

**CANNON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

**(A Component Unit)**

Financial Statements

June 30, 2009

# CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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**INTRODUCTORY SECTION**

# CANNON COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT

Po Box 475, Woodbury Tennessee 37190

## Board of Directors as of 6/30/09

**John Naylor, Chairman**  
3961 Murfreesboro Rd.  
Readyville, Tn. 37190  
563-5521

James Adkins  
369 Adams Ridge Ln.  
Woodbury Tn. 37190  
563-6240

Tim Bell  
439 Iconium Rd.  
Woodbury, Tn. 37190  
849-2730

Micheal George  
393 Whippoorwill Rd.  
Bradyville, Tn. 37190  
765-7388

Richard Cope  
126 Gassaway Rd.  
Woodbury, Tn. 37190  
563-2801

Brenda Phillips  
4139 Hollow Springs Rd.  
Bradyville, Tn. 37026  
765-5573

Roger Turney  
291 Knob Hill Rd  
Auburntown, Tn. 37016  
464-4210

Todd Hollandsworth  
R.L. Overall Rd.  
Auburntown, Tn. 37016  
273-4174

**911 Board Attorney:**  
Mike Mahn  
PO Box 80833

Kim Davenport  
324 South McCrary St  
Woodbury TN 37190

Chattanooga, Tn. 37414  
423-280-3005

**CPA: Sue H. Patrick**  
109 Lester St.  
Woodbury, Tn. 37190  
563-1328

**Consultant (Addressing & Mapping)**  
William F, Ayers & Associates  
PO Box 622  
Winchester, Tn. 37398  
931-967-4570

**FINANCIAL SECTION**

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Cannon County Emergency Communications District  
Woodbury, Tennessee

I have audited the accompanying financial statements of Cannon County Emergency Communications District, a component unit of Cannon County, Tennessee for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of Cannon County Emergency Communications District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with generally accepted auditing standards of 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 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 the 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 Cannon County Emergency Communications District, a component unit of Cannon County, as of June 30, 2009, and the results of its operations and the cash flows for the year ending June 30, 2009 in conformity with generally accepted accounting principles of the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2009, on the consideration of Cannon County Emergency Communications District's internal control over financial reporting and the tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of the 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 the audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

The audit was conducted for the purpose of forming an opinion on the financial statements of Cannon County Emergency Communications District, a component unit of Cannon County, taken as a whole. The accompanying Introductory Section and the Supplemental Schedules in the table of contents, including the Schedule of State Financial Assistance, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in my opinion is fairly stated in all material respects in relation to the financial statements, taken as a whole.

*John R. Poole, CPA*

November 30, 2009

## **Cannon County Emergency Communications District**

### **Management's Discussion and Analysis**

As management of the Cannon County Emergency Communications District, (the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2009. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the District.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

#### **Financial Highlights:**

The assets of the Cannon County Emergency Communications District exceeded its liabilities at the close of the most recent fiscal year by \$679,344. Of this amount, \$277,093 (unrestricted net assets) may be used to meet the District's ongoing obligations.

The District's total net assets increased by \$163,155 during the current year, primarily as a result of higher than expected grant received and as expenses were held near budgeted levels.

#### **Overview of the Financial Statements:**

The Statement of Net Assets presents information on all the District's assets and liabilities, with the difference between the two 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.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The basic financial statements can be found on pages 6-8 of this report. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 9-11 of this report.

**Financial Analysis of the Financial Statements**

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. In the case of the Cannon County Emergency Communications District, assets exceeded liabilities by \$679,344 at the close of the most recent fiscal year.

By far the largest portion of the District's assets reflects its investment in capital assets. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

**Financial Analysis of the Financial Statements**

Cannon County Emergency Communications District's Net Assets - 2009

Current and other assets	\$ 280,163
Capital assets, net	<u>502,251</u>
Total assets	<u>782,414</u>
Advance for construction loan	100,000
Accounts payable	<u>3,070</u>
Total liabilities	<u>103,070</u>
Net assets:	
Invested in capital assets, net of debt	402,251
Unrestricted	<u>277,093</u>
Total net assets	\$ <u>679,344</u>

Cannon County Emergency Communications District's Net Assets - 2008

Current and other assets	\$	158,736
Capital assets, net		<u>489,084</u>
Total assets		<u>647,820</u>
Advance for construction loan		100,000
Accounts payable		<u>31,631</u>
Total liabilities		<u>131,631</u>
Net assets:		
Invested in capital assets, net of debt		389,084
Unrestricted		<u>127,105</u>
Total net assets	\$	<u>516,189</u>

At the end to the current fiscal year, the District is able to report positive balances in all categories of net assets.

**Capital Assets**

The Cannon County Emergency Communications District's investment in capital assets from its activities at June 30, 2009, amounts to \$502,251 (net or accumulated depreciation). This investment in capital assets is in communications equipment and vehicles.

Cannon County Emergency Communications District's Capital Assets

		<u>2009</u>	<u>2008</u>
Land	\$	20,000	20,000
Building		266,740	252,579
Software		19,785	19,785
Equipment		<u>283,558</u>	<u>251,947</u>
Total		590,083	544,311
Less accumulated depreciation		<u>(87,832)</u>	<u>(55,227)</u>
Net Capital Assets	\$	<u>502,251</u>	<u>489,084</u>

Additional information on the Cannon County Emergency Communications District's capital assets can be found in the notes to the financial statements section of this report.

## **Long-term Debt**

The District has a \$100,000 interim construction from USDA- Rural Development.

## Requests for Information

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

Sue Patrick  
Cannon County Emergency Communications District

**CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Statement of Net Assets**

**June 30, 2009**

<u>Assets</u>	<u>Account Number</u>	
Current Assets:		
Cash and cash equivalents	1001	\$143,640
Certificate of deposits	1001	110,903
Accounts receivable	1004	25,620
Total Current Assets		<u>280,163</u>
Capital Assets:		
Land	1351	20,000
Building and improvements	1302	266,740
Communication equipment	1308	246,265
Communication software	1308	19,785
Office equipment	1306	37,293
Less accumulated depreciation -building	1303	(3,772)
Less accumulated depreciation -office	1307	(7,657)
Less accumulated depreciation -equipment	1309	(69,908)
Less accumulated depreciation - software	1309	(6,495)
Total Capital Assets, Net		<u>502,251</u>
Total Assets		<u><u>\$782,414</u></u>
<u>Liabilities and Fund Equity</u>		
Current Liabilities		
Accounts payable	2001	3,070
Total Current Liabilities		<u>3,070</u>
Advance for construction loan	2202	100,000
Total liabilities		<u><u>\$103,070</u></u>
Net Assets:		
Unrestricted	2320	277,093
Invested in capital assets, net of related debt	2301	402,251
Total Net assets		<u><u>679,344</u></u>

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

**CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Statement of Revenues, Expenses  
and Changes in Net Assets**

**For the Year Ended June 30, 2009**

	Account Number	
Operating Revenues:		
Emergency Telephone Service Charge	3001	\$113,827
State Emergency Communications Board Wireless Charge	3002	<u>35,345</u>
Total Operating Revenues		<u>149,172</u>
 Operating Expenses:		
Salaries	4001	240,629
Employee benefits	4100	25,692
Dues	4405	218
Addressing and mapping	4201	20,549
Depreciation	4500	32,605
Supplies	4301	15,389
Insurance	4409	988
Professional services	4203	10,630
Training and travel	4418	12,042
Utilities	4307	16,755
Repair and maintenance	4232	<u>21,602</u>
Total Operating Expenses		<u>397,099</u>
 Operating income (loss)		<u>(247,927)</u>
 Nonoperating Revenues (Expenses):		
Operating grants - State	5005	121,790
Operating grants - City and County	5006	148,753
Interest income	5002	<u>4,620</u>
Total Nonoperating Revenues (Expenses)		<u>275,163</u>
 Capital Contributions		
Capital Contributions	6001	<u>135,919</u>
Total Capital Contributions		<u>135,919</u>
 Net change in net assets		163,155
 Net assets, June 30, 2008		<u>516,189</u>
 Net assets, June 30, 2009		<u><u>\$679,344</u></u>

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

CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Cash Flows

For the Year Ending June 30, 2009

Cash Flows from Operating Activities:	
Cash received from customers	\$128,899
Cash paid to employees	(266,321)
Cash paid to suppliers	(126,735)
Net Cash Provided by Operating Activities	<u>(264,157)</u>
Cash Flows from Capital and Related Financing Activities:	
Grant contributions	135,919
Acquisition of capital assets	(45,772)
Net Cash Provided by Capital and Related Financing Activities	<u>90,147</u>
Cash Flows from Noncapital Activities:	
Grant contributions for operations	270,543
Net Cash From Noncapital Activities	<u>270,543</u>
Cash Flows from Investing Activities:	
Redemption (purchase) of certificate of deposit	(3,747)
Interest received	4,620
Net Cash From Investing Activities	<u>873</u>
Net Increase (decrease) in Cash	97,406
Cash and Cash Equivalents, June 30, 2008	<u>46,234</u>
Cash and Cash Equivalents, June 30, 2009	<u>\$143,640</u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income (loss)	(\$247,927)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	32,605
Change in assets (increase) decrease:	
Accounts receivable	(20,273)
Change in liabilities increase (decrease):	
Accounts payable	<u>(28,562)</u>
Net Cash Provided by Operating Activities	<u>(\$264,157)</u>

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

# CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Notes to Financial Statements

June 30, 2009

### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

Cannon County Emergency Communications District ( the District) is a political subdivision established pursuant to Sections 7-87-101 through Section 7-86-117 of the Tennessee Code Annotated and the provisions of Chapter 867 of the Public Acts of 1984 of the State of Tennessee. The powers of the District are vested in and exercised by a majority of the members of the Board of Directors, who are appointed by the County . The District is considered a political subdivision and is exempt from Federal and State income taxes. The District is considered a component unit of Cannon County. The County appoints the board of directors and the County Commission may adjust service fees and must approve bonded debt. As a result, the Cannon County Commission indirectly imposes its will on the District.

#### Basis of Accounting

The accompanying financial statements of the District have been prepared on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Expenditures are recognized in the accounting period in which the liability is incurred and is measurable.

The District applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions; issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The District has elected not to apply FASB Statements and interpretations issued after November 30, 1989.

#### Cash and Cash Equivalents

The District considers all highly liquid debt instruments purchased with maturities of 60 days or less to be cash equivalents.

#### Supply Inventory

Supply inventory is valued at the lower of cost (first-in, first-out) or market. Inventory items are considered expenditures when used (consumption method).

#### Property, Plant and Equipment

Property, plant and equipment of the District is recorded at cost. Depreciation is computed over the estimated life of the assets using the straight-line method. The estimated life for property, plant and equipment in service is from 3 to 10 years. The District does capitalize interest incurred on construction projects.

#### Estimates

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

# CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Notes to Financial Statements

June 30, 2009

### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by Board vote on an annual basis. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The budget amounts shown (page 13) are the final authorized amounts as amended during the year.

### Note 2 - CASH AND CERTIFICATES OF DEPOSIT

The District is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During the year, the District invested funds that were not immediately needed in deposit accounts. The District has deposit policies to minimize custodial credit risks. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and be deposited in an escrow account in a second bank for the benefit of the District and must total a minimum of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The District's deposits with financial institutions are fully insured or collateralized by securities held in the government's name.

### Note 3 - CAPITAL ASSETS

A summary of changes in capital assets in service is as follows:

	Balance <u>6-30-08</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6-30-09</u>
Land	20,000	-	-	20,000
Building	252,579	14,161	-	266,740
Software	19,785	-	-	19,785
Equipment	<u>251,947</u>	<u>31,611</u>	-	<u>283,558</u>
	544,311	45,772	-	590,083
Less accumulated depreciation	<u>(55,227)</u>			<u>(87,832)</u>
Utility plant - net	<u>\$489,084</u>			<u>502,251</u>

During the year the District constructed a new facility for its operations. Accumulated depreciation is as follows—buildings \$3,772, software \$6,495, Equipment \$77,565.

### Note 4 - ADVANCE FOR CONSTRUCTION LOAN

During the prior year the District constructed a new facility for its operations using an advance from Cannon County, Tennessee in the amount of \$100,000. This amount was repaid with a USDA – Rural Development loan which will be fully funded in the next fiscal year.

# CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Notes to Financial Statements

June 30, 2009

### **Note 5 - 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, and natural disasters. The District purchases commercial financial bonded insurance for its Treasurer and Chairman. For all other risks, the District has decided to self-insure. There have been no claims during the last three years.

## SUPPLEMENTAL INFORMATION

Financial schedules are used to demonstrate finance related legal and contractual compliance, provide details of data summarized in the financial statements and present other information deemed useful.

**CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Schedule of Revenues and Expenses  
Budget and Actual**

**For the Year Ended June 30, 2009**

		<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable) <u>Variance</u>
Operating Revenues:				
	<u>Number</u>			
Emergency Telephone Service Charge	3001	\$119,276	\$113,827	(\$5,449)
State Emergency Communications Board Wireless Charge	3002	<u>32,714</u>	<u>35,345</u>	<u>2,631</u>
Total Operating Revenues		<u>151,990</u>	<u>149,172</u>	<u>(2,818)</u>
Operating Expenses:				
Dispatchers	4003	251,180	240,629	10,551
Employee benefits	4100	29,304	25,692	3,612
Dues	4405	4,354	218	4,136
Addressing and mapping	4201	22,500	20,549	1,951
Depreciation	4500	0	32,605	(32,605)
Supplies	4301	11,610	15,389	(3,779)
Insurance	4409	1,688	988	700
Professional services	4203	11,976	10,630	1,346
Training and travel	4418	12,157	12,042	115
Utilities	4307	19,260	16,755	2,505
Repair and maintenance	4232	<u>22,108</u>	<u>21,602</u>	<u>506</u>
Total Operating Expenses		<u>386,137</u>	<u>397,099</u>	<u>(10,962)</u>
Operating income (loss)		<u>(234,147)</u>	<u>(247,927)</u>	<u>8,144</u>
Nonoperating Revenues (Expenses):				
Operating grants- State	5005	115,494	121,790	6,296
Operating grants - City and County	5006	0	148,753	148,753
Interest income	5002	<u>3,000</u>	<u>4,620</u>	<u>1,620</u>
Total Nonoperating Revenues (Expenses)		<u>118,494</u>	<u>275,163</u>	<u>156,669</u>
Capital Contributions:				
Capital Contributions -State Emergency Communications	6001	<u>115,473</u>	<u>135,919</u>	<u>20,446</u>
Total Capital Contributions		<u>115,473</u>	<u>135,919</u>	<u>20,446</u>
Net change in net assets		<u>(180)</u>	<u>163,155</u>	<u>163,335</u>

**CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Schedule of Monthly Rates in Effect**

**June 30, 2009**

<u>Type of Customer</u>		<u>Rate</u>
Residential customers	\$	1.50
Business customers	\$	3.00

**CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Schedule of Number and Classification of Customers**

**June 30, 2009**

DeKalb Telephone Company

Residential customers	3,385
Business customers	1,889

**CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Schedule of Information of the Cannon County  
Emergency Communications District**

**June 30, 2009**

Number of public safety answering points: 1

Address of this location: Cannon County 911  
3798 Jim Cummings Hwy  
Woodbury, TN. 37190

System used - - including database: GAI-Tronics Command Plus  
  
Local On-site by TCI, Huntsville, Alabama

Chairman : John Naylor  
3961 Murfreesboro Road  
Readyville, TN. 37141  
(f) None

Director Roy Sullivan  
P. O. Box 745  
Woodbury, TN. 37190  
(f) None

Telephone numbers: 615-563-8439  
615-563-8440

**CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Schedule of State Financial Assistance**

**For the Year Ended June 30, 2009**

<u>State Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Receivable (Deferred) Balance July 1, 2008</u>	<u>Cash Receipts</u>	<u>Other Receipts</u>	<u>Cash Expenditures</u>	<u>Receivable (Deferred) Balance June 30, 2009</u>
N/A	Facility grant	State of Tennessee Commerce and Insurance	\$0	135,919	0	135,919	0
N/A	GIS Grant	State of Tennessee Commerce and Insurance	\$0	10,000	0	10,000	0
N/A	Operating Grant	State of Tennessee Commerce and Insurance	\$0	39,575	0	39,575	0
N/A	Operating Grant	State of Tennessee Commerce and Insurance	\$0	72,215	0	72,215	0
<b>Totals</b>			0	257,709	0	257,709	0

**COMPLIANCE AND  
INTERNAL CONTROL**

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

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

Board of Directors  
Cannon County Emergency Communications District  
Woodbury, Tennessee

I have audited the financial statements (as listed in the table of contents) of Cannon County Emergency Communications District as of and for the year ended June 30, 2009, and have issued my report thereon dated November 30, 2009. I conducted the 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 the audit, I considered the Cannon County Emergency Communications District's internal control over financial reporting as a basis for designing the auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cannon County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My consideration of the 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, I identified a deficiency in internal control over financial reporting that I consider to be a significant deficiency.

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 organization'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 organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

The significant deficiency is as follows:

**Prior Year:**

**2005-1 Separation of Duties**

Due to the limited number of personnel employed by the District, several functions, which ideally should be performed by different individuals, are regularly performed by one person. I recommend that the District strengthen its internal control in cash receipts, cash disbursements, and reconciliation of cash.

Disposition:

Due to the size of the office, a complete separation of duties is not possible. However we are continuing to monitor office responsibilities and segregate duties as needed.

Management Response:

Due to the size of the office, a complete separation of duties is not possible, however we are continuing to monitor office responsibilities.

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 organization's internal control.

My consideration of the 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 over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. I believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cannon 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Cannon County Emergency Communications District's response to the finding identified in the audit is described above. I did not audit the Management Response and, accordingly, I express no opinion on it.

I noted certain matters that I reported to management of the Cannon County Emergency Communications District in a separate letter dated November 30, 2009.

This report is intended solely for the information and use of the audit committee, management, and State Comptrollers Office and is not intended to be and should not be used by anyone other than these specified parties.

*John R. Poole, CDA*

November 30, 2009