

**HARDIN COUNTY EMERGENCY
COMMUNICATION DISTRICT**

**FINANCIAL STATEMENTS
AND AUDITORS' REPORTS
JUNE 30, 2008**

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
INDEPENDENT AUDITORS' REPORT, FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION
JUNE 30, 2008 AND 2007

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**HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
ROSTER OF BOARD OF DIRECTORS
JUNE 30, 2008**

Melvin Martin - Chairman

Mark Mitchell - Vice Chairman

Lydle Dickson - Secretary

Joyce England

Wally Hamilton

Donald Derr

Sammy Davidson

Paul Blount

Jamie Lee Johnson

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Our discussion and analysis of Hardin County Emergency Communication District's (the District) financial performance will offer readers of the District's financial statements a narrative overview and review of the financial activities of the District for the fiscal year ended June 30, 2008. Readers are encouraged to consider the information presented here in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statements of Net Assets and the Statements of Revenues, Expenses and Changes in Net Assets (on pages 7 through 8) provide information about the activities of the District's finances.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the District's financial statements. The notes to the financial statements can be found on pages 10 - 13.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplemental information concerning the District is required by the Tennessee Emergency Communication Board. This other supplemental information can be found on pages 14 – 15 of this report.

Comparative Data

Statement of Net Assets

	June 30, 2008	Percent of Total	June 30, 2007	Percent of Total
Current and other assets	\$ 498,118	77.39%	\$ 380,037	65.66%
Capital assets	145,525	22.61%	198,770	34.34%
Total assets	643,643	100.00%	578,807	100.00%
Current liabilities	202	0.03%	7,048	1.22%
Total liabilities	202	0.03%	7,048	1.22%
Net assets				
Invested in capital assets	145,525	22.61%	198,770	34.34%
Unrestricted	497,916	77.36%	372,989	64.44%
Total net assets	\$ 643,441	99.97%	\$ 571,759	98.78%

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

The changes in the District's net assets are described below:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Revenues		
Operating revenues	\$ 176,960	\$ 168,070
Expenses		
Salaries and Wages	6,000	6,000
Employee Benefits	477	456
Contracted services	126,763	130,564
Supplies and materials	6,456	7,708
Other charges	4,897	4,178
Depreciation	53,245	58,217
Total expenses	<u>197,838</u>	<u>207,123</u>
Operating income (loss)	(20,878)	(39,053)
Nonoperating revenue (expenses)	<u>92,560</u>	<u>180,863</u>
Change in net assets	71,682	141,810
Net assets - beginning of year	<u>571,759</u>	<u>429,949</u>
Net assets - end of year	<u>\$ 643,441</u>	<u>\$ 571,759</u>

The District had a profit of \$71,682 compared to a profit in the prior year of \$141,810. This current year decrease in profit was due to receiving fewer grants from the State Emergency Communication Board.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 2008, the District had \$145,525 invested in a broad range of capital assets, including buildings and improvements, furniture and fixtures, office equipment, communications equipment, and vehicles. There were no capital asset additions or disposals in the current year. Accumulated depreciation increased by \$53,245 or 8%. Additional information on capital assets is in Note 8.

Debt

At year-end, the District had no debt.

**HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES AND RATES

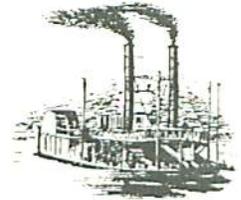
The District is dependent on telephone service charges collected by various phone companies and remitted to the District as well as operating grants and capital grants from the State Emergency Communications Board.

A budget is prepared before each fiscal year. Next year the budget shows total revenues of \$246,169 (including grants of \$86,149 which will be used to help pay operational expenses) and expenses of \$246,169.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the District at 465 Main Street, Savannah, Tennessee.

Marilyn White
Administrator



Independent Auditors' Report

Board of Directors
Hardin County Emergency Communication District
Savannah, Tennessee

We have audited the accompanying financial statements of Hardin County Emergency Communication District (the District), a component unit of Hardin County, Tennessee, as listed in the table of contents, as of and for the years ended June 30, 2008 and 2007. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2008 and 2007, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages 3 - 5 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. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section (pages 1 - 2) and the supplemental information (pages 14 - 15) are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Williams, Jerrold, Godwin & Nichols, PLLC

November 14, 2008

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
STATEMENTS OF NET ASSETS
JUNE 30, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash	\$ 459,537	\$ 345,175
Investments	17,492	16,773
Accounts receivable	<u>21,089</u>	<u>18,089</u>
TOTAL CURRENT ASSETS	<u>498,118</u>	<u>380,037</u>
FIXED ASSETS		
Building improvements	43,985	43,985
Equipment - capital lease	339,029	339,029
Equipment and software	264,547	264,547
Vehicles	25,196	25,196
Maps	<u>176,904</u>	<u>176,904</u>
	849,661	849,661
LESS: accumulated depreciation	<u>(704,136)</u>	<u>(650,891)</u>
NET FIXED ASSETS	<u>145,525</u>	<u>198,770</u>
TOTAL ASSETS	<u><u>\$ 643,643</u></u>	<u><u>\$ 578,807</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 6,846
Accrued expenses	<u>202</u>	<u>202</u>
TOTAL CURRENT LIABILITIES	<u>202</u>	<u>7,048</u>
NET ASSETS		
Invested in capital assets	145,525	198,770
Unrestricted	<u>497,916</u>	<u>372,989</u>
TOTAL NET ASSETS	<u>643,441</u>	<u>571,759</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 643,643</u></u>	<u><u>\$ 578,807</u></u>

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

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Emergency telephone service charges	\$ 111,329	\$ 114,181
State Emergency Communication Board - share wireless charges	<u>65,631</u>	<u>53,889</u>
TOTAL OPERATING REVENUES	<u>176,960</u>	<u>168,070</u>
OPERATING EXPENSES		
Salaries and Wages		
Administrative Personnel	6,000	6,000
Employee Benefits		
Social Security	372	356
Medicare	87	83
Unemployment compensation	18	17
Contracted Services		
Addressing/maps	28,616	31,315
Addressing/mapping expense	-	10,000
Audit services	3,000	3,000
Accounting services	900	1,200
Contracts with government agencies	46,807	44,431
Fees paid to service providers	26,327	28,060
Technical services	3,900	3,915
Maintenance and repairs - communications equipment	17,213	8,643
Supplies and Materials		
Supplies - building and facilities	-	90
Office supplies	120	416
Data processing supplies	1,045	-
Postage	82	25
Small equipment purchases	1,476	3,463
Utilities - gas	49	44
Utilities - telephone	3,241	3,302
Utilities - cell phones and pagers	443	368
Other Charges		
Board meetings	440	-
Dues	217	217
Insurance - liability	3,000	3,000
Premiums on surety bonds	336	150
Service awards	904	811
Depreciation	<u>53,245</u>	<u>58,217</u>
TOTAL OPERATING EXPENSES	<u>197,838</u>	<u>207,123</u>
NET OPERATING INCOME (LOSS)	<u>(20,878)</u>	<u>(39,053)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	6,391	2,030
State Emergency Communications Board - grants	<u>86,169</u>	<u>178,833</u>
NONOPERATING REVENUES (EXPENSES) - NET	<u>92,560</u>	<u>180,863</u>
CHANGE IN NET ASSETS	71,682	141,810
NET ASSETS - BEGINNING OF YEAR	<u>571,759</u>	<u>429,949</u>
NET ASSETS - END OF YEAR	<u>\$ 643,441</u>	<u>\$ 571,759</u>

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

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 173,960	\$ 167,670
Payments to suppliers	(145,439)	(140,093)
Payments to employees	(6,000)	(5,949)
CASH PROVIDED BY OPERATING ACTIVITIES	22,521	21,628
NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from mapping grant	-	10,000
Proceeds from TECB operational funding	86,169	86,169
Proceeds from rural dispatching grant	-	30,000
CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	86,169	126,169
CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisitions of equipment and software	-	(15,376)
Proceeds from retroactive reimbursement equipment grant	-	52,664
CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	-	37,288
INVESTING ACTIVITIES		
Interest income	5,672	2,030
Purchases of investments	-	(649)
CASH PROVIDED BY INVESTING ACTIVITIES	5,672	1,381
INCREASE IN CASH	114,362	186,466
CASH - BEGINNING OF PERIOD	345,175	158,709
CASH - END OF PERIOD	\$ 459,537	\$ 345,175
<hr/>		
SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES		
Investment income	\$ 6,391	\$ -
Less: directly reinvested into certificate of deposit	(719)	-
Net cash received	\$ 5,672	\$ -
<hr/>		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (20,878)	\$ (39,053)
Adjustments to derive cash effect:		
Depreciation	53,245	58,217
Accounts receivable	(3,000)	(400)
Accrued expenses	-	51
Accounts payable	(6,846)	2,813
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 22,521	\$ 21,628

HARDIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Hardin County)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

1. GENERAL INFORMATION

Component unit

Hardin County Emergency Communication District (the District) provides 911 emergency assistance to persons living in Hardin County. The District is a component unit of Hardin County. Accordingly, this financial data is incorporated into the County's financial statements. Board members are appointed by the County Mayor. Additionally, any bonded indebtedness by the District is subject to the approval of the Hardin County Commission. Revenues received in excess of the District's operating requirements are remitted to the City of Savannah which pays the salaries of the dispatchers. Any unreimbursed dispatcher salaries are evenly shared by the City and the County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GASB conformity

The financial statements included herein are prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement 20 - "Election of a Reporting Method" - required the District to elect either (1) all provisions of the Financial Accounting Standards Board (FASB) issued prior to 1989 for proprietary type funds, or (2) all of the provisions of the FASB regardless of the issue date for proprietary type funds. The District elected to adopt only the provisions of the FASB prior to 1989.

Measurement focus and basis of accounting

The District uses the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities associated with their activities are reported.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. Revenues and expenses are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Cash and cash equivalents

Cash and cash equivalents, as used in the Statements of Cash Flows, includes demand deposit accounts and certificates of deposit with maturities of three months or less when purchased, in accordance with GASB Statement No. 9.

HARDIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Hardin County)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

Fixed Assets

All fixed assets of the District are recorded at original cost, except for donated equipment which is recorded at fair market value. Expenses which materially increase values or capacities, or extend useful lives of these assets are capitalized while expenses for maintenance and repairs are charged to operations as incurred. Any related interest cost is also added to the cost of the asset as appropriate.

Gains and losses from the sale of fixed assets are reflected in operations and the asset accounts and related allowances for depreciation are reduced. Also, depreciation expense on all depreciable items is systematically charged against operations using the straight-line method over their estimated useful lives.

Operating revenues and expenses

Operating revenues and expenses are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from daily operations are defined as nonoperating.

Fund Accounting

The accounts of the District are organized on the basis of funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses, as appropriate. The accounts in the financial statements in this report fall under one broad fund category as follows:

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

3. REVENUES

Revenues are derived from telephone customers in the area served by the District. Telephone companies collect the fees on the monthly telephone bills and remit them to the District.

HARDIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Hardin County)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

4. RISK MANAGEMENT

It is the policy of the District to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property damage, and theft. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the prior year.

5. CONTRACT AGREEMENT

In 1992, the District entered into an agreement with Hardin County, Tennessee, and the City of Savannah, Tennessee, whereby the Board of the District is charged with the responsibilities of establishing and collecting service fees; seeking additional funding and issuing bonds, if necessary, and creating a dispatch service and determining the mode. Further, the parties agreed that the City of Savannah would serve as the administrative unit with the responsibility to operate the dispatch facility in a manner consistent with statutory requirements. The District has traditionally remitted excess funds to the City to cover various operating expenses. This year the District remitted \$46,807 to the City.

6. DEPOSITS AND INVESTMENTS

The District's investment policies are governed by State statute. Included in permissible investments are direct obligations of the U. S. Government and agency securities, certificates of deposit and savings accounts. The District has no policy that further limits allowable investments. Investments consist of a certificate of deposit, the fair value of which was comparable to the carrying value.

For deposits, custodial credit risk is the risk that, in the event of a bank failure, District deposits may not be returned to it. The District does not have a policy regarding custodial credit risk for deposits. Collateral is required for demand deposits and certificates of deposit at 105% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. The District's deposits at year-end were not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance with the excess covered by the State's Bank Collateral Pool).

7. COMPENSATED ABSENCES

The District provides no benefits such as vacation and sick leave to its employees.

HARDIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Hardin County)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, was as follows:

	<u>Balance 7/1/2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2008</u>
Capital assets being depreciated:				
Buildings and improvements	43,985	-	-	43,985
Equipment - capital lease	339,029	-	-	339,029
Equipment and software	264,547	-	-	264,547
Vehicles	25,196	-	-	25,196
Maps	176,904	-	-	176,904
Total capital assets being depreciated	<u>849,661</u>	<u>-</u>	<u>-</u>	<u>849,661</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,509)	(1,466)	-	(10,975)
Equipment - capital lease	(315,288)	(8,903)	-	(324,191)
Equipment and software	(206,394)	(29,359)	-	(235,753)
Vehicles	(25,196)	-	-	(25,196)
Maps	(94,504)	(13,517)	-	(108,021)
Total accumulated depreciation	<u>(650,891)</u>	<u>(53,245)</u>	<u>-</u>	<u>(704,136)</u>
Total capital assets, net	<u>\$ 198,770</u>	<u>\$ (53,245)</u>	<u>\$ -</u>	<u>\$ 145,525</u>

Depreciation expense of \$53,245 (\$58,217 in 2007) was recorded by the District.

9. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local governmental unit, the District is subject to various federal, state, and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over the District resources follows.

Budget Appropriations

In accordance with State law, the board of the District must adopt and operate under an annual budget. Criteria for the information required in the annual adopted budget are detailed in Section 7-86-120, *Tennessee Code Annotated*. However, for financial reporting purposes it is only necessary to present budgetary revenues and expenses compared to actual. All purchases must be made within the limits of the approved budget. Expenses must be presented at the legal level of control, which is defined to be at the line-item level.

The District's expenses exceeded appropriations at the line-item level.

10. ESTIMATES AND ASSUMPTIONS

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. Actual results could differ from those estimates.

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Emergency telephone service charges	\$ 114,000	\$ 111,329	\$ (2,671)
State Emergency Communication Board - shared wireless charges	<u>45,000</u>	<u>65,631</u>	<u>20,631</u>
TOTAL OPERATING REVENUES	<u>159,000</u>	<u>176,960</u>	<u>17,960</u>
OPERATING EXPENSES			
Salaries and Wages			
Administrative Personnel	6,000	6,000	-
Employee Benefits			
Social Security	650	372	278
Medicare	87	87	-
Unemployment compensation	25	18	7
Contracted Services			
Addressing/maps	30,300	28,616	1,684
Addressing/mapping expenses	10,000	-	10,000
Audit	3,500	3,000	500
Accounting services	1,200	900	300
Contracts with government agencies	146,807	46,807	100,000
Fees paid to service providers	32,596	26,327	6,269
Technical services	4,275	3,900	375
Maintenance and repairs - communications equipment	19,605	17,213	2,392
Supplies and Materials			
Office supplies	200	120	80
Data processing supplies	2,000	1,045	955
Postage	150	82	68
Small equipment purchases	50,000	1,476	48,524
Utilities - gas	300	49	251
Utilities - telephone	3,500	3,241	259
Utilities - cell phones and pagers	400	443	(43)
Other Charges			
Board meetings	440	440	-
Dues	225	217	8
Insurance - liability	3,500	3,000	500
Premiums on surety bonds	336	336	-
Service awards	904	904	-
Training expense	1,000	-	1,000
Travel, entertainment, conventions	<u>2,000</u>	<u>-</u>	<u>2,000</u>
TOTAL OPERATING EXPENSES	<u>320,000</u>	<u>144,593</u>	<u>175,407</u>
NET OPERATING REVENUE BEFORE DEPRECIATION	(161,000)	32,367	193,367
DEPRECIATION	<u>-</u>	<u>53,245</u>	<u>(53,245)</u>
NET OPERATING INCOME (LOSS)	<u>(161,000)</u>	<u>(20,878)</u>	<u>140,122</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	1,000	6,391	5,391
State Emergency Communications Board - grants	<u>160,000</u>	<u>86,169</u>	<u>(73,831)</u>
OTHER INCOME (EXPENSE) NET	<u>161,000</u>	<u>92,560</u>	<u>(68,440)</u>
CHANGE IN NET ASSETS	-	71,682	71,682
NET ASSETS - BEGINNING OF YEAR	<u>571,759</u>	<u>571,759</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 571,759</u>	<u>\$ 643,441</u>	<u>\$ 71,682</u>

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

HARDIN COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Hardin County)
SCHEDULE OF INFORMATION REQUIRED BY THE TENNESSEE EMERGENCY
COMMUNICATIONS BOARD
JUNE 30, 2008

Number of public safety answering points (PSAP)

One

Address of PSAP

Hardin County Emergency Communication District
80 King Street
Savannah, TN 38372

Type of system/equipment and database used by the PSAP

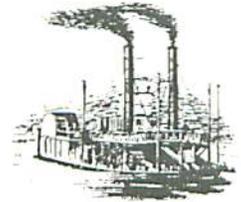
System/equipment - Positron
Database - Century Telephone and South Central Bell

Director's information

Name: Melvin Martin
Address: 465 Main Street
Savannah, TN 38372
Phone: (731)925-6178
Fax #: (731)925-6704

Chairman's information

Name: Melvin Martin
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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

Board of Directors
Hardin County Emergency Communication District
Savannah, Tennessee

We have audited the financial statements of Hardin County Emergency Communication District (the District), a component unit of Hardin County, Tennessee, as of and for the year ended June 30, 2008, and have issued our report thereon dated November 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified some deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the 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 District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

2008-01 PRE-SIGNED CHECKS

Checks require dual signatures. However, pre-signed blank checks were noted during the audit.

Recommendation: Before affixing signatures, each check should be completed with the vendor's name and the amount of the check. Appropriate support should be available for review.

Management's Response: We will correct immediately.

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 District's internal control.

Our 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, we believe that significant deficiency 2008-01 described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed a instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described below.

2008-02 EXPENSES IN EXCESS OF BUDGET

The District's expenses insignificantly exceeded the budgeted amounts for one line item. However, expenses in total were far less than budgeted amounts.

Recommendation: We recommend that expenses be monitored and budget amendments be made when necessary. This was a finding in the prior year also.

Management's Response: We agree and will monitor more closely in the future.

DISPOSITION OF PRIOR AUDIT FINDINGS:

2007-01 FINANCIAL STATEMENTS MATERIALLY MISSTATED—Corrected.

2007-04 AUTHORIZED PERSONNEL NOT ADEQUATELY BONDED—Corrected.

2007-05 UNIFORM CHART OF ACCOUNTS NOT USED—Corrected.

2007-06 BANK ACCOUNTS OPENED WITHOUT PROPER APPROVAL—Corrected.

The District's response to the findings identified in our audit is described above. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Board of Directors, 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.

William, Jenolds, Godwin & Nulish, PLLC

November 14, 2008