

**HENDERSON COUNTY EMERGENCY
COMMUNICATION DISTRICT**

**AUDITORS' REPORT AND
FINANCIAL STATEMENTS
JUNE 30, 2010**

HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
INDEPENDENT AUDITORS' REPORT, FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION
JUNE 30, 2010

Table of Contents

	Page
Introductory Section	
Table of Contents	1
Roster of Board of Directors	2
Management's Discussion and Analysis	3 – 5
Financial Section	
Independent Auditors' Report	6
Statement of Net Assets	7
Statement of Revenues, Expenses, and Changes in Net Assets	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 – 13
Supplemental Information	
Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual	14
Schedule of Detailed Expenses	15
Schedule of Information Required by the Tennessee Emergency Communications Board	16
Compliance and Internal Control Report	
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</i> <i>Auditing Standards</i>	17 – 18

HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
ROSTER OF BOARD OF DIRECTORS
JUNE 30, 2010

Kenneth Vineyard - Chairman

Aundra Moffitt - Vice Chairman

Ida Myracle -Treasurer

Emily Blankenship - Secretary

Allan Maness

Barry Roberts

Harry Scott

Joe Tate

HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

Our discussion and analysis of Henderson County Emergency Communication District's (the District) financial performance will offer readers of the District's financial statements a narrative overview and review of the financial activities of the District for the fiscal year ended June 30, 2010. Readers are encouraged to consider the information presented here in conjunction with the District's financial statements.

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 Changes in Net Assets (on pages 7 through 8) provide information about the activities of the District's finances.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the District's financial statements. The notes to the financial statements can be found on pages 10 - 13.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplemental information concerning the District is required by the Tennessee Emergency Communication Board. This other supplemental information can be found on pages 14 – 16 of this report.

Comparative Data

Statement of Net Assets

	<u>June 30, 2010</u>	<u>Percent of Total</u>	<u>June 30, 2009</u>	<u>Percent of Total</u>
Current and other assets	\$ 405,957	80.14%	\$ 376,366	86.29%
Capital assets	100,624	19.86%	59,818	13.71%
Total assets	<u>506,581</u>	<u>100.00%</u>	<u>436,184</u>	<u>100.00%</u>
Current liabilities	16,168	100%	17,751	100%
Total liabilities	<u>16,168</u>	<u>100%</u>	<u>17,751</u>	<u>100%</u>
Net assets				
Invested in capital assets	100,624	20.52%	59,818	14.30%
Unrestricted	389,789	79.48%	358,615	85.70%
Total net assets	<u>\$ 490,413</u>	<u>100.00%</u>	<u>\$ 418,433</u>	<u>100.00%</u>

HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

The changes in the District's net assets are described below:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Revenues		
Operating revenues	\$ 298,386	\$ 192,164
Expenses		
Contracted services	278,203	283,915
Supplies and materials	14,107	16,075
Other charges	5,373	4,633
Depreciation	27,941	27,065
Total expenses	<u>325,624</u>	<u>331,688</u>
Operating income (loss)	(27,238)	(139,524)
Nonoperating revenue (expenses)	<u>99,218</u>	<u>115,206</u>
Change in net assets	71,980	(24,318)
Net assets - beginning of year	<u>418,433</u>	<u>442,751</u>
Net assets - end of year	<u>\$ 490,413</u>	<u>\$ 418,433</u>

The District had a profit of \$71,980 compared to a loss in the prior year of \$24,318. This current year's profit was due to the District receiving capital asset grants for a CAD system.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 2010, the District had \$100,624 invested in capital assets, including buildings and improvements, furniture and fixtures, office equipment, communications equipment, and vehicles. Capital assets (before accumulated depreciation) decreased in the current year since disposals exceeded purchases. Accumulated depreciation increased by \$27,941. Additional information on capital assets is in Note 6.

Debt

At year-end, the District had no debt.

**HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES AND RATES

The District is dependent on telephone service charges collected by various phone companies and remitted to the District as well as operating grants and capital grants from the State Emergency Communication Board.

A budget is prepared before each fiscal year. Next year the budget shows total revenues of \$359,829 (including grants of \$166,460 which will be used to help pay mapping expenses, operating expenses, and capital asset purchases) and expenses of \$359,829.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, investors and creditors 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 the District at 35 East Wilson Street, Lexington, Tennessee.

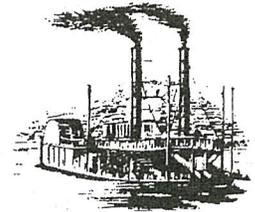
Pamelia Tolley
Director

WILLIAMS, JERROLD, GODWIN & NICHOLS, PLLC

Certified Public Accountants

408 Main Street, Savannah, Tennessee 38372

Phone (731) 925-6547 Fax (731) 925-9524



Independent Auditors' Report

Board of Directors
Henderson County Emergency Communication District
Henderson, Tennessee

We have audited the accompanying financial statements of Henderson County Emergency Communication District (the District), a component unit of Henderson County, Tennessee, as listed in the table of contents, as of and for the year ended June 30, 2010. 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 District and do not purport to, and do not, present fairly the financial position of Henderson County, Tennessee, as of June 30, 2010, and the changes in its financial position and cash flows, where applicable, for the year then ended 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 District, as of June 30, 2010, and the changes in financial position, and its 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 October 5, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it 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 principally of inquiries of management about the methods of preparing the 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 an opinion on the financial statements that collectively comprise the District's financial statements. The introductory section (pages 1 – 2) and the supplemental information (pages 14 – 16) are presented for purposes of additional analysis and are not required parts of the financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the 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. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Williams, Jerrold, Godwin & Nichols, PLLC

October 5, 2010

HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS

CURRENT ASSETS

Cash	\$ 78,390
Investments	295,034
Accounts receivable	<u>32,533</u>

TOTAL CURRENT ASSETS 405,957

CAPITAL ASSETS

Buildings and improvements	25,786
Office equipment	10,293
Communications equipment	129,162
Vehicles	<u>12,800</u>

LESS: accumulated depreciation	<u>(77,417)</u>
--------------------------------	-----------------

NET CAPITAL ASSETS 100,624

TOTAL ASSETS \$ 506,581

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	<u>\$ 16,168</u>
------------------	------------------

NET ASSETS

Invested in capital assets	100,624
Unrestricted net assets	<u>389,789</u>

TOTAL NET ASSETS 490,413

TOTAL LIABILITIES AND NET ASSETS \$ 506,581

HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

OPERATING REVENUES	
Emergency Telephone Service Charges	\$ 119,310
State Emergency Communication Board - shared wireless charges	64,596
State Emergency Communication Board - operational funding	<u>114,480</u>
TOTAL OPERATING REVENUES	<u>298,386</u>
OPERATING EXPENSES	
Contracted Services	278,203
Supplies and Materials	14,107
Other Charges	5,373
Depreciation	<u>27,941</u>
TOTAL OPERATING EXPENSES	<u>325,624</u>
NET OPERATING REVENUE (EXPENSE)	<u>(27,238)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment Income	7,887
Interest Income	133
Loss on disposal of capital assets	(8,190)
State Emergency Communication Board - Grants & Reimbursements	<u>99,388</u>
NONOPERATING REVENUES (EXPENSES) - NET	<u>99,218</u>
CHANGE IN NET ASSETS	71,980
NET ASSETS - BEGINNING OF YEAR	<u>418,433</u>
NET ASSETS - END OF YEAR	<u><u>\$ 490,413</u></u>

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

HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from surcharges and other revenues	\$ 323,437
Cash payments to suppliers for goods and services	<u>(299,266)</u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u>24,171</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grants and reimbursements	<u>28,250</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(76,937)
Grants and reimbursements	<u>71,138</u>
CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(5,799)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	133
Investment income	<u>7,887</u>
CASH PROVIDED BY INVESTING ACTIVITIES	<u>8,020</u>
INCREASE IN CASH	54,642
CASH AND CASH EQUIVALENTS - BEGINNING	<u>23,748</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 78,390</u></u>
<hr/>	
RECONCILIATION OF INCOME FROM OPERATIONS TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net operating revenue (expense)	\$ (27,238)
Adjustments to reconcile operating revenue to net cash provided by operating activities:	
Depreciation	27,941
Changes in Assets and Liabilities	
Accounts receivable	25,051
Accounts payable	<u>(1,583)</u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 24,171</u></u>

HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. GENERAL INFORMATION

GASB Conformity

The financial statements included herein are prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement 20 - "Election of a Reporting Method" - required the Henderson County Emergency Communication District (the District) to elect either (1) all provisions of the Financial Accounting Standards Board (FASB) issued prior to 1989 for proprietary type funds, or (2) all of the provisions of the FASB regardless of the issue date for proprietary type funds. The District elected to adopt only the provisions of the FASB prior to 1989.

Component unit

The District provides 911 emergency assistance to persons living in Henderson County. The District is a component unit of Henderson County. Accordingly, this financial data is incorporated into the County's financial statements. The District is governed by nine members who are appointed by the Henderson County Commission. The County Commission pays all salaries and benefits for District personnel and furnishes the District's operating headquarters. The District reimburses the County Commission a portion of personnel salaries, which is shown in expenses under contract with government agencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Revenues and expenses are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Capital Assets

All capital assets of the District are recorded at original cost, except for donated equipment which is recorded at fair market value. Expenses which materially increase values or capacities, or extend useful lives of these assets are capitalized while expenses for maintenance and repairs are charged to operations as incurred.

HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

Gains and losses from the sale of fixed assets are reflected in operations and the asset accounts and related allowances for depreciation are reduced. Also, depreciation expense on all depreciable items is systematically charged against operations using the straight-line method over their estimated useful lives. Any related interest cost is also added to the cost of the asset as appropriate.

Operating revenues and expenses

Operating revenues and expenses are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from daily operations are defined as nonoperating.

Fund Accounting

The accounts of the District are organized on the basis of funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses, as appropriate. The accounts in the financial statements in this report fall under one broad fund category as follows:

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

3. REVENUES

Revenues are derived from telephone customers in the area served by the District. Each telephone company collects the fees on the monthly telephone bills (\$.65 per residence line and \$2.00 per business line) and remits them to the District.

HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

4. RISK MANAGEMENT

All of the District's fixed assets are located in or on facilities owned by Henderson County. The District owns all office and communications equipment. The District is exposed to loss of personal property by fire, accident or an act of God, as well as tort liabilities and errors and omissions. The District is insured against these risks under the Henderson County government's general insurance coverage. It is also insured against possible loss related to acts of District key officers or directors by a separate blanket fidelity bond carried by the District. The District has had no insurance settlements in excess of insurance coverage during the past three years.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, as used in the Statement of Cash Flows, includes demand deposit accounts and certificates of deposit with original maturities of three months or less when purchased, in accordance with GASB Statement No. 9.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance 7/1/2009	Additions	Retirements	Balance 6/30/2010
Capital assets being depreciated:				
Buildings and improvements	\$ 25,786	\$ -	\$ -	\$ 25,786
Furniture & fixtures	153	-	153	-
Office equipment	35,083	-	24,790	10,293
Communications equipment	148,277	76,937	96,052	129,162
Vehicles	12,800	-	-	12,800
Total capital assets being depreciated	<u>222,099</u>	<u>76,937</u>	<u>120,995</u>	<u>178,041</u>
Less accumulated depreciation for:				
Buildings and improvements	(16,083)	(629)	-	(16,712)
Furniture & fixtures	(153)	-	(153)	-
Office equipment	(34,173)	(590)	(24,735)	(10,028)
Communications equipment	(102,272)	(24,162)	(87,917)	(38,517)
Vehicles	(9,600)	(2,560)	-	(12,160)
Total accumulated depreciation	<u>(162,281)</u>	<u>(27,941)</u>	<u>(112,805)</u>	<u>(77,417)</u>
Total capital assets, net	<u>\$ 59,818</u>	<u>\$ 48,996</u>	<u>\$ 8,190</u>	<u>\$ 100,624</u>

Depreciation expense of \$27,941 was recorded by the District.

7. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state, and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over the District resources follows.

HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

7.A. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

The District's investment policies are governed by State statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit and savings accounts. The District has no policy that further limits allowable investments. At June 30, 2010, investments consisted entirely of certificates of deposit with original maturities greater than three months at a local bank. Investments are carried at cost which approximates fair value.

For deposits and investments, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy regarding custodial credit risk for deposits. Collateral is required for demand deposits and certificates of deposit at 105% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. The District's deposits at year-end were not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance with the excess covered by the State's Bank Collateral Pool).

7.B. BUDGET APPROPRIATIONS

In accordance with State law, the board of the District must adopt and operate under an annual budget. Criteria for the information required in the annual adopted budget are detailed in Section 7-86-120, *Tennessee Code Annotated*. However, for financial reporting purposes it is only necessary to present budgetary revenues and expenses compared to actual. All purchases must be made within the limits of the approved budget. Expenses must be presented at the legal level of control, which is defined to be at the line-item level.

The District's expenses were within appropriations at the line-item level.

8. ESTIMATES AND ASSUMPTIONS

The 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.

HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES			
Emergency Telephone Service Charge	\$ 129,221	\$ 119,310	\$ (9,911)
State Emergency Communication Board -			
Shared wireless charges	77,950	64,596	(13,354)
Operational funding	12,000	114,480	102,480
TOTAL OPERATING REVENUES	219,171	298,386	79,215
OPERATING EXPENSES			
<u>Contracted Services</u>			
Addressing/Mapping Expenses	100	-	100
Advertising	250	-	250
Audit Services	2,500	2,500	-
Contract with Government Agencies	266,089	233,516	32,573
Fees Paid to Service Providers	4,700	3,691	1,009
Janitorial Services	700	-	700
Legal Services	200	-	200
Lease/Rental - Communications Equipment	18,500	18,500	-
Maintenance and Repairs-Buildings and Facilities	3,689	250	3,439
Maintenance and Repairs-Office Equipment	18,657	18,657	-
Maintenance and Repairs-Vehicles	3,500	1,089	2,411
<u>Supplies and Materials</u>			
Office Supplies	4,500	3,832	668
Uniform and shirts	1,500	1,032	468
Utilities-General Telephone	7,125	7,125	-
Utilities-Cell Phones and Pagers	2,118	2,118	-
<u>Other Charges</u>			
Board Meeting Expenses	550	495	55
Dues and Memberships	300	252	48
Employee Testing and Exams	1,000	-	1,000
Premiums on Surety Bonds	500	195	305
Public Education	200	26	174
Training Expenses	2,296	2,296	-
Travel	1,500	1,031	469
Internet Charges	1,078	1,078	-
<u>Depreciation</u>			
Depreciation	-	27,941	(27,941)
TOTAL OPERATING EXPENSES	341,552	325,624	15,928
NET OPERATING REVENUE (EXPENSE)	(122,381)	(27,238)	95,143
OTHER INCOME (EXPENSE)			
Investment income	7,387	7,887	500
Interest income	118	133	15
Loss on disposal of capital assets	(8,200)	(8,190)	10
TECB-Grants and Reimbursements	203,641	99,388	(104,253)
OTHER INCOME (EXPENSE) NET	202,946	99,218	(103,728)
CHANGE IN NET ASSETS	80,565	71,980	(8,585)
NET ASSETS - BEGINNING OF YEAR	418,433	418,433	-
NET ASSETS - END OF YEAR	\$ 498,998	\$ 490,413	\$ (8,585)

HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
SCHEDULE OF DETAILED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

Operating Expenses

Contracted Services

Audit Services	\$ 2,500
Contracts With Government Agencies	233,516
Fees Paid to Service Providers	3,691
Lease/Rental - Communications Equipment	18,500
Maintenance and Repairs-Buildings and Facilities	250
Maintenance and Repairs-Office equipment	18,657
Maintenance and Repairs-Vehicles	1,089
<u>Total Contracted Services</u>	<u>278,203</u>

Supplies and Materials

Office Supplies	3,832
Uniforms and shirts	1,032
Utilities-General Telephone	7,125
Utilities-Cell Phones and Pagers	2,118
<u>Total Supplies and Materials</u>	<u>14,107</u>

Other Charges

Board Meeting Expenses	495
Dues and Memberships	252
Premiums on Surety Bonds	195
Public Education	26
Training Expenses	2,296
Travel Expenses	1,031
Internet Charges	1,078
<u>Total Other Charges</u>	<u>5,373</u>

Depreciation

Depreciation	27,941
<u>Total Depreciation</u>	<u>27,941</u>

<u>Total Operating Expenses</u>	<u>\$ 325,624</u>
---------------------------------	-------------------

HENDERSON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Henderson County, Tennessee)
SCHEDULE OF INFORMATION REQUIRED BY THE TENNESSEE EMERGENCY
COMMUNICATION BOARD
JUNE 30, 2010

Number of public safety answering points (PSAP)

One

Address of PSAP

Henderson County Emergency Communication District
35 East Wilson Street
Lexington, TN 38351

Type of system/equipment and database used by the PSAP

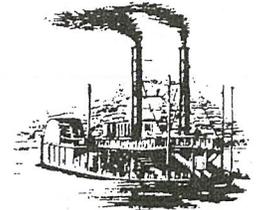
System/equipment - Moducom Ultra-Com
Database - BellSouth

Director's information

Name: Pamela Tolley
Address: 35 East Wilson Street
Lexington, TN 38351
Phone: (731) 968-5911
Fax #: (731) 967-0488
Email: ptolley@henco911.com

Chairman's information

Name: Kenneth Vineyard
Address: 35 East Wilson Street
Lexington, TN 38351
Phone: (731) 968-5911
Fax #: (731) 967-0488
Email: ptolley@henco911.com



**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
Henderson County Emergency Communication District
Lexington, Tennessee

We have audited the financial statements of Henderson County Emergency Communication District (the District), a component unit of Henderson County, Tennessee, as of and for the year ended June 30, 2010, and have issued our report thereon dated October 5, 2010. 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 the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

2010-01 FINANCIAL STATEMENTS MATERIALLY MISSTATED

The financial statements were materially misstated because personnel did not adjust accounts receivable at year-end.

RECOMMENDATION: Personnel should properly record all financial transactions as they occur. Infrequent transactions should be properly classified to present financials in accordance with generally accepted accounting principles.

MANAGEMENT'S RESPONSE: We record all financial information as accurately as possible. We will strive to improve our accounting and 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. We consider the deficiency described above to be a material weakness.

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*.

DISPOSITION OF PRIOR AUDIT FINDINGS:

2009-02 EXPENSES EXCEEDING BUDGETED AMOUNTS—Corrected.

The District's response to the finding identified in our audit is described above. We did not audit the District's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Directors, and the State of Tennessee Comptroller's office and is not intended to be and should not be used by anyone other than these specified parties.

William, Jenolds, Ardwin & Nubich, PLLC

October 5, 2010