

# **Claiborne County Emergency Communications District, Inc.**

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**Financial Statements with  
Supplementary Information  
Year Ended June 30, 2015**  
and  
Independent Auditors' Report

# CLAIBORNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.

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HG&A Associates, P.C.

Certified Public Accountants

## **Independent Auditors' Report**

Board of Directors  
Claiborne County Emergency Communications District, Inc.  
Tazewell, Tennessee

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

We have audited the accompanying financial statements of the Claiborne County Emergency Communications District, Inc. (the "District"), a component unit of Claiborne County, Tennessee, as of and for the year ended June 30, 2015, 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.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

J. Wesley Edmondson • Tim Royster • Jenny C. Raines • Michelle Herrell • Jennifer M. Blackwood

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2015, and the respective changes in financial position and cash flows thereof and 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, the schedule of changes in net pension liability (asset) and related ratios based on participation in the Public Employee Pension Plan of TCRS on page 24 and the schedule of contributions based on participation in the Public Employee Pension Plan of TCRS on page 25 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 the 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 the District's basic financial statements. The supplementary information, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, listed in the table of contents, 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 our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information 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 December 21, 2015 on our consideration of the District's internal control over financial reporting and 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 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 District's internal control over financial reporting and compliance.

*HG & A Associates), P.C.*

Knoxville, Tennessee  
December 21, 2015

## Management's Discussion and Analysis

Our discussion and analysis of the Claiborne County E-911 Emergency Communications District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. This should be read in conjunction with the District's financial statements which may be found on pages 8 to 23.

### **The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position**

One of the most important questions asked about any entity's finances is: "How did the District do financially this year?" The statement of net position and statement of revenues, expenses and changes in net position report information in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. Net position-- **the difference between assets and liabilities -- are one way to measure the District's** financial health, or its financial position. Over time, increases or decreases to the District's net position are an indicator of whether its financial health is improving or deteriorating. An analysis of net position and changes in net position is as follows:

#### **Condensed Statements of Net Position**

June 30, 2015 and 2014

		2015	2014
Current and other assets	\$	821,425	809,126
Noncurrent assets:			
Capital assets		179,500	238,603
Net pension asset		44,973	-
Deferred outflows of resources		18,963	-
Total assets and deferred outflows of resources	\$	1,064,861	1,047,729
Current liabilities	\$	15,285	20,379
Deferred inflows of resources		31,235	-
Net position:			
Investment in capital assets		179,500	238,603
Unrestricted		838,841	788,747
Total net position		1,018,341	1,027,350
Total liabilities, deferred inflows of resources and net position	\$	1,064,861	1,047,729

The increase in net pension asset, deferred outflows of resources, and deferred inflows of resources resulted from the implementation of GASB 68 reporting requirements for the District's inclusion in the State of Tennessee's pension program. The adoption of this new standard took effect July 1, 2014, thus the information was not available for the 2014 comparative reported numbers. Total net position of the District decreased approximately .9% during the current year, as opposed to last year's .2% decrease. Unrestricted net position, the part of net position used to finance day-to-day operations, increased by approximately 6% from the prior year. The decrease in the change in net position was primarily as a result of the impact of adopting GASB 68 reporting for pensions.

Revenues, Expenses and Changes in Net Position are as follows:

<b>Condensed Statements of Revenues, Expenses and Changes in Net Position</b>		
Years Ended June 30, 2015 and 2014		
	2015	2014
Revenues:		
AT&T emergency service charges	\$ 23,896	57,416
Century emergency service charges	62,836	129,169
Other emergency service charges	11,160	25,603
TECB shared wireless charges	30,172	82,511
Operational funding	55,738	167,214
TECB - base level funding	267,255	-
Other operating revenues	606	709
Total operating revenues	451,663	462,622
Operating expenses	566,309	556,839
Operating loss	(114,646)	(94,217)
Nonoperating revenues:		
Contracted services and interest income	25,509	24,560
TECB – Equipment Account Mobile CAD	15,193	-
TECB – Training Fund	-	8,000
TECB – GIS – TIPS Funding	36,138	49,513
Changes in net position	(32,806)	(2,144)
Net position - beginning of the year, as previously reported	1,027,350	1,029,494
Prior period adjustment – adopt new pension standards	23,797	-
Net position, beginning of year, as restated	1,051,147	1,029,494
Net position - end of the year	\$ 1,018,341	1,027,350

### **Analysis of Financial Position and Results of Operations**

The District's net position decreased \$32,806 from the previous year. This decrease is primarily due to approximately \$11,000 less in operating revenues due to the change in the funding structure for E911 districts in Tennessee beginning January 1, 2015. On that date the State of Tennessee took over the responsibility for collection of landline charges in addition to the wireless charge collections it was already performing for E911 districts. The State of Tennessee established a uniform 911 surcharge rate of \$1.16 for any device capable of calling 911. These funds collected by the State of Tennessee are then distributed to the E911 district's as a "base funding level".

Non-operating revenues also decreased from fiscal year 2014 by approximately \$10,000. The decrease was primarily due to decreased funding in TECB grants for (1) training and (2) GIS-TIPS funding.

Operating expenses in fiscal year 2015 increased by approximately \$10,000 over fiscal year 2014. The primary changes (greater than \$5,000) in operating accounts were: (1) increase in dispatcher salaries of \$29,446; (2) decrease in costs of part-time personnel salaries of \$13,692; and (3) increase in costs of medical insurance of \$6,522.

### **The District's Net Position**

The District completed the year with net position of \$1,018,341, a decrease of \$32,806 over the previous year.

### **Budgetary Highlights**

In an attempt to prevent budget overruns, the line items within the final budget were amended without increasing the overall budget. Decrease in full time dispatchers' salaries of \$15,000 offset increases in GIS mapper of \$50, medical insurance of \$2,000, depreciation of \$12,950.

### **Capital Assets**

At the end of the accounting period, The District had \$179,500 in capital assets such as telecommunications and office equipment, building and improvements. This amount represents a decrease of \$59,103, or 25%.

<b>Capital Assets</b>		
(net of depreciation)		
	<u>2015</u>	<u>2014</u>
Furniture, fixtures and equipment	\$ <u>179,500</u>	<u>238,603</u>

Additional information concerning capital assets can be found in Note 9 of the notes to financial statements.

### **Financial Activity and Plans for Future Needs**

The District relocated to the new E-911 Communications Center located in the Claiborne County Justice Center in April 2006. Along with the new E-911 center, the District received new E-911 equipment, radio tower, a computer aided dispatch (CAD) system, and NCIC software. The size of the new E-911 facility provides sufficient operational space and provides space for future growth.

Currently Claiborne E-911's operating revenue is insufficient to cover operating expenditures. This is created by the lack of funding of the cost of call-taking and dispatch services by the County or any of the four Cities. The County funds approximately \$16,000 for mapping and addressing functions. The Sheriff, two of the four cities and the LMU Police Department fund the cost of the NCIC data line. This in fact, created a situation where Claiborne E-911 used 911 revenues to cover dispatcher's salaries and benefits when those monies should be reserved for replacement and/or upgrade of current E-911 equipment.

The District's future budget plans will take into account the following actions: (1) continued support from Claiborne County for mapping and addressing services, (2) continued support for cost of NCIC data lines and (3) the base level funding allocation thru the State of Tennessee.

### **Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the Claiborne County Emergency Communications District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Claiborne County Emergency Communications District, P.O. Box 911, Tazewell, Tennessee 37879.

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Statement of Net Position

June 30, 2015

Assets and Deferred Outflows of Resources

Current Assets:	
Cash	\$ 269,930
Temporary investments	540,413
Accrued interest receivable	167
Prepaid expenses	10,915
Total current assets	<u>821,425</u>
Noncurrent Assets:	
Capital assets:	
Furniture, fixtures and equipment	656,917
Vehicles	23,560
Less: accumulated depreciation	<u>(500,977)</u>
Total capital assets	<u>179,500</u>
Net pension asset	<u>44,973</u>
Total assets	<u>1,045,898</u>
Deferred Outflow of Resources:	
Deferred cost of pension	<u>18,963</u>
Total assets and deferred outflows of resources	<u>\$ 1,064,861</u>

Liabilities, Deferred Inflows of Resources and Net Position

Current Liabilities:	
Accounts payable	\$ 914
Accrued wages	7,630
Other accrued expenses	<u>6,741</u>
Total current liabilities	<u>15,285</u>
Deferred Inflows of Resources:	
Pension other deferrals	<u>31,235</u>
Net Position:	
Investment in capital assets	179,500
Unrestricted	<u>838,841</u>
Total net position	<u>1,018,341</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,064,861</u>

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

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2015

Operating revenues:	
Emergency telephone service charges	\$ 97,892
Shared wireless charges	30,172
TECB - Operational funding	55,738
TECB - distribution of 911 surcharges (base amount)	267,255
Other operating revenue	606
Total operating revenues	<u>451,663</u>
Operating expenses:	
Salaries and wages	354,603
Employee benefits	76,107
Contracted services	43,997
Supplies and materials	9,597
Other charges	22,902
Depreciation and amortization	59,103
Total operating expenses	<u>566,309</u>
Operating loss	<u>(114,646)</u>
Nonoperating revenues:	
Interest revenue	3,144
Contributions from primary government	588
TECB - grants and reimbursements	5,000
TECB - GIS - TIPS Funding	36,138
TECB - Equipment Account Mobile CAD	15,193
Contracted services	21,777
Total nonoperating revenues	<u>81,840</u>
Change in net position	<u>(32,806)</u>
Total net position, beginning of year, as previously reported	1,027,350
Prior period adjustment (see Note 10)	23,797
Total net position - beginning of year - as restated	<u>1,051,147</u>
Total net position, end of year	<u>\$ 1,018,341</u>

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

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Statement of Cash Flows  
Year Ended June 30, 2015

Cash flows from operating activities:	
Cash received from surcharges and other revenues	\$ 541,919
Cash payments for goods and services	(72,298)
Cash payments for employees	(449,356)
	<u>20,265</u>
Cash provided by noncapital financing activities:	
Grants/reimbursements TECB	<u>56,919</u>
Cash flows from investing activities:	
Interest received	3,095
Temporary investments purchased	(152,933)
	<u>(149,838)</u>
Net cash used by investing activities	(72,654)
Net decrease in cash	(72,654)
Cash, beginning of year	<u>342,584</u>
Cash, end of year	<u><u>\$ 269,930</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ <u>(114,646)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	59,103
Contracted services	21,777
Change in deferred outflows - pension	(18,963)
Change in net pension asset	(21,176)
Change in deferred inflows - pension	31,235
Changes in operating assets and liabilities:	
(Increase) decrease in operating assets:	
Accounts receivable - telephone surcharges	18,646
Due from other governments	49,833
Prepaid expenses	(450)
Increase (decrease) in operating liabilities:	
Accounts payable	43
Accrued expenses	(5,137)
Total adjustments	<u>134,911</u>
Net cash provided by operating activities	<u><u>\$ 20,265</u></u>

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

## **CLAIBORNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.**

Notes to Financial Statements  
June 30, 2015

(1) Summary of Significant Accounting Policies

(a) Nature of Business

The Claiborne County Emergency Communications District, Inc. (the District), commonly referred to as E-911, was established to provide services under the Emergency Communications District Law, Tennessee Code Annotated, Chapter 86. The District was created by a resolution of the Claiborne County, Tennessee Commissioners on September 21, 1992, after adoption by public referendum. Under its enabling legislation, the District is a municipality with powers of perpetual success but without any power to levy or collect taxes. Charges for services authorized shall not be considered as taxes. The powers of the District are vested in and exercised by a majority of the members of the Board of Directors who are appointed by the District's primary government.

The District is a component unit of Claiborne County, Tennessee, and the financial statements are presented in both the District's separate financial report and within the Claiborne County, Tennessee report. The District is considered a component unit of Claiborne County, Tennessee because the District would be unable to issue debt without going through Claiborne County, Tennessee.

(b) Basis of Accounting

The financial statements of the District are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the statement of net position. The statement of revenue, expenses and change in net position presents increases (revenues) and decreases (expenses) in total net position. Under this method of accounting, revenue is recognized in the period in which it is earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues are those revenues that are generated from the primary operations of the District. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as nonoperating expenses.

The District reports its financial activities under the applicable provisions of GASB 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement establishes standards for external reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three position groups:

(continued)

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Notes to Financial Statements  
June 30, 2015

(1) Summary of Significant Accounting Policies (continued)

(b) Basis of Accounting (continued)

*Investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by any payables that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* – This component includes net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the District pursuant to those stipulations or that expire by the passage of time. The District currently does not have any net position that meets this classification.

*Unrestricted* – This component of net position consists of net position that does not meet the definition of “restricted” or “investment in capital assets”.

(c) Receivables

Accounts receivable, which are deemed uncollectible based on a periodic review of the accounts, are charged to revenue. At June 30, 2015, no allowance for uncollectible accounts was considered necessary.

(d) Capital Assets

Capital assets, including capital lease assets, are stated at cost less accumulated depreciation. The District capitalizes property and equipment with a cost of \$3,000 or more. Depreciation is computed on the straight-line method over the estimated useful lives of the assets that range from 3 to 10 years. When assets are retired or otherwise disposed of, the average cost is removed from the asset account and the accumulated depreciation account. Removal cost, less any salvage value, is charged or credited to the accumulated depreciation account. The cost of maintenance and repairs is charged to earnings as incurred.

(e) Cash and Cash Equivalents

The District considers all unrestricted deposits and highly liquid investments with original maturities of three months or less to be cash equivalents.

(continued)

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Notes to Financial Statements  
June 30, 2015

(1) Summary of Significant Accounting Policies (continued)

(f) 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.

(g) Tax Status

Because the District was incorporated as a political subdivision under the Tennessee Emergency Communications District Law, it is exempt from Federal income taxes.

(h) Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to apply restricted net position first.

(i) Deferred Outflows/Inflows of Resources

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

(j) Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement System of TCRS. Investments are reported at fair value.

(continued)

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Notes to Financial Statements  
June 30, 2015

(1) Summary of Significant Accounting Policies (continued)

(k) Impact of Recently Issued Accounting Pronouncements

During the fiscal year ended June 30, 2015, the District implemented GASB Statements No. 67, *Financial Reporting for Pension Plans – An Amendment to GASB Statement No. 25* and No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*. The requirements of these new standards and their effect on the financial statements are more fully explained in Notes 8 and 10.

During the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This requires the District to record pension contributions after the measurement date to be recorded as a deferred outflow of resources. The effect on the District's financial statements is an increase in deferred outflows of resources of \$14,157 for the amount paid after the measurement date.

(2) Budgetary Control

The District's Board approves an annual budget based upon anticipated revenues and estimated operating expenditures. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenditures may not exceed amount budgeted in each line item. The budget is adopted on a basis consistent with generally accepted accounting principles except that the budgeted cost of capital assets purchased is included as an expenditure. Budgeted expenses may be amended, as needed, to meet changing needs.

(3) Bank Deposits

The District's deposits with financial institutions consist of the following at June 30, 2015:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash:				
Checking	N/A	.10%	\$ <u>269,930</u>	<u>275,666</u>
Temporary investments:				
18 month time deposit	November 16, 2015	.25%	\$ 125,758	125,758
Certificate of deposit	November 8, 2015	.85%	264,132	264,132
Certificate of deposit	November 17, 2015	.60%	<u>150,523</u>	<u>150,523</u>
			\$ <u>540,413</u>	<u>540,413</u>

(continued)

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Notes to Financial Statements  
June 30, 2015

(3) Bank Deposits (continued)

Custodial credit risk for the District's deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As required by state statutes, the District's policy is to require that financial institutions holding its deposits to be members of the Tennessee Collateral Pool or pledge collateral for deposits in excess of federal depository insurance. The collateral is required to be held by the District or its agent in the District's name. At June 30, 2015 none of the District's funds were exposed to credit risk.

State statutes authorize the District to invest in obligations of the federal government, federal agencies, state government, the state investment pool, certificates of deposit other time deposits and repurchase agreements. The District's investment policy follows state law which authorizes investments for emergency communications districts in Tennessee Code Annotated Section 5-8-301. All of the District's temporary investments are in certificates of deposit with an original maturity date of eighteen months. The District places no restriction on the amount that it may invest with any one issuer.

(4) Leases

*Operating Lease*

The District's base of operations is located at the Claiborne County Justice Center. An agreement between the District and Claiborne County specifies that the District will not have to pay rent or utilities as long as the District provides Claiborne County with emergency communication related services.

(5) Compensated Absences

Under the District's vacation policy, full-time employees with at least six months of service earn five (5) days of annual leave available for use after one year of service.

Vacation days may be accumulated and carried forward in an amount not to exceed five (5) days. Vacation pay vests with the employee. At June 30, 2015, the accrued liability for vacation pay was nominal and was not included on the accompanying statement of net position.

Full-time employees are also eligible to earn sick leave after six months of service. Eligible employees earn twelve (12) days of sick leave per year. Unused sick leave is paid in the month of the employee's birthday upon request, except that five (5) sick leave days are carried forward at all times. Sick leave does not vest with the employee and is not paid upon termination or resignation.

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Notes to Financial Statements  
June 30, 2015

(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. For the year ended June 30, 2015, the District was insured against potential losses associated with these risks through the purchase of commercial insurance. There were no significant reductions in limits of liability or coverage of insurance policies in effect during 2015 from those in effect in 2014 and 2013. In addition, there have been no losses in excess of insurance coverage during the last three years.

(7) Revenue

Through December 31, 2014, the District's primary sources of revenues are from surcharges imposed on Claiborne County telephone services (net of administrative fees paid to the telephone companies) and from surcharges imposed on cell phone services, which are collected and disbursed by the Tennessee Emergency Communications Board. Effective January 1, 2015, any device that has the capability of calling 911 is charged a uniform 911 surcharge rate of \$1.16. These charges are collected through the State of Tennessee and then distributed to E911 district's as a base funding level. The current base funding level for the District is a bi-monthly payment of \$89,085.

(8) Pension Plan

*Plan Description*

Employees of the District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

(continued)

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Notes to Financial Statements  
June 30, 2015

(8) Pension Plan (continued)

*Benefits Provided*

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute, Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Employees covered by benefit terms*

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	5
Active employees	<u>11</u>
	<u>16</u>

(continued)

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Notes to Financial Statements  
June 30, 2015

(8) Pension Plan (continued)

*Contributions*

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the District were \$14,157 based on a rate of 4.26% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the District's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

The District's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial assumptions:*

The total pension liability as of June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Graded salary ranges from 8.97% to 3.71% based on age, including inflation, averaging 4.25%
Investment rate of return	7.5%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

(continued)

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Notes to Financial Statements  
June 30, 2015

(8) Pension Plan (continued)

*Actuarial assumptions: (continued)*

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation at 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	<u>1%</u>
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

(continued)

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Notes to Financial Statements  
June 30, 2015

(8) Pension Plan (continued)

*Discount rate.*

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balance at 6/30/13</b>	\$ 416,050	421,787	(5,737)
<b>Changes for the year:</b>			
Service cost	25,822	-	25,822
Interest	32,572	-	32,572
Differences between expected and actual experience	5,493	-	5,493
Contributions - employer	-	18,060	(18,060)
Contributions - employees	-	14,154	(14,154)
Net investment income	-	71,303	(71,303)
Benefit payments, including refunds of employee contributions	(15,161)	(15,161)	-
Administrative expense	-	(394)	394
<b>Net changes</b>	<b>48,726</b>	<b>87,962</b>	<b>(39,236)</b>
<b>Balance at 6/30/14</b>	<b>\$ 464,776</b>	<b>509,749</b>	<b>(44,973)</b>

(continued)

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Notes to Financial Statements  
June 30, 2015

(8) Pension Plan (continued)

*Sensitivity of the net pension liability (asset) to changes in the discount rate.*

The following presents the net pension liability (asset) of the District calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Claiborne E911 District's net pension liability (asset)	\$ 25,435	(44,973)	(103,535)

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Expense.*

For the year ended June 30, 2015, the District recognized pension income of \$5,253.

*Deferred outflows of resources and deferred inflows of resources.*

For the year ended June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,806	-
Net difference between projected and actual earnings on pension plan investments	-	31,235
Contributions subsequent to the measurement date of June 30, 2014	<u>14,157</u>	<u>N/A</u>
Total	<u>\$ 18,963</u>	<u>31,235</u>

(continued)

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Notes to Financial Statements  
June 30, 2015

(8) Pension Plan (continued)

*Deferred outflows of resources and deferred inflows of resources (continued)*

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30:</b>		
2016	\$	(7,122)
2017		(7,122)
2018		(7,122)
2019		(7,122)
2020		687
Thereafter		1,374

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**Payable to Pension Plan**

At June 30, 2015, the District reported a payable (included within the current liability - other accrued expenses) of \$3,202 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Notes to Financial Statements  
June 30, 2015

(9) Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Cost				Accumulated Depreciation			
	Balance	Retirements		Balance	Balance	Retirements		Balance
	June 30, 2014	Additions	and Transfers	June 30, 2015	June 30, 2014	Depreciation	and Transfers	June 30, 2015
Furniture, fixtures and equipment	\$ 656,917	-	-	656,917	418,314	59,103	-	477,417
Vehicle	23,560	-	-	23,560	23,560	-	-	23,560
	\$ 680,477	-	-	680,477	441,874	59,103	-	500,977

(10) Prior Period Adjustment

During 2015 the District adopted GASB Statements No. 67, *Financial Reporting for Pension Plans – An Amendment to GASB Statement No. 25*, and No. 68, *Accounting and Financial Reporting for Pensions – An Attachment to GASB Statement No. 27*, which requires the District to recognize a net pension liability (asset) on the statement of net position. See Note 8 for additional information about the District’s pension plan.

As a result of adopting GASB Statements No. 67 and No. 68, the District has recorded a prior period adjustment to the unrestricted net position as of July 1, 2014 of \$23,797 which increased the beginning net position from \$1,027,350 to \$1,051,147.

(11) Subsequent Events

The District has evaluated events and transactions subsequent to the balance sheet date through December 21, 2015, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

## CLAIBORNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
Based on Participation in the Public Employee Pension Plan of TCRS  
Last Fiscal Year Ending June 30

	2014
<b>Total pension liability</b>	
Service cost	\$ 25,822
Interest	32,572
Changes in benefit items	-
Differences between actual and expected experience	5,493
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(15,161)
<b>Net change in total pension liability</b>	48,726
<b>Total pension liability - beginning</b>	416,050
<b>Total pension liability - ending (a)</b>	\$ 464,776
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 18,060
Contributions - employees	14,154
Net investment income	71,303
Benefit payments, including refunds of employee contributions	(15,161)
Administrative expense	(394)
<b>Net change in plan fiduciary net position</b>	87,962
<b>Plan fiduciary net position - beginning</b>	421,787
<b>Plan fiduciary net position - ending (b)</b>	\$ 509,749
 <b>Net pension liability (asset) - ending (a) - (b)</b>	\$ (44,973)
 <b>Plan fiduciary net position as a percentage of total pension liability</b>	109.68%
 <b>Covered - employee payroll</b>	\$ 283,072
 <b>Net pension liability (asset) as a percentage of covered - employee payroll</b>	-15.89%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See independent auditors' report.

## CLAIBORNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Contributions Based on Participation in the Public  
Employee Pension Plan of TCRS  
Last Fiscal Year Ending June 30

	2014	2015
Actuarially determined contribution	\$ 18,060	14,157
Contributions in relation to the actuarially determined contribution	18,060	14,157
Contribution deficiency (excess)	\$ -	-
Covered - employee payroll	\$ 283,072	341,687
Contributions as a percentage covered - employee payroll	6.38%	4.14%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

### Notes to schedule

*Valuation date:* Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

### *Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	1 year
Asset valuation	10-year smoothed within a 20% corridor to market value
Inflation	3.00%
Salary increases	Graded salary ranges from 8.97% to 3.71% based on age, including inflation, averaging 4.25%
Investment Rate of Return	7.5%, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.50%

See independent auditors' report.

**SUPPLEMENTARY INFORMATION**

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Schedule of Revenues and Expenditures - Budget and Actual  
Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating revenues:			
Emergency telephone surcharges	\$ 102,500	97,892	(4,608)
Shared wireless charges	41,500	30,172	(11,328)
Operational funding	83,586	55,738	(27,848)
Distribution of 911 surcharges (base amount)	267,254	267,255	1
Other operational revenues	500	606	106
Total operating revenues	<u>495,340</u>	<u>451,663</u>	<u>(43,677)</u>
Operating expenditures:			
Salaries and wages:			
Director	61,059	61,059	-
Administrative personnel	26,211	25,030	1,181
Dispatchers	234,401	213,393	21,008
Part-time personnel	36,771	20,604	16,167
GIS Mapper/addresser	34,383	34,374	9
Overtime pay	200	143	200
Total salaries and wages	<u>393,025</u>	<u>354,603</u>	<u>38,565</u>
Employee benefits:			
Social security	24,545	21,985	2,560
Medicare	5,741	5,142	599
Life insurance	525	477	48
Medical insurance	44,289	42,886	1,403
Unemployment compensation	600	364	236
Retirement	15,686	5,253	10,433
Total employee benefits	<u>91,386</u>	<u>76,107</u>	<u>15,279</u>
Contracted services:			
Advertising	50	-	60
Auditing services	6,500	6,500	-
Accounting services	3,500	3,480	20
Data processing services (printing)	100	-	100
Fees paid to service providers	22,976	20,856	2,120
Legal services	2,500	2,500	-
Mapping/Data base consultants	200	-	200
NCIC/TBI/TIES expenses	2,680	2,680	-
Lease/Rental - Office equipment	2,000	1,977	23
Maintenance and Repairs:			
Communications equipment	5,000	4,266	734
Building and facilities	400	36	364
Office equipment	300	-	300
Vehicles	1,000	654	346
Fuel - Vehicles	2,000	1,048	952
Total contracted services	<u>49,206</u>	<u>43,997</u>	<u>5,219</u>
Supplies and materials:			
Office supplies	3,000	1,351	1,649
Data processing supplies (mapping)	200	-	200
Postage	200	34	166
Small equipment purchases	10,000	3,456	6,544
Uniforms and shirts	1,000	-	1,000

(continued)

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Schedule of Revenues and Expenditures - Budget and Actual (continued)

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Supplies and materials(continued):			
Utilities:			
Gas	\$ 650	-	650
General telephone	4,500	4,052	448
Cell phones and pagers	<u>1,150</u>	<u>704</u>	<u>446</u>
Total contracted services	<u>20,700</u>	<u>9,597</u>	<u>11,103</u>
Other charges:			
Bank charges	30	-	30
Dues and memberships	500	431	69
Employee testing and exams	400	86	314
Insurance:			
Workers' compensation	1,800	1,153	647
Liability	6,584	6,584	-
Vehicles	682	682	-
Licenses and fees	28,450	11,923	16,527
Premiums on surety bonds	700	700	-
Public education	300	-	300
Service awards	100	-	100
Training	1,000	10	990
Travel	<u>2,500</u>	<u>1,333</u>	<u>1,167</u>
Total other charges	<u>43,046</u>	<u>22,902</u>	<u>20,144</u>
Depreciation and amortization	<u>67,950</u>	<u>59,103</u>	<u>8,847</u>
Total operating expenditures	<u>665,313</u>	<u>566,309</u>	<u>99,157</u>
Excess of operating revenues over (under) operating expenditures	<u>(169,973)</u>	<u>(114,646)</u>	<u>55,480</u>
Nonoperating revenues (expenditures):			
Interest revenue	5,000	3,144	(1,856)
Contributions to primary government	-	588	588
TECB - Grants and reimbursements	13,000	5,000	(8,000)
TECB- GIS-TIPS funding	31,480	36,138	4,658
TECB - Equipment Account Mobile CAD	15,200	15,193	(7)
Contracted services	<u>21,777</u>	<u>21,777</u>	<u>-</u>
Total nonoperating revenues (expenditures)	<u>86,457</u>	<u>81,840</u>	<u>(4,617)</u>
Excess of revenues over (under) expenditures	\$ <u>(83,516)</u>	\$ <u>(32,806)</u>	\$ <u>50,863</u>

See independent auditors' report.

## **OTHER INFORMATION**

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Schedule of Insurance in Force

June 30, 2015

<u>Description</u>	<u>Coverage</u>
<b>Management Liability:</b>	
Aggregate limit	\$ 3,000,000
Wrongful acts	1,000,000
Injunctive relief	50,000
<b>Fidelity Bonds:</b>	
Chairman	50,000
Vice-chairman	50,000
Secretary	50,000
Executive Director	50,000
<b>General Liability:</b>	
General aggregate/Products - completed operations aggregate	3,000,000
Each occurrence limit	1,000,000
Personal injury and advertising injury	1,000,000
Medical expense (any one person)	5,000
<b>Commercial Property:</b>	
Business personal property (\$1,000 deductible)	690,305
Flood (\$1,000 deductible)	
Earthquake (\$30,684 deductible, per item)	
Loss of income	12 months actual loss sustained
Portable equipment (\$100 deductible)	Guaranteed replacement cost
<b>Automobile Liability:</b>	
Combined single limit for bodily injury, uninsured motorist, and property damage	1,000,000
Physical damage - lesser of actual cash value or cost of repairs	
<b>Workers' Compensation/Employer's Liability:</b>	
Workers' compensation	Statutory
Bodily injury - per Accident	100,000
Bodily injury - Disease per employee	100,000
Bodily injury - Disease - limit	500,000

See independent auditors' report.

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Roster of Officials

June 30, 2015

**Board of Directors:**

Michael Campbell- Chairman  
Wayne Lee- Vice Chairman  
Barry Thomas- Secretary/Treasurer  
Andy Duncan  
Sam McCollough  
David Ray  
David Breeding  
Austin Sandefur  
Wayne Jessie

**Management:**

Roger Hager- E911 Director

See independent auditors' report.



**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Board of Directors  
Claiborne County Emergency Communications District, Inc.  
Tazewell, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Claiborne County Emergency Communications District Inc. (the "District"), a component unit of Claiborne County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2015.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the 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 a part of obtaining reasonable assurance about whether the District's financial statements are free from 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.

*HGA Associates, P.C.*

Knoxville, Tennessee  
December 21, 2015

**CLAIBORNE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT, INC.**

Schedule of Prior Year Findings  
Year Ended June 30, 2015

There were no prior year findings reported.