MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2014

D. GREGORY JOHNSON
CERTIFIED PUBLIC ACCOUNTANT

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Maury County Emergency Communications District
Columbia, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of the Maury County Emergency Communications District, a component unit of Maury 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 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

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 the Maury County Emergency Communications District as of June 30, 2014, and the respective changes in financial position and 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's discussion and analysis on pages 4 through 7, and the schedule of funding progress on page 20 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. I 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 my 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.

Other Information

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 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, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated May 1, 2015, on my consideration of the Maury County 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Maury County Emergency Communications District's internal control over financial reporting and compliance.

D. Gregory Johnson, CPA

D. Gregory Johnson, CPA
Columbia, Tennessee
May 1, 2015

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF MANAGEMENT AND BOARD OF DIRECTORS
YEAR ENDED JUNE 30, 2014

Management Officials

Freddie W. Rich, Director

Susan R. Mitchell, Assistant Director

Michelle R. Denton, Administrative Assistant

Board of Directors

Danny Fleming, Board Chairman

Tim Potts, Vice Chairman

Enoch George, Member

Edward Harlan, Member

Tommy Goetz, Member

Mark Blackwood, Member

Rick Hamilton, Member

Lee Bergeron, Member

Sondra Wilson, Member

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014

As management of the Maury County Emergency Communications District, we offer readers of the District's financial statements this narrative overview and analysis of the District's performance during the fiscal year ending June 30, 2014. Please read it in conjunction with the District's financial statements, which follow this section.

Overview of the Financial Statements

This annual report includes the management's discussion and analysis report, the independent auditor's report and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term financial information about its activities. The Statement of Net Position includes all of the District's assets and liabilities and provides information about where the District has invested its resources (assets) and the obligations to the District's creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This 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 surcharges and fees.

The final required financial statement is the Statement of Cash Flows. This 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 balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and the changes in them. One can think of the District's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. The District is providing condensed financial information for fiscal 2014 and 2013 for comparative analysis. A summary of the District's net position and changes thereon is presented on the following page.

SUMMARIZED FINANCIAL INFORMATION
YEARS ENDED JUNE 30th

NET POSITION

	2014	2013	Dollar Change	Percentage Change
Current assets	$ 821,255	$ 862,752	$ (41,497)	-4.8%
Capital assets	877,108	959,799	(82,691)	-8.6%
Total assets	1,698,363	1,822,551	(124,188)	-6.8%
Current liabilities	39,646	35,066	4,580	13.1%
Net position	$ 1,658,717	$ 1,787,485	$ (128,768)	-7.2%
Summary of net position -				
Investment in capital assets	$ 877,108	$ 959,799	$ (82,691)	-8.6%
Unrestricted	781,609	827,686	(46,077)	-5.6%
	$ 1,658,717	$ 1,787,485	$ (128,768)	-7.2%

CHANGES IN NET POSITION

Revenues	$ 1,365,986	$ 1,466,248	$ (100,262)	-6.8%
Operating expenses	1,540,866	1,488,550	52,316	3.5%
Operating income (loss)	(174,880)	(22,302)	(152,578)	684.1%
Nonoperating revenues net of expenses	46,112	340,869	(294,757)	86.5%
Changes in net position	(128,768)	318,567	(447,335)	-140.4%
Net position, beginning of year	1,787,485	1,468,918	318,567	21.7%
Net position, end of year	$ 1,658,717	$ 1,787,485	$ (128,768)	-7.2%

Analysis of Financial Position and Results of Operations

As can be seen from the summarized financial information on the previous page, the District's total assets have decreased $124,188 during the year ended June 30, 2014, which includes a $38,840 decrease in cash, a $1,350 increase in certificates of deposit, and a $4,007 decrease in receivables. Net capital assets decreased $82,691 as a result of additions to depreciation of $96,197 with net additions to fixed assets of $13,506. Net position decreased $128,768 for the year ended June 30, 2014. In the current year, the District's total revenue decreased slightly by 6.84% due mainly to decreases in collections of AT&T revenue. Total expenses for the District increased 3.5% due primarily to an increase in insurance costs and scheduled salary and employee benefit increases. The District joined the Tennessee Consolidated Retirement System effective October 1, 2005. Retirement expenses for the year ended June 30, 2014, totaled $75,692.

The District's Net Position

The District completed the year with a net position of $1,658,717, which is $128,768 less than the prior year's ending net position of $1,787,485. The net position at June 30, 2014, consist of $877,108 invested in capital assets, and $781,609 unrestricted and undesignated.

Budgetary Highlights

The District adopts an annual operating budget which includes proposed expenses and the means for paying these expenses. As conditions change during the year, the budget may be amended to prevent budget overruns.

Income from residential and business phone lines decreased 15.8% from the previous year. Normal state shared wireless income increased 5.1% during the year. The Tennessee Emergency Communications Board operational funding amounted to $378,781, which included $112,921 of grants for training and mapping. This brought the total income from wireless sources to $584,987. There has been proposed legislation that could change the ratio remitted to local districts. Other landline income and voice over internet protocol income decreased by $83,131 during the year. Overall, operating revenue decreased $100,262 from the prior year.

Total expenditures in most budget categories remained in line with a few exceptions. Salaries and wages were $6,217 less than final budgeted amounts. Employee benefit costs paid and accrued were $3,425 less than budgeted amounts. Repairs and maintenance for the building and communications equipment were in line with budgeted amounts.

Capital Assets

The District's current investment in capital assets amounts to $1,479,012 with accumulated depreciation of $601,904. Capital assets include the building, communications equipment, a vehicle, as well as office furniture and office equipment. Current year additions amounted to $13,506, and there were no retirements in the year ended June 30, 2014.

Economic Factors and Future Needs

Beginning January 1, 2015, all surcharge revenues from telephone companies that have been paid to the districts in the past will be paid directly to the Tennessee Emergency Communications Board (TECB) as stipulated in the new 911 Funding Modernization Act. The TECB has already calculated the base funding for each district. The TECB will use this calculation to distribute and direct deposit these revenues into the districts' bank accounts bi-monthly with the first direct deposit beginning February 2015.

Request for Information

This financial report is designed to provide a general overview of the Maury County Emergency Communications District's finances for those interested parties. If you have questions about this report or need additional information, contact the Director, Maury County Emergency Communications District, P.O. Box 1171, Columbia, Tennessee 38402-1171.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current assets	
Cash and equivalents	$ 391,859
Certificates of deposit	406,075
Accounts receivable	23,321
Total current assets	821,255
Capital assets	
Land	74,380
Buildings	510,582
Office equipment	33,294
Furniture and fixtures	5,637
Communications equipment	828,872
Vehicles	26,247
	1,479,012
Less accumulated depreciation	(601,904)
Total capital assets	877,108
Total assets	$ 1,698,363

LIABILITIES AND NET POSITION

Current liabilities	
Accounts payable	$ 11,173
Accrued expenses	28,473
Total current liabilities	39,646
Net position	
Investment in capital assets	877,108
Unrestricted	781,609
Total net position	1,658,717
Total liabilities and net position	$ 1,698,363

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

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2014

Operating revenue	
Emergency telephone service charges	$ 302,432
State emergency communications board - shared wireless	206,206
State emergency communications board - operational funding	378,781
Emergency support services	254,484
Other income	224,083
Total revenue	1,365,986
Operating expenses	
Salaries and wages	868,137
Employee benefits	356,591
Contracted services	140,993
Supplies and materials	35,979
Other charges	42,969
Depreciation	96,197
Total operating expenses	1,540,866
Net operating loss	(174,880)
Nonoperating revenue (expense)	
Interest income	2,014
Grants and reimbursements	44,098
Net nonoperating income	46,112
Decrease in net position	(128,768)
Net position, beginning of year	1,787,485
Net position, end of year	$ 1,658,717

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

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014

Cash flows from operating activities	
Receipts from surcharges	$ 891,426
Receipts from emergency support services	254,483
Payments to suppliers	(217,373)
Payments to employees	(1,222,715)
Other receipts (payments)	224,083
Net cash used by operating activities	(70,096)
Cash flows from noncapital financing activities	
Proceeds from grants and reimbursements	44,098
Cash flows from capital and related financing activities	
Purchases of capital assets	(13,506)
Cash flows from investing activities	
Interest income	2,014
Purchases of certificates of deposit	(1,350)
Net cash provided by investing activities	664
Net decrease in cash	(38,840)
Cash and equivalents, beginning of year	430,699
Cash and equivalents, end of year	$ 391,859

Reconciliation of net operating loss to net cash flows from operating activities	
Net operating loss	$ (174,880)
Adjustments to reconcile net operating loss to net cash used by operating activities	
Depreciation	96,197
Decrease in accounts receivable	4,007
Increase in accounts payable	2,567
Increase in accrued expenses	2,013
Net cash used by operating activities	$ (70,096)

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Maury County Emergency Communications District is a nonprofit organization, established under Tennessee law. The District was organized to provide Emergency 911 service to the residents of Maury County. While 911 has been in use for several years for emergency services, the Enhanced 911 was adopted for Maury County by public referendum on August 4, 1988. The voters of Maury County voted for E911 with an approval majority of 92%. Although the District is considered a municipality under its enabling legislation, it cannot levy or collect taxes and the charges for services shall not be considered or classified as taxes. The District is managed by a volunteer board of directors who are appointed by the District's primary government.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends. With this measurement focus, all assets and all liabilities associated with the operations are included in the statement of net position. Net position (i.e., total assets net of total liabilities) is segregated into investment in capital assets and unrestricted components.

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, required for fiscal periods beginning after December 15, 2011. This Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance, included in certain FASB and AICPA pronouncements issued prior to November 30, 1989, which does not conflict with or contradict GASB pronouncements.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a District's principal ongoing operations. The principal operating revenues of the District are emergency telephone service charges to residents for providing emergency 911 services. Operating expenses include payroll expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

The District has adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The Statement was implemented retroactively and resulted in a change in the presentation of the balance sheets to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

For the year ended June 30, 2014, the District had neither a deferred inflow nor outflow of resources.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Use of Estimates

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. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of net position and the statement of cash flows, Maury County Emergency Communications District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are defined by the District as assets with an initial cost of more than $500 and an estimated useful life in excess of one year. Additions to capital assets are recorded at acquisition cost or estimated market value at the date of donation in the case of donated property. Depreciation and amortization are provided for in amounts sufficient to relate the cost of the assets to operations over their estimated service lives using the straight-line method of depreciation. Estimated useful lives, in years, for depreciable assets are as follows:

Building and improvements	10 - 40 years
Furniture and fixtures	7 - 10 years
Office equipment	5 - 10 years
Communications equipment	5 - 10 years
Vehicles	5 years

Income Taxes

Maury County Emergency Communications District is a tax-exempt organization under Section 115 of the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made.

Budgetary Data

The District is required by state statute to adopt an annual budget. The annual budget is prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenses must be presented at the legal level of control, which is defined to be at the line-item level. The District utilizes cash basis accounting for the budget as depreciation is not budgeted, and outlays for capital items are budgeted as expenses. Therefore, the budget is not intended to be presented in accordance with generally accepted accounting principles. The budget may be amended by the Board as conditions warrant throughout the year.

Compensated Absences

It is the policy of the District that unused leave at the end of a fiscal year does not carry over to the next year. Vacation and sick leave expenditures are recognized when paid. Therefore, no accrual for accumulated unpaid leave is necessary.

Date of Management's Review

Subsequent events were evaluated through May 1, 2015, which is the date the financial statements were available to be issued.

NOTE B – CASH AND DEPOSITORY COLLATERAL

The District's current policies limit deposit of funds to accounts with commercial banks which are required to pledge securities as collateral for the deposits should they be in excess of Federal Deposit Insurance Corporation (FDIC) coverage of $250,000. The financial institution used by the District is a participant in the Tennessee Collateral Pool, which was established to provide security for public funds deposits in excess of FDIC coverage. At yearend, the District's deposits of cash and certificates of deposit were fully insured by the FDIC or collateralized by the Tennessee Collateral Pool.

State statutes authorize the District to invest in (1) U.S. government securities and obligations guaranteed by the U.S. government; (2) deposit accounts at state and federally chartered banks and savings and loan associations; (3) the Local Government Investment Pool of the State of Tennessee; (4) obligations of the United States or its agencies under repurchase agreements with certain restrictions.

The District has not adopted formal deposit or investment policies for exposure to various forms of risks associated with its deposit and investment practices, other than to follow the State of Tennessee statutes as described above.

NOTE C – CERTIFICATES OF DEPOSIT

At June 30, 2014, certificates of deposit are as follows:

First Farmers & Merchants Bank, 0.20% maturing November 1, 2014	$ 150,000
First Farmers & Merchants Bank, 0.30% maturing September 14, 2014	102,471
First Farmers & Merchants Bank, 0.30% maturing September 14, 2014	102,471
First Farmers & Merchants Bank, 0.25% maturing September 14, 2014	51,133
	$ 406,075

NOTE D – ACCOUNTS RECEIVABLE

The following schedule reflects the components of accounts receivable as of June 30, 2014:

Emergency telephone service charges	$ 23,321

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, is presented below:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Land	$ 74,380	$ -	$ -	$ 74,380
Buildings	506,312	4,270	-	510,582
Office equipment	33,294	-	-	33,294
Furniture and fixtures	5,637	-	-	5,637
Communications equipment	819,636	9,236	-	828,872
Vehicles	26,247	-	-	26,247
Total cost	1,465,506	13,506	-	1,479,012
Less accumulated depreciation for:				
Buildings	(86,250)	(13,573)	-	(99,823)
Office equipment	(9,142)	(1,477)	-	(10,619)
Furniture and fixtures	(2,557)	(508)	-	(3,065)
Communications equipment	(381,681)	(80,639)	-	(462,320)
Vehicles	(26,077)	-	-	(26,077)
Total accumulated depreciation	(505,707)	(96,197)	-	(601,904)
Capital assets, net	$ 959,799	$ (82,691)	$ -	$ 877,108

Depreciation charged to expense for the current year amounted to $96,197.

NOTE F – ACCRUED EXPENSES

Accrued expenses at June 30, 2014, consist of the following:

Accrued payroll	$ 23,493
Accrued payroll liabilities	4,980
	$ 28,473

NOTE G – MAJOR REVENUE SOURCE

Revenue for operation and maintenance of the Maury County Emergency Communications District is generated by a surcharge placed on residential and business phone lines. The surcharge is collected by AT&T Telephone Company and remitted to the District monthly less a 3% administrative fee. In the current year, revenue from AT&T Telephone Company represented approximately 22% of total operating revenue. The Tennessee Emergency Communications Board collects the revenue from wireless phone users and distributes 25% of the funds to the Emergency Communications Districts based on the proportion of the population of each district to that of the state, according to the latest census. The Tennessee Emergency Communications Board also distributes additional amounts as part of the operational funding program to assist districts with the basic costs of 911 service.

NOTE H – PENSION EXPENSE

Plan Description

Employees of the Maury County Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is 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 the Maury County Emergency Communications District 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, 15th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at http://www.tn.gov/treasury/tcrs/PS/.

NOTE H – PENSION EXPENSE (CONTINUED)

Funding Policy

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

The Maury County Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2014, was 9.56% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Maury County 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, the Maury County Emergency Communications District's annual pension cost of $75,692 to TCRS was equal to the Maury County Emergency Communications District's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The Maury County 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 7 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	$ 75,692	100.00%	$0.00
June 30, 2013	$ 71,955	100.00%	$0.00
June 30, 2012	$ 71,251	100.00%	$0.00

NOTE H – PENSION EXPENSE (CONTINUED)

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 81.80 percent funded. The actuarial accrued liability for benefits was $0.99 million, and the actuarial value of assets was $0.81 million, resulting in an unfunded actuarial accrued liability (UAAL) of $0.18 million. The covered payroll (annual payroll of active employees covered by the plan) was $0.68 million, and the ratio of the UAAL to the covered payroll was 26.55 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.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

NOTE I – 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. For the year ended June 30, 2014, the District was insured against potential losses associated with these risks through the purchase of commercial insurance for management liability and through a blanket general liability policy purchased by Maury County. There have been no losses in excess of insurance coverage during the last three years.

REQUIRED SUPPLEMENTARY INFORMATION

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FUNDING PROGRESS
YEAR ENDED JUNE 30, 2014

The following is the Schedule of Funding Progress for the Maury County Emergency Communications District.

(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	$ 809	$ 989	$ 180	81.80%	$ 678	26.55%
July 1, 2011	$ 536	$ 725	$ 189	73.93%	$ 625	30.25%
July 1, 2009	$ 248	$ 328	$ 79	75.78%	$ 474	16.74%

See auditor's report.

SUPPLEMENTARY INFORMATION

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED JUNE 30, 2014

Salaries and Wages	
Director	$ 74,152
Assistant director	59,939
Administrative personnel	94,424
Telecommunicators	630,949
Longevity	8,673
	868,137
Employee Benefits	
Social security	53,824
Medicare	12,588
Life insurance	3,331
Medical insurance	197,524
Medical reimbursement plan	13,632
Retirement contributions	75,692
	356,591
Contracted Services	
Audit services	2,750
Accounting services	2,420
Fees paid to service providers	16,000
Janitorial services	4,800
Legal services	2,906
Maintenance agreements	53,787
Data base maintenance	46,320
Other consultants	1,249
Pest control	475
Copier lease	1,741
Repairs - communications equipment	856
Repairs - building	4,587
Vehicle operation/maintenance	3,102
	140,993

See auditor's report.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF OPERATING EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2014

Supplies and Materials	
Office supplies	5,342
Postage	236
Small equipment purchases	707
Uniforms & shirts	1,679
Utilities	
Electric and water	13,964
General telephone	11,382
Cell phones and pagers	2,669
	35,979
Other Charges	
Bank charges	965
Board meeting expenses	72
Dues and memberships	1,400
Insurance	
Workers' compensation	3,646
Liability	5,826
Buildings and contents	7,881
Vehicles	1,160
Public education	425
Service awards	1,483
Training	18,551
Internet	1,560
	42,969
Depreciation	96,197
	$ 1,540,866

See auditor's report.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual (Cash Basis)	Variance With Final Favorable (Unfavorable)
Operating revenue				
Emergency telephone service charges	$ 320,520	$ 320,520	$ 306,439	$ (14,081)
State emergency communications board - shared wireless	198,346	198,346	206,206	7,860
State emergency communications board - operational funding	361,560	361,560	378,781	17,221
Emergency support services	254,486	254,486	254,483	(3)
Other income	108,000	108,000	224,083	116,083
	1,242,912	1,242,912	1,369,992	127,080
Operating expenses				
Salaries and wages				
Director	73,949	73,949	73,949	-
Assistant director	59,775	59,775	59,775	-
Administrative personnel	94,166	94,166	94,166	-
Telecommunicators	652,166	636,166	629,935	6,231
Longevity	8,659	8,659	8,673	(14)
	888,715	872,715	866,498	6,217
Employee benefits				
Social security	55,100	54,108	53,722	386
Medicare	12,886	12,654	12,564	90
Life insurance	2,400	3,624	3,331	293
Medical insurance	181,907	197,907	197,524	383
Medical reimbursement plan	16,000	16,000	13,632	2,368
Retirement contributions	74,765	74,765	74,860	(95)
	343,058	359,058	355,633	3,425
Contracted services				
Audit services	2,750	2,750	2,750	-
Accounting services	2,500	2,650	2,620	30
Fees paid to service providers	16,000	16,000	16,000	-
Janitorial services	4,800	4,800	4,800	-
Legal services	1,000	850	428	422
Maintenance agreements	48,567	53,867	53,787	80
Data base maintenance	46,800	46,800	46,320	480
NCIC/TBI expenses	1,150	1,150	-	1,150
Other consultants	7,000	1,700	1,279	421
Pest control	450	300	300	-
Copier lease	1,600	1,750	1,741	9
Repairs - communications equipment	2,000	1,500	856	644
Repairs - building	5,000	5,500	5,445	55
Repairs - office equipment	2,000	2,000	-	2,000
Vehicle operation/maintenance	3,400	3,400	3,128	272
	145,017	145,017	139,454	5,563

See auditor's report.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual (Cash Basis)	Variance With Final Favorable (Unfavorable)
Supplies and materials				
Office supplies	6,800	6,100	5,382	718
Postage	300	300	236	64
Small equipment purchases	3,000	1,000	707	293
Uniforms & shirts	2,000	2,000	1,679	321
Utilities				
Electric and water	14,100	14,100	14,027	73
General telephone	8,600	11,300	11,278	22
Cell phones and pagers	3,000	3,000	2,673	327
	37,800	37,800	35,982	1,818
Other charges				
Bank charges	1,000	1,000	965	35
Board meeting expenses	100	100	60	40
Dues and memberships	1,400	1,400	1,400	-
Employee testing	500	500	-	500
Insurance				
Workers' compensation	3,800	3,670	3,646	24
Liability	5,000	5,830	5,826	4
Buildings and contents	8,400	7,900	7,881	19
Vehicles	1,400	1,200	1,160	40
Public education	2,500	2,500	425	2,075
Service awards	2,000	2,000	1,483	517
Training	20,000	20,000	18,541	1,459
Internet	1,650	1,650	1,560	90
	47,750	47,750	42,947	4,803
Total operating expenses	1,462,340	1,462,340	1,440,514	21,826
Operating revenues over (under) expenses	(219,428)	(219,428)	(70,522)	148,906
Nonoperating revenue (expenses)				
Interest income	1,825	1,825	2,014	189
Grants and reimbursements	67,000	67,000	44,098	(22,902)
Capital expenditures	-	(13,506)	(13,506)	-
Total nonoperating revenue (expenses)	68,825	55,319	32,606	(22,713)
Increase (decrease) in budgetary net position	(150,603)	(164,109)	(37,916)	126,193
Budgetary net position, beginning of year	1,787,485	1,787,485	1,787,485	-
Budgetary net position, end of year	$ 1,636,882	$ 1,623,376	$ 1,749,569	$ 126,193

See auditor's report.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2014

Budget to Actual Reconciliation

Decrease in budgetary net position	$ (37,916)
Capital expenditures	13,506
Depreciation not budgeted	(96,197)
Accrual adjustment for accounts receivable	(4,007)
Accrual adjustment for accounts payable	(2,567)
Accrual adjustment for accrued expenses	(1,587)
Actual decrease in net position	$ (128,768)

See auditor's report.

MAURY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2014

Program	Grantor Agency	Receivable (Deferred) Balance June 30, 2013	Grant Receipts	Expenditures	Receivable (Deferred) Balance June 30, 2014
Next Generation 911	Tennessee Emergency Communications Board	$ -	$ 33,599	$ 33,599	$ -
Equipment Reimbursement	Tennessee Emergency Communications Board	-	10,499	10,499	-
		$ -	$ 44,098	$ 44,098	$ -

Basis of Presentation

The schedule of state financial assistance presents the grant activity of the Maury County Emergency Communications District in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements.

See auditor's report.

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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*

To the Board of Directors
Maury County Emergency Communications District
Columbia, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Maury County Emergency Communications District 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 my report thereon dated May 1, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Maury County Emergency Communications 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Maury County Emergency Communications District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Maury County 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 the Maury County Emergency Communications District's financial statements are free from 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.

D. Gregory Johnson, CPA

D. Gregory Johnson, CPA
Columbia, Tennessee
May 1, 2015