

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

Kimball, Tennessee

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL DATA**

Year Ended June 30, 2012

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

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INTRODUCTORY INFORMATION

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF MANAGEMENT AND BOARD MEMBERS
JUNE 30, 2012**

MANAGEMENT:

Jerry Don Case

Executive Director

BOARD MEMBERS:

Ronnie Burnett

Chairman

Steve Lamb

Secretary

Louise Powell

Treasurer

Freddie Cook

Director

Howard Cotter

Director

William Harris

Director

Galen Miller

Director

Ray Stephens

Director

Claudette Womack

Director

MANAGEMENT'S DISCUSSION AND ANALYSIS

My discussion and analysis of Marion County 911 Emergency Communication District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2012. This should be read in conjunction with the District's financial statements, which begin on page 10.

USING THIS ANNUAL REPORT

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

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

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

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

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Current and other assets	\$ 510,259	\$ 568,668
Capital assets	<u>684,577</u>	<u>466,837</u>
Total assets	1,194,836	1,035,505
Current liabilities	<u>5,474</u>	<u>9,465</u>
Net assets	<u>\$1,189,362</u>	<u>\$1,026,040</u>
Summary of net assets:		
Invested in capital assets	\$ 684,577	\$ 466,837
Unrestricted	<u>504,785</u>	<u>559,203</u>
Total net assets	<u>\$1,189,362</u>	<u>\$1,026,040</u>

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Operating revenues	\$ 347,331	\$ 351,548
Operating expenses	<u>216,199</u>	<u>235,601</u>
Operating income	131,132	115,947
Non-operating revenue (expense)	<u>32,190</u>	<u>182,683</u>
Changes in net assets	163,322	298,630
Beginning net assets	<u>1,026,040</u>	<u>727,410</u>
Ending net assets	<u>\$1,189,362</u>	<u>\$ 1,026,040</u>

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The fiscal year ending June 30, 2012 proved to be a financially sound year for the District. Net assets increased \$163,322 over the prior year. This increase results from a reduction in contract services and from the District’s decision of setting aside the bulk of the operational funding received from the Tennessee Emergency Communications Board for future outlays.

The District’s operating revenues were down by \$4,217 due to the continued decline in telephone service charges. Revenues from landline telephone service charges continue to decrease as more people are relying exclusively on their cell phones as a primary means of communication. Revenues from landlines decreased an additional \$1,981; revenues received from cellular telephones also declined for the first time in several years. The District’s shared portion of wireless charges decreased \$6,712. Operational funding from the state increased \$4,476 over the prior fiscal year.

Operating expenses decreased by \$19,402. This decline was due primarily by purchasing advanced processing equipment to replace older equipment that the District had leased for several years. Overall, contract services decreased by \$52,570. Salaries and benefit expenses increased by \$1,942, or 2.6%; supplies and materials increased by \$1,326; and other operating expenses increased by \$2,193. Depreciation and amortization increased \$27,707 due to Next Generation 911 equipment purchased over the past two years and from the new mobile 911 unit which became fully operational in this fiscal year.

During the fiscal year ending June 30, 2012, the District received \$22,000 for grants and reimbursements. This was a decrease of \$162,255 from last fiscal year when the District received a one-time reimbursement for \$184,225 for the Next Generation 911 equipment purchases. Non-operating revenues reported other income from the transfer of land from Marion County. This land, adjacent to the Marion County Justice Center, is the location of the District’s new Operations Center.

THE DISTRICT’S NET ASSETS

The District continues to maintain a significant net worth (total net assets) which exceeds \$1,189,362 at June 30, 2012. Net assets consisted of net assets invested in capital assets totaling \$684,577 and unrestricted net assets totaling \$504,785.

BUDGETARY HIGHLIGHTS

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

Actual revenues of \$379,521 exceeded budgeted revenues by \$17,161. The District saw that actual revenues exceeded that which was budgeted for emergency telephone service charges by \$2,068. The state shared wireless charges exceeded budget by \$1,996, operational funding from the State of Tennessee was \$27,267 over budget and interest income was under budget by \$1,170. The District had budgeted \$35,000 but received only \$22,000 in state grants and reimbursements.

Actual expenses for the year were under budget by \$7,109. Total cost of salaries and benefits for the District were under budget by \$708, contracted services were under budget by \$4,073, supplies and materials were under budget by \$616, other charges were under budget by \$11,657 and depreciation and amortization expense was under budget by \$369.

CAPITAL ASSETS

At June 30, 2011 the District had \$684,577 invested in capital assets, predominantly in telecommunications equipment. The District has capital assets totaling \$1,167,008; however, \$482,431 has been expensed through the annual provision for depreciation. The net amount represents an increase of \$217,740 from the prior year. The increase is directly related to the construction of a new operations building. At June 30, 2011, the District had capitalized \$269,759 toward the construction and furnishing of this facility which was completed in July 2012. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND PLANNING FOR FUTURE NEEDS

The District is continually discussing ways to improve its contingency plans. During the fall of 2011, the mobile 911 unit was placed into operation. The unit may be used for a center of operations for festivals, fairs natural disasters or other emergency situations. The District is also excited to physically consolidate its operations with the dispatching operations of the Marion County Sheriff's Department in a new building which opened in August 2012. The new permanent operations center provides a comfortable, efficient work environment with ample room for expansion in the future.

Jerry Don Case
Executive Director



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

Marion County 9-1-1 Emergency Communications District:

We have audited the accompanying financial statements of Marion County 9-1-1 Emergency Communications District, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of Marion County 9-1-1 Emergency Communications District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marion County 9-1-1 Emergency Communications District, as of June 30, 2012, and the changes in financial position, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2012, on our consideration of Marion County 9-1-1 Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 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 opinions on the financial statements that collectively comprise Marion County 9-1-1 Emergency Communications District's financial statements as a whole. The supplementary information on pages 22 through 23 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of budget to actual is the responsibility of management and was derived from and 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.

Johnson, Niskey & Meucham, P.C.

December 4, 2012

FINANCIAL STATEMENTS

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
BALANCE SHEET
JUNE 30, 2012**

ASSETS

CURRENT ASSETS:

Cash	\$	157,040
Certificates of deposit		321,387
Accounts receivable, state wireless revenue		29,332
Interest receivable		1,515
Prepaid expenses		<u>985</u>
 Total current assets		 <u>510,259</u>

CAPITAL ASSETS:

Land		6,200
Furniture and fixtures		10,046
Office equipment		18,176
Communications equipment		812,961
Vehicles		46,171
Leasehold improvements		3,695
Construction in process		<u>269,759</u>
		1,167,008
Less accumulated depreciation		<u>482,431</u>
 Capital assets, net		 <u>684,577</u>
 Total assets		 <u><u>\$ 1,194,836</u></u>

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

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 3,241
Payroll taxes withheld and accrued	1,398
Accrued retirement	435
Other	<u>400</u>
 Total liabilities	 <u>5,474</u>

NET ASSETS:

Invested in capital assets	684,577
Unrestricted	<u>504,785</u>
 Total net assets	 <u>1,189,362</u>

Total liabilities and net assets	<u><u>\$ 1,194,836</u></u>
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(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

REVENUES:

Emergency telephone service charges	\$ 112,068
Tennessee Emergency Communications Board -	
Shared wireless charge	65,996
Operational funding	169,267
	347,331

EXPENSES:

Salaries and benefits	75,722
Contracted services	43,009
Supplies and materials	5,180
Other expenses	11,657
Depreciation and amortization	80,631
	216,199

OPERATING INCOME 131,132

NONOPERATING REVENUES:

Interest income	3,990
Tennessee Emergency Communications Board -	
Grants and reimbursements	22,000
Other income	6,200
	32,190

CHANGE IN NET ASSETS 163,322

NET ASSETS:

Beginning	1,026,040
Ending	\$ 1,189,362

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

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts for emergency communication services	\$ 161,021
Receipts for operational funding	169,267
Payments to or for employees	(76,923)
Payments for goods and services	<u>(54,731)</u>

Net cash provided by operating activities	<u>198,634</u>
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**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES:**

Purchase of capital assets	(298,371)
Capital contribution	6,200
State capital grants	<u>22,000</u>

Net cash used by capital and related financing activities	<u>(270,171)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	4,667
Net change in certificates of deposit	<u>108,539</u>

Net cash provided by investing activities	<u>113,206</u>
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NET INCREASE IN CASH	41,669
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CASH:

Beginning	<u>115,371</u>
Ending	<u><u>\$ 157,040</u></u>

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

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

Operating income	\$ 131,132
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation and amortization	80,631
(Increase) decrease in operating assets:	
Accounts receivable	(17,043)
Prepaid expenses	7,905
Increase (decrease) in operating liabilities:	
Accounts payable	(3,190)
Payroll withholdings and accruals	(1,201)
Other	<u>400</u>
 Net cash provided by operating activities	 <u>\$ 198,634</u>

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

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization -

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

Financial Reporting Entity -

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

Basis of Accounting -

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

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

Estimates -

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

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

Accounts Receivable -

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

Capital Assets -

The District capitalizes significant purchases of capital assets, which are recorded at cost. Depreciation is provided over the estimated useful lives of the individual assets by the straight-line method. Depreciation expense for the year ended June 30, 2012, was \$80,631.

Cash -

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

(2) BUDGETARY CONTROL:

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

(3) COMPENSATED ABSENCES:

The District has only one employee whose accrued vacation must be taken by the last day of the fiscal year; therefore, there is no unused vacation time available at June 30, 2012. The employee is provided 96 hours of annual sick time, which may be accumulated up to 90 days; because unused sick time is nonvesting and is not paid upon termination, no liability is recorded.

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

(4) CHANGES IN CAPITAL ASSETS:

Changes in capital assets for the year ended June 30, 2012, are as follows -

	<u>Beginning</u>	<u>Additions</u>	<u>Reclasses & Retirements</u>	<u>Ending</u>
Non-depreciable Assets:				
Land	\$ -	\$ 6,200	\$ -	\$ 6,200
Projects in process	15,266	268,540	(14,047)	269,759
	<u>15,266</u>	<u>274,740</u>	<u>(14,047)</u>	<u>275,959</u>
Depreciable Assets:				
Furniture and fixtures	10,046	-	-	10,046
Office equipment	14,711	3,465	-	18,176
Vehicles	20,983	11,141	14,047	46,171
Communications equipment	807,631	5,330	-	812,961
Leasehold improvements	-	3,695	-	3,695
	<u>868,637</u>	<u>298,371</u>	<u>-</u>	<u>1,167,008</u>
Accumulated depreciation:				
Furniture and fixtures	7,668	577	-	8,245
Office equipment	10,336	2,339	-	12,675
Vehicles	15,038	6,295	-	21,333
Communications equipment	368,758	71,276	-	440,034
Leasehold improvements	-	144	-	144
	<u>401,800</u>	<u>80,631</u>	<u>-</u>	<u>482,431</u>
Net capital assets	<u>\$ 466,837</u>	<u>\$ 217,740</u>	<u>\$ -</u>	<u>\$ 684,577</u>

(5) RETIREMENT PLAN:

The District provides a defined contribution money purchase pension plan for all full-time employees who have one year of continuous service. No employee contributions are required. The District contributes 3% of eligible compensation, subject to amendment to the plan as approved by the District's Board. The "6-year graded" vesting schedule is used. Retirement

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

(5) RETIREMENT PLAN (Continued):

expense included in salaries and benefits was \$1,624. Plan assets are maintained by an outside trustee. Each employee directs the investments of his individual account.

(6) COMMITMENT FOR PROVIDER SERVICES:

For the year ending June 30, 2012, AT&T was the District's provider for automated number ID, number location and routing equipment. A previous five year agreement ended in April, 2009, and is continuing on a month to month basis. For the year ended June 30, 2012, the expense related to this agreement was \$11,084.

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

(7) OPERATING LEASES:

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

The District leases antenna and transmittal space for \$250 per month under a 20 year agreement expiring in July, 2013. The agreement provides for annual, negotiated increases, based on increases in the lessor's costs of operating and maintaining the rental site. Rent expense was \$289.07 for July, 2011 through June 30, 2012, for a total cost of \$3,469.

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

For the year ending June 30, 2013	\$	3,824
2014		<u>335</u>
		<u>\$ 4,159</u>

The District leases office equipment under a 48 month lease expiring October, 2013, with monthly rent of \$99 per month plus some additional charges for excess usage. Rent expense for the year was \$1,129. Future commitments are \$1,188 annually through June 30, 2013, with \$396 due in the year ending June 30, 2014.

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

(8) CASH AND INVESTMENTS:

The District reports its cash and investments under the provisions of governmental auditing standards, which are designed to provide improved reporting of deposit and investment risks.

At June 30, 2012, the District's cash and investments consist of the following -

	<u>Weighted Average Maturity (Years)</u>	<u>Cost Basis</u>
Cash in demand deposit accounts	0.00	\$ 157,040
Certificates of deposit	<u>0.39</u>	<u>321,387</u>
Total	<u>0.26</u>	<u>\$ 478,427</u>

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

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

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

(8) CASH AND INVESTMENTS (Continued):

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

At June 30, 2012, investments in certificates of deposit consist of the following -

<u>Financial Institution</u>	<u>Type of Instrument</u>	<u>Interest</u>	<u>Maturity Date</u>	<u>Amount</u>
First Volunteer Bank	Certificate	0.30%	July 31, 2012	\$ 104,317
First Jackson Bank	Certificate	0.75%	May 12, 2013	60,000
Peoples State Bank	Certificate	0.75%	February 26, 2013	55,480
Citizens Tri-County Bank	Certificate	1.59%	October 6, 2012	<u>101,590</u>
				<u>\$ 321,387</u>

Subsequent to June 30, 2012, the certificates maturing on July 31, 2012, and October 6, 2012, were invested in new certificates.

(9) RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

(10) SUBSEQUENT EVENTS:

Management has evaluated subsequent events through December 4, 2012, the date which this financial statement was available for issue.

SUPPLEMENTARY INFORMATION

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget To Actual Variance</u>
Emergency telephone service charges	\$ 110,000	\$ 110,000	\$ 112,068	\$ 2,068
State Emergency Communications Board -				
Shared wireless charge	70,000	64,000	65,996	1,996
Operational funding	96,000	142,000	169,267	27,267
State grants	10,000	35,000	22,000	(13,000)
Interest income	5,160	5,160	3,990	(1,170)
Other income	-	6,200	6,200	-
	<u>291,160</u>	<u>362,360</u>	<u>379,521</u>	<u>17,161</u>
Salaries and Benefits -				
Salaries	52,736	54,126	54,126	-
Payroll taxes	4,062	4,168	4,168	-
Group insurance	20,004	16,504	15,804	700
Retirement	1,582	1,632	1,624	8
	<u>78,384</u>	<u>76,430</u>	<u>75,722</u>	<u>708</u>
Contracted Services -				
Advertising	480	-	-	-
Audit services	4,740	4,800	4,800	-
Accounting services	5,040	5,040	4,750	290
Administrative fees	-	12	12	-
Private agency contracted services	1,440	1,440	1,429	11
911 service provider fees	32,520	12,050	11,084	966
Legal services	5,040	5,240	4,864	376
Maintenance agreements	6,780	6,780	6,241	539
Communications equipment rental	3,600	3,600	3,469	131
Facilities rental	2,400	2,400	2,400	-
Office equipment rental	1,500	1,500	1,129	371
Maintenance and repairs -				
Communication equipment	1,020	1,020	-	1,020
Vehicle	840	1,000	864	136
Fuel - vehicle	1,980	2,200	1,967	233
	<u>67,380</u>	<u>47,082</u>	<u>43,009</u>	<u>4,073</u>

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget To Actual Variance</u>
Supplies and Materials -				
Office supplies	\$ 1,200	\$ 1,900	\$ 1,836	\$ 64
Custodial supplies	96	96	-	96
Postage	240	240	234	6
Uniforms and shirts	180	-	-	-
Telephone	<u>3,360</u>	<u>3,560</u>	<u>3,110</u>	<u>450</u>
	<u>5,076</u>	<u>5,796</u>	<u>5,180</u>	<u>616</u>
Other -				
Dues and memberships	300	550	511	39
Employee testing	180	-	-	-
Insurance	4,080	4,490	4,127	363
Legal notices	780	780	465	315
Premium on surety bonds	600	600	576	24
Training	840	1,500	1,332	168
Travel	3,600	2,800	2,581	219
Miscellaneous	<u>1,680</u>	<u>2,280</u>	<u>2,065</u>	<u>215</u>
	<u>12,060</u>	<u>13,000</u>	<u>11,657</u>	<u>1,343</u>
Depreciation and amortization	<u>81,000</u>	<u>81,000</u>	<u>80,631</u>	<u>369</u>
Total expenses	<u>243,900</u>	<u>223,308</u>	<u>216,199</u>	<u>7,109</u>
	<u>\$ 47,260</u>	<u>\$ 139,052</u>	<u>\$ 163,322</u>	<u>\$ 24,270</u>

INTERNAL CONTROL AND COMPLIANCE SECTION



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

To the Board of Directors of

Marion County 9-1-1 Emergency Communications District:

We have audited the financial statements of Marion County 9-1-1 Emergency Communications District, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 4, 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

Management of Marion County 9-1-1 Emergency Communications is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Marion County 9-1-1 Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marion County 9-1-1 Emergency Communications District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Johnson, Niekey & Meucham, P.C.".

December 4, 2012