

**E-911 EMERGENCY COMMUNICATION DISTRICT
OF MONTGOMERY COUNTY
REPORT OF AUDIT
JUNE 30, 2008**

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**E-911 EMERGENCY COMMUNICATION DISTRICT OF MONTGOMERY COUNTY
REPORT OF AUDIT
JUNE 30, 2008**

INTRODUCTORY SECTION

GENERAL

The E-911 Emergency Communication District (the District) was created as a "Municipality" or public corporation under authority of the provisions of Chapter 867 of the Tennessee Public Acts of 1984, and approved by the voters of Montgomery County, Tennessee on November 4, 1986. The powers of the District are vested in and exercised by a majority of the members of the Board of Directors. The Board consists of nine (9) members comprised of the County Sheriff, the Clarksville Chief of Police, the chairman of the E-911 user group, three (3) members (one of whom shall be a County Commissioner) nominated by the County Executive and approved by the Montgomery County Board of Commissioners, and three (3) members (one of whom shall be a member of the City Council) nominated by the Mayor and approved by the City Council. The District is considered a political sub-division of the County, and is exempt from Federal and State income tax.

BOARD OF DIRECTORS

<u>County Members</u>	<u>Office</u>	<u>Term Expires</u>
Dalton Harrison	Director	November 2011
Ed Patterson	Director	November 2008
Billy R. Smith	Director	November 2009
<u>City Members</u>		
Suzanne Uffelman	Director	November 2011
Sammy Stuard	Vice-Chairman	November 2008
Geno Grubbs	Director	November 2009
<u>Other Members</u>		
Norman Lewis	Sheriff - Chairman	Coterminous
Al Ansley	Chief of Police	Coterminous
Tony Norfleet	911 User Board Chairman	Coterminous

PRINCIPAL EMPLOYEES

Loretta Bryant, Director



November 3, 2008

Board of Directors
E-911 Emergency Communication District
of Montgomery County
130 South First Street
Clarksville, TN 37040

INDEPENDENT AUDITOR'S REPORT

We have audited the Statement of Net Assets of E-911 Emergency Communication District of Montgomery County, a component unit of Montgomery County, as of June 30, 2008 and the related Statement of Activities, and Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the E-911 Emergency Communication District of Montgomery County's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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, and the *Audit Manual for Governmental Units and Recipients of Grant Funds* published by the Tennessee office of the Comptroller of the Treasury. Those standards require that we 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. We believe that our audit provides 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 E-911 Emergency Communication District of Montgomery County as of June 30, 2008 and the changes in financial position and 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*, we have also issued our report dated November 3, 2008, on our consideration of E-911 Emergency Communication District of Montgomery County'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 and 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 important for assessing the results of our audit.

E-911 Emergency Communications District of Montgomery County has not presented a Management Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The Schedule of Funding Progress for Pension Plan on page 13 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the E-911 Emergency Communication District of Montgomery County's basic financial statements. The introductory section and the Supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and the information included in the Supplementary section, listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

WEATHERSPOON // LOWE // HALLALE

**E-911 EMERGENCY COMMUNICATION DISTRICT OF MONTGOMERY COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2008**

<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents		1,185,534
Accounts Receivable		140,832
Prepaid Expenses		<u>17,339</u>
Total Current Assets		<u>1,343,705</u>
 <u>NON-CURRENT ASSETS</u>		
Furniture, Fixtures and Equipment	530,533	
Less: Allowance for Depreciation	<u>(398,778)</u>	
Net Property and Equipment	131,755	
Prepaid Building Rent	<u>242,753</u>	
Total Non-Current Assets		<u>374,508</u>
Total Assets		<u>1,718,213</u>
 <u>CURRENT LIABILITIES</u>		
Accounts Payable		337,703
Payroll Deductions Payable		<u>13,975</u>
Total Current Liabilities		<u>351,678</u>
 <u>LONG-TERM LIABILITIES</u>		
Accrued Compensated Absences	<u>28,837</u>	
Total Long-Term Liabilities		<u>28,837</u>
Total Liabilities		<u>380,515</u>
 <u>NET ASSETS</u>		
Invested in Capital Assets	131,755	
Restricted	0	
Unrestricted	<u>1,205,943</u>	
Total Net Assets		<u><u>1,337,698</u></u>

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT.

**E-911 EMERGENCY COMMUNICATION DISTRICT OF MONTGOMERY COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

OPERATING REVENUES

Emergency Telephone Service Charge	1,179,695	
State Emergency Communications Board - State Wireless Charge	315,526	
Miscellaneous Income	40	
Total Operating Revenues		1,495,261

OPERATING EXPENSES

Salaries and Wages	983,734	
Employee Benefits	395,763	
Audit Services	8,800	
Lease - Communications Equipment	96,033	
Lease - Building and Facilities	336,877	
Lease - Office Equipment	3,848	
Maintenance and Repairs - Comm. Equipment	67,733	
Maintenance and Repairs - Buildings and Facilities	9,977	
Maintenance and Repairs - Office Equipment	3,781	
Other Contracted Services	1,497	
Office Supplies	2,341	
Custodial Supplies	5,749	
Data Processing Supplies	177	
Postage	93	
Uniforms and Shirts	1,860	
Utilities - Electricity	43,531	
Utilities - Water and Sewer	2,386	
Utilities - General Telephone	9,282	
Data Processing Equipment	51,205	
Other Supplies and Materials	3,817	
Dues and Memberships	720	
Insurance - Workers' Compensation	7,500	
Insurance - Liability	18,788	
Insurance - Buildings and Contents	5,721	
Licenses and Fees	125	
Premiums on Surety Bonds	555	
Travel Expenses	636	
Trustees Commission	17,998	
Other Charges	5,165	
Depreciation	51,770	
Total Operating Expenses		2,137,462

OPERATING LOSS

(642,201)

NON-OPERATING REVENUES

Interest Income	15,433	
Contributions from Primary Government	377,838	
SECB Grants and Reimbursements	4,575	
TECB - Operational Funding Program	234,923	
Rental Income	143,248	
Total Non-Operating Revenues		776,017

CHANGE IN NET ASSETS

133,816

NET ASSETS - BEGINNING OF YEAR

1,203,882

NET ASSETS - END OF YEAR

1,337,698

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT.

**E-911 EMERGENCY COMMUNICATION DISTRICT OF MONTGOMERY COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Telephone Surcharges		1,516,937
Payments to Suppliers		(371,658)
Payments to Employees		(1,382,362)
Other Receipts		<u>143,288</u>
Net Cash Provided by (Used In) Operating Activities		<u>(93,795)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest Income		15,433
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Contributions from Primary Government	377,838	
SECB Grants and Reimbursements	154,575	
TECB - Operational Funding Program	<u>234,923</u>	
Net Cash Provided by (Used In) Noncapital Financing Activities		<u>767,336</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>		688,974
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>		<u>496,560</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>		<u><u>1,185,534</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:</u>		
Operating Loss		(642,201)
Adjustments:		
Depreciation	51,770	
Rental Income	143,248	
Accounts Receivable	21,716	
Prepaid Building Rent	17,339	
Accounts Payable	317,198	
Payroll Deductions Payable	(1,427)	
Accrued Compensated Absences	<u>(1,438)</u>	
Net Cash Provided by (Used In) Operating Activities		<u><u>548,406</u></u> <u>(93,795)</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT.

**E-911 EMERGENCY COMMUNICATION DISTRICT OF MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of E-911 Emergency Communication District of Montgomery County (the District) relating to the accounts included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments.

The following significant accounting policies were applied in the preparation of the accompanying financial statements:

A. Reporting Entity

The District, a component unit of Montgomery County, provides emergency communications and dispatch services for all fire, law enforcement and other emergency departments within the County. The District is a component unit of Montgomery County because it is fiscally dependent on the county. The District cannot issue bonded debt without approval of the County and it cannot adjust the rate of service charges without the County Commission's approval. The governing board of the District is appointed equally by the City and County and a substantial portion of operating revenues are provided by allocations from Montgomery County. The District's financial statements include only the assets and operations of the District, and do not include any other fund, organization, agency or department of the City or County.

B. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

District operations are accounted for on a cost of service measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

The major sources of revenue are customer service charges and operating subsidies, as discussed below:

(1) Subscriber Fees

A monthly subscriber fee is added to each telephone line in Montgomery County. The charge is billed and collected by the telephone company and is remitted to the District after deduction of a 1% administrative fee.

(2) Operating Subsidies

The District received an operating subsidy from Montgomery County.

C. Budgets and Budgetary Accounting

The District board of directors formally approves the budget. The budget is adopted on a basis consistent with generally accepted accounting principles except that depreciation is not budgeted and the budgeted cost of fixed assets purchased is included as an expenditure. The District is required by Section 7-86-120, Tennessee Code Annotated, to adopt and operate under

an annual budget. In addition, the Accounting and Financial Reporting Manual for Tennessee Emergency Communication Districts established the legal level of control, which is defined to be at the line item.

Budgeted amounts lapse at the end of the fiscal year and no unexpended balances are carried to the subsequent year.

A statement of comparison for the budgeted and actual revenues and expenditures is included in the Supplementary Information Section of this report.

D. Leave Policies

Annual leave is accrued on a monthly basis from the effective date of an employee's appointment. Annual leave may be accrued up to a maximum of 160 hours for less than 5 years of employment, 192 hours for 5-10 years of employment, and 200 hours for more than 10 years employment. At the end of each month, accrued hours for each employee in excess of the maximum are transferred to sick leave. On termination of employment, the District pays an accrued vacation leave in a lump cash payment to such employee. All accrued compensated absences are shown on the balance sheet as long-term liabilities since a reasonable estimation of the current portion cannot be made.

Sick leave is accumulated on a monthly basis from the effective date of an employee's appointment. Employees may accrue an unlimited number of hours. On termination of employment of any employee, for any reason except retirement, all sick leave is forfeited. On retirement of an employee, accrued sick leave is credited toward extending the computation of longevity. Accrued sick leave is not included as a liability in the balance sheet.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

F. Fixed Assets and Depreciation

Fixed assets are recorded at cost. Capital expenditures of \$5,000 or more and certain sensitive equipment, such as computer equipment, are capitalized for future depreciation. General equipment costing less than \$5,000 is an expense of the period when placed in service. Computer software is not considered capital equipment. Depreciation and accumulated depreciation are recorded on capitalized equipment. Assets are depreciated using the straight-line basis, and a 5-15 year expected useful life.

G. Occupancy

An interlocal agreement has been signed by Montgomery County, City of Clarksville and E-911 Emergency Communications District whereby the City of Clarksville has furnished the land and a newly constructed building to house the operations of E-911. The City owns the property and has issued bond indebtedness for construction of the building. E-911 reimburses the City for each bond and interest payment and the City promises to transfer title to the property to the District at a date no later than retirement of the indebtedness. The payments by the District to the City are reported as occupancy expense each year when paid. The District occupied the building on November 4, 2003. Prior to occupancy, the District paid a bond and interest payment for the year ended June 30, 2003. This payment of \$346,787 is reported as Prepaid Rent to be amortized over the 20 year term.

H. Cash and Cash Equivalents

Cash and cash equivalents as shown in the Statement of Cash Flows includes all cash in bank accounts and on hand that is allocated for use by the District.

I. Election in Accordance with GASB 20

The District has elected to follow only GASB guidance issued after November 30, 1989, and not follow any FASB guidance issued after that date.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Cash Funds

Cash funds of the District are combined with other County funds and managed by the County Trustee. Interest earned on these combined cash funds is allocated as directed by the County Commissioners. Interest income of \$15,433 was allocated to the District during the current year.

L. Other Significant Accounting Principles

Other significant accounting policies are described throughout the notes section of this audit report or disclosed in the statement format.

2. CASH DEPOSITS

Cash deposits are carried at cost which approximates market value. The carrying amount of deposits is separately displayed on the balance sheet at \$1,185,534. At June 30, 2008, the deposits of the District were held by the Montgomery County Trustee in a combined fund with other Montgomery County deposits. The deposits of Montgomery County Trustee that exceed FDIC insurance limits are further insured by securities set aside as collateral and pledged to the State Treasurer of the State of Tennessee. This pledging is accomplished as prescribed by Tennessee State Code, Public Funds Collateral Pool Board.

3. ACCOUNTS RECEIVABLE

Accounts receivable consists primarily of amounts due for monthly service charges collected for the District:

Service Charges:	
AT & T	74,567
Other Service Providers	11,390
State Wireless Charges	54,190
Total Service Charges	<u>140,147</u>
Interest & Miscellaneous	685
Total	<u><u>140,832</u></u>

4. CHANGE IN PROPERTY AND EQUIPMENT

	Balance <u>7/1/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	Balance <u>6/30/08</u>
Capital Assets Depreciated:					
Furniture & Fixtures	72,525	0	0	0	72,525
Office Equipment	198,455	0	0	0	198,455
Communication Equipment	259,553	0	0	0	259,553
Total Capital Assets Depreciated	530,533	0	0	0	530,533
Less Accumulated Depreciation For:					
Furniture & Fixtures	32,452	4,527	0	0	36,979
Office Equipment	154,203	24,406	0	0	178,609
Communication Equipment	160,353	22,837	0	0	183,190
Total Accumulated Depreciation	347,008	51,770	0	0	398,778
Total Capital Assets Depreciated, Net	<u>183,525</u>	<u>(51,770)</u>	<u>0</u>	<u>0</u>	<u>131,755</u>

The City of Clarksville has constructed a building to be used by, and eventually transferred to, the District. The District is responsible for payment of debt service to the City. The District has reported \$336,877 for use of the building for the year ended June 30, 2008.

5. SERVICE ARRANGEMENT CONTRACT

On March 11, 1988, the District negotiated a service agreement with BellSouth for the installation and service of an Enhanced 911 Emergency Service System. BellSouth furnishes equipment and service sufficient to operate the system for an initial installation fee and a monthly fee based upon the number of telephone stations and access lines served by the System. At June 30, 2008, the monthly fee was \$7,990. BellSouth merged with AT&T on December 29, 2006 but there has been no change in the service agreement.

6. OPERATING LEASE

The District entered into a lease effective July 1, 2005 with Montgomery County, Tennessee, a related party, to lease the second floor of the E-911 Building. The base term of this lease is three years from July 1, 2005, continuing through June 30, 2008. A new three year agreement was entered into for the period from July 1, 2008 to June 30, 2011. The future minimum lease payment for the each of the three remaining years is \$78,397. In addition, the lessee has agreed to pay a portion of utility costs, maintenance salaries, custodial supplies, and trash collection on an annual basis. Said reimbursement shall be made annually and shall be in an amount based on the prior year's cost. For the year ended June 30, 2008, the amount paid was \$34,003.

7. RETIREMENT COMMITMENTS

Plan Description

Employees of the District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of

service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at <http://treasury.state.tn.us/tcrs/PS/>.

Funding Policy

The District has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

The District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2008 was 11.61% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year June 30, 2008, the District's annual pension cost of \$114,135 to TCRS was equal to the District's required and actual contributions. The required contribution was determined as part of the July 1, 2005 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005 was 16 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$114,135	100.00%	\$0.00
6/30/07	\$111,596	100.00%	\$0.00
6/30/06	\$ 91,290	100.00%	\$0.00

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 86.78% funded. The actuarial accrued liability for the benefits was \$1.76 million, and the actuarial value of assets was \$1.52 million,

resulting in an unfunded actuarial accrued liability (UAAL) of \$0.23 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0.95 million, and the ratio of UAAL to the covered payroll was 24.52%.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

8. CONTINGENCIES

There are no material contingencies that should be disclosed in these financial statements.

9. RELATED PARTY TRANSACTIONS

There were no other related party transactions that should be disclosed in these financial statements.

10. SUBSEQUENT EVENTS

There were no material subsequent events that should be disclosed in these financial statements.

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has elected to obtain various insurance policies to transfer risk to a commercial insurance company either directly or through the Tennessee County Services Association Pool. Insurance settlements have not been in excess of insurance coverage in any of the prior three fiscal years. Insurance for the District is included in the policies written for Montgomery County and the City of Clarksville.

12. PREPAID EXPENSES

Prepaid expenses at June 30, 2008, consisted of the following:

	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
Pre-Occupancy building costs of \$346,787 being amortized over 20 years	<u>17,339</u>	<u>242,753</u>	<u>260,092</u>

**E-911 EMERGENCY COMMUNICATION DISTRICT OF MONTGOMERY COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2008**

Schedule of Funding Progress for the District Pension Plan

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
7/01/07	\$1,524	\$1,756	\$232	86.78%	\$947	24.52%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method was a change made during the year and therefore only the most current year is presented.

**E-911 EMERGENCY COMMUNICATION DISTRICT OF MONTGOMERY COUNTY
 UNAUDITED STATEMENT OF REVENUE AND EXPENDITURES -
 COMPARISON OF ACTUAL TO BUDGET
 FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Actual</u>	<u>Budget</u>	<u>Variance: Favorable (Unfavorable)</u>
<u>OPERATING REVENUES</u>			
Emergency Telephone Service Charge	1,179,695	1,150,000	29,695
SECB - State Wireless Charge	315,526	275,000	40,526
Miscellaneous Income	40	0	40
Total Operating Revenues	<u>1,495,261</u>	<u>1,425,000</u>	<u>70,261</u>
<u>OPERATING EXPENSES</u>			
Salaries and Wages	983,734	1,004,703	20,969
Employee Benefits	395,763	404,718	8,955
Audit Services	8,800	8,800	0
Legal Services	0	7,500	7,500
NCIC/TBI/TIES Expense	0	10	10
Lease - Communications Equipment	96,033	0	(96,033)
Lease - Building and Facilities	319,538	0	(319,538)
Lease - Office Equipment	3,848	4,100	252
Maintenance and Repairs - Comm. Equipment	67,733	84,900	17,167
Maintenance and Repairs - Buildings and Facilities	9,977	10,000	23
Maintenance and Repairs - Office Equipment	3,781	4,000	219
Other Contracted Services	1,497	2,000	503
Office Supplies	2,341	2,550	209
Custodial Supplies	5,749	8,000	2,251
Data Processing Supplies	177	600	423
Postage	93	100	7
Uniforms and Shirts	1,860	2,000	140
Utilities - Electricity	43,531	45,000	1,469
Utilities - Water and Sewer	2,386	2,400	14
Utilities - General Telephone	9,282	108,000	98,718
Data Processing Equipment	51,205	55,000	3,795
Other Supplies and Materials	3,817	5,000	1,183
Dues and Memberships	720	720	0
Insurance - Workers' Compensation	7,500	12,000	4,500
Insurance - Liability	18,788	20,000	1,212
Insurance - Buildings and Contents	5,721	11,000	5,279
Licenses and Fees	125	200	75
Premiums on Surety Bonds	555	650	95
Travel Expenses	636	1,000	364
Tuition	0	100	100
Principal on Bond	0	210,000	210,000
Trustees Commission	17,998	18,000	2
Other Charges	5,165	9,800	4,635
Depreciation Expense	51,770	55,129	3,359
Total Operating Expenses	<u>2,120,123</u>	<u>2,097,980</u>	<u>(22,143)</u>
Operating Loss	<u>(624,862)</u>	<u>(672,980)</u>	<u>48,118</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	15,433	12,000	(3,433)
Contributions from Primary Government	377,838	379,365	1,527
SECB Grants and Reimbursements	4,575	10,000	5,425
TECB - Operational Funding Program	234,923	0	(234,923)
Rental Income	143,248	146,156	2,908
Interest Expense	0	(182,856)	(182,856)
Total Nonoperating Revenues (Expenses)	<u>776,017</u>	<u>364,665</u>	<u>(411,352)</u>
<u>RECONCILIATION TO INCREASE IN NET ASSETS</u>			
Prepaid Rent Amortized	(17,339)	0	
<u>NET INCREASE (DECREASE) IN NET ASSETS</u>	<u>133,816</u>	<u>(308,315)</u>	

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT.

**E-911 EMERGENCY COMMUNICATION DISTRICT OF MONTGOMERY COUNTY
SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2008**

SCHEDULE OF NUMBER AND CLASSIFICATION OF CUSTOMERS

Number of Residential Customers	31,058
Number of Business Customers	8,862

SCHEDULE OF MONTHLY RATES IN EFFECT

Residential Customers (effective 12/01/01)	\$ 1.50
Business Customers (effective 12/01/01)	\$ 3.00

PUBLIC SAFETY ANSWERING POINT

1. **E911 Emergency Communications District
130 South First Street, Clarksville, TN 37040**

Type of system/equipment and database used: Zetron

MANAGEMENT OFFICIALS

Director:

**Loretta Bryant
130 South First Street
Clarksville, TN 37040**

**Telephone 931/542-0212
Fax 931/552-9259**

Board Chairperson:

**Sheriff Norman Lewis
120 Commerce Street
Clarksville, TN 37040**

**Telephone 931/648-0611
Fax 931/553-5114**



November 3, 2008

Board of Directors
E-911 Emergency Communication District
of Montgomery County
130 South First Street
Clarksville, TN 37040

**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**

We have audited the financial statements of the E-911 Emergency Communication District of Montgomery County as of and for the year ended June 30, 2008, and have issued our report thereon dated November 3, 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 E-911 Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of E-911 Emergency Communications 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 a deficiency in internal control that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the E-911 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 E-911 Emergency Communications District's financial statements that is more than inconsequential will not be prevented or detected by the E-911 Emergency Communications District's internal control. We consider the deficiency 08-2 described in the accompanying schedule of findings and recommendations to be a significant deficiency in internal control over financial reporting.

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 E-911 Emergency Communications District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we consider the significant deficiency listed in the schedule of findings and recommendations to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether E-911 Emergency Communication District of Montgomery County'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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and recommendations as items 08-1.

E-911 Emergency Communication District of Montgomery County's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. We did not audit E-911 Emergency Communication District of Montgomery County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the State of Tennessee, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

WEATHERSPON // LOWE // HALLALE

**E-911 EMERGENCY COMMUNICATION DISTRICT OF MONTGOMERY COUNTY
STATEMENT OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2008**

08-1 FINDING: EXCESS EXPENDITURES OVER BUDGET FOR SOME CATEGORIES (REPEAT)

TCA Section 7-86-120 states that no emergency communications district may spend money except in accordance with an adopted budget. Some categories of expense exceeded amount budgeted.

RECOMMENDATION

Expenditures of the District should be reviewed periodically and budget adjustments made to prevent violation of this statute.

RESPONSE

All budgetary line-items were within the annual appropriation; however, there were two expenses for the year that were not classified within the appropriate line-item. Management will correct the classification for these expenses in the current year and insure they are budgeted correctly in the future.

08-2 MANAGEMENT OVERSIGHT OF FINANCIAL REPORTING

We noted control deficiencies in management oversight of receivables. An adjusting entry was required for the District's financial statements to be presented in conformity with generally accepted accounting principles.

RECOMMENDATION

We recommend management implement procedures to ensure that the financial statements are prepared in conformity with generally accepted accounting principles.

RESPONSE

Management has established procedures to ensure that all receivables have been recorded in a timely manner and that all financials are recorded in accordance with generally accepted accounting principles.