

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
(A Component Unit of Monroe County, Tennessee)  
Madisonville, Tennessee

ANNUAL FINANCIAL STATEMENTS

June 30, 2013 and 2012

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
 (A Component Unit of Monroe County, Tennessee)  
 Madisonville, Tennessee  
 June 30, 2013 and 2012

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**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
(A Component Unit of Monroe County, Tennessee)  
Madisonville, Tennessee

INTRODUCTORY SECTION

June 30, 2013 and 2012

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
(A Component Unit of Monroe County, Tennessee)  
Madisonville, Tennessee  
June 30, 2013 and 2012

**BOARD OF DIRECTORS**

Boyd Curtis, DVM  
Chairman  
P. O. Box 41  
Madisonville, TN 37354

Chief Greg Breeden  
315 Englewood Road  
Madisonville, TN 37354

Mayor Tim Yates  
105 College Street South, Suite 1  
Madisonville, TN 37354

Chief Eddie Byrum  
203 Monroe Street  
Sweetwater, TN 37874

Harold Hawkins  
405 Spence Street  
Tellico Plains, TN 37385

Charles Hall  
P. O. Box 89  
Tellico Plains, TN 37385

Sheriff Bill Bivens  
319 Hickory Street  
Madisonville, TN 37354

Steve Teague  
P. O. Box 160  
Madisonville, TN 37354

Randy White  
1013 Meek Street  
Madisonville, TN 37354

**Monroe County Emergency Communications District**  
**P. O. Box 869**  
**Madisonville, Tennessee**

December 9, 2013

To the County Mayor,  
Members of the Board of Commissioners,  
and Citizens of Madisonville, Tennessee

Annual Financial Report

The annual financial report of the Monroe County Emergency Communications District of Madisonville, Tennessee (a component unit of Monroe County, Tennessee) (the "District") for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual financial report is presented in three sections: introductory, financial and supplemental. The introductory section includes this transmittal letter and list of official management and board members. The financial section includes, as required by Governmental Accounting Standards Board Statement No. 34, the report of the independent auditors, the management discussion and analysis, the basic financial statements. Supplemental information is included in section three.

The purpose of the District is the operations of the number 911 as a single emergency telephone number through which emergency service can be quickly and efficiently obtained. The 911 system is intended to provide a simplified means of securing emergency services which will result in saving of life, a reduction in the destruction of property, quicker apprehension of criminals, and ultimately the saving of money.

Risk Management

The District acquires commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, workers compensation and health insurance. All full-time employees are provided with traditional health care insurance that covers hospitalization and major medical expenses within specified limits.

Employees are also provided life insurance and disability insurance. In addition, employees contribute to the Tennessee Consolidated Retirement System, with a matching share being contributed by the employer.

Cash Management

At the end of the fiscal year, June 30, 2013, the District has \$609,411 in bank accounts: checking and certificates of deposit.

## Independent Audit

The financial statements of the District for the fiscal year ended June 30, 2013 have been audited by a firm of Independent Public Accountants, and their opinion is included in the Financial Section of this report.

The financial statements are the responsibility of the District. The responsibility of the Independent Public Accountants is to express an opinion on the District's financial statements based on their audit. An audit is conducted in accordance with auditing standards generally accepted in the United States of America. Those standards require that the audit be planned and performed in a manner to obtain a reasonable assurance as to whether the financial statements are free of material misstatement.

## Acknowledgements

The employees of the District are its most valuable asset. These individuals serve productively in the operations 24 hours a day, three hundred sixty-five days a year. They continuously provide quality services to the citizens of Monroe County. It is to these committed individuals that this document is dedicated.

Respectfully submitted,

  
\_\_\_\_\_  
Dr. Boyd Curtis  
Chairman of the Board

  
\_\_\_\_\_  
Clara Hitson  
Director

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
Madisonville, Tennessee

FINANCIAL SECTION

June 30, 2013

# Ingram Overholt & Bean, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Joe S. Ingram, CPA (1948 – 2011)  
Lonas D. Overholt, CPA  
Robert L. Bean, CPA

428 Marilyn Lane  
Alcoa, Tennessee 37701

Telephone  
865-984-1040  
Facsimile  
865-982-1665

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Monroe County Emergency Communications District  
Madisonville, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Monroe County Emergency Communications District, a component unit of Monroe County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Monroe County Emergency Communications District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monroe County Emergency Communications District's basic financial statements. The introductory section and supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental section is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental section is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Matter**

The financial statements of Monroe County Emergency Communications District as of June 30, 2012, were audited by other auditors whose report was dated December 28, 2012 expressed an unmodified opinion on those statements.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013, on our consideration of the Monroe County Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Monroe County Emergency Communications District's internal control over financial reporting and compliance.

*Ingram, Overholt & Bean, P. C.*

Alcoa, Tennessee  
December 9, 2013

**Monroe County Emergency Communications District**  
**P. O. Box 869**  
**Madisonville, Tennessee 37354**

December 9, 2013

Our discussion and analysis of the Monroe County Emergency Communications District of Monroe County, Tennessee's financial performance provides an overview of the District's activities for the year ended June 30, 2013. Please read it in conjunction with the transmittal letter and 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 Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net position provide information about the District as a whole and present a long-term view of the District's finances.

**THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

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 Statement of Net position and the Statement of Revenues, Expenses and Changes in Net position 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 position and changes in them. You can think of the District's net position – 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 position are one indicator of whether its financial health is improving or deteriorating.

**FINANCIAL HIGHLIGHTS**

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

	<u>6-30-13</u>	<u>6-30-12</u>	<u>6-30-11</u>
Telephone and Wireless company "911" fees and Operational Funding	59.0%	60.0%	59.0%
Appropriations from Primary Government	13.0	13.0	13.0
Appropriations from other governments	20.0	19.0	20.0
TECB Grants/Other	7.8	7.8	7.8
Interest income	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Total funding	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Operational costs for the E911 Center were \$738,326 for the fiscal year ended June 30, 2013.

## NET POSITION

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current assets	\$ 609,411	\$ 507,218	\$ 463,467
Non-current assets	<u>298,796</u>	<u>306,558</u>	<u>321,557</u>
Total Assets	<u>908,207</u>	<u>813,776</u>	<u>785,024</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities	<u>5,449</u>	<u>4,250</u>	<u>-</u>
Total Liabilities	<u>5,449</u>	<u>4,250</u>	<u>-</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:			
Invested in capital assets	298,796	306,558	321,557
Unrestricted	<u>603,962</u>	<u>502,968</u>	<u>463,467</u>
Total Net Position	<u>\$ 902,758</u>	<u>\$ 809,526</u>	<u>\$ 785,024</u>
Total Revenues	\$ 831,558	\$ 784,230	\$ 757,175
Total Expenses	<u>738,326</u>	<u>759,728</u>	<u>738,254</u>
Change in Net Position	<u>\$ 93,232</u>	<u>\$ 24,502</u>	<u>\$ 18,921</u>

Net position of the District increased by 11% during the current year. Unrestricted net position, the part of the net position that can be used to finance day-to-day operations, increased by 20%.

The ratios of Working Capital and Days Cash demonstrate the continuing ability to finance operations with cash. The stability of the current ratio and the liabilities to net position ratio demonstrate that the District has not financed its working capital and days cash with an increased proportion of debt. The following is a related schedule of ratios.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Working Capital (the amount by which current assets exceed liabilities)	\$ 603,962	\$ 502,968	\$ 463,467
Current Ratio (compares current assets to current liabilities – as an indicator of the ability to pay current obligations)	112	119	463
Days Cash and Investments (represents the number of days normal operations could continue with no revenue collections)	319	259	240

## CAPITAL ASSETS

At the fiscal year ended June 30, 2013, the District had \$298,796 invested in net capital assets as outlined below (a 3% increase from the last year). The increase was primarily from the acquisition of equipment and building/improvements.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Buildings	\$ 138,278	\$ 128,832	\$ 133,288
Communication equipment	144,291	154,500	154,728
Other equipment	5,404	8,892	12,384
Office furniture and equipment	10,823	13,097	14,973
Vehicle	<u>-</u>	<u>1,237</u>	<u>6,184</u>
Totals	<u>\$ 298,796</u>	<u>\$ 306,558</u>	<u>\$ 321,557</u>

## DEBT

At the fiscal year end, June 30, 2013, the District had no outstanding debt.

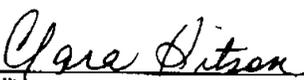
## BUDGETS

The variances between the originally adopted budget for the fiscal year ended June 30, 2013, and the final budget were caused primarily by increased depreciation.

## 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 Director of the District, P. O. Box 869, Madisonville, Tennessee 37354.

Respectfully submitted,

  
\_\_\_\_\_  
Clara Hitson  
Director

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
 Madisonville, Tennessee  
**STATEMENTS OF NET POSITION**  
 June 30, 2013 and 2012

<b>ASSETS</b>	Business-type Activities	
	2013	2012
Current Assets:		
Cash	\$ 347,795	\$ 295,946
Certificates of Deposit	261,616	211,272
Total Current Assets	609,411	507,218
Non-Current Assets:		
Depreciable capital assets, net of depreciation		
Building and improvements	138,278	128,832
Communications equipment	144,291	154,500
Other equipment	12,466	8,892
Office equipment and furniture	3,761	13,097
Vehicles	-	1,237
Total Non-Current Assets	298,796	306,558
Total Assets	908,207	813,776
DEFERRED OUTFLOWS OF RESOURCES	-	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	5,449	4,250
DEFERRED INFLOWS OF RESOURCES	-	-
<b>NET POSITION</b>		
Invested in capital assets	298,796	306,558
Unrestricted	603,962	502,968
Total Net Position	\$ 902,758	\$ 809,526

See accompanying independent auditors' report and notes to the basic financial statements.

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
 Madisonville, Tennessee  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
 For the Fiscal Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>		
Emergency Telephone Service Revenue	\$ 133,140	\$ 155,976
State Emergency Communications Board:		
Shared Wireless Revenue	153,767	145,203
Operational Funding	<u>206,438</u>	<u>167,173</u>
Total Operating Revenues	<u>493,345</u>	<u>468,352</u>
<b>OPERATING EXPENSES:</b>		
Salaries	439,199	437,980
Employee benefits	133,217	133,433
Contracted services	39,475	39,159
Rentals - equipment	32,028	36,994
Maintenance and repairs	12,224	10,953
Supplies and materials	4,603	10,685
Utilities	18,788	29,443
Other charges	4,800	6,093
Insurance	13,185	10,966
Depreciation	<u>40,807</u>	<u>44,022</u>
Total Operating Expenses	<u>738,326</u>	<u>759,728</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(244,981)</u>	<u>(291,376)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Contributions from primary governments and agencies	110,000	110,000
Contribution from other government	168,750	151,800
Interest income	1,622	1,977
TECB Grants	57,004	45,422
Miscellaneous Income	<u>837</u>	<u>6,679</u>
Total Non-Operating Revenues	<u>338,213</u>	<u>315,878</u>
Change in Net position	93,232	24,502
<b>NET POSITION – BEGINNING OF YEAR</b>	<u>809,526</u>	<u>785,024</u>
<b>NET POSITION – END OF YEAR</b>	<u>\$ 902,758</u>	<u>\$ 809,526</u>

See accompanying independent auditors' report and notes to the basic financial statements.

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

Madisonville, Tennessee

**STATEMENTS OF CASH FLOWS**

For the Fiscal Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts for telephone usage fees and other revenues	\$ 287,744	\$ 307,858
Other Operating Receipts	206,438	167,173
Payments to suppliers	(123,904)	(140,042)
Payments for salaries and fringe benefits	<u>(572,416)</u>	<u>(571,413)</u>
Net Cash Provided(Used) by Operating Activities	<u>(202,138)</u>	<u>(236,424)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of capital assets	<u>(33,045)</u>	<u>(29,023)</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:</b>		
Contributions from local governments	278,750	261,800
Grants received	<u>57,004</u>	<u>45,421</u>
Net Cash Provided from Non Capital Financing Activities	<u>335,754</u>	<u>307,221</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on cash deposits and certificates of deposit	<u>1,622</u>	<u>1,977</u>
Net Increase in Cash	102,193	43,751
Cash at Beginning of Year	<u>507,218</u>	<u>463,467</u>
Cash at End of Year	<u>\$ 609,411</u>	<u>\$ 507,218</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (244,981)	\$ (291,376)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Cash flows reported in other categories:		
Depreciation	40,807	44,022
Miscellaneous income	837	6,679
Change in assets and liabilities:		
Accounts payable	<u>1,199</u>	<u>4,251</u>
Net cash provided (used) by operating activities	<u>\$ (202,138)</u>	<u>\$ (236,424)</u>

See accompanying independent auditors' report and notes to the basic financial statements.

# MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Madisonville, Tennessee

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Years Ended June 30, 2013 and 2012

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**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
Madisonville, Tennessee  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2013 and 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District complies with accounting principles generally accepted in the United States of America (GAAP). The District uses the required *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* effective July 1, 2008. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**A. FINANCIAL REPORTING ENTITY**

The Monroe County Emergency Communications District of (911), a component unit of Monroe County, Tennessee, was established by a resolution of the Monroe County Board of Commissioners in April, 1986, and subsequently approved by the voters of Monroe County, pursuant to the provisions of Tennessee Public Acts of 1984, Chapter 867. The District began operations in March 1987.

The District is governed by nine (9) directors appointed by the Monroe County Board of County Commissioners. Before the issuance of most debt instruments, the District must obtain the approval of the Monroe County Board of County Commissioners. The District's Board employs a director and staff to conduct the daily business of the organization.

The purpose of the Monroe County Emergency Communications District is the operations of the number 911 as a single emergency telephone number through which emergency service can be quickly and efficiently obtained. The 911 system is intended to provide a simplified means of securing emergency services which will result in saving of life, a reduction in the destruction of property, quicker apprehension of criminals, and ultimately the saving of money.

**B. BASIS OF PRESENTATION**

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities in accordance with special regulations, restrictions or limitations. The Statement of Net position and Statement of Revenues, Expenses and Changes in Net position display information about the reporting District as a whole. The statements present the District as a business-type activity. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity on net income measurement similar to the private sector.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

(Continued)

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
Madisonville, Tennessee  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2013 and 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)**

**Measurement Focus**

On the Statement of Net position and the Statement of Revenues, Expenses and Changes in Net position, business-like activities are presented using the economic resources measurement focus as defined below.

The proprietary fund utilizes an “economic resources” measurement focus. The accounting objective of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

**Basis of Accounting**

In the Statement of Net position and Statement of Revenues, Expenses and Changes in Net position, a business-like activity (proprietary type) is presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Allocations of costs such as depreciation are recorded in proprietary funds.

**D. ASSETS, LIABILITIES, AND EQUITY**

**Cash and Investments**

For the purpose of the Statement of Net position, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposits of the District. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments, if applicable, are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

**Receivables**

In the basic financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the District activities include emergency telephone service revenue and rent earned.

(Continued)

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
Madisonville, Tennessee  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2013 and 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. ASSETS, LIABILITIES, AND EQUITY (Continued)**

**Capital Assets and Depreciation**

In the basic financial statements, fixed assets are accounted for and capitalized as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Depreciation of capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25 – 50 years
Improvements	10 – 50 years
Machinery and equipment	03 – 20 years

**Compensated Absences**

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. At June 30, 2013 and 2012 the District had no liability for compensated absences or accumulated sick leave. Vacation days are required to be used during each fiscal year with no carry-over to future periods.

**Net Position Classifications**

Net position is classified as net position and displayed in two components:

- a. Invested in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "invested in capital assets."
- c. Restricted net position comprise those amounts contained to be used for a specific purpose by external parties, constitutional provisions or enabling legislation.

(Continued)

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
Madisonville, Tennessee  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2013 and 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. REVENUES AND EXPENSES**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

**Operating Revenues/Expenses**

Operating revenues and expenses generally result from providing services in connection with the proprietary fund's ongoing operations.

The principal operating revenue of the District is established by "tariff rate", a flat monthly recurring telephone charge for one-party residence and another rate for business exchange access service within the base rate area governed by the boundaries of the District. Revenue is collected by telephone service providers and remitted monthly to the District. Rates were \$0.65 for residence lines and \$2.00 for business lines. Wireless fees are collected and remitted bi-monthly to the District through the State of Tennessee.

Operating expenses include salaries, employee benefits, purchased services, supplies, materials, and depreciation on capital assets. In the financial statements, expenses are classified by function for business-type activities by operating and non-operating.

**Non-operating Revenues/Expenses**

Non-operating revenues/expenses are all other revenues and expenses not meeting the definition of operating revenues/expenses above. The District's principal non-operating revenues are rent, terminal fees, local government appropriations, and interest income.

**F. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

By its nature as an Emergency Communications District (E-911) unit, the entity is subject to various federal, state, and local laws and contractual regulations. An analysis of the entity's compliance with significant laws and regulations and demonstration of its stewardship over entity resources follows.

(Continued)

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
Madisonville, Tennessee  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2013 and 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**Fund accounting requirements**

The E-911 complies with all state and local laws and regulations pertaining to Emergency Communications Districts as prescribed in the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* issued by the State of Tennessee, Comptroller of the Treasury, Division of County Audit, effective July 1, 2008.

**Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Annual Budget**

An annual budget is adopted by the District, approved by the Board of Directors, and submitted to the Tennessee Emergency Communications Board. The budget is based on expected expenses and estimated revenue resources. The budgetary basis is the accrual basis of accounting. If changes to estimated amounts become evident during the fiscal year, the District Board may amend the budget. All budget items lapse at the end of the fiscal year. Budgetary comparison schedules are presented in the supplemental section if the basic financial statements.

**NOTE 2 – CASH**

In order to provide a safe temporary medium for investment of idle funds, districts are authorized by TCA 6-56-106 to invest in the following:

- (1) Bonds, notes, or treasury bills of the United States;
- (2) Non-convertible debt securities of certain issuers;
- (3) Other obligations which are guaranteed as to principal and interest by the United States or any of its agencies;
- (4) Certificates of Deposit at state and federal chartered banks and savings and loans associations;
- (5) Obligations of the United States or its agencies under a repurchase agreement if approved as an authorized investment by the State Director of Local Finance;

(Continued)

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
Madisonville, Tennessee  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2013 and 2012

**NOTE 2 – CASH (Continued)**

- (6) Money market funds whose portfolios consist of any of the foregoing investments if approved as an authorized investment by the State Director of Local Finance; and
- (7) The Local Government Investment Pool under which local monies are transferred to and invested with the State Treasurer's cash portfolio.

Cash includes bank balances and certificates of deposit that at the balance sheet date were either entirely insured or collateralized with securities held by the Tennessee Investment Collateral Pool.

**Interest Rate Risk** - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates.

**Credit Risk** – It is the District's policy to minimize custodial credit risk associated with cash deposits by utilizing financial institutions that issue deposits through the Federal Deposit Insurance Corporation and participate in the Tennessee State Collateral Pool. In addition, other investment credit risk losses are minimized by limiting investments to the safest types of securities.

(Continued)

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
 Madisonville, Tennessee  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2013 and 2012

**NOTE 3 – CAPITAL ASSETS AND DEPRECIATION**

All capital assets are valued at historical cost. Depreciation is provided over the assets estimated useful lives using the straight-line basis. Changes in fixed assets and depreciation are as follows:

**FISCAL YEAR ENDED JUNE 30, 2013:**

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2013</u>	<u>Accumulated Depreciation</u>	<u>Net Value June 30, 2013</u>
NONDEPRECIABLE:						
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEPRECIABLE:						
Building	177,247	- 14,146	- -	191,393	(53,115)	138,278
Communication equipment	617,664	18,899	-	636,563	(492,272)	144,291
Other equipment	41,094	-	-	41,094	(35,690)	5,404
Office equipment	41,562	-	-	41,562	(37,801)	3,761
Furniture & fixtures	26,086	-	-	26,086	(19,024)	7,062
Vehicle	24,738	-	-	24,738	(24,738)	-
Totals	<u>\$ 928,391</u>	<u>\$ 33,045</u>	<u>\$ -</u>	<u>\$ 961,436</u>	<u>\$ (662,640)</u>	<u>\$ 298,796</u>

**FISCAL YEAR ENDED JUNE 30, 2012:**

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2012</u>	<u>Accumulated Depreciation</u>	<u>Net Value June 30, 2012</u>
NONDEPRECIABLE:						
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEPRECIABLE:						
Building	177,247	28,430	-	177,247	(48,415)	128,832
Communication equipment	589,234	-	-	617,664	(463,164)	154,500
Other equipment	41,094	-	-	41,094	(32,202)	8,892
Office equipment	41,562	-	-	41,562	(36,766)	4,796
Furniture & fixtures	25,493	593	-	26,086	(17,785)	8,301
Vehicle	24,738	-	-	24,738	(23,501)	1,237
Totals	<u>\$ 899,368</u>	<u>\$ 29,023</u>	<u>\$ -</u>	<u>\$ 928,391</u>	<u>\$ (621,833)</u>	<u>\$ 306,558</u>

Depreciation expense for the fiscal year ended June 30, 2013 and 2012 amounted to \$40,807 and \$44,002, respectively.

(Continued)

## MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Madisonville, Tennessee

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013 and 2012

#### NOTE 4 – COMMITMENT – AT&T

AT&T (formerly BellSouth) furnishes Stand Alone Location Identification (SALI) equipment to the District at the rates prescribed by the tariffs of the Tennessee Public Service Commission (TPSC). These rates charged by AT&T vary with increases or decreases mandated by the TPSC, and for the Per 1000 Access Lines Served for the Combined Automatic Number and SALI. The access charge is based upon the maximum number of access lines in service during the calendar year and is adjusted annually at the end of each calendar year.

The lease term with AT&T is indefinite as to time and is currently at a rate of \$2,120 per month.

#### NOTE 5 – EMPLOYEES' RETIREMENT PLAN

##### Plan Description:

Employees of Monroe County 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 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 not 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 the 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 Monroe County Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation 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, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

##### *Funding Policy*

Monroe County Emergency Communications District requires employees to contribute 5.0 percent of earnable compensation.

Monroe County Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2013 was 5.61% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Monroe County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

(Continued)

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

Madisonville, Tennessee

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2013 and 2012

**NOTE 5 – EMPLOYEES' RETIREMENT PLAN (Continued)**

*Annual Pension Cost*

For the year ending June 30, 2013, Monroe County Emergency Communications District's annual pension cost of \$21,962 to TCRS was equal to Monroe County Emergency Communication District's required and actual contributions. The required contribution was determined as part of the July 1, 2011 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 3.0 percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 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 ten-year period. Monroe County Emergency Communication 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, 2011 was 3 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost(APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/13	\$ 21,962	100.00%	\$ -
6/30/12	23,468	100.00%	-
6/30/11	21,663	100.00%	-

*Funded Status and Funding Progress*

As of July 1, 2011, the most recent actuarial valuation date, the plan was 95.41 percent funded. The actuarial accrued liability for benefits was 0.67 million, and the actuarial value of assets was \$0.64 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.03 million. The covered payroll (annual payroll of active employees covered by the plan) \$0.37 million, and the ratio of the UAAL to the covered payroll was 8.44 percent.

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.

(Continued)

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
 Madisonville, Tennessee  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2013 and 2012

**NOTE 5 – EMPLOYEES' RETIREMENT PLAN (Continued)**

*Funded Status and Funding Progress (Continued)*

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll (b-a)/c
July 1, 2011	\$ 641	\$ 672	\$ 31	95.41%	\$ 365	8.44%

**NOTE 6 – 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, property and casualty, worker's compensation, and employee health insurance. Settled claims have not exceeded commercial coverage in any of the past three (3) fiscal years.

**NOTE 7 – SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 9, 2013, which is the date on which the financial statements were issued. During December 2013, the Board approved a construction bid for a building addition, \$388,000, to be refinanced with a USDA rural development grant and loan.

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
Madisonville, Tennessee

REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2013

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
 Madisonville, Tennessee  
 Required Supplementary Information  
 Schedule of Funding Progress for Monroe County Emergency Communications District  
 For the Fiscal Year Ended June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
July 1, 2011	\$ 641	\$ 672	\$ 31	95.41%	\$ 365	8.44%
July 1, 2009	\$ 470	\$ 502	\$ 32	93.63%	\$ 328	9.76%
July 1, 2007	\$ 387	\$ 422	\$ 35	91.71%	\$ 316	11.08%

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
Madisonville, Tennessee

SUPPLEMENTAL SECTION  
June 30, 2013

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

Madisonville, Tennessee

**SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION – BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>2013 Actual</u>	Variance with Final Budget - Positive <u>(Negative)</u>
<b>OPERATING REVENUES:</b>				
Emergency Telephone Service Charge	\$ 154,000	\$ 154,000	\$ 133,140	\$ (20,860)
State Emergency Communications Board - Shared Wireless Revenue	120,000	120,000	153,767	33,767
Operational Funding	<u>148,000</u>	<u>148,000</u>	<u>206,438</u>	<u>58,438</u>
Total Operating Revenues	<u>422,000</u>	<u>422,000</u>	<u>493,345</u>	<u>71,345</u>
<b>OPERATING EXPENSES:</b>				
Salaries and Wages:				
Director	58,000	58,000	58,000	-
Administrative/Address Personnel	58,500	60,000	59,603	397
Dispatch Part-time	35,000	47,000	46,324	676
Dispatchers	271,000	251,000	250,758	242
Overtime	<u>25,000</u>	<u>25,000</u>	<u>24,514</u>	<u>486</u>
Total Salaries and Wages	<u>447,500</u>	<u>441,000</u>	<u>439,199</u>	<u>1,801</u>
Employee Benefits:				
Social Security taxes/Medicare	34,000	35,000	34,337	663
Employee Insurance	76,800	76,700	75,064	1,636
Unemployment compensation taxes	750	750	404	346
Retirement Contributions	<u>20,000</u>	<u>24,000</u>	<u>23,412</u>	<u>588</u>
Total Employee Benefits	<u>131,550</u>	<u>136,450</u>	<u>133,217</u>	<u>3,233</u>
Contracted Services:				
Address/Mapping Services	-	20	18	2
Audit Services	6,300	6,300	4,250	2,050
Accounting Services	6,000	6,000	6,000	-
Janitorial Service/Maintenance	10,600	10,600	9,165	1,435
Legal Services	-	80	42	38
NCIC/TBI/TIES Services	8,000	8,000	8,000	-
Systems Manager	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Total Contracted Services	<u>42,900</u>	<u>43,000</u>	<u>39,475</u>	<u>3,525</u>
Lease/Rental:				
Communications Equipment	<u>30,000</u>	<u>32,100</u>	<u>32,028</u>	<u>72</u>

See accompanying independent auditors' report and notes to the basic financial statements.

(Continued)

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
 Madisonville, Tennessee  
 SCHEDULE OF REVENUES, EXPENSES, AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (Continued)  
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>2013 Actual</u>	Variance with Final Budget Positive (Negative)
<b>OPERATING EXPENSES (Continued):</b>				
Maintenance and Repairs:				
Radio Consoles	3,000	3,600	3,573	27
Maintenance Agreements	-	10	-	10
Building Maintenance/Repairs	3,650	4,050	4,009	41
Office Equipment	1,200	1,700	1,400	300
Vehicle	<u>2,000</u>	<u>3,290</u>	<u>3,242</u>	<u>48</u>
Total Maintenance and Repairs	<u>9,850</u>	<u>12,650</u>	<u>12,224</u>	<u>426</u>
Supplies and Materials:				
Postage, Printing and Copies	500	500	385	115
Custodial	1,200	2,300	2,235	65
Office Supplies	5,000	500	585	(85)
Miscellaneous	<u>600</u>	<u>2,005</u>	<u>1,398</u>	<u>607</u>
Total Supplies and Materials	<u>7,300</u>	<u>5,305</u>	<u>4,603</u>	<u>702</u>
Utilities:				
Electric	9,000	9,000	8,603	397
Gas, Water, Sewer	300	300	284	16
Cell Phones and Pagers	1,000	1,200	1,189	11
Telephone	<u>12,500</u>	<u>10,900</u>	<u>8,712</u>	<u>2,188</u>
Total Utilities	<u>22,800</u>	<u>21,400</u>	<u>18,788</u>	<u>2,612</u>
Other Charges:				
Dues and Memberships	400	400	127	273
Travel and Training Expense	4,135	4,835	4,400	435
Building Mortgage Payment	14,510	14,510	-	14,510
Other	1,005	-	-	-
Legal notices	<u>200</u>	<u>300</u>	<u>273</u>	<u>27</u>
Total Other Charges	<u>20,250</u>	<u>20,045</u>	<u>4,800</u>	<u>15,245</u>
Insurance:				
Liability Insurance	7,210	7,710	7,673	37
Commercial Property Insurance	4,700	4,200	3,523	677
Workmen's Compensation				
Insurance	1,800	2,000	1,989	11
Surety Bonds	<u>200</u>	<u>200</u>	<u>-</u>	<u>200</u>
Total Insurance	<u>13,910</u>	<u>14,110</u>	<u>13,185</u>	<u>925</u>

See accompanying independent auditors' report and notes to the basic financial statements.

(Continued)

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
 Madisonville, Tennessee  
**SCHEDULE OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION – BUDGET AND ACTUAL (Continued)**  
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>2013 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Depreciation	-	41,000	40,807	193
<b>TOTAL OPERATING EXPENSES</b>	<u>726,060</u>	<u>767,060</u>	<u>738,326</u>	<u>28,734</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(304,060)</u>	<u>(345,060)</u>	<u>(244,981)</u>	<u>100,079</u>
Non-operating Revenues (Expenses):				
Contributions from Primary Governments:				
Monroe County, Tennessee	110,000	110,000	110,000	-
City of Sweetwater, Tennessee	70,700	70,700	70,700	-
City of Madisonville, Tennessee	65,000	65,000	65,000	-
City of Vonore, Tennessee	20,000	20,000	20,000	-
City of Tellico Plains, Tennessee	15,000	15,000	13,050	(1,950)
State Emergency Communications Board Grant: Dispatch Training				
Board Grant: Dispatch Training	16,000	16,000	16,000	-
Interest Income	2,000	2,000	1,622	(378)
TECB Grants	-	55,000	41,004	(13,996)
Miscellaneous	<u>6,000</u>	<u>6,000</u>	<u>837</u>	<u>(5,163)</u>
<b>Total Non-operating Revenues (Expenses)</b>	<u>304,700</u>	<u>359,700</u>	<u>338,213</u>	<u>(21,487)</u>
<b>CHANGE IN NET POSITION</b>	640	14,640	93,232	<u>\$ 78,592</u>
<b>NET POSITION – BEGINNING OF YEAR</b>	<u>809,526</u>	<u>809,526</u>	<u>809,526</u>	
<b>NET POSITION – END OF YEAR</b>	<u>\$ 810,166</u>	<u>\$ 824,166</u>	<u>\$ 902,758</u>	

See accompanying independent auditors' report and notes to the basic financial statements.

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
 Madisonville, Tennessee  
 SCHEDULE OF INSURANCE IN FORCE  
 June 30, 2013

<u>Insurance Company</u>	<u>Policy Number</u>	<u>Period</u>	<u>Description</u>
Tennessee Municipal League Risk Management Pool	TML-0381-03	11-23-12 to 11-23-13	General Liability: \$300,000 per person for bodily injury \$700,000 per occurrence for bodily injury \$100,000 per occurrence for property damage \$1,000,000 per occurrence for each other loss
Westfield Companies	CWP-3-692-320	3-31-12 to 3-31-13	Commercial Property Coverage: Building and Contents - \$2,602,500, \$1,000 Deductible; Other – Tower and 911 System - \$48,000, \$1,000 Deductible

See accompanying independent auditors' report and notes to the basic financial statements.

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
 Madisonville, Tennessee  
**SCHEDULE OF CHANGES IN FIXED ASSETS**  
 June 30, 2013

Value	Balance			Balance	Accumulated	Net
	<u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>	<u>Depreciation</u>	<u>June 30,</u>
<u>2013</u>						
NONDEPRECIABLE:						
Land	\$ _____	\$ _____ -	\$ _____ -	\$ _____	\$ _____ -	\$ _____
DEPRECIABLE:						
Building	177,247	14,146	-	191,393	(53,115)	138,278
Communication equipment	617,664	18,899	-	636,563	(492,272)	144,291
Other equipment	41,094	-	-	41,094	(35,690)	5,404
Office equipment	41,562	-	-	41,562	(37,801)	3,761
Furniture & Fixtures	26,086	-	-	26,086	(19,024)	7,062
Vehicle	24,738	-	-	24,738	(24,738)	-
Totals	<u>\$ 928,391</u>	<u>\$ 33,045</u>	<u>\$ _____ -</u>	<u>\$ 961,436</u>	<u>\$ (662,640)</u>	<u>\$ 298,796</u>

See accompanying independent auditors' report and notes to the basic financial statements.

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
Madisonville, Tennessee  
**SCHEDULE OF INFORMATION REQUIRED BY**  
**THE TENNESSEE EMERGENCY COMMUNICATIONS BOARD**  
For the Fiscal Year Ended June 30, 2013

Number of public safety answering points:	One (1)
Address(es) of each public safety answering point(s):	
Type of system/equipment and database used by each public safety answering point:	Positron VIPER/Power 9-1-1
Director of the Monroe County Emergency Communications District:	Clara Hitson P. O. Box 869 Madisonville, Tennessee 37354 (423) 442-9555 Fax: (423) 442-9585
Chairman of the Monroe County Emergency Communications District:	Boyd Curtis P. O. Box 41 Madisonville, TN 37354

See accompanying independent auditors' report and notes to the basic financial statements.

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
 Madisonville, Tennessee  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 June 30, 2013

<u>Program Name</u>	<u>Grant/Contract Number</u>	<u>Grantor Agency</u>	<u>Balance 7-1-12</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance 6-30-13</u>
Training Reimbursement Program	N/A	Tennessee Emergency Communications Board	\$ -	\$ 16,000	\$ 16,000	\$ -
GIS Mapping Maintenance Grant	Z-03-016915	Tennessee Emergency Communications Board	-	41,004	41,004	-
GIS Tips Grant		Tennessee Emergency Communications Board	-	-	-	-
Totals			<u>\$ -</u>	<u>\$ 57,004</u>	<u>\$ 57,004</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes to the basic financial statements.

**MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
Madisonville, Tennessee

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

June 30, 2013



Joe S. Ingram, CPA (1948 – 2011)  
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Monroe County Emergency Communications District  
Madisonville, Tennessee

We have audited, in accordance with the 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, the financial statements of the business-type activities of the Monroe County Emergency Communications District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Emergency Communications District of Monroe County County, Tennessee's basic financial statements, and have issued our report thereon dated December 9, 2013.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **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 *Governmental Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ingram, Overholt & Bean, P.C.*

Alcoa, Tennessee  
December 9, 2013