

**Grand Rapids, Michigan**

**FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2008**

# KENT COUNTY DISPATCH AUTHORITY

## Table of Contents

---

	<u>PAGE</u>
<b>Independent Auditors' Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-7
<b>Basic Financial Statements</b>	
Statement of Net Assets and General Fund Balance Sheet	8
Statement of Activities and General Fund Revenue, Expenditures and Changes in Fund Balance	9
Statement of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	10
Notes to Financial Statements	11-14
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	15-16

**INDEPENDENT AUDITORS' REPORT**

June 25, 2009

Board Members  
Kent County Dispatch Authority  
Grand Rapids, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the ***Kent County Dispatch Authority*** (the "Authority") as of and for the year ended December 31, 2008, which collectively comprise the Authority's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Kent County Dispatch Authority's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Kent County Dispatch Authority as of December 31, 2008, and the respective changes in financial position thereof and the budgetary comparison for the general fund 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 June 25, 2009 on our consideration of the Kent County Dispatch Authority's internal control over financial reporting and 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 assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Rehmann Johnson*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# Management's Discussion & Analysis

## Introduction

The following is a narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

## Financial Highlights

- Assets of the Authority exceeded its liabilities by \$1,566,510, all of which was unrestricted.
- The Authority has no capital assets.
- The Authority has no debt.
- The Authority has no full-time staff.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The financial statements comprise three (3) components: 1) government-wide financial statements; 2) fund financial statements, and 3) notes to the financial statements.

To simplify financial reporting, the government-wide financial statements and the fund statements have been combined to report the statement of net assets and general fund balance sheet on one page, and the statement of activities and general fund revenue, expenditures, and changes in fund balance on one page.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information related to the net assets of the Authority and may, over time, be a useful indicator of the financial stability of the entity. In any case, the Authority's net assets exceeded its liabilities.

The *statement of activities* presents information showing how the Authority's assets changed during the most recent fiscal year.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating the Authority's near-term financing requirements.

Because the focus of governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority's near-term financial decisions.

The Authority maintains one fund (the General Fund). Information is presented in the General Fund balance sheet and in the General Fund statement of revenue, expenditures and change in fund balances for the Authority. The general fund is a major fund for financial reporting purposes as defined by GASB Statement 34.

The Authority adopts an annual appropriated budget for its fund. Budgetary comparison statements have been provided herein to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 8-10 of this report.

The Authority does not maintain proprietary or fiduciary funds.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the Authority's financial statements. The notes to the financial statements can be found on pages 11-14 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management's discussion and analysis.

### **Government-Wide Financial Analysis**

As previously stated, net assets may serve to be a useful indicator of the Authority's financial position over time. In the case of the Authority, assets exceeded liabilities by \$1,566,510 at the close of the most recent fiscal year.

The net assets of the Authority are unrestricted and available for use. Revenue is generated from a local 911 surcharge, which became effective July 1, 2008. The surcharge generated \$1,597,062 in revenue. In addition, the Authority received \$221,436 from the State 911 surcharge, which is distributed to counties based upon a population formula prescribed by the State. In the near future, it is expected that the Authority will use these assets to fund the purchase of a Computer Aided Dispatch System to enable the consolidation of the E911call taking function and simultaneous dispatch of E-911 police, fire, and emergency medical services calls in Kent County.

Comparative information will be provided in future years, when two years of financial data is available.

**Kent County Dispatch Authority's Net Assets**

Cash, investments, and accrued interest	\$	715,594
Accounts receivable		904,438
Due from other governments		221,436
<b>Total assets</b>		<b>1,841,468</b>
Accounts payable		174,958
Advance payable to participating municipality		100,000
<b>Total liabilities</b>		<b>274,958</b>
<b>Total net assets (unrestricted)</b>		<b>\$ 1,566,510</b>

**Kent County Dispatch Authority's Change in Net Assets**

Revenue:		
Charges for services	\$	1,818,498
Interest income		3,785
Other revenue		117
<b>Total revenue</b>		<b>1,822,400</b>
Expenses:		
Public safety		255,890
<b>Change in net assets</b>		<b>1,566,510</b>
<b>Net assets, beginning of year</b>		<b>-</b>
<b>Net assets, end of year</b>		<b>\$ 1,566,510</b>

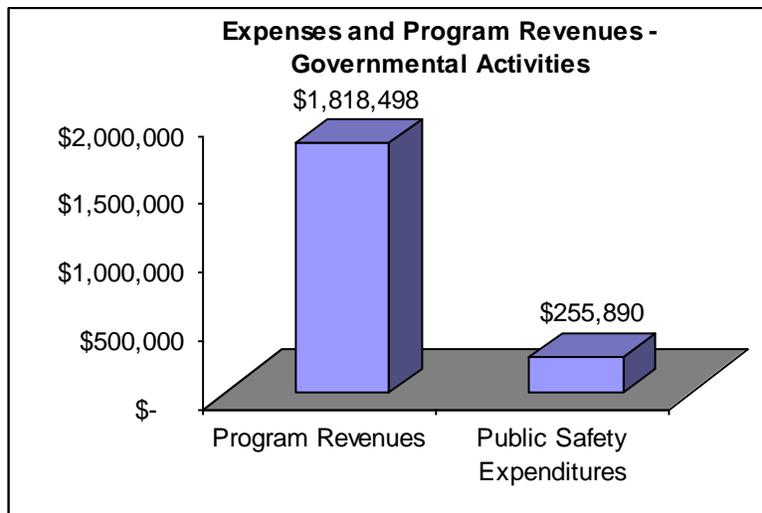
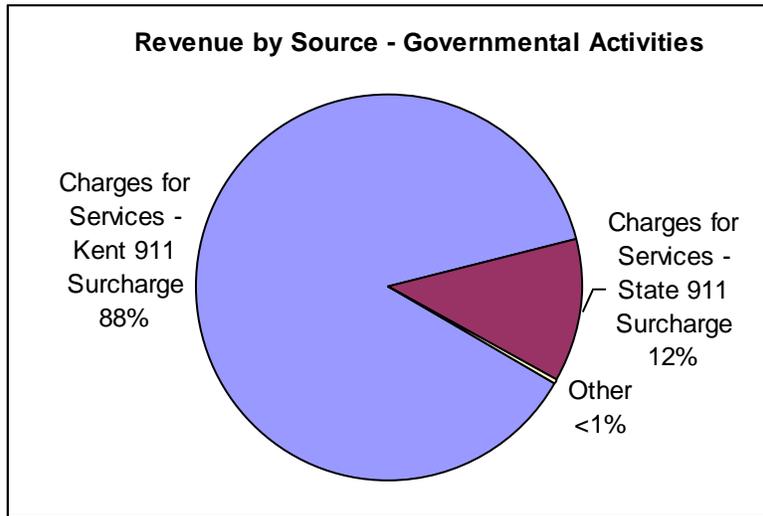
The Authority's increase in net assets is a result of a surcharge on communications devices, which was effective July 1, 2008.

**Financial Analysis of the Authority's Funds**

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the Authority's General Fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2008, the Authority's General Fund reported an unrestricted fund balance of \$1,566,510 which is available for spending at the Authority's discretion.



### General Fund Budgetary Highlights

During 2008, General Fund revenue was \$915,012 in excess of the final amended budget. This is largely due to the uncertainty of the amount of revenue which would be generated from the local 911 surcharge. In addition, there was a \$(43,032) variance between the final amended budget for expenditures and actual results. This is a result of budgeting for the full amount of a consulting contract, which expired before it was fully expended.

### Capital Asset and Debt Administration

The Authority has no capital assets or debt.

## **Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the finances of the Kent County Dispatch Authority. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Curtis Holt, Chair, Kent County Dispatch Authority, c/o Kent County Administrator's Office, 300 Monroe Ave. NW., Grand Rapids, MI, 49503.

## **BASIC FINANCIAL STATEMENTS**

**KENT COUNTY DISPATCH AUTHORITY**  
**Statement of Net Assets and General Fund Balance Sheet**  
**December 31, 2008**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>Assets</b>			
Cash, investments and accrued interest	\$ 715,594	\$ -	\$ 715,594
Accounts receivable	904,438	-	904,438
Due from other governments	221,436	-	221,436
<b>Total assets</b>	<b>\$ 1,841,468</b>	<b>-</b>	<b>1,841,468</b>
<b>Liabilities</b>			
Accounts payable	\$ 174,958	-	174,958
Advance payable to participating municipality	100,000	-	100,000
<b>Total liabilities</b>	<b>274,958</b>	<b>-</b>	<b>274,958</b>
<b>Fund balance</b>			
Unreserved, undesignated	1,566,510	(1,566,510)	-
<b>Total liabilities and fund balance</b>	<b>\$ 1,841,468</b>		
<b>Net assets</b>			
Unrestricted		<b>\$ 1,566,510</b>	<b>\$ 1,566,510</b>

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

**KENT COUNTY DISPATCH AUTHORITY**  
**Statement of Activities and General Fund Revenue,**  
**Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2008**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Expenditures / expenses</b>			
Public safety	\$ 255,890	\$ -	\$ 255,890
<b>Program revenue</b>			
Charges for services	1,818,498	-	1,818,498
Net program revenues			1,562,608
<b>General revenue</b>			
Interest income	3,785	-	3,785
Other revenue	117	-	117
Total general revenue	3,902	-	3,902
Net change in fund balance / net assets	1,566,510	-	1,566,510
Fund balance / net assets, beginning of year	-	-	-
<b>Fund balance / net assets, end of year</b>	<u>\$ 1,566,510</u>	<u>\$ -</u>	<u>\$ 1,566,510</u>

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

**KENT COUNTY DISPATCH AUTHORITY**  
**Statement of Revenue, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2008**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
Charges for services	\$ -	\$ 900,000	\$ 1,818,498	\$ 918,498
Interest income	-	-	3,785	3,785
Other revenue	7,388	7,388	117	(7,271)
	<u>7,388</u>	<u>7,388</u>	<u>117</u>	<u>(7,271)</u>
Total revenue	<u>7,388</u>	<u>907,388</u>	<u>1,822,400</u>	<u>915,012</u>
<b>Expenditures</b>				
Current - public safety:				
Return of initial contributions to participating municipalities	-	164,400	164,400	-
Consultants	-	125,000	75,971	(49,029)
Management fees	-	-	2,115	2,115
Other	7,388	9,522	13,404	3,882
	<u>7,388</u>	<u>9,522</u>	<u>13,404</u>	<u>3,882</u>
Total expenditures	<u>7,388</u>	<u>298,922</u>	<u>255,890</u>	<u>(43,032)</u>
Net change in fund balance	-	608,466	1,566,510	958,044
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 608,466</u></u>	<u><u>\$ 1,566,510</u></u>	<u><u>\$ 958,044</u></u>

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

# KENT COUNTY DISPATCH AUTHORITY

## Notes to Financial Statements

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Kent County Dispatch Authority (the "Authority") conform to generally accepted accounting principles as applied to governmental units. The following is a summary of the significant policies.

#### *Reporting Entity*

The Kent County Dispatch Authority was formed by an intergovernmental agreement between the City of Grand Rapids, the City of Grandville, the City of Walker, the City of Wyoming, and the County of Kent on November 14, 2006. The Authority is a legal entity, separate and independent from the participating municipalities mentioned previously. The Authority is governed by a 13-member administrative policy board.

The Authority was created to improve the handling of emergency calls for service from the public. The Authority is responsible for the implementation of technology integration and operational compatibility of dispatch of emergency, police, fire and ambulance services. Improvements are planned to include infrastructure upgrades, technology initiatives, personnel development, and general operations.

Operating revenue for the Authority is obtained through a surcharge on communications devices that are capable of accessing 911. The surcharge was enacted on July 1, 2008 by the County of Kent, Michigan (the "County"). Through the intergovernmental agreement, the County has provided that all such revenue be provided to the Authority. State legislation enabling the 911 surcharge is in effect through December 31, 2014.

#### *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. Governmental activities are supported by charges for services and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues.

A combined financial statement is provided for the general fund and the statement of net assets and the general fund and the statement of activities. The general fund is considered to be a major fund for financial reporting purposes.

# KENT COUNTY DISPATCH AUTHORITY

## Notes to Financial Statements

---

### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund (general fund) financial statements (general fund balance sheet and general fund revenues, expenditures and changes in fund balance) are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences not expected to be paid in the current year and claims and judgments, are recorded only when payment is due.

Charges for services, grant revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for the financial resources of the Authority.

### ***Budgetary Data***

The annual budget is prepared by the Authority and adopted by the Administrative Policy Board; subsequent amendments are approved by the Board. A comparison of actual results of operations to the budget as adopted by the board is included in the financial statements. The Authority had no budget overages at the department level, the legal level of control.

The budget has been prepared in accordance with generally accepted accounting principles. The budget statement (statement of revenue, expenditures and changes in fund balance – budget and actual – general fund) is presented on the same basis of accounting used in preparing the adopted budget. For the year ended December 31, 2008, the budget was not adopted until January 28, 2008; however, this date was still in advance of any expenditures being incurred.

### ***Cash, Investments and Accrued Interest***

Cash, cash equivalents, investments and accrued interest are combined in the County of Kent, Michigan's pooled cash and investment system (Money Max) which is managed by the County Treasurer. Investments of the system are reported at fair value or amortized cost, as appropriate. Cash and cash equivalents consist of demand deposits as well as short-term investments with an original maturity of three months or less and are carried at fair value.

# KENT COUNTY DISPATCH AUTHORITY

## Notes to Financial Statements

---

Investments underlying the Kent County Investment Pool consist primarily of short-term certificates of deposit, which are carried at cost plus accrued interest, money markets and U.S. Treasury notes, which are carried at fair value. Investment income earned as a result of cash pooling is allocated to the appropriate accounts, including the Authority.

State statutes and the County of Kent, Michigan's policy authorize the Authority to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

### *Receivables*

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts are considered uncollectible at December 31, 2008.

### *Advance payable to participating municipality*

During the year ended December 31, 2008, the Authority received an advance from the City of Grand Rapids (a participating municipality) for cash flow purposes. The advance was repaid in 2009.

## 2. DEPOSITS AND INVESTMENTS

The Authority follows the investment policy of the County. The amount shown as cash, investments and accrued interest on the statement of net assets and general fund balance sheet consist of amounts held in the Kent County Investment Pool. Investments underlying the Kent County Investment Pool consist primarily of short-term certificates of deposit, which are carried at cost plus accrued interest, money markets, and U.S. Treasury notes, which are carried at fair value. Custodial credit risk for the above investments cannot be determined because Authority investments in the pool are not specifically identifiable. Information regarding interest rate risk and credit risk can be found in the County of Kent, Michigan's Comprehensive Annual Financial Report.

# KENT COUNTY DISPATCH AUTHORITY

## Notes to Financial Statements

---

### 3. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries, as well as medical benefits provided to employees. The Authority has purchased commercial insurance for the above risks of loss. Settled claims have not exceeded insurance coverage for the last three years.

### 4. RELATED PARTY TRANSACTIONS

The entire amount of program revenue received by the Authority has been passed-through from Kent County, a participating municipality, per Board of Commissioners resolution and the intergovernmental agreement. In addition, the Authority contracted with the County for administrative services. The amount expensed and paid to the County for the year ended December 31, 2008 was \$2,115.

The Authority was advanced \$100,000 from the City of Grand Rapids, a participating municipality of the Authority, during the year ended December 31, 2008. The advance was for cash flow purposes, and was repaid in 2009.

\* \* \* \* \*

**INDEPENDENT AUDITORS' 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**

June 25, 2009

Board Members  
Kent County Dispatch Authority  
Grand Rapids, Michigan

We have audited the financial statements of the *Kent County Dispatch Authority* (the "Authority"), as of and for the year ended December 31, 2008, and have issued our report thereon dated June 25, 2009. 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 Kent County Dispatch Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of Kent County Dispatch Authority's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Kent County Dispatch Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A *control deficiency* exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting.

## 2008-1 – Material Audit Adjustment

Criteria:	Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).
Condition:	During our audit, we identified and proposed a material adjustment (which was approved and posted by management) to adjust the Authority's revenues and receivables to their appropriate balances.
Cause:	This condition was a result of a lack of direction in the enabling legislation advising phone providers to correctly and prominently identify that funds being remitted are for the 911 surcharge. In addition, there is no requirement for the payors to list contact information, making it difficult to verify whether a receipt relates to the 911 surcharge when sufficient detail is not provided.
Effect:	As a result of this condition, the Authority's accounting records were initially misstated by an amount material to the financial statements.
Recommendation:	Management has already taken appropriate corrective action by reviewing and approving the proposed audit adjustment.
View of Responsible Officials:	Management agrees with the adjustment proposed by its auditors, and it has been posted to the Authority's records.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We consider the deficiency described above to be a material weakness in internal control over financial reporting

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Kent County Dispatch Authority'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*.

The Authority's response to the finding identified in our audit is described above. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Kent County Dispatch Authority Board members, management, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.



June 25, 2009

Board Members  
Kent County Dispatch Authority  
Grand Rapids, Michigan

We have audited the financial statements of the governmental activities and the major fund of the *Kent County Dispatch Authority* (the “Authority”) for the year ended December 31, 2008, and have issued our report thereon dated June 25, 2009. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards**

As stated in our engagement letter dated March 27, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of the Authority’s compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated March 27, 2009.

**Significant Audit Observations**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. We noted no transactions

entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, we proposed (and management approved), a material adjustment to record certain revenues and receivables. This adjustment is described in detail in our report on internal control over financial reporting and compliance and other matters.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the attached management representation letter dated June 25 2009.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of the Kent County Dispatch Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Lehmann Johnson".

Kent County Dispatch Authority  
Schedule of Adjustments Passed (SOAP)  
For the December 31, 2008 Audit

In accordance with the provisions of SAS 89, *Audit Adjustments*, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. Also in accordance with SAS 89, we are providing this schedule to both management and the audit committee to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

	Effect of Passed Adjustment - Over(Under) Statemen				
	Assets	Liabilities	Beginning Fund Balance	Revenue	Expenses/ Expenditures
<b>General fund</b>					
Effect of not accruing the fourth quarter administrative services payment to the County of Kent	\$ -	\$ (926)	\$ -	\$ -	\$ (926)
Effect of expensing the April 2008 - March 2009 insurance payment in 2008 and not recording three months as a prepaid	(2,381)	-	-	-	2,381
	<u>\$ (2,381)</u>	<u>\$ (926)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,455</u>