

**WILSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
A COMPONENT UNIT OF WILSON COUNTY
LEBANON, TENNESSEE**

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION
YEARS ENDED JUNE 30, 2010 AND 2009**

WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
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June 30, 2010 and 2009

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**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
ROSTER OF BOARD MEMBERS AND
MANAGEMENT OFFICIALS**

June 30, 2010 and 2009

Mac McCluskey.....	Board Chairman
Ken Davis.....	Vice Chairman
Larry Lovvorn.....	Sec/Treasurer
Bill Jewell.....	Board Member
David Hale.....	Board Member
Bedford Johnson.....	Board Member
Terry Ashe.....	Board Member
Fred Burton.....	Board Member
Larry Stone.....	Board Member
Michael Jennings.....	911 Attorney
J.R. Kelley.....	Director

INDEPENDENT AUDITORS' REPORT

To the Comptroller of the Treasury
and the Board of Directors
Wilson County Emergency Communication District, Inc..
A Component Unit of Wilson County
Lebanon, Tennessee 37087

We have audited the accompanying financial statements of the business-type activities of the Wilson County Emergency Communication District, Inc., a component unit of Wilson County, as of June 30, 2010 and 2009 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of the management of the Wilson County Emergency Communication District, Inc. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business type activities of Wilson County Emergency Communication District, Inc. as of June 30, 2010 and 2009 and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-8 and schedules of funding progress for pension and OPEB on page 25 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilson County Emergency Communication District, Inc.'s financial statements as a whole. The introductory section and additional information are presented for purposes of additional analysis and are not a required part of the financial statements. The supplemental schedule of comparative operating fund revenues and expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 as a whole. The introductory section and additional information marked as "unaudited" have 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 them.

Dempsey Vantrase + Hollis, PLLC

Lebanon, Tennessee

November 15, 2010

Management's Discussion and Analysis

This section of the Wilson County Emergency Communications District (a component unit of Wilson County) audited financial statements presents our discussion and analysis of the Organization's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

- The organization's net assets decreased \$3,682 over the course of the fiscal year ended June 30, 2010 operations. The decrease in net assets is a .16% decrease from restated net assets of \$2,291,584 at June 30, 2009. In the fiscal year ended June 30, 2009 the Organization's net assets increased \$173,381 or 8.24% over net assets of \$2,104,914 at June 30 2008.
- There was an decrease in net assets of \$3,682, which is a decrease of \$177,063 from \$173,381 increase in net assets for June 30, 2009. Net income from ongoing operations declined \$87,446 or (559.91%) from the fiscal year ending June 30, 2009, primarily due to increase in salaries and benefits, including OPEB cost. During the fiscal year ended June 30, 2009, income from ongoing operations decreased \$179,046 or 91.98% and net assets decreased \$166,258 or 48.95% from the fiscal year ended June 30, 2008.
- The total cost of the Organization's activities rose by 12.51% in the fiscal year ending June 30, 2010. Increases in operating expenses were in salaries, employee benefits (including OPEB cost), contracted services, supplies and materials. The total cost of the Organization's activities rose 27.26% in the fiscal year ending June 30, 2009, due to increase in salaries, employer benefits, retirement contributions, professional fees, utilities, travel, and maintenance fees for emergency communications equipment.
- Balances of cash and certificates of deposit increased \$273,663 or 17.29% during the fiscal year ending June 30, 2010. In the fiscal year ending June 30, 2009 the balances of cash and certificates of deposit increased \$28,732 or 1.85%. The increase is primarily due to additional funding by the Tennessee Emergency Communications Board.

Overview of the Financial Statements

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements of a proprietary fund offer short and long term financial information about the activities the government operates as a business. The financial statements also include notes that explain some of the information in the financial statements and provided more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Financial Analysis of the Organizations as a Whole

Net Assets. The Organization's net assets decreased \$3,682 between fiscal years 2009 and 2010. In comparison, net assets for the fiscal year ended June 30, 2009 increased \$173,381 from the fiscal year ending June 30, 2008. Income from ongoing operations decreased \$87,446 for the year ending June 30, 2010 and non-operating income decreased \$89,617 or 56.80% for the year ending June 30, 2010.

Wilson County Emergency Communications District

Net Assets

June 30, 2010 and June 30, 2009

<u>Account Name</u>	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Current & Other Assets	\$1,895,846	\$1,787,846	6.04%
Capital Assets	<u>\$530,850</u>	<u>\$569,226</u>	-6.74%
Total Assets	<u>\$2,426,696</u>	<u>\$2,357,072</u>	2.95%
Current and Other Liabilities	\$138,794	\$78,777	76.19%
Net Assets			
Invested in Capital Assets			
Net of Depreciation	\$530,850	\$569,226	-6.74%
Unrestricted	<u>\$1,757,052</u>	<u>\$1,709,069</u>	2.81%
Total Liabilities&			
Net Assets	<u>\$2,426,696</u>	<u>\$2,357,072</u>	2.95%

Wilson County Emergency Communications District

Net Assets

June 30, 2009 and June 30, 2008

<u>Account Name</u>	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Current & Other Assets	\$1,787,846	\$1,702,215	5.03%
Capital Assets	<u>\$569,226</u>	<u>\$434,015</u>	31.15%
Total Assets	<u>\$2,357,072</u>	<u>\$2,136,230</u>	10.34%
Current & Other Liabilities	\$78,777	\$31,316	151.56%
Net Assets			
Invested in Capital Assets			
Net of Depreciation	\$569,226	\$434,015	31.15%
Unrestricted	<u>\$1,709,069</u>	<u>\$1,670,899</u>	2.28%
Total Liabilities & Net Assets	<u>\$2,357,072</u>	<u>\$2,136,230</u>	10.34%

Changes in Net Assets. The Organizations total revenues (excluding non-operating items) increased \$21,330 during the fiscal year ending June 30, 2010 and \$7,208 fiscal year ending June 30, 2009. Non-operating income decreased \$89,617 during the fiscal year ending June 30, 2010. Approximately 93% of the Organization's income is derived from taxes charged on the telephone bills for emergency telephone service. The remaining non-operating source of income is principally investment income and state grants. Comparisons of changes in net assets are presented below:

<u>Account Name</u>	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Total Operating Revenues	\$906,517	\$885,187	2.41%
Total Operating Expenses	<u>\$978,345</u>	<u>\$869,569</u>	12.51%
Operating Income	<\$71,828>	\$15,618	<559.91%>
Non-Operating Income	<u><\$68,146></u>	<u>\$157,763</u>	<56.80%>
Increase in Net Assets	<u><\$3,682></u>	<u>\$173,381</u>	<\$102.12>

Wilson County Emergency Communications District

Changes in Net Assets

June 30, 2009 and June 30, 2008

<u>Account Name</u>	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Total Operating Revenues	\$885,187	\$877,979	0.82%
Total Operating Expenses	<u>\$869,569</u>	<u>\$683,315</u>	27.26%
Operating Income	\$15,618	\$194,664	<91.98%>
Non-Operating Income	<u>\$157,763</u>	<u>\$144,975</u>	<8.82%>
Increase in Net Assets	<u>\$173,381</u>	<u>\$339,639</u>	<48.95%>

Capital Assets. As of June 30, 2010, the Organization had invested \$738,212 in capital assets including the building and land in which the operations are conducted and various items of office and communications equipment. As of June 30, 2009, the Organization had invested \$771,989 in capital assets. An inventory of all capital assets was taken on June 30, 2010. An annual physical inventory of all capital assets is planned for the close of business on June 30 each year. More detail about the Organization's capital assets is available in Note 4 to the financial statements.

The Organization's fiscal year 2011 capital budget projects \$447,339 additions to capital assets. The Organization has no plans or intentions to finance these additions but will use proceeds from ongoing operations, or cash revenues, to fund any purchases.

Contacting the Organizations Financial Management

This financial report is designed to provide the citizens, taxpayers and customers of Wilson County of the Organizations finances and to demonstrate the Organization's accountability for the money it receives. If you have any questions about this report or need additional information, contact Wilson County Emergency Communications District, 1611 W Main Street, Lebanon, TN 37087.

WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
STATEMENTS OF NET ASSETS

ASSETS

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
Current Assets		
Cash & Cash Equivalents	\$ 335,825	\$ 199,516
Investments	1,520,625	1,383,271
Accounts Receivable	36,030	196,728
Prepaid Expenses	-	1,858
Total Current Assets	<u>1,892,480</u>	<u>1,781,373</u>
 Fixed Assets		
Land	118,500	118,500
Building	434,855	434,855
Office Equipment	184,857	218,634
Total	<u>738,212</u>	<u>771,989</u>
Less Accumulated Depreciation	<u>(207,362)</u>	<u>(202,763)</u>
Net Fixed Assets	530,850	569,226
 Other Assets		
Prepaid Service Lease, net	3,366	6,473
Net Other Assets	<u>3,366</u>	<u>6,473</u>
 Total Assets	 <u><u>\$ 2,426,696</u></u>	 <u><u>\$ 2,357,072</u></u>

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

**WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
STATEMENTS OF NET ASSETS**

LIABILITIES AND NET ASSETS

	June 30,	
	2010	2009
Current Liabilities		
Accounts Payable	\$ 11,865	\$ 12,382
Accrued Payroll	11,964	10,877
Payroll Deductions Payable	103	17
Compensated Absences	5,783	4,498
Total Current Liabilities	29,715	27,774
Other Liabilities		
Net OPEB Liability	109,079	51,003
Total Liabilities	138,794	78,777
Net Assets		
Invested In Capital Assets	530,850	569,226
Unrestricted	1,757,052	1,709,069
Total Net Assets	2,287,902	2,278,295
Total Liabilities & Net Assets	\$ 2,426,696	\$ 2,357,072

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

WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

	Years Ended June 30,	
	2010	2009
Operating Revenues		
Tennessee Emergency Communications		
Board-Operational Funding	\$ 290,009	\$ 234,923
Other Operating Revenues	616,508	650,264
Total Operating Revenues	906,517	885,187
Operating Expenses		
Salaries and Wages	403,821	369,713
Employee Benefits	198,008	173,304
Contracted Services	259,429	222,894
Supplies & Materials	27,227	38,780
Other Charges	38,010	32,108
Miscellaneous Expenses	-	135
Depreciation	48,743	29,528
Amortization	3,107	3,107
Total Operating Expenses	978,345	869,569
Operating Income/(Loss)	(71,828)	15,618
Nonoperating Revenues/(Expenses)		
Loss on Disposal of Asset	(112)	(316)
Interest Income	41,258	45,523
State Emergency Communications		
Board Grants	27,000	112,531
Miscellaneous Income	-	25
Total Nonoperating Revenues/(Expenses)	68,146	157,763
Increase (Decrease) in Net Assets	(3,682)	173,381
Net Assets, Beginning of Year	2,278,295	2,104,914
Prior Period Adjustment	13,289	-
Net Assets, Beginning-Restated (Note 11)	2,291,584	2,104,914
Net Assets, End of Year	\$ 2,287,902	\$ 2,278,295

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

WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2010	2009
Cash Flows From Operating Activities		
Cash Received From Charges for Services	\$ 1,067,215	\$ 825,207
Cash Payments To Suppliers for Goods and Services	(521,334)	(472,400)
Cash Payments to Employees for Services	<u>(329,997)</u>	<u>(317,074)</u>
Net Cash Provided By Operating Activities	215,884	35,733
Net Cash Provided By Noncapital Financing Activities		
State of Tennessee ECB Grants	27,000	112,531
Net Cash Used by Capital and Related Financing Activities		
Purchase of Equipment	(10,479)	(165,055)
Cash Flows From Investing Activities		
Purchase of Certificates of Deposit	(137,354)	(335,421)
Interest On Investments	<u>41,258</u>	<u>45,523</u>
Net Cash (Used In) Investing Activities	<u>(96,096)</u>	<u>(289,898)</u>
Net Increase (Decrease) in Cash & Cash Equivalents	136,309	(306,689)
Cash & Cash Equivalents at Beginning of Year	<u>199,516</u>	<u>506,205</u>
Cash & Cash Equivalents at End of Year	<u><u>\$ 335,825</u></u>	<u><u>\$ 199,516</u></u>

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

WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2010	2009
Operating Income/(Loss)	\$ (71,828)	\$ 15,618
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities		
Depreciation	48,743	29,528
Amortization	3,107	3,107
Miscellaneous Income	-	25
Change in Assets and Liabilities		
Accounts Receivable	160,698	(60,006)
Prepaid Expenses	1,858	-
Accounts Payable	(517)	(5,178)
Accrued Payroll	1,087	3,382
Payroll Deductions Payable	86	(210)
Net OPEB Liability	71,365	51,003
Compensated Absences Payable	1,285	(1,536)
Net Cash Provided By Operating Activities	\$ 215,884	\$ 35,733

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

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Wilson County Emergency Communication District, Inc. was established pursuant to Tennessee Code Annotated 7-86-101 for the purpose of providing emergency services through the use of a three digit (911) telephone number. The District is a component unit of Wilson County, Tennessee, the primary government. Wilson County appoints the board members of the District and must approve the District's issuance of long-term debt. Even though the District is financially independent of the Wilson County primary governmental unit, it is accountable to that unit.

Basis of Accounting

The District is considered to be a business-type activity (proprietary fund) which is used to account for and report those governmental activities that are designed to be self-supporting from fees charged to consumers of the funds' goods and services. The accounting and financial reporting practices of proprietary funds are similar to those used for business enterprises. That is, revenues are matched with expenses, and net income is determined using accrual accounting methods. The District's financial statements have been prepared in conformity with all applicable GASB pronouncements as well as all Financial Accounting Standards Board pronouncements issued prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Estimates

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 at the date of the financial statements. Actual results could differ from those estimates.

Operating Revenues

Operating revenues are received from various phone companies by law as more fully described in Note 3. All revenues not part of these legally required payments for emergency telephone service have been classified as non-operating.

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

As more fully described in Note 4, capital assets are recorded at cost and depreciated over their useful lives using the straight line method.

Budgets and Budgetary Accounting

Per Tennessee Code Annotated Section 7-86-120, the Board is legally required to adopt and operate under an annual budget. All monies received and expended by the district must be included in the budget. The district cannot expend any monies regardless of source except in accordance with the legally adopted budget. Budgetary control for emergency communications districts is legally set at the line-item level.

The Board Follows these procedures in establishing the budgetary data reflected in the additional information section:

- a) Formal budgetary integration is employed as a management control device during the year for the business-type activity. This budget is adopted on a basis consistent with generally accepted accounting principles.
- b) The Board of Directors approves an annual detailed budget. Any revisions made during the year must be approved by the Board of Directors.
- c) The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

NOTE 2 - CASH - CHECKING AND SAVINGS

The District maintains three bank accounts and a petty cash account with the following balances at June 30, 2010:

Petty Cash	300
Operating Account	(610)
Savings Account	336,135
Total Cash	<u>\$ 335,825</u>

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 2 - CASH - CHECKING AND SAVINGS – CONTINUED

The District uses a “sweep account” for its operating account whereby the cash remaining in the bank at the end of the business day is “swept” into the savings account and transferred back into the operating account as needed to cover checks. Accordingly, the \$610 deficit shown for the operating account above represents the outstanding checks at June 30, 2010. Funds will be transferred back to the operating account from savings as needed to cover the outstanding checks.

The District also had nine certificates of deposit with a total balance at June 30, 2010 of \$1,520,625. This amount has been classified as investments on the statement of net assets.

Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized as follows: All deposits with financial institutions other than savings and loan associations must be collateralized in an amount equal to 105% of the value of the deposit secured thereby. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the district.

Deposits with savings and loan associations must be collateralized by one of the following methods: 1) By an amount equal to 110% of the face amount of uninsured deposits if the collateral is of the same character as that required for other financial institutions; 2) By an irrevocable letter of credit issued by the Federal Home Loan Bank; or, 3) By a surety bond issued by an insurance company licensed under the laws of the State of Tennessee whose claims paying ability is rated in the highest category by at least two nationally recognized statistical rating services.

The promissory notes must be in an amount equal to 150% of the amount of uninsured deposits. Wilson County Emergency Communications District, Inc. had no deposits with savings and loan associations during the period under audit. The bank balances at June 30, 2010 are entirely covered by FDIC insurance and the state bank collateral pool.

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 3 - ACCOUNTS RECEIVABLE

At June 30, 2010 the District had \$36,030 in accounts receivable. Of this amount, \$14,252 was due from AT&T, \$10,160 was due from Tennessee Telephone, and \$11,618 was due from other companies. These receivables represent amounts that are collected by the telephone companies and then remitted to the District. Each residential customer is charged \$.55 per month and each commercial customer is charged \$1.67 per month. Additionally, the District receives \$.25 per cellular phone from the Tennessee Emergency Communications Board. No allowance for uncollectible accounts is considered necessary.

NOTE 4 - CAPITAL ASSETS

All capital assets are recorded at historical cost. Depreciation is determined using the straight line method over the estimated useful lives of the respective assets of seven to thirty-nine years. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized.

A summary of changes in capital assets follows:

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010
Business Type Activites:				
Capital Assets Not Being Depreciated:				
Land	\$ 118,500	\$ -	\$ -	118,500
Other Capital Assets:				
Office Equipment	218,634	10,479	44,256	184,857
Building	434,855	-	-	434,855
Total Other Capital Assets at Historical Cost	<u>653,489</u>	<u>10,479</u>	<u>44,256</u>	<u>619,712</u>
Less Accumulated Depreciation for:				
Office Equipment	88,518	31,911	44,144	76,285
Building	114,245	16,832	-	131,077
Total Accumulated Depreciation	<u>202,763</u>	<u>48,743</u>	<u>44,144</u>	<u>207,362</u>
Other Capital Assets, Net	<u>450,726</u>	<u>(38,264)</u>	<u>112</u>	<u>412,350</u>
Business Type Activites Capital Assets, Net	<u>\$ 569,226</u>	<u>\$ (38,264)</u>	<u>\$ 112</u>	<u>\$ 530,850</u>

Depreciation expense for the year ended June 30, 2010 amounted to \$48,743.

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 4 - CAPITAL ASSETS-Continued

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Business Type Activites:				
Capital Assets Not Being Depreciated:				
Land	\$ 118,500	\$ -	\$ -	\$ 118,500
Other Capital Assets:				
Office Equipment	107,831	119,846	9,043	218,634
Building	389,945	45,210	300	434,855
Total Other Capital Assets at Historical Cost	<u>497,776</u>	<u>165,056</u>	<u>9,343</u>	<u>653,489</u>
Less Accumulated Depreciation for:				
Office Equipment	82,203	15,248	8,933	88,518
Building	100,058	14,280	93	114,245
Total Accumulated Depreciation	<u>182,261</u>	<u>29,528</u>	<u>9,026</u>	<u>202,763</u>
Other Capital Assets, Net	<u>315,515</u>	<u>135,528</u>	<u>317</u>	<u>450,726</u>
Business Type Activites Capital Assets, Net	<u>\$ 434,015</u>	<u>\$ 135,528</u>	<u>\$ 317</u>	<u>\$ 569,226</u>

NOTE 5 – EQUIPMENT MAINTENANCE

In a prior year, an amount was paid to the telephone companies for the use of public safety answering point (PSAP) equipment. This was a one-time charge to the District. The telephone companies own the equipment and have title to it. A monthly fee is paid to the telephone company for maintenance of said equipment. The amount paid varies from month to month. A total of \$212,943 was paid for the fiscal year ended June 30, 2010.

NOTE 6 – ACCRUED COMPENSATION

All full-time employees of the District accrue vacation based on years of service. Vacation is earned on a calendar year basis, and must be taken in the year earned. At June 30, 2010, the District's had \$5,783 of accrued compensation.

NOTE 7 - RISK FINANCING ACTIVITIES

It is the policy of the District to purchase commercial insurance for the risks of losses to which it is exposed. Those risks include general liability, property and casualty, worker's compensation and employee health and accident. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 8 - PENSION EXPENSE

(A) Plan Description

Employees of Wilson County Emergency Communication District, Inc. 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 members 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 Wilson County Emergency Communications District, Inc. 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 www.tn.gov/treasury/tcrs/ps

(B) Funding Policy

Wilson County Emergency Communication District, Inc. has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll. Wilson County Emergency Communication District, Inc. is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2010 was 11.65% of annual covered payroll.

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 8 – PENSION EXPENSE – Continued

(B) Funding Policy-continued

The contribution requirement of plan members is set by state statute. The contribution requirement for Wilson County Emergency Communication District, Inc. is established and may be amended by the TCRS Board of Trustees.

(C) Annual Pension Cost

For the year ending June 30, 2010 Wilson County Emergency Communication District, Inc.'s annual pension cost of \$34,907 to TCRS was equal to Wilson County Emergency Communication District, Inc.'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. Wilson County Emergency Communication District, Inc.'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 7 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost(APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	\$34,907	100.00%	\$ 0.00
June 30, 2009	\$28,271	100.00%	\$ 0.00
June 30, 2008	\$23,863	100.00%	\$ 0.00

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 8 – PENSION EXPENSE – Continued

(D) Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 84.77% percent funded. The actuarial accrued liability for benefits was \$0.31 million and the actuarial value of assets was \$0.26 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.05 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0.29 million, and the ratio of the UAAL to the covered payroll was 16.18% 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 unfunded 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 Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2009	\$260	\$307	\$47	84.77%	\$289	16.18%
July 1, 2007	\$213	\$245	\$32	86.94%	\$180	18.78%

NOTE 9 – GIS MAPPING MAINTENANCE

During the fiscal years ended June 30, 2010 and 2009, the Wilson County Emergency Communication District, Inc. paid \$1,500 and \$15,500 respectively per year for the maintenance of a computerized mapping system that will be titled to Wilson County. Prior to 2010 Wilson County Emergency Communications District, Inc. paid the full maintenance contract but beginning in the fiscal year ended June 30, 2010 other county agencies including the Lebanon Police Department, & WEMA now pay a portion of the mapping maintenance fees resulting in a reduced cost to Wilson County Emergency Communications District, Inc.

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 9 – GIS MAPPING MAINTENANCE-Continued

These payments have been included in the contracted services balance on the statement of revenues, expenses, and changes in net assets. The District received a grant from the State of Tennessee to offset the costs of this project. Through June 30, 2010, the District received \$50,000 of grant funds.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District's full-time employees are included in Wilson County's plan for health, dental and prescription coverage. The Wilson County plan is a single employer plan that offers pre-65 retirees and dependents one of two plans depending on when the participant is hired (before or after March 1, 2000). Once a participant turns age 65, the health plan provision provides medical benefits through a Medicare Supplement Plan and prescription drug benefit through the county's self-insured plan. Upon death, retirees receive a \$2,000 life insurance benefit.

An employee who retires or becomes disabled from the District is eligible for retiree health coverage upon meeting one of the following requirements: (1) hired prior to July 1, 1992; ten years of service with the last eight consecutive, (2) hired between July 1, 1992 and August 31, 1998; age 45 with ten years of service with the last eight consecutive, or (3) hired on or after September 1, 2008; the earlier of age 55 with ten years of service with the last eight consecutive; age 60 with ten years of service with the last year under the plan; or at any age with 30 years of service.

If a retiree is eligible for health insurance coverage and spouse coverage has been in effect for a minimum of one year prior to the employee's retirement, the plan will also provide health coverage for the retiree's spouse. This coverage will continue for as long as the spouse lives, even if the retiree dies before the spouse.

Eligible retirees are not required to share the cost of health insurance. Eligible dependents and disabled former employees who do not meet retirement eligibility requirements are required to share the cost of health insurance.

Annual OPEB Cost and Net OPEB Obligation

The OPEB cost and net OPEB obligation were estimated based on the January 1, 2009 actuarial valuation for Wilson County's plan as a whole, which includes the District's employees.

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

The District's portion of the OPEB cost and obligation were computed by the actuary in a separate document. The net OPEB cost of \$71,365 for the year ended June 30, 2010 is included in employee benefits on the statements of revenues, expenses and changes in net assets.

ARC	\$ 75,596
Interest on the NPO	2,597
Adjustment to the ARC	<u>(3,965)</u>
Annual OPEB cost	74,228
Amount of contribution	<u>(2,863)</u>
Increase/(decrease) in NPO	71,365
Net OPEB obligation, 07/01/2009, restated	<u>37,714</u>
Net OPEB obligation, 06/30/2010	<u>\$ 109,079</u>

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year end
06/30/09	Postemployment Benefits Plan	\$ 37,714	0%	\$ 37,714
06/30/10	Postemployment Benefits Plan	\$ 74,228	4%	\$ 109,079

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010 is as follows:

Actuarial valuation date	01/01/09
Actuarial accrued liability (AAL)	\$ 545,103
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 545,103
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	N/A
UAAL as a % of covered payroll	N/A

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used to include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the January 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used.

The actuarial assumptions included a 3.5 percent discount rate, an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of 5.5 percent after six years, and an annual dental cost trend rate of five percent. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

As described in Note 10, the Wilson County Emergency Communication District, Inc. was required to begin accruing a liability in the government-wide financial statements for its post employment benefit programs in the fiscal year ended June 30, 2009. The actuarial study done for Wilson County's post employment benefits did not separate out certain component units and other participants in its post employment benefits program, including the Wilson County Emergency Communication District. Accordingly, the liability recorded for June 30, 2009 was made from the best information available at that time which now appears to be overstated by \$13,289. Accordingly, for the fiscal year ended June 30, 2009, change in net assets in the government-wide financial statements was understated by \$13,289 and net assets were understated by \$13,289.

WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
June 30, 2010

SCHEDULE OF FUNDING PROGRESS FOR PENSION

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2009	\$260	\$307	\$47	84.77%	\$289	16.18%
July 1, 2007	\$213	\$245	\$32	86.94%	\$180	17.78%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry date 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.

**SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT
BENEFITS (OPEB)**

Actuarial Valuation Date	Actuarial Value of Plan 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)
1/1/2009	-	545,103	545,103	0%	N/A	N/A
1/1/2007	\$ -	\$ 463,581	\$ 463,581	0%	\$ 240,402	193%

WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES
COMPARED TO BUDGETED REVENUES AND EXPENSES

Year Ended June 30, 2010

	<u>Actual</u>	<u>Budgeted</u>	<u>Difference Over (Under)</u>
Operating Revenues			
Emergency Telephone Service Charge	\$ 906,517	859,520	\$ 46,997
Operating Expenses			
Salaries & Wages			
Director	59,808	60,000	(192)
Dispatchers	242,278	241,560	718
Administrative	96,000	96,000	-
Longevity Pay	5,350	5,450	(100)
Overtime Pay	385	1,200	(815)
Total Salaries & Wages	<u>403,821</u>	<u>404,210</u>	<u>(389)</u>
Employee Benefits			
Social Security	24,890	25,000	(110)
Medicare	5,821	6,050	(229)
Medical Insurance	58,509	59,000	(491)
Life Insurance	286	360	(74)
Unemployment Compensation	2,230	10,000	(7,770)
OPEB Cost	71,365	54,000.00	17,365
Retirement Contributions	34,907	40,000	(5,093)
Total Employee Benefits	<u>198,008</u>	<u>194,410</u>	<u>3,598</u>
Contracted Services			
Addressing/Mapping Expenses	7,371	7,500	(129)
Advertising	2,999	5,000	(2,001)
Audit Services	4,000	4,000	-
Legal Services	12,000	12,000	-
Lease/Rental Communications Equipment	212,943	216,000	(3,057)
Maintenance & Repairs -			
Mapping/Data Base Consultants	9,596	13,000	(3,404)
Buildings & Facilities	5,643	12,500	(6,857)
Office Equipment	4,877	7,500	(2,623)
Total Contracted Services	<u>259,429</u>	<u>277,500</u>	<u>(18,071)</u>

See Auditors' Report on Additional Information

WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES
COMPARED TO BUDGETED REVENUES AND EXPENSES

Year Ended June 30, 2010

	<u>Actual</u>	<u>Budgeted</u>	<u>Difference Over (Under)</u>
Supplies & Materials			
Office Supplies	2,877	3,000	\$ (123)
Custodial Supplies	815	1,500	(685)
Data Processing Supplies	1,461	2,500.00	(1,039)
Postage	530	750	(220)
Utilities -			
Electric	8,239	9,500	(1,261)
Gas	860	1,500	(640)
Water	641	700	(59)
General Telephone	9,956	15,000	(5,044)
Cell Phone & Pagers	1,848	2,400	(552)
Total Supplies & Materials	<u>27,227</u>	<u>36,850</u>	<u>(9,623)</u>
Other Charges			
Bank Charges	32	105	(73)
Dues & Memberships	3,205	3,370	(165)
Employee Testing & Exams	761	2,000	(1,239)
Insurance -			
Workers Compensation	2,548	2,800	(252)
Liability	1,576	1,600	(24)
Building & Contents	929	1,779	(850)
Surety Bonds	1,773	2,000	(227)
Service Awards	3,684	5,000	(1,316)
Training Expenses	(548)	1,200	(1,748)
Travel	24,050	25,000	(950)
Total Other Charges	<u>38,010</u>	<u>44,854</u>	<u>(6,844)</u>
Miscellaneous Expenses	-	46	(46)
Depreciation	48,743	61,000	(12,257)
Amortization	3,107	3,107	-
Total Operating Expenses	<u>978,345</u>	<u>1,021,977</u>	<u>(43,632)</u>
Nonoperating Revenues (Expenses)			
Loss on Disposal of Assets	(112)	-	(112)
Interest Income	41,258	25,000	16,258
Miscellaneous Income	-	137	(137)
State Emergency Communications			
Board Grants & Reimbursements	27,000	80,000	(53,000)
Total Nonoperating	<u>46,146</u>	<u>105,137</u>	<u>(36,991)</u>
Revenues/(Expenses)	<u>68,146</u>	<u>105,137</u>	<u>(36,991)</u>
Increase in Net Assets	<u>\$ (3,682)</u>	<u>\$ (57,320)</u>	<u>\$ 53,638</u>

See Auditors' Report on Additional Information

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
Wilson County Emergency Communication District, Inc.

We have audited the financial statements of the business-type activities of Wilson County Emergency Communication District, Inc., as of and for the year ended June 30, 2010, which collectively comprise the Wilson County Emergency Communication District, Inc.'s basic financial statements and have issued our report thereon dated November 15, 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 Wilson County Emergency Communication District, Inc.'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 Wilson County Emergency Communication District, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wilson County Emergency Communication District, Inc.'s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wilson County Emergency Communication District, Inc.'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 the following instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Tennessee Code Annotated Section 7-86-120 states that no emergency communications district may spend money except in accordance with an adopted budget. Wilson County Emergency Communication District, Inc. expenses did exceed its adopted budget in one category. The budget should be amended prior to spending the additional funds in order to prevent this from occurring.

We noted certain matters that we reported to management of Wilson County Emergency Communication District, Inc. in a separate letter dated November 15, 2010.

This report is intended solely for the information and use of management, the board of directors, and the State of Tennessee Comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Dempsey Vantrouse + Folles, PLLC

Lebanon, Tennessee

November 15, 2010