

**JACKSON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
JUNE 30, 2011**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**JACKSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2011**

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**JACKSON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2011**

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E-Mail saving@twlakes.net
Phone (931) 267-6676
Term Expires 10/2013

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Bruce Hawkins, Secretary
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INDEPENDENT AUDITOR'S REPORT

To the Board of directors of the
Jackson County E-911 Emergency Communications District
Gainesboro, Tennessee

I have audited the accompanying financial statements of the Jackson County E-911 Emergency Communications District, a component unit of Jackson County, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Jackson County E-911 Emergency Communications District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jackson County E-911 Emergency Communications District, as of June 30, 2011, and the results of its operations 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*, I have also issued my report dated December 19, 2011, on my consideration of the Jackson County E-911 Emergency Communications District's internal control over financial reporting and my 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 my 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 my audit.

GASB Statement No. 34 provides guidance on Management's Discussion and Analysis, which is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board; however, management has chosen to exclude this information.

My audit was performed for the purpose of forming an opinion on the financial statements of Jackson County E-911 Emergency Communications District, taken as a whole. The accompanying supplementary financial information is presented for the purposes of additional analysis and is not a required part of the financial statements of Jackson County E-911 Emergency Communications District. Such information has been subjected to the auditing procedures applied in the examination of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Tamara L. Beckman, CPA

December 19, 2011
Cookeville, Tennessee

**JACKSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011**

ASSETS

Current Assets

Cash & Cash Equivalents	\$ 85,095.14	
Accounts Receivable	80.44	
Due from State ECB	4,763.75	
Prepaid Expenses	<u>3,401.41</u>	
<u>Total Current Assets</u>		\$ 93,340.74

Fixed Assets

Office Equipment	37,098.00	
Less: A/D-Office Equipment	(34,841.72)	
Communications Equipment	750,969.76	
Less: A/D-Comm Equipment	<u>(694,268.50)</u>	
<u>Total Fixed Assets</u>		<u>58,957.54</u>

Total Assets **\$ 152,298.28**

LIABILITIES & NET ASSETS

Current Liabilities

Accounts Payable	1,579.84	
Accrued Payroll	7,340.00	
Payroll Tax Payable	4,454.40	
Payroll Deductions Payable	563.68	
Note Payable-Current Portion - TECB	<u>4,841.23</u>	
<u>Total Current Liabilities</u>		18,779.15

Long Term Note Payable - TECB 130,713.31

Total Liabilities **149,492.46**

Net Assets

Invested in Capital Assets, Net of Related Debt	(76,597.00)	
Unrestricted Net Assets	<u>79,402.82</u>	
<u>Total Net Assets</u>		<u>\$ 2,805.82</u>

The accompanying notes are in integral part of the financial statements

**JACKSON COUNTY E-911 EMERGENCY
COMMUNICATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

Operating Revenue

Emergency Telephone Service Charges	\$ 97,080.12
State ECB – Wireless	28,814.67
State ECB – Operational Funding Program	<u>124,108.74</u>

Total Operating Revenue \$ 250,003.53

Operating Expenses

Salaries & Wages

Dispatchers	169,536.36	
Overtime Pay	19,512.18	
Part-Time Pay	<u>14,359.76</u>	
Total Salaries & Wages		\$ 203,408.30

Employee Benefits

Social Security	11,989.61	
Medicare	2,942.69	
Unemployment-State & Federal	1,446.44	
Health Insurance	<u>3,466.47</u>	
Total Employee Benefits		19,845.21

Contracted Services

Auditing Services	4,000.00	
Legal Service	3,000.00	
Maintenance Agreements	11,479.89	
Mapping/DB Consultants	4,757.50	
NCIC & TCIC Data Lines	2,300.00	
<u>Maintenance & Repairs</u>		
Communications Equipment	14,707.43	
Office Equipment	<u>254.00</u>	
Total Contracted Services		40,498.82

Supplies & Materials

Office Supplies	2,260.89	
Postage	95.35	
<u>Utilities</u>		
General Telephone	13,464.13	
Cell Phones & Pagers	1,526.77	
Satellite	1,290.51	
Other Supplies & Materials	<u>274.53</u>	
Total Supplies & Materials		18,912.18

The accompanying notes are an integral part of the financial statements

*JACKSON COUNTY E-911 EMERGENCY
COMMUNICATION DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011*

<u>Other Charges</u>		
Bank Charges	14.00	
Dues & Subscriptions	230.00	
<u>Insurance</u>		
Liability	9,769.00	
Worker's Compensation	977.42	
Legal Notices	525.00	
Premiums on Surety Bonds	975.00	
Training Expenses	2,087.24	
Miscellaneous	<u>736.22</u>	
<u>Total Other Charges</u>		15,313.88
Depreciation		<u>16,321.62</u>
<u>Total Operating Expenses</u>		<u>314,300.01</u>
Net Operating Loss		(64,296.48)
<u>Non-Operating Revenue and (Expenses)</u>		
Interest Income	310.03	
State-Grants & Reimbursements	18,000.00	
Contributions from Primary Government	54,000.00	
Contributions from Other Governments	21,175.00	
UCEMC Grant	5,000.00	
Proceeds from Insurance	9,928.43	
Electrical Permits	<u>3,397.10</u>	
<u>Total Non-operating Revenue (Expenses)</u>		<u>111,810.56</u>
<u>Net Increase in Net Assets</u>		47,514.08
Net Assets, June 30, 2010		(45,119.21)
Prior Period Adjustment		<u>410.95</u>
Net Assets, June 30, 2011		<u>\$ 2,805.82</u>

The accompanying notes are an integral part of the financial statements

**JACKSON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Cash Flows from Operating Activities:</u>		
Cash Received from Operations	\$ 271,374.45	
Cash paid to/for Employee Services	(222,575.07)	
Cash Paid for Goods & Services	<u>(74,505.11)</u>	
Net Cash Used by Operating Activities		\$ (25,705.73)
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Payments on Notes Payable-State	(9,682.46)	
Purchase of New Equipment	<u>(948.75)</u>	
Net Cash Used by Capital & Related		(10,631.21)
<u>Cash Flows from Non-Capital Financing Activities</u>		
Contributions from Primary Governments	54,000.00	
Contributions from Other Governments	21,175.00	
State ECB-Grants & Reimbursements	18,000.00	
Proceeds from Insurance	9,928.43	
Electrical Permits	<u>3,397.10</u>	
Net Cash Provided by Non-Capital Financing Activities		106,500.53
<u>Cash Flows from Investing Activities:</u>		
Interest Received		<u>310.03</u>
Net Increase in Cash and Cash Equivalent		70,473.62
Cash and Cash Equivalents at 6-30-10		14,210.57
Prior Period Adjustment Affecting Cash		<u>410.95</u>
Cash and Cash Equivalents at 6-30-11		<u>\$ 85,095.14</u>
<u>Reconciliation of Net Operating Loss to Net Cash</u>		
<u>Used by Operating Activities</u>		
Operating Loss	\$ (64,296.48)	
Depreciation	16,321.62	
UCEMC Contract	5,000.00	
Decrease in Accounts Receivable	16,517.16	
Increase in Due from State ECB	(146.24)	
Decrease in Prepaid Expenses	62.49	
Increase in Accounts Payable	157.28	
Increase in Accrued Payroll	1,349.71	
Decrease in Payroll Tax Payable	(596.88)	
Decrease in Payroll Deductions Payable	<u>(74.39)</u>	
Net Cash Used by Operating Activities		<u>\$ (25,705.73)</u>

The accompanying notes are an integral part of the financial statements

**JACKSON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 1-Organization

The Jackson County E-911 Emergency Communications District was established on October 1, 1990, for the purpose of providing an enhanced level of 911 service for the Jackson County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Jackson County – the commissioners of which appoint the Board of Directors that governs. The District must file a budget with Jackson County each year. Any bond issued by the district is subject to approval by Jackson County.

Note 2 – Summary of significant accounting policies

The Jackson county E-911 Emergency Communications district presents its financial statements on the accrual basis and according to Governmental Accounting Standards Board (GASB) Statement No. 20, follows pronouncements of the Financial Accounting Standards (FASB) issued before November 30, 1989 unless they conflict with or contradict GASB guidance. After November 30, 1989, the District follows GASB guidance only and does not follow any FASB guidance issued after that date.

Fixed assets are depreciated over their useful lives using the straight-line method. All assets purchased under \$5,000.00 are expensed unless otherwise stated by management. Depreciation begins when the fixed assets are placed in service. Depreciation is summarized as follows:

	<u>Method</u>	<u>Estimated Useful Life</u>	<u>Depreciation Expense</u>
Office Equipment	S/L	5	\$ 873.40
Communications Equipment	S/L	5,7,12	<u>15,448.22</u>
			<u>\$ 16,321.62</u>

The budget is compiled and brought before the board for approval. The board approves any amendments.

Major Source of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges and the State Emergency Communications Board Operational Funding Program revenue. Non-operating revenue consists of grants and reimbursements from the State Emergency Communications Board, and contributions from primary and other governments.

Budgeting, Budgetary Control, and Budgetary Reporting

An annual budget using the modified accrual basis of accounting is prepared and adopted each year. The budget for the year ended June 30, 2011 was approved by the board before the fiscal year began. Certain changes in expenditure allocations of the budget were addressed and approved by the Board. Revenues are considered to be available for unrestricted use unless specifically restricted by the donor or grantor, thus the Board may reapply budgeted resources from one use to another without special approval for unrestricted funds.

Note 3 – Cash and investments

The Tennessee Government Code requires Tennessee banks and savings and loan associations to secure a governmental entity’s deposits by pledging government securities as collateral. The market value of pledged securities must equal 105% of the entity’s deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

The following is a schedule of cash accounts at June 30, 2011:

Checking	\$85,084.14	
Petty Cash	11.00	
Payroll Checking	--	Closed 6/22/11
Total	<u>\$85,095.14</u>	

At June 30, 2011, the carrying amount of the Jackson County E – 911 Emergency Communications District’s cash deposits was \$85,095.14. The District’s deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. The District is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated [Acts 1992, ch. 891, Section 10].

Note 4 – Insurance Risk

Jackson County E-911 Emergency Communication District has bonds covering the chairman, vice-chairman, secretary and treasurer in the amount of \$50,000.00 at June 30, 2011. The District also holds a workers compensation policy and a liability policy covering; property theft, damage and public liability. There have been no claims that exceeded coverage as of June 30, 2011.

Note 5 – Fixed Assets

The following is a schedule of equipment at June 30, 2011:

<u>Assets</u>	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>
Bldg & Improvements	152,968.20	--	(152,968.20)	--
Office Equipment	39,284.00	--	(2,186.00)	37,098.00
Comm. Equipment	<u>786,769.51</u>	<u>948.75</u>	<u>(36,748.50)</u>	<u>750,969.76</u>
Total Assets	<u>\$ 979,021.71</u>	<u>\$ 948.75</u>	<u>\$(191,902.70)</u>	<u>\$788,067.76</u>

<u>Assets</u>	<u>Accumulated Depreciation June 30, 2010</u>	<u>Current Year Depreciation</u>	<u>Accumulated Depreciation June 30, 2011</u>	<u>Book Value June 30, 2011</u>
Bldg & Improvements	--	--	--	--
Office Equipment	35,280.92	873.40	36,154.32	943.68
Comm. Equipment	<u>655,695.95</u>	<u>20,938.33</u>	<u>676,634.28</u>	<u>74,335.48</u>
Total Assets	<u>\$690,976.87</u>	<u>\$ 21,811.73</u>	<u>\$712,788.60</u>	<u>\$ 75,279.16</u>

Note 6 – Cash and Cash equivalents

Cash and Cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

Note 7 – Notes Payable to State of Tennessee

The District, in need of financial assistance, entered into an agreement with the Tennessee Emergency Communications Board (TECB). The TECB loaned \$145,237.00 to the District to payoff the lease held at Marlin Financial. The District is to make annual payments of \$4,841.23 for 30 years, interest free beginning August 1, 2009 out of reserves. If no reserves are available, no payment is due.

A schedule of changes in Notes Payable is as follows:

	Balance 06-30-10	Additions	Payments	Balance 06-30-11
N/P – TECB	<u>\$145,237.00</u>	\$ --	\$ 9,682.46	<u>\$135,554.54</u>
Total	<u>\$145,237.00</u>	<u>\$ --</u>	<u>\$ 9,682.46</u>	<u>\$135,554.54</u>

Note 8 – Compensated Absences

There was no compensated absences payable at June 30, 2011.

Note 9 – Calculation of Invested In Capital Assets

Net Book Value	\$ 58,957.54
Current & Non-Current Debt	(<u>135,554.54</u>)
Invested in Capital Assets, Net of Related Debt	(<u>76,597.00</u>)

Note 10 – Budgetary Information

As stated in Note 1, the District must file a budget with Jackson County each year which must be legally adopted by the County. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the program level as well as the object level.

Note 11 – Prior Period Adjustment

A prior period adjustment in the amount of \$410.95 was made to void check #2695 for \$660.95 from a prior year and correct a double entry deposit of \$250 from a prior year.

**JACKSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance Under (Over)
<u>Operating Revenues</u>			
Emergency Telephone Service Charges	\$ 97,080.12	\$ 98,400.00	\$ (1,319.88)
State-Shared Wireless Charges	28,814.67	37,998.00	(9,183.33)
State-Operational Funding Program	124,108.74	113,994.00	10,114.74
Other Operating Revenue	-	-	-
Total Revenue	\$ 250,003.53	\$ 250,392.00	\$ (388.47)
<u>Operating Expenses</u>			
<u>Salaries & Wages</u>			
Dispatcher	\$ 169,536.36	\$ 169,700.00	163.64
Overtime Pay	19,512.18	19,700.00	187.82
Part-Time Personnel	14,359.76	14,468.00	108.24
Total Salaries & Wages	\$ 203,408.30	\$ 203,868.00	\$ 459.70
<u>Employee Benefits</u>			
Social Security Tax	11,989.61	12,750.00	760.39
Medicare Tax	2,942.69	2,946.00	3.31
Unemployment	1,446.44	1,724.00	277.56
Medical Insurance	3,466.47	8,300.00	4,833.53
Total Employee Benefits	\$ 19,845.21	\$ 25,720.00	\$ 5,874.79
<u>Contracted Services</u>			
Audit Services	4,000.00	4,000.00	-
Contracts with Government Agencies	-	-	-
Legal Services	3,000.00	4,000.00	1,000.00
Maintenance Agreements	11,479.89	13,841.23	2,361.34
Mapping/DB Consultants	4,757.50	10,000.00	5,242.50
NCIC/TBI/TIES Expenses	2,300.00	3,320.00	1,020.00
<u>Maintenance & Repairs</u>			
Communication Equipment	14,707.43	14,707.43	-
Office Equipment	254.00	292.57	38.57
Total Contracted Services	\$ 40,498.82	\$ 50,161.23	\$ 9,662.41
<u>Supplies & Materials</u>			
Office Supplies	2,260.89	2,700.00	439.11
Postage	95.35	150.00	54.65
Uniforms	-	-	-
<u>Utilities</u>			
General Telephone	13,464.13	13,470.00	5.87
Cell Phones & Pagers	1,526.77	1,530.00	3.23
Satellite	1,290.51	1,290.51	-
Other Supplies & Materials	274.53	709.49	434.96
Total Supplies & Materials	\$ 18,912.18	\$ 19,850.00	\$ 937.82

**JACKSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Other Charges</u>			
Bank Charges	14.00	14.00	-
Dues & Memberships	230.00	296.00	66.00
<u>Insurance</u>			
Liability	9,769.00	9,769.00	-
Worker's Compensation	977.42	5,100.00	4,122.58
Legal Notices	525.00	600.00	75.00
Licenses & Fees	-	-	-
Premiums on Surety Bonds	975.00	1,050.00	75.00
Training Expenses	2,087.24	6,000.00	3,912.76
Travel Expenses	-	924.16	924.16
Other Charges	736.22	736.22	-
Total Other Charges	<u>\$ 15,313.88</u>	<u>\$ 24,489.38</u>	<u>\$ 9,175.50</u>
Depreciation	<u>\$ 16,321.62</u>	<u>\$ 16,321.62</u>	<u>\$ -</u>
Total Operating Expenses	<u>\$ 314,300.01</u>	<u>\$ 340,410.23</u>	<u>\$ 26,110.22</u>
<u>Operating Income (Loss)</u>	<u>\$ (64,296.48)</u>	<u>\$ (90,018.23)</u>	<u>\$ 25,721.75</u>
<u>Non-Operating Revenue and (Expense)</u>			
Interest Income	310.03	24.00	286.03
State – Grants & Reimbursements	18,000.00	18,000.00	-
Contributions from Primary Govts	54,000.00	53,900.00	100.00
Contributions from Other Govts	21,175.00	21,175.00	-
UCEMC Contract	5,000.00	5,000.00	-
Proceeds from Insurance	9,928.43	-	9,928.43
Electrical Permits	3,397.10	1,000.00	2,397.10
Total Non-Operating Revenue & Expense	<u>\$ 111,810.56</u>	<u>\$ 99,099.00</u>	<u>\$ 12,711.56</u>
Increase in Net Assets	<u>\$ 47,514.08</u>	<u>\$ 9,080.77</u>	<u>\$ 38,433.31</u>
Total Net Assets, July 1, 2010	(45,119.21)	-	(45,119.21)
Prior Period Adjustment	410.95	-	410.95
Total Net Assets, June 30, 2011	<u>\$ 2,805.82</u>	<u>\$ 9,080.77</u>	<u>\$ (6,274.95)</u>

**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 the
Jackson County E-911 Emergency Communications District
Gainesboro, Tennessee

I have audited the financial statements of Jackson County Emergency Communications District as of and for the year ended June 30, 2010, and have issued my report thereon dated December 19, 2011. I conducted my 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 my audit, I considered Jackson County Emergency Communications District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Jackson County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Jackson County Emergency Communications District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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.

My 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, as defined above. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson County Emergency Communications District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the management and federal awarding agencies and pass-through entities 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.

Tamara L. Beckman, CPA

December 19, 2011
Cookeville, Tennessee