

**BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT**

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2009

**BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT**

TABLE OF C O N T E N T S

INTRODUCTORY SECTION

Directory of Principal Officials	Page 4
----------------------------------	-----------

FINANCIAL SECTION

Independent Auditor's Report	6-7
Management's Discussion and Analysis	8-10

Basic Financial Statements

Statement of Net Assets	11
Statement of Revenues, Expenses and Changes in Net Assets	12
Statement of Cash Flows	13
Notes to Financial Statements	14 - 18

Supporting Schedules

Statement of Revenues and Expenses Detail – Budget to Actual Comparison (Budget Basis)	20
Schedule of Public Safety Answering Points (PSAP) (Unaudited)	21
Schedule of Insurance Coverage (Unaudited)	22
Schedule of Surcharge Rates	23

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 <i>Government Auditing Standards</i>	25 - 26
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INTRODUCTORY SECTION

BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2009

Board of Directors:

Blaine E. Wade, Chairman
Joe Felty, Vice-Chairman
Phil Vinson, Treasurer
Gary Maiden, Secretary
Frank Blanton
Shelton Hillman
Robert Barnes

Officers and Advisors:

Virginia Smelser, Director
Ricky Curtis, Legal Advisor

FINANCIAL SECTION

Financial Section contains the
Basic Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bristol Tennessee Emergency
Communications District
Bristol, Tennessee

We have audited the accompanying basic financial statements of Bristol Tennessee Emergency Communications District (the "District"), a component unit of the City of Bristol, 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 the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the requirements prescribed by the Comptroller of the Treasury, State of Tennessee. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the 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*, we have also issued our report dated November 16, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 8-10 is not a required part of the basic financial statements but is supplemental 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 supplemental 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 of the District, taken as a whole. The accompanying information listed as supporting schedules in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia
November 16, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Bristol Tennessee Emergency Communications District (the "District"), we offer readers of our financial statements this narrative and overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2009. It should be read in connection with the District's financial statements and related notes included in this report.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$807,337 (net assets). Of this amount, \$658,300 (unrestricted net assets) may be used to meet the District's ongoing obligations to customers and creditors.
- The District's net assets increased by \$71,166, which was attributable to the net income of the District for the year.
- The District entered into a capital lease obligation to purchase a Pictometry license agreement. The amount outstanding on this capital lease is \$19,282, of which \$9,641 is due within one year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. Since the District is engaged in business-type activities, its basic financial statements are comprised of only two components: 1) enterprise fund financial statements and 2) notes to the financial statements. The report also contains other supporting schedules in addition to the basic financial statements themselves.

Enterprise fund financial statements. The enterprise fund financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses and changes in net assets presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The basic enterprise fund financial statements can be found on pages 11 through 13 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 14 through 18 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other supporting schedules including the District's budget to actual comparisons of revenues and expenses on the basis of accounting on which the District presents its budget. The other supporting schedules can be found on pages 20 through 23 of this report.

(Continued)

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceeded liabilities by \$807,337 at the close of the most recent fiscal year.

The District uses its capital assets to provide emergency communications services to its customers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate those liabilities.

	Net Assets	
	2009	2008
Current assets	\$ 659,387	\$ 597,081
Capital assets	<u>168,319</u>	<u>139,643</u>
Total assets	<u>\$ 827,706</u>	<u>\$ 736,724</u>
Current liabilities	\$ 10,728	\$ 553
Long-term liabilities	<u>9,641</u>	<u>-</u>
Total liabilities	<u>\$ 20,369</u>	<u>\$ 553</u>
Net assets:		
Investment in capital assets	\$ 149,037	\$ 139,643
Unrestricted	<u>658,300</u>	<u>596,528</u>
Total net assets	<u>\$ 807,337</u>	<u>\$ 736,171</u>

(Continued)

	<u>Changes in Net Assets</u>	
	<u>2009</u>	<u>2008</u>
Revenues		
Surcharge revenue	\$ 376,525	\$ 283,100
Non-operating revenue	<u>73,639</u>	<u>214,874</u>
Total revenues	<u>\$ 450,164</u>	<u>\$ 497,974</u>
Expenses		
Contracts with government agencies	\$ 143,018	\$ 85,592
Depreciation	60,445	50,276
Lease/rental – communications equipment	98,969	96,301
Other	<u>76,566</u>	<u>65,459</u>
Total expenses	<u>\$ 378,998</u>	<u>\$ 297,628</u>
Increase in net assets	\$ 71,166	\$ 200,346
Net assets – July 1	<u>736,171</u>	<u>535,825</u>
Net assets – June 30	<u>\$ 807,337</u>	<u>\$ 736,171</u>

The District's net assets increased by \$71,166 during the current fiscal year. Revenues decreased by \$47,810, or by 9.6%, primarily due to reduced operational funding received from the state. Expenses increased by \$81,370, largely due to increases in the contract expense with the City of Bristol, Tennessee and an increase in depreciation expense.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Bristol Tennessee Emergency Communications District, 801 Anderson Street, Bristol, Tennessee 37620.

BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents (Note 2)	\$ 539,849
Accounts receivable	110,499
Prepaid expenses	<u>9,039</u>
Total Current Assets	<u>659,387</u>
CAPITAL ASSETS (Note 3)	
Furniture and fixtures	65,877
Office equipment	77,166
Communications equipment	273,562
Vehicles	23,500
Less: Accumulated depreciation	<u>(271,786)</u>
Total Noncurrent Assets	<u>168,319</u>
Total Assets	<u>827,706</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	1,087
Capital leases, current (Note 4)	<u>9,641</u>
Total Current Liabilities	<u>10,728</u>
LONG-TERM LIABILITIES	
Long-term debt (Note 4)	<u>9,641</u>
Total Long-Term Liabilities	<u>9,641</u>
Total Liabilities	<u>20,369</u>
NET ASSETS	
Invested in capital assets	149,037
Unrestricted	<u>658,300</u>
Total Net Assets	<u>\$ 807,337</u>

The Notes to Financial Statements are an integral part of this statement.

BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

For the Year Ended June 30, 2009

OPERATING REVENUES	
Emergency telephone service charge	\$ 215,283
State emergency communications board - shared wireless charge	74,588
State emergency communications board - operational funding	86,169
Miscellaneous	<u>485</u>
Total operating revenues	<u>376,525</u>
OPERATING EXPENSES	
Audit services	9,750
Administrative fees - service charges	6,598
Contracts with government agencies (Note 5)	143,018
Maintenance agreements	3,375
Lease/rental - communications equipment	98,969
Maintenance and repairs - vehicles	1,235
Maintenance and repairs - equipment	835
Maintenance and repairs - office equipment	1,340
Vehicles - gas and fuel	812
Office supplies	2,629
Data processing supplies	1,639
Postage	241
Small equipment purchase	4,611
Utilities - telephone, cell phones, and pagers	6,537
Bank charges	161
Board meeting expenses	489
Dues and memberships	1,771
Insurance - liability	796
Insurance - building and contents	9,290
Insurance - vehicles	479
Premiums on surety bonds	3,709
Public education	4,560
Service awards	393
Training expenses	8,962
Travel expenses	6,204
Uniforms	150
Depreciation	<u>60,445</u>
Total operating expenses	<u>378,998</u>
Operating loss	<u>(2,473)</u>
NON-OPERATING REVENUE (EXPENSE)	
State emergency communications board grants	62,862
Interest income	10,797
Loss on sale of assets	<u>(20)</u>
Total non-operating revenue	<u>73,639</u>
Change in net assets	71,166
NET ASSETS AT JULY 1	<u>736,171</u>
NET ASSETS AT JUNE 30	<u>\$ 807,337</u>

The Notes to Financial Statements are an integral part of this statement.

BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 346,598
Cash payments to suppliers for goods and services	<u>(327,058)</u>
Net cash provided by operating activities	<u>19,540</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from state ECB grants	10,000
Purchase of property and equipment	(60,033)
Payments on capital lease obligations	<u>(9,826)</u>
Net cash used in capital and related financing activities	<u>(59,859)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	<u>10,797</u>
Net cash provided by investing activities	<u>10,797</u>
Net decrease in cash	(29,522)
CASH AT BEGINNING OF YEAR	<u>569,371</u>
CASH AT END OF YEAR	<u><u>\$ 539,849</u></u>
 SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES	
Acquisition of property and equipment by capital lease	<u><u>\$ 29,108</u></u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	<u>\$ (2,473)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	60,445
Changes in assets and liabilities:	
Accounts receivable	(29,927)
Prepaid expenses	(9,039)
Accounts payable	<u>534</u>
Total adjustments	<u>22,013</u>
Net cash provided by operating activities	<u><u>\$ 19,540</u></u>

The Notes to Financial Statements are an integral part of this statement.

BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Note 1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Tennessee General Assembly's passage of Emergency Communications District Law (Acts 1984, ch. 867) declared that the establishment of a uniform emergency number to shorten the time required for a citizen to request and receive emergency aid is a matter of public concern and interest. It is the intent of communication districts to provide a simplified means of securing emergency services.

The legislative body of any municipality or county may, by ordinance or resolution, respectively, create an emergency communications district within all or part of the boundaries of such municipality or county. Prior to the establishment of such district, an election must be held and certified by the County Election Commission indicating the voters' approval of the communication district. Such an election was held in Bristol, Tennessee in March, 1994, whereby the voters approved a referendum which formed the Bristol Tennessee Emergency Communications District (the "District"). The District began operations July 1, 1994.

The District is a component unit of the City of Bristol, Tennessee (the "City"), as defined by Statement No. 14 of the Governmental Accounting Standards Board, "The Reporting Entity". The District's Board of Directors and General Manager are appointed and provided by the City. The potential exists for the District to provide specific financial benefits to or impose specific financial burdens on the City.

Measurement Focus and Basis of Accounting

The District's financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the District's financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Authority also has the *option* of following subsequent private-sector guidance, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

The District distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are surcharge revenue. Operating expenses include the equipment expenses, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(Continued)

BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Note 1. Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

The following procedures are used by the Board in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year.
2. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) with the exception of depreciation and capital purchases. Budgetary comparisons presented in this report are on this non-GAAP budgetary basis.
3. All budget data presented in the accompanying financial statements is the revised budget for the year.
4. Budget items can only be revised upon approval of the Board of Directors.
5. Expenses cannot legally exceed the line item level.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents are defined as highly liquid investments with an original maturity of three months or less from the date of acquisition.

Surcharge Revenue

The District recognizes surcharge revenue as earned. The service supplier, United Telephone Company of the Southeast, is scheduled to remit collected service charges to the District on a monthly basis. Such funds are being remitted to the District within thirty (30) days subsequent to the last business day of the preceding month. The service supplier is entitled to retain as an administrative fee, three percent (3%) of its collections of service charges. The District also receives revenue from the State of Tennessee for wireless revenue. This revenue is equivalent to 25% of the revenue generated by wireless communications and is based on a proportion of the population of each District. These funds are remitted to the District on a bi-monthly basis. The District, and all properties at any time owned by it and the income therefrom, and all bonds issued by it and the income therefrom, is exempt from all taxation in the State of Tennessee (Acts 1984, ch. 867).

Depreciation

Depreciation for capital assets is provided on the straight-line and declining balance methods over the estimated useful lives, which range from three to ten years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain and loss is recognized in income as incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(Continued)

BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Note 1. Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets.

Note 2. Cash and Cash Equivalents

State statutes authorize the District to invest in obligations of the federal government, state government, the state investment pool, certificates of deposit and other time deposits, and repurchase agreements.

All of the District's cash and cash equivalents were deposited with financial institutions at June 30, 2009. All deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits were fully collateralized by the Tennessee Bank Collateral Pool.

Note 3. Capital Assets

Capital asset activity for the year was as follows:

	<u>Beginning July 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30</u>
Capital assets, being depreciated				
Furniture and fixtures	\$ 7,909	\$ 57,968	\$ -	\$ 65,877
Office equipment	77,166	-	-	77,166
Communications equipment	250,565	31,173	8,176	273,562
Vehicles	<u>23,500</u>	<u>-</u>	<u>-</u>	<u>23,500</u>
Total capital assets, being depreciated	<u>359,140</u>	<u>89,141</u>	<u>8,176</u>	<u>440,105</u>
Less accumulated depreciation for:				
Furniture and fixtures	2,853	3,546	-	6,399
Office equipment	56,824	8,138	-	64,962
Communications equipment	136,320	48,761	8,156	176,925
Vehicles	<u>23,500</u>	<u>-</u>	<u>-</u>	<u>23,500</u>
Total accumulated depreciation	<u>219,497</u>	<u>60,445</u>	<u>8,156</u>	<u>271,786</u>
Total capital assets depreciated, net	<u>139,643</u>	<u>28,696</u>	<u>20</u>	<u>168,319</u>
Total capital assets, net	<u>\$ 139,643</u>	<u>\$ 28,696</u>	<u>\$ 20</u>	<u>\$ 168,319</u>

Depreciation expense for the fiscal year ended June 30, 2009, was \$60,445.

BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Note 4. Leases

Capital Leases

The District entered into a license agreement on February 17, 2009 that is classified as a capital lease agreement. The cost of the license is included in the balance sheet as property, plant, and equipment totaling \$29,108 at June 30, 2009. Accumulated amortization of the license at June 30, 2009, was approximately \$1,455. Amortization expense of the license under the agreement is included in depreciation expense.

Future minimum lease payments are as follows:

<u>Year Ending</u>	
06/30/2010	\$ 9,641
06/30/2011	9,641

Operating Leases

The District leases certain telecommunications equipment under a 60 month operating lease, which began October 1, 2005 (but was revised on May 2, 2007), with Embarq that expires on May 1, 2012. The lease payments are \$5,865 per month for 60 months.

Future minimum lease payments are as follows:

<u>Year Ending</u>	
06/30/2010	\$70,380
06/30/2011	70,380
06/30/2012	58,650

Lease and rental expenses were \$98,969 for the fiscal year ended June 30, 2009.

Note 5. Related Organizations

The District is a component unit of the City of Bristol, Tennessee and is a party in an "Inter-local Cooperation Agreement" with the City. According to the terms of the agreement, the District, in return for the City providing certain benefits, is to reimburse the City for the cost of those benefits out of its surcharge revenues. The benefits referred to above consist of use of the physical plant and equipment along with services of the General Manager, personnel, administrative and other services provided the District.

For the year ended June 30, 2009, the District reimbursed the City \$143,018. The agreed upon reimbursement for the year ended June 30, 2009, is considered payment in full for costs for the year.

BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Note 6. Risk Management

The District is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage for each of the above risks of loss.

Management believes the coverage is adequate to preclude any significant uninsured risk exposure to the District.

There were no significant reductions in insurance coverage from the prior year and no settlements that exceeded the amount of insurance coverage since the inception of the District.

Note 7. Budgetary Reconciliation

Change in net assets, per Statement of Revenues, Expenses and Changes in Net Assets	\$ 71,166
Differences in budgetary basis:	
Capital assets recorded as expenses rather than as assets	(60,033)
Depreciation not recorded on budgetary basis	60,445
Conversion of revenues and expenses to a cash basis	<u>(82,255)</u>
Change in net assets, per budgetary basis	<u>\$ (10,677)</u>

SUPPORTING SCHEDULES

BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT

STATEMENT OF REVENUES AND EXPENSES DETAIL -
BUDGET TO ACTUAL COMPARISON (BUDGET BASIS)
For the Year Ended June 30, 2009

	Budget	Actual	Variance
OPERATING REVENUES			
Emergency telephone service charge	\$ 230,000	\$ 213,366	\$ (16,634)
State emergency communications board - shared wireless charge	58,000	60,939	2,939
State emergency communications board - operational funding	86,169	71,808	(14,361)
Miscellaneous	-	465	465
	<u>374,169</u>	<u>346,578</u>	<u>(27,591)</u>
OPERATING EXPENSES			
Address/Mapping	600	-	600
Advertising	500	-	500
Audit services	9,300	9,250	50
Administrative fees - service charges	8,000	6,562	1,438
Contracts with government agencies	143,018	143,018	-
Legal services	1,000	500	500
Maintenance agreements	11,100	3,375	7,725
Lease/rental - communications equipment	99,000	98,969	31
Maintenance & repairs - communications equipment	1,000	835	165
Maintenance & repairs - office equipment	1,500	1,340	160
Maintenance & repairs - vehicles	1,500	1,235	265
Vehicles - gas & fuel	1,400	812	588
Office supplies	2,500	1,954	546
Custodial supplies	300	292	8
Data processing supplies	2,700	1,524	1,176
Postage	300	241	59
Small equipment purchase	6,000	4,611	1,389
Uniforms	500	150	350
Utilities - general phone	8,400	6,537	1,863
Bank charges	500	161	339
Board meeting expenses	500	489	11
Dues and memberships	1,800	1,771	29
Employee testing	200	-	200
Insurance - liability	1,200	796	404
Insurance - building and contents	10,300	9,290	1,010
Insurance - vehicles	1,400	479	921
Licenses & fees	800	-	800
Premiums on surety bonds	4,000	3,709	291
Public education	4,800	4,560	240
Service awards	500	393	107
Training expenses	9,040	8,962	78
Travel expenses	6,800	6,204	596
	<u>340,458</u>	<u>318,019</u>	<u>22,439</u>
OPERATING INCOME	<u>33,711</u>	<u>28,559</u>	<u>(5,152)</u>
NON-OPERATING REVENUE (EXPENSE)			
State ECB grants	53,600	10,000	(43,600)
Interest income	2,500	10,797	8,297
Capital purchases	(68,800)	(60,033)	8,767
	<u>(12,700)</u>	<u>(39,236)</u>	<u>(26,536)</u>
CHANGE IN NET ASSETS	<u>\$ 21,011</u>	<u>\$ (10,677)</u>	<u>\$ (31,688)</u>

BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT

SCHEDULE OF PUBLIC SAFETY ANSWERING POINTS (PSAP) (UNAUDITED)
June 30, 2009

1 Public Safety Answering Points (PSAP) with 4 answering positions, all located at:

Bristol Tennessee Police Department
801 Anderson Street
Bristol, TN 37620

CML RescueSTAR 911 Emergency Communications System:

RescueSTAR Double Shelf w/3 Data I/F & 3 L/T – AC Version

4 SenTinal Answering Positions e/w Minitower PC's & 21" SVGA Monitors

911 trunk and administrative and emergency access line ports

RescueSTAR SMART Administrative Position including MIS, Maintenance and Reconfiguration level Software

RescueSTAR Hardware and Software

Sentinel trainer instructional

2 CML Command Post, Portable Answering Position

Director: Virginia Smelser
801 Anderson Street
Bristol, Tennessee 37620
423-989-5653 Voice
423-989-5718 Fax

Chairman: Blaine E. Wade
801 Anderson Street
Bristol, Tennessee 37620
423-989-5653 Voice
423-989-5718 Fax

BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT

SCHEDULE OF INSURANCE COVERAGE (UNAUDITED)
June 30, 2009

INSURANCE COVERAGE

Type of Policy: Package (Property, General Liability, Medical Malpractice)
Policy Number: TR2055992-01
Policy Premium: \$9,290
Property Coverage: 801 Anderson St., Bristol, Sullivan Co., TN. Personal Property (Contents) \$35,000; Loss of Income \$10,000; Extra Expense \$10,000; \$250 Deductible, Replacement Cost, All Risk.
Limits of Liability: \$2,000,000 General Aggregate limit (Other than Products/Completed Operations)
\$2,000,000 Products/Completed Operations
Aggregate Limit
\$1,000,000 Personal & Advertising Injury Limit
\$1,000,000 Each Occurrence Limit
\$50,000 Fire Damage Limit (Any One Person)
\$5,000 Medical Expense Limit (Any One Person)

Type of Policy: Vehicles
Policy Number: CM1053657-01
Policy Premium: \$479
Limits of Liability: \$1,000,000 Combined Single Limit, Hired & Nonowned
"Autos"

Type of Policy: Commercial Excess
Policy Number: CU5053080-01
Policy Premium: \$796
Limits of Liability: \$1,000,000 Each Incident; \$2,000,000 Policy
Aggregate;
\$ 10,000 Each Incident, Retained Limit; Occurrence
Form

BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT

SCHEDULE OF SURCHARGE RATES
June 30, 2009

<u>CUSTOMER TYPE</u>	<u>RATE PER LINE</u>
Residential	\$.65
Commercial	\$ 2.00*

*Up to 100 lines

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
Bristol Tennessee Emergency
Communications District
Bristol, Tennessee

We have audited the basic financial statements of the Bristol Tennessee Emergency Communications District (the "District"), a component unit of the City of Bristol, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements prescribed by the Comptroller of the Treasury, State of Tennessee.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

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 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District, in a separate letter dated November 16, 2009.

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia
November 16, 2009

**BRISTOL TENNESSEE EMERGENCY
COMMUNICATIONS DISTRICT**

**COMMENTS AND SUGGESTIONS FOR
YOUR CONSIDERATION**

JUNE 30, 2009

INDEPENDENT AUDITOR'S REPORT ON COMMENTS AND SUGGESTIONS

To the Senior Management and
The Board of Directors of
Bristol Tennessee Emergency Communications District
Bristol, Tennessee

In planning and performing our audit of the financial statements of the Bristol Tennessee Emergency Communications District, for the year ended June 30, 2009, we considered the District's internal control over financial reporting (internal control) in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. Our assessment of internal control included obtaining an understanding of the internal control sufficient to plan our audit and comply with *Government Auditing Standards*.

However, during our audit we became aware of a matter that provides an opportunity for strengthening internal controls and operating efficiency. This report does not affect our report dated November 16, 2009, on the financial statements of Bristol Tennessee Emergency Communications District. Since our audit is not designed to include a detailed review of all systems and procedures, this comment should not be considered as being all inclusive of areas where improvements might be achieved. It is our hope that this suggestion will be taken in the constructive light in which they are offered.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with the District's management, and will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Our comment is as follows:

Organizational Structure

In general, the internal control is designed to safeguard assets and help prevent losses from employee dishonesty or error. A fundamental concept of internal control is the separation of duties. The basic premise of this concept is that no one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. Due to the limited size of the accounting staff of the District, a proper separation of duties cannot be established and maintained. However, procedures have been implemented to mitigate this deficiency to the extent of the District's capabilities. These procedures include the following: significant oversight is performed by the Board of Directors in the area of invoice approval in that invoices are approved by all Board members; checks are signed by two individuals, one of which must be a Board member; and deposits are made by an individual without record keeping responsibilities.

Senior Management and
The Board of Directors of
Bristol Tennessee Emergency Communications District
Page 2

We strongly suggest that the procedures detailed above be continued and periodically reevaluated to assure that incompatible functions are reduced to a minimum and that proper mitigating controls are utilized as much as possible.

This report is intended solely for the information and use of the Board of Directors, management and others within the District and is not intended to be and should not be used by anyone other than those specified parties.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia
November 16, 2009