

**MONTGOMERY COUNTY EMERGENCY
COMMUNICATION DISTRICT**

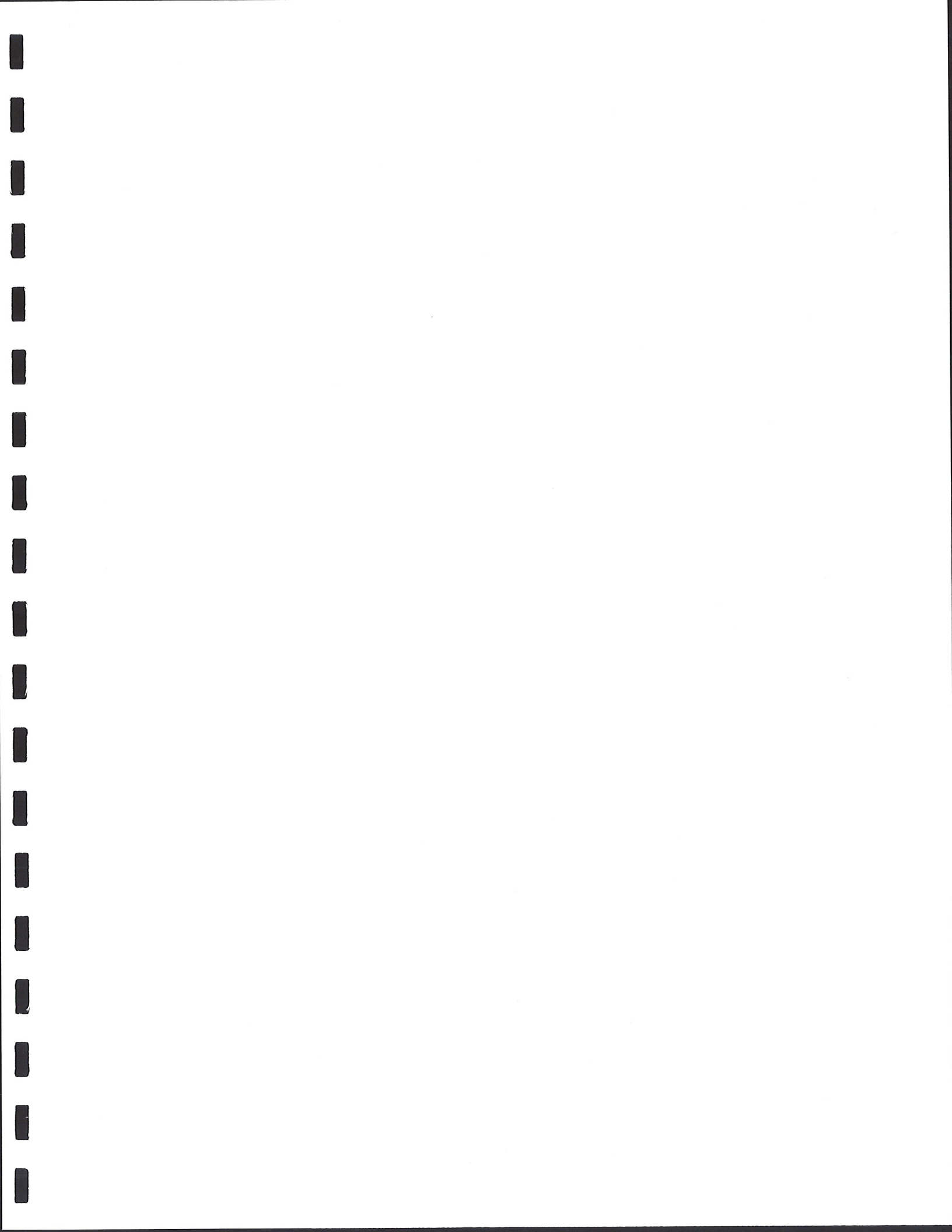
FINANCIAL STATEMENTS

SEPTEMBER 30, 2010, 2011 & 2012



VANWASSEHNOVA AND ASSOCIATES
Certified Public Accountants

MONTGOMERY COUNTY EMERGENCY
COMMUNICATION DISTRICT
FINANCIAL STATEMENTS
SEPTEMBER 30, 2010, 2011 & 2012



**MONTGOMERY COUNTY EMERGENCY
COMMUNICATION DISTRICT
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September 30, 2012**

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MONTGOMERY COUNTY EMERGENCY
COMMUNICATION DISTRICT
List of Officials

Officers & Board Members

Paul Virgadamo	President
Vicky Rudy	Vice-President
James Simon	Secretary
Robert Hudson	Treasurer
Tommy Gage	Member
John Young	Ex-Officio Member

Executive Director

Chip VanSteenberg

**MONTGOMERY COUNTY EMERGENCY
COMMUNICATION DISTRICT
Management's Discussion and Analysis**

Our discussion and analysis of Montgomery County Emergency Communication District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2012. Please read this in conjunction with the District's financial statements, which begins on page 4.

Financial Highlights

The District's assets increased by \$474,066 and liabilities decreased by \$11,347. Net assets increased by \$485,413. In 2011, the District adopted an accounting standard where future retiree benefits are recorded as a liability. In addition, out of service equipment and the backup center were written off resulting in a 2011 loss of \$710,773.

During the year, the District had expenses that were \$128,091 more than the prior year. (not counting the \$710,773 mentioned above) Total revenues were \$116,351 more than in fiscal year 2011.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Financial Position and the Statement of Activities provide information about the activities of the District as a whole and present a long-term view of the District's finances.

One of the most important questions asked about the District's finances is, "Has Montgomery County Emergency Communication District improved as a whole as a result of the year's activities?" The Statement of Financial Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps 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. You will need to consider other nonfinancial factors, however, such as changes in the District's revenue tax base and the services provided, to assess the overall health of the District.

The District as a Whole

The District's total assets increased by \$474,066. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental activities.

Table 1 - Net Assets

	2010	2011	2012
Current & Other Assets	\$4,833,165	\$5,225,334	\$5,629,026
Capital Assets	2,639,773	2,079,889	2,150,263
Total Assets	7,472,938	7,305,223	7,779,289
Liabilities	45,764	91,669	80,322
Net Assets:			
Unrestricted	\$7,427,174	\$7,213,554	\$7,698,967

Net assets of the District increased by 7%. (\$7,698,967 compared to \$7,213,554). Montgomery County Emergency Communication District has no long-term debt other than future retiree benefits.

Table 2 - Changes in Net Assets

	2010	2011	2012
Revenues	\$4,195,634	\$4,289,320	\$4,441,784
Service revenues	210,292	49,280	13,167
Interest and other	4,405,926	4,338,600	4,454,951
Total Revenues	3,531,072	4,552,220	3,969,538
Expenses	\$ 874,854	\$ (213,620)	\$ 485,413
Increase (Decrease) in Net Assets			

Service revenues for the District increased by 3.5%, while total expenses decreased by 13%. Without the 2011 loss on asset write downs, expenses would have increased 3%.

Budgetary Highlights

Revenues were \$367,617 higher than budgeted and expenses were \$155,266 less than budgeted. Overall, on a budgetary basis, the District was \$212,351 better than what was originally planned.

Capital Assets

At the end of September 2012, the District had \$2,150,263, net of accumulated depreciation, invested in a broad range of capital assets including equipment, buildings and vehicles. This amount represents a net increase of \$70,374 or 3%, from last year. The increase was due to the purchase of new assets of \$505,114 less current depreciation expense of \$434,740.

Table 3 - Capital Assets at Year-end

	2010	2011	2012
Building	\$1,811,751	\$1,811,751	\$1,916,287
Equipment	3,075,235	1,903,184	2,303,762
Vehicles	22,295	45,732	45,732
Furniture & Fixtures	251,939	251,939	251,939
Backup Center	433,472	-	-
Less Accumulated Depreciation	(2,954,919)	(1,932,717)	(2,367,457)
Total Assets	\$2,639,773	\$2,079,889	\$2,150,263

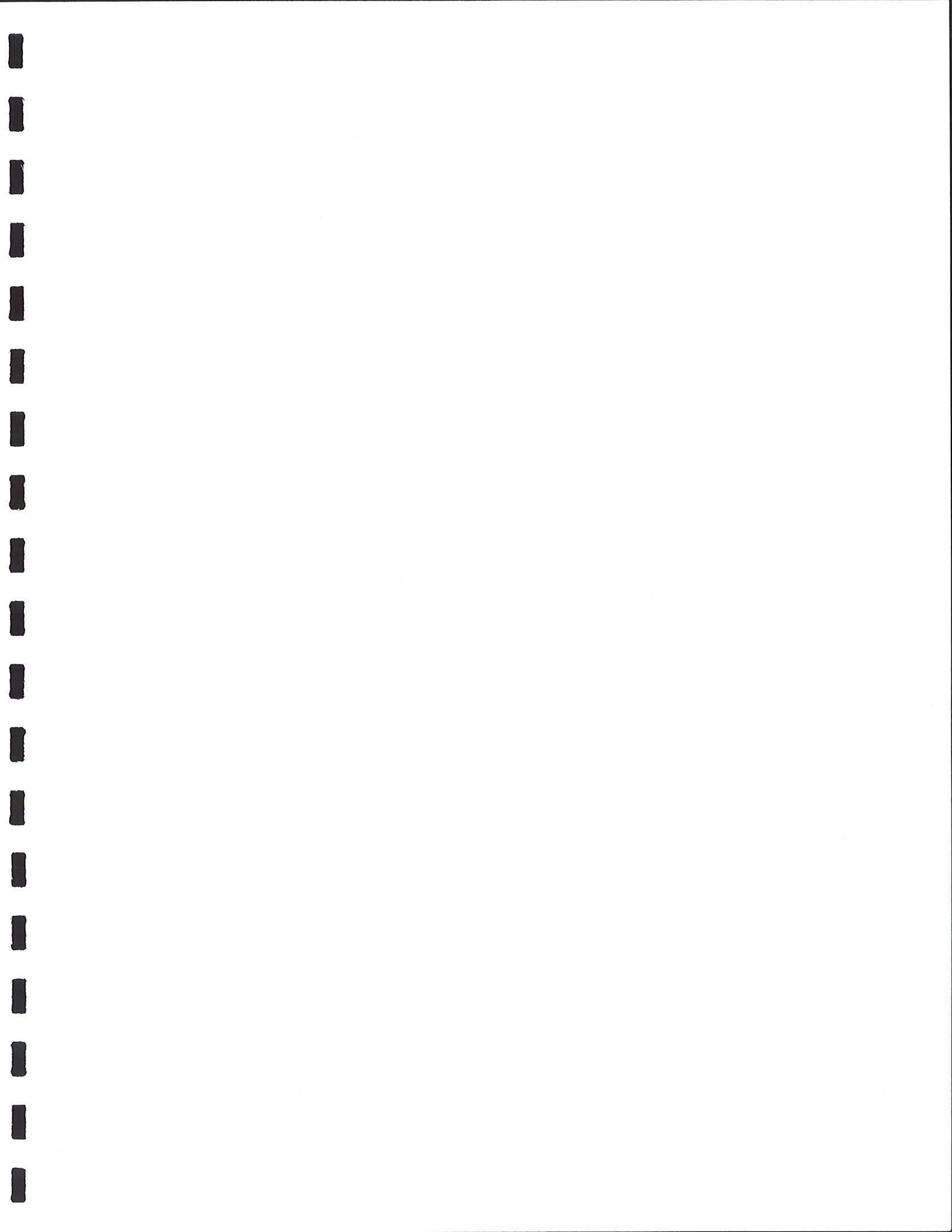
The District's fiscal year 2013 budget calls for it to spend \$1,068,600 for capital expenditures.

Economic Factors and Next Year's Budget

The District's appointed officials and citizens considered many factors when setting the 2013 fiscal year budget. The economy, employment growth, cell phone and VoIP use and other factors were all a part of the factors used. Revenues are budgeted at \$4,083,400 which is a \$371,551 decrease from fiscal 2012 actual amounts. Expenses are budgeted at \$5,151,360 which includes capital expenditures of \$1,068,600

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director at 150 Hillbig Road in Conroe, Texas.



Independent Auditors' Report

To the Board of Directors
Montgomery County Emergency Communication District
Conroe, Texas

We have audited the accompanying statements of financial condition of Montgomery County Emergency Communication District (the District) as of September 30, 2010, 2011 and 2012, and the related statements of activities and changes in net assets and cash flows for the years then ended which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Montgomery County Emergency Communication District as of September 30, 2010, 2011 and 2012, and the respective changes in financial position for the years of America.

Accounting principles generally accepted in the United States of America require that the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory section, fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

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

VanWassenhova & Associates

VanWassenhova & Associates
December 26, 2012

**MONTGOMERY COUNTY EMERGENCY
COMMUNICATION DISTRICT
Statements of Financial Position
September 30, 2010, 2011 & 2012**

Assets

	2010	2011	2012
Current Assets			
Cash	\$ 4,675,325	\$ 5,212,874	\$ 5,629,026
Accounts Receivable	157,840	12,460	-
Total Current Assets	<u>4,833,165</u>	<u>5,225,334</u>	<u>5,629,026</u>
Fixed Assets			
Property & Equipment	5,594,692	4,012,606	4,517,720
Less: Accumulated Depreciation	(2,954,919)	(1,932,717)	(2,367,457)
Net Fixed Assets	<u>2,639,773</u>	<u>2,079,889</u>	<u>2,150,263</u>
Total Assets	<u>\$ 7,472,938</u>	<u>\$ 7,305,223</u>	<u>\$ 7,779,289</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	\$ 30,983	\$ 25,000	\$ -
Accrued Wages & Payroll Taxes	14,781	11,761	25,414
Total Current Liabilities	<u>45,764</u>	<u>36,761</u>	<u>25,414</u>
Long-Term Liabilities			
Post Employment Benefits	-	54,908	54,908
Net Assets - Unrestricted	<u>7,427,174</u>	<u>7,213,554</u>	<u>7,698,967</u>
Total Liabilities and Net Assets	<u>\$ 7,472,938</u>	<u>\$ 7,305,223</u>	<u>\$ 7,779,289</u>

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

MONTGOMERY COUNTY EMERGENCY

COMMUNICATION DISTRICT

Statements of Activities and Changes in Net Assets

For the Years Ended September 30, 2010, 2011 & 2012

	2010	2011	2012
Revenues			
Service Revenues	\$ 4,195,634	\$ 4,289,320	\$ 4,441,784
Interest Income	10,609	6,666	6,516
Miscellaneous	199,683	42,614	6,516
Total Revenues	<u>4,405,926</u>	<u>4,338,600</u>	<u>4,454,951</u>
Expenses			
Interlocal - City & County	1,176,847	1,134,547	1,229,887
Asset Dispositions	-	710,773	-
Salaries	661,223	652,191	708,992
911 System Project	244,575	449,719	354,521
Telephone Company Contract Services	409,254	444,425	420,547
Depreciation	289,312	351,141	434,740
Insurance & Employee Benefits	182,041	170,289	201,764
Other Contract Services	97,779	120,000	123,750
Utilities & Phone	115,983	101,578	74,953
Retirement	92,827	95,248	106,218
Legal & Audit	54,467	72,399	80,167
Future Retiree Health Benefits	-	54,908	-
Payroll Taxes	51,253	50,279	54,907
Facility & Building Supplies	38,454	37,661	61,918
Mapping Projects	23,897	32,313	49,828
Travel, Auto & Mileage	30,447	26,549	12,099
Public Education	31,223	15,952	23,904
Equipment Repairs & Maintenance	1,484	8,754	4,781
Office Supplies	7,224	7,378	7,895
Professional Development	10,169	5,625	4,947
Bank Charges	3,473	3,601	4,504
Equipment Rent	2,564	2,885	3,511
Operating Supplies	5,221	2,473	5,101
Records Management	1,355	1,532	604
Total Expenses	<u>3,531,072</u>	<u>4,552,220</u>	<u>3,969,538</u>
Revenues Over (Under) Expenses	874,854	(213,620)	485,413
Net Assets - Beginning of Year	6,552,320	7,427,174	7,213,554
Net Assets - End of Year	<u>\$ 7,427,174</u>	<u>\$ 7,213,554</u>	<u>\$ 7,698,967</u>

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

**MONTGOMERY COUNTY EMERGENCY
COMMUNICATION DISTRICT
Statements of Cash Flows
For the Years Ended September 30, 2010, 2011 & 2012**

	2010	2011	2012
Cash Flows From Operating Activities	\$ 874,854	\$ (213,620)	\$ 485,413
Excess of Revenues Over (Under) Expenses			
Adjustments to Reconcile Revenue			
Over Expenses to Cash Provided			
by Operating Activities:			
Depreciation	289,312	351,141	434,740
(Increase) Decrease in Operating Assets	(157,840)	145,380	12,460
Accounts Receivable			
Other Prepaid Wireless	6,120	-	-
Increase (Decrease) in Operating Liabilities			
Accrued Wages	(12,519)	(3,020)	(25,000)
Accounts Payable	18,668	(5,983)	13,653
Net Cash Provided by Operating Activities	1,018,595	273,898	921,266
Cash Flows From Investing Activities			
Disposition of Fixed Assets	-	710,773	-
Purchase of Fixed Assets	(1,174,228)	(502,030)	(505,114)
Net Cash Provided (Used) by Investing Activities	(1,174,228)	208,743	(505,114)
Cash Flows From Financing Activities			
Cash Flows From Financing Activities			
Post Employment Benefits Liability	-	54,908	-
Net Increase (Decrease) in Cash	(155,633)	537,549	416,152
Cash - Beginning of Year	4,830,958	4,675,325	5,212,874
Cash - End of Year	\$ 4,675,325	\$ 5,212,874	\$ 5,629,026
Supplemental Disclosure-Interest Paid	\$ -	\$ -	\$ -

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

**MONTGOMERY COUNTY
EMERGENCY COMMUNICATION DISTRICT
Notes to the Financial Statements
September 30, 2012**

Note 1 - Organization

Montgomery County Emergency Communication District (the District) is a separate governmental agency which was created on November 5, 1985 under the provisions of the State of Texas Health Safety Code Section 772 entitled "Emergency Telephone Number Act" to facilitate the quick response to persons seeking police, fire, rescue and other emergency services.

The District is not a taxing authority. Operations of the District are funded by charges to telephone users in the jurisdictions serviced by the District. User charges are set by the District's Board of Managers as a percentage, up to 6%, of the user's basic telephone charge. Additionally, the District collects \$0.50 per wireless and Voice over Internet Protocol (VoIP) subscriber number per month; as well as 2% of the total sale for prepaid wireless. Such fees are collected by the telephone companies serving these jurisdictions and remitted directly to the District.

The financial objective of the District is to cover annual operating costs and actual and anticipated capital expenditure outlays.

The operational objective of the District is to improve emergency communications for those in need of help and as provided by those whose job is to provide efficient and effective responses to calls.

Note 2 - Summary of Significant Accounting Policies

Significant accounting policies applied in the preparation of the financial statements are as follows:

The financial statements are prepared using the accrual method of accounting. Revenue recognition takes into account a sixty-day lag, allowed by law, for telephone companies to remit their monthly collections.

Property and equipment are stated at cost. Depreciation is provided using straight-line methods over lives of five years for equipment, seven years for office furniture and 30 years for real property. The cost of assets sold, retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in operations. Expenditures for maintenance and repairs are charged to operations. Renewals and betterments that materially extend the life of an asset are capitalized.

Note 3 - Income Tax

Montgomery County Emergency Communication District was created under the laws of the State of Texas and is not a taxpaying entity. Therefore, there is no provision for federal income tax.

Note 4 - Unrestricted Net Assets

Net Assets represent the accumulation of revenues in excess of expenses since inception of the District. User fee charges commenced in May of 1986. Full service operations commenced in January 1988.

Note 5 - Donated Services

No amounts have been reflected in the financial statements for donated services in as much as no objective basis is available to measure the value of such services. However, the Board of Directors and Officers have donated significant amounts of their time for the benefit of the organization.

Note 6 - Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments available for current use with an initial maturity of six months or less to be cash equivalents.

Cash and investments at September 30, 2012 consisted of \$5,657,571 held in various accounts at TexPool with an overraft balance of \$28,244 at a local banking institution. The cash held at the local bank is insured by the FDIC and is collateralized with securities held by the District or its agent in the District's name.

Texas Local Government Investment Pool ("TexPool") has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

The Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Lehman Brothers Inc. and Federated Investors, Inc. under an agreement with the Comptroller, acting on behalf of the Trust Company.

Note 7 - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 8 - Addressing Costs

Beginning in 1991, the District began the process of updating addresses in Montgomery County to comply with Senate Bill 1091. This Bill grants authority to the Commissioners' Court to establish standards for rural addressing and to assign street names and numbers. In order for emergency agencies to locate specific addresses, it was necessary to assign house numbers and street names in unincorporated areas. Costs incurred by the District on behalf of Montgomery County for fiscal years 1995 through 2011 were \$4,202,562 and \$255,151 for 2012.

Note 9 – Facilities

During the year ended September 30, 2000, the District completed construction of a 17,500 square foot building that now houses the operations of the District. The facility is being shared with Montgomery County Sheriff's Department and Montgomery County Hospital District. Montgomery County owns the land and they have leased this land to the District for 99 years at \$10 per year.

Note 10 – Interlocal Agreements

Texas 9-1-1 Alliance - The District has joined other Emergency Communication Districts for the purpose of maintaining a group presence before the Texas Legislative and Executive branches of government, maintaining a group presence before all applicable state agencies, monitoring and reporting on all legislative activity affecting the group and monitoring and reporting on state rulemaking initiatives. It is also a goal to identify key issues, develop group positions on those issues and develop and implement a related strategy. The costs to the District will be approximately \$30,000 per year.

Montgomery County - Montgomery County and the District have entered into an agreement for 9-1-1 call taking within Montgomery County but outside the City of Conroe. Montgomery County Sheriff's Office will perform 9-1-1 call taking at the District's facility. The District shall reimburse the County for compensation for each 9-1-1 call taker and 9-1-1 supervisor employed and assigned by the MCSO to perform their duties up to a total of fourteen 9-1-1 call takers and four 9-1-1 supervisors. In addition, the District will pay an administrative fee to the County of five percent of the compensation and benefits package for each employee.

The City of Conroe, Texas - The City of Conroe, Texas and the District have entered into an agreement for 9-1-1 call taking within the City of Conroe. The City's Police Department shall have the responsibility and function of answering all 9-1-1 calls within the City limits. The District shall reimburse the City for compensation and benefits for five 9-1-1 call takers.

The Woodlands Fire Department - The District and The Woodlands Fire Department have agreed that The Woodlands Fire Department will use the back-up Communications Center mentioned below and will provide the necessary equipment for its operations. The Woodlands Fire Department will reimburse the District for utilities.

Montgomery County - Montgomery County has agreed to utilize the District's facility for its Sheriff's 9-1-1 call taking and dispatch operations center for a minimum of five years. The District is providing 9-1-1 equipment and networks and the County is providing its own dispatch pertinent equipment, software and services for their use. The County has agreed to provide janitorial services for the Communication Center. In the past, the County and District have shared the costs of such services. The County has also agreed to pay an annual rental fee of \$10 and a pro-rata share of the total utilities for each month that the utilities exceed \$7,500. The District pays the County \$10 per year for the 99-year site lease initiated June 1998.

Montgomery County Hospital District - Montgomery County Hospital District (MCHD) is utilizing the District's Communication Center for its back-up operations at no charge. The agreement is automatically renewing.

Note 11 - Employee Retirement Plan Effective January 1, 2001

Plan Description- The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public retirement system consisting of over 500 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the District within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the District.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy-The District has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The District contributed using the actuarially determined rate of 14.42% thru December 31, 2011 and 15.40% thereafter.

The deposit rate payable by the employee members for calendar years 2011 & 2012 was 7% as adopted by the District. The District, within the options available in the TCDRS Act, may change the employee contribution rate.

Annual Pension Cost-For the District's accounting year ended September 30, 2011, the annual pension cost for the TCDRS plan for its employees was \$95,248 and the total contributions were \$141,737. The annual pension cost for the year ended September 30, 2012 was \$106,218 and the total contributions were \$155,268.

Note 12 - Changes in Capital Assets

Following is a schedule of changes in capital assets:

	9-30-11		9-30-12	
	Balance	Increases	Decreases	Balance
Assets being depreciated				
Building	\$ 1,811,751	\$ 104,536	-	\$ 1,916,287
Equipment	1,903,184	400,578	-	2,303,762
Furniture & Fixtures	251,939	-	-	251,939
Vehicles	45,732	-	-	45,732
Total assets being depreciated	\$ 4,012,606	\$ 505,114	\$ -	\$ 4,517,720
Less accumulated depreciation				
Building	(769,227)	(64,399)	-	(833,626)
Equipment	(884,571)	(365,652)	-	(1,250,223)
Furniture & Fixtures	(251,937)	(2)	-	(251,939)
Vehicles	(26,982)	(4,687)	-	(31,669)
Total accumulated depreciation	(1,932,717)	(434,740)	-	(2,367,457)
Total Net Capital Assets	\$ 2,079,889	\$ 70,374	\$ -	\$ 2,150,263

Note 13 - Budget Basis of Accounting

The District prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the District's method (budget basis) in the Statement of Activities and Changes in Net Assets—Budget and Actual to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis is that depreciation, since it is not a cash expense, is not budgeted and capital expenditures are expensed for budget purposes. Depreciation for the year ending September 30, 2012 was \$434,740.

Note 14 - Other Post Employment Benefits

The District has implemented Government Accounting Standards Board (GASB) Statement 45, "Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pension (OPFB)" prospectively (no beginning net OPFB obligation). It is a single employer pay-as-you go plan. In addition to other benefits, the District makes available health care benefits to all qualified employees who retire from the District. The plan provides the same medical coverage to that offered to current employees, dental, vision and life insurance.

A qualified retiree is defined as follows:

- 30 years of service at any age
- Age 60 and 8 years of service
- Rule of 75
- The retiree must have been enrolled in the District's insurance program for 3 years prior to retirement

The percentage of coverage is based on years of service with the District:

- 15 years – 70%
- 25 years – at least age 55 - 100%

Annual OPFB Cost and Net OPFB Obligation

The District has elected to calculate the annual required contribution of the employer (ARC) and related information using the Alternative Measurement Method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. The employer's annual other OPFB cost (expense) is calculated based on the ARC. The ARC represents a level of funding that, in paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Funded Status and Funding Progress

As of September 30, 2011, (the date of the most recent computation) the plan assets were \$-0-, the actuarial accrued liability for benefits was \$572,212, the total unfunded actuarial liability is \$572,212, and the actuarial value of the assets as a percentage of the actuarial accrued liability (funded ratio) is 0%. The covered payroll was \$656,630 and the ratio of unfunded actuarial accrued liability to the covered payroll was 87%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

A discount rate of 4.50% was used. A general price inflation of 3.00% was assumed. In addition, the Projected Unit Credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at September 30, 2011 was 30 years. As authorized by GASB Statement No. 45, the Alternative Measurement Method with its simplifications of certain assumptions was employed in measuring actuarial accrued liabilities and the ARC.

Development of the Annual OPFB Cost and Net OPFB Obligation

Employer FYE September	2011
Annual Required Contribution	\$ 68,291
Net OPFB Obligation (NOO) at beginning of year	-
Interest on Net OPFB Obligation (NOO)	-
Adjustment to ARC	-
Annual OBFB Cost (expense)	68,921
Employer Contributions Made	(14,013)
Increase in NOO	\$ 54,908
Net OPFB Obligation at end of year	\$ 54,908

The Employer's annual OPFB cost, the percentage of annual OPFB cost contributed to the plan, and the net OPFB obligation were as follows:

Schedule of Employer Contributions

Fiscal Year Ending	September 2011
Annual OPFB Cost	68,291
Amount contributed	14,013
Percentage contributed	20%
Net OPFB Obligation	54,908

Note 15 - Subsequent Events

The District has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended September 30, 2012 through December 26, 2012, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

MONTGOMERY COUNTY EMERGENCY

COMMUNICATION DISTRICT

Statement of Activities and Changes in Net Assets

Budget and Actual (Budgetary Basis)

For the Year Ended September 30, 2012

Variance with Final Budget Over (Under)	Budgeted Amounts			Revenues
	Actual	Final	Original	
\$ 361,300	\$ 4,441,784	\$ 4,080,484	\$ 4,080,484	Service Revenues
301	6,651	6,350	6,350	Interest Income
6,016	6,516	500	500	Other Income
367,617	4,454,951	4,087,334	4,087,334	Total Revenues
49,766	3,969,538	3,919,772	3,919,772	Expenses
(205,032)	505,114	710,146	710,146	General Government
				Capital Purchases
(155,266)	4,474,652	4,629,918	4,629,918	Total Expenses
\$ 212,351	\$ (19,701)	\$ (542,584)	\$ (542,584)	Revenues Over Expenses

**MONTGOMERY COUNTY EMERGENCY
COMMUNICATION DISTRICT
Pension Plan**

Schedule of Actuarial Liabilities and Funding Progress

		2011		2012
GASB 27 Calculation Information				
GASB 27 compliant contribution rate		14.01%	14.01%	14.95%
Assumed rate on employer funds		9.00%	9.00%	9.00%
Actuarial amortization factor		10.23%	10.23%	10.23%
Contribution rate		14.01%	14.01%	14.95%
Actuarial information				
Actuarial valuation date	12/31/09	12/31/10	12/31/11	
Actuarial cost method	entry age	entry age	entry age	
Amortization method	level-% of	level-% of	level-% of	
Amortization period in years	20	20	20	
Asset valuation method	10 year	10 year	10 year	
Subdivision Accumulation Fund	Smoothed Value	Smoothed Value	Smoothed Value	Smoothed Value
Employees Saving Fund	Fund Value	Fund Value	Fund Value	Fund Value
Assumptions:				
Investment return	8%	8%	8%	
Projected salary increases	5.4%	5.4%	5.4%	
Inflation	3.5%	3.5%	3.5%	
Cost of living adjustments	0%	0%	0%	
Schedule of Funding Information				
Actuarial Valuation Date	12-31-09	12-31-10	12-31-11	
Actuarial Value of Assets	\$ 1,531,414	\$ 1,719,427	\$ 1,941,865	
Actuarial Accrued Liability	1,901,661	2,128,817	2,337,613	
Percentage Funded	80.5%	80.8%	83.1%	
Under (Over) Funded Actuarial	370,247	409,390	395,748	
Accrued Liability (UAAL)	855,685	665,366	657,429	
Annual Covered Payroll	43.3%	61.5%	60.2%	
UAAL as a Percentage of Covered Payroll				

