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COUNTY AUDIT

BLEDSOE COUNTY E-911 EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2008

TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT

BLEDSOE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2008

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Bledsoe County E-911 Emergency Communications District and
Bledsoe County
Pikeville, Tennessee

I have audited the accompanying financial statements of the Bledsoe County E-911 Emergency Communications District, a component unit of Bledsoe County, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Bledsoe County E-911 Emergency Communications 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 the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. 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 Bledsoe County E-911 Emergency Communications District, as of June 30, 2008, and the results of its operations and the 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 20, 2009, on my consideration of the Bledsoe County E-911 Emergency Communications District's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and

not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

The management's discussion and analysis, which is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board; however, management has chosen to exclude this information.

My audit was performed for the purpose of forming an opinion on the financial statements of Bledsoe County E-911 Emergency Communications District, taken as a whole. The accompanying supplementary financial information is presented for the purposes of additional analysis and is not a required part of the basic financial statement of Bledsoe County E-911 Emergency Communications District. Such information has been subjected to the auditing procedures applied in the examination of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

January 20, 2009
Cookeville, Tennessee

Tamara S. Beckman, CPA

BLEDSOE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 206,194.64	
Accounts Receivable	9,734.42	
Due from State Emer. Comm. Board	5,216.67	
Prepaid Expenses	8,686.19	
Total Current Assets		$ 229,831.92
Non-Current Assets		
Building & Improvements	105,687.63	
Less: Accumulated Depreciation	(9,834.66)	
Furniture & Fixtures	15,752.21	
Less: Accumulated Depreciation	(8,220.86)	
Office Equipment	10,101.03	
Less: Accumulated Depreciation	(5,053.64)	
Communications Equipment	242,688.43	
Less: Accumulated Depreciation	(110,698.04)	
Total Non-Current Assets		240,422.10
Total Assets		470,254.02
LIABILITIES		
Accounts Payable		447.20
NET ASSETS		
Invested in Capital Assets	240,422.10	
Unrestricted Net Assets	229,384.72	
Total Net Assets		$ 469,806.82

The accompanying notes are in integral part of the financial statements

BLEDSOE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

Operating Revenues			
Emergency Telephone Service Charges		$ 118,324.87	
State – Wireless Charges		28,847.66	
State – Operational Funding Program		72,214.74	
Other Operating Revenue		53.88	
Total Operating Revenue			$ 219,441.15
Operating Expenses			
Contracted Services			
Addressing & Mapping	$ 767.54		
Advertising	185.00		
Audit Services	1,500.00		
Accounting Services	1,000.00		
Contracts with Government Agencies	180,000.00		
Legal Services	4,200.00		
Maintenance Agreements	16,060.41		
R&M-Communications Equipment	75.85		
R&M-Building & Facilities	358.51		
Other Contracted Services	32,229.00		
Total Contracted Services		236,376.31	
Supplies & Materials			
Office Supplies	92.00		
Postage	70.00		
Utilities-General Telephone	2,825.55		
Total Supplies & Materials		2,987.55	
Other Charges			
Board Meeting Expense	162.67		
Premiums on Surety Bonds	92.42		
Training Expenses	795.00		
Travel Expenses	47.00		
Other Charges	1,283.60		
Total Other Charges		2,380.69	
Depreciation		38,901.72	
Total Expenses			280,646.27
Net Operating Loss			(61,205.12)
Non-Operating Revenue and (Expense)			
Interest Income		1,878.45	
State Grants & Reimbursements		56,796.07	
Total Non-Operating Revenue & Expense			58,674.52
Increase in Net Assets			(2,530.60)
Total Net Assets, July 1, 2007			472,337.42
Total Net Assets, June 30, 2008			$ 469,806.82

The Accompanying notes are in integral part of the financial statements

BLEDSOE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2008

Cash Flows From Operating Activities		
Cash Received from Operations	$ 219,630.30	
Cash Payments for Goods and Services	(245,806.17)	
Net Cash Useded in Operating Activities		$ (26,175.87)
Cash Flows from Capital & Related Financing Activities		
Acquisition of New Assets		(70,308.47)
Cash Flows from Non-Capital Financing Activities		
State Grants & Reimbursements		56,796.07
Cash Flows from Investing Activities		
Interest Received		1,878.45
Net Decrease in Cash and Cash Equivalents		(37,809.82)
Cash and Cash Equivalent at 6-30-07		244,004.46
Cash and Cash Equivalent at 6-30-08		$ 206,194.64

Reconcilement of Operating Income to Net Cash Provided by Operating Activities		
Net Operating Loss	(61,205.12)	
Depreciation	38,901.72	
Decrease in Accounts Receivable	100.98	
Decrease in Due from State ECB	88.17	
Increase in Prepaid Expense	(3,827.17)	
Decrease in Accounts Payable	(234.45)	
Net Cash Provided by Operating Activities		$ (26,175.87)

The Accompanying notes are in integral part of the financial statements

BLEDSOE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

Note 1 – Summary of Significant Accounting Policies

The Bledsoe County E-911 Emergency Communication District was established for the purpose of providing an enhanced level of 911 services to the Bledsoe County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Bledsoe County. The District must file a budget with Bledsoe County each year. Any bond issued by the district is subject to approval by Bledsoe County. On July 1, 2004, the District entered into an inter-local agreement with Bledsoe County that appears to give all authority of the District, its operations and assets to the County. (See Note 9)

The District uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board. As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Board has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989.

Depreciation

Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives. Depreciation begins when the fixed assets are placed in service. Depreciation is summarized as follows:

	Method	Estimated Useful Life	2008 Depreciation
Building & Improvements	S/L	10-40 Years	$ 2,850.14
Communications Equipment	S/L	5-10 Years	32,344.70
Office Equipment	S/L	5-10 Years	1,563.23
Furniture & Fixtures	S/L	5-10 Years	2,143.65
			$38,901.72

Major Source of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges. Non-operating revenue consists of a grant given by the State Emergency Communications Board to help the district employ dispatchers, interest and miscellaneous income.

Note 2 – Cash and cash investments

The Tennessee Government Code requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105% of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to $100,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance District (SAIF).

The following is a schedule of bank accounts at June 30, 2008:

Checking – First National Bank	$206,194.64

At June 30, 2008, the carrying amount of the Bledsoe County E – 911 Emergency Communications District's cash deposits was $206,194.64. The District's deposit accounts are covered up to $100,000 by the Federal Deposit Insurance Corporation. Any amounts over $100,000 are covered by the government collateralization pool of which First National Bank is a member. The District is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated. [Acts 1992, ch. 891, sct 10].

Note 3 – Risk Management

Bledsoe County E-911 Emergency Communications District has bonds covering certain members of the board at June 30, 2008. The District is exposed to other areas of risk including theft, property damage and public liabilities. The District is covered under the county's policy for these areas of risk. There have been no losses or settlements during the past three years that have exceeded coverage amounts.

Note 4 – Fixed Assets

The following is a schedule of equipment at June 30, 2008:

Assets	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008
Comm. Equipment	$190,387.16	$ 52,301.27	$ --	$242,688.43
Furniture & Fixtures	14,585.87	1,166.34	--	15,752.21
Bldg & Improvements	93,393.05	12,294.58	--	105,687.63
Office Equipment	5,554.75	4,546.28	--	10,101.03
	$303,920.83	$ 70,308.47	$ --	$374,229.30

Assets	Accumulated Depreciation June 30, 2007	Current Year Depreciation	Accumulated Depreciation June 30, 2008
Comm. Equipment	$ 78,353.34	$ 32,344.70	$110,698.04
Furniture & Fixtures	6,077.21	2,143.65	8,220.86
Building & Improvements	6,984.52	2,850.14	9,834.66
Office Equipment	3,490.41	1,563.23	5,053.64
	$ 94,905.48	$ 38,901.72	$133,807.20

Note 5 – Cash and cash equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

Note 6 – Accounts Receivable/Due from State

The amounts due to the District from the wireless charges and other government agencies include the following:

Bledsoe Telephone Coop	$9,605.23
BellSouth Telecommunications	129.19
Total Accounts Receivable	$9,734.42
State of Tennessee-ECB	$5,216.67
Total Due from State ECB	$5,216.67

Note 7 – Compensated Absences

There were no compensated absences for June 30, 2008.

Note 8 – Calculation of Invested in Capital Assets

Net Book Value	$240,422.10
Current and Non-Current Debt	-
Invested in Capital Assets, Net of Related Debt	$240,422.10

Note 9 – Inter-local Agreements

A revised Inter-local Agreement was entered into January 16, 2008 between Bledsoe County and the 911 District. This agreement gives the County through the Mayor's office:

- Authority to manage all county radio communications.
- Complete authority over employees necessary for operations at the Center.
- Authority to perform maintenance of the addressing, mapping & GIS in accordance with guidelines of the TECB.
- And Citizen's access to the Center's conference room for Board and committee meetings and rights to public records as defined by state law.

The revised agreement returns to the District:

- Any interest and title to the Center and grounds as it may have possessed. The District hereby grants the County a license to use the Center for purposes described herein. The County will keep the Center in good condition.
- Any interest in ownership of PSAP equipment previously acquired by the County. The District hereby grants the County a license to use the PSAP equipment for the purposes described herein. The County shall be responsible to maintain all equipment.
- Any equipment not needed or no longer functional.
- The District shall annually provide to the County cost recovery payments to offset

expenses of dispatcher salaries and benefits so that the 911 Center may be adequately staged by trained and competent personnel, to the extent that funds are available to the District and authorized by the TECB.

- The County will remain responsible for paying costs associated with the radio system, including, but not limited to, towers, repeaters, generators, and tower equipment buildings, as and when required.

Another Inter-local Agreement was entered into April 16, 2008 between Bledsoe County 911 District and Sequatchie County 911 District, however, the phases outlined by the agreement have not begun and no payments have been made as of the date of the auditor's report. This purpose of the agreement is for technical services to be performed by the professional staff of the Sequatchie ECD, including, but not limited to the following:

- The development of new information, and the correction of existing information, necessary for the proper functioning of the Bledsoe ECD's enhanced 9-1-1 (E-911) system, which information includes, but is not limited to, the master street addressing guide (MSAG);
- The conversion of the information into an appropriate format so that mapping stat, including that data within a geographic information system (GIS), may be properly accessed;
- The merger of the Bledsoe ECD information with the MSAG maintained by the Bledsoe Telephone Cooperative (BTC) so that the E-911 system will properly identify the location of callers; the purging of outdated information from E-911 databases; and the loading of updated information;
- The development of a GIS that meets standards of the Tennessee Emergency Communications Board (TECB) and the State of Tennessee Office of Information Resources, Division of GIS (OIR-GIS); and,
- The training of a person designated by the Bledsoe ECD so that all information may be maintained in compliance with requirements of the TECB and OIR-GIS.

<u>Services provided by the Sequatchie ECD</u>:

- The 1st phase of the project is for the Sequatchie ECD to build a proper information foundation. To assist in this phase of the project, the Bledsoe ECD hereby grants to the Sequatchie ECD full and complete access to all information in its possession, or in the possession of other parties, including the BTC and MSAG Data Consultants, Inc., a private company that developed and maintains Bledsoe ECD information.
- The 2nd phase will follow. It will include the review of all existing information, and the editing/correcting of inaccurate or outdated information.
- The 3rd phase will be to convert the AutoCAD file structure into an ESRI format to meet accepted mapping standards as promulgated by OIR-GIS. This conversion will enable GIS information (street centerlines, structures, etc.) to be maintained with current software and hardware.

- The 4th phase will be to merge the MSAG and other database information with the BTC MSAG so that accurate information, including Automatic Location Information (ALI), is provided to the 911 Center when there is an E-911 event.
- The 5th phase will be to purge all databases that supply information to the 911 center, and to load corrected data onto the system network.
- The 6th and final phase will be to provide training to a person designated by the Bledsoe ECD so that this person may perform updated and maintain the new information and databases to insure compliance with TECB and OIR-GIS requirements.

Compensation and Adjustment

The Bledsoe ECD will remit payment to the Sequatchie ECD in the total amount of $2,500 per month during the course of the project. Payment will be made on or before the 1st day of each month, commencing on the first day of the month following the signing of the Agreement. If at anytime during the project, either party deems the amount of compensation in need of adjustment, the parties will confer informally and seek to make equitable changes.

Reporting

The Sequatchie ECD will provide monthly reports on project-related activities to the Chairman of the Bledsoe ECD, detailing work performed.

Special Equipment

In the event the Sequatchie ECD determines that special equipment, such as an appropriately configured computer or other hardware and software, may be needed for performance of the phases described above, including equipment that may be required by the Bledsoe ECD-designated trainee, or services by a third-party vendor, a written recommendation will be made to the Bledsoe ECD, through the Chairman of the Bledsoe ECD Board of Directors, who may determine whether to authorize the purchase of the special equipment and/or services, subject to such authorization as may be provided by the Bledsoe ECD Board of Directors.

Termination

Either party may terminate the Agreement at anytime for any reason by giving written notice to the other party. If termination occurs during a month, the compensation payment shall be pro-rated accordingly.

BLEDSOE COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Amended Budget	Actual
Revenue			
Emergency Telephone Service Charges	$ 115,600.00	$ 115,600.00	$ 118,324.87
State-Shared Wireless Charges	90,000.00	25,000.00	28,847.66
State-Operational Funding Program	-	72,215.00	72,214.74
Other Operating Revenue	-	-	53.88
TECB-Grants and Reimbursements	190,000.00	36,000.00	1,878.45
Interest Income	-	1,185.00	56,796.07
Total Revenue	395,600.00	250,000.00	278,115.67
Expenditures			
Addressing & Mapping	-	45,000.00	32,996.54
Advertising/Legal Notices	200.00	200.00	185.00
Audit Services	1,800.00	1,800.00	1,500.00
Accounting Services	1,250.00	1,250.00	1,000.00
Contract with County Government	-	180,000.00	180,000.00
Legal Services & Expenses	3,600.00	4,200.00	4,200.00
Maintenance Agreements	35,000.00	18,500.00	16,060.41
R&M-Communications Equipment	-	1,000.00	75.85
R&M-Building & Facilities	-	1,500.00	358.51
Office Supplies	-	500.00	92.00
Postage	100.00	100.00	70.00
General Telephone	-	3,000.00	2,825.55
Board Meeting Expense	500.00	500.00	162.67
Dues & Memberships	400.00	300.00	-
Premiums on Surety Bonds	350.00	200.00	92.42
Training Expenses	-	2,000.00	795.00
Travel Expenses	500.00	500.00	47.00
Other Charges	-	1,500.00	1,283.60
Depreciation	46,002.00	40,000.00	38,901.72
Total Expenditures	89,702.00	302,050.00	280,646.27
Net Income (Loss)	$ 305,898.00	$ (52,050.00)	$ (2,530.60)

BLEDSOE COUNTY E-911
EMERGENCY COMMUNICATION DISTRICT
SCHEDULE OF INFORMATION REQUIRED BY THE TENNESSEE
EMERGENCY COMMUNICATION BOARD
JUNE 30, 2008

Number of public safety answering points: 1

Address: PO Box 810
Pikeville, TN 37367-0810

Type of system/equipment: TCI

Type of Database: Invision II

Chairman: Larry Billingsly
PO Box 514
Pikeville, TN 37367
(423) 423-618-1869
Lbillingsley@bledsoe.net

BLEDSOE COUNTY E – 911
EMERGENCY COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2008

Larry Billingsly, Chairman
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Pikeville, TN 37367
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Lbillingsley@bledsoe.net

Chris T. Troglin, Vice Chairman
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Thomas Boynton, Board Member
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Ronnie Sapp, Board Member
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N.C. Simmons, Board Member
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Gordon Smith, Board Member
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(423) 447-6706

Donnie Walker, Board Member
Route 2, Box 142A
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(423) 533-2517

Paul Putman, Board Member
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Deena Swafford, Secretary-Treasurer
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Patricia Edmonds, E-911 Director
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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 of the
Bledsoe County E-911 Emergency Communications District
and Bledsoe County
Pikeville, Tennessee

I have audited the financial statements of Bledsoe County Emergency Communications District as of and for the year ended June 30, 2008, and have issued my report thereon dated January 20, 2009. 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 Bledsoe 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 my opinion on the effectiveness of Bledsoe County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Bledsoe 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 Bledsoe 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 Bledsoe County Emergency Communications District's financial statements that is more than inconsequential will not be prevented or detected by Bledsoe 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 Bledsoe 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 be necessarily identify all deficiencies in the 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 Bledsoe 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the management and federal awarding agencies and pass-through entities and the State of Tennessee Comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties.

January 20, 2009
Cookeville, Tennessee

Tamara L. Beckman, CPA