DICKSON COUNTY EMERGENCY

COMMUNICATIONS DISTRICT

Financial Statements

June 30, 2010

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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Introductory Section

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Officials

June 30, 2010

Official	Position
Tom Wall	Chairman
David Faulkner	Vice - chairman
Tim Spann	Secretary
Wayne Sanders	Treasurer
Donnie Weiss	Director
Scott England	Director
Steve Manley	Director

Financial Section

JOHN J. MICHIE
Certified Public Accountant
2108 B WESTWOOD AVENUE
NASHVILLE, TENNESSEE 37212

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Independent Auditor's Report

Board of Directors
Dickson County Emergency Communications District
Dickson, Tennessee

I have audited the accompanying balance sheet of Dickson County Emergency Communications District, a component unit of Dickson County, Tennessee, as of June 30, 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Dickson County Emergency Communications District's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my 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 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 the 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 Dickson County Emergency Communications District, as of June 30, 2010, and the revenues, expenses and changes in net assets, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, I have also issued my report dated November 10, 2010 on my consideration of Dickson County Emergency Communications District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 considered in assessing the results of my audit.

MEMBER
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

The management's discussion and analysis on pages 4 through 8, 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. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the basic financial statements. The accompanying financial information listed as additional information in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Dickson County Emergency Communications District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

November 10, 2010

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2010

This section of the Dickson County Emergency Communications District's financial statements present's management's overview and analysis of the Communications District's financial performance for the year ended June 30, 2010. This section should be read in conjunction with the financial statements which follow this section.

Financial Highlights

Key highlights for the year ended June 30, 2010 are as follows:

The District's net assets increased $315,306.

At the end of the current year the District reported total net assets of $1,565,380.

At the end of the current year the District reported current assets in excess of current liabilities of $944,086.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements. The financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and 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 Revenues, Expenses and Changes in Net Assets presents information showing how the District's net assets changed during the 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 the related cash flows. The final required statement is the statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non capital financing activities.

The financial statements can be found on pages 9 - 11 of this report.

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided within the financial statements. The notes to the financial can be found on pages 12 - 16 of this report.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2010

Financial Analysis

For the year ended June 30, 2010, assets exceeded liabilities by $1,565,380. The Communications District has accumulated substantial current assets, 60% of the net assets are in current assets. The following is a summary of the Communications District's net assets.

	2010	2009	Change
Assets			
Current assets	$ 962,893	$ 931,781	$ 31,112
Capital Assets	621,194	334,912	286,282
Other assets	100	100	-
Total assets	1,584,187	1,266,793	317,394
Liabilities			
Current liabilities	18,807	16,719	2,088
Net Assets			
Invested in capital assets- net	603,765	322,506	281,259
Unrestricted	961,615	927,568	34,047
Total net assets	$1,565,380	$1,250,074	$315,306

The Communications District's net assets increased by $315,306 in 2010. The following is a summary Statement of Statement of Revenues, Expenses, and Changes in Net Assets.

	2010	2009	Change
Operating revenues	$421,268	$328,421	$ 92,847
Operating expenses	212,224	238,076	(25,852)
Operating income (Loss)	209,044	90,345	118,699
Non operating revenues	106,262	116,104	(9,842)
Change in net assets	$315,306	$206,449	$108,857

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Management's Discussion and Analysis

June 30, 2010

Revenues

The Communications District's revenues for the year ended June 30, 2010 increased $82,995 or 18%.

The following is a summary of revenues:

	2010	2009	Change
Emergency telephone service charge	$176,407	$199,164	$(22,757)
Shared Wireless charge	109,244	129,267	(20,023)
Operational funding	135,617	86,734	48,883
Interest income	18,144	19,370	(1,226)
State Emergency Communications Board Grants	88,118	10,000	78,118
Total Revenues	$527,530	$444,535	$ 82,995

Expenses

The major change in operating expenses for the year ended June 30, 2010 was a decrease in telephone expense as a result of a refund of amounts previously paid for lines not in service in the amount of $21,480.

The following is a summary of operating expenses:

	2010	2009	Change
Dispatch expenses	$ -	$ 8,049	$(8,049)
Audit services	3,500	3,500	-
Accounting services	6,000	6,000	-
Data processing services	30,427	28,444	1,983
Legal services	3,704	2,293	1,411
Maintenance agreements	9,788	4,493	5,295
Leased communications equipment	54,350	55,598	(1,248)
Lease expense	20,996	20,796	200
Repairs and maintenance	9,592	9,919	(327)
Office supplies	75	255	(180)
Postage	-	392	(392)
Utilities	2,239	2,488	(249)
Telephone	(14,015)	9,235	(23,250)
Dues	437	367	70
Insurance	1,531	1,541	(10)
Travel	10,165	6,911	3,254
Miscellaneous	4,846	867	3,979
Depreciation	68,589	76,928	(8,339)
Total expenses	$212,224	$238,076	$(25,852)

Cash Flows

Cash decreased $27,065 for the year ended June 30, 2010.

The following is a summary of the Communications District's cash flows:

	2010	2009	Change
Cash Flows provided by operations	$316,356	$145,959	170,397
Cash Flows from Non-Capital Financing Activities	88,118	96,734	(8,616)
Cash Flows from Capital and Related Financing Activities	(349,848)	(63,797)	(286,051)
Cash Flows from Investing Activities	(81,691)	(179,093)	97,402
Change in cash	$(27,065)	$ (197)	$(26,868)

Capital Assets

The Communications District's investment in capital assets as of June 30, 2010 amounted to $603,765, net of accumulated depreciation and related liabilities. Capital assets consist of computer equipment and buildings and building improvements. Investment in capital asset increased by $281,256 for the year. Depreciation expense was recorded in the amount of $68,589 for the year.

	2010	2009	Change
Construction in progress	$ -	$ 7,785	$ (7,785)
Buildings	8,926	8,926	-
Equipment	1,212,548	849,892	362,656
Total property and equipment	1,221,474	866,603	354,871
Accumulated depreciation	600,280	531,691	68,589
Property and equipment - net	621,194	324,912	286,282
Related liabilities	17,429	12,406	5,023
Investment in capital assets	$ 603,765	$322,506	$281,259

Capital Assets - continued

Changes in investment in capital assets - net of related debt are as follows:

Acquisition of capital assets	
Tower	329,810
2010 Ford truck	20,759
Laser range finder	2,954
Television	1,048
Copier	300
Total additions	354,871
Depreciation	(68,589)
Decrease in accounts payable equipment	(5,023)
Change in investment in capital assets - net of related debt	281,259
Investment in capital assets - net of related debt - beginning of year	322,506
Investment in capital assets - net of related debt - end of year	$603,765

Economic Factors and Future Outlook

In light of the new Homeland Security requirements and the mandated requirements laid out by the Federal Communications Commission concerning narrow band communications the Dickson County Emergency Communications District understands we must focus our decisions and our budget on meeting those goals.

The Communications District's expectations for future improvements are as follows:

Description	Estimated Cost	Funding
Narrow band repeaters	$100,000	100% local
Homeland Security Trunking system	not available	not available
Lease purchase of new building	$1,000,000	100% City of Dickson
Tower at new building	$56,000	100% local
Possible purchase of E-911 Building	not available	100% local
Furnishings for new Building	not available	not available

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Balance Sheet

June 30, 2010

Assets

Current Assets	
Cash	$ 126,986
Certificates of deposit	800,000
Tariffs receivable	33,797
Interest receivable	710
Inventory	1,400
Total Current Assets	962,893
Property and Equipment - Net	621,194
Other Assets	
Deposits	100
Total Assets	$1,584,187

Liabilities and Net Assets

Current Liabilities	
Accounts payable	1,378
Accounts payable - construction	17,429
Total Current Liabilities	18,807
Net Assets	
Invested in capital assets - net of related debt	603,765
Unrestricted	961,615
Total Net Assets	1,565,380
Total Liabilities and Net Assets	$1,584,187

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

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2010

Operating Revenues	
Emergency telephone service charge	$ 176,407
State Emergency Communications Board - shared wireless charge	109,244
Operational funding	135,617
Total Operating Revenues	421,268
Operating Expenses	
Audit services	3,500
Accounting services	6,000
Data processing services	30,427
Legal Services	3,704
Maintenance agreements	9,788
Leased communication equipment	54,350
Lease expense	20,996
Repairs and maintenance - communications equipment	9,592
Office supplies	75
Utilities	2,239
Telephone	(14,015)
Dues	437
Insurance	1,531
Travel	10,165
Miscellaneous	4,846
Depreciation	68,589
Total Expenses	212,224
Income (Loss) from Operations	209,044
Non-operating Revenues (Expenses)	
Interest income	18,144
State Emergency Communication Board - grants & reimbursements	88,118
Total Non-operating Revenues (Expenses)	106,262
Change in Net Assets	315,306
Net Assets - beginning of year	1,250,074
Net Assets - end of year	$1,565,380

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

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2010

Cash Flows from Operations	
Cash received from operations	$462,926
Cash paid to suppliers	(146,570)
Total Cash Provided (Used) by Operations	316,356
Cash Flows from Non-Capital Financing Activities	
State Emergency Communication Board Grants	88,118
Cash Provided (Used) by Non-Capital Financing Activities	88,118
Cash Flows from Capital and Related Financing Activities	
Purchase of property and equipment	(349,848)
Cash Provided (Used) by Capital and Related Financing Activities	(349,848)
Cash Flows from Investing Activities	
Purchase of certificate of deposit	(100,000)
Interest income received	18,309
Cash Provided (Used) from Investing Activities	(81,691)
Total Decrease in Cash	(27,065)
Cash - beginning of year	154,051
Cash - end of year	$126,986

Reconciliation of Net Operating Income to Net Cash Flows from Operating Activities

Net Operating Income	$209,044
Adjustment to reconcile excess revenues and other sources over expenses to net cash provided by operating activities	
Depreciation	68,589
(Increase) decrease in:	
Accounts receivable	41,658
Increase (decrease)	
Accounts payable	(2,935)
Net Cash Provided by Operations	$316,356

Non cash capital investments amounted to $17,429.

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

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2010

Note 1 - Summary of Significant Accounting Policies

Business Activity - The Dickson County Emergency Communications District was created to provide enhanced emergency telephone communications service (E-911) within Dickson County.

Component Unit - The District is a component unit of Dickson County, Tennessee. Dickson County's board of commissioners appoints a voting majority to the District's board and is able to influence the operations of the District by regulating the tariff charged by the District for emergency telephone service.

Method of Accounting - The District recognizes income and expenses on the accrual basis of accounting, whereby operating income is reported as earned and expenses are reported when incurred. The financial statements have been prepared in conformity with all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Accounts receivable - The Board reports trade receivables at net realized value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, if a receivable is determined to be uncollectible, it is written off through a charge against an existing allowance account or against earnings. As of June 30, 2010 no allowance for doubtful accounts was deemed necessary.

Inventories - Inventories are stated at the lower of cost or market value, with cost determined by using the first-in, first-out method (FIFO).

Property and Equipment - Property and equipment are stated at cost. . The Board capitalizes expenditures when an individual cost exceeds $500 and its estimated useful life is three years or greater. Depreciation is computed by the straight-line method based on the following estimated useful lives:

	Years
Buildings	15 - 25
Equipment	3 - 10

Note 1 - Summary of Significant Accounting Policies - continued

Cash and Cash Equivalents - For purpose of reporting cash flows, cash and cash equivalents include cash and all highly liquid investments with an original maturity of three months or less.

Use of 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 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. Accordingly, actual results could differ from those estimates.

Operating and Non-operating revenues - Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues not meeting this definition are reported as non-operating revenues.

Concentrations of Credit Risk - The District grants credit to various telephone and cellular service providers in the form of emergency telephone tariffs collected by the providers from their customers. It is the providers responsibility to forward to the Dickson County Emergency Communications District tariffs collected.

Note 2 - Cash - At June 30, 2010 cash consisted of the following accounts:

	Bank Balance	Carrying Value
Operating account	$132,042	$126,986
Certificates of deposit	800,000	800,000
Total	$932,042	$926,986

The District is exposed to custodial credit risk of the District's cash deposits being lost due to bank failure. The bank mitigates this risk, by complying with State statutes, and adopting a policy to require the financial institutions holding cash deposits to be members of the Tennessee Collateral Pool or pledge collateral for deposits in excess of federal depository insurance. The collateral is required to be held by the District or its agent in the District's name.

The above amounts are deposited in various banks in Dickson County area. The balance in one of the accounts presently exceeds FDIC insurance levels, the excess amounts, $250,000 as of June 30, 2010, is covered by collateral agreement between the bank and the Board.

Note 2 - Cash - Continued

State statutes authorize the District to invest in obligations of the Federal government, Federal agencies, the State investment pool, certificates of deposit, other time deposits, and repurchase agreements. The District's investment policy follows State law which authorizes investments for emergency communications district in Tennessee Code Annotated Section 5-8-301. All of the District's temporary investments are in certificates of deposits.

Note 3 - Property and Equipment - At June 30, 2010, property and equipment consisted of the following:

	Cost	Accumulated Depreciation
Depreciable assets		
Buildings and improvements	8,926	$ 7,277
Equipment	1,212,548	593,003
Total Equipment	1,221,474	600,280
Less: accumulated depreciation	600,280	
Property and equipment - net	$ 621,194	

	Balance June 31,2009	Additions	Transfers & Disposals	Balance June 30, 2010
Non-depreciable assets				
Construction in progress	$ 7,785	$ -	$7,785	$ -
Depreciable assets				
Buildings	8,926	-	-	8,926
Equipment	849,892	362,656	-	1,212,548
Total	$866,603	$362,656	$7,785	$1,221,474

Depreciation expense for the year ended June 30, 2008 amounted to $68,589.

Note 4 - Leases

The District has entered into an operating equipment lease with Bell South for telephone communications equipment. During the year ended June 30, 2010 the District made payments on this lease totaling $54,350, the District has no long term lease obligations as a result of this lease.

During the year ended June 30, 2010, the District paid the City of Dickson $18,000 for building and equipment rental under the terms of an operating lease which expires June 30, 2010. The District has no long term lease obligations as a result of this agreement.

Note 4 - Leases

The District has entered into a long-term operating lease for land located in Dickson, Tennessee. Terms of the lease require annual lease payments of $2,000 until May 2034

Future minimum lease payments as a result of the above leases are as follows:

2011	$2,000
2012	2,000
2013	2,000
2014	2,000
2015	2,000
2016 - 2020	10,000
2021 - 2025	10,000
2026 - 2030	10,000
2031 - 2034	8,000
Total	$48,000

Note 5 - Changes in investment in capital assets - net of related debt

Changes in investment in capital assets - net of related debt are as follows:

Acquisition of capital assets	
Tower	329,810
2010 Ford truck	20,759
Laser range finder	2,954
Television	1,048
Copier	300
Total additions	354,871
Depreciation	(68,589)
Decrease in accounts payable equipment	(5,023)
Change in investment in capital assets - net of related debt	281,259
Investment in capital assets - net of related debt - beginning of year	322,506
Investment in capital assets - net of related debt - end of year	$603,765

Note 5 - Insurance Risk

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 has an arrangement with the City of Dickson, Tennessee, whereby the City obtains general insurance coverage for the property of the District. The City participates in the Tennessee Municipal League Risk Management Pool (the Pool). The Pool operates as a common risk-sharing pool by which governments pool risks and funds and share in the cost of losses. The District purchase commercial insurance for the risks of losses not covered by the Pool. These risks include general fidelity bond for the board of directors. Settled claims have not exceeded this commercial coverage in the last three years.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Revenues, Expenditures
and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2010

Revenues	Original Budget	Amended Budget	Actual	Actual Over (Under) Budget
Emergency telephone tariffs - BellSouth	$220,000	$ 220,000	$178,153	(41,847)
Emergency telephone tariffs - other	90,000	90,000	131,809	41,809
Operational funding	126,000	126,000	152,964	26,964
State Emergency Communication Board - grants & reimbursements	64,000	64,000	88,118	24,118
Interest income	12,000	12,000	18,309	6,309
Other income	71,700	71,700	-	(71,700)
Total Revenues	583,700	583,700	569,353	(14,347)
Expenditures				
Audit services	3,500	3,500	3,500	-
Accounting services	6,000	6,000	6,000	-
Data processing services	27,000	35,000	30,427	4,573
Legal services	3,000	4,100	4,047	53
Maintenance agreements	5,000	9,800	9,788	12
Leased communications equipment	138,000	138,000	54,350	83,650
Lease expense buildings & facilities	21,000	21,000	20,996	4
Repairs & maintenance	10,000	11,000	12,054	(1,054)
Office supplies	1,000	1,000	76	924
Postage	400	400	-	400
Utilities	2,600	2,900	2,077	823
Telephone	10,200	10,200	(14,049)	24,249
Other supplies	1,000	3,300	3,286	14
Dues	400	450	437	13
Licenses and fees	5,000	5,000	-	5000
Insurance	1,600	1,600	1,531	69
Travel	7,000	31,000	10,165	20,835
Miscellaneous	1,000	1,000	1,885	(885)
Construction in progress	300,000	316,000	337,594	(21,594)
Equipment purchases	40,000	40,000	17,277	22,723
Total Expenditures	583,700	641,250	501,441	139,809
Excess (deficiency) of revenues over expenditures	-	(57,550)	67,912	125,462
Net Assets, beginning of year	1,250,074	1,250,074	1,250,074	
Net Assets, end of year	$1,250,074	$1,192,524	$1,317,986	

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Revenues, Expenditures
and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2010

The District budgets its revenues and expenses on a non-GAAP basis. The statement of revenues, expenses and changes in net assets presented on page 9 has been converted to this non-GAAP basis for purposes of comparison. Reconciliation of revenues and expenses between GAAP and budget basis is as follows:

Revenues (GAAP basis)	$527,530
Decrease in amounts due for tariffs	41,658
Decrease in interest receivable	165
Revenues (budget basis)	$569,353

Expenses (GAAP basis)	$212,224
Decrease in accounts payable	2,935
Depreciation expense	(68,589)
Tower construction	337,594
Equipment purchases	17,277
Expenditures (budget basis)	$501,441

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Grant and Reimbursements

For the Year Ended June 30, 2010

Grant Number	Program Name	Grantor Agency	Deferred (Due from) Balance June 30, 2009	Receipts	Expenditures	Deferred (Due From) Balance June 30, 2010
Operating grants						
Z-08-21974-00	GIS Maintenance Grant	Tennessee Emergency Communications Board	$ -	$10,000	$10,000	$ -
Reimbursements						
None	Controller Lease	Tennessee Emergency Communications Board	-	40,000	40,000	-
None	Dispatcher Training	Tennessee Emergency Communications Board	$ -	38,118	38,118	-
Total			$ -	$88,118	$88,118	$ -

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Officials Bonds

June 30, 2010

The District maintains fidelity bonds on individuals authorized to sign checks for the District. At June 30, 2010 the following surety bonds were in force:

Chairman	$200,000
Vice-chairman	200,000
Treasurer	200,000

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Information Required by Tennessee Regulatory Board

June 30, 2010

The following information is required by the Tennessee Regulatory Board.

a. The number of public safety answering point: one

b. The address of each public safety answering point:

202 South Main Street
Dickson, Tennessee 37055

c. The type of system/equipment and data base used be each public answering point:

Positron equipment
VisionAir cad System

d. Name, address, telephone number, fax number of the director of the emergency communications district.

Captain Larry M. Bruce
202 South Main Street
Dickson, Tennessee 37055
615-446-2151
615-441-5185 (fax)

e. Name, address, telephone number, fax number of the chairman of the emergency communications district.

Tom Wall
P.O. Box 177
146 County Jail Drive
Dickson, TN 37056
615-789-4130
615-789-4185 (fax)

JOHN J. MICHIE
Certified Public Accountant
2108 B WESTWOOD AVENUE
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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 *Governmental Auditing Standards*

Board of Directors
Dickson County Emergency
Communications District
Dickson, Tennessee

I have audited the financial statements of Dickson County Emergency Communications District, a component unit of Dickson County, Tennessee, for the year ended June 30, 2010, and have issued my report thereon dated November 10, 2010. I conducted my 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 my audit, I considered Dickson 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 Dickson County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Dickson County Emergency Communications District's internal control over financial reporting.

My 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 described below, I identified certain deficiencies in internal control over financial reporting that I 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 Dickson 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 Dickson County Emergency Communications District's financial statements that is more than inconsequential will not be prevented or detected by the Dickson County Emergency Communications District's internal control.

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I considered the deficiency described in the accompanying schedule of findings and questioned costs Number 1 to be a significant deficiency in internal control over financial reporting.

The Dickson County Emergency Communications District's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit the Dickson County Emergency Communications District's responses and, accordingly, I express no opinion on them.

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 Dickson County Emergency Communications District'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 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, I 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 Dickson 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 grants 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* which is described in the accompanying schedule of findings and questioned costs as item Number 2.

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

This report is intended for the information of the management of the Dickson County Emergency Communications District, the County of Dickson, and the State of Tennessee, Comptroller's office and is not intended to be and should not be used by anyone other than these specified parties.

November 10, 2010

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2010

SIGNIFICANT DEFICIENCIES INVOLVING INTERNAL CONTROL STRUCTURE BASED ON AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS

1. Finding

Accounting functions do not appear to adequately separated. Good internal accounting controls mandate that no one person should perform all phases of the transaction cycle from beginning to end. The District's bookkeeper is responsible for collecting tariffs, making deposits, writing and recording disbursements and reconciling bank statements. The Uniform Accounting Manual for Tennessee Municipalities, Section 06-7-0, provides the requirements for establishing an adequate system of internal control. Without proper segregation of duties, accounting errors or irregularities may occur and not be detected.

Recommendation

To strengthen internal controls, I recommend that the District establish a simple and flexible organizational plan which clearly places responsibility for specific activities upon specified individuals. I also recommend that the Board of Directors enforce the division of duties and provide a system of checks and balances so that no one person has control over a complete transaction.

Municipality's Response

The District is unable to completely separate duties because of the very limited staff available to perform the duties. However, the Board has implemented a new system of policies and procedures in order to strengthen internal control and provide proper separation of duties.

REPORTABLE CONDITIONS INVOLVING COMPLIANCE BASED ON AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS

2. Finding

During the year ended June 30, 2010 the District expended funds in several expense categories in excess of adopted budget.

Recommendation

I recommend the District closely monitor expenditures to ensure amounts remain within adopted budget guidelines, and if necessary, amend the budget for unforeseen expenditures.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2010

Municipality's Response

The District will implement the above recommendations and closely monitor individual account expenditures in order to remain within budgetary guidelines and if necessary amend the budget for expenditures not taken into account when the original budget was prepared.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Auditor's Comments on Audit Resolution Matters Relating to Prior Findings

Internal Control Structure

June 30, 2010

Finding No. 1 Accounting functions are not adequately separated.

Status Due to limited personnel the District continues to be unable to adequately segregate accounting functions. This finding is repeated in present year's findings and recommendation.

Auditor's Comments on Audit Resolution Matters Relating to Prior Findings

Compliance with Laws and Regulations

Finding No. 2 District expended funds in excess of adopted budget

Status During the year ended June 30, 2009 the District expended funds in several categories in excess of adopted budget. This finding is repeated in present year's findings and recommendation.