

**MACON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
JUNE 30, 2014**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Macon County E-911 Emergency Communications District
Cookeville, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of Macon County E-911 Emergency Communications District, a component unit of Macon County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Macon County E-911 Emergency Communications 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 the 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Macon County E-911 Emergency Communications District, a component unit of Macon County, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof 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 Discussion and Analysis and the Schedule of Funding Progress on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financials 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 historic context.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 historic context. The auditor's opinion on the basic financial statements is not affected by this missing information.

I have applied certain limited procedures to the Schedule of Funding Progress 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Macon County E-911 Emergency Communications

District's basic financial statements. The Budget and Actual schedule and the schedule of 911 Board Members on pages 14-16 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Budget and Actual schedule and the schedule of 911 Board Members are the responsibility of management and were 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 my opinion, the Budget and Actual schedule and the schedule of 911 Board Members are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 4, 2015 on my consideration of Macon County E-911 Emergency Communications District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Macon County E-911 Emergency Communications District's internal control over financial reporting and compliance.

January 4, 2015
Cookeville, Tennessee

Tamara L. Beckman, CPA

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 490,073.20	
Accounts Receivable	42,648.84	
Due from State Emer. Comm. Board	9,643.98	
Prepaid Expenses	<u>18,049.25</u>	
<u>Total Current Assets</u>		\$ 560,415.27

Capital Assets

Building & Improvements	70,506.60	
Less: Accumulated Depreciation	(34,511.22)	
Furniture & Fixtures	3,791.75	
Less: Accumulated Depreciation	(3,791.75)	
Office Equipment	169,520.56	
Less: Accumulated Depreciation	(162,083.84)	
Communications Equipment	575,817.55	
Less: Accumulated Depreciation	(446,858.58)	
Vehicle	29,200.00	
Less: Accumulated Depreciation	<u>(24,333.33)</u>	
<u>Total Capital Assets</u>		<u>177,257.74</u>
<u>Total Assets</u>		<u>737,673.01</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	683.22	
Wages Payable	2,409.93	
Leases Payable - Current	<u>5,492.87</u>	
<u>Total Current Liabilities</u>		8,586.02

Net Position

Net Investment in Capital Assets	171,764.87	
Unrestricted	<u>557,322.12</u>	
<u>Total Net Position</u>		<u>\$ 729,086.99</u>

The accompanying notes are in integral part of the financial statements

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Operating Revenues

Emergency Telephone Service Charges	\$ 169,518.36	
State – Wireless Charges	74,862.66	
State – Operational Funding	<u>166,502.24</u>	
Total Operating Revenue		\$ 410,883.26

Operating Expense

Salaries & Wages

Director	50,030.75	
Administrative Personnel	31,344.34	
Part-Time Personnel	<u>4,672.29</u>	
Total Salaries & Wages		86,047.38

Employee Benefits

Social Security	6,205.80	
Medicare	1,237.78	
Retirement	7,665.52	
Unemployment Tax	<u>153.30</u>	
Total Employee Benefits		15,262.40

Contracted Services

Addressing/Mapping	20,827.50	
Advertising	647.08	
Audit Services	2,750.00	
Fees Paid to Service Providers	35,650.71	
Legal Services	500.00	
Maintenance Agreements	58,399.24	
Mapping & Database Consultants	4,590.00	
NCIC/TBI/TIES	2,240.00	
Lease/Rental - Buildings & Facilities	4,000.00	
<u>Maintenance & Repairs</u>		
Communication Equipment	9,458.25	
Office Equipment	3,660.32	
Vehicle	1,329.69	
Fuel-Vehicle	<u>3,322.31</u>	
Total Contracted Services		147,375.10

The Accompanying notes are in integral part of the financial statements

*MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION CONT'D
FOR THE YEAR ENDED JUNE 30, 2014*

<u>Supplies & Materials</u>		
Office Supplies	6,366.26	
Custodial Supplies	1,345.16	
Postage	248.20	
Small Equipment Purchase	31,277.86	
Uniforms	4,211.00	
<u>Utilities</u>		
Telephone	16,610.50	
Cell Phones & Pagers	2,577.73	
Other Supplies & Materials	<u>373.26</u>	
Total Supplies & Materials		63,009.97
<u>Other Charges</u>		
Dues & Memberships	535.00	
<u>Insurance</u>		
Worker's Compensation	1,871.00	
Equipment	5,368.00	
Vehicle	701.00	
Premiums on Surety Bonds	650.00	
Training Expenses	3,380.48	
Travel Expenses	<u>6,960.24</u>	
Total Other Charges		19,465.72
Depreciation		<u>90,378.91</u>
Total Expenses		<u>421,539.48</u>
Net Operating Income		(10,656.22)
<u>Non-Operating Revenue and Expense</u>		
Interest Income	1,457.75	
Interest Expense, Late Fees	(633.36)	
State – Grants & Reimbursements	<u>67,974.96</u>	
Total Non-Operating Revenue & Expense		<u>68,799.35</u>
Net Increase in Net Position		58,143.13
Total Net Position, July 1, 2013		<u>670,943.86</u>
Total Net Position, June 30, 2014		<u><u>\$ 729,086.99</u></u>

The Accompanying notes are in integral part of the financial statements

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Cash Flows From Operating Activities</u>		
Cash Received from Operations	\$ 381,742.95	
Cash Paid to/for Employee Services	(100,625.80)	
Cash Payments for Goods and Services	<u>(234,471.56)</u>	
Net Cash Provided by Operating Activities		\$ 46,645.59
 <u>Cash Flows from Non-Capital Financing Activities</u>		
Grants & Reimbursements Received	<u>67,974.96</u>	
Net Cash Provided by Non-Capital Financing Activities		67,974.96
 <u>Cash Flows from Capital & Related Financing Activities</u>		
Acquisitions of New Assets	(28,350.00)	
Interest Paid on Leases Payable	(633.36)	
Principal Payment of Lease Payable	<u>(14,466.36)</u>	
Net Cash Used by Capital & Related Financing Activities		(43,449.72)
 <u>Cash Flows from Investing Activities</u>		
Interest Received	<u>1,457.75</u>	
Net Cash Provided by Investing Activities		<u>1,457.75</u>
Net Increase in Cash and Cash Equivalents		72,628.58
Cash and Cash Equivalent at 6-30-13		<u>417,444.62</u>
Cash and Cash Equivalent at 6-30-14		<u>\$ 490,073.20</u>
 <u>Reconciliation of Operating Income to Net Cash</u>		
<u> Provided by Operating Activities</u>		
Net Operating Income	\$ (10,656.22)	
Depreciation	90,378.91	
Increase in Accounts Receivable	(28,567.59)	
Increase in Due from State ECB	(572.72)	
Increase in Prepaid Expense	(4,475.60)	
Decrease in Accounts Payable	(145.17)	
Increase in Accrued Payroll & Payroll Liabilities	<u>683.98</u>	
<u>Net Cash Provided by Operating Activities</u>		<u>\$ 46,645.59</u>

The Accompanying notes are in integral part of the financial statements

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 1 – Summary of Significant Accounting Policies

The Macon County E-911 Emergency Communication District was established for the purpose of providing an enhanced level of 911 service to the Macon County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Macon County. The Macon County E-911 Emergency Communications District is run by a board of directors, which is appointed by Macon County. The District must file a budget with Macon County each year. Any bond issued by the district is subject to approval by Macon County.

The District uses the accrual basis of accounting and economic resource measurement focus. Revenues are recognized when earned and expenses are recognized when incurred.

Depreciation – Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives using the straight-line method. All assets purchased under \$2,500 are expensed. Depreciation begins when the fixed assets are placed in service. Depreciation is summarized as follows:

	<u>Method</u>	<u>Estimated Useful Life</u>	<u>2014 Depreciation</u>
Building/Improvements	S/L	5-15 Years	\$ 8,228.05
Furniture & Fixtures	S/L	5-10 Years	--
Office Equipment	S/L	5-7 Years	2,769.80
Communications Equipment	S/L	3-12 Years	73,541.06
Vehicle	S/L	5 Years	<u>5,840.00</u>
			<u>\$ 90,378.91</u>

Major Source of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges. The District's non-operating revenue consists of grants and reimbursements given by the State Emergency Communications Board to help the district employ a dispatcher and interest.

Note 2 – Cash and Cash Investments

The Tennessee Government Code requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105% of the entity's deposits.

The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

The following is a schedule of bank accounts at June 30, 2014:

Checking – Citizens Bank	\$263,461.34
Money Market – Macon Co. Bank	<u>226,611.86</u>
Total Deposits	<u>\$490,073.20</u>

At June 30, 2014, the carrying amount of the Macon County E-911 Emergency Communications District’s cash deposits was \$490,073.20. The District’s deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. Any amounts over \$250,000 are still covered since Citizens Bank is member of the Government Collateralization Pool. The District is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated. [Acts 1992, ch. 891, section 10].

Note 3 – Bonding

Macon County E-911 Emergency Communications District has a bond covering certain members of the board at June 30, 2014. Other risk areas include theft, property damage and public liability. The District carries general liability insurance as well as insurance that cover all equipment, building and vehicles. There have been no losses or settlements that exceeded this coverage during the past three years.

Note 4 – Subsequent Events

The District has evaluated subsequent events through January 4, 2015, the date in which the financial statements were available to be issued.

Note 5 – Capital Assets

The following is a schedule of equipment at June 30, 2014:

<u>Assets</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Bldg & Imprv.	\$ 70,506.60	\$ 34,511.22	\$ 35,995.38
Furniture & Fixture	3,791.75	3,791.75	--
Office Equipment	169,520.56	162,083.84	7,436.72
Comm. Equipment	575,817.55	446,858.58	128,958.97
Vehicles	<u>29,200.00</u>	<u>24,333.33</u>	<u>4,866.67</u>
Total Fixed Assets	<u>\$848,836.46</u>	<u>\$671,578.72</u>	<u>\$177,257.74</u>

<u>Assets</u>	Balance 6-30-13	Additions	Adjustments/ Retirements	Balance 6-30-14
Bldg & Imprv.	\$ 70,506.60	\$ --	\$ --	\$ 70,506.60
Furniture & Fixtures	3,791.75	--	--	3,791.75
Office Equipment	169,520.56	--	--	169,520.56
Comm. Equipment	547,467.55	28,350.00	--	575,817.55
Vehicles	29,200.00	--	--	29,200.00
Total Fixed Assets	<u>\$820,486.46</u>	<u>\$ 28,350.00</u>	<u>\$ --</u>	<u>\$848,836.46</u>

Note 6 – Cash and cash equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

Note 7 – Accounts Receivable/Due from State Emergency Communications Board

The amounts due to the District from subscriber services and wireless charges include the following:

North Central Telephone Co-op	\$ 42,648.84
State Emergency Communications Board	9,643.98
Total Due From State & Accounts Receivable	<u>\$ 52,292.82</u>

Note 8 – Compensated Absences

The District has one full-time and one part-time employee. The board has not adopted a policy for compensated absences as of June 30, 2014.

Note 9 – Calculation of Invested in Capital Assets

Total Capital Assets	\$177,257.74
Current & Non-Current Debt	< 5,492.87 >
Net Investment in Capital Assets	<u>\$171,764.87</u>

Note 10 – Leases Payable

On June 29, 2009 the District entered into a four year lease agreement with Marlin Financial for the acquisition of a Recorder. The total cost of the equipment, \$47,895.00, is to be repaid in 48 monthly payments of \$1,121.50 beginning July 29, 2009 at an interest rate of 5.85%

On October 30, 2009 the District entered into a four year lease agreement with Marlin Financial for the acquisition of Mapping Equipment. The total cost of the equipment, \$40,991.54, is to be repaid in 48 monthly payments of \$959.87 beginning November 1, 2009 at an interest rate of 5.85%.

On May 10, 2010 the District entered into a five year lease agreement with Marlin Financial for the acquisition of a 2009 Chevy Tahoe 4X4. The total cost of the vehicle, \$29,200.00, is to be repaid in 60 monthly payments of \$564.52 beginning May 10, 2014 at an interest rate of 6.0%.

A Schedule of changes in Leases Payable (principal only) is as follows:

	Balance 6-30-13	<u>Additions</u>	<u>Payments</u>	<u>Adjustments</u>	Balance 6-30-14
Recorder Lease	\$ 4,433.16	\$ --	\$ 4,433.16	\$ --	\$ --
Mapping Lease	3,793.19	--	3,793.19	--	--
Vehicle Lease	<u>11,732.88</u>	<u>--</u>	<u>6,240.01</u>	<u>--</u>	<u>5,492.87</u>
Total	<u>\$ 19,959.23</u>	<u>\$ --</u>	<u>\$ 14,466.36</u>	<u>\$ --</u>	<u>\$ 5,492.87</u>

Note 11 – Budgetary Information

As stated in Note 1, the District must file a budget with Macon County each year which must be adopted by the Board of Directors. The budget is prepared on the accrual basis of accounting. Compliance with the budget is required at the line item level.

Note 12 – Pension Plan

Plan Description

Employees of Macon County E-911 are members of the Political Subdivision Pension Plan (PSPP), and 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 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 Macon 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, 150th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>

Funding Policy

Macon County E-911 requires employees to contribute 5.0 percent of earnable compensation. Macon County E-911 is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2014 was 9.51% of annual covered payroll. The contribution

requirement of plan members is set by state statute. The contribution requirement for Macon County E-911 Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2014, Macon County E-911’s annual pension cost of \$7,666 to TCRS was equal to Macon 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), and (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 tenar period. Macon County E-911 Emergency Communications District’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011 was 0 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	\$7,666	100.00%	\$0.00
June 30, 2013	\$7,200	100.00%	0.00
June 30, 2012	\$7,477	100.00%	0.00

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 35.18% funded. The actuarial accrued liability for benefits was \$0.08 million, and the actuarial value of assets was \$0.03 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.05 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0.08 million, and the ratio of the UAAL to the covered payroll was 67.21%.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (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	\$28	\$78	\$51	35.18%	\$76	67.21%
July 1, 2011	\$0	\$0	\$0	00.00%	\$0	00.00%
July 1, 2009	\$0	\$0	\$0	00.00%	\$0	00.00%

**MACON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2014

**MACON COUNTY E-911
EMERGENCY COMMUNICATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**

JUNE 30, 2014

Schedule of Funding Progress for Macon County E-911 Emergency Communications District:

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b) - (a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>[(b-a)/(c)]</u>
July 1, 2013	\$28	\$78	\$51	35.18%	\$76	67.21%
July 1, 2011	\$0	\$0	\$0	00.00%	\$0	00.00%
July 1, 2009	\$0	\$0	\$0	00.00%	\$0	00.00%

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL (GAAP Basis)
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance</u>
<u>Operating Revenue</u>			
Emergency Telephone Service Charges	\$ 169,518.36	\$ 170,000.00	\$ (481.64)
State-Shared Wireless Charges	74,862.66	51,500.00	23,362.66
State-Operational Funding	166,502.24	166,500.00	2.24
<u>Total Operating Revenue</u>	<u>\$ 410,883.26</u>	<u>\$ 388,000.00</u>	<u>\$ 22,883.26</u>
<u>Expenditures</u>			
<u>Salaries & Wages</u>			
Director	\$ 50,030.75	\$ 50,175.00	\$ 144.25
Administrative Personnel	31,344.34	31,500.00	155.66
Part-Time Personnel	4,672.29	13,000.00	8,327.71
<u>Total Salaries & Wages</u>	<u>\$ 86,047.38</u>	<u>\$ 94,675.00</u>	<u>\$ 8,627.62</u>
<u>Employee Benefits</u>			
Social Security	6,205.80	11,500.00	5,294.20
Medicare	1,237.78	4,000.00	2,762.22
Retirement	7,665.52	13,000.00	5,334.48
Unemployment	153.30	1,000.00	846.70
<u>Total Employee Benefits</u>	<u>\$ 15,262.40</u>	<u>\$ 29,500.00</u>	<u>\$ 14,237.60</u>
<u>Contracted Services</u>			
Addressing/Mapping	20,827.50	21,000.00	172.50
Advertising	647.08	800.00	152.92
Audit Services	2,750.00	3,000.00	250.00
Fees Paid to Service Providers	35,650.71	36,000.00	349.29
Legal Services	500.00	500.00	-
Maintenance Agreements	58,399.24	58,400.00	0.76
Mapping & Database Consulting	4,590.00	4,750.00	160.00
NCIC/TBI/TIES	2,240.00	2,250.00	10.00
Lease/Rental - Buildings & Facilities	4,000.00	4,000.00	-
M&R - Communications Equipment	9,458.25	10,000.00	541.75
M&R - Office Equipment	3,660.32	4,000.00	339.68
M&R - Vehicles	1,329.69	1,500.00	170.31
Fuel-Vehicle	3,322.31	3,700.00	377.69
<u>Total Contracted Services</u>	<u>\$ 147,375.10</u>	<u>\$ 149,900.00</u>	<u>\$ 2,524.90</u>

<u>Supplies & Materials</u>			
Office Supplies	6,366.26	6,450.00	83.74
Custodial Supplies	1,345.16	1,400.00	54.84
Postage	248.20	500.00	251.80
Small Equipment Purchases	31,277.86	32,000.00	722.14
Uniforms	4,211.00	4,250.00	39.00
Utilities-Telephone	16,610.50	17,500.00	889.50
Utilities-Cell Phones & Pagers	2,577.73	3,000.00	422.27
Other Supplies & Materials	373.26	425.00	51.74
<u>Total Supplies & Materials</u>	<u>\$ 63,009.97</u>	<u>\$ 65,525.00</u>	<u>\$ 2,515.03</u>
<u>Other Charges</u>			
Dues & Memberships	535.00	600.00	65.00
Insurance - Worker's Compensation	1,871.00	1,900.00	29.00
Insurance - Equipment	5,368.00	5,375.00	7.00
Insurance - Vehicle	701.00	725.00	24.00
Premiums on Surety Bonds	650.00	700.00	50.00
Training Expenses	3,380.48	3,400.00	19.52
Travel Expenses	6,960.24	7,000.00	39.76
<u>Total Other Charges</u>	<u>\$ 19,465.72</u>	<u>\$ 19,700.00</u>	<u>\$ 234.28</u>
<u>Depreciation</u>			
Depreciation Expense	\$ 90,378.91	\$ 91,000.00	\$ 621.09
<u>Total Operating Expenses</u>	<u>\$ 421,539.48</u>	<u>\$ 450,300.00</u>	<u>\$ 28,760.52</u>
<u>Operating Income (Loss)</u>	<u>\$ (10,656.22)</u>	<u>\$ (62,300.00)</u>	<u>\$ 51,643.78</u>
<u>Nonoperating Revenue and (Expenses)</u>			
Interest Income	1,457.75	1,000.00	457.75
Interest Expense	(633.36)	(1,000.00)	366.64
State-Grants & Reimbursements	67,974.96	62,300.00	5,674.96
<u>Total Nonoperating Revenue and (Expenses)</u>	<u>\$ 68,799.35</u>	<u>\$ 62,300.00</u>	<u>\$ 6,499.35</u>
Net Increase (Decrease) in Net Position	\$ 58,143.13	\$ -	\$ 58,143.13
Net Position - July 1, 2013	\$ 670,943.86	\$ 670,943.86	\$ -
Net Position - June 30, 2014	\$ 729,086.99	\$ 670,943.86	\$ 58,143.13

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2014**

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**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**

To the Board of Directors of the
Macon County E-911 Emergency Communications District
Cookeville, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United State 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 Macon County E-911 Emergency Communications District, a component unit of Macon County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Macon County E-911 Emergency Communications District's basic financial statements, and have issued my report thereon dated January 4, 2015.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Macon County E-911 Emergency Communications District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Macon County E-911 Emergency Communications District's internal control. Accordingly, I do not express an opinion on the effectiveness of Macon County E-911 Emergency Communications 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Macon County E-911 Emergency Communications District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests 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 my 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.

January 4, 2015
Cookeville, Tennessee

Tamara L. Beckman, CPA