

**MARION COUNTY 9-1-1 EMERGENCY  
COMMUNICATIONS DISTRICT**

**Kimball, Tennessee**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL DATA**

**June 30, 2010**

**JOHNSON, HICKEY & MURCHISON, P.C.**  
Certified Public Accountants  
Chattanooga, Tennessee

# TABLE OF CONTENTS

	<u>P a g e</u>
<b>INTRODUCTORY INFORMATION:</b>	
Roster of management and board members	2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4-6
<b>INDEPENDENT AUDITORS' REPORT</b>	7-8
<b>FINANCIAL STATEMENTS:</b>	
Balance sheet	10-11
Statement of revenues, expenses and change in net assets	12
Statement of cash flows	13-14
Notes to financial statements	15-20
<b>SUPPLEMENTARY INFORMATION:</b>	
Schedule of budget to actual	22-23
Information relative to operations	24
<b>INTERNAL CONTROL AND COMPLIANCE SECTION:</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	26-27

## **INTRODUCTORY INFORMATION**

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
ROSTER OF MANAGEMENT AND BOARD MEMBERS  
JUNE 30, 2010**

**MANAGEMENT:**

Jerry Don Case

Executive director

**BOARD MEMBERS:**

Ronnie Burnett

Chairman

Steve Lamb

Secretary

Louise Powell

Treasurer

Freddie Cook

Director

Howard Cotter

Director

William Harris

Director

Galen Miller

Director

Ray Stephens

Director

Claudette Womack

Director

## MANAGEMENT'S DISCUSSION AND ANALYSIS

My discussion and analysis of Marion County 911 Emergency Communication District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2010. This should be read in conjunction with the District's financial statements, which begin on page 10.

### USING THIS ANNUAL REPORT

This annual report consists of the following financial statements: the balance sheet, the statement of revenues, expenses and changes in net assets, and the statement of cash flows. These statements provide information about the activities of the District as a whole and present an overview of the District's finances.

### THE BALANCE SHEET AND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Determining how successful an entity was at meeting their financial objectives for the year is always an area of great interest. The District accounts for its financial activities where determination of income (increase in net assets) or loss (decrease in net assets) is necessary or useful for sound financial administration. The statements are prepared on the accrual basis of accounting which recognizes revenues when earned and expenses when incurred. The balance sheet shows the assets that the District owns and the liabilities (debts) that the District owes. The information contained in the statement of revenues, expenses, and changes in net assets is used as a "report card" to determine if the District has been successful at meeting its financial objectives.

Net assets and changes in net assets for the past two years are summarized as follows:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Current and other assets	\$ 557,093	\$ 478,198
Capital assets	<u>172,098</u>	<u>238,223</u>
Total assets	729,191	716,421
Current liabilities	<u>1,781</u>	<u>2,518</u>
Net assets	<u>\$ 727,410</u>	<u>\$ 713,903</u>

#### Summary of net assets:

Invested in capital assets	\$ 172,098	\$ 238,223
Unrestricted	<u>555,312</u>	<u>475,680</u>
Total net assets	<u>\$ 727,410</u>	<u>\$ 713,903</u>

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Operating revenues	\$ 322,850	\$ 285,913
Operating expenses	<u>216,135</u>	<u>267,532</u>
Operating income	106,715	18,381
Non-operating revenue (expense)	<u>(93,208)</u>	<u>117,112</u>
Changes in net assets	13,507	135,493
Beginning net assets	<u>713,903</u>	<u>578,410</u>
Ending net assets	<u>\$ 727,410</u>	<u>\$ 713,903</u>

**ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

The fiscal year ending June 30, 2010 proved to be a financially sound year for the District. Although only \$13,907 was added to its net assets as a result of operations, the District completed a new communications facility which was transferred to the Marion County Government. This transfer was a one-time charge as a non-operating expense of \$109,711. Most of the funds for this project were provided from a state grant in the prior year.

The District’s operating revenues were up \$36,937 due to increased state funding of operating expenses. Operational funding from the state increased \$40,311 over the prior fiscal year. Revenues from landline telephone service charges continue to decrease as more people are relying exclusively on their cell phones as a primary means of communication. Revenues from landlines decreased an additional \$9,496 and revenues received from cellular telephones increased by \$6,122.

Operating expenses decreased by \$51,397. This decrease is directly related to a one-time \$50,000 dispatching grant which was received in the prior year and disbursed to the Marion County Government to offset dispatching costs. Salaries and benefit expenses increased by \$1,442, contracted services decreased by \$1,417, supplies and materials decreased by \$3,100, and other operating expenses decreased by \$635. Depreciation and amortization increased \$2,313 due to additional equipment purchased in fiscal year 2009.

During the fiscal year ending June 30, 2010, the District received \$10,000 in GIS mapping grant funds. This is a decrease of \$99,132 from the prior year. However, the fiscal year ending June 30, 2009 included a one-time \$94,557 reimbursement grant for the purchase of ECD/PSAP equipment and an additional \$4,575 from GIS mapping grant funds.

**THE DISTRICT’S NET ASSETS**

The District continues to maintain a significant net worth (total net assets) which exceed \$727,000 at June 30, 2010. Net assets consisted of net assets invested in capital assets totaling \$172,098 and unrestricted net assets totaling \$555,312.

## **BUDGETARY HIGHLIGHTS**

The original budget for the District was amended to reflect the actual results of revenues and expenses that occurred during the year.

Actual revenues of \$339,353 exceeded budgeted revenues by \$20,853. The District saw that actual revenues were over budget for emergency telephone service charges by \$1,446, state shared wireless charges were over budget by \$2,924, operational funding from the State of Tennessee was \$16,480 over budget and interest income was over budget by \$3. The District had budgeted and received \$10,000 in State grant revenue.

Actual expenses for the year were under budget by \$10,529. Total cost of salaries and benefits for the District were under budget by \$814, contracted services were under budget by \$4,738, supplies and materials were under budget by \$1,276, other charges were under budget by \$3,224 and depreciation and amortization expense was under budget by \$477.

## **CAPITAL ASSETS**

At June 30, 2010 the District had \$172,098 invested in capital assets such as telecommunications and office equipment, leasehold improvements, and furniture and fixtures. The District has capital assets totaling \$532,961; however, \$360,863 has been expensed through the annual provision for depreciation. The net amount represents a decrease of \$66,125 from the prior year. The decrease is directly related to depreciation expense and the transfer of equipment to Marion County Government previously discussed. The District purchased \$43,523 in new communications equipment in the current year which was maintained by the District. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

## **ECONOMIC FACTORS AND PLANNING FOR FUTURE NEEDS**

The District is looking forward to the future and making plans to upgrade communications equipment to comply with new federal narrowband requirements. In addition, the District is continually discussing ways to improve its contingency plans. The District is also considering the feasibility of consolidating the physical operations of Marion County Government dispatching into a new facility with the operations of the District.

Jerry Don Case  
Executive Director



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

Marion County 9-1-1 Emergency Communications District:

We have audited the accompanying financial statements of Marion County 9-1-1 Emergency Communications District, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of Marion County 9-1-1 Emergency Communications 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marion County 9-1-1 Emergency Communications District, as of June 30, 2010, and the changes in financial position, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010, on our consideration of Marion County 9-1-1 Emergency Communications 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 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 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 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 other assurance on the information because the limited procedures do not provide us with sufficient information 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 Marion County 9-1-1 Emergency Communications District's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of budget to actual is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information in this schedule 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 information relative to operations 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.

*Johnson, Wickey & Meacham, P.C.*

October 29, 2010

## **FINANCIAL STATEMENTS**

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
BALANCE SHEET  
JUNE 30, 2010**

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ 166,501
Certificates of deposit	374,510
Accounts receivable, state wireless revenue	12,077
Interest receivable	1,351
Prepaid expenses	<u>2,654</u>
 Total current assets	 <u>557,093</u>

**CAPITAL ASSETS:**

Furniture and fixtures	10,046
Office equipment	14,711
Communications equipment	485,957
Vehicles	20,983
Construction in process and equipment deposits	<u>1,264</u>
	532,961
Less accumulated depreciation	<u>360,863</u>
 Capital assets, net	 <u>172,098</u>
 Total assets	 <u>\$ 729,191</u>

(The accompanying notes are an integral part of these statements.)

## LIABILITIES AND NET ASSETS

### **CURRENT LIABILITIES:**

Accounts payable	\$ 432
Accrued retirement	<u>1,349</u>
 Total liabilities	 <u>1,781</u>

### **NET ASSETS:**

Invested in capital assets	172,098
Unrestricted	<u>555,312</u>
 Total net assets	 <u>727,410</u>

Total liabilities and net assets	<u><u>\$ 729,191</u></u>
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(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGE IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010**

**REVENUES:**

Emergency telephone service charges	\$ 121,446
State Emergency Communications Board - Shared wireless charge	74,924
Operational funding	<u>126,480</u>
	<u>322,850</u>

**EXPENSES:**

Salaries and benefits	72,315
Contracted services	88,922
Supplies and materials	3,999
Other expenses	9,376
Depreciation and amortization	<u>41,523</u>
	<u>216,135</u>

**OPERATING INCOME** 106,715

**NONOPERATING REVENUES (EXPENSES):**

Interest income	6,503
State grants	10,000
Transfer of completed communications facility to Marion County	<u>(109,711)</u>

**CHANGE IN NET ASSETS** 13,507

**NET ASSETS:**

Beginning	<u>713,903</u>
Ending	<u><u>\$ 727,410</u></u>

(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts for emergency communication services	\$ 220,642
Receipts for operational funding	126,480
Payments to or for employees	(73,484)
Payments for goods and services	<u>(102,000)</u>

Net cash provided by operating activities	<u>171,638</u>
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**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES:**

Purchase of capital assets	(85,108)
State capital grants	<u>10,000</u>

Net cash used by capital and related financing activities	<u>(75,108)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest received	7,950
Purchase of certificates of deposit	<u>(7,830)</u>

Net cash provided by investing activities	<u>120</u>
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<b>NET INCREASE IN CASH</b>	96,650
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**CASH:**

Beginning	<u>69,851</u>
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Ending	<u><u>\$ 166,501</u></u>
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(The accompanying notes are an integral part of these statements.)

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating income	\$ 106,715
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation and amortization	41,523
(Increase) decrease in operating assets:	
Accounts receivable	24,272
Prepaid expenses	(135)
Increase (decrease) in operating liabilities:	
Accounts payable	432
Payroll withholdings and accruals	<u>(1,169)</u>
 Net cash provided by operating activities	 <u>\$ 171,638</u>

(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Organization -**

Marion County 9-1-1 Emergency Communications District is a governmental entity organized pursuant to Chapter 867 of the 1984 Tennessee Public Acts ("The Emergency Communications District Law"), which was enacted to establish local emergency telephone service and to provide for the funding of such services.

**Financial Reporting Entity -**

The District is a component unit of Marion County, Tennessee. The Marion County Board of Commissioners appoints the District's Board of Directors, may appropriate funds for the operation and maintenance of the District, and must approve long-term debt issued by the District.

**Basis of Accounting -**

The District is a governmental unit, subject to accounting directives issued by the Governmental Accounting Standards Board (GASB), and anticipates recovering the cost of its services in a manner similar to a private business enterprise. Therefore, the District uses the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred. Operating revenues are those that result from the activities of the District, including telephone service charges and state allocations and operational funding. Revenue from other sources is considered nonoperating.

In addition to GASB pronouncements, the District is subject to all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The District does not follow FASB pronouncements issued subsequent to November 30, 1989.

**Estimates -**

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued):

**Accounts Receivable -**

Accounts receivable for telephone service charges and other is reported at the outstanding principal amount. All recorded amounts are considered to be collectible; therefore no allowance for uncollectibles is recorded.

**Capital Assets -**

The District capitalizes significant purchases of capital assets, which are recorded at cost. Depreciation is provided over the estimated useful lives of the individual assets by the straight-line method.

Depreciation expense for the year ended June 30, 2010, was \$41,523.

**Cash -**

For purposes of these financial statements, cash includes cash in banks and certificates of deposit with an original maturity date of 90 days or less.

**(2) BUDGETARY CONTROL:**

The District's Board approves an annual budget based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. Budgeted expenses may be amended, as needed, to meet changing needs.

**(3) COMPENSATED ABSENCES:**

The District has only one employee whose accrued vacation must be taken by the last day of the fiscal year; therefore, there is no unused vacation time available at June 30, 2010. The employee is provided 96 hours of annual sick time, which may be accumulated up to 90 hours; because unused sick time is nonvesting and is not paid upon termination, no liability is recorded.

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**(4) CHANGES IN CAPITAL ASSETS:**

Changes in capital assets for the year ended June 30, 2010, are as follows -

	<u>Beginning</u>	<u>Additions</u>	<u>Reclasses &amp; Retirements</u>	<u>Ending</u>
<b>Assets:</b>				
Furniture and fixtures	\$ 10,046	\$ -	\$ -	\$ 10,046
Office equipment	14,531	180	-	14,711
Vehicles	20,983	-	-	20,983
Communications equipment	442,434	8,475	35,048	485,957
Projects in process	<u>69,570</u>	<u>76,453</u>	<u>(144,759)</u>	<u>1,264</u>
	<u>557,564</u>	<u>85,108</u>	<u>(109,711)</u>	<u>532,961</u>
<b>Accumulated depreciation:</b>				
Furniture and fixtures	7,353	577	(839)	7,091
Office equipment	6,318	2,519	(900)	7,937
Vehicles	6,645	4,197	-	10,842
Communications equipment	<u>299,025</u>	<u>34,230</u>	<u>1,738</u>	<u>334,993</u>
	<u>319,341</u>	<u>41,523</u>	<u>(1)</u>	<u>360,863</u>
<b>Net capital assets</b>	<u>\$ 238,223</u>	<u>\$ 43,585</u>	<u>\$ (109,710)</u>	<u>\$ 172,098</u>

**(5) RETIREMENT PLAN:**

The District provides a defined contribution money purchase pension plan for all full-time employees who have one year of continuous service. No employee contributions are required. The District contributes 3% of eligible compensation, subject to amendment to the plan as approved by the District's Board. The "6-year graded" vesting schedule is used. Retirement expense included in salaries and benefits was \$1,491. Plan assets are maintained by an outside trustee. Each employee directs the investments of his individual account.

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**(6) COMMITMENT FOR PROVIDER SERVICES:**

For the year ending June 30, 2010, BellSouth was the District's provider of certain public safety answering point equipment and software. A previous five year agreement ended in April, 2009, and is continuing on a month to month basis. The provider service fee is based on the number of access lines and is subject to change. For the year ended June 30, 2010, the expense related to this agreement was \$62,160.

There are no future commitments as of the date this report is available for release.

**(7) OPERATING LEASES:**

The District leases its office facilities, including utilities, on a month to month basis from the Town of Kimball for \$200 per month. Rent expense for the year was \$2,400.

The District leases antenna and transmittal space for \$250 per month under a 20 year agreement expiring in July, 2013. The agreement provides for annual, negotiated increases, based on increases in the lessor's costs of operating and maintaining the rental site. Rent expense was \$289.07 for July, 2009 through June 30, 2010, for a total cost of \$3,469.

Future lease commitments, based on the amount currently paid, are as follows -

For the year ending June 30, 2011	\$	3,642
2012		3,825
2013		4,016
2014		351
		\$ 11,834

The District leases office equipment under a 48 month lease expiring October, 2013, with monthly rent of \$99 per month plus some additional charges for excess usage. Rent expense for the year was \$855. Future commitments are \$1,188 annually through June 30, 2013, with \$396 due in the year ending June 30, 2014.

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**(8) CASH AND INVESTMENTS:**

The District reports its cash and investments in accordance with GASB Statement Number 40, "Deposit and Investment Risk Disclosures." This statement eliminated or modified portions of the disclosures previously required by GASB Statement Number 3. GASB Statement Number 40 is designed to improve financial reporting of deposit and investment risks.

At June 30, 2010, the District's cash and investments consist of the following -

	<u>Weighted Average Maturity (Years)</u>	<u>Cost Basis</u>
Cash in demand deposit accounts	0.00	\$ 166,501
Certificates of deposit	0.45	374,510
Total	<u>0.31</u>	<u>\$ 541,011</u>

Interest Rate Risk - As a means of limiting its exposure to losses resulting from rising interest rates, the District's usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio. The District's investments experienced no significant fluctuations in fair value during the year.

Custodial Credit Risk - The District's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by federal deposit insurance or the Tennessee Bank Collateral Pool, by collateral held by the District's agent in the District's name, or by Federal Reserve Banks acting as third party agents. State statutes also authorize the types of investments in which the District may participate. The District limits its investments to certificates of deposit with local banks.

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**(8) CASH AND INVESTMENTS** (Continued):

Credit Risk - The District's policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

At June 30, 2010, investments in certificates of deposit consist of the following -

<u>Financial Institution</u>	<u>Type of Instrument</u>	<u>Interest</u>	<u>Maturity Date</u>	<u>Amount</u>
First Volunteer Bank	Certificate	0.85%	February 2, 2010	\$ 103,077
First Jackson Bank	Certificate	1.70%	May 12, 2010	105,344
Peoples State Bank	Certificate	1.00%	February 26, 2010	102,785
Citizens Tri-County Bank	Certificate	1.35%	July 6, 2010	<u>63,304</u>
				<u>\$ 374,510</u>

**(9) 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 is insured, subject to specified limits, for risks of these types of losses, including workers' compensation, general liability, personal property, and errors and omissions, through the Tennessee Municipal League Risk Management Pool. Premiums are based on the District's individual claims history, as well as the claims history of the entire pool.

There have been no settlements in excess of insurance coverage during the three most recent fiscal years.

**(10) SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through October 29, 2010, the date which this financial statement was available for issue.

## **SUPPLEMENTARY INFORMATION**

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget To Actual Variance</u>
<b>Emergency telephone service charges</b>	\$ 120,000	\$ 120,000	\$ 121,446	\$ 1,446
<b>State Emergency Communications Board -</b>				
Shared wireless charge	72,000	72,000	74,924	2,924
Operational funding	-	110,000	126,480	16,480
<b>State grants</b>	150,000	10,000	10,000	-
<b>Interest income</b>	<u>6,500</u>	<u>6,500</u>	<u>6,503</u>	<u>3</u>
 <b>Total revenues</b>	 <u>348,500</u>	 <u>318,500</u>	 <u>339,353</u>	 <u>20,853</u>
 <b>Salaries and Benefits -</b>				
Salaries	49,708	49,708	49,697	11
Payroll taxes	3,828	3,830	3,830	-
Group insurance	18,050	18,100	17,297	803
Retirement	<u>1,491</u>	<u>1,491</u>	<u>1,491</u>	<u>-</u>
	<u>73,077</u>	<u>73,129</u>	<u>72,315</u>	<u>814</u>
 <b>Contracted Services -</b>				
Advertising	500	500	-	500
Audit services	4,500	4,200	4,200	-
Accounting services	4,400	4,400	3,210	1,190
Private agency contracted services	1,200	2,300	2,279	21
911 service provider fees	64,250	64,250	62,160	2,090
Legal services	3,000	3,000	3,000	-
Maintenance agreements	3,150	5,650	5,356	294
Communications equipment rental	3,600	3,600	3,469	131
Facilities rental	2,400	2,400	2,400	-
Office equipment rental	-	860	855	5
Maintenance and repairs - vehicle	800	500	453	47
Fuel - vehicle	<u>2,000</u>	<u>2,000</u>	<u>1,540</u>	<u>460</u>
	<u>89,800</u>	<u>93,660</u>	<u>88,922</u>	<u>4,738</u>

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget To Actual Variance</u>
<b>Supplies and Materials -</b>				
Office supplies	\$ 2,500	\$ 1,500	\$ 1,007	\$ 493
Custodial supplies	200	200	-	200
Postage	300	300	164	136
Uniforms and shirts	200	200	88	112
Telephone	3,050	3,050	2,740	310
Other supplies	25	25	-	25
	<u>6,275</u>	<u>5,275</u>	<u>3,999</u>	<u>1,276</u>
<b>Other -</b>				
Dues and memberships	550	550	271	279
Employee testing	-	600	450	150
Insurance	4,700	4,700	4,121	579
Legal notices	500	500	97	403
Premium on surety bonds	800	800	615	185
Training	1,100	1,100	706	394
Travel	4,000	4,000	2,916	1,084
Miscellaneous	350	350	200	150
	<u>12,000</u>	<u>12,600</u>	<u>9,376</u>	<u>3,224</u>
<b>Depreciation and amortization</b>	<u>50,000</u>	<u>42,000</u>	<u>41,523</u>	<u>477</u>
<b>Transfer of completed capital assets to Marion County</b>	<u>-</u>	<u>109,711</u>	<u>109,711</u>	<u>-</u>
<b>Total expenses</b>	<u>231,152</u>	<u>336,375</u>	<u>325,846</u>	<u>10,529</u>
	<u>\$ 117,348</u>	<u>\$ (17,875)</u>	<u>\$ 13,507</u>	<u>\$ 31,382</u>

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
INFORMATION RELATIVE TO OPERATIONS  
JUNE 30, 2010  
(UNAUDITED)**

Number of public safety answering points	1
Address of public safety answering point	5 North Oak Avenue Jasper, TN 37347
Type of system/equipment	Enhanced-911 Zetron
Director	Jerry Don Case 675 Main Street Kimball, TN 37347 Phone: (423)837-1282 Fax: (423)837-5777
Chairman	Ronnie Burnett 5 North Oak Avenue Jasper, TN 37347 Phone: (423)942-5667 Fax: (423)837-5777

**INTERNAL CONTROL AND COMPLIANCE SECTION**



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

**To the Board of Directors of**

**Marion County 9-1-1 Emergency Communications District:**

We have audited the financial statements of Marion County 9-1-1 Emergency Communications District, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2010, and have issued our report thereon dated October 29, 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 Marion County 9-1-1 Emergency Communications 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 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 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 Marion County 9-1-1 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*.

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

*Johnson, Neikay & Meucham, P.C.*

October 29, 2010