

**JEFFERSON COUNTY E-911**  
**Jefferson City, Tennessee**  
**ANNUAL FINANCIAL REPORT**  
**WITH SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2014**  
**and**  
**INDEPENDENT AUDITOR'S REPORT**

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

ANNUAL FINANCIAL REPORT  
WITH SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2014

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JEFFERSON COUNTY E-911

Jefferson City, Tennessee

SCHEDULE OF BOARD OF DIRECTORS

June 30, 2014

Members of the Board of Directors are as follows:

Alan Palmieri	Chairman
Tom Maursetter	Vice Chairman
Chad Cotter	Secretary
Rob Blevins	Member
Billy John Cureton	Member
Jane Davis	Member
Brad Phillips	Member

# BROWN JAKE & McDANIEL, PC

CERTIFIED PUBLIC ACCOUNTANTS  
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KNOXVILLE, TENNESSEE 37919-3336  
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FRANK D. McDANIEL, CPA, CGFM, CGMA  
TERRY L. MOATS, CPA, CGFM, CGMA  
JAMES E. BOOHER, CPA, CGMA

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

Board of Directors  
Jefferson County E-911  
Jefferson City, Tennessee

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

We have audited the accompanying statement of net position of Jefferson County E-911, a component unit of Jefferson County, Tennessee, as of June 30, 2014, and the related statements of revenues, expenses and change in net position and cash flows for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise Jefferson County E-911'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

### ***Unmodified Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Jefferson County E-911, as of June 30, 2014, and the respective changes in financial position and cash flows for the year 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 on pages 5 - 7 and the schedule of funding progress on page 19 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 an opinion on the financial statements that collectively comprise Jefferson County E-911's basic financial statements. The other supplementary information and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and is 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 other supplementary information 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2014 on our consideration of the 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 District's internal control over financial reporting and compliance.

Brown Lake & McDaniel, PC

Knoxville, Tennessee  
November 6, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR 2014

The financial statements of Jefferson County E-911 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial statements of the District report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about their activities.

The Statement of Net Position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Change in Net Position. The statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its fees, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balances during the reporting period.

Table 1

Condensed Statement of Net Position

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Increase (Decrease)</u>	<u>%</u>
Current and other assets	\$ 697,923	\$ 689,300	\$ 8,623	1.25%
Capital assets	<u>348,334</u>	<u>222,898</u>	<u>125,436</u>	56.28%
Total assets	<u>\$ 1,046,257</u>	<u>\$ 912,198</u>	<u>\$ 134,059</u>	14.70%
Long-term liabilities	\$ -	\$ -	\$ -	- %
Current liabilities	<u>24,312</u>	<u>108,706</u>	<u>(84,394)</u>	-77.64%
Total liabilities	<u>\$ 24,312</u>	<u>\$ 108,706</u>	<u>\$ (84,394)</u>	-77.64%
Investment in capital assets	\$ 348,334	\$ 149,788	\$ 198,546	132.55%
Unrestricted	<u>673,611</u>	<u>653,704</u>	<u>19,907</u>	3.05%
Total net position	<u>\$ 1,021,945</u>	<u>\$ 803,492</u>	<u>\$ 218,453</u>	27.19%

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

One way to measure financial health of a company is to look at its increases or decreases in net position over time. Increases in net position, in general, are signs that a company's financial health is improving. Decreases may indicate that its financial health is deteriorating. However, you will need to also consider non-financial factors such as economic conditions, service growth, and legislative mandates.

Jefferson County E-911's total net position increased \$218,453 from last year.

Table 2

Statement of Revenues, Expenses, and Change in Net Position

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Increase (Decrease)</u>	<u>%</u>
Operating revenue	\$ 491,916	\$ 549,211	\$ (57,295)	-10.43%
Non-operating revenue	<u>564,423</u>	<u>560,223</u>	<u>4,200</u>	0.75%
Total revenues	<u>1,056,339</u>	<u>1,109,434</u>	<u>(53,095)</u>	-4.79%
Direct operating expenses	575,395	549,014	26,381	4.81%
General and administrative expenses	360,195	409,005	(48,810)	-11.93%
Non-operating expense	-	111,756	(111,756)	100.00%
Depreciation expense	<u>53,838</u>	<u>63,003</u>	<u>(9,165)</u>	-14.55%
Total expenses	<u>989,428</u>	<u>1,132,778</u>	<u>(143,350)</u>	-12.65%
Income (loss) before capital grants	66,911	(23,344)	90,255	-386.63%
Capital grants	<u>151,542</u>	<u>164,498</u>	<u>(12,956)</u>	-7.88%
Change in net position	218,453	141,154	77,299	54.76%
Beginning net position	<u>803,492</u>	<u>662,338</u>	<u>141,154</u>	21.31%
Ending net position	<u>\$ 1,021,945</u>	<u>\$ 803,492</u>	<u>\$ 218,453</u>	27.19%

As can be seen in Table 2, the change in net position (formerly known as "net income (loss)") increased from the prior year by \$77,299. This increase was caused by a decrease in operating revenues, some decrease in expenses and no significant loss from the retirement of capital assets being present in 2014. The loss on disposal of capital assets in 2013 was due to the District's physical location moving to a new facility constructed by the primary government.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

Table 3

Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Increase (Decrease)</u>
Capital assets, net	\$ 348,334	\$ 222,898	\$ 125,436

This year's capital additions include:

Operating equipment	\$ 11,569
Communication equipment	104,403
Software	<u>63,302</u>
 Total additions	 \$ <u>179,274</u>

At June 30, 2014, the District had no outstanding long-term debt.

There were no significant variations from fiscal year 2014 budgeted operational expenditures and fiscal year 2014 actual operational expenditures.

This financial report is designed to provide the public and creditors with an overview of the finances of the District and to demonstrate accountability for the money received. If there are questions, comments, or requests for additional information pertaining to this report, please contact:

Justin Crowther, Director  
Jefferson County E-911  
581 W Old AJ Highway  
New Market, TN 37820

Phone (865) 475-4911

JEFFERSON COUNTY E-911  
 Jefferson City, Tennessee  
 STATEMENT OF NET POSITION

June 30, 2014

ASSETS

Current assets:	
Cash and cash equivalents	\$ 614,831
Accounts receivable:	
Customers	68,313
Prepaid expenses	<u>14,779</u>
Total current assets	<u>697,923</u>
Capital assets:	
Capital assets, net of accumulated depreciation totaling \$345,352	<u>348,334</u>
Total assets	<u>\$ 1,046,257</u>

LIABILITIES AND NET POSITION

Current liabilities:	
Accrued vacation leave	<u>\$ 24,312</u>
Total liabilities	<u>24,312</u>
Net position:	
Investment in capital assets	348,334
Unrestricted	<u>673,611</u>
Total net position	<u>1,021,945</u>
Total liabilities and net position	<u>\$ 1,046,257</u>

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

## JEFFERSON COUNTY E-911

Jefferson City, Tennessee

## STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

For the Fiscal Year Ended June 30, 2014

Operating revenues:	
Emergency telephone surcharges	\$ 171,326
State shared wireless charges	131,674
State of Tennessee operational funding	<u>188,916</u>
	<u>491,916</u>
Operating expenses:	
Salaries and wages	575,395
Employee benefits	205,725
Contracted services	87,819
Supplies and materials	14,922
Other charges	<u>51,729</u>
	<u>935,590</u>
Operating margin (loss) before depreciation	(443,674)
Depreciation expense	<u>53,838</u>
Operating margin (loss)	<u>(497,512)</u>
Non-operating revenue (expense):	
Interest income	424
Miscellaneous income	343
Contribution from primary government	433,600
State of Tennessee grants and reimbursements	<u>130,056</u>
	<u>564,423</u>
Income before capital grant contribution	66,911
Capital grant contribution - State of Tennessee	<u>151,542</u>
Change in net position	218,453
Net position, beginning of the year	<u>803,492</u>
Net position, end of the year	<u>\$1,021,945</u>

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

## JEFFERSON COUNTY E-911

Jefferson City, Tennessee

## STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2014

Cash flows from operating activities:	
Cash received from service fees and other operating revenues	\$ 495,774
Miscellaneous income	343
Cash paid to suppliers for goods and services	(348,869)
Cash paid to employees for services provided	<u>(568,401)</u>
Net cash used by operating activities	<u>(421,153)</u>
Cash flows from noncapital financing activities:	
Contribution from primary government	433,600
Grant revenues received - State of Tennessee	<u>130,056</u>
Net cash provided by noncapital financing activities	<u>563,656</u>
Cash flows from capital and related financing activities:	
Purchase of equipment	(179,274)
Decrease in accounts payable - capital assets	(73,110)
Capital grants received-State of Tennessee	<u>133,265</u>
Net cash used by capital and related financing activities	<u>(119,119)</u>
Cash flows from investing activities:	
Interest income on investments	<u>424</u>
Net cash provided by investing activities	<u>424</u>
Net increase in cash and cash equivalents	23,808
Cash and cash equivalents, beginning of the year	<u>591,023</u>
Cash and cash equivalents, end of the year	<u>\$ 614,831</u>
Reconciliation of operating margin (loss) to net cash used by operating activities:	
Operating margin (loss)	\$ (497,512)
Adjustments to reconcile operating margin (loss) to net cash used by operating activities:	
Depreciation	53,838
Miscellaneous income	343
Decrease in receivables	3,858
Decrease in prepaid expenses	11,018
Increase in other current liabilities	<u>7,302</u>
Net cash used by operating activities	<u>\$ (421,153)</u>

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

## JEFFERSON COUNTY E-911

Jefferson City, Tennessee

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

1. Summary of Significant Accounting PoliciesGeneral Statement

Jefferson County E-911 (the District) is a 911 service which receives telephone requests for emergency services and provides for the dispatch of appropriate emergency service units. Jefferson County E-911 is a component unit of another governmental entity. Jefferson County, Tennessee is the primary government in whose financial reporting entity Jefferson County E-911 is included. The District receives a significant portion of its income from the tax revenues of Jefferson County. Also, Jefferson County's legislative body approves board members, debt issues, telephone surcharge rate changes and annual budgets of Jefferson County E-911.

The criteria for including organizations as component units within a County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is a fiscal dependency by the organization on the County

Basis of Presentation

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District applies all Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting policies of the District are described below.

The entity is a proprietary fund type known as an Enterprise Fund. The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs are financed through user charges.

## JEFFERSON COUNTY E-911

Jefferson City, Tennessee

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)1. Summary of Significant Accounting Policies (Continued)Basis of Presentation (Continued)

Proprietary funds are accounted for on a "flow of economic resources" measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net assets.

Methods of Accounting

The full accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Net Position

The District follows the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. It requires the classification of net position into three components - 1) net investment in capital assets, 2) restricted for debt service, and 3) unrestricted.

Cash and Cash Equivalents

For purposes of these financial statements, the District considers all highly liquid investments having original maturity dates of three months or less to be cash equivalents.

Budgetary Principles

Prior to the beginning of the fiscal year, the Board of Directors adopts an annual budget. All revisions must be approved by the Board. All annual appropriations lapse at fiscal year end. Budgetary control is at the line item level.

The District prepares its budget on a basis of accounting that differs from accounting principles generally accepted in the United States of America (GAAP). The major difference between the budgetary basis of accounting and GAAP is that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP). At June 30, 2014, the District had no encumbrances.

## JEFFERSON COUNTY E-911

Jefferson City, Tennessee

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)1. Summary of Significant Accounting Policies (Continued)Capital Assets

Capital assets owned by the District are recorded at cost, or if contributed property, at their fair market value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Operating and Non-Operating Revenues and Expenses

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Recently Issued and Adopted Accounting Pronouncements

In June 2012, the GASB issued Statement 67, Financial Reporting for Pension Plans - an amendment of GASB Statement 25, and Statement 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement 27. Statement 67, effective for fiscal years beginning after June 15, 2013, revises existing standards of financial reporting by state and local government pension plans and will be adopted by the pension plan itself. Statement 68 will affect the governments that participate as employers in these plans and is effective for fiscal years beginning after June 15, 2014. For governments to adopt

## JEFFERSON COUNTY E-911

Jefferson City, Tennessee

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)1. Summary of Significant Accounting Policies (Continued)Recently Issued and Adopted Accounting Pronouncements (Continued)

Statement 68, the underlying pension plans must first adopt Statement 67. These statements establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. Statement 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. The objective of Statement 68 is to improve accounting and financial reporting by state and local governments for pensions. These pension standards include significant changes to how governmental employers will report liabilities related to pension obligations.

Statement No. 67 was implemented during the current year; No. 68 will be implemented on July 1, 2014.

Evaluation of Subsequent Events

Management has evaluated subsequent events through November 6, 2014, which is the date the financial statements were available to be issued.

2. Cash and Cash Equivalents

Cash consisted of the following at June 30, 2014:

Cash in bank	<u>\$614,831</u>
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At June 30, 2014, all of the District's deposits were either insured by federal depository insurance or guaranteed by bank participation in the Tennessee Bank Collateral Pool. Investment policies of the District follow state law and bond requirements prohibiting investments that are not secured or insured by the U.S. Government.

## JEFFERSON COUNTY E-911

Jefferson City, Tennessee

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)3. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Depreciation Rates
Capital assets, being depreciated:					
Office equipment and furniture	\$ 8,064	\$ -	\$ -	\$ 8,064	14.3 - 33.3%
Operating equipment	196,416	11,569	-	207,985	14.3 - 20.0%
Communication equipment	262,135	104,403	-	366,538	14.3 - 20.0%
Software	-	63,302	-	63,302	14.3 - 20.0%
Vehicle	47,797	-	-	47,797	20.0%
 Total capital assets, being depreciated	 514,412	 179,274	 -	 693,686	
Less accumulated depreciation for:					
Office equipment and furniture	(5,072)	(1,302)	-	(6,374)	
Operating equipment	(188,545)	(4,430)	-	(192,975)	
Communication equipment	(70,115)	(34,753)	-	(104,868)	
Software	-	(8,349)	-	(8,349)	
Vehicle	(27,782)	(5,004)	-	(32,786)	
 Total accumulated depreciation	 (291,514)	 (53,838)	 -	 (345,352)	
 Total capital assets, being depreciated, net	 222,898	 125,436	 -	 348,334	
 Total net capital assets, excluding plant acquisition adjustments	 \$ 222,898	 \$ 125,436	 \$ -	 \$ 348,334	

Depreciation charged to expense totaled \$53,838 for the year ended June 30, 2014.

4. Compensated Absences

The vacation year is a calendar year beginning January 1 and ending December 31. Regular full-time employees accrue one day of vacation per month. After five years of service, employees accrue one and one-half days of vacation per month. Employees on vacation are paid at the regular rate of pay during such leave. Employees may accrue annual vacation leave up to a maximum of thirty days. Unpaid vacation leave totaled \$24,312 for the year ended June 30, 2014.

Sick leave is earned by regular full-time employees at the rate of one day per month. Employees may accumulate sick leave up to a maximum of one hundred twenty days. It is management's belief that sick leave does not vest, and therefore, no accrual of such leave has been made.

## JEFFERSON COUNTY E-911

Jefferson City, Tennessee

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)5. Retirement Plan***Plan Description***

Employees of Jefferson County E-911 are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Jefferson County E-911 participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 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***

Jefferson County E-911 requires employees to contribute 5.0 percent of earnable compensation.

Jefferson County E-911 is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2014 was 5.66% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Jefferson County E-911 is established and may be amended by the TCRS Board of Trustees.

## JEFFERSON COUNTY E-911

Jefferson City, Tennessee

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)5. Retirement Plan (Continued)**Annual Pension Cost**

For the year ending June 30, 2014, Jefferson County E-911's annual pension cost of \$28,584 to the TCRS was equal to Jefferson County E-911'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. Jefferson County E-911'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 1 year. 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>
June 30, 2014	\$28,584	100.00%	\$0.00
June 30, 2013	\$28,916	100.00%	\$0.00
June 30, 2012	\$26,705	100.00%	\$0.00

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the plan was 86.56 percent funded. The actuarial accrued liability for benefits was \$0.58 million, and the actuarial value of assets was \$0.50 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.08 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0.44 million, and the ratio of the UAAL to the covered payroll was 17.67 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.

## JEFFERSON COUNTY E-911

Jefferson City, Tennessee

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)5. Retirement Plan (Continued)*Schedule of Funding Progress*

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2013	\$498	\$576	\$77	86.56%	\$428	17.67%
July 1, 2011	\$412	\$421	\$9	97.96%	\$368	2.34%
July 1, 2009	\$260	\$260	\$0	100.00%	\$336	0.00%

6. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for all of these risks of loss. There have been no claims in the prior three years.

**REQUIRED SUPPLEMENTARY INFORMATION**

JEFFERSON COUNTY E-911  
 Jefferson City, Tennessee  
 SCHEDULE OF FUNDING PROGRESS  
 June 30, 2014

(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, 2013	\$498	\$576	\$77	86.56%	\$438	17.67%
July 1, 2011	\$412	\$421	\$9	97.96%	\$368	2.34%
July 1, 2009	\$260	\$260	\$0	100.00%	\$336	0.00%

See independent auditor's report.

**OTHER SUPPLEMENTARY INFORMATION**

JEFFERSON COUNTY E-911

Jefferson City, Tennessee

SCHEDULE OF EXPENDITURES OF STATE AWARDS\*

June 30, 2014

<u>Description</u>	<u>Project Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2013 Unexpended (Receivable)</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2014 Unexpended (Receivable)</u>
Grants:						
Tennessee Department of Commerce and Insurance - GIS-TIPS Distribution	N/A	N/A	\$ -	\$ 56,864	\$ 56,864	\$ -
Tennessee Department of Commerce and Insurance - Dispatcher Training Alloc.	N/A	N/A	-	26,000	26,000	-
Tennessee Department of Commerce and Insurance - Charter Revenue Loss	N/A	N/A	-	47,192	47,192	-
Tennessee Department of Commerce and Insurance - Call Handling System	N/A	N/A	-	47,193	47,193	-
Tennessee Department of Commerce and Insurance - Telex Radio Dispatch Console	N/A	N/A	-	86,072	86,072	-
Tennessee Department of Commerce and Insurance - 25% Distribution	N/A	N/A	-	131,674	131,674	-
Tennessee Department of Commerce and Insurance - Recurring Operational Funding	N/A	N/A	-	188,916	188,916	-
Tennessee Department of Commerce and Insurance - Zetron Max Controller	N/A	N/A	<u>18,277</u>	<u>-</u>	<u>18,277</u>	<u>-</u>
Total Grants			<u>\$ 18,277</u>	<u>\$583,911</u>	<u>\$ 602,188</u>	<u>\$ -</u>

\*Schedule is presented on the full accrual basis of accounting.

See independent auditor's report.

## JEFFERSON COUNTY E-911

Jefferson City, Tennessee

## SCHEDULE OF BUDGET VS. ACTUAL REVENUES AND EXPENSES

For the Fiscal Year Ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>
Operating revenues:		
Emergency telephone surcharges	\$ 290,000	\$ 171,326
State shared wireless charges	135,000	131,674
State of Tennessee operational funding	<u>216,744</u>	<u>188,916</u>
Total operating revenues	<u>641,744</u>	<u>491,916</u>
Operating expenses:		
Directors salary	49,517	49,517
Administrative personnel	36,585	36,584
Telecommunicators	261,500	261,402
Overtime pay	68,500	68,101
Part-time pay	45,000	42,189
Mapper salary	32,903	32,902
TAC salary	34,350	34,349
Holiday pay	16,000	15,948
Longevity pay	8,500	8,500
Sick leave	9,500	9,127
Vacation leave	17,000	16,776
Social security	35,245	35,241
Medicare	8,245	8,242
Life insurance	1,400	1,172
Medical insurance	155,000	129,481
Unemployment taxes	7,500	3,005
Retirement contributions	31,000	28,584
Addressing/mapping expenses	1,000	-
Audit services	8,000	7,718
Administrative fees - service charge	7,200	2,579
Fees paid to service providers	42,184	23,354
Legal fees	1,200	-
Tower rental	5,400	5,400
Maintenance agreements	30,000	27,346
NCIC/TBI/TIES expenses	5,600	5,560
Lease/rent - building and fees	7,300	7,261
Maintenance and repairs - communication equipment	36,800	4,600
Maintenance and repairs - office equipment	4,500	881
Maintenance and repairs - vehicle	1,000	-
Maintenance and repairs - building	3,000	1,250
Fuel - vehicle	6,000	1,870
Office supplies	8,300	2,738
Custodial supplies	2,500	239
Postage	600	431
Small equipment purchases	4,935	3,583
Uniforms and shirts	3,000	1,648
Utilities - electric	1,200	900
Utilities - gas	500	59
Utilities - general telephone	4,567	585
Utilities - cell phone and pagers	7,000	4,739
Bank charges	1,200	5
Dues and memberships	2,100	938
Employee testing and exams	4,000	846
Insurance - workers compensation	12,000	11,506
Insurance - liability	8,500	8,485
Insurance - equipment	7,500	7,401
Insurance - vehicle	2,350	2,314
Premiums on surety bonds	800	767
Training expenses	16,000	14,589
Internet charges	3,000	2,830
Miscellaneous	<u>3,000</u>	<u>2,048</u>
Total operating expenses	<u>1,069,981</u>	<u>935,590</u>
Operating margin (loss) before depreciation	(428,237)	(443,674)
Depreciation expense	<u>65,000</u>	<u>53,838</u>
Operating margin (loss)	<u>(493,237)</u>	<u>(497,512)</u>
Non-operating income (expense):		
Interest income	450	424
Miscellaneous income	2,000	343
Contribution from primary government	433,600	433,600
State of Tennessee grants and reimbursements	<u>57,187</u>	<u>281,598</u>
Total non-operating income (expense)	<u>493,237</u>	<u>715,965</u>
Change in net position	<u>\$ -</u>	<u>\$ 218,453</u>

See independent auditor's report.

## JEFFERSON COUNTY E-911

Jefferson City, Tennessee

## SCHEDULE OF OPERATING EXPENSES

For the Fiscal Year Ended June 30, 2014

Operating expenses:	
Salaries and wages:	
Director	\$ 49,517
Administrative personnel	36,584
Mapper salary	32,902
Telecommunicators	261,402
TAC salary	34,349
Overtime pay	68,101
Part-time personnel	42,189
Holiday pay	15,948
Longevity pay	8,500
Sick leave	9,127
Vacation leave	<u>16,776</u>
Total salaries and wages	<u>575,395</u>
Employee benefits:	
Social security	35,241
Medicare	8,242
Life insurance	1,172
Medical insurance	129,481
Unemployment taxes	3,005
Retirement contributions	<u>28,584</u>
Total employee benefits	<u>205,725</u>
Contracted services:	
Audit services	7,718
Administrative fees - service charge	2,579
Fees paid to service providers	23,354
Tower rental	5,400
Maintenance agreements	27,346
NCIC/TBI/TIES expense	5,560
Lease/rent - building and fees	7,261
Maintenance and repairs - communication equipment	4,600
Maintenance and repairs - office equipment	881
Maintenance and repairs - building	1,250
Fuel - vehicle	<u>1,870</u>
Total contracted services	<u>87,819</u>
Supplies and materials:	
Office supplies	2,738
Custodial supplies	239
Postage	431
Small equipment purchases	3,583
Uniforms and shirts	1,648
Utilities - electric	900
Utilities - gas	59
Utilities - general telephone	585
Utilities - cell phones and pagers	<u>4,739</u>
Total supplies and materials	<u>14,922</u>
Other charges:	
Bank charges	5
Dues and memberships	938
Employee testing and exams	846
Insurance - workers compensation	11,506
Insurance - liability	8,485
Insurance - equipment	7,401
Insurance - vehicle	2,314
Premiums on surety bonds	767
Training expenses	14,589
Internet charges	2,830
Miscellaneous	<u>2,048</u>
Total other charges	<u>51,729</u>
Total operating expenses	<u>\$ 935,590</u>

See independent auditor's report.

JEFFERSON COUNTY E-911  
Jefferson City, Tennessee  
SCHEDULE OF TELEPHONE SURCHARGE RATES  
June 30, 2014

Residential	\$1.00/ month
Commercial	\$3.00/ month
Wireless	\$1.00/ month

See independent auditor's report.

JEFFERSON COUNTY E-911  
 Jefferson City, Tennessee  
 SCHEDULE OF INSURANCE COVERAGES  
 June 30, 2014

Commercial property and general liability:

Property	\$	1,081,600
General liability		2,000,000 (aggregate)
		1,000,000 (per occurrence)
Management liability		2,000,000 (aggregate)
		1,000,000 (per occurrence)
		25,000 (injunctive relief)
Business auto:		
Liability		1,000,000
Uninsured motorists		1,000,000
Employee dishonesty bond		100,000
Workers compensation		Statutory

See independent auditor's report.

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MEMBERS  
 AMERICAN INSTITUTE OF  
 CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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  
 Jefferson County E-911  
 Jefferson City, 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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jefferson County E-911 (the District), a component unit of Jefferson County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2014.

### 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 of 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 *Government 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.



CERTIFIED PUBLIC ACCOUNTANTS

Knoxville, Tennessee  
November 6, 2014