

**SUMNER COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2009

D. GREGORY JOHNSON
CERTIFIED PUBLIC ACCOUNTANT

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009**

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CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sumner County Emergency Communications District
Gallatin, Tennessee

I have audited the accompanying statement of net assets of the Sumner County Emergency Communications District, a component unit of Sumner County, Tennessee as of June 30, 2009, and the related statement of revenues, expenses and changes in net assets, and statement of cash flows for the year then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sumner County Emergency Communications District as of June 30, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 22, 2010, on my consideration of the Sumner County Emergency Communications District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sumner County Emergency Communications District's basic financial statements. The accompanying information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Sumner County Emergency Communications District has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

A handwritten signature in black ink that reads "D. Gregory Johnson, CPA". The signature is written in a cursive style with a large initial "D" and "J".

D. Gregory Johnson, CPA
Columbia, Tennessee
January 22, 2010

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF MANAGEMENT AND BOARD OF DIRECTORS
YEAR ENDED JUNE 30, 2009**

Management Officials

Richard W. Shaffer, Jr., Director

Tonya Jetton, Assistant

Board of Directors

Jimmy Anderson, Board Chairman, Citizen

Billy Still, Vice Chairman, Citizen

Bill Kemp, Secretary/Treasurer, County Clerk

Anthony Holt, County Executive

Paul Goode, Commissioner

Paul Freels, Commissioner

Archie McKinnis, Citizen

David Satterfield, Commissioner

Jerry Stone, Commissioner

SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

ASSETS

Current assets

Cash and equivalents	\$ 976,549
Certificates of deposit	811,056
Accounts receivable	150,068
Accrued interest receivable	3,876
	<hr/>
Total current assets	1,941,549

Capital assets

Furniture and fixtures	1,300
Office equipment	3,663
Communications equipment	1,833,835
	<hr/>
	1,838,798
Less accumulated depreciation	(1,661,394)
	<hr/>
Total capital assets	177,404
	<hr/>
Total assets	\$ 2,118,953

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 18,139
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Net assets

Invested in capital assets, net of related debt	177,404
Unrestricted net assets	1,923,410
	<hr/>
Total net assets	2,100,814
	<hr/>
Total liabilities and net assets	\$ 2,118,953

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

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2009**

Operating revenue	
Emergency telephone service charges	\$ 449,455
State emergency communications board - shared wireless	336,475
State emergency communications board - operational funding	234,923
	<u>1,020,853</u>
Operating expenses	
Salaries and wages	10,710
Employee benefits	859
Contracted services	798,175
Supplies and materials	2,748
Other charges	18,220
Depreciation	60,941
	<u>891,653</u>
Total operating expenses	
	<u>891,653</u>
Net operating income	<u>129,200</u>
Nonoperating revenue (expense)	
Interest income	36,086
Other income	27
Grants and reimbursements	18,774
	<u>54,887</u>
Net nonoperating income	<u>54,887</u>
Increase in net assets	184,087
Net assets, beginning of year	<u>1,916,727</u>
Net assets, end of year	<u>\$ 2,100,814</u>

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

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009**

Cash flows from operating activities	
Receipts from surcharges	\$ 916,759
Payments to employees	(11,668)
Payments to suppliers	<u>(805,116)</u>
Net cash provided by operating activities	<u>99,975</u>
Cash flows from noncapital financing activities	
Proceeds from grants and reimbursements	<u>14,575</u>
Cash flows from capital and related financing activities	
Cash purchases of capital assets	<u>(93,770)</u>
Cash flows from investing activities	
Interest income	41,677
Other income	27
Cash purchases of certificates of deposit	<u>(218,959)</u>
Net cash used by investing activities	<u>(177,255)</u>
Net decrease in cash	(156,475)
Cash and equivalents, beginning of year	<u>1,133,024</u>
Cash and equivalents, end of year	<u><u>\$ 976,549</u></u>
Reconciliation of operating income to net cash flows from operating activities	
Net operating income	\$ 129,200
Adjustments to reconcile net operating income to net cash provided by operating activities	
Depreciation	60,941
Increase in accounts receivable	(104,094)
Increase in accounts payable	14,078
Decrease in accrued payroll taxes	<u>(150)</u>
Net cash provided by operating activities	<u><u>\$ 99,975</u></u>

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

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Sumner County Emergency Communications District (the District) is a political sub-division created in November 1986. The District was organized to provide emergency communication to all fire and law enforcement departments of Sumner County. Although the District is considered a municipality under its enabling legislation, it cannot levy or collect taxes and the charges for services shall not be considered or classified as taxes. The District is managed by a nine-member board of directors who are appointed by the Sumner County Board of County Commissioners. Sumner County maintains controlling interest on the District board in that six of the nine board members must consist of the County Executive, the County Clerk, and four members of the Sumner County Board of County Commissioners.

The District is a discretely presented component unit of Sumner County, Tennessee, and the financial statements are presented in both the District's separate financial report and within the Sumner County, Tennessee financial report. The District is considered a discretely presented component unit of Sumner County as defined under the criteria set forth in Governmental Accounting Standards Board Statement 14, because the district would be unable to issue debt without going through Sumner County, Tennessee. The District is self-supported by a telephone subscriber fee charged to the citizens of Sumner County. The District's financial statements include only the assets and operations of the District, and do not include any other fund, organization, agency or department of Sumner County.

Basis of Accounting and Financial Statement Presentation

The term basis of accounting is used to determine when a transaction or event is recognized on the District's operating statement. The District uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

The Governmental Accounting Standards Board (GASB) exercises jurisdiction over accounting and financial reporting for governments. The Financial Accounting Standards Board (FASB) exercises jurisdiction over private enterprises and nonprofits. The Office of the Comptroller of the Treasury requires Tennessee emergency communications districts to follow option one of GASB Statement No. 20. This option requires the District to follow only GASB guidance after November 30, 1989, and not follow any FASB guidance after that date.

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*. Statement 34 established standards for external reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted.

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Financial Statement Presentation (continued)

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 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 asset use through external constraints imposed by creditors (such as through 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 consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles 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.

Cash and Cash Equivalents

For purposes of the statement of net assets and the statement of cash flows, Sumner County Emergency Communications District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Capital Assets

Capital assets are defined by the District as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Additions to capital assets are recorded at acquisition cost or estimated market value at the date of donation in the case of donated property. Depreciation and amortization are provided for in amounts sufficient to relate the cost of the assets to operations over their estimated service lives using the half-year convention, straight-line method of depreciation.

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Capital Assets (continued)

Estimated useful lives, in years, for depreciable assets are as follows:

Building and improvements	10 - 40 years
Furniture and fixtures	7 years
Office equipment	5 - 10 years
Communications equipment	5 - 10 years
Vehicles	5 years

Income Taxes

Sumner County Emergency Communications District is a tax-exempt organization under Section 115 of the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made.

Operating Revenues and Expenses

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a District's principal ongoing operations. The principal operating revenues of the District are emergency telephone service charges to residents for providing emergency 911 services. Operating expenses include payroll expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgetary Data

The District is required by state statute to adopt an annual budget. The annual budget is prepared on the basis in which current available funds must be sufficient to meet current expenditures. The District utilizes cash basis accounting for the budget as depreciation is not budgeted, and outlays for capital items are budgeted as expenses. Therefore the budget is not intended to be presented in accordance with generally accepted accounting principles. The budget may be amended by the Board as conditions warrant throughout the year.

Compensated Absences

It is the policy of the District that unused leave at the end of a fiscal year does not carry over to the next year. Vacation and sick leave expenditures are recognized when paid. Therefore, no accrual for accumulated unpaid leave is necessary.

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE B – CASH AND DEPOSITORY COLLATERAL

The District's current policies limit deposit of funds to accounts with commercial banks which are required to pledge securities as collateral for the deposits should they be in excess of Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000. The financial institutions used by the District have either pledged securities as collateral or the institutions are participants in the Tennessee Collateral Pool, which was established to provide security for public funds deposits in excess of FDIC coverage. At year-end, the District had deposits totaling \$150,000 that were collateralized with pledged securities held by the financial institution. The remaining deposits of \$1,637,605 were fully insured by the FDIC and the Tennessee Collateral Pool.

NOTE C – ACCOUNTS RECEIVABLE

The following schedule reflects the components of accounts receivable as of June 30, 2009:

Emergency telephone service charges	\$ 38,013
State emergency communications board - shared wireless	68,702
State emergency communications board - operational funding	39,154
State emergency communications board - grants & reimbursements	4,199
	<u>\$ 150,068</u>

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, is presented below:

	Balance <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2009</u>
Furniture and fixtures	\$ 1,300	\$ -	\$ -	\$ 1,300
Office equipment	3,663	-	-	3,663
Communications equipment	1,740,065	93,770	-	1,833,835
Total cost	<u>1,745,028</u>	<u>93,770</u>	<u>-</u>	<u>1,838,798</u>
Less accumulated depreciation for:				
Furniture and fixtures	(854)	(163)	-	(1,017)
Office equipment	(3,663)	-	-	(3,663)
Communications equipment	(1,595,936)	(60,778)	-	(1,656,714)
Total accumulated depreciation	<u>(1,600,453)</u>	<u>(60,941)</u>	<u>-</u>	<u>(1,661,394)</u>
Capital assets, net	<u>\$ 144,575</u>	<u>\$ 32,829</u>	<u>\$ -</u>	<u>\$ 177,404</u>

Depreciation charged to expense for the current year amounted to \$60,941.

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE E – MAJOR REVENUE SOURCE

Revenue for operation and maintenance of the Sumner County Emergency Communications District is generated by a surcharge placed on residential and business phone lines. The surcharge is collected by AT&T Telephone Company and remitted to the District monthly less a 1% administrative fee. In fiscal year 2000, the District began collecting revenue generated by wireless phone users. The Tennessee Emergency Communications Board collects the revenue and distributes 25% of the funds to the Emergency Communications Districts based on the proportion of the population of each district to that of the state, according to the latest census. In the current year, revenue from AT&T Telephone Company represented approximately 33% of total operating revenue.

NOTE F – 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. For the year ended June 30, 2009, the District was insured against potential losses associated with these risks through the purchase of commercial insurance policies written for Sumner County or the other governmental departments serviced by the District. There have been no losses in excess of insurance coverage during the last three years.

NOTE G – SERVICE ARRANGEMENT CONTRACT

The District has negotiated a service application with AT&T Telecommunications for the installation and service of an Enhanced 911 Emergency Service System. AT&T furnishes equipment and service sufficient to operate the system for an initial installation fee and a monthly fee based upon the number of telephone stations and access lines served by the System. Current year cost to the District for use of this equipment was \$636,772.

NOTE H – OPERATIONAL CONTRACT

The District has contracted with S & S Communications, Inc., for all day-to-day supervision and clerical operations of the District. This contract is negotiated annually on July 1 and is reflected in these financial statements as a Director and Assistant fee of \$82,020. All calls processed by the District communication system are processed by dispatchers located at various, police, fire or medical emergency stations. All dispatchers are employees of the respective emergency departments.

NOTE I – COMMITMENTS

The District contracted with a consultant to perform a consolidation feasibility study in the amount of \$103,000, payable as work progresses. As of June 30, 2009, the study was approximately 72% complete.

SUPPLEMENTARY INFORMATION

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED JUNE 30, 2009**

Salaries and Wages	
Administrative personnel	<u>\$ 10,710</u>
Employee Benefits	
Social security	704
Medicare	<u>155</u>
	<u>859</u>
Contracted Services	
Accounting services	3,564
Address & mapping	2,468
Advertising	77
Audit	4,400
Communications equipment maintenance	1,753
Director & assistant	82,020
Fees paid to service providers	290
Leased communications equipment	636,772
Leased facilities	4,800
Other consultants - consolidation study	<u>62,031</u>
	<u>798,175</u>
Supplies and Materials	
Office supplies	759
Postage	128
Small equipment purchases	446
Uniforms	379
Utilities	
General telephone	676
Cell phones and pagers	<u>360</u>
	<u>2,748</u>
Other Charges	
Dues and memberships	1,440
Training	4,964
Travel	11,384
Private road signs	<u>432</u>
	<u>18,220</u>
Depreciation	<u>60,941</u>
	<u><u>\$ 891,653</u></u>

See auditor's report.

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Favorable (Unfavorable)</u>
Operating revenue				
Emergency telephone service charges	\$ 486,576	\$ 486,576	\$ 449,455	\$ (37,121)
State emergency communications board - shared wireless	300,000	300,000	336,475	36,475
State emergency communications board - operational funding	243,996	243,912	234,923	-
	<u>1,030,572</u>	<u>1,030,488</u>	<u>1,020,853</u>	<u>(9,635)</u>
Operating expenses				
Salaries and wages	10,248	10,128	10,710	(582)
Employee benefits				
Social security	1,356	1,452	704	748
Medicare	324	348	155	193
	<u>1,680</u>	<u>1,800</u>	<u>859</u>	<u>941</u>
Contracted services				
Accounting services	3,564	3,564	3,564	-
Address & mapping	25,488	24,996	2,468	22,528
Advertising	216	216	77	139
Audit	4,404	4,404	4,400	4
Communications equipment maintenance	7,056	6,300	1,753	4,547
Director & assistant	82,020	82,020	82,020	-
Fees paid to service provider	3,600	3,600	290	3,310
Leased communicatoinis equipment	636,000	636,756	636,772	(16)
Leased facilities	4,800	4,800	4,800	-
Legal services	408	408	-	408
Other consultants - consolidation study	-	62,031	62,031	-
	<u>767,556</u>	<u>829,095</u>	<u>798,175</u>	<u>30,920</u>
Supplies and materials				
Office supplies	996	960	759	201
Postage	96	132	128	4
Small equipment purchases	4,008	4,008	446	3,562
Uniforms	408	408	379	29
Utilities				
General telephone	1,080	1,080	676	404
Cell phones and pagers	360	360	360	-
	<u>6,948</u>	<u>6,948</u>	<u>2,748</u>	<u>4,200</u>

See auditor's report.

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance With Final Favorable (Unfavorable)
Other charges				
Board meeting expenses	84	84	-	84
Claims and judgements	5,004	5,004	-	5,004
Dues and memberships	1,800	1,800	1,440	360
Public education	288	288	-	288
Service awards	108	108	-	108
Training	23,700	23,700	4,964	18,736
Travel	24,900	24,900	11,384	13,516
Private road signs	-	492	432	60
	<u>55,884</u>	<u>56,376</u>	<u>18,220</u>	<u>38,156</u>
Total operating expenses	<u>842,316</u>	<u>904,347</u>	<u>830,712</u>	<u>73,635</u>
Operating revenues in excess of expenses	<u>188,256</u>	<u>126,141</u>	<u>190,141</u>	<u>64,000</u>
Nonoperating revenue (expenses)				
Interest income	22,008	22,008	36,086	14,078
Other income	-	-	27	27
Grants & reimbursements	-	9,084	18,774	9,690
Equipment purchases	(210,264)	(146,229)	(93,770)	52,459
Total nonoperating revenue (expenses)	<u>(188,256)</u>	<u>(115,137)</u>	<u>(38,883)</u>	<u>76,254</u>
Increase in budgetary net assets	<u>\$ -</u>	<u>\$ 11,004</u>	<u>\$ 151,258</u>	<u>\$ 140,254</u>
 Budget to Actual Reconciliation				
Increase in budgetary net assets			\$ 151,258	
Equipment purchases not deducted as expenditures			93,770	
Depreciation not budgeted			(60,941)	
Actual increase in net assets			<u>\$ 184,087</u>	

See auditor's report.

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2009**

	<u>Amount Received</u>
State emergency communications board - grants & reimbursements	<u>\$ 18,774</u>

See auditor's report.

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF INFORMATION REQUIRED BY THE TENNESSEE
EMERGENCY COMMUNICATIONS BOARD
YEAR ENDED JUNE 30, 2009**

A. The District has nine public safety answering points (PSAP) as follows:

- | | |
|---|--|
| 1. Sumner County Sheriff Department
117 W. Smith Street
Gallatin, TN 37066 | 6. Millersville Police Department
1246 Louisville Highway
Goodlettsville, TN 37072 |
| 2. Gallatin Police Department
130 W. Franklin Street
Gallatin, TN 37066 | 7. White House Police Department
303 N. Palmer's Chapel Road
White House, TN 37188 |
| 3. Portland Police Department
433 N. Broadway
Portland, TN 37148 | 8. Westmoreland Police Department
1204 Walnut Street
Westmoreland, TN 37186 |
| 4. Hendersonville Police Department
3 Executive Park
Hendersonville, TN 37075 | 9. Sumner County EMS
411 S. Water Street
Gallatin, TN 37066 |
| 5. Goodlettsville Police Department
105 S. Main Street
Goodlettsville, TN 37072 | |

B. The District uses Intrado Interact Equipment as furnished through A T & T Telecommunications. Recording equipment is furnished by Dictaphone and Blueridge.

C. The director of Sumner County Emergency Communications District is:

Richard W. Shaffer, Jr.
411 S. Water Ave.
Gallatin, TN 37066
Phone: 615-451-1200
Fax: 615-451-6032

D. The chairman of the Board of Directors for the Sumner County Emergency Communications District is:

Jimmy Anderson
335 Bay Hill Dr.
Gallatin, TN 37066
Phone: 615-452-8068
Fax: 615-452-5833

D. GREGORY JOHNSON
CERTIFIED PUBLIC ACCOUNTANT

204 WEST 4TH STREET, SUITE B
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Sumner County Emergency Communications District
Gallatin, Tennessee

I have audited the financial statements of the Sumner County Emergency Communications District as of and for the year ended June 30, 2009, and have issued my report thereon dated January 22, 2010. I conducted my audit in accordance with auditing standards general accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 Sumner 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 Sumner County Emergency Communications District's financial statements that is more than inconsequential will not be prevented or detected by the Sumner County Emergency Communications District's internal control.

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 Sumner County Emergency Communications District's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sumner County Emergency Communications District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and management's comments as item 2009-1.

Sumner County Emergency Communications District's response to the finding identified in my audit is described in the accompanying schedule of findings and management's comments. I did not audit the District's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the management, board of directors of the Sumner County Emergency Communications District, and the Comptroller of the Treasury of the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "D. Gregory Johnson, CPA". The signature is written in a cursive, flowing style.

D. Gregory Johnson, CPA
Columbia, Tennessee
January 22, 2010

**SUMNER COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND MANAGEMENT'S COMMENTS
YEAR ENDED JUNE 30, 2009**

Finding 2009-1 - District Funds Used to Erect Signs on Private Property

The District spent funds for road signs in violation of the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts*, which prohibits the use of District funds for the "cost of purchasing, installation, and maintenance for public or private road signs, posts, or any other markers related to addressing". (This was also a finding at June 30, 2008.)

Recommendation

I recommend the District develop solutions to its addressing and mapping that will comply with all of the requirements of the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* regarding the use of 911 revenue.

Management's Comments

These signs were erected on private property due to multiple homes sharing a driveway and are not provided by the county. The 911 Board has voted to provide these private road signs to private driveways that are shared by more than four residents to ensure that Emergency Services are able to find these residents in case of an emergency.