

**MADISON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

**MADISON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Madison County, Tennessee)
INDEPENDENT AUDITOR’S REPORT, FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION
JUNE 30, 2015**

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MADISON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Madison County, Tennessee)
ROSTER OF BOARD OF DIRECTORS
JUNE 30, 2015

Becky Hayes - Chairperson

Steve Pollock - Vice Chairman

Doug Stephenson -Treasurer

Dan Vaughn - Secretary

Teresa Henson

Charles Markham

John Scofield

Eric Turner

David L. Woolfork

MANAGEMENT OFFICIAL

Kim Augustine, ENP
Director



Independent Auditor's Report

Board of Directors
Madison County Emergency Communications District
Jackson, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Madison County Emergency Communications District (the District), a component unit of Madison 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.

Auditor's 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 opinions.

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 changes in financial position, and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 10, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has an effective date of June 30, 2015. Our opinion is not modified with respect to these matters.

Emphasis of Matter

We draw attention to Note 2.C to the financial statements, which describes a restatement to the beginning net position totaling (\$86,831). This restatement was necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 – 7 and the schedule of changes in the District's net pension liability (asset) and related ratios and schedule of the District's contributions on pages 21-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section (pages 1 – 2) and the supplemental information (pages 24 – 27) are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

November 20, 2015

MADISON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Madison County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

As management of the Madison County Emergency Communications District's (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$5,616,416 (*net position*). Of this amount, \$4,736,228 represents unrestricted net position, which may be used to meet the District's ongoing obligations.
- Net position increased \$320,897 or 6.06%.
- Operating revenues were \$955,958, an increase from the prior year (\$909,463) by \$46,495 or 5.11%.
- Operating expenses were \$768,338, a decrease from the prior year (\$799,786) by \$31,448 or 3.93%.
- The operating income for the year was \$187,620 compared to \$109,677 in the prior year.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of four sections: 1) introductory section, 2) financial section, 3) supplemental information section, and (4) compliance and internal control section. The introductory section includes table of contents and the District's roster of Board of Directors. The financial section includes the MD&A, the independent auditor's report, and the financial statements with accompanying notes. The supplemental information section includes selected financial and operational information. The internal control and compliance section includes the report on internal control and compliance.

Proprietary Funds. A proprietary fund is used to account for the operations of the District, which is financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

The *statement of net position* presents the financial position of the District on a full accrual, historical cost basis. The statement of net position includes all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The *statement of revenues, expenses and changes in net position* presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement measures the success of the District's operations and can be used to determine whether the District has successfully recovered all of its costs. This statement also measures the District's profitability and credit worthiness.

The *statement of cash flows* presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipt and cash disbursement information, without consideration of the earnings event, when an obligation arises.

The *notes to the financial statements* provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

The *supplementary schedule* comparing the budget to actual expenses and a schedule of detailed expenses are also presented as supplementary information.

MADISON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Madison County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$5,616,416 at the close of the most recent fiscal year.

Statement of Net Position

	<u>June 30, 2015</u>	<u>Percent of Total</u>	<u>June 30, 2014</u>	<u>Percent of Total</u>
Current and other assets	\$ 4,877,547	84.71%	\$ 4,279,496	78.31%
Capital assets	880,188	15.29%	1,185,341	21.69%
Total assets	<u>5,757,735</u>	<u>100.00%</u>	<u>5,464,837</u>	<u>100.00%</u>
Deferred Outflow of Resources	<u>33,828</u>	<u>100.00%</u>	<u>-</u>	<u>100.00%</u>
Current liabilities	76,384	51%	82,487	100%
Noncurrent liabilities	72,577	49%	-	0%
Total liabilities	<u>148,961</u>	<u>100%</u>	<u>82,487</u>	<u>100%</u>
Deferred Inflow of Resources	<u>26,186</u>	<u>100%</u>	<u>-</u>	<u>100%</u>
Investment in capital assets	880,188	15.67%	1,185,341	22.02%
Unrestricted net position	4,736,228	84.33%	4,197,009	77.98%
Total net position	<u>\$ 5,616,416</u>	<u>100.00%</u>	<u>\$ 5,382,350</u>	<u>100.00%</u>

The changes in the District's net position are described below:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
Revenues				
Operating revenues	\$ 955,958	\$ 909,463	\$ 46,495	5%
Expenses				
Salaries and wages	158,893	154,685	4,208	3%
Employee benefits	44,141	57,444	(13,303)	-23%
Contracted services	165,846	181,729	(15,883)	-9%
Supplies and materials	19,408	19,689	(281)	-1%
Other charges	66,930	65,279	1,651	3%
Depreciation	313,120	320,960	(7,840)	-2%
Total expenses	<u>768,338</u>	<u>799,786</u>	<u>(31,448)</u>	<u>-4%</u>
Operating income (loss)	187,620	109,677	77,943	71%
Nonoperating revenue (expenses)	<u>133,277</u>	<u>191,659</u>	<u>(58,382)</u>	<u>30%</u>
Income before capital contribution	320,897	301,336	19,561	6%
Capital Contributions	<u>-</u>	<u>300,000</u>	<u>(300,000)</u>	<u>-</u>
Change in net position	320,897	601,336	(280,439)	-47%
Net position - beginning of year, as originally stated	5,382,350	4,781,014	601,336	13%
Prior period adjustment	<u>(86,831)</u>	<u>-</u>	<u>(86,831)</u>	<u>100%</u>
Net position - beginning of year, as restated	5,295,519	4,781,014	514,505	11%
Net position - end of year	<u>\$ 5,616,416</u>	<u>\$ 5,382,350</u>	<u>\$ 234,066</u>	<u>4%</u>

MADISON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Madison County, Tennessee)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

The District had a current year net increase in net position of \$320,897 compared to \$601,336 in the prior year. The decrease in the change in net position from the prior year to the current year is due to the District receiving increased grants and reimbursements from the Tennessee Emergency Communications Board in the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 2015, the District had \$2,866,508 invested in capital assets, including buildings and improvements, furniture and fixtures, office equipment, communications equipment, and vehicles. There were \$7,967 of capital asset purchases in the current year. Accumulated depreciation increased by \$313,120 due to current year depreciation expense. Additional information on capital assets is in Note 6.

Debt

At year-end, the District had no debt.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES AND RATES

The District is dependent on telephone service charges collected by various phone companies and remitted to the State of Tennessee as well as operating grants and capital grants from the State Emergency Communication Board. The Tennessee State Legislature approved a new funding model for all Districts setting the rate at \$1.16 for all devices effective January 1, 2015.

A budget is prepared before each fiscal year. Next year the budget shows total revenues of \$1,138,410 and expenses of \$973,110.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any information provided in this report or requests for any additional information should be directed to the Director of Madison County Emergency Communications District, 914 N. Highland Avenue, Jackson, TN 38301.

Kim Augustine
Director

MADISON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Madison County, Tennessee)
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS

Current Assets

Cash	\$ 3,311,785
Certificates of deposit	1,554,194
Accrued interest receivable	2,622
Prepaid expenses	8,946
	8,946

Total Current Assets 4,877,547

Noncurrent Assets

Capital Assets

Land 16,100

Capital Assets Being Depreciated

Buildings and improvements	304,964
Furniture and fixtures	287,585
Office equipment	76,363
Communications equipment	2,137,254
Vehicles	44,242
	44,242

Total Capital Assets 2,866,508

Accumulated Depreciation (1,986,320)

Capital Assets, net 880,188

Total Assets 5,757,735

Deferred Outflow of Resources

Pension Contribution After Measurement Date 33,828

Total Deferred Outflow of Resources 33,828

LIABILITIES

Current Liabilities

Accounts payable	54,039
Compensated absences payable	22,345
	22,345

Total Current Liabilities 76,384

Noncurrent Liabilities

Net Pension Liability 72,577

Total Liabilities 148,961

Deferred Inflow of Resources

Pension Changes in Experience 732

Pension Changes in Investment Earnings 25,454

Total Deferred Inflow of Resources 26,186

NET POSITION

Investment in capital assets 880,188

Unrestricted net position 4,736,228

TOTAL NET POSITION \$ 5,616,416

MADISON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Madison County, Tennessee)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES

Emergency Telephone Service Charge	\$ 173,306
Tennessee Emergency Communications Board - Shared Wireless Charge	92,067
Tennessee Emergency Communications Board - Surcharge Base Amount	557,655
Tennessee Emergency Communications Board - Operational Funding	<u>132,930</u>

TOTAL OPERATING REVENUES 955,958

OPERATING EXPENSES

Salaries and wages	158,893
Employee benefits	44,141
Contracted Services	165,846
Supplies and Materials	19,408
Other Charges	66,930
Depreciation	<u>313,120</u>

TOTAL OPERATING EXPENSES 768,338

OPERATING INCOME (LOSS) 187,620

NONOPERATING REVENUES AND (EXPENSES)

Investment Income	27,220
Interest Income	299
Insurance reimbursements	4,173
Miscellaneous income	2,860
Tennessee Emergency Communications Board - Grants & Reimbursements	<u>98,725</u>

TOTAL NONOPERATING REVENUES AND (EXPENSES) 133,277

CHANGE IN NET POSITION 320,897

NET POSITION - BEGINNING OF YEAR, as originally stated 5,382,350

Prior period adjustment (86,831)

NET POSITION - BEGINNING OF YEAR, as restated 5,295,519

NET POSITION - END OF YEAR \$ 5,616,416

MADISON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Madison County, Tennessee)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from surcharges and other revenues	\$ 1,039,470
Cash payments to suppliers for goods and services	(274,080)
Cash payments for employees' services and benefits	(209,336)
CASH PROVIDED BY OPERATING ACTIVITIES	<u>556,054</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Insurance reimbursement	\$ 4,173
Grants and reimbursements TECB	98,725
CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>102,898</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets	<u>(7,967)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	27,232
Interest income	299
Reinvestment of interest income into CD	(10,832)
CASH PROVIDED BY INVESTING ACTIVITIES	<u>16,699</u>

INCREASE IN CASH 667,684

CASH AND CASH EQUIVALENTS - BEGINNING 2,644,101

CASH AND CASH EQUIVALENTS - ENDING \$ 3,311,785

RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net operating revenue (expense)	\$ 187,620
Adjustments to reconcile operating revenue to net cash provided by operating activities:	
Depreciation	313,120
Miscellaneous income	2,860
Adjustment from retirement contributions to pension expense	(21,896)
Changes in Assets and Liabilities	
Accounts receivable	38,044
Due from Tennessee Emergency Communications Board	42,608
Prepaid expenses	(199)
Accounts payable	(6,103)
CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 556,054</u></u>

MADISON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Madison County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. GENERAL INFORMATION

Component unit

The District provides the 911 emergency communications infrastructure to persons living in Madison County. The District is a component unit of Madison County. Accordingly, this financial data is incorporated into the County's financial statements. The District is governed by a nine member Board of Directors who are appointed by the Madison County Mayor and confirmed by the Madison County Commission. The District owns the operating headquarters and maintains all of the repairs and furnishings. The District receives no operational or capital funding from Madison County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accounts of the District are organized on the basis of funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses, as appropriate. The accounts in the financial statements in this report fall under one broad fund category as follows:

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District's financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Cash and Cash Equivalents

Cash and cash equivalents, as used in the Statements of Cash Flows, includes demand deposit accounts and certificates of deposit with maturities of three months or less when purchased, in accordance with GASB Statement No. 9.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Balances reported at year-end consists of accrued interest on investments.

MADISON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Madison County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Capital Assets

All capital assets of the District are recorded at original cost, except for donated equipment which is recorded at fair market value. Expenses which materially increase values or capacities, or extend useful lives of these assets are capitalized while expenses for maintenance and repairs are charged to operations as incurred. It is the policy of the District to maintain a capitalization threshold of \$7,500.

Gains and losses from the sale of capital assets are reflected in operations and the asset accounts and related allowances for depreciation are reduced. Also, depreciation expense on all depreciable items is systematically charged against operations using the straight-line method over their estimated useful lives. Any related interest cost is also added to the cost of the asset as appropriate.

Compensated Absences

The District allows two weeks of vacation to each employee per year with accrual limited to 30 days for one to five years of service. For employees with six to ten years of service, 18 days of vacation are received and accrual is limited to 36 days. Employees with more than ten years of service receive three weeks of vacation with accrual limited to 39 days. Employees with twenty or more years of service receive 24 days of vacation with accrual limited to 42 days. Employees receive full reimbursement for unused vacation upon leaving the employment of the District.

Deferred Outflows/Inflows of Resources

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(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has items that qualify for reporting in this category. Accordingly, the items are reported in the enterprise fund balance sheet. These items are for employer contributions made to the pension plan after the measurement date.

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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has items that qualify for reporting in this category. Accordingly, the items are reported in the enterprise fund balance sheet. These items are for pension changes in experience and investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e. g., grant proceeds) 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.

MADISON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Madison County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Net Position

In the District's financial statements, equity is classified as net position and displayed in three components:

- a. Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of restricted or net investment in capital assets.

Restatement

In prior years, the District was not required to recognize a liability for its defined benefit pension plan. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a new pension liability in their Statement of Net Position. Therefore, a restatement of the District's beginning net position has been recognized in the Statement of Revenues, Expenses, and Changes in Net Position totaling (\$86,831).

D. Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, 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 Plan of TCRS. Investments are reported at fair value.

3. REVENUES

Revenues are derived from telephone customers in the area served by the District. Through December 2014, the telephone company collected the fees on the monthly telephone bills and remitted them to the District. Beginning January 2015, the telephone companies remitted these fees to the State of Tennessee. The State of Tennessee then remits to the District a base amount. Revenues are also derived from wireless charges from cellular phone fees. Through December 2014, the State of Tennessee collected these fees and remitted them to the District bimonthly. Beginning January 2015, the State of Tennessee remitted a base amount to the District, which included these fees in their calculation.

Operating revenues and expenses are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from daily operations are defined as non-operating.

MADISON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Madison County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

4. RISK MANAGEMENT

It is the policy of the District to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property damage, and theft. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. It is also insured against possible loss related to acts of District key officers or directors by official statutory bonds carried by the District. The District has had no insurance settlements in excess of insurance coverage during the past three years.

5. CONTRACT AGREEMENT

In a prior year, the District entered into an agreement with Madison County, Tennessee, whereby the Board of the District is charged with the responsibilities of establishing and collecting service fees; seeking additional funding and issuing bonds, if necessary; and creating a dispatch service and determining the mode.

Further, the parties agreed that the City and County would serve as the dispatching authorities with the responsibility to operate the dispatch facility in a manner consistent with statutory requirements. The District has provided the 911 infrastructure, 911 equipment and training funding for the dispatchers.

6. CAPITAL ASSETS

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

	Balance 7/1/2014	Additions	Retirements	Balance 6/30/2015
Capital assets not being depreciated:				
Land	\$ 16,100	\$ -	\$ -	\$ 16,100
Capital assets being depreciated:				
Buildings	304,964	-	-	304,964
Furniture and fixtures	287,585	-	-	287,585
Office equipment	76,363	-	-	76,363
Communications equipment	2,129,287	7,967	-	2,137,254
Vehicles	44,242	-	-	44,242
Total capital assets being depreciated	<u>2,842,441</u>	<u>7,967</u>	<u>-</u>	<u>2,850,408</u>
Less accumulated depreciation for:				
Buildings and improvements	(32,256)	(9,027)	-	(41,283)
Furniture and fixtures	(136,768.00)	(27,604)	-	(164,372)
Office equipment	(56,861)	(8,102)	-	(64,963)
Communications equipment	(1,423,371)	(260,860)	-	(1,684,231)
Vehicles	(23,944)	(7,527)	-	(31,471)
Total accumulated depreciation	<u>(1,673,200)</u>	<u>(313,120)</u>	<u>-</u>	<u>(1,986,320)</u>
Total capital assets, net	<u>\$ 1,169,241</u>			<u>\$ 880,188</u>

Depreciation expense of \$313,120 was recorded by the District.

7. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state, and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over the District resources follows.

7.A. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

The District's investment policies are governed by State statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit and savings accounts. At June 30, 2015, investments consisted entirely of certificates of deposit with original maturities greater than three months at a local bank. Investments are carried at cost which approximates fair value.

MADISON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Madison County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

For deposits and investments, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Collateral is required for demand deposits and certificates of deposit at 105% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. The District's deposits at year-end were not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance with the excess covered by the State's Bank Collateral Pool).

7.B. BUDGET APPROPRIATIONS

In accordance with State law, the board of the District must adopt and operate under an annual budget. Criteria for the information required in the annual adopted budget are detailed in Section 7-86-120, *Tennessee Code Annotated*. However, for financial reporting purposes it is only necessary to present budgetary revenues and expenses compared to actual. All purchases must be made within the limits of the approved budget. Expenses must be presented at the legal level of control, which is defined to be at the line-item level.

The District's expenses were within appropriations at the line-item level (cash basis).

8. ESTIMATES AND ASSUMPTIONS

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

9. RETIREMENT 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 publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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.

MADISON COUNTY EMERGENCY COMMUNICATION DISTRICT
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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 2nd 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	1
Inactive employees entitled to but not yet receiving benefits	0
Active employees	3
	<u>4</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees do not contribute since the District's plan is non-contributory. 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 \$33,828 based on a rate of 21.29 percent 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 an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Madison County Emergency Communications 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 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

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.

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.

MADISON COUNTY EMERGENCY COMMUNICATION DISTRICT
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JUNE 30, 2015

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 in 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 of 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%	1%
		<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.

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 Madison County Emergency Communications 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.

MADISON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Madison County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Increase (Decrease) Plan Ficuiriary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/13	\$ 454,551	\$ 343,079	\$ 111,472
Changes for the year:			
Service cost	10,078	-	10,078
Interest	34,484	-	34,484
Differences between expected and actual experience	(837)	-	(837)
Contributions-employer	-	24,641	(24,641)
Contributions-employees	-	-	-
Net investment income	-	58,104	(58,104)
Benefit payments, including refunds of employee contributions	(9,691)	(9,691)	-
Administrative expense	-	(125)	125
Net changes	34,034	72,929	(38,895)
Balance at 6/30/14	\$ 488,585	\$ 416,008	\$ 72,577

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Madison County Emergency Communications 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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Madison County Emergency Communications District's net pension liability (asset)	\$ 163,366	\$ 72,577	\$ (752)

MADISON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Madison County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, Madison County Emergency Communications District recognized pension expense of \$11,932.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2015, Madison County Emergency Communications District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ 732
Net difference between projected and actual earnings on pension plan investments	-	25,454
Contributions subsequent to the measurement date of June 30, 2014	<u>33,828</u>	<u>(not applicable)</u>
Total	<u>\$ 33,828</u>	<u>\$ 26,186</u>

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:

Year Ended June 30:

2016	\$ (6,468)
2017	(6,468)
2018	(6,468)
2019	(6,468)
2020	(105)
Thereafter	(210)

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

Payable to the Pension Plan

At June 30, 2015, the District reported a payable of \$2,661 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

MADISON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Madison County, Tennessee)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

10. ACCOUNTING CHANGES

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68 replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pension plans that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 71 addresses issues related to contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

MADISON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Madison County, Tennessee)
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
Total pension liability	
Service cost	\$ 10,078
Interest	34,484
Changes in benefit terms	-
Differences between actual & expected experience	(837)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(9,691)
Net change in total pension liability	34,034
Total pension liability - beginning	454,551
Total pension liability - ending (a)	\$ 488,585
Plan fiduciary net position	
Contributions - employer	\$ 24,641
Contributions - employer	-
Net investment income	58,104
Benefit payments, including refunds of employee contributions	(9,691)
Administrative expense	(125)
Net change in plan fiduciary net position	72,929
Plan fiduciary net position - beginning	343,079
Plan fiduciary net position - ending (b)	\$ 416,008
Net Pension Liability (asset) - ending (a) - (b)	\$ 72,577
Plan fiduciary net position as a percentage of total pension liability	85.15%
Covered - employee payroll	\$ 154,685
Net pension liability (asset) as a percentage of covered - employee payroll	46.92%

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 years until 10 years of information is available.

**SCHEDULE OF MADISON COUNTY EMERGENCY COMMUNICATION DISTRICT'S CONTRIBUTIONS
 BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
 LAST FISCAL YEAR ENDING JUNE 30**

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 24,641	\$ 33,828
Contributions in relation to the actuarially determined contribution	<u>24,641</u>	<u>33,828</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 154,685	\$ 158,893
Contributions as a percentage covered-employee payroll	15.93%	21.29%

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 years until 10 years of information is available.

MADISON COUNTY EMERGENCY COMMUNICATION DISTRICT
(a component unit of Madison County, Tennessee)
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

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	10 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, 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	2.5 percent

MADISON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Madison County, Tennessee)
BUDGETARY COMPARISON SCHEDULE (CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u> <u>(Cash Basis)</u>	<u>Actual</u> <u>(Cash Basis)</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
CASH RECEIPTS			
Emergency Telephone Service Charge	\$ 138,000	\$ 211,350	\$ 73,350
TECB - Shared Wireless Charges	118,500	134,675	16,175
TECB - Operational Funding	200,720	132,930	(67,790)
TECB - Surcharge Base Amount	557,655	557,655	-
Interest Income	60	299	239
Investment Income	20,400	27,232	6,832
Insurance Reimbursements	-	4,173	4,173
Miscellaneous Income	2,640	2,860	220
TCEB - Grants and Reimbursements	-	98,725	98,725
TOTAL CASH BASIS REVENUES	<u>1,037,975</u>	<u>1,169,899</u>	<u>131,924</u>
CASH EXPENDITURES			
<u>Salaries and Wages</u>			
Director	64,700	64,277	423
Administrative Personnel	88,950	87,901	1,049
Pay Bonus	5,800	5,800	-
<u>Employee Benefits</u>			
Social security/medicare	12,900	11,413	1,487
Life insurance	1,030	260	770
Medical insurance	25,000	19,715	5,285
Dental insurance	1,600	1,188	412
Retirement contributions	34,115	31,167	2,948
<u>Contracted Services</u>			
Advertising	750	500	250
Audit Services	5,200	4,000	1,200
Contract with Government Agencies	-	-	-
Data Processing Services	5,280	-	5,280
Facility Relocation Expenses	-	-	-
Legal Services	4,000	-	4,000
Maintenance Agreements	39,500	36,250	3,250
Alarm monitoring services	500	404	96
Yard maintenance	4,000	1,600	2,400
Pest control	420	320	100
Lease/Rental - Communications Equipment	90,000	83,939	6,061
Maintenance and Repairs-Communications Equipment	60,000	37,415	22,585
Maintenance and Repairs-Buildings and Facilities	11,000	7,450	3,550
Maintenance and Repairs-Office Equipment	1,500	602	898
Maintenance and Repairs-Vehicles	3,600	454	3,146
Fuel-vehicles	4,200	1,829	2,371
Language lines	600	290	310
<u>Supplies and Materials</u>			
Office Supplies	3,900	2,024	1,876
Custodial Supplies	480	65	415
Data Processing Supplies	4,500	1,950	2,550
Postage	480	205	275
Small equipment	20,000	-	20,000
Uniform and shirts	1,300	1,279	21
Utilities-Electric	5,700	3,407	2,293
Utilities-Water	1,200	627	573
Utilities-General Telephone	3,600	3,112	488
Utilities-Cell Phones and Pagers	2,400	2,116	284
Other Supplies and Materials	6,100	4,623	1,477

MADISON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Madison County, Tennessee)
BUDGETARY COMPARISON SCHEDULE (CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual	Variance
	(Cash Basis)	(Cash Basis)	Positive
			(Negative)
<u>Other Charges</u>			
Bank charges	180	-	180
Board Meeting Expenses	1,500	700	800
Dues and Memberships	3,200	1,355	1,845
Insurance-Workers' Compensation	500	-	500
Insurance-Liability	2,500	2,078	422
Insurance-Buildings and Contents	15,000	12,875	2,125
Insurance-Vehicles	3,000	2,424	576
Legal Notices	900	415	485
Premiums on Surety Bonds	3,000	1,209	1,791
Public Education	8,000	4,037	3,963
Training Expenses	9,000	3,098	5,902
Travel	20,000	6,271	13,729
Internet	1,500	1,079	421
Dispatch Training	40,000	31,062	8,938
Miscellaneous Expenses	1,080	631	449
TOTAL CASH BASIS EXPENSES	<u>623,665</u>	<u>483,416</u>	<u>140,249</u>
CASH BASIS NET INCOME	<u>414,310</u>	<u>686,483</u>	<u>272,173</u>
RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS			
Depreciation expense		(313,120)	
Adjustment from retirement contributions to pension expense		21,896	
Increase (decrease) in current receivables		(80,652)	
Increase (decrease) in prepaid expenses		199	
Increase (decrease) in accrued interest receivable		(12)	
(Increase) decrease in accounts payable		6,103	
NET RECONCILIATION CASH TO ACCRUAL		<u>(365,586)</u>	
INCREASE (DECREASE) IN NET POSITION (ACCRUAL)		<u>320,897</u>	
NET POSITION - BEGINNING OF YEAR, as originally stated		5,382,350	
Prior period adjustment		<u>(86,831)</u>	
NET POSITION - BEGINNING OF YEAR, as restated		5,295,519	
NET POSITION - END OF YEAR		<u>\$ 5,616,416</u>	

MADISON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Madison County, Tennessee)
SCHEDULE OF DETAILED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

Operating Expenses

Salaries and Wages

Director	\$ 64,662
Administrative personnel	88,431
Pay bonus	5,800
<u>Total Salaries and Wages</u>	158,893

Employee Benefits

Social security/medicare	11,466
Life insurance	254
Medical insurance	19,301
Dental insurance	1,188
Pension Expense	11,932
<u>Total Employee Benefits</u>	44,141

Contracted Services

Advertising	500
Audit Services	4,000
Maintenance Agreements	28,551
Alarm Monitoring Services	404
Yard Maintenance	1,600
Pest Control	320
Lease/Rental - Communications Equipment	84,021
Maintenance and Repairs-Communications Equipment	35,815
Maintenance and Repairs-Buildings and Facilities	7,450
Maintenance and Repairs-Office Equipment	602
Maintenance and Repairs-Vehicles	464
Fuel - Vehicles	1,829
Language Line	290
<u>Total Contracted Services</u>	165,846

MADISON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
(a component unit of Madison County, Tennessee)
SCHEDULE OF DETAILED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

Operating Expenses (continued)

Supplies and Materials

Office Supplies	2,024
Custodial Supplies	65
Data Processing Supplies	1,950
Postage	205
Uniforms	1,279
Utilities-Electric	3,407
Utilities-Water	627
Utilities-General Telephone	3,112
Utilities-Cell Phones and Pagers	2,116
Other Supplies and Materials	4,623
<u>Total Supplies and Materials</u>	<u>19,408</u>

Other Charges

Board Meeting Expenses	640
Dues and Memberships	1,355
Insurance-Liability	2,078
Insurance-Bulidings and Contents	12,875
Insurance-Vehicles	2,424
Legal Notices	415
Premiums on Surety Bonds	1,209
Public Education	4,037
Training Expenses	3,098
Travel Expenses	5,847
Internet	1,079
Dispatch Training	31,242
Miscellaneous Expenses	631
<u>Total Other Charges</u>	<u>66,930</u>

Depreciation

Depreciation	313,120
<u>Total Depreciation</u>	<u>313,120</u>

<u>Total Operating Expenses</u>	<u>\$ 768,338</u>
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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**

Board of Directors
Madison County Emergency Communication District
Jackson, 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 Madison County Emergency Communication District (the District), a component unit of Madison County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which comprise the District's basic financial statements and have issued our report thereon dated November 20, 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 internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free 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.

DISPOSITION OF PRIOR AUDIT FINDINGS:

None.

November 20, 2015

Lochin : Associates, PLLC