JEFFERSON COUNTY E-911

Jefferson City, Tennessee

ANNUAL FINANCIAL REPORT
WITH SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2011

and

INDEPENDENT AUDITOR'S REPORT

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

ANNUAL FINANCIAL REPORT
WITH SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2011

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JEFFERSON COUNTY E-911

Jefferson City, Tennessee

SCHEDULE OF BOARD OF DIRECTORS

June 30, 2011

Members of the Board of Directors are as follows:

Alan Palmieri	Chairman
Tom Maursetter	Vice Chairman
Barbara Sheets	Secretary
Billy John Cureton	Member
Brad Phillips	Member
Sammy Solomon	Member
David Voiles	Member

BROWN JAKE & McDANIEL, PC
CERTIFIED PUBLIC ACCOUNTANTS
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JOE L. BROWN, CPA, CGFM
FRANK D. McDANIEL, CPA, CGFM
TERRY L. MOATS, CPA
JAMES E. BOOHER, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Jefferson County E-911
Jefferson City, Tennessee

We have audited the accompanying statement of net assets of Jefferson County E-911, a component unit of Jefferson County, Tennessee, as of and for the year ended June 30, 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Jefferson County E-911's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jefferson County E-911 as of June 30, 2011, and the results of its operations and its 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 January 19, 2012 on our consideration of Jefferson County E-911's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 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 of the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying other supplementary information included on pages 17 through 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements of Jefferson County E-911. The information has been subjected to the audit procedures applied in the audits 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.

Brown Jake & McDaniel, PC

January 19, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2011

The financial statements of Jefferson County E-911 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial statements of the District report information using accounting methods similar to those used by private sector companies. These statements offer short and long term financial information about their activities.

The Statement of Net Assets include all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. The statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its fees, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balances during the reporting period.

Table 1

Condensed Statement of Net Assets

	June 30, 2011	June 30, 2010	Increase (Decrease)	%
Current and other assets	$ 439,396	$ 271,904	$ 167,492	61.60%
Capital assets	28,790	41,170	(12,380)	-30.07%
Total assets	$ 468,186	$ 313,074	$ 155,112	49.54%
Long-term liabilities	$ -	$ -	$ -	- %
Current liabilities	235,389	80,748	154,641	191.51%
Total liabilities	$ 235,389	$ 80,748	$ 154,641	191.51%
Invested in capital assets	$ 28,790	$ 41,170	$ (12,380)	-30.07%
Unrestricted	204,007	191,156	12,851	6.72%
Total net assets	$ 232,797	$ 232,326	$ 471	0.20%

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

One way to measure financial health of a company is to look at its increases or decreases in net assets over time. Increases in net assets, in general, are signs that a company's financial health is improving. Decreases may indicate that its financial health is deteriorating. However, you will need to also consider non-financial factors such as economic conditions, service growth, and legislative mandates.

Jefferson County E-911's total net assets increased $471 from last year.

Table 2

Statement of Revenues, Expenses, and Changes in Net Assets

	June 30, 2011	June 30, 2010	Increase (Decrease)	%
Operating revenue	$ 626,414	$ 568,287	$ 58,127	10.23%
Non-operating revenue	416,242	400,780	15,462	3.86%
Total revenues	1,042,656	969,067	73,589	7.59%
Direct operating expenses	561,776	533,724	28,052	5.26%
General and administrative expenses	471,016	413,826	57,190	13.82%
Depreciation expense	19,393	35,190	(15,797)	-44.89%
Total expenses	1,052,185	982,740	69,445	7.07%
Income (loss) before capital grants	(9,529)	(13,673)	4,144	-30.31%
Capital grants	10,000	10,000	-	0.00%
Change in net assets	471	(3,673)	4,144	-112.82%
Beginning net assets	232,326	235,999	(3,673)	-1.56%
Ending net assets	$ 232,797	$ 232,326	$ 471	0.20%

As can be seen in Table 2, the change in net assets (formerly known as "net income (loss)") increased from the prior year by $4,144.

MANAGEMENT'S DISCUSSION AND ANAYLSIS
(Continued)

Table 3

Capital Assets, Net of Accumulated Depreciation

	June 30, 2011	June 30, 2010	Increase (Decrease)
Capital assets, net	$ 28,790	$ 41,170	$ (12,380)

There were no capital asset additions during the current year.

There are no large planned capital outlays for 2012 at present.

At June 30, 2011, the District had no outstanding long-term debt.

There were no significant variations from fiscal year 2011 budgeted operational expenditures and fiscal year 2011 actual operational expenditures. Fiscal year 2012 budget, approved in 2011, contains no significant operational increases or decreases from fiscal year 2011.

This financial report is designed to provide the public and creditors with an overview of the finances of the District and to demonstrate accountability for the money received. If there are questions, comments, or requests for additional information pertaining to this report, please contact:

Mr. Marcus Reed, Director
Jefferson County E-911
112 W. Broadway Blvd.
Jefferson City, TN 37760

Phone (865) 475-4911

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

STATEMENT OF NET ASSETS

June 30, 2011

ASSETS	
Current assets:	
Cash and cash equivalents	$ 391,717
Accounts receivable:	
Customers	29,762
Prepaid expenses	17,917
Total current assets	439,396
Capital assets:	
Capital assets, net of accumulated depreciation totaling $734,516	28,790
Total assets	$ 468,186
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	$ 2,205
Accrued vacation leave	21,155
Deferred revenue	203,428
Other current liabilities	8,601
Total liabilities	235,389
Net assets:	
Invested in capital assets	28,790
Unrestricted	204,007
Total net assets	232,797
Total liabilities and net assets	$ 468,186

See accompanying notes to basic financial statements.

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2011

Operating revenues:	
Emergency telephone surcharges	$ 278,643
State shared wireless charges	115,608
State of Tennessee operational funding	167,153
Other	65,010
	626,414
Operating expenses:	
Salaries and wages	561,776
Employee benefits	223,912
Contracted services	171,149
Supplies and materials	27,207
Other charges	48,748
	1,032,792
Operating margin (loss) before depreciation	(406,378)
Depreciation expense	19,393
Operating margin (loss)	(425,771)
Non-operating revenue (expense):	
Interest income	242
Contribution from primary government	400,000
State of Tennessee grants and reimbursements	16,000
	416,242
Income (loss) before capital grants	(9,529)
Capital grants - State of Tennessee	10,000
Change in net assets	471
Net assets, beginning of the year	232,326
Net assets, end of the year	$ 232,797

See accompanying notes to basic financial statements.

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2011

Cash flows from operating activities:	
Cash received from service fees and other operating revenues	$ 393,126
Cash received from state government	167,153
Cash paid to suppliers for goods and services	(468,953)
Cash paid to employees for services provided	(552,230)
Net cash used by operating activities	(460,904)
Cash flows from noncapital financing activities:	
Contribution from primary government	400,000
Grant revenues received-State of Tennessee	16,000
Net cash provided by noncapital financing activities	416,000
Cash flows from capital and related financing activities:	
Purchase of equipment	(6,923)
Grant revenues received - State of Tennessee	10,000
Deferred revenue - grant - State of Tennessee	203,428
Net cash provided by capital and related financing activities	206,505
Cash flows from investing activities:	
Interest income on investments	242
Net cash provided by investing activities	242
Net increase in cash and cash equivalents	161,843
Cash and cash equivalents, beginning of the year	229,874
Cash and cash equivalents, end of the year	$ 391,717
Reconciliation of operating margin (loss) to net cash used by operating activities:	
Operating margin (loss)	$ (425,771)
Adjustments to reconcile operating margin (loss) to net cash used by operating activities:	
Depreciation	19,393
Increase in receivables	(916)
Increase in prepaid expenses	(4,733)
Increase in accounts payable	2,122
Increase in accrued vacation leave	9,589
Decrease in other current liabilities	(60,588)
Net cash used by operating activities	$ (460,904)

See accompanying notes to basic financial statements.

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. Summary of Significant Accounting Policies

General Statement

Jefferson County E-911 (the District) is a 911 service which receives telephone requests for emergency services and provides for the dispatch of appropriate emergency service units. Jefferson County E-911 is a component unit of another governmental entity. Jefferson County, Tennessee is the primary government in whose financial reporting entity Jefferson County E-911 is included. The District receives a significant portion of its income from the tax revenues of Jefferson County. Also, Jefferson County's legislative body approves board members, debt issues, telephone surcharge rate changes and annual budgets of Jefferson County E-911.

The criteria for including organizations as component units within a County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is a fiscal dependency by the organization on the County

Basis of Presentation

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As permitted by generally accepted accounting principles, the District has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices. After November 30, 1989, the District has elected not to apply FASB pronouncements. The more significant accounting policies of the District are described below.

The entity is a proprietary fund type known as an Enterprise Fund. The Enterprise Fund is used to account for operations that are financed and

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

operated in a manner similar to private business enterprises where the costs are financed through user charges.

Proprietary funds are accounted for on a "flow of economic resources" measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net assets.

Methods of Accounting

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Net Assets

The District follows the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. It requires the classification of net assets into three components - 1) invested in capital assets, net of related debt service, 2) restricted for debt service, and 3) unrestricted.

Cash and Cash Equivalents

For purposes of these financial statements, the District considers all highly liquid investments having original maturity dates of three months or less to be cash equivalents.

Budgetary Principles

Prior to the beginning of the fiscal year, the Board of Directors adopts an annual budget. All revisions must be approved by the Board. All annual appropriations lapse at fiscal year end. Budgetary control is at the line item level.

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Budgetary Principles (Continued)

The District prepares its budget on a basis of accounting that differs from accounting principles generally accepted in the United States of America (GAAP). The major difference between the budgetary basis of accounting and GAAP is that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP). At June 30, 2011, the District had no encumbrances.

Capital Assets

Capital assets owned by the District are recorded at cost, or if contributed property, at their fair market value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Operating and Non-Operating Revenues

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2. Cash, Cash Equivalents and Deposits

Cash consisted of the following at June 30, 2011:

Cash in bank	$391,717
Certificate of deposit	-
	$391,717

At June 30, 2011, all of the District's deposits were either insured by federal depository insurance or guaranteed by bank participation in the Tennessee Bank Collateral Pool. Investment policies of the District follow state law and bond requirements prohibiting investments that are not secured or insured by the U.S. Government.

3. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Depreciation Rates
Capital assets, being depreciated:					
Leasehold improvements	$ 23,765	$ -	$ -	$ 23,765	5.0 - 20.0%
Office equipment and furniture	87,578	3,593	-	91,171	14.3 - 33.3%
Operating equipment	403,080	-	-	403,080	14.3 - 20.0%
Communication equipment	219,182	3,330	-	222,512	14.3 - 20.0%
Vehicle	22,778	-	-	22,778	
Total capital assets, being depreciated	756,383	6,923	-	763,306	
Less accumulated depreciation for:					
Leasehold improvements	(23,543)	(191)	-	(23,734)	
Office equipment and furniture	(64,303)	(8,495)	-	(72,798)	
Operating equipment	(389,329)	(6,608)	-	(395,937)	
Communication equipment	(215,170)	(4,099)	-	(219,269)	
Vehicle	(22,778)	-	-	(22,778)	
Total accumulated depreciation	(715,123)	(19,393)	-	(734,516)	
Total capital assets, being depreciated, net	41,260	(12,470)	-	28,790	
Total net capital assets, excluding plant acquisition adjustments	$ 41,260	$ (12,470)	$ -	$ 28,790	

Depreciation charged to expense totaled $19,393 for the year ended June 30, 2011.

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4. Compensated Absences

The vacation year is a calendar year beginning January 1 and ending December 31. Regular full-time employees accrue one day of vacation per month. After five years of service, employees accrue one and one-half days of vacation per month. Employees on vacation are paid at the regular rate of pay during such leave. Employees may accrue annual vacation leave up to a maximum of thirty days. Unpaid vacation leave totaled $21,155 for the year ended June 30, 2011.

Sick leave is earned by regular full-time employees at the rate of one day per month. Employees may accumulate sick leave up to a maximum of one hundred twenty days. It is management's belief that sick leave does not vest, and therefore, no accrual of such leave has been made.

5. Retirement Plan

Plan Description

Employees of Jefferson County E-911 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). The prior Section 457(k) defined contribution retirement plan was terminated at that time. The 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 Jefferson County E-911 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.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at http://www.treasury.state.tn.us/tcrs/PS/.

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5. Retirement Plan (Continued)

Funding Policy

Jefferson County E-911 requires employees to contribute 5.0 percent of earnable compensation.

Jefferson County E-911 is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2011 was 5.71% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Jefferson County E-911 is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2011, Jefferson County E-911's annual pension cost of $25,190 to the TCRS was equal to Jefferson County E-911's required and actual contributions. The required contribution was determined as part of the initial 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. Jefferson County E-911's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. An actuarial valuation was performed as of July 1, 2010, which established contribution rates effective July 1, 2011.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	$25,190	100.00%	0.00
June 30, 2010	26,131	100.00%	0.00
June 30, 2009	29,106	100.00%	0.00

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5. Retirement Plan (Continued)

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the plan was 78.13% percent funded. The actuarial accrued liability for benefits was $0.3 million, and the actuarial value of assets was $0.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of $0.1 million. The covered payroll (annual payroll of active employees covered by the plan) was $0.3 million, and the ratio of the UAAL to the covered payroll was 21.63% percent.

The schedule of funding progress presents 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.

Schedule of Funding Progress

(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	$ 333	$ 73	78.13%	$ 336	21.63%
July 1, 2007	$ 171	$ 157	$ (14)	108.92%	$ 347	-4.03%

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

6. 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 purchases commercial insurance for all of these risks of loss. There have been no claims in the prior three years.

OTHER SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Jefferson City, Tennessee

SCHEDULE OF EXPENDITURES OF STATE AWARDS

June 30, 2011

Description	Project Number	CFDA Number	Balance July 1, 2010 Unexpended (Receivable)	Receipts	Expenditures	Balance June 30, 2011 Unexpended (Receivable)
Grants:						
Tennessee Department of Commerce and Insurance - GIS Mapping Grant	N/A	N/A	$ -	$ 10,000	$ 10,000	$ -
Tennessee Department of Commerce and Insurance - Dispatcher Training Alloc.	N/A	N/A	-	16,000	16,000	-
Tennessee Department of Commerce and Insurance - 25% Distribution	N/A	N/A	-	115,608	115,608	-
Tennessee Department of Commerce and Insurance - Recurring Operational Funding	N/A	N/A	-	167,153	167,153	-
Tennessee Department of Commerce and Insurance - NG911 EQUIPMENT 2011	N/A	N/A	-	203,428	-	203,428
Total Grants			$ -	$512,189	$ 308,761	$ 203,428

See independent auditor's report.

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

SCHEDULE OF BUDGET VS. ACTUAL REVENUES AND EXPENSES

For the Fiscal Year Ended June 30, 2011

	Budget	Actual
Operating revenues:		
Emergency telephone surcharges	$ 310,000	$ 278,643
State shared wireless charges	115,000	115,608
State of Tennessee operational funding	160,000	167,153
Other	20,000	65,010
Total operating revenues	605,000	626,414
Operating expenses:		
Directors salary	47,400	47,362
Administrative personnel	34,500	34,446
Telecommunicators	293,900	293,899
Overtime pay	54,500	54,484
Part-time pay	25,600	25,544
Addressing/training coordinator	35,100	35,012
Holiday pay	11,450	11,402
Longevity pay	14,360	14,356
Sick leave	16,100	16,089
Vacation pay	29,200	29,182
Social security	34,550	34,523
Medicare	10,210	10,204
Life insurance	940	937
Health insurance	147,400	147,329
Unemployment taxes	3,900	3,858
Retirement contributions	27,100	27,061
Addressing/mapping expenses	220	217
Audit services	7,500	7,433
Accounting services	290	285
Administrative fees - service charge	7,200	7,133
Fees paid to service providers	77,800	77,757
Legal fees	930	924
Tower rental	5,100	5,100
Lease/rent - building & fees	18,000	18,000
Maintenance and repairs - equipment	53,700	53,675
Maintenance and repairs - building	200	193
Small equipment purchases	1,940	1,931
Maintenance and repairs - vehicle	440	432
Office supplies	5,200	5,195
Postage	580	573
Uniforms and shirts	1,350	1,350
Utilities - electric	1,160	1,152
Utilities - gas	130	121
Utilities - general telephone	10,700	10,647
Utilities - cell phone and pagers	6,300	6,238
Board meeting expenses	40	39
Dues and memberships	200	199
Insurance - workers compensation	19,800	19,733
Insurance - liability	4,050	4,050
Insurance - equipment	3,900	3,811
Insurance - vehicle	1,100	1,072
Premiums on surety bonds	670	670
Training expenses	9,600	9,519
Fuel costs	1,800	1,767
Miscellaneous	7,900	7,888
Total operating expenses	1,034,010	1,032,792
Operating margin (loss) before depreciation	(429,010)	(406,378)
Depreciation expense	20,000	19,393
Operating margin (loss)	(409,010)	(425,771)
Non-operating income (expense):		
Interest income	1,175	242
Contribution from primary government	400,000	400,000
State of Tennessee grants and reimbursements	-	16,000
Total non-operating income (expense)	401,175	416,242
Income (loss) before capital contributions	(7,835)	(9,529)
Capital contributions	10,000	10,000
Change in net assets	$ 2,165	$ 471

See independent auditor's report.

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

SCHEDULE OF OPERATING EXPENSES

For the Fiscal Year Ended June 30, 2011

Operating expense:	
Salaries and wages:	
Director	$ 47,362
Administrative personnel	34,446
Telecommunicators	293,899
Overtime pay	54,484
Part-time personnel	25,544
Addressing/training coordinator	35,012
Holiday pay	11,402
Longevity pay	14,356
Sick leave	16,089
Vacation pay	29,182
Total salaries and wages	561,776
Employee benefits:	
Social security	34,523
Medicare	10,204
Life insurance	937
Health insurance	147,329
Unemployment taxes	3,858
Retirement contributions	27,061
Total employee benefits	223,912
Contracted services:	
Addressing/mapping expenses	217
Audit services	7,433
Accounting services	285
Administrative fees - service charge	7,133
Fees paid to service providers	77,757
Legal fees	924
Rental- building	18,000
Maintenance and repairs - equipment	53,675
Maintenance and repairs - building	193
Maintenance and repairs - vehicle	432
Tower rental	5,100
Total contracted services	171,149
Supplies and materials:	
Office supplies	5,195
Postage	573
Small equipment purchases	1,931
Uniforms and shirts	1,350
Utilities - electric	1,152
Utilities - gas	121
Utilities - general telephone	10,647
Utilities - cell phones and pagers	6,238
Total supplies and materials	27,207
Other charges:	
Board meeting expenses	39
Dues and memberships	199
Insurance - workers compensation	19,733
Insurance - liability	4,050
Insurance - equipment	3,811
Insurance - vehicle	1,072
Premiums on surety bonds	670
Training expenses	9,519
Fuel costs	1,767
Miscellaneous	7,888
Total other charges	48,748
Total operating expenses	$ 1,032,792

See independent auditor's report.

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

SCHEDULE OF TELEPHONE SURCHARGE RATES

June 30, 2011

Residential	$1.00/ month
Commercial	$3.00/ month
Wireless	$1.00/ month

See independent auditor's report.

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

SCHEDULE OF INSURANCE COVERAGES

June 30, 2011

Commercial property and general liability:	
Property	$ 324,480
General liability	2,000,000 (aggregate)
	1,000,000 (per occurrence)
Management liability	2,000,000 (aggregate)
	1,000,000 (per occurrence)
	5,000 (injunctive relief)
Business auto:	
Liability	1,000,000
Uninsured motorists	1,000,000
Employee dishonesty bond	100,000
Workers compensation	Statutory

See independent auditor's report.

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

Board of Directors
Jefferson County E-911
Jefferson City, Tennessee

We have audited the financial statements of Jefferson County E-911 (the District), a component unit of Jefferson County, Tennessee, as of and for the year ended June 30, 2011, and have issued our report thereon dated January 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

Brown Jake & McDaniel, PC

CERTIFIED PUBLIC ACCOUNTANTS

January 19, 2012