

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

**THE WHITE COUNTY 911
EMERGENCY COMMUNICATIONS DISTRICT
(A component unit of White County, Tennessee)
SPARTA, TENNESSEE**

Year ended June 30, 2008

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INTRODUCTORY SECTION

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF OFFICIALS
June 30, 2008**

Board of Directors:

Jerry Denton - Chairman

Jeff Young – Vice-Chairman

Jerry Cole, Sr. – Secretary/Treasurer

Richard Lane - Board Member

Herman Hill - Board Member

Tommy Simmons - Board Member

Denny Wayne Robinson – Board Member

Management Officials:

Wayne Sherrell – Communications Director

FINANCIAL SECTION

ALBERT R. DICUS

Certified Public Accountant

Member: AICPA; TSCPA

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or (931) 836-2248
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*P.O. Box 176
131 South Main Street
Sparta, Tennessee 38583*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The White County 911 Emergency
Communications District
Sparta, Tennessee

I have audited the accompanying statement of net assets of the White County 911 Emergency Communications District, a component unit of White County, Tennessee, as of June 30, 2008, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the 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. 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.

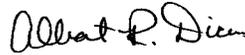
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the White County 911 Emergency Communications District, as of June 30, 2008, changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors
The White County 911 Emergency
Communications District
Page 2

In accordance with *Government Auditing Standards*, I have also issued a report dated November 6, 2008, on my consideration of the White County 911 Emergency Communications District's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in conformity with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis on pages 8 through 14 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit this information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise The White County 911 Emergency District's basic financial statements. The accompanying financial information listed as the introductory section and the supplementary information in the table of contents is presented for purposes of additional analysis and is also not a required part of the basic financial statements of The White County 911 Emergency Communications District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountant

Sparta, Tennessee
November 6, 2008

White County E-9-1-1
Emergency Communications District
PO Box 911
2677 Crossville Highway
Sparta, TN 38583
(P) 931-738-8653 (F) 931-738-8683
E-mail white311@blomand.net

911 Board Members
White County Emergency
Communications District
Sparta, Tennessee

INDEPENDENT AUDIT

The unqualified opinion of our independent auditor, Albert R. Dicus, CPA, is included in this report on page 6 and 7.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's analysis of the White County Emergency Communications District (the ECD) financial condition and results of operations for the year ended June 30, 2008. This information should be read in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

The Director believes the ECD's financial position has improved over the prior fiscal year and remains strong. The ECD has no debt, and, therefore, has no debt service. The following are key financial highlights:

- The ECD continues its upgrade and maintenance program of the computer based GIS system in 2007/2008 to assist in receiving both landline and cell phone calls to the PSAP and also assist in our VOIP (voice over internet) calls.
- The ECD continues to work with Combix who installed our Windows based PSAP consisting of Combix Enroute 911 telephone system. This includes several updates of the mapping centerline data that is compatible with Tennessee DOT and Homeland Security and also Combix CAD (computer aided dispatch) system.
- The ECD was part of 64,296 inbound telephone calls answered by dispatchers for 2007/2008 generating 40,514 CAD calls compared to 39,941 CAD calls in 2006/2007. There were 9,376 actual 9-1-1 dispatches of life-threatening or property-threatening situations in 2007/2008.

- Total assets at year-end were \$704,382 and exceeded total liabilities (net assets) by \$693,864. Of the total net assets, \$334,497 was unrestricted and was available to support short-term operations. Total assets and total net assets increased from 2007 to 2008 by \$6,371 and \$39,921 respectively. Unrestricted net assets increased from 2007 by \$56,807.
- Operating revenues were \$392,093 a decrease of \$1,848 or -0.47%, from 2007.
- Operating expenses before depreciation increased by \$38,244 for 2008, an increase of 9.03% compared to 2007.
- Operating loss for the year was \$125,276 representing a 59.27% increase from 2007. The increase in the increase in net assets increased by \$12,421 when compared to 2007.
- The ratios of operating income to total operating revenues were -31.95% for 2008 compared to -19.95% for 2007.
- A Grant for \$10,000 was received from the Tennessee Emergency Communications Board for use in GIS maintenance in 2007/2008.
- A Grant totaling \$86,168.76 was received from the Tennessee Emergency Communications Board earmarked for Operating Budget in lieu of losing landline telephone revenue income and also takes place of the Rural Dispatcher Grant. This money is included as operating income in the financial statements. The money received from the state for this is divided into payments received every two months throughout the year from the state.
- The ECD receives operating revenue from both land based and cellular phone with additional operating revenue needs received from the County of White and City of Sparta based on Intergovernmental agreement between White County ECD and County of White / City of Sparta.

OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the ECD's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the ECD's budget and other management tools were used for this analysis.

The financial statements report information about the ECD using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a statement of net assets; a statement of revenues, expenses, and changes in net assets; a statement of cash flows; and notes to the financial statements. The statement of net assets presents the financial position of the ECD on a full accrual basis of accounting. While the statement of net assets provides information about the nature and amount of resources and obligations at year-end, the statement of revenues, expenses and changes in net assets presents the results of the business activities over the course of the fiscal year and information as to how the net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The statement also provides certain information about the ECD's recovery of its costs.

The statement of cash flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the ECD's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

SUMMARY OF ORGANIZATION AND BUSINESS

The White County Emergency Communications District was established on January 21, 1991, by a resolution of the County Commissioners of White County, Tennessee, in accordance with the TCA 7-86-101. The resolution was passed after the voters of White County approved the establishment of such District by a 92% vote on November 6, 1990. The jurisdiction of the ECD includes all of White County, Tennessee.

The ECD's capital assets consist of land, building and all equipment located at 2677 Crossville Highway, Sparta, Tennessee, the land, building and all equipment located at 121 Jasper Street, Sparta, Tennessee, and repeater equipment located at 1750 Fire Tower Rd, Sparta, Tennessee.

The ECD receives financial support from telephone surcharge, County of White, Tennessee and the City of Sparta, Tennessee.

FINANCIAL ANALYSIS

The following comparative condensed financial statements and other selected information provides key financial data and indicators for management, monitoring, and planning.

**WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
 CONDENSED STATEMENTS OF NET ASSETS
 June 30, 2008 and June 30, 2007**

ASSETS	2008	2007	Variance	
			Amount	%
Current Assets	\$ 336,925.43	\$ 281,166.12	\$ 55,759.31	19.83%
Capital Assets:				
Producing - Net	367,106.75	416,495.52	(49,388.77)	-11.86%
Utility Deposits	350.00	350.00	-	
TOTAL ASSETS	\$ 704,382.18	\$ 698,011.64	\$ 6,370.54	0.91%
LIABILITIES				
Current Liabilities	\$ 10,517.91	\$ 44,068.15	\$ (33,550.24)	-76.13%
NET ASSETS				
Invested in Capital Assets,				
Net of Related Debt	\$ 359,367.39	\$ 376,253.90	\$ (16,886.51)	-4.49%
Unrestricted	334,496.88	277,689.59	56,807.29	20.46%
TOTAL NET ASSETS	\$ 693,864.27	\$ 653,943.49	\$ 39,920.78	6.10%
TOTAL LIABILITIES				
AND NET ASSETS	\$ 704,382.18	\$ 698,011.64	\$ 6,370.54	0.91%

**WHITE COUNTY 911 EMERGENCY COMMUNICATION DISTRICT
 CONDENSED STATEMENT OF REVENUES, EXPENSES & CHANGE IN NET ASSETS
 For Years Ended June 30, 2008 and June 30, 2007**

	2008	2007	Variance	
			Amount	%
Operating revenues:				
Emergency telephone charges	\$ 252,620.22	\$ 257,871.25	\$ (5,251.03)	
State shared wireless charge	138,221.06	135,137.98	3,083.08	
Other income	1,252.06	931.64	320.42	
Total Operating Revenue	\$ 392,093.34	\$ 393,940.87	\$ (1,847.53)	-0.47%
Non-operating income:				
Interest income	\$ 5,197.13	\$ 6,911.55	\$ (1,714.42)	
Contributions -primary government	125,000.00	100,000.00	25,000.00	
Contributions - other governments	25,000.00	25,000.00	-	
State ECB grant	10,000.00	29,891.00	(19,891.00)	
Total Non-operating income	\$ 165,197.13	\$ 161,802.55	\$ 3,394.58	2.10%
Total Revenues	\$ 557,290.47	\$ 555,743.42	\$ 1,547.05	0.28%
Operating expenses:				
Salaries, wages, and benefits	\$ 372,815.47	\$ 344,224.58	\$ 28,590.89	
Contracted services	48,343.51	37,887.56	10,455.95	
Supplies and materials	25,413.99	26,459.46	(1,045.47)	
Other expenses	15,248.95	15,006.45	242.50	
Depreciation	55,547.77	48,956.87	6,590.90	
Total Operating Expenses	\$ 517,369.69	\$ 472,534.92	\$ 44,834.77	9.49%
Non-operating expenses:				
Loss on disposal of assets	\$ -	\$ 55,708.55	\$ (55,708.55)	
Total Expenses	\$ 517,369.69	\$ 528,243.47	(10,873.78)	-2.06%
Increase in Net Assets	\$ 39,920.78	\$ 27,499.95	\$ 12,420.83	-45.17%
Net assets at July 1	653,943.49	626,443.54	27,499.95	
Net assets at June 30	\$ 693,864.27	\$ 653,943.49	\$ 39,920.78	-6.10%

GENERAL TRENDS AND SIGNIFICANT EVENTS

FINANCIAL CONDITION

The ECD's financial condition improved during the year with adequate liquid assets and a reasonable level of unrestricted net assets at year-end. The current financial condition, staff capabilities, operating plans and upgrade plans to meet future emergency communication requirements are well balanced and under control.

Total assets increased \$6,371 or .91%, with significant portion represented by an increase in capital assets. Net assets increased by \$39,921.

CAPITAL ASSETS

There was a net decrease of \$49,389 (11.86%) in capital assets. New capital assets purchased during the year were a storage building and carport and a DVR for the security system. Additional information concerning the District's capital assets can be found in Note C in the accompanying notes to the financial statements.

RESULTS OF OPERATIONS

White County Emergency Communication District has been involved with approximately 64,296 inbound telephone calls for 2007/2008. As a result of these calls, there were 40,514 CAD cards generated, up from 39,941 for 2006/2007. The district saw a total of 9,376 9-1-1 emergency telephone calls recorded with minimal concern from Citizens served and/or Emergency Service Personnel.

Expenses

Operating expenses, excluding depreciation, increased by \$38,244 in 2008. This was a result of the following:

Salaries, wages, and benefits	\$ 28,591
Contracted services	10,456
Supplies and materials	(1,045)
Other charges	243
TOTAL	\$ 38,244

Depreciation expense of the ECD's system increased by \$6,591, or 13.46%.

911 Board Members
White County ECD
Page Seven

CONTACTING THE DISTRICT

The financial audit is designed to provide our Board, County Executive/County Commissioners, City Mayor/Board of Alderman, and regulatory agencies with a general overview of the ECD's finances. If you have any questions about this report or need additional information, you may contact the ECD at:

White County Emergency Communication District
PO Box 911
2677 Crossville Hwy
Sparta, TN 38583

THE WHITE COUNTY 911 EMERGENCY COMMUNICATION DISTRICT
STATEMENT OF NET ASSETS
June 30, 2008

ASSETS

CURRENT ASSETS

Cash and cash equivalents - Note B		\$ 223,993.11
Temporary investment - Note B		59,150.30
Accounts receivable		20,143.92
Due from State Emergency Communications Board		8,495.38
Interest receivable		1,938.74
Prepaid expenses		<u>23,203.98</u>

TOTAL CURRENT ASSETS \$ 336,925.43

CAPITAL ASSETS - Note C

Capital assets	\$ 780,169.02	
Less accumulated depreciation	<u>(413,062.27)</u>	367,106.75

OTHER ASSETS - Utility deposits

350.00

\$ 704,382.18

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES -

Accounts payable - trade		\$ 2,778.55
Accounts payable - equipment		<u>7,739.36</u>

TOTAL LIABILITIES \$ 10,517.91

NET ASSETS

Invested in capital assets, net of related debt	\$ 359,367.39	
Unrestricted	<u>334,496.88</u>	<u>693,864.27</u>

\$ 704,382.18

See the notes to financial statements.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year ended June 30, 2008**

Operating revenue:			
Emergency telephone service charge		\$	252,620.22
State Emergency Communications Board - Shared wireless charge			52,052.30
State Emergency Communications Board - Operational funding			86,168.76
Other operating income			<u>1,252.06</u>
	TOTAL OPERATING REVENUE	\$	392,093.34
Operating expenses:			
Salaries and Wages	\$		331,856.15
Employee Benefits			40,959.32
Contracted Services			48,343.51
Supplies and Materials			25,413.99
Other charges			<u>15,248.95</u>
			461,821.92
Provision for depreciation - straight line			<u>55,547.77</u>
	OPERATING LOSS	\$	(125,276.35)
Non-operating revenues (expenses):			
Interest income			5,197.13
Contributions from primary government			125,000.00
Contributions from other governments			25,000.00
State Emergency Communications Board Grants			<u>10,000.00</u>
			165,197.13
	INCREASE IN NET ASSETS	\$	39,920.78
Net assets at July 1, 2007			<u>653,943.49</u>
	NET ASSETS AT JUNE 30, 2008	\$	<u>693,864.27</u>

See the notes to financial statements.

**THE WHITE COUNTY 911
STATEMENT OF
Year ended**

Cash flows from operating activities:	
Receipts from customers and users	\$ 393,012.47
Payments to suppliers	(95,561.12)
Payments to employees	<u>(373,926.28)</u>
NET CASH USED BY OPERATING ACTIVITIES	\$ (76,474.93)
Cash flows from noncapital financing activities -	
Intergovernmental revenues	<u>\$ 160,000.00</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	160,000.00
Cash flows from capital and related financing activities:	
Acquisition of communication equipment	<u>\$ (38,661.26)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(38,661.26)
Cash flows from investing activities:	
Interest from investments	\$ 3,258.39
Increase in temporary investments	<u>(3,190.31)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>68.08</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ 44,931.89
Cash and cash equivalents at July 1, 2007	<u>179,061.22</u>
CASH AND CASH EQUIVALENTS AT JUNE 30, 2008	<u>\$ 223,993.11</u>

See the notes to financial statements.

**EMERGENCY COMMUNICATION DISTRICT
CASH FLOWS
June 30, 2008**

Cash flows from operating activities:		
Operating loss		\$ (125,276.35)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for depreciation	\$ 55,547.77	
Change in current assets and current liabilities:		
Decrease in accounts receivable	919.13	
Increase in prepaid supplies	(6,617.50)	
Increase in accounts payable	62.83	
Increase in other current liabilities	<u>(1,110.81)</u>	<u>48,801.42</u>
NET CASH USED BY OPERATING ACTIVITIES		\$ (76,474.93)

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE A - The White County 911 Emergency Communications District was established on January 21, 1991, by a resolution of the Board of Commissioners of White County, Tennessee, in accordance with the Emergency Communications District Law (9-1-1 Law), Tennessee Code Annotated, Section 7-86-101. The resolution was passed after the voters of White County approved the establishment of such a District on November 6, 1990. The jurisdiction of the District includes all of White County, Tennessee. The White County 911 Emergency Communications District has adopted the following accounting policies:

(1) Reporting Entity

The White County 911 Emergency Communications District is a component unit of White County, Tennessee. The Board of Directors of the District are appointed by White County's Board of Commissioners and the Mayor of the City of Sparta in the same proportion as each entity contributor to the funding of the District. Any short fall between the District's budgeted revenues and operating expenses are subsidized by White County and the City of Sparta, Tennessee, 75% and 25%, respectively. Also, the District must obtain the approval of the Board of Commissioners before the issuance of most debt instruments.

(2) Basis of Accounting

The District uses the accrual method of accounting to prepare its financial statements.

The District has elected under Government Accounting Standards Board (GASB) Statement Number 20 to adopt all FASB pronouncements applicable to local governments and GASB pronouncements issued through November 30, 1989, and only GASB pronouncements issued by GASB after November 30, 1989.

The activities of the District are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2008

NOTE A (Cont'd):

(2) Basis of Accounting (Con't)

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the balance sheet. Net assets (i.e. total assets net of total liabilities) are segregated into invested in capital assets, net of related debt; restricted for capital activity and debt service; and unrestricted components.

(3) Capital Assets

Capital assets in service are carried at cost and are depreciated over the estimated useful life of the asset using the straight-line method of depreciation. Cost consists of all direct costs related to construction or acquisition of capital assets. In addition, the District capitalizes interest costs related to qualified expenditures for projects under development.

Maintenance and repairs, which do not significantly extend the value or life of the property or equipment, are expensed as incurred.

Capital policy for the District is items purchased or betterment, not repairs, in excess of \$1,000.00 and having a useful life of one year or more will be capitalized.

Assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Equipment	3-10
Building	10-40
Vehicles	5-10
Furniture & Fixtures	10

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2008

NOTE A (Cont'd):

(4) Provision for Uncollectible Accounts

Management has not made an allowance for uncollectible accounts receivable as losses, if any, are recognized on the direct charge-off method.

(5) Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with a maturity date of three months or less when purchased are considered to be cash equivalents.

(6) Compensated Absences

The District does not have a policy for accruing vested or accumulated vacation leave when it is incurred. However, these amounts would be immaterial to the financial statements of the District.

(7) Restricted Assets

Restricted assets represent cash and investments maintained in accordance with bond resolutions, loan agreements, grant awards, and other resolutions and formal actions of the District or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities, and improvements and extensions to the system. Restricted assets are generally not available for current operating expenses. The District had no restricted assets at June 30, 2008.

(8) Receivables and Revenues

Revenues from Ben Lomand Rural Telephone Cooperative, Inc. and Citizens Telecom Company of Tennessee are received monthly. Revenues not received by June 30 are accrued.

Operating revenue consists of monies received from Ben Lomand and CTC, shared wireless charge from the State Emergency Communications Board and other miscellaneous income. Non-operating revenue consists of interest income earned on cash investments, noncapital contributions from the primary government and other governments and noncapital grants from the State Emergency Communications Board.

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)

June 30, 2008

NOTE A (Cont'd):

(9) Expenses

Operating expenses consist of salaries, wages and the related employee benefits; the fees charged by the telephone companies; materials and supplies and other general and administrative expenses.

(10) Contributions

Contributions are recognized in the Statement of Revenues, Expenses, and Changes in Net Assets when earned. Contributions include capacity and support by other districts and federal, state and local grants in support of District operations.

(11) Net Assets

Net assets contain the various net earnings from operating and non-operating revenues, expenses, and contributions of capital. Net assets are classified as invested in capital assets, net of related debt; restricted for capital activity and debt service; and unrestricted net assets. Invested in capital assets, net of related debt is all capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction or improvement of the assets; debt related to unspent proceeds or other restricted cash and investments is not included in this determination. Restricted for capital activity and debt service includes net assets restricted by external parties such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. Unrestricted are the net assets that do not meet the definition of capital assets, net of related debt or restricted for capital activity and debt service.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2008**

NOTE A (Cont'd):

(12) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Actual results may vary from those estimates.

(13) Budgets

Prior to July 1, the budget is approved by the commissioners and submitted to the state comptroller's office as required by state statute. The budget is prepared on the basis where current available funds must be sufficient to meet current expenditures.

The District's budgetary basis of accounting is consistent with generally accepted accounting principles.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

June 30, 2008

NOTE B - BANK DEPOSITS

All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the district.

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2008

NOTE C - Capital assets activity during the year was as follows:

	<u>Balance at July 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30</u>
Capital Assets Not Being Depreciated:				
Land	\$ 16,576.50	\$ -	\$ -	\$ 16,576.50
Capital Assets Being Depreciated:				
Building	\$ 99,738.53	\$ -	\$ -	\$ 99,738.53
Equipment	629,077.70	-	-	629,077.70
Vehicles	20,689.92	-	-	20,689.92
Furniture and fixtures	7,927.37	6,159.00	-	14,086.37
TOTAL CAPITAL ASSETS BEING DEPRECIATED	\$ 757,433.52	\$ 6,159.00	\$ -	\$ 763,592.52
Less Accumulated Depreciation for:				
Building	(27,532.53)	(2,803.29)	-	(30,335.82)
Equipment	(303,796.30)	(51,638.84)	-	(355,435.14)
Vehicles	(20,171.24)	(145.69)	-	(20,316.93)
Furniture and fixtures	(6,014.43)	(959.95)	-	(6,974.38)
TOTAL ACCUMULATED DEPRECIATION	\$ (357,514.50)	\$ (55,547.77)	\$ -	\$ (413,062.27)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, Net	\$ 399,919.02	\$ (49,388.77)	\$ -	\$ 350,530.25
CAPITAL ASSETS, Net	\$ 416,495.52	\$ (49,388.77)	\$ -	\$ 367,106.75

Depreciation expense was \$55,547.77.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

June 30, 2008

NOTE D - RISK FINANCING ACTIVITIES

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, errors and omissions, and worker's compensation. The District also carries commercial insurance to cover the District's vehicles and commercial property. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE E - RETIREMENT PLAN

A. PLAN DESCRIPTION

Employees of The White County 911 Emergency Communications 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 5 (five) years of service or at any age with 30 (thirty) 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 5 (five) years of service who become 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 5 (five) years of service and members joining prior to July 1, 1979 were vested after 4 (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 White County 911 Emergency Communications District participate in

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

June 30, 2008

NOTE E (Cont'd):

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://www.treasury.state.tn.us/tcrs/PS/>.

B. FUNDING POLICY

The White County 911 Emergency Communications District requires employees to contribute 5.0 percent of earnable compensation.

The White County 911 Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 6.04% of annual covered payroll. The contribution requirements by plan members is set by state statute. The contribution requirement for The White County 911 Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

C. ANNUAL PENSION COST

For the year ended June 30, 2008, The White County 911 Emergency Communications District's annual pension cost of \$7,127 to TCRS was equal to The White County 911 Emergency Communications District's required and actual contributions. The required contribution was determined as part of the July 1, 2003 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), and (c) projected 3.5 percent annual

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2008**

NOTE E (Cont'd):

increase in the Social Security wage base. 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 White County 911 Emergency Communications 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 10 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6-30-08	\$ 7,127	100.00%	\$ 0.00
6-30-07	\$ 8,101	100.00%	\$ 0.00
6-30-06	\$ 4,855	100.00%	\$ 0.00

Schedule of Funding Progress for White County Emergency 911 District, 88980

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL Percentage of Covered Payroll ((b/a)/c)
	(a)	(b)	(b)-(a)	(a/b)	(c)	
July 1, 2005	170	179	9	94.97%	155	5.81%
July 1, 2003	127	137	10	92.70%	187	5.35%
July 1, 2001	80	115	35	69.57%	177	19.77%

NOTE F - LITIGATION

There were no lawsuits pending in which the District is involved which could result in any liability to the District.

SUPPLEMENTARY INFORMATION

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Emergency telephone Service charge	\$ 248,000	\$ 248,000	\$ 252,620	\$ 4,620
Local governmental revenue	166,667	166,667	150,000	(16,667)
State Emergency Communications Board	77,000	77,000	138,221	61,221
Interest income	-	-	5,197	5,197
Other income	103,850	103,850	1,252	(102,598)
State ECB reimbursements	-	-	10,000	10,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUE	\$ 595,517	\$ 595,517	\$ 557,290	\$ (38,227)
Expenses:				
Director	\$ 41,273	\$ 41,273	\$ 41,273	\$ -
Administrative	27,500	27,500	3,371	24,129
Telecommunications	215,000	220,000	218,597	1,403
Holiday pay	15,000	15,000	13,711	1,289
Overtime	9,500	9,500	6,503	2,997
Part-time personnel	59,850	54,350	48,400	5,950
Payroll taxes	35,110	35,410	27,561	7,849
Retirement	15,000	14,700	7,127	7,573
Health insurance	10,500	11,000	6,272	4,728
Advertising	750	750	578	172
Accounting and auditing	5,700	5,700	5,700	-
Legal services	2,800	2,800	2,400	400
Fees paid to service providers	10,000	10,000	10,026	(26)
NCIC TBI TIES expenses	7,100	8,700	8,650	50
Maintenance and repairs	31,500	22,800	20,990	1,810
Office supplies and postage	8,500	5,000	4,687	313
Custodial supplies	1,500	2,250	1,573	677
Data processing supplies	3,750	3,000	1,152	1,848
Small equipment purchases	2,900	2,900	2,570	330
Utilities	8,100	8,200	7,901	299
Telephone	8,000	8,000	7,530	470
Fuel	200	200	-	200
Dues and memberships	525	525	316	209
Employee testing	700	700	750	(50)
Insurance	11,092	11,482	10,178	1,304
Training expenses	6,500	6,110	2,446	3,664
Travel	1,217	1,217	789	428
Licenses and fees	4,600	4,600	45	4,555
Public education	750	750	205	545
Miscellaneous	600	600	520	80
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSE	\$ 545,517	\$ 535,017	\$ 461,822	\$ 73,196

THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF DETAILED EXPENSES
Year ended June 30, 2008

Salaries and Wages:	
Director	\$ 41,273.44
Administrative	3,371.31
Telecommunications	218,596.98
Part-time personnel	48,400.16
Holiday pay	13,711.28
Overtime	6,502.98
	<u>\$ 331,856.15</u>
Employee Benefits:	
Payroll taxes	\$ 27,560.52
Retirement	7,126.55
Health insurance	6,272.25
	<u>\$ 40,959.32</u>
Contracted Services:	
Accounting and Auditing Services	\$ 5,700.00
Legal Services	2,400.00
Fees Paid to Service Providers	10,025.61
NCIC/TBI/TIES expenses	8,650.00
Advertising	577.75
Maintenance and repairs	20,990.15
	<u>\$ 48,343.51</u>
Supplies and materials:	
Office supplies and postage	\$ 4,687.29
Custodial supplies	1,573.21
Data processing supplies	1,152.41
Small equipment purchases	2,569.60
Utilities	7,901.05
Telephone	7,530.43
	<u>\$ 25,413.99</u>
Other charges:	
Dues and memberships	\$ 316.00
Insurance	10,178.00
Training expenses	2,445.63
Travel	789.26
Public education	205.00
Licenses and fees	45.00
Employee testing	750.00
Other	520.06
	<u>\$ 15,248.95</u>

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF INFORMATION REQUIRED BY
THE TENNESSEE EMERGENCY COMMUNICATIONS BOARD
June 30, 2008**

1. The District has one public safety answering point (PSAP).
2. The address of the PSAP is 2677 Crossville Highway, Sparta, Tennessee 38583.
3. The type of system used by the PSAP is Combix Enroute 911 telephone system. The database is Microsoft.
4. The director of the district is: Wayne Sherrell
P. O. Box 911
2677 Crossville Hwy.
Sparta, Tennessee 38583
Telephone (931)738-8653
Fax (931)738-8683
5. The Chairman of the District is: Jerry Denton
10189 McMinnville Highway
Quebeck, Tennessee 38579
Telephone (931)657-2532

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

Board of Directors
The White County 911 Emergency
Communications District
Sparta, Tennessee

I have audited the financial statement of net assets of White County 911 Emergency Communications District, a component unit of White County, Tennessee, as of the year ended June 30, 2008, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended and have issued my report thereon dated November 6, 2008. 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 the White County 911 Emergency Communications District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of White County 911 Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of White County 911 Emergency Communications District's internal control over financial reporting.

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

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

recommendations to be a significant deficiency in internal control over financial reporting. The significant deficiency is listed as item 08-1.

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 presented or detected by the entity's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I consider item 08-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether White County 911 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 did not disclose any instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

White County 911 Emergency Communications District's responses to the findings identified in my audit are described in the accompanying schedule of findings and recommendations. I did not audit White County 911 Emergency Communications District's responses and, accordingly, I express no opinion on them.

This report is intended solely for the information and use of the management, Board of Directors of the District, and the Tennessee Comptroller's Office, Division of County Audit and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant

Sparta, Tennessee
November 6, 2008

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
June 30, 2008**

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of The White County 911 Emergency Communications District.
2. One significant deficiency was disclosed during the audit of the financial statements. Item 08-1 is reported as a material weakness.
3. No instances of noncompliance material to the financial statements was disclosed during the audit.
4. Audit findings relative to the financial statement audit of The White County 911 Emergency Communications District are reported in Part B of this Schedule.

B: FINDINGS

Item 08-1: Financial statement preparation (Material Weakness)

The employees and management responsible for the accounting and reporting function lack the qualifications and training to apply generally accepted accounting principles in the preparation of financial statements.

Recommendation: Management should consider hiring an individual with the proper training and qualifications to apply generally accepted accounting principles in the preparation of financial statements.

Management's response: We concur with the auditor's finding and recommendation. It is not practical nor would it be financially feasible for the District to hire qualified employees to oversee financial statement preparation.

Item 08-1 was mentioned in the prior year report as Item 07-2.

Prior year item 07-1, expenditures in excess of the budget, has been corrected.