

McMinn County Emergency Communications District

**Financial Statements with Accompanying Information
Year Ended June 30, 2008**

with
Independent Auditors' Report

**McMINN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

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HG&A ASSOCIATES, P.C.

Certified Public Accountants

Independent Auditors' Report

Board of Directors
McMinn County Emergency Communications District
Athens, Tennessee

We have audited the accompanying balance sheet of the McMinn County Emergency Communications District, a component unit of McMinn 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. Our responsibility is to express an opinion on these financial statements based on our audit.

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. 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.

As discussed in Note 5, the District adopted the applicable provisions of Governmental Accounting Standards Board Statement No. 50, *Pension Disclosures – an amendment of GASB No. 25 and No. 27*, as of July 1, 2007.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the McMinn County Emergency Communications District as of June 30, 2008, and the changes in financial positions and its 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 8, 2008, on our consideration of the McMinn County Emergency Communications District's internal control over financial reporting and 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 audit.

Richard A. Goldstine • J. Wesley Edmondson • John C. Pannell • Tim Royster • Jenny C. Raines • Michelle Herrell

P.O. Box 50846, Knoxville, TN 37950-0846 • Telephone (865) 691-8000 • FAX (865) 691-3064 • 6504 Deane Hill Drive, Knoxville, TN 37919



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Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the McMinn County Emergency Communications District taken as a whole. The other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the McMinn County Emergency Communications District. Such 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.

Management's Discussion and Analysis on pages 3 through 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 that consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

HGA Associates, P.C.

November 8, 2008

McMinn County Emergency Communications District

1107 S. Congress Parkway, Athens, Tennessee 37303-2403
(423) 745-7698 Fax (423) 744-1607

Management's Discussion and Analysis

Our discussion and analysis of the McMinn County Emergency Communications District's (the "District") financial performance provides an overview of the District's activities for the year ended June 30, 2008. Please read it in conjunction with the District's financial statements, as listed in the table of contents.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The balance sheet and the statement of revenues, expenses and changes in net assets provide information about the District as a whole and present a long-term view of the District's finances.

THE BALANCE SHEET AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

One of the most important questions asked about the District's finances is "Is the District better off or worse off as a result of this year's activities?" The balance sheet and the statement of revenues, expenses, and changes in net assets report information about the District and about its activities that help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets - the difference between assets and liabilities - as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

CONDENSED BALANCE SHEET

The analysis below focuses on the net assets and changes in net assets of the District.

	<u>2008</u>	<u>2007</u>
Current assets	\$ 890,794	772,882
Capital assets	983,190	705,658
Other assets	<u>7,176</u>	<u>-</u>
Total Assets	\$ <u>1,881,160</u>	<u>1,478,540</u>
 Current liabilities	 \$ <u>368</u>	 <u>922</u>
Net assets:		
Invested in capital assets	983,190	705,658
Unrestricted	<u>897,602</u>	<u>771,960</u>
Total Net Assets	<u>1,880,792</u>	<u>1,477,618</u>
Total Liabilities and Net Assets	\$ <u>1,881,160</u>	<u>1,478,540</u>

Net assets of the District increased by approximately 27% during the current year. Unrestricted net assets, the part of the net assets that can be used to finance day-to-day operations, increased by approximately 16%. This was due primarily to funding from the State of Tennessee Emergency Communications Board of \$82,797 and additional McMinn County, Tennessee contributions of \$200,000 to assist in the cost of a backup center in Etowah, Tennessee and the cost of furnishing the equipment for that backup center.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>2008</u>	<u>2007</u>
Revenues:		
Emergency telephone charges	\$ 252,713	268,373
Tennessee ECB shared wireless charges	<u>233,124</u>	<u>223,235</u>
Total operating revenues	485,837	491,608
Total operating expenses	<u>788,262</u>	<u>787,858</u>
Operating loss	(302,425)	(296,250)
Non-operating revenues	<u>705,599</u>	<u>393,998</u>
Change in net assets	403,174	97,748
Net assets – beginning of year	<u>1,477,618</u>	<u>1,379,870</u>
Net assets – end of year	\$ <u>1,880,792</u>	<u>1,477,618</u>

The operations of the District (a component unit of McMinn County, Tennessee) are primarily funded as follows:

	<u>2008</u>	<u>2007</u>
Emergency telephone surcharges	21.2%	30.3%
State of Tennessee shared wireless fee	19.6%	25.2%
Contributions from McMinn County Government	45.1%	37.0%
Grants from State Emergency Communications Board	8.2%	- %
Contributions from other local governments and agencies	1.6%	2.1%
Interest income	2.7%	3.6%
Rental income	<u>1.6%</u>	<u>1.8%</u>
Total funding	<u>100.0%</u>	<u>100.0%</u>

Operational costs for the E911 Center was \$788,262 for the fiscal year ended June 30, 2008, which was less than a \$500 increase from the prior year.

CAPITAL ASSETS

At the fiscal year ended June 30, 2008, the District had \$983,190 in capital assets, an increase of 39.3% over the last year's balance of \$705,658. This change is related to the acquisition of capital assets of \$388,040 less current year depreciation expense of \$110,508. The largest part of the costs was directly related to the construction of a backup Center in Etowah, Tennessee and the related cost of equipping the Center with the appropriate dispatch and related communications equipment. The District is primarily moving its current equipment in Athens to the Etowah Center and putting new equipment in the Athens location. Additional information concerning the capital assets of the District can be found on page 13 of this report.

DEBT

At the fiscal year end, the District had no outstanding debt and does anticipate the need for issuing any debt in the next fiscal year.

BUDGETS

In order to prevent budget overruns, the line items of the District were amended by Board approval from \$724,411 in operating expenses to \$1,034,411. The increase was primarily related to the construction costs of the backup Center in Etowah, Tennessee.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general view 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 financial information, contact the Executive Director of the McMinn County Emergency Communications District, 1107 S. Congress Parkway, Athens, Tennessee 37303-2403.

**McMINN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

Balance Sheet
June 30, 2008

<u>Assets</u>	
Current assets:	
Cash	\$ 846,953
Accounts receivable	41,449
Prepaid software maintenance	<u>2,392</u>
Total current assets	<u>890,794</u>
Capital assets:	
Land	99,557
Building and improvements	785,551
Equipment and furnishings	700,612
Vehicles	<u>42,070</u>
	1,627,790
Less: allowance for depreciation	<u>644,600</u>
	<u>983,190</u>
Other assets:	
Prepaid software maintenance - less current portion	<u>7,176</u>
	<u>\$ 1,881,160</u>
 <u>Liabilities and Net Assets</u>	
Current liabilities:	
Accounts payable	\$ 75
Due to McMinn County general fund	<u>293</u>
Total current liabilities	<u>368</u>
Net assets:	
Invested in capital assets	983,190
Unrestricted net assets	<u>897,602</u>
Total net assets	<u>1,880,792</u>
	<u>\$ 1,881,160</u>

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

**McMINN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2008

Operating revenue:	
Emergency telephone surcharge	\$ 252,713
State Emergency Communications Board - shared wireless charge	<u>233,124</u>
	<u>485,837</u>
Operating expenses:	
Salaries and wages	401,006
Employee benefits	125,412
Contracted services	90,757
Supplies and materials	26,738
Depreciation	110,508
Other charges	<u>33,841</u>
Total operating expense	<u>788,262</u>
Operating loss	<u>(302,425)</u>
Nonoperating revenue:	
Rent - office space	18,600
Interest	31,636
Contributions from primary government	537,653
Contributions from other governments and agencies	19,543
State Emergency Communications Board - grants and reimbursements	<u>98,167</u>
Total nonoperating revenue	<u>705,599</u>
Change in net assets	403,174
Total net assets - beginning of year	<u>1,477,618</u>
Total net assets - end of year	<u><u>\$ 1,880,792</u></u>

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

**McMINN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

Statement of Cash Flows

For the Year Ended June 30, 2008

Cash flows from operating activities:	
Cash received from customers	\$ 484,234
Cash payments for goods and services	(142,858)
Cash payments for employees	<u>(526,418)</u>
Net cash used by operating activities	<u>(185,042)</u>
Cash flows from noncapital financing activities:	
Contributions from primary government	537,653
Contributions from other governments and agencies	19,543
Contributions from State Emergency Communications Board	<u>98,167</u>
Net cash provided by noncapital financing activities	<u>655,363</u>
Cash flows used by capital and related financing activities:	
Acquisition of equipment	<u>(388,040)</u>
Cash flows provided by investing activities:	
Interest received	<u>31,636</u>
Net increase in cash	113,917
Cash - beginning of the year	<u>733,036</u>
Cash - end of the year	<u><u>\$ 846,953</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ <u>(302,425)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	110,508
Rent - office space	18,600
Changes in operating assets and liabilities:	
Increase in accounts receivable	(1,603)
Increase in prepaid software maintenance	(9,568)
Decrease in accounts payable	(571)
Increase in due to McMinn County general fund	<u>17</u>
Total adjustments	<u>117,383</u>
Net cash used by operating activities	<u><u>\$ (185,042)</u></u>

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

McMINN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements
June 30, 2008

1. Summary of Significant Accounting Policies

(a) Nature of Business

The McMinn County Emergency Communications District (the "District"), commonly referred to as E-911, was established to provide services under the Emergency Communications District Law, Tennessee Code Annotated, Chapter 86. The District was created by a resolution of the McMinn County Commissioners on December 19, 1988, after adoption by public referendum on November 8, 1988. Under its enabling legislation, the District is a municipality with powers of perpetual success but without any power to levy or collect taxes. Charges for services authorized shall not be considered as taxes. The powers of the District are vested in and exercised by a majority of the members of the board of directors of the District who are appointed by the District's primary government.

The District is a discretely presented component unit of McMinn County, Tennessee and the financial statements are presented in both the District's separate financial report and within the McMinn County, Tennessee report. The District is considered a discretely presented component unit of McMinn County, Tennessee as defined under the criteria set forth in Governmental Accounting Standards Board Statement 14 because the District would be unable to issue debt without going through McMinn County, Tennessee.

(b) Basis of Accounting

The financial statements of the District are reported on the accrual basis. In accordance with the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts issued by the Tennessee Office of the Comptroller of the Treasury, the District is required to apply all pronouncements of the Governmental Accounting Standards Board (GASB) and pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with those of the Governmental Accounting Standards Board. After November 30, 1989 the District is required to follow only GASB guidance and not follow any FASB guidance issued after that date.

(c) Receivables

The accounts receivable – surcharges balance of \$41,449 primarily represents amounts due from Bell South and Tellico Telephone Company for the surcharge on McMinn County telephone services for the month of June 2008 and wireless commissions due from the State of Tennessee for May and June of 2008.

(continued)

**McMINN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

Notes to Financial Statements
June 30, 2008

1. Summary of Significant Accounting Policies (continued)

(d) Capital Assets

Capital assets consists of property and equipment and is stated at cost, less accumulated depreciation computed on the straight-line method over their estimated useful lives as follows: buildings - forty years; equipment and furnishings - five to seven years; building improvements - twenty-five years; vehicle - five years. When assets are retired or otherwise disposed of, the average cost is removed from the asset account and the accumulated depreciation account. Removal cost, less any salvage value, is charged or credited to the accumulated depreciation account. The cost of maintenance and repairs is charged to earnings as incurred.

(e) Compensated Absences

The District has adopted the policy of McMinn County, Tennessee, which permits its employees to accumulate, in varying amounts, earned but unused vacation and sick pay benefits. Annual vacation time accrues at a rate of ½ day per month during the first twelve months of employment, one day per month for employment years two through ten and at one day and a half for each year thereafter. Employees cannot accumulate time in excess of 24 days.

All accumulated vacation time is paid to employees unless they are terminated for cause. Sick leave accrues at the rate of ½ day per month, during the first five years of continuous employment and increases to one day per month in the sixth year. There are no limits on the amount of sick leave that can be accumulated, but no payment is made to employees for unused sick leave unless they meet the requirements for retirement incentives. This retirement incentive is met when an employee meets the requirement under the Tennessee Consolidated Retirement System of a full service retirement. For those employees meeting that requirement payment for unused sick leave will be paid at the rate of one-half the minimum substitute teacher pay paid by the McMinn County Board of Education.

No amount has been recorded for compensated absences, as they are immaterial to the financial statements.

(f) Estimates

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

(continued)

**McMINN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

Notes to Financial Statements
June 30, 2008

1. Summary of Significant Accounting Policies (continued)

(g) Tax Status

Because the District was incorporated as a political subdivision under the Tennessee Emergency Communications District Law, it is exempt from federal income taxes.

2. Cash

In September 1989, the members of the District's board of directors voted to have the McMinn County, Tennessee finance department handle the accounting functions of the District. Therefore, the McMinn County Trustee collects funds for the District and invests those funds to maximize interest earnings, less the appropriate Trustee commission for collection of the funds. The McMinn County office of the Director of Finance is responsible for the accounting function of the District's activities.

Custodial credit risk for the District's deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2008, the Trustee maintains the \$846,953 balance in commingled accounts with other McMinn County funds. As required by state statutes, the Trustee is following the District's policy requiring financial institutions holding its deposits to be members of the Tennessee Collateral Pool or pledge collateral for deposits in excess of federal depository insurance. At June 30, 2008 none of the District's funds held by the Trustee was exposed to credit risk.

3. Revenue

The District's primary sources of revenues are from surcharges imposed on McMinn County telephone services (net of administrative fees paid to the telephone companies) and from surcharges imposed on cell phone services, which are collected and disbursed by the Tennessee Emergency Communications Board.

4. 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. In order to minimize its costs, the District insures itself against potential losses associated with these risks through the purchase of commercial insurance. There were no significant reductions in limits of liability or coverage of insurance policies in effect during 2008 from those in effect in 2007 and 2006. In addition, there have been no losses in excess of insurance coverage during the past three fiscal years.

**McMINN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

Notes to Financial Statements
June 30, 2008

5. Employee Retirement Plan

Effective July 1, 2007, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 50, *Pension Disclosures – an amendment of GASB No. 25 and No. 27*. Adoption of this statement requires the notes to include the funded status and funding progress of the plan as of the most recent actuarial valuation date. The pertinent provisions are included in the following plan disclosure.

Plan Description

Certain 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). The participation in this Plan is through the District's limited association with McMinn County government.

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 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 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 McMinn County 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 the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://treasury.state.tn.us/tcrs/PS/>.

(continued)

**McMINN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

Notes to Financial Statements
June 30, 2008

5. Employee Retirement Plan (continued)

Funding Policy, Annual Pension Cost, Trend Information and Funding Status and Funding Progress

Information for these areas is not specifically available for the District but is included within the aggregated information for McMinn County Government as a whole. Please find this information for McMinn County within its comprehensive annual financial report for the year ended June 30, 2008.

6. Capital Assets

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

<u>Cost</u>	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2008</u>
Land	\$ 99,557	-	-	99,557
Buildings and improvements	477,345	308,206	-	785,551
Equipment and furnishings	620,778	79,834	-	700,612
Vehicles	42,070	-	-	42,070
	<u>\$ 1,239,750</u>	<u>388,040</u>	<u>-</u>	<u>1,627,790</u>
 <u>Accumulated Depreciation</u>				
Buildings and improvements	\$ 103,279	21,005	-	124,284
Equipment and furnishings	390,248	87,998	-	478,246
Vehicles	40,565	1,505	-	42,070
	<u>\$ 534,092</u>	<u>110,508</u>	<u>-</u>	<u>644,600</u>

Supplementary Data

**McMINN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**
Schedule of Revenues and Expenses Compared to Budget
For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Emergency telephone surcharges	\$ 205,000	252,713	47,713
State Emergency Communications Board - shared wireless charge	135,400	233,124	97,724
	<u>340,400</u>	<u>485,837</u>	<u>145,437</u>
Operating expenses:			
Salaries and wages:			
Director	46,850	46,793	57
Administrative personnel	50,234	49,005	1,229
Dispatchers	263,977	260,264	3,713
Overtime pay	15,000	14,966	34
Part-time personnel	20,000	16,978	3,022
Other salaries	13,000	13,000	-
	<u>409,061</u>	<u>401,006</u>	<u>8,055</u>
Employee benefits:			
Social security and medicare	32,400	29,356	3,044
Life insurance	1,800	1,021	779
Medical insurance	69,000	66,611	2,389
Unemployment compensation	1,650	1,213	437
Retirement contributions	28,000	27,211	789
	<u>132,850</u>	<u>125,412</u>	<u>7,438</u>
Contracted services:			
Addressing/mapping	6,000	2,205	3,795
Advertising	2,500	1,882	618
Audit services	4,500	4,500	-
Fees paid to service providers	45,000	44,804	196
Janitorial services	6,000	5,280	720
Legal services	1,500	800	700
Maintenance agreements	16,400	14,575	1,825
NCIC/TBI/TIES	8,500	7,215	1,285
Pest control	500	300	200
Lease/rental:			
Office equipment	1,800	915	885
Maintenance and repairs:			
Communications equipment	3,000	2,860	140
Facilities	6,500	3,880	2,620
Office equipment	500	-	500
Vehicles	3,100	3,091	9
	<u>105,800</u>	<u>92,307</u>	<u>13,493</u>

(continued)

**McMINN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

**Schedule of Revenues and Expenses Compared to Budget (continued)
For the Year Ended June 30, 2008**

	Budget	Actual	Variance Favorable (Unfavorable)
Supplies and materials:			
Office	\$ 4,000	3,582	418
Custodial	2,000	1,118	882
Data processing	1,250	15	1,235
Postage	500	327	173
Small equipment purchases	7,500	7,477	23
Uniforms	3,000	1,927	1,073
Utilities:			
Electric	12,500	10,095	2,405
Gas	2,300	1,374	926
Water	700	549	151
General telephone	5,300	4,038	1,262
Cellular phone	1,400	1,291	109
	<u>40,450</u>	<u>31,793</u>	<u>8,657</u>
Other charges:			
Bank charges	9,500	9,063	437
Board meetings	1,500	1,280	220
Dues and memberships	1,000	660	340
Insurance:			
Workers' compensation	1,500	962	538
Liability	9,000	8,404	596
Legal notices	250	17	233
Training	3,000	2,839	161
Travel	4,500	4,115	385
Other	316,000	314,707	1,293
	<u>346,250</u>	<u>342,047</u>	<u>4,203</u>
Total operating expenses	<u>1,034,411</u>	<u>992,565</u>	<u>41,846</u>
Excess of operating expenses over operating revenues	<u>(694,011)</u>	<u>(506,728)</u>	<u>187,283</u>

(continued)

**McMINN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

Schedule of Revenues and Expenses Compared to Budget (continued)
For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Nonoperating revenues:			
Rent - office space	\$ 18,600	18,600	-
Interest	-	31,636	31,636
Contributions from primary government	337,653	537,653	200,000
Contributions from other governments and agencies	39,087	19,543	(19,544)
State Emergency Communications Board - Grants and reimbursements	-	98,167	98,167
Total nonoperating revenues	395,340	705,599	310,259
Excess of revenues over (under) expenditures	\$ <u>(298,671)</u>	198,871	<u>497,542</u>
Adjustments to agree with financial statement - "Statement of Revenue, Expenses and Changes in Net Assets":			
Expenses unbudgeted:			
Depreciation		(110,508)	
Reimbursement of small equipment purchased by the State Emergency Communications Board		(82,797)	
Capitalized equipment purchases and prepaid software maintenance		397,608	
Change in net assets		<u>\$ 403,174</u>	

**McMINN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

Schedule of Insurance in Force

June 30, 2008

<u>Description</u>	<u>Coverage</u>
Property:	
Risks of Direct Physical Loss Subject to Normal Conditions and Exclusions:	
Business personal property - \$250 property deductible; \$1,000 earthquake and flood deductible:	
Real property (Guaranteed replacement cost)	\$ 695,942 limit
Personal property (Replacement cost)	425,828 limit
Software	250,000 limit
Equipment breakdown	12 months actual loss sustained
Valuable papers, records	Costs to restore
Accounts receivable	Costs incurred
Businesses income	12 months actual loss sustained
Commandeered property	Replacement cost
Automobile Liability:	
Liability - any auto	1,000,000
Uninsured motorists	300,000
Medical payments	5,000
General Liability:	
General Aggregate Limit	2,000,000
Products/Completed Operations Aggregate Limit	2,000,000
Personal and Advertising Injury Each Occurrence Limit	1,000,000
Each Occurrence or Medical Incident Limit	1,000,000
Medical Expense Limit (Any One Person)	5,000
Management Liability:	
Each Claim Limit (injunctive relief) (each wrongful act)	5,000 1,000,000
Annual Aggregate Limit	2,000,000

**McMinn County Emergency
Communications District**
Schedule of Information Required by the
Tennessee Emergency Communications Board
June 30, 2008

1. Number of public safety answering points (PSAP): One (1)
2. Address of each PSAP: McMinn County Emergency Communications District
1107 S. Congress Parkway
Athens, Tennessee 37303-2403
3. Type of system /equipment and database used: Zetron/Bell South database
4. Name, address, telephone number, and fax number of Executive Director:

Marvin Kelley
McMinn County Emergency Communications District
1107 S. Congress Parkway
Athens, Tennessee 37303-2403
(423) 745-7698 (423) 744-1607 (fax)
5. Name, address, telephone number, and fax number of the Chairman of the Board:

Mike Jones
McMinn County Emergency Communications District
1107 S. Congress Parkway
Athens, Tennessee 37303-2403
(423) 745-7698 (423) 744-1607 (fax)

**McMINN COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

Schedule of Expenditures of State Awards
For the Year Ended June 30, 2008

<u>Grantor Agency</u>	<u>Program Name</u>	<u>CFDA #</u>	<u>Receivable June 30, 2007</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Receivable June 30, 2008</u>
<u>State Assistance Programs</u>						
Tennessee Emergency Communications District	Rural Disptatch Grant (Z-04-020040-00)	N/A	\$ -	3,699	3,699	-
Tennessee Emergency Commnications District	GIS Maintenance Grant (Z-03-016961-02)	N/A	-	7,096	7,096	-
Tennessee Emergency Communications District	GIS Maintenance Grant (Z-08-211962-00)	N/A	-	4,575	4,575	-
			<u>\$ -</u>	<u>15,370</u>	<u>15,370</u>	<u>-</u>



**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**

The Board of Directors
McMinn County Emergency Communications District
Athens, Tennessee

We have audited the financial statements of the McMinn County Emergency Communications District (the "District"), a component unit of McMinn County, Tennessee, as of and for the year ended June 30, 2008, and have issued our report thereon dated November 8, 2008. Our report disclosed the District's adoption of provisions of Governmental Accounting Standards Board Statement No. 50, *Pension Disclosures – an amendment of GASB No. 25 and 27*. 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.

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 is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented 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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

(continued)

Richard A. Goldstine • J. Wesley Edmondson • John C. Pannell • Tim Royster • Jenny C. Raines • Michelle Herrell



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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Board of Directors, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

HG & A Associates, P.C.

November 8, 2008