

**MAURY COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2009

D. GREGORY JOHNSON
CERTIFIED PUBLIC ACCOUNTANT

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009**

CONTENTS

	Page
Independent Auditor's Report.....	1
Roster of Management and Board of Directors.....	2
Management's Discussion and Analysis.....	3
Financial Statements:	
Statement of Net Assets.....	7
Statement of Revenues, Expenses and Changes in Net Assets.....	8
Statement of Cash Flows.....	9
Notes to Financial Statements.....	10
Supplementary Information:	
Schedule of Operating Expenses.....	17
Schedule of Revenues, Expenses and Changes in Net Assets Budget and Actual.....	19
Schedule of State Financial Assistance.....	22
Schedule of Information Required by the Tennessee Emergency Communications Board.....	23
Other Independent Auditor's Reports	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Maury County Emergency Communications District
Columbia, Tennessee

I have audited the accompanying statement of net assets of the Maury County Emergency Communications District, a component unit of Maury County, Tennessee as of June 30, 2009, and the related statement of revenues, expenses and changes in net assets, and statement of cash flows for the year then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

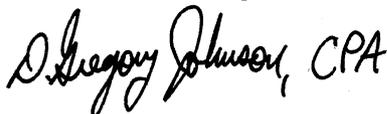
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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 Maury County Emergency Communications District as of June 30, 2009, and the results of its operations and its 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 February 27, 2010, on my consideration of the Maury County 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 read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis on pages 3 through 6 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. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Maury County Emergency Communications District's basic financial statements. The budgetary comparison schedule, schedule of operating expenses and the information relative to operations on pages 17 through 23 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



February 27, 2010

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF MANAGEMENT AND BOARD OF DIRECTORS
YEAR ENDED JUNE 30, 2009**

Management Officials

Freddie W. Rich, Director

Ann Hargrove, Administrative Assistant

Board of Directors

Danny Fleming, Board Chairman

Tim Potts, Vice Chairman

Thelma Sharp, Secretary/Treasurer

Enoch George, Member

Edward Harlan, Member

Tom Wilson, Member

Mark Blackwood, Member

Donald Martin, Member

Rick Hamilton, Member

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009**

As management of the Maury County Emergency Communications District, we offer readers of the District's financial statements this narrative overview and analysis of the District's performance during the fiscal year ending June 30, 2009. Please read it in conjunction with the District's financial statements, which follow this section.

Overview of the Financial Statements

This annual report includes the management's discussion and analysis report, the independent auditor's report and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term financial information about its activities. The Statement of Net Assets includes all of the District's assets and liabilities and provides information about where the District has invested its resources (assets) and the obligations to the District's creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through surcharges and fees.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the District's activities in a way that will help answer this question. These two statements report the net assets of the District and the changes in them. One can think of the District's net assets – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. The District is providing condensed financial information for fiscal 2009 and 2008 for comparative analysis. A summary of the District's net assets and changes in them is presented on the following page.

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009**

SUMMARIZED FINANCIAL INFORMATION
YEARS ENDED JUNE 30

	NET ASSETS		Dollar Change	Percentage Change
	2009	2008		
Current assets	\$ 559,719	\$ 442,164	\$ 117,555	26.6%
Capital assets	867,100	913,256	(46,156)	-5.1%
Total assets	<u>1,426,819</u>	<u>1,355,420</u>	<u>71,399</u>	5.3%
Current liabilities	60,689	76,078	(15,389)	-20.2%
Long term debt	55,161	87,965	(32,804)	-37.3%
Total liabilities	<u>115,850</u>	<u>164,043</u>	<u>(48,193)</u>	-29.4%
Net Assets	<u>\$ 1,310,969</u>	<u>\$ 1,191,377</u>	<u>\$ 119,592</u>	10.0%
Summary of net assets-				
Invested in capital assets, net of debt	\$ 778,779	\$ 793,933	\$ (15,154)	-1.9%
Undesignated	532,190	397,444	134,746	33.9%
	<u>\$ 1,310,969</u>	<u>\$ 1,191,377</u>	<u>\$ 119,592</u>	10.0%
	CHANGES IN NET ASSETS			
Revenues	\$ 1,249,895	\$ 1,087,128	\$ 162,767	15.0%
Operating expenses	<u>1,139,808</u>	<u>995,722</u>	<u>144,086</u>	14.5%
Operating income (loss)	110,087	91,406	18,681	20.4%
Nonoperating revenues net of expenses	<u>9,505</u>	<u>9,172</u>	<u>333</u>	-3.6%
Changes in net assets	119,592	100,578	19,014	18.9%
Net assets, beginning of year	<u>1,191,377</u>	<u>1,090,799</u>	<u>100,578</u>	9.2%
Net assets, end of year	<u>\$ 1,310,969</u>	<u>\$ 1,191,377</u>	<u>\$ 119,592</u>	10.0%

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009**

Analysis of Financial Position and Results of Operations

As can be seen from the summarized financial information on the previous page, the District's total assets have increased \$117,555 during the year ended June 30, 2009, which includes a \$42,490 increase in cash and a \$75,065 increase in receivables, due to late receipt of wireless funds received in July 2009. Net capital assets decreased \$46,156 as a result of additions to depreciation of \$65,137 with net additions to fixed assets of \$18,981. Net assets increased \$119,592 for the year ended June 30, 2009. In the current year, the District's total revenue increased by 15.0% due mainly to the increases in cell phone revenue and voice over internet protocol revenue. Total expenses for the District increased 14.5% due primarily to an increase in insurance costs and scheduled salary and employee benefit increases. The District joined the Tennessee Consolidated Retirement System effective October 1, 2005. Retirement expenses for the year ended June 30, 2009, totaled \$51,029.

The District's Net Assets

The District completed the year with net assets of \$1,310,969, which is \$119,592 more than the prior year's ending net assets of \$1,191,377. The net assets at June 30, 2009, consist of \$778,779 invested in capital assets, and \$532,190 unrestricted and undesignated.

Budgetary Highlights

The District adopts an annual operating budget which includes proposed expenses and the means for paying these expenses. As conditions change during the year, the budget may be amended to prevent budget overruns.

Income from residential and business phone lines increased 15.8% from the previous year, due to the rate increase. Normal state shared wireless income also increased 13.4% during the year. However, on November 2, 2006, the Tennessee Emergency Communications Board approved new operational funding from which the District received \$176,619. This brought the total income from wireless sources to \$355,879. There has been proposed legislation that could change the ratio remitted to local districts. Other landline income and voice over internet protocol income increased by \$66,071 during the year. Overall, operating revenue including \$111,311 of receivables at yearend was \$162,767 over the final budgeted amount.

Total expenditures in most budget categories remained in line with a few exceptions. Salaries and wages were \$5,231 less than final budgeted amounts. Employee benefit costs were \$5,241 less than budgeted amounts. Repairs and maintenance for the building and communications equipment were in line with budgeted amounts.

Capital Assets

The District's current investment in capital assets amounts to \$1,080,843 with accumulated depreciation of \$213,743. Capital assets include the building, communications equipment, and a vehicle, as well as office furniture and office equipment.

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009**

Long-term Debt

At June 30, 2009, the District had total debt of \$88,321. Following is a summary of the outstanding debt:

	<u>2009</u>	<u>2008</u>
Note payable - First Farmers & Merchants Bank	\$ 88,321	\$ 119,323
Less current portion due within one year	<u>(33,160)</u>	<u>(31,358)</u>
	<u>\$ 55,161</u>	<u>\$ 87,965</u>

During the fiscal year ended June 30, 2009, principal payments reduced the District's debt by \$31,002.

Economic Factors and Future Needs

The main economic factor facing the Maury County Emergency Communications District is the decrease in revenue generated from landline telephones. Many residences now use cell phones for their residential lines. While the increase in cell phone use is generating revenue, only a portion of that revenue has been returned to each 911 district under the current system being used by the state for distributing shared wireless fees. A new source of telephone service, voice over internet protocol, may further reduce the number of land lines and cell phone usage. The future impact on revenue of this new service has not been determined, but current year remittances from these new carriers increased \$66,071.

Request for Information

This financial report is designed to provide a general overview of the Maury County Emergency Communications District's finances for those interested parties. If you have questions about this report or need additional information, contact the Director, Maury County Emergency Communications District, P.O. Box 1171, Columbia, Tennessee 38402-1171.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

ASSETS

Current assets

Cash and equivalents	\$ 298,408
Certificate of deposit	150,000
Accounts receivable	111,311
	559,719
Total current assets	559,719

Capital assets

Land	74,380
Buildings	493,082
Office equipment	26,482
Furniture and fixtures	3,482
Communications equipment	457,170
Vehicles	26,247
	1,080,843
Less accumulated depreciation	(213,743)
	867,100
Total capital assets	867,100
Total assets	\$ 1,426,819

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 9,081
Accrued expenses	18,448
Current portion of long term debt	33,160
	60,689
Total current liabilities	60,689

**Long-term debt less current
portion shown above**

	55,161
	55,161
Total liabilities	115,850

Net assets

Invested in capital assets, net of related debt	778,779
Unrestricted net assets	532,190
	1,310,969
Total net assets	1,310,969
Total liabilities and net assets	\$ 1,426,819

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

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2009**

Operating revenue	
Emergency telephone service charges	\$ 513,774
State emergency communications board - shared wireless	179,260
State emergency communications board - operational funding	176,619
Emergency support services	225,666
Other income	<u>154,576</u>
Total revenue	<u>1,249,895</u>
 Operating expenses	
Salaries and wages	655,089
Employee benefits	222,016
Contracted services	128,606
Supplies and materials	39,485
Other charges	29,475
Depreciation	<u>65,137</u>
Total operating expenses	<u>1,139,808</u>
Net operating income	<u>110,087</u>
 Nonoperating revenue (expense)	
Interest income	6,122
Grants and reimbursements	10,000
Interest expense	<u>(6,617)</u>
Net nonoperating income	<u>9,505</u>
Increase in net assets	119,592
Net assets, beginning of year	<u>1,191,377</u>
Net assets, end of year	<u><u>\$ 1,310,969</u></u>

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

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009**

Cash flows from operating activities	
Receipts from surcharges	\$ 794,588
Receipts from emergency support services	225,666
Payments to suppliers	(196,759)
Payments to employees	(895,103)
Other receipts (payments)	154,576
	<u>82,968</u>
Net cash provided by operating activities	
Cash flows from noncapital financing activities	
Proceeds from grants and reimbursements	10,000
	<u>10,000</u>
Cash flows from capital and related financing activities	
Purchase of capital assets	(18,981)
Principal paid on note payable	(31,002)
Interest paid on note payable	(6,617)
	<u>(56,600)</u>
Net cash used by capital and related financing activities	
Cash flows from investing activities	
Interest income	6,122
	<u>6,122</u>
Net increase in cash	42,490
Cash and equivalents, beginning of year	255,918
	<u>255,918</u>
Cash and equivalents, end of year	<u>\$ 298,408</u>
Reconciliation of operating income to net cash	
flows from operating activities	
Net operating income	\$ 110,087
Adjustments to reconcile net operating	
income to net cash provided by operating activities	
Depreciation	65,137
Increase in accounts receivable	(75,065)
Increase in accounts payable	807
Decrease in accrued expenses	(17,998)
	<u>82,968</u>
Net cash provided by operating activities	<u>\$ 82,968</u>

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

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Maury County Emergency Communications District is a nonprofit organization, established under Tennessee law. The District was organized to provide Emergency 911 service to the residents of Maury County. While 911 has been in use for several years for emergency services, the Enhanced 911 was adopted for Maury County by public referendum on August 4, 1988. The voters of Maury County voted for E911 with an approval majority of 92%. Although the District is considered a municipality under its enabling legislation, it cannot levy or collect taxes and the charges for services shall not be considered or classified as taxes. The District is managed by a volunteer board of directors who are appointed by the District's primary government.

The District is a discretely presented component unit of Maury County, Tennessee, and the financial statements are presented in both the District's separate financial report and within the Maury County, Tennessee financial report. The District is considered a discretely presented component unit of Maury County as defined under the criteria set forth in Governmental Accounting Standards Board Statement 14, because the district would be unable to issue debt without going through Maury County, Tennessee.

Basis of Accounting and Financial Statement Presentation

The term basis of accounting is used to determine when a transaction or event is recognized on the District's operating statement. The District uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

The Governmental Accounting Standards Board (GASB) exercises jurisdiction over accounting and financial reporting for governments. The Financial Accounting Standards Board (FASB) exercises jurisdiction over private enterprises and nonprofits. The Office of the Comptroller of the Treasury requires Tennessee emergency communications districts to follow option one of GASB Statement No. 20. This option requires the District to follow only GASB guidance after November 30, 1989, and not follow any FASB guidance after that date.

Use of Estimates

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. Accordingly, actual results could differ from those estimates.

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Cash and Cash Equivalents

For purposes of the statement of net assets and the statement of cash flows, Maury County Emergency Communications District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Capital Assets

Capital assets are defined by the District as assets with an initial cost of more than \$500 and an estimated useful life in excess of one year. Additions to capital assets are recorded at acquisition cost or estimated market value at the date of donation in the case of donated property. Depreciation and amortization are provided for in amounts sufficient to relate the cost of the assets to operations over their estimated service lives using the straight-line method of depreciation. Estimated useful lives, in years, for depreciable assets are as follows:

Building and improvements	10-40 years
Furniture and fixtures	7 years
Office equipment	5 - 10 years
Communications equipment	5 - 10 years
Vehicles	5 years

Income Taxes

Maury County Emergency Communications District is a tax-exempt organization under Section 115 of the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made.

Operating Revenues and Expenses

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a District's principal ongoing operations. The principal operating revenues of the District are emergency telephone service charges to residents for providing emergency 911 services. Operating expenses include payroll expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgetary Data

The District is required by state statute to adopt an annual budget. The annual budget is prepared on the basis in which current available funds must be sufficient to meet current expenditures. The District utilizes cash basis accounting for the budget as depreciation is not budgeted, and outlays for capital items are budgeted as expenses. Therefore the budget is not intended to be presented in accordance with generally accepted accounting principles. The budget may be amended by the Board as conditions warrant throughout the year.

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

It is the policy of the District that unused leave at the end of a fiscal year does not carry over to the next year. Vacation and sick leave expenditures are recognized when paid. Therefore, no accrual for accumulated unpaid leave is necessary.

NOTE B – CASH AND DEPOSITORY COLLATERAL

The District's current policies limit deposit of funds to accounts with commercial banks which are required to pledge securities as collateral for the deposits should they be in excess of Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000. The financial institution used by the District is a participant in the Tennessee Collateral Pool, which was established to provide security for public funds deposits in excess of FDIC coverage.

At year-end the District's deposits of cash and certificates of deposit were fully insured by the FDIC or collateralized by the Tennessee Collateral Pool.

NOTE C – CERTIFICATE OF DEPOSIT

At June 30, 2009, the certificate of deposit is as follows:

First Farmers & Merchants Bank, 1.80% maturing November 6, 2009	<u>\$ 150,000</u>
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NOTE D – ACCOUNTS RECEIVABLE

The following schedule reflects the components of accounts receivable as of June 30, 2009:

Emergency telephone service charges	\$ 45,273
State emergency communications board - shared wireless	36,602
State emergency communications board - operational funding	<u>29,436</u>
	<u>\$ 111,311</u>

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, is presented below:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Land	\$ 74,380	\$ -	\$ -	\$ 74,380
Buildings	493,082	-	-	493,082
Office equipment	22,155	4,327	-	26,482
Furniture and fixtures	3,482	-	-	3,482
Communications equipment	442,516	14,654	-	457,170
Vehicles	26,247	-	-	26,247
	<u>1,061,862</u>	<u>18,981</u>	<u>-</u>	<u>1,080,843</u>
Less accumulated depreciation for:				
Buildings	(23,930)	(12,327)	-	(36,257)
Office equipment	(2,083)	(1,435)	-	(3,518)
Furniture and fixtures	(598)	(292)	-	(890)
Communications equipment	(117,506)	(45,833)	-	(163,339)
Vehicles	(4,489)	(5,250)	-	(9,739)
	<u>(148,606)</u>	<u>(65,137)</u>	<u>-</u>	<u>(213,743)</u>
Capital assets, net	<u>\$ 913,256</u>	<u>\$ (46,156)</u>	<u>\$ -</u>	<u>\$ 867,100</u>

Depreciation charged to expense for the current year amounted to \$65,137.

NOTE F – ACCRUED EXPENSES

Accrued expenses at June 30, 2009, consist of the following:

Accrued payroll	\$ 15,466
Accrued payroll taxes	<u>2,982</u>
	<u>\$ 18,448</u>

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE G – LONG-TERM DEBT

Long-term debt activity for the current year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
First Farmers & Merchants Bank	\$ 119,323	\$ -	\$ (31,002)	\$ 88,321
		<u>Amounts Due Within One Year</u>		
First Farmers & Merchants Bank		\$ 33,160		

At June 30, 2009, long-term debt consist of the following:

Original mortgage with First Farmers & Merchants Bank of \$280,000 for the new building on 2907 Cayce Lane, Columbia, Tennessee, payable at 6.1% interest and monthly payments of \$3,135, maturing December 20, 2011.	<u>\$ 88,321</u>
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Current principal and interest payments for fiscal years ending June 30th are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 33,160	\$ 4,458
2011	35,241	2,378
2012	19,920	368
	<u>\$ 88,321</u>	<u>\$ 7,204</u>

NOTE H – MAJOR REVENUE SOURCE

Revenue for operation and maintenance of the Maury County Emergency Communications District is generated by a surcharge placed on residential and business phone lines. The surcharge is collected by AT&T Telephone Company and remitted to the District monthly less a 1% administrative fee. In fiscal year 2000, the District began collecting revenue generated by wireless phone users. The Tennessee Emergency Communications Board collects the revenue and distributes 25% of the funds to the Emergency Communications Districts based on the proportion of the population of each district to that of the state, according to the latest census.

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE I – RETIREMENT PLAN

The District has elected to participate in the Tennessee Consolidated Retirement System. The District assumed the employer and employee liability for five years of prior service for each person who was employed full-time on the date of participation. The District also elected to provide cost-of-living increases to retirees. The initial contribution rate for the District is 9.24%. Current year contributions amounted to \$51,029.

NOTE J – 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. For the year ended June 30, 2009, the District was insured against potential losses associated with these risks through the purchase of commercial insurance for management liability and through a blanket general liability policy purchased by Maury County. There have been no losses in excess of insurance coverage during the last three years.

SUPPLEMENTARY INFORMATION

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED JUNE 30, 2009**

Salaries and Wages

Director	\$ 61,607
Administrative personnel	90,667
Telecommunicators	495,865
Longevity	6,950
	655,089

Employee Benefits

Social security	40,616
Medicare	9,499
Life insurance	1,847
Medical insurance	104,769
Medical reimbursement plan	11,290
Unemployment compensation	2,966
Retirement contributions	51,029
	222,016

Contracted Services

Audit services	2,300
Accounting services	1,900
Janitorial services	4,475
Legal services	1,270
Maintenance agreements	37,834
Data base maintenance	54,900
NCIC/TBI expenses	7,270
Other consultants	4,915
Pest control	420
Copier lease	1,508
Repairs - communications equipment	3,118
Repairs - building	5,699
Repairs - office equipment	251
Vehicle operation/maintenance	2,746
	128,606

Supplies and Materials

Office supplies	7,924
Postage	296
Small equipment purchases	1,177
Uniforms & shirts	2,081
Utilities	
Electric and water	12,993
General telephone	9,589
Cell phones and pagers	5,425
	39,485

See auditor's report.

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF OPERATING EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2009**

Other Charges	
Bank charges	5
Board meeting expenses	122
Dues and memberships	1,639
Insurance	
Workers' compensation	3,537
Liability	7,902
Buildings and contents	3,069
Vehicles	1,351
Public education	1,350
Service awards	1,213
Training	9,270
Travel	17
	<hr/>
	29,475
	<hr/>
Depreciation	65,137
	<hr/>
	\$ 1,139,808
	<hr/> <hr/>

See auditor's report.

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Cash Basis)</u>	<u>Variance With Final Favorable (Unfavorable)</u>
Operating revenue				
Emergency telephone service charges	\$ 421,848	\$ 505,000	\$ 504,416	\$ (584)
State emergency communications board - shared wireless	168,476	180,000	142,658	(37,342)
State emergency communications board - operational funding	176,719	176,719	147,183	(29,536)
Emergency support service	225,666	225,666	225,996	330
Other income	92,633	150,000	154,576	4,576
	<u>1,085,342</u>	<u>1,237,385</u>	<u>1,174,829</u>	<u>(62,556)</u>
Operating expenses				
Salaries and wages				
Director	61,951	61,951	61,951	-
Administrative personnel	88,200	90,847	90,847	-
Telecommunicators	459,210	500,000	495,510	4,490
Longevity	7,691	7,691	6,950	741
	<u>617,052</u>	<u>660,489</u>	<u>655,258</u>	<u>5,231</u>
Employee benefits				
Social security	38,257	40,950	40,626	324
Medicare	8,947	9,577	9,501	76
Life insurance	2,420	2,420	1,847	573
Medical insurance	86,662	105,000	104,769	231
Medical reimbursement plan	14,000	14,000	10,968	3,032
Unemployment compensation	-	3,000	2,966	34
Retirement contributions	49,434	52,000	51,029	971
	<u>199,720</u>	<u>226,947</u>	<u>221,706</u>	<u>5,241</u>
Contracted services				
Audit services	2,300	2,300	2,300	-
Accounting services	2,000	2,000	1,900	100
Janitorial services	4,600	4,600	4,355	245
Legal services	500	1,500	1,270	230
Maintenance agreements	38,482	38,482	37,834	648
Data base maintenance	51,480	55,000	54,690	310
NCIC/TBI expenses	8,355	8,355	7,270	1,085
Other consultants	4,500	5,000	4,915	85
Pest control	360	450	440	10
Copier lease	1,600	1,600	1,508	92
Repairs - communications equipment	2,000	3,200	3,118	82
Repairs - building	2,000	5,500	5,439	61
Repairs - office equipment	1,500	500	247	253
Vehicle operation/maintenance	4,000	3,000	2,746	254
	<u>123,677</u>	<u>131,487</u>	<u>128,032</u>	<u>3,455</u>

See auditor's report.

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Cash Basis)</u>	<u>Variance With Final Favorable (Unfavorable)</u>
Supplies and materials				
Office supplies	6,000	7,750	7,667	83
Postage	300	300	296	4
Small equipment purchases	3,000	2,000	1,177	823
Uniforms & shirts	2,000	2,100	2,043	57
Utilities				
Electric and water	12,000	13,000	12,820	180
General telephone	13,000	11,500	10,200	1,300
Cell phones and pagers	4,600	5,500	5,377	123
	<u>40,900</u>	<u>42,150</u>	<u>39,580</u>	<u>2,570</u>
Other charges				
Bank charges	-	-	5	(5)
Board meeting expenses	300	300	133	167
Dues and memberships	1,000	1,750	1,639	111
Employee testing	1,000	500	375	125
Insurance				
Workers' compensation	2,958	3,600	3,537	63
Liability	8,437	8,000	7,902	98
Buildings and contents	4,008	3,200	3,069	131
Vehicles	1,351	1,351	1,351	-
Public education	1,200	1,000	893	107
Service awards	-	1,250	1,213	37
Training	8,000	9,500	9,270	230
Travel	2,500	500	81	419
	<u>30,754</u>	<u>30,951</u>	<u>29,468</u>	<u>1,483</u>
Total operating expenses	<u>1,012,103</u>	<u>1,092,024</u>	<u>1,074,044</u>	<u>17,980</u>
Operating revenues in excess of expenses	<u>73,239</u>	<u>145,361</u>	<u>100,785</u>	<u>(44,576)</u>
Nonoperating revenue (expenses)				
Interest income	4,500	6,000	6,122	122
Grants & reimbursements	10,000	10,000	10,000	-
Debt service	(37,619)	(37,619)	(37,619)	-
Capital expenditures	(20,000)	(20,000)	(18,981)	1,019
Total nonoperating revenue (expense)	<u>(43,119)</u>	<u>(41,619)</u>	<u>(40,478)</u>	<u>1,141</u>
Increase (decrease) in budgetary net assets	<u>30,120</u>	<u>103,742</u>	<u>60,307</u>	<u>(43,435)</u>
Budgetary net assets, beginning of year	<u>1,191,377</u>	<u>1,191,377</u>	<u>1,191,377</u>	<u>-</u>
Budgetary net assets, end of year	<u>\$ 1,221,497</u>	<u>\$ 1,295,119</u>	<u>\$ 1,251,684</u>	<u>\$ (43,435)</u>

See auditor's report.

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2009**

Budget to Actual Reconciliation

Increase in budgetary net assets	\$ 60,307
Principal paid on debt	31,002
Capital expenditures	18,981
Depreciation not budgeted	(65,137)
Accrual adjustment for accounts receivable	75,065
Accrual adjustment for accounts payable	(807)
Accrual adjustment for accrued expenses	181
	<hr/>
Actual increase in net assets	<u>\$ 119,592</u>

See auditor's report.

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2009**

	<u>Amount Received</u>
State emergency communications board - grants & reimbursements	<u>\$ 10,000</u>

See auditor's report.

**MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF INFORMATION REQUIRED BY THE TENNESSEE
EMERGENCY COMMUNICATIONS BOARD
YEAR ENDED JUNE 30, 2009**

- A. The District has one public safety answering point (PSAP).
- B. The address of Maury County's PSAP is 2907 Cayce Lane, Columbia, TN 38401.
- C. The District used a Motorola Plant Vesta/CML system with the A T & T database.
- D. The director of Maury County Emergency Communications District is:

Freddie W. Rich
2907 Cayce Lane
Columbia, TN 38401
Phone: 931-381-3190
Fax: 931-381-1828

- E. The chairman of the Board of Directors for the Maury County Emergency Communications District is:

Danny Fleming
Maury County Ambulance Service
1212 Tradewinds Drive
Columbia, TN 38401
Phone: 931-388-1434
Fax: 931-490-4652

D. GREGORY JOHNSON
CERTIFIED PUBLIC ACCOUNTANT

204 WEST 4TH STREET, SUITE B
COLUMBIA, TENNESSEE 38401

TELEPHONE 931-381-7010
FAX 931-381-3752

**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
Maury County Emergency Communications District
Columbia, Tennessee

I have audited the financial statements of the Maury County Emergency Communications District as of and for the year ended June 30, 2009, and have issued my report thereon dated February 27, 2010. I conducted my audit in accordance with auditing standards general 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 the Maury 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 an opinion on the effectiveness of the Maury County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Maury County Emergency Communications District's 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 Maury 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 the Maury County Emergency Communications District's financial statements that is more than inconsequential will not be prevented or detected by the Maury County Emergency Communications 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 material misstatement of the financial statements will not be prevented or detected by the Maury County Emergency Communications District's internal control.

My consideration of 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Maury 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, board of directors of the Maury County Emergency Communications District, and Comptroller of the Treasury of the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "D. Gregory Johnson, CPA". The signature is written in a cursive style with a large, prominent initial "D".

D. Gregory Johnson, CPA
Columbia, Tennessee
February 27, 2010