

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**

FINANCIAL STATEMENTS

June 30, 2009

***HASSELL RAY YORK AND ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS***

Phone: 931-484-5570
P. O. Box 137 • 228 Rector Avenue
Crossville, Tennessee 38557

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**

FINANCIAL STATEMENTS

June 30, 2009

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**

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INTRODUCTORY SECTION

ROSTER OF MANAGEMENT OFFICIALS

CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
Roster of Management Officials (Unaudited)
June 30, 2009

EVERETT BOLIN, CHAIRMAN

2089 East First Street
Crossville, Tennessee 38555

DEAN HEADRICK, VICE CHAIRMAN

P. O. Box 607
Crossville, Tennessee 38555

ROBERT COUCH, TREASURER

12 Hampton Square
Crossville, Tennessee 38555

CREED LYNN TOLLETT, SECRETARY

7680 Dunbar Road
Crossville, Tennessee 38555

EDDIE BROWN

1970 Lantana Road
Crossville, Tennessee 38555

ROBERT CITKOVIC

18 Pamala Lane
Fairfield Glade, Tennessee 38558

STEVE NORRIS

99 Justice Street
Crossville, Tennessee 38555

MARK FOX

100 Lantana Road, Suite 202
Crossville, Tennessee 38555

GARY GREENE

807 North Main Street
Crossville, Tennessee 38555

BILL HUNTER, DIRECTOR

255 Halstead Drive
Crossville, Tennessee 38555

FINANCIAL SECTION

**CUMBERLAND COUNTY “911” EMERGENCY COMMUNICATION DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2009**

As financial management of the Cumberland County 911 Emergency Communications District (the “District”), we offer readers of these financial statements this narrative overview and analysis of the District for the fiscal year ending June 30, 2009. Please read it in conjunction with the District’s financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

The District’s total net assets continued to increase in 2008/2009 to \$1,147,247 or 3.7% over the previous year. Even though there was a decrease in the current assets (cash and equivalent) of 5.8%, these were offset by capital purchases which brought the non-current assets up just .35%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management’s discussion and analysis report, the independent auditor’s report, and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private sector business.

The Statement of Net Assets presents information on all District assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases to assets (without a corresponding increase to liabilities) results in increased net assets, which indicates an improved financial position.

CUMBERLAND COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
Management Discussion and Analysis
June 30, 2009

FINANCIAL ANALYSIS

Net assets may serve, over time as a useful indicator of the government's financial position. In the case of the District, assets exceeded liabilities by \$1,147,247 at the close of the last fiscal year ending June 30, 2009. The District repaid \$43,000 of its long-term indebtedness.

Again this period, the District is showing a reduction in revenue. This has been a recurring trend over the past two (2) fiscal years. Whereas in past years we've seen increases from population growth from 5% to as much as 12%, this year we're seeing a reduction of operating revenues in the amount of 3.37%. From 2007, we've seen a reduction of 4.95%. Although this is not a huge amount, it is alarming. We believe the reason for the shift in the revenue trend is due to the shift from traditional wire line telephones where we receive 97 cents on the dollar, to wireless where we receive only 40 cents on the dollar.

Our Total Revenues shown is not indicative of a standard year, as it reflects the receipt of a \$150,000 PSAP Enhancement Grant from the State Emergency Communications Board (ECB). This is a one-time grant, and should be figured in current revenue trends.

There is a movement at the State Emergency Communications Board (ECB) to increase our revenue by an additional \$68,000 through an increase in the wireless revenue distribution. We feel that at this time that is a stop gap measure, and a more solidified means of recurrent revenue is necessary.

NET ASSETS

Table A-1
Condensed Statements of Net Assets

	<u>FY 2009</u>	<u>FY 2008</u>	<u>Dollar Change</u>
Current and Other Assets	\$ 745,753.73	\$ 789,023.07	\$ (43,269.34)
Capital Assets	<u>1,258,618.73</u>	<u>1,208,392.39</u>	<u>50,226.34</u>
Total Assets	<u>\$2,004,372.46</u>	<u>\$1,997,415.46</u>	<u>\$ 6,957.00</u>
Current Liabilities	<u>\$ 42,125.10</u>	<u>\$ 34,924.09</u>	<u>\$ 7,201.01</u>
Long-term Debt:			
Bonds Payable – Long-term	<u>815,000.00</u>	<u>858,000.00</u>	<u>(43,000.00)</u>
Net Assets:			
Invested in Capital Assets	443,618.73	356,138.88	87,479.85
Restricted	100,000.00	100,000.00	.00
Unrestricted	<u>603,628.63</u>	<u>648,352.49</u>	<u>(44,723.86)</u>
Total Net Assets	<u>1,147,247.36</u>	<u>1,104,491.37</u>	<u>42,755.99</u>
Total Liabilities and Net Assets	<u>\$2,004,372.46</u>	<u>\$1,997,415.46</u>	<u>\$ 6,957.00</u>

CUMBERLAND COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
Management Discussion and Analysis
June 30, 2009

NET ASSETS (continued)

Table A-2
Condensed Statements of Revenues,
Expenses and Changes in Net Assets

	<u>FY 2009</u>	<u>FY 2008</u>	<u>Dollar Change</u>
Operating Revenues	\$ 750,896.62	\$ 776,230.34	\$ (25,333.72)
Non-Operating Revenues (Net)	175,514.95	10,791.29	164,723.66
Total Revenues	<u>926,411.57</u>	<u>787,021.63</u>	<u>139,389.94</u>
Depreciation Expense	132,846.56	90,915.13	41,931.43
Other Operating Expense	750,809.02	602,186.90	148,622.12
Total Operating Expenses	<u>883,655.58</u>	<u>693,102.03</u>	<u>190,553.55</u>
Changes in Net Assets	42,755.99	93,919.60	(51,163.61)
Beginning Net Assets	<u>1,104,491.37</u>	<u>1,010,571.77</u>	<u>93,919.60</u>
Ending Net Assets	<u>\$1,147,247.36</u>	<u>\$1,104,491.37</u>	<u>\$ 42,755.99</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors and Rates:

- The District currently maintains a rate for the Emergency Telephone Service Charge (the vast majority of our annual revenue) of \$1.40 per residential line and \$2.75 per commercial line. In 2007 the District petitioned the Tennessee Emergency Communication Board for an extension to the current rate through July 2010. This request was granted.
- As expressed in earlier summaries, we are continuing to be concerned about the migration from land line phone to cellular or other technologies (VOIP). This is a problem across most of the 911 Districts statewide. Even with the increases from the wireless 911 distributions from the State, we continue to see a steady decline in our revenue. This year being the second consecutive year where we showed no revenue growth, and even a slight decline in revenue is causing us concern. We will continue to monitor this trend, and if necessary, possibly appeal to the ECB to increase our Emergency Telephone Surcharge to the maximum allowed under the law, of \$1.50 per residential, and \$3.00 per business.

CUMBERLAND COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
Management Discussion and Analysis
June 30, 2009

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (continued)

Future Budgetary Considerations:

- In 2009/2010 the District is facing several budgetary challenges:
 - Continuing to fund the AVL/GPS Vehicle Guidance Program. Recurring costs for the infrastructure of the program have proven to be more expensive than originally expected.
 - This year, the District again completed much of our responsibility under the Capital project to integrate the County's new P-25 Digital Trunked Radio System in the Dispatch radio system. We are not anticipating any new requirements for 2009/2010, but have to consider the possibility of an unexpected expense.
 - The District is hoping to procure new Ortho Imagery for the GIS/Mapping application this year. Although our anticipated funding is about \$10,000, the amount provided through the ECB GIS Maintenance Grant, there could also be addition costs involved here.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Cumberland County 911 Emergency Communications District
Office of the Treasurer
42 Southbend Drive
Crossville, Tennessee 38555

INDEPENDENT AUDITOR'S REPORT

HASSELL RAY YORK AND ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Phone: 931-484-5570
P. O. Box 137 • 228 Rector Avenue
Crossville, Tennessee 38557

December 7, 2009

Board of Directors
Cumberland County Emergency
Communications District
42 Southbend Drive
Crossville, Tennessee 38555

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of net assets of the Cumberland County Emergency Communications District, a component unit of Cumberland County, Tennessee, as of June 30, 2009, and the related statements of revenues and expenses, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Cumberland County 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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 previously present fairly, in all material respects, the financial position of Cumberland County Emergency Communications District as of June 30, 2009, and the change in financial position and cash flow thereof 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 7, 2009, on our consideration of Cumberland County 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 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.

Board of Directors
Cumberland County Emergency
Communications District
Page 2
December 7, 2009

The management's discussion and analysis on pages 2 – 5 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The introductory section and accompanying financial information listed as supplementary information in the table of contents is presented for the purposes of additional analysis and are not a required part of the financial statements of Cumberland County Emergency Communications District. The supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Respectfully,

HASSELL RAY YORK AND ASSOCIATES, P.C.

Hassell Ray York

(Signed)

Hassell Ray York
Certified Public Accountant

HRY:kam

FINANCIAL STATEMENTS

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**
Statement of Net Assets
June 30, 2009

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 140,731.77
Certificates of Deposit	390,000.00
Accrued Interest Receivable	6,009.96
Accounts Receivable	44,630.26
Due From Tennessee Emergency Communications Board	44,655.36
Prepaid Expenses	<u>14,329.93</u>
Total Current Assets	<u>640,357.28</u>

NON-CURRENT ASSETS

Restricted Certificates of Deposit	<u>100,000.00</u>
Other Assets:	
Unamortized Bond Cost	<u>5,396.45</u>
Capital Assets:	
Building and Improvements	1,014,732.43
Furniture and Fixtures	17,888.77
Office Equipment	30,821.62
Communication Equipment	747,513.42
Vehicles	<u>20,987.30</u>
Total Capital Assets	1,831,943.54
Accumulated Depreciation	<u>(573,324.81)</u>
Capital Assets, Net	<u>1,258,618.73</u>
Total Non-Current Assets	<u>1,364,015.18</u>

TOTAL ASSETS

\$2,004,372.46

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 25,368.64
Accrued Payroll	5,688.13
Compensated Absences Payable	7,439.13
Accrued Payroll Deductions	3,629.20
Notes Payable – Current	<u>44,000.00</u>
Total Current Liabilities	<u>86,125.10</u>

NON-CURRENT LIABILITIES

Notes Payable – Long-term	<u>771,000.00</u>
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TOTAL LIABILITIES

\$ 857,125.10

NET ASSETS

NET ASSETS

Invested in Capital Assets – Net of Related Debt	\$ 443,618.73
Restricted for Debt Service	100,000.00
Unrestricted Net Assets	<u>603,628.63</u>

TOTAL NET ASSETS

\$1,147,247.36

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**
**Statement of Revenues, Expenses,
and Changes in Net Assets**
For the Year Ended June 30, 2009

OPERATING REVENUES

Emergency Telephone Service Charge	\$ 528,970.44
Tennessee Emergency Communications Board – Shared Wireless Charge	101,885.38
Tennessee Emergency Communications Board – Operational Funding	<u>120,040.80</u>
Total Operating Revenues	<u>750,896.62</u>

OPERATING EXPENSES

Salaries and Wages

Director	58,035.07
Administrative Personnel	<u>87,865.26</u>
Total Salaries and Wages	<u>145,900.33</u>

Employee Benefits

Social Security	9,045.85
Medicare	2,115.55
Medical Insurance	<u>33,925.66</u>
Total Employee Benefits	<u>45,087.06</u>

Contracted Services

Audit Services	5,000.00
Accounting Services	2,040.00
Impact Payments	260,172.52
Janitorial Services	6,780.00
Legal Services	10,200.00
Maintenance Agreements	14,271.68
Pest Control	660.00
Maintenance and Repairs – Communication Equipment	60,899.94
Maintenance and Repairs – Building and Facilities	3,743.15
Maintenance and Repairs – Office Equipment	1,945.87
Maintenance and Repairs – Vehicles	854.22
Fuel – Vehicles	1,634.01
Language Line	311.32
Garbage Pickup	<u>1,115.66</u>
Total Contracted Services	<u>369,628.37</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**
**Statement of Revenues, Expenses,
and Changes in Net Assets (Continued)**
For the Year Ended June 30, 2009

Supplies and Materials

Office Supplies	11,446.52
Data Processing Supplies	84.00
Postage	394.90
Uniforms and Shirts	2,375.75
Utilities – Electric	17,871.21
Utilities – Gas	1,170.00
Utilities – Water	338.24
Utilities – General Telephone	12,649.50
Utilities – Cell Phones and Pagers	44,559.75
Utilities – Computer Lines	1,660.56
Utilities – Trunk Lines	36,107.47
Utilities – AVL Wireless	10,742.47
Other Supplies and Materials	<u>267.00</u>
Total Supplies and Materials	<u>139,667.37</u>

Other Charges

Bank Charges	151.40
Dues and Memberships	498.00
Insurance – Workers Compensation	578.67
Insurance – Liability	1,508.00
Insurance – Building and Contents	12,263.00
Insurance – Vehicles	1,260.00
Legal Notices	382.60
Premiums on Surety Bonds	585.00
Training Expense	8,472.50
Travel Expenses	8,386.73
Internet Charges	1,093.50
Other Fees	<u>4,302.53</u>
Total Other Charges	<u>39,481.93</u>

Depreciation

Depreciation Expense	<u>132,846.56</u>
Total Depreciation	<u>132,846.56</u>

Amortization

Amortization Expense	<u>350.04</u>
Total Amortization	<u>350.04</u>

Total Operating Expenses 872,961.66

Operating Income (Loss) (122,065.04)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**
**Statement of Revenues, Expenses,
and Changes in Net Assets (Continued)**
For the Year Ended June 30, 2009

NON-OPERATING REVENUES (EXPENSES)	
Interest Income	323.55
Investment Income	15,191.40
Tennessee Emergency Communications Board – Grants and Reimbursements	160,000.00
Interest Expense	<u>(10,693.92)</u>
Total Non-Operating Revenue (Expenses)	<u>164,821.03</u>
INCREASE (DECREASE) IN NET ASSETS	42,755.99
NET ASSETS – BEGINNING OF YEAR	<u>1,104,491.37</u>
NET ASSETS – END OF YEAR	<u>\$1,147,247.36</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**
Statement of Cash Flows
For the Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Emergency Surcharge Revenues And Other Operating Revenues	\$ 726,518.41
Cash Payments to Suppliers for Goods and Services	(546,274.12)
Cash Payments to Employees and Related Benefits	<u>(187,227.26)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(6,982.97)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Grants and Reimbursements	<u>160,000.00</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Debt Retired	(43,000.00)
Interest Paid	(10,693.92)
Acquisition of Capital Assets	<u>(183,072.90)</u>
NET CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(236,766.82)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	23,515.20
(Increase) Decrease in Certificates of Deposit	<u>110,000.00</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>133,515.20</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	49,765.41
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>90,966.36</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 140,731.77</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2009

**RECONCILIATION OF NET OPERATING INCOME (LOSS)
TO NET CASH PROVIDED BY (USED FOR)
OPERATING ACTIVITIES:**

Operating Income (Loss) \$ (122,065.04)

**ADJUSTMENTS TO RECONCILE OPERATING
INCOME TO NET CASH PROVIDED BY
OPERATING ACTIVITIES**

Depreciation 132,846.56
Amortization 350.04

CHANGES IN ASSETS AND LIABILITIES:

(Increase) Decrease in Accounts Receivable (24,378.21)
(Increase) Decrease in Prepaid Expenses (937.33)
Increase (Decrease) in Accounts Payable 3,440.88
Increase (Decrease) in Accrued Payroll 172.60
Increase (Decrease) in Compensated Absence Payable 881.90
Increase (Decrease) in Accrued Payroll Deductions Payable 2,705.63

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ (6,982.97)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**
Notes to the Financial Statements
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Cumberland County Emergency Communications District was organized July, 1990, under the authority of *Title 7, Chapter 86, Tennessee Code Annotated*, for the purpose of providing to the residence within the boundaries of Cumberland County, Tennessee with emergency 9-1-1 service as a means of securing emergency services quickly and efficiently.

The County Commission of Cumberland County, Tennessee is the basic level of government which has financial accountability and control over certain activities related to the Cumberland County Emergency Communications District. The County Commission of Cumberland County, Tennessee must approve any issuance of debt by the District, has the authority to adjust the District's service charges, and appoints the nine member Board of Directors which governs the District. The Cumberland County Emergency Communications District is a component unit of Cumberland County, Tennessee.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets. Net assets (i.e., total assets net of total liabilities) are segregated into Invested Capital Assets, Net of Related Debt; restricted for specified purposes; and unrestricted components. The Operating Statement presents increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

The District follows all pronouncements of the *Governmental Accounting Standards Board*, and has elected not to follow *Financial Accounting Standards Board* pronouncements issued after November 30, 1989.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**
Notes to the Financial Statements
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments

For the purpose of the Statement of Cash Flows, cash and cash equivalents have original maturities of three (3) months or less from the date of acquisition.

Capital Assets

Capital Assets are carried at cost. The District capitalizes net interest cost as part of the cost of constructing capital assets.

Capital assets in service are depreciated using the straight-line method at rates that will amortize costs over the estimated useful lives of the assets. The estimated useful lives are as follows:

Building and Improvements	40 Years
Vehicles, Equipment, Furniture, and Fixtures	5 to 10 Years

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities will be first used for retirement of related long-term debt. The remainder, if generated from earnings, is shown as Restricted Net Assets.

Compensated Absences

The District's policy provides that vacation time may be accumulated and carried forward to the next year in an amount not to exceed 184 total hours. Any hours exceeding the 184-hour limit will be converted to sick leave if not used prior to the end of the current employment year. Upon termination of employment, an employee will be entitled to payment of any unused vacation time, which has accrued, up to 184 hours. Payment will be based upon the employee's daily rate of compensation at the time of termination. The accumulated amount is charged to expense and corresponding liability in the financial statements.

Long-term Debt and Costs

Long-term Debt is reported at face value. Costs related to the issuance of debt are deferred and amortized over the life of the debt issue.

Revenue and Expenses

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the District's principal ongoing operations. The principal Operating Revenues of the District are emergency telephone service charges collected from telephone service providers and shared wireless charges. Operating Expenses include the cost of salaries and wages, employee benefits, contracted services, materials and supplies, other charges, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as Non-Operating Revenues and Expenses.

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**
Notes to the Financial Statements
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

GASB 34 requires the classification of net assets into three components – Invested in Capital Assets, Net of Related Debt, Restricted, and Unrestricted. These classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This component of net assets consist of net assets that do not meet the definition of “Restricted” or “Invested in Capital Assets, Net of Related Debt.”

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

Budget

The budget is legally adopted, by the Board of Commissioners, in accordance with the provisions of Tennessee Code Annotated, Section 7-86-120.

NOTE 2 – DEPOSITS AND INVESTMENTS

Investment of District funds is restricted by State of Tennessee statutes to include the following:

Bonds, notes, or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies;

Certificates of deposit and other evidence of deposit at Tennessee State chartered banks and savings and loan associations and federally chartered banks and savings and loan associations;

The State of Tennessee local government investment pool;

Obligations of the Unites States or its agencies under a repurchase agreement, with certain conditions;

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE
Notes to the Financial Statements
June 30, 2009**

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Bonds rated A or higher by any nationally recognized rating service of the State of Tennessee, bonds of any county or municipal corporations of the State of Tennessee (bonds of any road, levee, or drainage district is expressly excluded), bonds of any other state or political subdivision;

Nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank, and the Student Loan Marketing Association provided such securities are rated in the highest category by at least two (2) nationally recognized rating services;

The county’s own bonds or notes issued in accordance with TCA Title 9, Chapter 21.

The investment must have a maturity of not greater than two (2) years or with certain authorized approval up to five (5) years.

At June 30, 2009, the District’s deposits consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Value</u>
First Bank – Operating Account	\$132,218.57	\$131,607.19
Regions Bank – Certificate of Deposit	100,000.00	100,000.00
First National Bank of Tennessee – Payroll Account	9,124.58	9,124.58
Certificate of Deposit	90,000.00	90,000.00
Highland Federal Savings and Loan – Certificate of Deposit	100,000.00	100,000.00
Progressive Savings Bank – Certificate of Deposit	<u>200,000.00</u>	<u>200,000.00</u>
 Total Deposits	 <u>\$631,343.15</u>	 <u>\$630,731.77</u>

The difference between the bank balance and carrying amount is due to outstanding checks and/or deposits in transit.

As of June 30, 2009 deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000.00. In addition, First Bank and Regions Bank are members of the State of Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. Progressive Savings Bank collateralized the District’s deposits in excess of the insured amount by pledging securities in the amount of \$100,000.00 which are held by Federal Home Loan Bank of Cincinnati in the District’s name. The District’s deposits in financial institutions were entirely insured or collateralized at June 30, 2009.

The District had no investments at June 30, 2009.

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**
Notes to the Financial Statements
June 30, 2009

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2009 consisted of funds due from the following agencies:

Bledsoe Tele Cooperative	\$ 188.67
Citizens Telecommunications Company of Tennessee	35,918.86
Miscellaneous Providers	<u>8,522.73</u>
Total	<u>\$44,630.26</u>

NOTE 4 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets at June 30, 2009 follows:

	Balance 6/30/08	Increases	Decreases	Balance 6/30/09
Capital Assets Being Depreciated:				
Building and Improvements	\$1,014,732.43	\$.00	\$.00	\$1,014,732.43
Office Equipment and Fixtures	46,979.52	1,730.87	.00	48,710.39
Communication and Computer				
Equipment	566,171.39	181,342.03	.00	747,513.42
Vehicles	20,987.30	.00	.00	20,987.30
Total Capital Assets Being				
Depreciated	<u>1,648,870.64</u>	<u>183,072.90</u>	<u>.00</u>	<u>1,831,943.54</u>
Less: Accumulated Depreciated				
Building and Improvements	85,334.37	25,850.93	.00	111,185.30
Office Equipment and Fixtures	29,746.06	5,541.25	.00	35,287.31
Communication and Computer				
Equipment	304,410.52	101,454.38	.00	405,864.90
Vehicle	20,987.30	.00	.00	20,987.30
Total Accumulated Depreciation	<u>440,478.25</u>	<u>132,846.56</u>	<u>.00</u>	<u>573,324.81</u>
Net Capital Assets	<u>\$1,208,392.39</u>	<u>\$ 50,226.34</u>	<u>\$.00</u>	<u>\$1,258,618.73</u>

NOTE 5 – LONG-TERM DEBT

On November 17, 2004, the District obtained financing in the amount of \$1,000,000.00 through the City of Crossville, from the Public Building Authority of the City of Clarksville, Tennessee Adjustable Rate Pooled Financing Revenue Bonds, Series 2004 (Tennessee Municipal Bond Fund) for the purpose of constructing a new facility for the Emergency Communications Center. The loan rate for each loan payment period is calculated by the Trustee based on interest rates determined by the Remarketing Agent for the current month. The interest rate in effect at June 30, 2009 was 0.390%.

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE
Notes to the Financial Statements
June 30, 2009**

NOTE 5 – LONG-TERM DEBT (continued)

Details of the District’s long-term debt for the year ended June 30, 2009 are as follows:

	Balance 6/30/08	Additions	Reductions	Balance 6/30/09	Due Within One Year
Tennessee Adjustable Rate Pooled Financing Revenue Bonds, Series 2004, Maturing 2024, Rate – Adjustable	\$858,000.00	\$.00	\$43,000.00	\$815,000.00	\$44,000.00

Debt Service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2010	\$ 44,000.00	\$ 3,178.50	\$ 47,178.50
2011	45,000.00	3,006.90	48,006.90
2012	46,000.00	2,831.40	48,831.40
2013	48,000.00	2,652.00	50,652.00
2014	49,000.00	2,464.80	51,464.80
2015	51,000.00	2,273.70	53,273.70
2016	52,000.00	2,074.80	54,074.80
2017	54,000.00	1,872.00	55,872.00
2018	56,000.00	1,661.40	57,661.40
2019	57,000.00	1,443.00	58,443.00
2020	59,000.00	1,220.70	60,220.70
2021	61,000.00	990.60	61,990.60
2022	63,000.00	752.70	63,752.70
2023	64,000.00	507.00	64,507.00
2024	66,000.00	257.40	66,257.40
Total	<u>\$815,000.00</u>	<u>\$ 27,186.90</u>	<u>\$842,186.90</u>

Interest requirements are computed using the rate in effect at June 30, 2009 of 0.390%.

The bonds are secured to the City of Crossville by a statutory lien on the property and improvements thereto and on the revenues of the District. In the event that any indebtedness is not satisfied in full by these liens, the City of Crossville is given a lien on the District revenues that are not required uses of “911” revenue, as set forth within the Revenue Standards of the Tennessee Emergency Communications Board, as may be amended.

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**
Notes to the Financial Statements
June 30, 2009

NOTE 6 – RISK FINANCING

The Cumberland County Emergency Communications District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three (3) years. There were no significant reductions in insurance coverage in the prior year.

<i>Commercial General Liability</i>	<u>Period of Coverage</u>	<u>Limits</u>
General Aggregate	4/30/2009 – 4/30/2010	\$3,000,000
Products Aggregate		3,000,000
Personal and Advertising Injury		1,000,000
Each Occurrence or Medical Incident		1,000,000
Medical Expense, Any One Person		5,000
 <i>Vehicle</i>		
Liability, Each Accident	4/30/2009 – 4/30/2010	1,000,000
Uninsured Motorists		1,000,000
Underinsured Motorists		1,000,000
Medical Payments		10,000
Physical Damage – Comprehensive		Actual Cash Value
Physical Damage – Collision		Actual Cash Value
Deductible – Comprehensive		250
Deductible – Collision		250
 <i>Schedule of Property Coverage</i>		
Real Property	4/30/2009 – 4/30/2010	1,124,864
Personal Property		515,950
Deductible Per Occurrence –		
Policy – Per Occurrence		250
Earthquake – Per Item		82,041
Flood – Per Premises		1,000
Money and Securities		10,000
Software		250,000
 <i>Management Liability</i>		
Aggregate Limit	4/30/2009 – 4/30/2010	3,000,000
Wrongful Act, Each		1,000,000
Injunctive Relief, Each Action		25,000
 <i>Workmen’s Compensation</i>		
Each Accident	10/15/2008 – 10/15/2009	100,000
Disease – Each Employee		100,000
Policy Limit		500,000
 <i>Employee Theft</i>		
Per Loss Coverage –		
Limit of Occurrence	06/24/2009 – 6/24/2010	50,000
Excess Limit of Insurance		
Specified Employee or Positions		
For Employee Theft Only – Limit Per Occurrence		700,000

SUPPLEMENTAL INFORMATION

BUDGET COMPARISON SCHEDULE

(CASH BASIS BUDGET)

CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE
Budgetary Comparison Schedule (Cash Basis Budget)
For the Year Ended June 30, 2009

	Actual	Budget	Variance
	(Cash Basis)	(Cash Basis)	Over
			(Under)
<u>Cash Receipts</u>			
Emergency Telephone Service Charges	\$ 530,413.77	\$ 530,540.00	\$ 126.23
TECB – Shared Wireless Charges	96,070.64	356,105.00	260,034.36
TECB – Operational Funding	100,034.00	.00	(100,034.00)
Other Income	3,526.00	.00	(3,526.00)
Interest Income	323.55	315.00	(8.55)
Investment Income	23,191.65	22,018.00	(1,173.65)
TECB – Grants and Reimbursements	160,000.00	10,000.00	(150,000.00)
Total Cash Basis Revenues	913,559.61	918,978.00	5,418.39
 <u>Cash Expenditures</u>			
<u>Salaries and Wages</u>			
Director	57,783.10	56,650.00	(1,133.10)
Administrative Personnel	87,062.73	90,241.00	3,178.27
Other Salaries and Wages	.00	2,654.00	2,654.00
Total Salaries and Wages	144,845.83	149,545.00	4,699.17
 <u>Employee Benefits</u>			
Social Security	8,980.47	9,500.00	519.53
Medicare	2,100.26	2,250.00	149.74
Medical Insurance	37,393.66	37,000.00	(393.66)
Unemployment Expense	.00	1,200.00	1,200.00
Total Employee Benefits	48,474.39	49,950.00	1,475.61
 <u>Contracted Services</u>			
Addressing/Mapping Expenses	154.26	1,000.00	845.74
Audit Services	5,000.00	5,000.00	.00
Accounting Services	2,040.00	2,200.00	160.00
Fees Paid to Service Providers	.00	500.00	500.00
Impact Payments	257,801.01	280,000.00	22,198.99
Janitorial Services	6,780.00	6,800.00	20.00
Legal Services	10,200.00	12,000.00	1,800.00
Maintenance Agreements	14,271.68	23,000.00	8,728.32
Pest Control	605.00	650.00	45.00
Maintenance and Repairs – Communications Equipment	60,649.94	63,000.00	2,350.06
Maintenance and Repairs – Building and Facilities	3,691.12	5,000.00	1,308.88
Maintenance and Repairs – Office Equipment	1,945.87	2,500.00	554.13
Maintenance and Repairs – Vehicles	854.22	2,500.00	1,645.78
Fuel – Vehicles	1,642.99	2,000.00	357.01
Language Line	330.60	500.00	169.40
Garbage Pickup	1,115.66	1,200.00	84.34
Total Contracted Services	367,082.35	407,850.00	40,767.65

CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE
Budgetary Comparison Schedule (Cash Basis Budget) (Continued)
For the Year Ended June 30, 2009

<u>Cash Expenditures (continued)</u>	Actual (Cash Basis)	Budget (Cash Basis)	Variance Over (Under)
<u>Supplies and Materials</u>			
Office Supplies	11,519.81	10,500.00	(1,019.81)
Custodial Supplies	.00	500.00	500.00
Data Processing Supplies	84.00	200.00	116.00
Postage	394.90	600.00	205.10
Small Equipment Purchases	.00	750.00	750.00
Uniforms and Shirts	2,375.75	2,500.00	124.25
Utilities – Electric	16,346.19	16,500.00	153.81
Utilities – Gas	1,170.00	1,300.00	130.00
Utilities – Water	338.24	500.00	161.76
Utilities – General Telephone	12,649.50	13,000.00	350.50
Utilities – Cell Phones and Pagers	44,522.42	50,000.00	5,477.58
Utilities – Computer Lines	1,660.56	1,900.00	239.44
Utilities – Trunk Lines	36,107.47	37,000.00	892.53
Utilities – AVL Wireless	10,742.47	.00	(10,742.47)
Printing Expenses	.00	400.00	400.00
Other Supplies and Materials	267.00	.00	(267.00)
Total Supplies and Materials	<u>138,178.31</u>	<u>\$ 135,650.00</u>	<u>(2,528.31)</u>
<u>Other Charges</u>			
Bank Charges	151.40	125.00	(26.40)
Dues and Memberships	498.00	1,200.00	702.00
Insurance – Worker’s Compensation	1,023.00	1,200.00	177.00
Insurance – Liability	2,093.00	2,100.00	7.00
Insurance – Building and Contents	12,818.00	13,000.00	182.00
Insurance – Vehicles	1,260.00	1,400.00	140.00
Legal Notices	431.80	450.00	18.20
Licenses and Fees	.00	100.00	100.00
Premium on Surety Bonds	585.00	650.00	65.00
Public Education	.00	2,000.00	2,000.00
Training Expense	8,472.50	10,000.00	1,527.50
Travel Expenses	8,386.73	7,500.00	(886.73)
Internet Charges	1,093.50	1,500.00	406.50
Other Fees	4,302.53	788.00	(3,514.53)
Interest Expenses	10,693.92	28,000.00	17,306.08
Total Other Charges	<u>51,809.38</u>	<u>70,013.00</u>	<u>18,203.62</u>
Total Cash Basis Expenses	<u>750,390.26</u>	<u>813,008.00</u>	<u>62,617.74</u>
Cash Basis Net Income (Loss)	<u>163,169.35</u>	<u>\$ 105,970.00</u>	<u>\$ (57,199.35)</u>

CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE
Budgetary Comparison Schedule (Cash Basis Budget) (Continued)
For the Year Ended June 30, 2009

Reconciliation of Cash Basis to Accrual Basis

Depreciation Expense	(132,846.56)
Amortization Expense	(350.04)
Decrease in Accrued Interest Receivable	(8,000.25)
Increase in Current Receivables	24,378.21
Increase in Prepaid Expenses	937.33
Increase in Accounts Payable	(3,440.88)
Increase in Accrued Payroll	(172.60)
Increase in Compensated Absences Payable	(881.90)
Increase in Accrued Payroll Deductions Payable	(2,705.63)
Other	<u>2,668.96</u>
Net Reconciliation Cash to Accrual	<u>(120,413.36)</u>
 Increase (Decrease) in Net Assets (Accrual)	 42,755.99
 Net Assets – Beginning of Period	 <u>1,104,491.37</u>
 Net Assets – End of Period	 <u>\$1,147,247.36</u>

SCHEDULE OF BONDS
ON PRINCIPAL OFFICERS

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE
Schedule of Bonds on Principal Officers
June 30, 2009**

The principal officials of the Cumberland County Communications District are covered under a Public Employee Dishonesty bond in the amount of \$50,000.00 written with the State Automobile Mutual Insurance Company, policy number CRP 1331402 16. The current bond period is June 24, 2009 to June 24, 2010. Excess limit of insurance for employee theft in the amount of \$175,000.00 applies to the following specified employees or positions: Everett Bolin – Chairman, Dean Headrick – Vice Chairman, Robert Couch – Treasurer, Lynn Tollett – Secretary.

**SCHEDULE OF INFORMATION REQUIRED
BY THE TENNESSEE EMERGENCY
COMMUNICATIONS BOARD**

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE
Schedule of Information Required by the
Tennessee Emergency Communications Board
For the Year Ended June 30, 2009**

- (1) The number of public safety answering points (PSAP) –

One

- (2) The address of each PSAP –

Physical Address:

Cumberland County “911”
42 Southbend Drive
Crossville, Tennessee 38555

Mailing Address:

Cumberland County “911” Emergency
Communications District
42 Southbend Drive
Crossville, Tennessee 38555

- (3) The type of system/equipment and database used by each PSAP –

All computer, network, and office equipment are maintained by the District. The ANI/ALI Control Circuits, PSAP telephone system, and software for E-911 operations are purchased and maintained by Interact Public Safety Systems, Asheville, North Carolina.

- (4) The name, address, telephone number, and fax number of the Director of the Emergency Communications District –

Bill Hunter
Cumberland County “911”
42 Southbend Drive
Crossville, Tennessee 38555

Phone: 931-456-6791
Fax: 931-456-1257

- (5) The name, address, telephone number, and fax number of the Chairman of the Emergency Communications District –

Everett Bolin
Crab Orchard Utility District
2089 East First Street
Crossville, Tennessee 38555

Phone: 931-484-6987
Fax: 931-456-1257

**INTERNAL CONTROL AND
COMPLIANCE SECTION**

**REPORT ON INTERNAL CONTROL
AND COMPLIANCE**

HASSELL RAY YORK AND ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Phone: 931-484-5570
P. O. Box 137 • 228 Rector Avenue
Crossville, Tennessee 38557

December 7, 2009

Board of Directors
Cumberland County Emergency
Communications District
42 Southbend Drive
Crossville, Tennessee 38555

**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**

We have audited the financial statements of Cumberland County Emergency Communications District, a component unit of Cumberland County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 7, 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 Cumberland County 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 Cumberland County Emergency Communications District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cumberland County Emergency Communications District'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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Cumberland County Emergency Communications District'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 Cumberland County Emergency Communications District's financial statements that is more than inconsequential will not be prevented or detected by the Cumberland County Emergency Communications District's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item number 09-01 to be a significant deficiency in internal control over financial reporting.

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 Cumberland County Emergency Communications District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose describe in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cumberland County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 09-01.

Cumberland County Emergency Communications District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit Cumberland County Emergency Communications District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, the Comptroller's Office of the State of Tennessee, and Cumberland County, Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

HASSELL RAY YORK AND ASSOCIATES, P.C.

Hassell Ray York

(Signed)

Hassell Ray York
Certified Public Accountant

SCHEDULE OF FINDINGS AND RESPONSES

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**
Schedule of Findings and Responses
June 30, 2009

FINDING 09 – 01:

Actual Amounts Exceed Budgeted Amounts

At the line-item level certain actual amounts exceed the budgeted amounts.

Tennessee Code Annotated, Section 7-86-120, states that no emergency communications district may spend monies, regardless of their source, except in accordance with an adopted budget.

Recommendation:

Management should periodically review actual to budgeted reports to ascertain that expenditures are being made within the budgeted amounts. The budget should be amended before additional expenditures are made in excess of the budgeted amounts.

Management's Response:

We will monitor budgeted amounts more closely and will amend the budget as the need arises.

DISPOSITION OF PRIOR YEAR FINDINGS

**CUMBERLAND COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF CUMBERLAND COUNTY, TENNESSEE**
Disposition of Prior Year Findings
June 30, 2009

DISPOSITION OF PRIOR YEAR FINDINGS:

FINDING 08 – 01

ACTUAL AMOUNTS EXCEED BUDGETED AMOUNTS

This is a repeat finding that has not been corrected.