

**VAN BUREN COUNTY E-911 EMERGENCY  
COMMUNICATIONS DISTRICT  
JUNE 30, 2015**

**TAMARA L. BECKMAN  
CERTIFIED PUBLIC ACCOUNTANT**

**VAN BUREN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
JUNE 30, 2015**

**TABLE OF CONTENTS**

Independent Auditor's Report	1-3
Statement of Net Position	4
Statement of Revenues, Expenses and Changes in Net Position	5-6
Statement of Cash Flows	7
Notes to the Financial Statements	8-13
<b><u>Required Supplementary Information</u></b>	
Schedule of Changes in Net Pension Liability	14
Schedule of Contributions	15
<b><u>Supplementary Information</u></b>	
Budget and Actual	16-17
911 Board Members	18
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Findings & Recommendations	21

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Van Buren County E-911 Emergency Communications District  
Spencer, Tennessee

**Report on the Financial Statements**

I have audited the accompanying financial statements of Van Buren County E-911 Emergency Communications District, a component unit of Van Buren County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Van Buren County E-911 Emergency Communications District's basic financial statements, as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Van Buren County E-911 Emergency Communications District, a component unit of Van Buren County, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, the Schedule of Changes in Net Pension Liability and the Schedule of Contributions on pages 13-14 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 historic context.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historic context. The auditor's opinion on the basic financial statements is not affected by this missing information.

I have applied certain limited procedures to the Schedule of Changes in Net Pension Liability and the Schedule of Contributions in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Van Buren County Emergency Communications District's basic financial statements. The Budget and Actual schedule and the schedule of 911 Board Members on pages 15-17 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Budget and Actual schedule and the schedule of 911 Board Members are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Budget and Actual schedule and the schedule of 911 Board Members are fairly stated in all material respects in relation to the financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated September 3, 2015 on my consideration of Van Buren County E-911 Emergency Communications District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and

grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Van Buren County E-911 Emergency Communications District's internal control over financial reporting and compliance.

September 3, 2015  
Cookeville, Tennessee

*Tamara L. Beckman, CPA*

**VAN BUREN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

ASSETS

Current Assets

Cash and Cash Equivalents	\$	101,437.53
Prepaid Expenses		<u>7,827.23</u>

<u>Total Current Assets</u>		\$ 109,264.76
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Non-Current Assets

Land		60,000.00
Building & Improvements		380,177.28
Less: A/D-Building & Improvements		(88,076.71)
Furniture & Fixtures		22,494.00
Less: A/D-Furniture & Fixtures		(15,729.13)
Office Equipment		2,750.00
Less: A/D-Office Equipment		(2,750.00)
Communications Equipment		524,516.84
Less: A/D-Communications Equipment		(268,918.95)
Vehicles		25,481.48
Less: A/D-Vehicles		<u>(4,671.60)</u>

<u>Total Non-Current Assets</u>		635,273.21
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Deferred Outflow of Resources

Pension Changes in Experience		<u>14,927.00</u>
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<u>Total Assets</u>		759,464.97
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LIABILITIES & NET POSITION

Current Liabilities

Accounts Payable		804.11
Payroll Taxes Payable		<u>421.50</u>

Total Current Liabilities		1,225.61
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Non-Current Liabilities

Net Pension Liability		18,968.00
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Deferred Inflow of Resources

Pension Changes in Investment Earnings		<u>5,477.00</u>
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<u>Total Liabilities</u>		<u>25,670.61</u>
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Net Position

Investment in Capital Assets		635,273.21
Unrestricted Net Position		<u>98,521.15</u>

<u>Total Net Position</u>		<u>\$ 733,794.36</u>
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The accompanying notes are in integral part of the financial statements

**VAN BUREN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

Operating Revenues

Emergency Telephone Service Charges	\$ 24,378.37
State – Wireless Charges	5,240.32
State – Operational Funding Program	62,091.00
TECB Distribution of 911 Surcharges	<u>115,836.00</u>

**Total Operating Revenue** \$ 207,545.69

Operating Expense

Salaries & Wages

Director Salary	\$ 66,307.83	
Dispatcher Salary	<u>168,847.76</u>	
Total Salaries & Wages		235,155.59

Employee Benefits

Social Security	14,579.65	
Medicare	3,409.75	
Unemployment	1,520.93	
Retirement	<u>7,390.39</u>	
Total Employee Benefits		26,900.72

Contracted Services

Audit Services	2,000.00	
Legal Services	3,600.00	
Maintenance Agreements	26,982.99	
Pest Control	<u>520.00</u>	
Total Contracted Services		33,102.99

Supplies, Materials & Maintenance

Office Supplies	2,094.86
Janitorial Supplies	785.37
Postage	119.76
Small Equipment Purchases	7,893.98
Uniforms	717.12
Utilities - Electric	6,529.71
Utilities - Gas	2,449.22
Utilities - Water & Sewage	638.14
Utilities - General Telephone	8,672.06

VAN BUREN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION CONT'D  
FOR THE YEAR ENDED JUNE 30, 2015

Supplies, Materials & Maintenance Cont'd

R&M-Communications Equipment	2,580.94	
R&M-Building	804.52	
R&M-Vehicles	150.21	
Fuel	<u>935.73</u>	
Total Supplies & Materials		34,371.62

Other Charges

Board Meeting Expense	525.12	
Dues & Memberships	200.00	
Insurance - Worker's Compensation	1,076.00	
Insurance - Liability	4,935.50	
Insurance - Building	6,358.50	
Insurance - Equipment	192.00	
Insurance - Vehicle	1,544.00	
Legal Notices	102.25	
Licenses	35.00	
Premium on Surety Bonds	237.00	
Public Education	316.98	
Training Expenses	1,288.94	
Travel Expenses	290.30	
Advertising	<u>722.09</u>	
Total Other Charges		17,823.68
Depreciation		<u>108,107.71</u>

**Total Expenses**

455,462.31

Net Operating Loss (247,916.62)

Non-Operating Revenue and (Expense)

Interest Income	240.53	
TECB - Reimbursements and/or Grants	62,349.34	
Contributions from Primary Government	38,775.00	
Contributions from Other Government	21,375.00	
Insurance Reimbursements	3,792.00	
Sale of Donated Items	<u>888.88</u>	
Total Non-Operating Revenue & Expense		<u>127,420.75</u>

**Net Decrease in Net Position** (120,495.87)

Total Net Position, July 1, 2014 863,808.23

Prior Period Adjustment (9,518.00)

Total Net Position, June 30, 2015 \$ 733,794.36

**VAN BUREN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Cash Flows From Operating Activities</u>		
Cash Received from Operations	\$ 218,832.43	
Cash Payments for Goods and Services	(89,205.35)	
Cash Payments to/for Employees	<u>(261,634.81)</u>	
Net Cash Used by Operating Activities		\$ (132,007.73)
<u>Cash Flows From Capital &amp; Related Financing Activities</u>		
Acquisition of New Assets	(25,481.48)	
Proceeds from Donated Item	<u>888.88</u>	
Net Cash Used by Capital & Related Financing Activities		(24,592.60)
<u>Cash Flows from Non-Capital Financing Activities</u>		
TECB Reimbursements and/or Grants	62,349.34	
Contributions from Primary Government	38,775.00	
Contributions from Other Governments	<u>21,375.00</u>	
Net Cash Provided by Non-Capital Financing Activities		122,499.34
<u>Cash Flows from Investing Activities</u>		
Interest Received	<u>240.53</u>	
Net Cash Provided by Investing Activities		<u>240.53</u>
Net Decrease in Cash and Cash Equivalents		(33,860.46)
Cash and Cash Equivalent at 6-30-14		<u>135,297.99</u>
Cash and Cash Equivalent at 6-30-15		<u>\$ 101,437.53</u>
<u>Reconciliation of Operating Loss to Net Cash</u>		
<u>Used by Operating Activities</u>		
Net Operating Loss	\$ (247,916.62)	
Insurance Reimbursements	3,792.00	
Depreciation	108,107.71	
Decrease in Accounts Receivable	5,133.59	
Decrease in Due from State ECB	2,361.15	
Increase in Prepaid Expense	(3,970.00)	
Increase in Accounts Payable	62.94	
Increase in Payroll Tax Payable	<u>421.50</u>	
<u>Net Cash Used by Operating Activities</u>		<u>\$ (132,007.73)</u>

The Accompanying notes are in integral part of the financial statements

**VAN BUREN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

Note 1 – Summary of Significant Accounting Policies

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis of accounting when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving value, in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On an accrual basis, expenses are recognized at the time they are incurred. The District also uses the economic resources measurement focus.

Depreciation

Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives. Depreciation begins when the fixed assets are placed in service. Any capital assets purchased over \$10,000 are capitalized. Depreciation is summarized as follows:

	<u>Method</u>	<u>Estimated Useful Life</u>	<u>2015 Depreciation</u>
Land	--	--	\$ --
Building & Improvements	S/L	40 Years	12,072.40
Furniture & Fixtures	S/L	10 Years	2,249.40
Office Equipment	S/L	5-10 Years	550.00
Communications Equipment	S/L	5-10 Years	88,564.31
Vehicles	S/L	5-10 Years	4,671.60
			<u>\$108,107.71</u>

Pensions

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

Major Source of Revenue

The major source of operating revenue is emergency telephone, wireless surcharges and Operational Funding from Tennessee Emergency Communications Board (TECB). Non-operating revenue consists of grants given by the TECB, contributions from Van Buren County and the City of Spencer and miscellaneous income.

Net Position

Net position present the difference between assets and liabilities in the statement of net position. Investment in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of

those assets. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

**Note 2 – Cash and Cash Investments**

The Tennessee Government Code requires Tennessee banks and savings and loan associations to secure a governmental entity’s deposits by pledging government securities as collateral. The market value of pledged securities must equal 105% of the entity’s deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The following is a schedule of bank accounts at June 30, 2015:

Operating Checking – Citizens Bank	\$ 26,144.40
Savings – Citizens Bank	<u>75,293.13</u>
Total	<u>\$101,437.53</u>

At June 30, 2015, the carrying amount of the Van Buren County E – 911 Emergency Communications District’s cash deposits was \$101,437.53. The District’s deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. The District is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated. [Acts 1992, ch. 891, section 10].

**Note 3 – Bonding**

Van Buren County E-911 Emergency Communications District has a bond covering certain members of the board at June 30, 2015. The District also has insurance covering liability, building and contents. There have been no losses or settlements that exceeded coverage during the past three years.

**Note 4 – Capital Assets**

The following is a schedule of equipment at June 30, 2015:

<u>Assets</u>	<u>Cost</u> <u>6/30/2015</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Book Value</u> <u>6/30/2015</u>
<b><u>Non-Depreciable</u></b>			
Land	\$ 60,000.00	\$ -	\$ 60,000.00
<b><u>Depreciable</u></b>			
Bldg. & Improvements	\$ 380,177.28	\$ 88,076.71	\$ 292,100.57
Furniture & Fixtures	22,494.00	15,729.13	6,764.87
Office Equipment	2,750.00	2,750.00	-
Communications Equip.	524,516.84	268,918.95	255,597.89
Vehicles	<u>25,481.48</u>	<u>4,671.60</u>	<u>20,809.88</u>
Total Depreciable	955,419.60	380,146.39	575,273.21
Total	<u>\$ 1,015,419.60</u>	<u>\$ 380,146.39</u>	<u>\$ 635,273.21</u>

<u>Assets</u>	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2015</u>
<b><u>Non-Depreciable</u></b>				
Land	\$ 60,000.00	\$ -	\$ -	\$ 60,000.00
<b><u>Depreciable</u></b>				
Bldg. & Improvements	\$ 380,177.28	\$ -	\$ -	\$ 380,177.28
Furniture & Fixtures	22,494.00	-	-	22,494.00
Office Equipment	2,750.00	-	-	2,750.00
Communications Equip.	524,516.84	-	-	524,516.84
Vehicles	<u>-</u>	<u>25,481.48</u>	<u>-</u>	<u>25,481.48</u>
Total Depreciable	929,938.12	25,481.48	-	955,419.60
Total	<u>\$ 989,938.12</u>	<u>\$ 25,481.48</u>	<u>\$ -</u>	<u>\$ 1,015,419.60</u>

Note 5 – Cash and cash equivalents

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

Note 7 – Compensated Absences

There were no compensated absences for June 30, 2015.

Note 8 – Calculation of Investment in Capital Assets

Net Book Value	\$635,273.21
Current and Non-Current Debt	<u>&lt; -0- &gt;</u>
Investment in Capital Assets	<u>\$635,273.21</u>

Note 9 – Budgetary Information

As stated in Note 1, the District must file a budget with Van Buren County each year. The budget is prepared on the accrual basis of accounting. Compliance with the budget is required at the line item level.

Note 10 – Subsequent Events

Subsequent events have been evaluated through September 3, 2015, the date in which the financial statements were available to be issued.

Note 11 – Prior Period Adjustments

A prior period adjustment was made in the amount of \$9,518.00 to account for pension liabilities for a prior period.

Note 12 – Pension Plan

Plan Description: Employees of Van Buren County Emergency Communications District are provided a defined benefit pension plan through the Public Employee Retirement Plan, and 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 property 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](http://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 regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> 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	0
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>3</u>
	<u>5</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. Van Buren 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 Van Buren County Emergency District were \$7,390.39 based on a rate of 5.51% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Van Buren 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.

**Net Pension Liability (Asset)**

Van Buren 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

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 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:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
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%
		100%

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 Macon 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 the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
<b>Balance at 6/30/13</b>	\$ 83,262	\$ 72,178	\$ 11,084
<b>Changes for the year:</b>			
Service cost	7,241		7,241
Interest	6,788		6,788
Differences between expected and actual experience	17,912		-
Contributions-Employer		6,035	(6,035)
Contributions-Employees		5,458	(5,458)
Net investment income		12,686	(12,686)
Benefit payments, including refunds of employee contributions			-
Administrative expense		(122)	122
<b>Net changes</b>	<u>31,941</u>	<u>24,057</u>	<u>7,884</u>
<b>Balance at 6/30/14</b>	<u>\$ 115,203</u>	<u>\$ 96,235</u>	<u>\$ 18,968</u>

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability (asset) of Van Buren 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%)
Macon County Emergency Communications District's net pension liability (asset)	\$ 38,881	\$ 18,968	\$ 2,567

**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 Van Buren County Emergency Communications District recognized pension income of \$4,469.

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 14,927	\$ -
Net difference between projected and actual earnings on pension plan investments	-	5,477
Contributions subsequent to the measurement date of June 30, 2014	-	Not Applicable
	<u>\$ 14,927</u>	<u>\$ 5,477</u>

*The amount shown above for "Contributions subsequent to the measurement date of June 30, 2015", 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	\$	(1,616)
2017		(1,616)
2018		(1,616)
2019		(1,616)
2020		(2,985)
Thereafter		0

*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, Macon County Emergency Communications District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.*

**VAN BUREN COUNTY E-911 EMERGENCY  
COMMUNICATIONS DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015**

**VAN BUREN COUNTY E-911  
EMERGENCY COMMUNICATION DISTRICT  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
Schedule of Changes in Van Buren County Emergency Communications District's Net Pension Liability  
(Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS  
Last Fiscal Year ending June 30**

	<b>2014</b>
<b>Total pension liability</b>	
Service cost	\$ 7,241
Interest	6,788
Changes in benefit terms	-
Differences between actual & expected experience	17,912
Change of assumptions	-
Benefit payments, including refunds of employee contributions	-
<b>Net change in total pension liability</b>	<b>31,941</b>
<b>Total pension liability-beginning</b>	<b>83,262</b>
<b>Total pension liability-ending (a)</b>	<b>\$ 115,203</b>
 <b>Plan fiduciary net position</b>	
Contributions-employer	\$ 6,035
Contributions-employee	5,458
Net investment income	12,686
Benefit payments, including refunds of employee contributions	-
Administrative expense	(122)
<b>Net change in plan fiduciary net position</b>	<b>24,057</b>
<b>Plan fiduciary net position-beginning</b>	<b>72,178</b>
<b>Plan fiduciary net position-ending (b)</b>	<b>\$ 96,235</b>
 <b>Net Pension Liability (asset)-ending (a) – (b)</b>	<b>\$ 18,968</b>
 <b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>83.54%</b>
 <b>Covered-employee payroll</b>	<b>\$ 109,161</b>
 <b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	<b>17.38%</b>

*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.*

**Schedule of Van Buren County Emergency Communications District's Contributions  
Based on Participation in the Public Employee Pension Plan of TCRS  
Last Fiscal Year ending June 30, 2015**

	<b>2014</b>	<b>2015</b>
Actuarially Determined Contribution	\$ 6,035.00	\$ 7,390.39
Contributions in relation to the Actuarially Determined Contribution	6,035.00	7,390.39
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll	\$ 109,161.00	\$ 134,126.86
Contributions as a percentage of Covered-Employee Payroll	5.53%	5.51%

*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 year until 10 years of information is available.*

**Notes to Schedule**

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

*Methods and assumptions used to determine contribution rates:*

Actuarial Cost Method	Frozen initial liability
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	9 year
Asset Valuation	10-year smoothed within a 20% corridor to market value
Inflation	3.0%
Salary Increases	Graded salary ranges from 8.397 to 3.71 percent based on age, including including inflation, averaging 4.25%
Investment Rate of Return	7.5%, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5%

**VAN BUREN COUNTY E-911 EMERGENCY  
COMMUNICATIONS DISTRICT**

**SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015**

**VAN BUREN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	Actual <u>(Accrual Basis)</u>	Budget <u>(Accrual Basis)</u>	Variance <u>Under (Over)</u>
<u>Operating Revenues</u>			
Emergency Telephone Service Charges	\$ 24,378.37	\$ 26,542.00	\$ (2,163.63)
State-Shared Wireless Charges	5,240.32	7,330.00	(2,089.68)
State-Operational Funding Program	62,091.00	62,362.00	(271.00)
TECB Distribution of 911 Surcharges	115,836.00	115,836.00	-
Total Revenue	<u>\$ 207,545.69</u>	<u>\$ 212,070.00</u>	<u>\$ (4,524.31)</u>
 <u>Operating Expenses</u>			
<u>Salaries &amp; Wages</u>			
Director	66,307.83	33,075.00	(33,232.83)
Dispatchers	168,847.76	173,916.00	5,068.24
Total Salaries & Wages	<u>\$ 235,155.59</u>	<u>\$ 206,991.00</u>	<u>\$ (28,164.59)</u>
 <u>Employee Benefits</u>			
Social Security Tax	14,579.65	12,400.00	(2,179.65)
Medicare Tax	3,409.75	3,175.00	(234.75)
Unemployment	1,520.93	1,300.00	(220.93)
Retirement Contributions	7,390.39	7,986.00	595.61
Total Employee Benefits	<u>\$ 26,900.72</u>	<u>\$ 24,861.00</u>	<u>\$ (2,039.72)</u>
 <u>Contracted Services</u>			
Audit Services	2,000.00	2,000.00	-
Legal Services	3,600.00	3,600.00	-
Maintenance Agreements	26,982.99	21,400.00	(5,582.99)
NCIC/TBI/TIES Expenses	520.00	500.00	(20.00)
Pest Control	-	440.00	440.00
Other Contracted Services	-	28,374.00	28,374.00
Total Contracted Services	<u>\$ 33,102.99</u>	<u>\$ 56,314.00</u>	<u>\$ 22,771.01</u>
 <u>Supplies, Materials &amp; Maintenance</u>			
Office Supplies	2,094.86	2,500.00	405.14
Janitorial Supplies	785.37	600.00	(185.37)
Postage	119.76	200.00	80.24
Small Equipment Purchases	7,893.98	4,145.00	(3,748.98)
Uniforms	717.12	1,000.00	282.88
<u>Utilities</u>			
Electric	6,529.71	6,700.00	170.29
Gas	2,449.22	2,100.00	(349.22)
Water	638.14	500.00	(138.14)
General Telephone	8,672.06	9,000.00	327.94

**VAN BUREN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
BUDGET AND ACTUAL (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Maintenance &amp; Repairs</u>			
Communication Equipment	2,580.94	2,000.00	(580.94)
Building & Facilities	804.52	2,500.00	1,695.48
Vehicles	150.21	250.00	99.79
Fuel	935.73	700.00	(235.73)
Total Supplies & Materials	<u>\$ 34,371.62</u>	<u>\$ 32,195.00</u>	<u>\$ (3,155.22)</u>
 <u>Other Charges</u>			
Board Meeting Expense	525.12	500.00	(25.12)
Dues & Memberships	200.00	200.00	-
Insurance-Worker's Compensation	1,076.00	785.00	(291.00)
Insurance-Liability	4,935.50	4,950.00	14.50
Insurance-Building	6,358.50	6,800.00	441.50
Insurance-Equipment	192.00	200.00	8.00
Insurance-Vehicle	1,544.00	1,200.00	(344.00)
Legal Notices	102.25	150.00	47.75
Licenses	35.00	250.00	215.00
Premiums on Surety Bonds	237.00	700.00	463.00
Public Education	316.98	1,000.00	683.02
Training Expenses	1,288.94	1,200.00	(88.94)
Travel Expenses	290.30	1,000.00	709.70
Advertising	722.09	-	(722.09)
Total Other Charges	<u>\$ 17,823.68</u>	<u>\$ 18,935.00</u>	<u>\$ 1,111.32</u>
Depreciation	<u>\$ 108,107.71</u>	<u>\$ -</u>	<u>\$ (108,107.71)</u>
Total Operating Expenses	<u>\$ 455,462.31</u>	<u>\$ 339,296.00</u>	<u>\$ (116,166.31)</u>
<u>Operating Income (Loss)</u>	<u>\$ (247,916.62)</u>	<u>\$ (127,226.00)</u>	<u>\$ (120,690.62)</u>
 <u>Non-Operating Revenue and (Expense)</u>			
Interest Income	240.53	250.00	(9.47)
TECB - Reimbursements and/or Grants	62,349.34	25,481.00	36,868.34
Contributions from Primary Govts	38,775.00	51,700.00	(12,925.00)
Contributions from Other Govts	21,375.00	28,500.00	(7,125.00)
Insurance Reimbursements	3,792.00	21,943.00	(18,151.00)
Sale of Donated Item	888.88	889.00	(0.12)
Total Non-Operating Revenue & Expense	<u>\$ 127,420.75</u>	<u>\$ 128,763.00</u>	<u>\$ (1,342.25)</u>
Increase/(Decrease) in Net Position	<u>\$ (120,495.87)</u>	<u>\$ 1,537.00</u>	<u>\$ (122,032.87)</u>
Total Net Position, July 1, 2014	863,808.23	863,808.23	-
Prior Period Adjustment	(9,518.00)	-	9,518.00
Total Net Position, June 30, 2015	<u>\$ 733,794.36</u>	<u>\$ 865,345.23</u>	<u>\$ (122,032.87)</u>

**VAN BUREN COUNTY E – 911  
EMERGENCY COMMUNICATIONS DISTRICT  
911 BOARD MEMBERS  
JUNE 30, 2015**

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**TAMARA L. BECKMAN, CPA**  
CERTIFIED PUBLIC ACCOUNTANT

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of the  
Van Buren County E-911 Emergency Communications District  
Spencer, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Van Buren County E-911 Emergency Communications District, a component unit of Van Buren County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon date September 3, 2015.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Van Buren County E-911 Emergency Communications District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Van Buren County E-911 Emergency Communications District's internal control. Accordingly, I 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the internal control over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. These are described as: 2015-01.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Van Buren County E-911 Emergency Communications District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and recommendations as item: 2015-01.

### **Response to Findings**

Van Buren County E-911 Emergency Communications District's responses to the findings identified in my audit are described in the accompanying schedule of findings and recommendations. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

### **Purpose of the Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

September 3, 2015  
Cookeville, Tennessee

*Tamara L. Beckman, CPA*

**VAN BUREN COUNTY E-911  
EMERGENCY COMMUNICATIONS DISTRICT  
AUDIT FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2015**

**Prior Year Findings:**

Finding 2014-01 from the prior year has NOT been corrected.

**2015-01: Budget**

Condition & Criteria: The District is required to maintain expenditures within budget amounts. Budget line items were over expended.

Effect: The District has made expenditures in excess of the amounts budgeted.

Cause: The District had a few accounts with expenditures in excess of the budgeted amounts and one account with no amount budgeted at all.

Recommendation: We recommend the District maintain the approved budget to ensure expenditures remain within budget. The Board should ensure that all expenses are appropriated for in the annual budget.

Management Response: I will work on doing this.