

**FENTRESS COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE**

FINANCIAL STATEMENTS

June 30, 2015

HASSELL RAY YORK AND ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Phone: 931-484-5570

P. O. Box 137 • 228 Rector Avenue

Crossville, Tennessee 38557

**FENTRESS COUNTY EMERGENCY
COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE**

FINANCIAL STATEMENTS

June 30, 2015

INTRODUCTORY SECTION

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE**

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ROSTER OF MANAGEMENT OFFICIALS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF MANAGEMENT OFFICIALS (UNAUDITED)
June 30, 2015

Gary Peters, Chairman

Leonard Bilbrey, Treasurer

Rodney Foy

James Bilbrey

Hollis Crabtree

Billy Jennings, Sr., Vice Chairman

Karen Little, Secretary

Sheriff Chucky Cravens

Ryan Smith

MANAGEMENT'S DISCUSSION AND ANALYSIS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2015

As financial management of the Fentress County Emergency Communications District, we offer readers of these financial statements this narrative overview and analysis of the District for the fiscal year ending June 30, 2015. Please read it in conjunction with the District's financial statements that begin on page 8.

FINANCIAL HIGHLIGHTS

- The District's Total Net Position decreased to \$1,390,786.48 from \$1,391,676.83 over the course of this year's operations. This was largely due to:
 - Impairment Loss as a result of relocation of premises.
 - Restatement due to the implementation of New GASB Statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

BASIC FINANCIAL STATEMENTS

The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The Statement of Net Position presents information on all the District's Assets, Liabilities, and Deferred Outflows/Inflows of Resources with the difference reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Net Position increases when Revenues exceed Expenses. Increases to Assets (without a corresponding increase to Liabilities) results in increased Net Position, which indicates an improved financial position.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Net Position may serve, over time as a useful indicator of the District's financial position. In the case of the District, the change by which Assets and Deferred Outflow of Resources exceeded Liabilities and Deferred Inflow of Resources at the close of the most current fiscal year is \$1,390,786.48.

The District's current year's operations resulted in a decrease in Net Position of \$41,725.35. The District's Revenues exceed expenses by \$73,685.93 but was decreased by an impairment loss of \$115,411.28. (See Note 6 to the financial statements).

As further explained in Note 7 to the financial statements, Beginning Net Position was increased by \$40,835.00 as the result of implementing new GASB Statements that became effective this fiscal year.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2015

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS (continued)

Our analysis below focuses on the District's Net Position (**Table 1**) and Changes in Net Position (**Table 2**) during the year.

NET POSITION

Table 1
Condensed Statements of Net Position

	<u>FY 2015</u>	<u>FY 2014</u>	<u>Difference</u>
Current and Other Assets	\$1,093,574.36	\$ 930,356.43	\$ 163,217.93
Capital Assets (Net)	338,252.68	512,414.95	(174,162.27)
Total Assets	<u>\$1,431,827.04</u>	<u>\$1,442,771.38</u>	<u>\$ (10,944.34)</u>
Deferred Outflows of Resources	<u>\$ 15,559.01</u>	<u>\$.00</u>	<u>\$ 15,559.01</u>
Current Liabilities	<u>\$ 25,243.57</u>	<u>\$ 51,094.55</u>	<u>\$ (25,850.98)</u>
Deferred Inflow of Resources	<u>\$ 31,356.00</u>	<u>\$.00</u>	<u>\$ 31,356.00</u>
Net Position:			
Net Investment in Capital Assets	\$ 338,252.68	\$ 512,414.95	\$(174,162.27)
Unrestricted	<u>1,052,533.80</u>	<u>879,261.88</u>	<u>173,271.92</u>
Total Net Position	<u>\$1,390,786.48</u>	<u>\$1,391,676.83</u>	<u>\$ (890.35)</u>

Changes in the District's Net Position can be determined by reviewing the following condensed Statement of Revenue, Expenses, and Changes in Net Position for the year.

Table 2
**Condensed Statements of Revenues,
Expenses, and Changes in Net Position**

	<u>FY 2015</u>	<u>FY 2014</u>	<u>Difference</u>
Operating Revenues	\$ 542,233.84	\$ 536,088.12	\$ 6,145.72
Other Operating Expenses	<u>477,203.30</u>	<u>854,679.57</u>	<u>(377,476.27)</u>
Operating Income	65,030.54	(318,591.45)	383,621.99
Non-Operating Revenues, Net of Expenses	<u>(106,755.89)</u>	<u>465,622.65</u>	<u>(572,378.54)</u>
Change in Net Position	<u>(41,725.35)</u>	<u>147,031.20</u>	<u>(188,756.55)</u>
Net Position – Beginning of Year as Previously Reported	1,391,676.83	1,244,645.63	147,031.20
Restatement	<u>40,835.00</u>	<u>.00</u>	<u>40,835.00</u>
Net Position – Beginning of Year (Restated)	<u>1,432,511.83</u>	<u>1,244,645.63</u>	<u>187,866.20</u>
Net Position – End of Year	<u>\$1,390,786.48</u>	<u>\$1,391,676.83</u>	<u>\$ (890.35)</u>

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2015

FINANCIAL ANALYSIS (continued)

CAPITAL ASSETS

The following table summarizes the District's Capital Assets, Net of Accumulated Depreciation:

	<u>FY 2015</u>	<u>FY 2014</u>	<u>Difference</u>
Building	\$.00	\$ 169,430.98	\$(169,430.98)
Office Equipment and Fixtures	118,147.44	118,147.44	.00
Communication and Computer Equipment	318,799.50	308,935.84	9,863.66
Vehicle	<u>18,300.00</u>	<u>18,300.00</u>	<u>.00</u>
 Total	 455,246.94	 614,814.26	 (159,567.32)
 Accumulated Depreciation	 <u>(116,994.26)</u>	 <u>(102,399.31)</u>	 <u>(149,703.66)</u>
 Net Capital Assets	 <u>\$ 338,252.68</u>	 <u>\$ 512,414.95</u>	 <u>\$(309,270.98)</u>

See Notes 3 and 6 for additional details regarding Capital Assets.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors and Rates:

- The Tennessee Emergency Communications Board has determined a flat base amount to be dispersed to Fentress County Emergency Communications District in the amount of \$320,898.00 based on the population.

Future Budgetary Considerations:

- Presently, the Board of Directors are not aware of any changes in conditions that would have a significant impact on the financial position or results of activities of the District in the 2015-2016 fiscal budget year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. For questions concerning any of the information provided in this report or requests for additional financial information, contact the District's Director of Administrations at 116 Justice Center Drive, Jamestown, Tennessee 38556.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Hassell Ray York and Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 137 • Phone: 931-484-5570
Crossville, Tennessee 38557

November 2, 2015

Board of Directors
Fentress County Emergency
Communications District
P. O. Box 460
Jamestown, Tennessee 38556

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the Fentress County Emergency Communications District, a component unit of Fentress County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which comprise the Fentress County Emergency Communications District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Change in Accounting Principle

As described in Note 7 to the financial statements, Fentress County Emergency Communications 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*. Our opinion is not modified with respect these matters.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fentress County Emergency Communications District, as of June 30, 2015, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 4 and the required supplementary information for Fentress County Emergency Communications District on page 26 through 27, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The introductory section and supplementary information are presented for purposes of additional analysis and is not a required part of the basic financial statements.

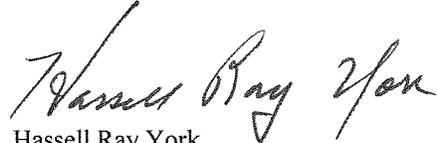
The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015, on our consideration of Fentress County Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Fentress County Emergency Communications District's internal control over financial reporting and compliance.

HASSELL RAY YORK AND ASSOCIATES, P.C.

A handwritten signature in cursive script that reads "Hassell Ray York".

Hassell Ray York
Certified Public Accountant
Crossville, Tennessee
November 2, 2015

FINANCIAL STATEMENTS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2015

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 709,729.21
Certificates of Deposit	276,355.12
Accrued Interest Receivable	226.69
Due from Tennessee Emergency Communications Board	452.70
Prepaid Expenses	33,363.64
Net Pension Asset	<u>73,447.00</u>
Total Current Assets	<u>1,093,574.36</u>

Non-Current Assets

Capital Assets Being Depreciated

Furniture and Fixtures	95,065.43
Office Equipment	23,082.01
Communication Equipment	318,799.50
Vehicles	<u>18,300.00</u>
Total Capital Assets	455,246.94
Accumulated Depreciation	<u>(116,994.26)</u>
Capital Assets, Net	<u>338,252.68</u>

Total Assets 1,431,827.04

Deferred Outflow of Resources

Pension Other Deferrals	<u>15,559.01</u>
Total Deferred Outflow of Resources	<u>15,559.01</u>

LIABILITIES AND NET POSITION

Current Liabilities

Accounts Payable	1,388.08
Accrued Payroll	3,375.03
Accrued Payroll Deductions Payable	5,308.02
Compensated Absences Payable	<u>15,172.44</u>
Total Current Liabilities	<u>25,243.57</u>

Deferred Inflow of Resources

Pension Changes in Experience	9,135.00
Pension Changes in Investment Earnings	<u>22,221.00</u>
Total Deferred Inflow of Resources	<u>31,356.00</u>

Net Position

Net Investment in Capital Assets	338,252.68
Unrestricted Net Position	<u>1,052,533.80</u>
Total Net Position	<u>1,390,786.48</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2015

OPERATING REVENUES

Emergency Telephone Service Charge	\$ 40,771.62
TECB – Shared Wireless Charge	24,606.13
TECB – Operational Funding	112,307.09
TECB – 911 Surcharge Base Amount Distribution	160,449.00
Other Operating Revenues	<u>204,100.00</u>
TOTAL OPERATING REVENUES	<u>542,233.84</u>

OPERATING EXPENSES

Salaries and Wages

Administrative Personnel	35,697.15
Dispatchers	232,967.20
Overtime Pay	10,887.36
Part-time Personnel	<u>16,392.62</u>
Total Salaries and Wages	<u>295,944.33</u>

Employee Benefits

Social Security	17,318.12
Medicare	4,050.21
Medical Insurance	17,545.00
Unemployment Taxes	474.35
Retirement Contributions	<u>(1,270.80)</u>
Total Employee Benefits	<u>38,116.88</u>

Contracted Services

Addressing/Mapping Expense	4,325.00
Advertising	40.00
Audit Services	5,000.00
Data Processing Service	2,714.29
Maintenance Agreements	23,103.15
Mapping/Data Base Consultants	12,000.00
Maintenance and Repairs – Building and Facilities	533.76
Maintenance and Repairs – Vehicles	89.40
Fuel – Vehicles	<u>407.73</u>
Total Contracted Services	<u>48,213.33</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
For the Year Ended June 30, 2015

OPERATING EXPENSES (continued)

Supplies and Materials

Office Supplies	569.81
Custodial Supplies	906.15
Data Processing Supplies	213.77
Postage	246.00
Uniforms and Shirts	104.64
Utilities – General Telephone	11,362.30
Other Supplies and Materials	<u>69.92</u>
Total Supplies and Materials	<u>13,472.59</u>

Other Charges

Dues and Memberships	353.00
Employee Testing and Exams	150.00
Insurance – Workers Compensation	981.00
Insurance – Liability	2,487.01
Insurance – Equipment	2,599.34
Insurance – Vehicles	906.00
Premiums on Surety Bonds	625.15
Training Expense	825.00
Travel Expenses	2,588.34
Internet Charges	1,213.68
Other Charges	<u>113.00</u>
Total Other Charges	<u>12,841.52</u>

Depreciation

Depreciation Expense	<u>68,614.65</u>
Total Depreciation	<u>68,614.65</u>

TOTAL OPERATING EXPENSES 477,203.30

OPERATING INCOME (LOSS) 65,030.54

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
For the Year Ended June 30, 2015

NON-OPERATING REVENUES AND (EXPENSES)

Interest Income	219.76
Investment Income	2,793.23
TECB – Grants and Reimbursements	5,432.40
Miscellaneous Income	210.00
Impairment Loss	<u>(115,411.28)</u>

TOTAL NON-OPERATING REVENUE (EXPENSES) (106,755.89)

CHANGE IN NET POSITION (41,725.35)

**NET POSITION – BEGINNING OF YEAR AS
PREVIOUSLY REPORTED** 1,391,676.83

RESTATEMENT 40,835.00

NET POSITION – BEGINNING OF YEAR (RESTATED) 1,432,511.83

NET POSITION – END OF PERIOD \$1,390,786.48

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash Received from Surcharges and Other Revenues	\$ 542,453.84
Cash Payments to Suppliers for Goods and Services	(87,025.01)
Cash Payments for Payroll, Taxes, and Related Benefits	<u>(351,270.48)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>104,158.35</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Grants/Reimbursements TECB	<u>5,432.40</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>5,432.40</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of Capital Assets	<u>(35,948.31)</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(35,948.31)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Income Received	3,223.95
Increase in Certificates of Deposit	<u>(1,750.14)</u>
NET CASH PROVIDED FROM INVESTING ACTIVITIES	<u>1,473.81</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 75,116.25
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>634,612.96</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 709,729.21</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
STATEMENT OF CASH FLOWS (CONTINUED)
For the Year Ended June 30, 2015

RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

Operating Income (Loss)	\$ 48,215.53
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	68,614.65
Changes in Assets and Liabilities:	
(Increase) Decrease in Due From TECB	10.00
(Increase) Decrease in Prepaid Expenses	(13,125.50)
Increase (Decrease) in Accounts Payable	627.93
Increase (Decrease) Accrued Payroll	468.07
Increase (Decrease) Accrued Payroll Deductions Payable	(164.41)
Increase (Decrease) Compensated Absences Payable	(697.92)
Miscellaneous Income	<u>210.00</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 104,158.35</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

The Fentress County Emergency Communications District was organized October, 1990, under the authority of *Title 7, Chapter 86, Tennessee Code Annotated*, for the purpose of providing to the residence within the boundaries of Fentress County, Tennessee with emergency 9-1-1 service as a means of securing emergency services quickly and efficiently.

The County Commission of Fentress County, Tennessee is the basic level of government which has financial accountability and control over certain activities related to the Fentress County Emergency Communications District. The County Commission of Fentress County, Tennessee must approve any issuance of debt by the District, has the authority to adjust the District's service charges, and appoints the nine (9) member Board of Directors which governs the District. The Fentress County Emergency Communications District is a component unit of Fentress County, Tennessee.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, Revenues are recognized when earned and Expenses are recognized when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. With this measurement focus, all Assets and all Liabilities associated with the operations are included on the Statement of Net Position. Net Position (i.e., Total Assets Net of Total Liabilities) is segregated into Net Investment in Capital Assets; Restricted for specified purposes; and Unrestricted components. The Operating Statement presents increases (e.g. Revenues) and decreases (e.g. Expenses) in Net Total Position.

ESTIMATES

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 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.

DEPOSITS AND INVESTMENTS

For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents have original maturities of three (3) months or less from the date of acquisition.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

CAPITAL ASSETS

Capital Assets are carried at cost. Capital Assets are defined by the District as Assets with an initial, individual cost of more than \$2,500.00 with an estimated useful life in excess of one year.

Capital Assets in service are depreciated using the straight-line method at rates that will amortize costs over the estimated useful lives of the Assets. The estimated useful lives are as follows:

Vehicles, Equipment, Furniture, and Fixtures	5 to 10 Years
--	---------------

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to Assets and Liabilities, the Statement of Financial Position will sometimes report separate sections for Deferred Outflows and Inflows of Resources. Deferred Outflows of Resources are presented after Total Assets. A Deferred Outflow of Resources is a consumption of Net Assets by the District that is applicable to future reporting period(s) and so will not be recognized as an Outflow of Resources (Expense) until then. Currently, the District has only one item that qualifies for reporting in this category, Deferred Pension Contributions. (Refer to Note 4 on Pension Plan).

Deferred Inflows of Resources are presented after Total Liabilities in the Statement of Net Position. A Deferred Inflow of Resources is an acquisition of Net Position that applies to a future period(s) and will not be recognized as an Inflow of Resources (Revenue) until that time. The District has two items that qualifies for reporting in this category, Pension Changes in Experience and Investment Earnings. (Refer to Note 4 on Pension Plan.)

COMPENSATED ABSENCES

The District's policy provides that vacation time may be accumulated and carried forward by full time employees (those who work more than thirty-five (35) hours per week) to the next year in an amount not to exceed thirty (30) days or two hundred forty (240) total hours. Any hours exceeding the two hundred forty (240) hour limit may be converted to sick leave at the end of each fiscal year to the next. Upon termination of employment, an employee will be entitled to payment for any unused vacation time. Payment will be based upon the employee's daily rate of compensation at the time of termination. The accumulated amount is charged to expense and corresponding liability in the financial statements.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE AND EXPENSES

The District distinguishes Operating Revenues and Expenses from Non-Operating Items. Operating Revenues and Expenses generally result from providing services and delivering goods in connection with the District's principal ongoing operations. The principal Operating Revenues of the District are emergency telephone service charges collected from telephone service providers, shared wireless charges, and other operational funding. Operating Expenses include the cost of salaries and wages, employee benefits, contracted services, materials and supplies, other charges, and depreciation on capital assets. All Revenues and Expenses not meeting this definition are reported as Non-Operating Revenues and Expenses.

NET POSITION

Net Position is classified into three components: Investment in Capital Assets, Restricted, and Unrestricted. These classifications are defined as follows:

Investment in Capital Assets – This component of Net Position consists of Capital Assets, including Restricted Capital Assets, Net of Accumulated Depreciation.

Restricted Net Position – This component of Net Position consists of constraints placed on Net Position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component of Net Position consist of Net Position that does not meet the definition of "Restricted" or "Investment in Capital Assets."

When both Restricted and Unrestricted resources are available for use, it is the District's policy to use Restricted resources first, then Unrestricted resources as they are needed.

RESTATEMENT

In prior years, the District was not required to recognize an Asset or Liability for its Defined Benefit Plan. However, with the implementation of GASB *Statement No. 68*, government employers are required to recognize a new Pension Asset or Liability in their Statement of Net Position. Therefore, a restatement increasing Fentress County Emergency Communications District's Beginning Net Position by \$40,835.00 has been recognized on the Statement of Revenues, Expenses, and Changes in Net Position.

PENSION PLAN

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 Fentress County Emergency Communications District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Fentress County Emergency Communications 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.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUDGET

The budget is legally adopted, by the Board of Commissioners, in accordance with the provisions of Tennessee Code Annotated, Section 7-86-120. The legal level of control is at the line-item level.

SUBSEQUENT EVENT

The District's management evaluated subsequent events through November 2, 2015, the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS AND INVESTMENTS

Investment of District funds is restricted by State of Tennessee statutes to include the following:

- Bonds, notes, or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies;
- Certificates of Deposit and other evidence of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations;
- The State of Tennessee local government investment pool;
- Obligations of the United States or its agencies under a repurchase agreement, with certain conditions;
- Bonds rated A or higher by any nationally recognized rating services of the State of Tennessee, bonds of any county or municipal corporations of the State of Tennessee (bonds of any road, levee, or drainage district is expressly excluded), bonds of any other state or political subdivision;
- Nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank, the Student Loan Marketing Association provided such securities are rated in the highest category by at least two (2) nationally recognized rating services;
- The county's own bonds or notes issued in accordance with Tennessee Code Annotated (TCA), Title 9, Chapter 21;
- The investment must have a maturity of not greater than two (2) years or with certain authorized approval up to five (5) years.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

The District's deposits at June 30, 2015 consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Value</u>
Operating Account –		
First Volunteer Bank	\$ 648,739.92	\$ 645,345.09
Progressive Savings Bank	64,384.12	64,384.12
Certificates of Deposit –		
Progressive Savings Bank	41,687.32	41,687.32
Union Bank	<u>234,667.80</u>	<u>234,667.80</u>
 Total	 <u>\$ 989,479.16</u>	 <u>\$ 986,084.33</u>

The difference between the bank balance and carrying amount is due to outstanding checks and/or deposits in transit.

Deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000.00. In addition, First Volunteer Bank is a member of the State of Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The District's deposits in financial institutions were entirely insured or collateralized at June 30, 2015.

The District had no investments at June 30, 2015.

NOTE 3 – CHANGES IN CAPITAL ASSETS

A summary of Changes in Capital Assets at June 30, 2015 follows:

	<u>Balance 6/30/2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2015</u>
Capital Assets Being Depreciated:				
Building	\$169,430.98	\$.00	\$ 169,430.98	\$.00
Office Equipment and Fixtures Communication and Computer Equipment	118,147.44	.00	.00	118,147.44
Vehicle	308,935.84	9,863.66	.00	318,799.50
Total Capital Assets Being Depreciated	<u>614,814.26</u>	<u>9,863.66</u>	<u>169,430.98</u>	<u>455,246.94</u>
Less: Accumulated Depreciated				
Building	54,019.70	.00	54,019.70	.00
Office Equipment and Fixtures Communication and Computer Equipment	9,111.44	18,005.76	.00	27,117.20
Vehicle	20,968.17	50,608.89	.00	71,577.06
Total Accumulated Depreciation	<u>102,399.31</u>	<u>68,614.65</u>	<u>54,019.70</u>	<u>116,994.26</u>
Net Capital Assets	<u>\$512,414.95</u>	<u>\$ (58,750.99)</u>	<u>\$(115,411.28)</u>	<u>\$338,252.68</u>

Depreciation expense for the fiscal year ended June 30, 2015 totaled \$68,614.65.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 – PENSION PLAN

GENERAL INFORMATION ABOUT THE PENSION PLAN

PLAN DESCRIPTION

Employees of Fentress County Emergency Communications 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 high 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.

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	0
Inactive Employees Entitled to but not Yet Receiving Benefits	4
Active Employees	<u>10</u>
Total	<u>14</u>

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. Fentress County Emergency Communications 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 Fentress County Emergency Communications District were \$15,559.00 based on a rate of 5.62 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Fentress County Emergency Communications 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.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 – PENSION PLAN (continued)

NET PENSION LIABILITY (ASSET)

Fentress County Emergency Communications District 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 the an actuarial valuation as of that date.

ACUARIAL ASSMUMPTIONS

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

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.

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 addition 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:

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
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>

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 – PENSION PLAN (continued)

NET PENSION LIABILITY (ASSET) (continued)

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 Fentress 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.

CHANGES IN NET PENSION LIABILITY (ASSET)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at June 30, 2013	<u>\$259,421</u>	<u>\$284,650</u>	<u>\$ (25,229)</u>
Changes for the Year:			
Service Cost	20,285	-	20,285
Interest	20,978	-	20,978
Differences Between Expected and Actual Experience	(10,150)	-	(10,150)
Contributions – Employer	-	15,606	(15,606)
Contributions – Employees	-	13,860	(13,860)
Net Investment Income	-	50,217	(50,217)
Benefit Payments, Including Refunds of Employee Contributions	-	-	-
Administrative Expense	-	(352)	352
Net Changes	<u>31,113</u>	<u>79,331</u>	<u>(48,218)</u>
Balance at June 30, 2014	<u>\$290,534</u>	<u>\$363,981</u>	<u>\$ (73,447)</u>

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 – PENSION PLAN (continued)

NET PENSION LIABILITY (ASSET) (continued)

SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability (asset) of Fentress 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:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Fentress County Emergency Communications District's Net Pension Liability (Asset)	<u>\$(19,180)</u>	<u>\$ (73,447)</u>	<u>\$(117,709)</u>

PENSION EXPENSE (INCOME) AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

PENSION INCOME

For the year ended June 30, 2015, Fentress County Emergency Communications District recognized pension income of \$1,256.

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

For the year ended June 30, 2015, Fentress County Emergency Communications 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	\$ -	\$ 9,135
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	22,221
Contributions Subsequent to the Measurement Date of June 30, 2014	<u>15,559</u>	(Not Applicable)
Total	<u>\$15,559</u>	<u>\$31,356</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.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 – PENSION PLAN (continued)

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES
(continued)

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

Year Ended	
June 30:	
2016	\$ (6,570)
2017	(6,570)
2018	(6,570)
2019	(6,570)
2020	(1,015)
Thereafter	(4,060)

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

NOTE 5 – OTHER OPERATING REVENUES

The Fentress County Emergency Communications District entered into an intergovernmental cooperation agreement with Fentress County, whereby the District will staff and operate the emergency communications center. Fentress County makes quarterly payments to the District for its share of the dispatching cost. The amount received for the fiscal year ended June 30, 2015 was \$204,100.00.

NOTE 6 – IMPAIRMENT LOSS

Fentress County Emergency Communications District has relocated to new facilities and as a result has abandoned leasehold improvements with a carrying value of \$115,411.28. An impairment loss of \$115,411.28 has been reported on the District's Statement of Revenues, Expenses, and Changes in Net Position as a Non-Operating Expense item.

NOTE 7 – CHANGES IN ACCOUNTING PRINCIPLES

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* became effective for the fiscal year ended June 30, 2015.

GASB *Statement No. 68*, replaced the requirements of *Statements No. 27 and No. 50* as they relate to pension plans administered as trust or equivalent arrangements that meet certain criteria. All other requirements of *Statements No. 27 and No. 50* remain applicable for pensions that are not covered by the scope of GASB *Statement No. 68*. GASB *Statement No. 68* establishes standards for measuring and recognizing Liabilities, Deferred Outflows/Inflows, and Expenses.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – CHANGES IN ACCOUNTING PRINCIPLES (continued)

GASB Statement No 71 is an amendment to *GASB Statement No. 68* and 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.

The effect of the implementation of these standards has resulted in an increase in the Net Position at July 1, 2014 in the Statement of Net Position of \$40,835.00.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 – RISK FINANCING

The Fentress County Emergency Communications District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and natural disasters. The premises are commercially insured by the Fentress County Government. The building coverage has some hardware insurance coverage for each of the locations where the equipment is located. Additional commercial insurance, as detailed below, has been obtained. No losses have occurred during the past three (3) years that have exceeded coverage.

Commercial General Liability

General Aggregate	\$3,000,000
Products Aggregate	3,000,000
Personal and Advertising Injury	1,000,000
Each Occurrence	1,000,000
Medical Expense, Any One Person	5,000

Vehicle

Liability, Each Accident	1,000,000
Uninsured Motorists	1,000,000
Medical Payments	10,000
Auto Physical Damage – Comprehensive and Collision	Actual Cash Value
Other Than Collision Deductible	250
Collision Deductible	250

Blanket Summary

Personal Property	342,620
Software	250,000
Money and Securities	30,000
Commercial Blanket Bond	
Computer Fraud	10,000
Identity Fraud	10,000
Employee Dishonesty	5,000
Portable Equipment	Guaranteed Replacement Cost
Policy Deductible	
Policy – Per Occurrence	250
Earthquake – Per Item –	17,131
Flood – Per Premises	1,000
Portable Equipment	500

Management Liability

Aggregate Limit	3,000,000
Wrongful Act – Each	1,000,000
Injunctive Relief – Each Action	50,000

Workmen’s Compensation

Each Accident	100,000
Disease – Each Employee	100,000
– Policy Limit	500,000

Crime and Fidelity Coverage

Employee Bond	25,000
Blanket Bond – Non-Compensatory Officers – Treasurer, Secretary, Chairman, and Vice Chairman	
Limit of Insurance – Per Occurrence	175,000
Deductible Amount – Per Occurrence	500

**REQUIRED SUPPLEMENTARY
INFORMATION**

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
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

TOTAL PENSION LIABILITY	<u>2014</u>
Service Cost	\$ 20,285
Interest	20,978
Changes in Benefit Terms	-
Differences Between Actual and Expected Experience	(10,150)
Change of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	-
Net Change in Total Pension Liability	<u>31,113</u>
Total Pension Liability – Beginning	<u>259,421</u>
Total Pension Liability – Ending (a)	<u>\$290,534</u>
 PLAN FIDUCIARY NET POSITION	
Contributions – Employer	\$ 15,606
Contributions – Employee	13,860
Net Investment Income	50,217
Benefit Payments, Including Refunds of Employee Contributions	-
Administrative Expense	<u>(352)</u>
Net Change in Plan Fiduciary Net Position	79,331
 PLAN FIDUCIARY NET POSITION – BEGINNING	<u>284,650</u>
 PLAN FIDUCIARY NET POSITION – ENDING (b)	<u>\$363,981</u>
 NET PENSION LIABILITY (ASSET) – ENDING (a) – (b)	<u>\$ (73,447)</u>
 PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	<u>125.28%</u>
 COVERED – EMPLOYEE PAYROLL	<u>\$277,200</u>
 NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED – EMPLOYEE PAYROLL	<u>26.50%</u>

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.

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF 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	\$ 15,606	\$ 15,553
Contributions in Relation to the Actuarially Determined Contribution	<u>15,606</u>	<u>15,559</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (6)</u>
Covered – Employee Payroll	<u>\$277,200</u>	<u>\$276,744</u>
Contributions as a Percentage Covered – Employee Payroll	<u>5.63%</u>	<u>5.62%</u>

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.

Method 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	8 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

SUPPLEMENTARY INFORMATION

**SCHEDULE OF BONDS
ON PRINCIPAL OFFICERS**

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
SCHEDULE OF BONDS ON PRINCIPAL OFFICERS
June 30, 2015

The principal officials, including the directors, treasurer, and secretary, of the Fentress County Communications District are covered under a Public Employee Dishonesty Bond in the amount of \$175,000.00, deductible \$500.00, written with the Westfield Companies. The current bond period is January 1, 2013 to January 1, 2016.

BUDGET TO ACTUAL COMPARISONS

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
BUDGETARY COMPARISON SCHEDULE (CASH BASIS BUDGET)
June 30, 2015

<u>CASH RECEIPTS</u>	Actual (Cash Basis)	Budget (Cash Basis)	Variance Under(Over)
Emergency Telephone Service Charge	\$ 55,185.56	\$ 86,000.00	\$ 30,814.44
TECB – Shared Wireless Charge	24,606.13	39,000.00	14,393.87
TECB – Operational Funding	97,903.15	194,000.00	96,096.85
911 Surcharge Base Distribution	160,449.00	.00	(160,449.00)
Other Operating Revenue	204,100.00	204,100.00	.00
Interest Income	219.76	600.00	380.24
Investment Income	3,004.19	3,500.00	495.81
TECB – Grants and Reimbursements	5,432.40	2,600.00	(2,832.40)
Miscellaneous Income	210.00	500.00	290.00
Insurance Reimbursements	96.00	.00	(96.00)
Total Cash Basis Revenues	551,206.19	530,300.00	(20,906.19)
 <u>CASH EXPENDITURES</u>			
<u>Salaries and Wages</u>			
Administrative Personnel	35,464.00	36,500.00	1,036.00
Dispatchers	233,430.20	239,000.00	5,569.80
Overtime Pay	10,887.36	12,000.00	1,112.64
Part-time Personnel	16,392.62	20,500.00	4,107.38
Total Salaries and Wages	296,174.18	308,000.00	11,825.82
 <u>Employee Benefits</u>			
Social Security	17,332.37	19,400.00	2,067.63
Medicare	4,053.55	4,800.00	746.45
Medical Insurance	17,545.00	21,255.00	3,710.00
Unemployment Taxes	474.35	1,600.00	1,125.65
Retirement Compensation	15,559.01	16,500.00	940.99
Total Employee Benefits	54,964.28	63,555.00	8,590.72
 <u>Contracted Services</u>			
Addressing/Mapping Expense	4,325.00	4,325.00	.00
Advertising	40.00	500.00	460.00
Audit Services	5,000.00	5,500.00	500.00
Contracts With Government Agencies	.00	.00	.00
Data Processing Service	3,039.34	3,039.34	.00
Maintenance Agreements	35,505.10	35,505.10	.00
Mapping/Data Base Consultants	12,000.00	12,000.00	.00
Maintenance and Repairs – Communication Equipment	.00	500.00	500.00
Maintenance and Repairs – Building and Facilities	533.76	1,000.00	466.24
Maintenance and Repairs – Office Equipment	.00	1,000.00	1,000.00
Maintenance and Repairs – Vehicles	89.40	1,000.00	910.60
Fuel - Vehicles	387.09	1,000.00	612.91
Total Contracted Services	60,919.69	65,369.44	4,449.75

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
BUDGETARY COMPARISON SCHEDULE (CASH BASIS BUDGET) (CONTINUED)
June 30, 2015

<u>CASH EXPENDITURES</u> (continued)	Actual (Cash Basis)	Budget (Cash Basis)	Variance Under(Over)
<i>Supplies and Materials</i>			
Office Supplies	569.81	2,500.00	1,930.19
Custodial Supplies	896.87	1,500.00	603.13
Data Processing Supplies	213.77	500.00	286.23
Postage	246.00	300.00	54.00
Small Equipment Purchases	.00	1,500.00	1,500.00
Uniforms and Shirts	104.64	166.39	61.75
Utilities – General Telephone	10,798.17	10,798.17	.00
Utilities – Cell Phones and Pagers	.00	500.00	500.00
Other Supplies and Materials	69.92	1,400.00	1,330.08
<i>Total Supplies and Materials</i>	12,899.18	19,164.56	6,265.38
<i>Other Charges</i>			
Dues and Memberships	353.00	500.00	147.00
Employee Testing and Exams	150.00	1,000.00	850.00
Insurance – Workers Compensation	877.00	2,000.00	1,123.00
Insurance – Liability	2,538.00	4,000.00	1,462.00
Insurance – Buildings and Contents	.00	1,000.00	1,000.00
Insurance – Equipment	2,666.00	2,666.00	.00
Insurance – Vehicles	949.00	1,000.00	51.00
Legal Notices	.00	200.00	200.00
Premiums on Surety Bonds	1,063.00	1,063.00	.00
Training Expense	825.00	3,000.00	2,175.00
Travel Expenses	2,588.34	3,037.00	448.66
Internet Charges	1,179.80	2,000.00	820.20
Other Charges	113.00	1,000.00	887.00
<i>Total Other Charges</i>	13,302.14	22,466.00	9,163.86
Total Cash Basis Expenses	438,259.47	478,555.00	40,295.53
Cash Basis Net Income (Loss)	112,946.72	51,745.00	61,201.72

FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT
OF FENTRESS COUNTY, TENNESSEE
BUDGETARY COMPARISON SCHEDULE (CASH BASIS BUDGET) (CONTINUED)
June 30, 2015

RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS

Depreciation Expense	(68,614.65)
Impairment Loss	(115,411.28)
Pension Income	1,256.00
Decrease in Accrued Interest Receivable	(210.96)
Increase in Current Receivables	(10.00)
Increase in Prepaid Expenses	13,125.50
Increase in Deferred Outflow of Resources	15,559.01
Increase in Accounts Payable	(627.93)
Increase in Accrued Payroll	(468.07)
Decrease in Accrued Payroll Deductions	32.39
Decrease in Compensated Absences Payable	<u>697.92</u>
 Net Reconciliation Cash to Accrual	 <u>(154,672.07)</u>
 INCREASE (DECREASE) IN NET POSITION (ACCRUAL)	 <u>(41,725.35)</u>
 NET POSITION – BEGINNING OF YEAR AS PREVIOUSLY REPORTED	 1,391,676.83
RESTATEMENT	<u>40,835.00</u>
 NET POSITION – BEGINNING OF YEAR (RESTATED)	 <u>1,432,511.83</u>
 NET POSITION - END OF YEAR	 <u>\$1,390,786.48</u>

**INTERNAL CONTROL AND
COMPLIANCE SECTION**

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL AND ON
COMPLIANCE AND OTHER MATTERS**

Hassell Ray York and Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 137 • Phone: 931-484-5570
Crossville, Tennessee 38557

November 2, 2015

Board of Directors
Fentress County Emergency
Communications District
P. O. Box 460
Jamestown, Tennessee 38556

***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***

We have audited, 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, the financial statements of the Fentress County Emergency Communications District, a component unit of Fentress County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which comprise Fentress County Emergency Communications District's basic financial statements, and have issued our report thereon dated November 2, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

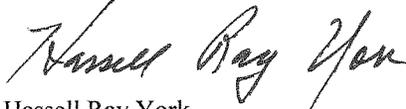
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fentress County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HASSELL RAY YORK AND ASSOCIATES, P.C.



Hassell Ray York
Certified Public Accountant
Crossville, Tennessee
November 2, 2015