CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2010

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CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF BOARD MEMBERS AND MANAGEMENT OFFICIALS
JUNE 30, 2010

BOARD MEMBERS

Danny Brawner	Chairman
John Mann	Vice Chairman
Larry Elliott	Treasurer
Beth Sisson	Secretary
Doug Pruitt	Member
Billy J. Smith	Member
James Bolin	Member
Terry Bradshaw	Member
Janice Newman	Member

MANAGEMENT OFFICIALS

Tressia Barksdale	Director
Kathy Rawls	Administrative Assistant

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Carroll 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, 2010. Please read it in conjunction with the District's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this 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 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 obligation 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 Fund 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. The 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 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. A summary of the District's net assets and changes in them is presented on the following page.

SUMMARIZED FINANCIAL INFORMATION

NET ASSETS

	2010	2009	Dollar Change	Percentage Change
Current assets	$ 603,110	$ 801,205	$ (198,095)	-24.7%
Capital assets	638,385	588,527	49,858	8.5%
Other assets	50	50	-	0.0%
Total Assets	1,241,545	1,389,782	(148,237)	-10.7%
Current liabilities	2,155	233,234	(231,079)	-99.1%
Long-term debt	-	-	-	-
Total liabilities	2,155	233,234	(231,079)	-99.1%
Net assets	$ 1,239,390	$ 1,156,548	$ 82,842	7.2%
Summary of net assets				
Invested in capital assets, net of debt	638,385	588,527	49,858	8.5%
Unrestricted net assets	601,005	568,021	32,984	5.8%
	$ 1,239,390	$ 1,156,548	$ 82,842	7.2%

CHANGES IN NET ASSETS

Revenues	$ 313,080	$ 288,717	$ 24,363	8.4%
Operating expenses	283,278	291,636	(8,358)	-2.9%
Operating income (loss)	29,802	(2,919)	32,721	-1121.0%
Nonoperating revenues (expenses)	64,078	34,476	29,602	85.9%
Changes in net assets	93,880	31,557	62,323	197.5%
Net assets				
Beginning	1,156,548	1,124,991	31,557	
Prior period adjustment	(11,038)	-	(11,038)	
Beginning, Restated	1,145,510	1,124,991	20,519	
Ending	$ 1,239,390	$ 1,156,548	$ 82,842	7.2%

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As can be seen from the summarized financial information on the previous page, the District's current assets have decreased $198,095 during the year ended June 30, 2010 and net capital assets increased $49,858. The decrease in the District's current assets was mainly due to the purchase of new equipment, particularly an asset purchased in fiscal year 2009 but not paid for until fiscal year 2010 which explains the net change in capital and current assets over the two-year period. All new equipment was purchased from funds on hand and required no borrowing. Total assets decreased by $148,237.

The District's emergency telephone service charges revenue decreased $8,267. The state shared wireless revenues increased by an amount of $4,351. In addition, the District also received operational funding in the amount of $114,480, which was the same as the prior year. During the current year the District received $2,722 in adjoining county charges, as compared to $2,754 the prior year. The result of these changes is an overall increase in operating revenues of $24,363. The District received $52,842 in grants and reimbursements from the State Emergency Communications Board. There was one grant, a GIS Mapping Grant in the amount of $10,000. The District also earned $11,236 in interest.

The operating expenses for the District decreased by 2.9% or $8,358. The decrease in operating expenses is due mainly to decreases in salaries and wages, employee benefits, and training expenses. The training and dispatcher expenses had the largest decrease over the prior year due to the Dispatcher Training Program no longer being conducted through the District. The largest increase was depreciation.

BUDGETARY HIGHLIGHTS

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

Income from residential and business phone lines decreased during the year. The actual residential and business phone line revenues were $8,183 less than the amount budgeted. The state shared wireless revenue was $4,061 above the amount budgeted. Also, the State Emergency Communications Board forwarded $109,200 of operational funding, which was $23,031 more than the amount budgeted. The overall revenues were $16,639 more than budgeted.

All line item expenditures of the District show favorable variances when comparing the budgeted amounts with the actual amounts. The largest variance between actual expenditures and budgeted expenditures was $3,446 for fees paid for maintenance agreements. The salaries and wages have a favorable variance of $2,213. Employee benefits have a favorable variance of $2,776. Contracted services, supplies and materials, and other charges are all favorable. Those variances are $8,935, $1,059, and $4,582 respectively. The overall effect of the variances of actual revenues and expenditures and budgeted revenues and expenditures is $77,312.

CAPITAL ASSETS

The District's investment in capital assets amounts to $873,785 with accumulated depreciation of $235,400. Capital assets include buildings and improvements, communications equipment, office equipment, and a vehicle. In the current year there was an increase in capital assets of $121,824. These funds were used to purchase communications equipment.

ECONOMIC FACTORS AND FUTURE NEEDS

The economic factors for the Carroll County Emergency Communications District are the decreasing use of landline telephones. Many individuals now use cell phones or VOIP services instead of residential landline services. While the increase in cell phone and VOIP services is generating revenue, only a portion of that revenue is being returned to each 911 district under the current system being used by the state for distributing shared wireless fees. Also, the number of individuals who change their service providers during a given year, in addition to the continual emergence and departure of telephone service providers makes it extremely difficult to estimate revenues for budgeting purposes.

The funding provided by state grants and reimbursement programs has also become a major economic factor for the District. The District's ability to obtain funding from the various grants and reimbursement programs is a key factor in their ability to acquire and maintain equipment to continue operating efficiently and effectively.

This financial report is designed to provide the readers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact:

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CØWART REESE
SARGENT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Carroll County Emergency Communications District
Huntingdon, Tennessee

We have audited the accompanying statement of net assets of the Carroll County Emergency Communications District, a component unit of Carroll County, Tennessee, as of June 30, 2010, and the related statement of revenues, expenses and changes in fund net assets, and statement of cash flows for the year then ended, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

As discussed in Note 1, the financial statements present only the Carroll County Emergency Communications District, and are not intended to present fairly the financial position of Carroll County, Tennessee, and the results of operations and cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Carroll County Emergency Communications District as of June 30, 2010, and the respective changes in financial position, and cash flows thereof 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 January 5, 2011, on our consideration of the District's internal control over financial reporting and 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

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reporting or 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 our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information of pages 2 through 5 and 20 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who it considers to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carroll County Emergency Communications District's basic financial statements. The budgetary comparison schedule, schedule of detailed expenses and schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except that which is 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Cowart Reese Sargent, CPAs
Martin, TN

January 5, 2011

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CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

Current Assets	
Cash in Bank - operating	$ 134,384
Cash in Bank - Edward Jones Money Market	954
Investment - certificate of deposit	450,000
Accrued interest receivable	6,169
Accounts receivable	11,603
Total Current Assets	603,110
Noncurrent Assets	
Capital assets	
Construction in progress	68,749
Buildings and improvements	108,494
Office equipment	23,814
Communications equipment	651,543
Vehicles	21,185
	873,785
Less accumulated depreciation	(235,400)
Total Noncurrent Assets	638,385
Other Assets	
Meter deposits	50
Total Assets	$ 1,241,545
Liabilities and Net Assets	
Current Liabilities	
Payroll deduction payable	912
Backup withholding	868
Other current liabilities	375
Total Current Liabilities	2,155
Total Liabilities	2,155
Net Assets	
Invested in capital assets	638,385
Unrestricted	601,005
Total Net Assets	1,239,390
Total Liabilities and Net Assets	$ 1,241,545

See accompanying notes to the financial statements.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

Operating Revenues:	
Emergency telephone service charges	$ 121,817
State Emergency Communications Board - shared wireless charge	74,061
State Emergency Communications Board - operational funding	114,480
Adjoining county charge	2,722
Total Operating Revenues	313,080
Operating Expenses:	
Salaries and wages	68,769
Employee benefits	41,512
Contracted services	55,849
Supplies and materials	7,976
Other charges	36,202
Depreciation	72,970
Total Operating Expenses	283,278
Operating Income (Loss)	29,802
Nonoperating Revenues (Expenses)	
Interest income	11,236
State Emergency Communications Board - grants & reimbursements	52,842
Net Nonoperating Revenues (Expenses)	64,078
Change in Net Assets	93,880
Total Net Assets at Beginning of Year	1,156,548
Prior period adjustment	(11,038)
Total Net Assets at Beginning of Year, Restated	1,145,510
Total Net Assets at End of Year	$ 1,239,390

See accompanying notes to the financial statements.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

Cash Flows from Operating Activities	
Cash received from customers	$ 344,907
Cash paid to suppliers	(330,280)
Cash paid to employees	(68,769)
Cash paid for employee benefits	(41,769)
Net Cash Provided by Operating Activities	(95,911)
Cash Flows from Capital and Related Financing Activities	
Proceeds from GIS maintenance grant - State Emerg. Comm. Board	10,000
Proceeds from dispatcher training reimbursement - State Emerg. Comm. Board	42,842
Purchases of capital assets	(120,820)
Net Cash Provided (Used) for Capital and Related Financing Activities	(67,978)
Cash Flows from Investing Activities	
Cash received from interest income	5,066
(Increase) decrease in investments	(186,507)
Net Cash Provided (Used) by Investing Activities	(181,441)
Net Increase in Cash and Cash Equivalents	(345,330)
Cash and Cash Equivalents at Beginning of Year	480,668
Cash and Cash Equivalents at End of Year	$ 135,338

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	$ 29,802
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation expense	72,970
(Increase) decrease in accounts receivable	31,827
(Increase) decrease in prepaid expenses	570
Increase (decrease) in accounts payable	(230,824)
Increase (decrease) in payroll deduction payable	61
Increase (decrease) in backup withholding	(332)
Increase (decrease) in other current liabilities	15
Net Cash Provided (Used) by Operating Activities	$ (95,911)

See accompanying notes to the financial statements.

NOTE 1 – Significant Accounting Policies

A. Reporting Entity

The Carroll County Emergency Communications District was created by the legislative body of Carroll County, Tennessee, to be an emergency communications district as defined by Tennessee state law. As such, it is considered to be a "municipality" or public corporation in perpetuity under its corporate name and shall be a body politic and corporate power of perpetual succession, but without power to levy or collect taxes. All Tennessee emergency communications districts are required to follow the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts*, developed by the Office of the Comptroller of the Treasury, Division of County Audit, pursuant to Section 7-86-304, *Tennessee Code Annotated*.

In evaluating how to define the Carroll County Emergency Communications District for financial reporting purposes, management has considered whether the District is a primary government. The decision to be included as a component unit of another reporting entity is made by applying the criteria set forth in the Governmental Accounting Standards Board Statement 14, *The Financial Reporting Entity*. The District must obtain the approval of the Carroll County Commission before issuance of most debt instruments. The county has determined that this constitutes fiscal dependency by the District, and has, therefore, included the District as a component unit of Carroll County.

The District is deemed to be a municipality under Tennessee state law and, as such, is exempt from federal income taxes.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Carroll County Emergency Communications District accounts for its financial position and results of operations in accordance with generally accepted accounting principles as defined in the Statements of Governmental Accounting Standards Board (GASB). Generally accepted accounting principles for proprietary fund types are those applicable to similar businesses in the private sector, and the measurement focus is on the determination of net income, financial position, and cash flows. Proprietary fund types are accounted for on the accrual basis, whereby income is recognized as it is earned and expenses are recognized as they are incurred, whether or not cash is received or paid out at that time. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20 gives governments the option of applying all Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its proprietary funds, unless they conflict with or contradict GASB pronouncements. The Office of the Comptroller of the Treasury requires Tennessee emergency communications districts not to implement FASB statements and interpretations issued thereafter, unless they are adopted by GASB.

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. Actual results could differ from those estimates.

The District's Board of Directors approves an appropriatory budget annually. The budget is prepared on a basis which differs from generally accepted accounting principles (GAAP) pertaining to proprietary funds, in that capital expenditures are budgeted as operating expenses rather than being capitalized as fixed assets and expenses are on the cash basis rather than the accrual basis. It is only necessary to present budgetary revenues and expenses compared to actual. The legal level of control is at each line item of expense; therefore, each line item must be amended prior to expending funds.

C. Assets, Liabilities, and Net Assets

Deposits and investments

For purposes of the statement of net assets and the statement of cash flows, Carroll 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.

State statutes authorize the System to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations by the U.S. government or its agencies, repurchase agreements, as approved by the state director of local finance, and the state's local government pool.

Accounts receivable

Accounts receivable represent amounts due from various phone companies for emergency telephone surcharges and monthly reimbursable wireless fees.

Capital Assets

All capital assets are valued at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under review, there were no interest costs capitalized.

Compensated absences

Employees are entitled to paid vacation based on term of employment and other factors. Full-time employees with fewer than five years of service are given ten days of vacation each year, awarded on their hire date. After five years of service, employees are given twelve days of vacation, and after ten years of service, they are given fifteen days of vacation. Employees may accumulate up to thirty days of vacation. At the end of each year, employees may carry-over any unused vacation leave to the next year, not to exceed thirty work days. The cost of accumulated vacation is immaterial; thus no accrual has been recorded in the financial statements.

Full-time employees shall accrue sick leave at a rate of one day per month worked. Sick leave can be accumulated up to sixty days. At the end of the calendar year any remaining sick leave may be transferred to the next year, not to exceed a maximum of sixty days. In the event of separation, all unused sick days shall be forfeited.

It is the District's practice to expense these costs when paid to the employees.

Net assets

Equity is classified as net assets. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

NOTE 2 – Detailed Notes on Accounts

A. Deposits and investments

The Utility has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures* for financial reporting of deposit risk.

Custodial Credit Risk – The Utility's policies limit investments to those instruments allowed by applicable state laws as described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the Utility's agent in the Utility's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2010 and 2009, all bank deposits were fully collateralized or insured.

B. Capital assets

Capital asset activity during the year was as follows:

	Balance at June 30, 2009	Additions	Disposals	Balance at June 30, 2010
Non-depreciable assets				
Construction in progress	$ -	$ 68,749	$ -	$ 68,749
Depreciable assets				
Buildings and improvements	$ 102,354	$ 6,140	$ -	$ 108,494
Office equipment	22,005	1,809	-	23,814
Communications equipment	606,417	45,126	-	651,543
Vehicles	21,185	-	-	21,185
Total depreciable assets	751,961	53,075	-	805,036
Less accumulated depreciation				
Buildings and improvements	32,461	5,924	-	38,385
Office equipment	18,698	1,875	-	20,573
Communications equipment	91,090	64,167	-	155,257
Vehicles	21,185	-	-	21,185
Total accumulated depreciation	163,434	71,966	-	235,400
Total depreciable assets, net	$ 588,527	$ (18,891)	$ -	$ 569,636
Total capital assets, net	$ 588,527	$ 49,858	$ -	$ 638,385

NOTE 3 – Other Information

A. Risk Management

The District is exposed to various risks related to general and public official's liability, property and casualty losses and workers' compensation. To cover these risks, the District has purchased insurance policies to provide coverage for these risks. The District pays annual premiums for its insurance coverage. There were no settlements in any of the prior three years in excess of insurance coverage.

B. Unemployment Taxes

Effective with the beginning of operations, the Carroll County Emergency Communications District agreed with the Tennessee Department of Labor and Workforce Development to be a reimbursing employer. Under this agreement, the District elected to reimburse the Department for all disbursements made on valid claims for unemployment insurance charged to the District during the effective period of the election. Thus far, there have not been any claims filed.

C. Employee's Retirement Plan

Plan Description

Employees of the Carroll County Emergency 911 District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and member joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the *Tennessee Code Annotated* (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Carroll County 911 Emergency District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at http://www.tn.gov/treasury/tcrs/PS/.

Funding Policy

Carroll County 911 Emergency District requires employees to contribute 5.0 percent of earnable compensation.

Carroll County 911 Emergency District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2010 was 21.60% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirements for Carroll County 911 Emergency District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2010, Carroll County 911 Emergency District's annual pension cost of $14,098 to TCRS was equal to Carroll County 911 Emergency District's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually.

The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Carroll County 911 Emergency District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 14 years. An

actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	$14,098	100.00%	$0.00
June 30, 2009	$13,865	100.00%	$0.00
June 30, 2008	$13,242	100.00%	$0.00

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 82.67% percent funded. The actuarial accrued liability for benefits was $0.15 million, and the actuarial value of assets was $0.13 million, resulting in an unfounded actuarial accrued liability (UAAL) of $0.03 million. The covered payroll (annual payroll of active employees covered by the plan) was $0.6 million, and the ratio of the UAAL to the covered payroll was 41.02% percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfounded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(Dollar amounts in thousands)

Actuarial Valuation Date	**Actuarial Value of Assets (a)**	**Actuarial Accrued Liability (AAL) (b)**	**Unfunded AAL (UAAL) (b) - (a)**	**Funded Ratio (a/b)**	**Covered Payroll (c)**	**UAAL as a Percentage of Covered Payroll ((b-a)/c)**
7/1/2009	$126	$152	$26	82.67%	$64	41.02%
7/1/2007	$86	$102	$16	84.31%	$59	27.12%

NOTE 4 – Prior Period Adjustment

During the year ended June 30, 2010, management became aware of purchases incorrectly capitalized. A prior period adjustment of $11,038 to investment in fixed assets has been recorded in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2009	126	152	26	82.67%	64	41.02%
7/1/2007	86	102	16	84.31%	59	27.12%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method went into effect during the year of the 2007 actuarial valuation, therefore only the two most recent valuations are presented.

OTHER SUPPLEMENTARY INFORMATION

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF DETAILED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

Salaries and Wages	
Salary - director	$ 36,924
Salary - administrative personnel	28,345
Salary - dispatchers	3,500
	68,769
Employee Benefits	
Social security	2,796
Medicare	672
Life insurance	1,663
Medical insurance	20,646
Disability insurance	1,637
Retirement contributions	14,098
	41,512
Contracted Services	
Addressing/mapping	5,419
Audit services	3,050
Accounting services	4,440
Contract labor	521
Fees paid to service providers	17,970
Legal services	2,400
Maintenance agreements	14,148
Pest control	225
R&M - communications equipment	-
R&M - buildings and facilities	632
R&M - office equipment	909
R&M - vehicles	1,561
Fuel - vehicles	997
Lawn care and maintenance	3,577
	55,849
Supplies and Materials	
Office supplies	699
Postage	331
Uniforms and shirts	500
Utilities - electric	1,346
Utilities - water	518
Utilities - telephone	4,074
Utilities - cell phones and pagers	508
	7,976

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF DETAILED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

Other Charges	
Board meeting expense	2,471
Dues and memberships	120
Insurance - liability	2,265
Insurance - buildings and contents	2,400
Insurance - equipment	4,966
Insurance - vehicles	1,170
Premiums on surety bonds	1,126
Public education	2,425
Service awards	-
Training expense	13,266
Travel expense	82
Internet charges	1,071
Reimbursable wireless fees	4,840
	36,202
Depreciation	72,970
Total Operating Expenses	$ 283,278

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF BUDGETARY COMPARISON
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Amended	Actual	
Operating Revenues				
Emergency telephone service charges	$ 130,000	$ 130,000	$ 121,817	$ (8,183)
State Emergency Communications Board - shared wireless charge	70,000	70,000	74,061	4,061
Adjoining County Charges	3,672	3,672	2,722	(950)
State Emergency Communications Board - reimbursement	6,600	6,600	5,280	(1,320)
State Emergency Communications Board - operational funding	86,169	86,169	109,200	23,031
Total Revenues	296,441	296,441	313,080	16,639
Operating Expenses				
Salaries and Wages	70,982	70,982	68,769	2,213
Employee Benefits				
Social security	4,184	4,184	2,796	1,388
Medicare	978	978	672	306
Life Insurance	1,800	1,800	1,663	137
Medical insurance	21,000	21,000	20,646	354
Disability inusance	1,750	1,750	1,637	113
Retirement contributions	14,576	14,576	14,098	478
	44,288	44,288	41,512	2,776
Contracted Services				
Address/mapping expenses	10,000	6,000	5,419	581
Audit services	3,050	3,050	3,050	-
Accounting services	4,440	4,440	4,440	-
Fees paid to service providers	23,000	20,000	17,970	2,030
Janitorial services	1,700	500	521	(21)
Legal services	2,400	2,400	2,400	-
Maintenance agreements	17,594	17,594	14,148	3,446
Pest control	-	600	225	375
Repairs - communications equipment	1,000	1,000	-	1,000
Repairs - buildings and facilities	500	1,500	632	868
Repairs - office equipment	1,000	1,000	909	91
Repairs - vehicles	1,000	2,000	1,561	439
Fuel - vehicles	500	1,200	997	203
Lawn care and maintenance	-	3,500	3,577	(77)
	66,184	64,784	55,849	8,935

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF BUDGETARY COMPARISON
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
Supplies and Materials				
Office supplies	1,900	1,100	699	401
Postage	450	400	331	69
Small equipment purchases	500	500	-	500
Uniforms and shirts	500	510	500	10
Utilities - electric	1,350	1,400	1,346	54
Utilities - water	500	525	518	7
Utilities - phone	4,000	4,000	4,074	(74)
Utilities - cell phone & pager	600	600	508	92
	9,800	9,035	7,976	1,059
Other Charges				
Bank charges	50	50	-	50
Board meetings	1,600	2,700	2,471	229
Dues and memberships	380	380	120	260
Insurance - workers comp	550	1,000	933	67
Insurance - liability	1,300	1,400	1,332	68
Insurance - buildings and contents	2,400	2,400	2,400	-
Insurance - equipment	3,000	5,000	4,966	34
Insurance - vehicles	1,100	1,200	1,170	30
Premiums on surety bonds	1,200	1,200	1,126	74
Public educations	2,500	2,500	2,425	75
Service awards	600	600	-	600
Training expenses	4,600	15,000	13,266	1,734
Travel expense	5,000	1,000	82	918
Internet charges	1,074	1,074	1,071	3
Reimbursable wireless fees	-	5,280	4,840	440
	25,354	40,784	36,202	4,582
Depreciation	72,000	80,000	72,970	7,030
Total Operating Expenses	288,608	309,873	283,278	26,595
Operating Income (Loss)	7,833	(13,432)	29,802	43,234
Nonoperating Revenues (Expenses)				
Interest income	20,000	20,000	11,236	(8,764)
Capital Contributions from State Emergency Communications Board	10,000	10,000	52,842	42,842
Total Nonoperating Revenues (Expenses)	30,000	30,000	64,078	34,078
Revenues in Excess of Expenses	37,833	16,568	93,880	$ 77,312
Budgetary Net Assets - Beginning	1,172,771	1,151,534	1,156,548	
Prior Period Adjustment	-	-	(11,038)	
Budgetary Net Assets - Beginning, Restated	1,172,771	1,151,534	1,145,510	
Budgetary Net Assets - Ending	$ 1,210,604	$ 1,168,102	$ 1,239,390	

See independent auditor's report.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS - UNAUDITED
JUNE 30, 2010

Grantor/Pass-Through Grantor Program Title	Grant Number	Balance July 1, 2009	Receipts	Disbursements	Balance June 30, 2010
Department of Commerce and Insurance					
GIS Maintenance Grant	Z08211911	$ -	$ 10,000	$ 10,000	$ -
		$ -	$ 10,000	$ 10,000	$ -

CØWART REESE SARGENT
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Carroll County Emergency Communications District
Huntingdon, Tennessee

We have audited the financial statements of the Carroll County Emergency Communications District (District), a component unit of Carroll County, Tennessee, as of and for the year ended June 30, 2010, and have issued our report thereon dated January 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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This report is intended solely for the information and use of the management and the board of the Emergency Communications District of Carroll County Tennessee and the State of Tennessee, Comptroller Office, Division of County Audit and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Cowart Reese Sargent, CPAs
Martin, TN

January 5, 2011

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