELATIVE TO OPERATIONS
JUNE 30, 2009
(UNAUDITED)**

Number of public safety answering points	1
Address of public safety answering point	5 North Oak Avenue Jasper, TN 37347
Type of system/equipment	Enhanced-911 Zetron
Director	Jerry Don Case 675 Main Street Kimball, TN 37347 Phone: (423)837-1282 Fax: (423)837-5777
Chairman	Ronnie Burnett 5 North Oak Avenue Jasper, TN 37347 Phone: (423)942-5667 Fax: (423)837-5777

INTERNAL CONTROL AND COMPLIANCE SECTION



**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

Marion County 9-1-1 Emergency Communications District:

We have audited the financial statements of Marion County 9-1-1 Emergency Communications District, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 2, 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 Marion County 9-1-1 Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

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 financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

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.

**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

Marion County 9-1-1 Emergency Communications District:

We have audited the financial statements of Marion County 9-1-1 Emergency Communications District, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 2, 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 Marion County 9-1-1 Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

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 financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marion County 9-1-1 Emergency Communications 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*.

This report is solely intended for the information and use of the Board of Directors, management and regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Neikay & Meucham, P.C.

November 2, 2009

