

Financial Statements

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

Year Ended June 30, 2009

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Directors
Emergency Communications District of
Anderson County, Tennessee
Clinton, Tennessee

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

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

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Emergency Communications District of Anderson County, Tennessee 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepting 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. However, we did not audit this information and express no opinion thereon.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2009 on our consideration of Emergency Communications District of Anderson County, Tennessee'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 other matters 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.

Mitchell Emert & Hill

October 3, 2009

**EMERGENCY COMMUNICATIONS DISTRICT
OF ANDERSON COUNTY, TENNESSEE**

101 S. MAIN STREET SUITE 440
CLINTON, TN 37716
PHONE (865) 463-8160 FAX (865) 457-1748

Our discussion and analysis of the Emergency Communications District of Anderson County, Tennessee's (the District) financial performance provides an overview of the District's activities for the year ended June 30, 2009. Please read it in conjunction with the District's financial statements, as listed in the Table of Contents.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Revenues, Expenses, and Change in Net Assets provide information about the District as a whole and present a long-term view of the District's finances.

**THE STATEMENT OF NET ASSETS AND THE STATEMENT OF REVENUE, EXPENSES
AND CHANGE IN NET ASSETS**

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 Revenue, Expenses and Change in Net Assets report information about the District and about its activities that help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's 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.

FINANCIAL HIGHLIGHTS

The operations of the Anderson County Emergency Communications District (a component unit of Anderson County, Tennessee) are primarily funded as follows:

- Telephone and Wireless companies "911" fees
- Operational fund program from State of Tennessee Emergency Communications Board (TECB)
- Interest income

Total operational costs for the District were \$244,137 for the fiscal year ended June 30, 2009.

NET ASSETS

The analysis below focuses on the net assets and changes in net assets of the District:

	<u>2009</u>	<u>2008</u>
NET ASSETS		
Current assets	\$ 754,618	\$ 581,914
Capital assets	<u>279,972</u>	<u>312,308</u>
Total assets	<u>\$ 1,034,590</u>	<u>\$ 894,222</u>
Net assets:		
Invested in capital assets	279,972	312,308
Unrestricted	<u>754,618</u>	<u>581,914</u>
	<u>1,034,590</u>	<u>894,222</u>
Total net assets	<u>\$ 1,034,590</u>	<u>\$ 894,222</u>
CHANGE IN NET ASSETS		
Operating revenue	\$ 364,814	\$ 354,672
Operating expenses	<u>244,137</u>	<u>225,879</u>
Operating income	120,677	128,793
Non-operating income	<u>19,691</u>	<u>16,746</u>
Change in net assets	140,638	145,539
Beginning net assets	<u>894,222</u>	<u>748,683</u>
Ending net assets	<u>\$ 1,034,590</u>	<u>\$ 894,222</u>

Net assets of the District increased by 14% during 2009 and 18% during 2008. Unrestricted net assets, the portion of the net assets that can be used to finance day-to-day operations, increased by \$172,704 or 30% for 2009 and \$164,420 or 39% for 2008.

FINANCIAL RATIOS

The ratios of Working Capital and Days Cash demonstrate the continuing ability to finance operations with cash. The stability of the current ratio and the liabilities to net assets ratio demonstrate that the District has not financed its working capital and days cash with an increased proportion of debt. The following is a related schedule of ratios:

	<u>2009</u>	<u>2008</u>
Working Capital (the amount by which current assets exceed current liabilities)	\$ 754,618	\$ 581,914
Days Cash and Investments (represents the number of days' normal operations could continue with no revenue collections)	1024 days	1133 days
Return on Assets – illustrates to what extent there will be sufficient funds to replace assets in the future	15%	18%

CAPITAL ASSETS

At the fiscal year end of June 30, 2009, the District had \$279,972 invested in capital assets as outlined below (a \$32,336 or 10% decrease over the last year).

	<u>2009</u>	<u>2008</u>
Communications equipment	\$ 383,102	\$ 370,690
Furniture and fixtures	50,407	50,407
Office equipment	6,842	0
Vehicle	19,425	19,425
Leasehold improvements	50,240	50,240
Other fixed assets	<u>70,963</u>	<u>70,963</u>
	580,978	561,725
Less accumulated depreciation	<u>(301,006)</u>	<u>(249,417)</u>
	<u>\$ 279,972</u>	<u>\$ 312,308</u>

DEBT

At the fiscal year end, the District had no outstanding bonds payable, notes payable or lease obligations outstanding. During the next year, the District does not plan substantial additions to the District's capital assets.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general view of the District's finances and to show the District's accountability to the money it receives. If you have any questions about this report or need additional financial information, please contact Mark Lucas, Chairman of the Board of the Anderson County Emergency Communications District, 101 S. Main Street, Suite 440, Clinton, TN 37716.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF NET ASSETS

June 30, 2009

ASSETS

CURRENT ASSETS

Cash		\$ 261,777
Certificate of deposit		428,778
Accounts receivable		11,129
Due from TECB		50,243
Prepaid insurance		<u>2,690</u>

TOTAL CURRENT ASSETS 754,618

CAPTIAL ASSETS

Communications equipment	\$ 383,102	
Furniture and fixtures	50,407	
Office equipment	6,842	
Vehicle	19,425	
Leasehold improvements	50,240	
Other fixed assets	<u>70,963</u>	
	580,978	
Accumulated depreciation	<u>(301,006)</u>	<u>279,972</u>

TOTAL ASSETS \$ 1,034,590

NET ASSETS

Invested in capital assets	\$ 279,972
Unrestricted	<u>754,618</u>

TOTAL NET ASSETS \$ 1,034,590

See the accompanying notes to the financial statements.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

Year Ended June 30, 2009

OPERATING REVENUE

Emergency telephone service charges		\$ 171,172
TECB-shared wireless charge		89,561
TECB operational funding program		<u>104,081</u>

TOTAL OPERATING REVENUE 364,814

OPERATING EXPENSES

Salaries and wages:		
Administration personnel		50,883

Employee benefits:		
Social security	\$ 4,402	
Medicare	<u>623</u>	5,025

Contracted services:		
Addressing/mapping	10,262	
Audit services	3,875	
Accounting services	3,000	
Fuel-vehicles	958	
Impact payments to cities	7,500	
Lease/Rental-communications equipment	80,648	
Maintenance agreements	10,464	
Maintenance and repairs-building and facilities	1,527	
Maintenance and repairs-office equipment	309	
Maintenance and repairs-vehicles	<u>247</u>	118,790

Supplies and materials:		
Office supplies	680	
Other supplies and materials	1,714	
Postage	51	
Utilities-general telephone	3,855	
Utilities-cell phones and pagers	<u>606</u>	6,906

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

(continued)

Year Ended June 30, 2009

Other charges:		
Board meetings	307	
Dues and memberships	710	
Public education	1,062	
Insurance	4,519	
Training expenses	3,476	
Travel expenses	754	
Other charges	<u>116</u>	10,945
Depreciation expense		<u>51,590</u>
TOTAL OPERATING EXPENSES		<u>244,137</u>
INCOME FROM OPERATIONS		120,677
NON-OPERATING REVENUE		
TECB-grants and reimbursements	10,000	
Interest income	<u>9,691</u>	<u>19,691</u>
CHANGE IN NET ASSETS		140,368
NET ASSETS AT THE BEGINNING OF THE YEAR		<u>894,222</u>
NET ASSETS AT THE END OF THE YEAR		<u>\$1,034,590</u>

See the accompanying notes to the financial statements.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF CASH FLOWS

Year Ended June 30, 2009

CASH PROVIDED(USED) BY OPERATING ACTIVITIES

Cash received from telephone charges	\$ 335,754
Cash paid to suppliers	(141,701)
Cash paid to employees	<u>(50,883)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 143,171

**CASH (USED) BY CAPITAL AND
RELATED FINANCING ACTIVITIES**

Purchase of equipment	(19,255)
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**CASH PROVIDED BY NON-CAPITAL AND
RELATED FINANCING ACTIVITIES**

TECB-grants	10,000
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CASH PROVIDED(USED) BY INVESTING ACTIVITIES

Interest received	\$ 9,691
(Increase) in certificate of deposit	<u>(109,535)</u>

NET CASH (USED) BY INVESTING ACTIVITIES (99,845)

NET INCREASE IN CASH 34,071

CASH AT THE BEGINNING OF THE YEAR 227,705

CASH AT THE END OF THE YEAR \$ 261,777

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF CASH FLOWS

(continued)

Year Ended June 30, 2009

**RECONCILIATION OF INCOME FROM OPERATIONS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Income from operations		\$ 120,677
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation	\$ 51,590	
Decrease in accounts receivable	19,323	
(Increase) in due from TECB	(50,243)	
Increase in payroll taxes payable	<u>1,824</u>	
		<u>22,494</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>\$ 143,171</u>

See the accompanying notes to the financial statements.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE A - DESCRIPTION OF ORGANIZATION

Emergency Communications District of Anderson County, Tennessee (the District) was created by a countywide referendum on November 6, 1990. The Anderson County Board of Commissioners appointed the District's initial Board of Directors pursuant to Tennessee Code Annotated Section 7-86-101. The District is responsible for the installation and maintenance of the emergency communications network of Anderson County, Tennessee (Enhanced 911 Service).

The District is considered a component unit of Anderson County, Tennessee because the Anderson County Board of Commissioners appoints a majority of the District's Board of Directors and must approve any debt issued by the District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The District uses the accrual basis of accounting. Revenue is recognized when earned and measurable, and expenses are recognized when the liability is incurred. The District follows all pronouncements of the Governmental Accounting Standards Board (GASB) and pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989. The District has not elected to follow FASB pronouncements issued after November 30, 1989.

GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset groups:

Invested in capital assets: This category includes capital assets, net of accumulated depreciation. Invested in capital assets at June 30, 2009 has been calculated as follows:

Capital assets	\$ 580,978
Accumulated depreciation	<u>(301,006)</u>
	<u>\$ 279,972</u>

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2009

Restricted: This category includes net assets whose use is subject to externally imposed stipulations that can be fulfilled by actions of the District pursuant to those stipulations or that expire by the passage of time. The District had no restricted net assets as of June 30, 2009.

Unrestricted: This category includes net assets that are not subject to externally imposed stipulations and that do not meet the definition of "restricted" or "invested in capital assets". Unrestricted net assets may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Accounts Receivable

Accounts receivable which are deemed uncollectible based upon a periodic review of the accounts are charged to revenue. At June 30, 2009, no allowance for uncollectible accounts was considered necessary.

Capital Assets

Capital assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives, which range from five to twenty-five years.

Operating Budget

The District is required by state law to adopt an annual operating budget. The budget is prepared on the accrual basis of accounting. All appropriations lapse at the end of the year.

Compensated Absences

The District's full-time employees are granted vacation leave in varying amounts. In the event of termination, the employee is paid for any unused vacation leave.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS
(continued)

June 30, 2009

NOTE C - CASH ON DEPOSIT

Cash and the certificate of deposit are stated at cost. The District considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

State of Tennessee law authorizes the District to invest in obligations of the United States or its agencies, non-convertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the state treasurer's investment pool. The pool contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool. Although the District may participate in the state investment pool, it elects not to.

State law dictates that collateral meet certain requirements, such as, be deposited in an institution which participates in the state collateral pool or be deposited in an escrow account in another institution for the benefit of the District and must be a minimum of 105% of the value of the deposits placed in the institution less the amount protected by federal deposit insurance. The state collateral pool is administered by the State of Tennessee. Members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional agreement, public fund accounts covered by the pool are considered to be insured in accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*.

These balances were entirely insured through the Federal Deposit Insurance Corporation or through the State of Tennessee Bank Collateral Pool.

NOTE D - LEASES

The District occupies facilities provided by Anderson County, Tennessee on a month-to-month basis. Anderson County provides the facilities without charge.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2009

NOTE E – CAPITAL ASSETS

	<u>Balance</u> <u>7/1/08</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/09</u>
<u>Capital assets being depreciated</u>				
Communications equipment	\$ 370,690	\$ 12,413	\$ 0	\$ 383,102
Furniture and fixtures	50,407	0	0	50,407
Office equipment	0	6,842	0	6,842
Vehicle	19,425	0	0	19,425
Leasehold improvements	50,240	0	0	50,240
Other fixed assets	<u>70,963</u>	<u>0</u>	<u>0</u>	<u>70,963</u>
	561,725	19,255	0	580,978
<u>Accumulated depreciation</u>				
Communications equipment	(156,571)	(31,142)	0	(187,713)
Furniture and fixtures	(29,361)	(3,678)	0	(33,040)
Office equipment	0	(408)	0	(408)
Vehicle	(19,425)	0	0	(19,425)
Leasehold improvements	(15,383)	(2,168)	0	(17,551)
Other fixed assets	<u>(28,677)</u>	<u>(14,193)</u>	<u>0</u>	<u>(42,870)</u>
	<u>(249,417)</u>	<u>(51,590)</u>	<u>0</u>	<u>(301,006)</u>
	<u>\$ 312,308</u>	<u>\$ (32,335)</u>	<u>\$ 0</u>	<u>\$ 279,972</u>

NOTE F - 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 carries commercial insurance for all risks of loss, including general liability and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SUPPLEMENTARY INFORMATION

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

Year Ended June 30, 2009

	<u>Actual</u> <u>(Accrual basis)</u>	<u>Budget</u> <u>(Accrual basis)</u>	<u>Variance</u> <u>Over (Under)</u>
OPERATING REVENUE			
Emergency telephone service charges	\$ 171,172	\$ 161,200	\$ 9,972
TECB-shared wireless charge	89,561	70,000	19,561
TECB-operational funding program	<u>104,081</u>	<u>104,081</u>	<u>0</u>
	364,814	335,281	29,533
OPERATING EXPENSES			
Salaries and wages:			
Administration personnel	50,883	52,148	(1,265)
Employee benefits:			
Social security	4,402	6,262	(1,860)
Medicare	<u>623</u>	<u>798</u>	<u>(175)</u>
	5,025	7,060	(2,035)
Contracted services:			
Addressing/mapping	10,262	30,000	(19,738)
Advertising	0	100	(100)
Audit services	3,875	4,000	(125)
Accounting services	3,000	3,000	0
Contracts with private agencies	0	500	(500)
Fuel-Vehicles	958	2,000	(1,042)
Impact payments to cities	7,500	7,500	0
Lease/Rental-communications equipment	80,648	85,000	(4,352)
Maintenance agreements	10,464	12,000	(1,536)
Maintenance and repairs- building and facilities	1,527	3,000	(1,473)
Maintenance and repairs- communications equipment	0	500	(500)
Maintenance and repairs-office equipment	309	750	(441)
Maintenance and repairs-vehicles	247	1,000	(753)
Mapping/database consultants	<u>0</u>	<u>5,000</u>	<u>(5,000)</u>
	118,790	154,350	(35,560)

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

(continued)

Year Ended June 30, 2009

	<u>Actual</u> <u>(Accrual basis)</u>	<u>Budget</u> <u>(Accrual basis)</u>	<u>Variance</u> <u>Over (Under)</u>
Supplies and materials:			
Office supplies	680	2,000	(1,320)
Other supplies and materials	1,714	4,000	(2,286)
Postage	51	300	(249)
Utilities-general telephone	3,855	5,000	(1,145)
Utilities-cell phones and pagers	606	1,250	(644)
	<u>6,906</u>	<u>12,550</u>	<u>(5,644)</u>
Other charges:			
Board meetings	307	1,000	(693)
Dues and memberships	710	1,750	(1,040)
Public education	1,062	1,200	(138)
Insurance	4,519	7,500	(2,981)
Training expenses	3,476	5,000	(1,524)
Travel expenses	754	7,500	(6,746)
Other charges	116	500	(384)
	<u>10,945</u>	<u>24,450</u>	<u>(13,505)</u>
Depreciation expense	<u>51,590</u>	<u>69,000</u>	<u>(17,410)</u>
	<u>244,137</u>	<u>319,558</u>	<u>(75,421)</u>
INCOME FROM OPERATIONS	120,677	15,723	104,954

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

STATEMENT OF REVENUE AND EXPENSES - ACTUAL AND BUDGET

(continued)

Year Ended June 30, 2009

	<u>Actual</u> <u>(Accrual basis)</u>	<u>Budget</u> <u>(Accrual basis)</u>	<u>Variance</u> <u>Over (Under)</u>
NON-OPERATING REVENUE			
TECB-grants and reimbursements	10,000	10,000	0
Interest income	9,691	4,000	5,691
	<u>19,691</u>	<u>14,000</u>	<u>5,691</u>
CHANGE IN NET ASSETS	140,368	29,723	110,645
NET ASSETS AT THE BEGINNING OF THE YEAR	<u>894,222</u>	<u>894,222</u>	<u>0</u>
NET ASSETS AT THE END OF THE YEAR	<u>\$ 1,034,590</u>	<u>\$ 923,945</u>	<u>\$ 110,645</u>

See the accompanying independent accountants' audit report.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

PUBLIC SAFETY ANSWERING POINTS

June 30, 2009

There are three public safety answering points (PSAP) utilized by the Emergency Communications District of Anderson County, Tennessee (the District).

The PSAP is located at the District's office at 101 South Main Street, Clinton, TN 37716.

In addition to the PSAP, the District maintains satellite remotes at the following locations:

Oliver Springs Police Department
701 Main Street
Oliver Springs, TN 37840

Lake City Police Department
104 Lawson Street
Lake City, TN 37769

The District uses a Positron ANI/ALI system at each of its PSAP locations.

See the accompanying independent accountants' audit report.

EMERGENCY COMMUNICATIONS DISTRICT OF
ANDERSON COUNTY, TENNESSEE

ROSTER OF OFFICIALS

June 30, 2009

Office Manager

Regina Copeland
101 South Main Street, Suite 440
Clinton, TN 37716
Telephone number (865)463-8160
Telefax number (865)457-1748

Chairman of the Board of Directors

Mark Lucas
101 South Main Street, Suite 440
Clinton, TN 37716
Telephone number (865)463-8160
Telefax number (865)457-1748

Members of the Board of Directors

James Shetterly
Duane Stooksbury
Rex Lynch
Kenny Morgan
Danny Humphrey
Nathan Sweet

The District does not have a director.

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Emergency Communications District of
Anderson County, Tennessee
Clinton, Tennessee

We have audited the financial statements of Emergency Communications District of Anderson County, Tennessee, a component unit of Anderson County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated October 3, 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Emergency Communications District of Anderson County, Tennessee'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 Emergency Communications District of Anderson County, Tennessee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Emergency Communications District of Anderson County, Tennessee's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Emergency Communications District of Anderson County, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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; 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*.

However, we noted certain other matters that we have reported to the management of Emergency Communications District of Anderson County, Tennessee in a separate letter dated October 3, 2009.

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

Mitchell Emert & Hill

October 3, 2009