

**HUMPHREYS COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**  
(A Component unit of Humphreys County, Tennessee)

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2015**

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**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
 AUDITED FINANCIAL STATEMENTS  
 JUNE 30, 2015**

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## **INTRODUCTORY SECTION**

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**ROSTER OF OFFICIALS**

**JUNE 30, 2015**

| <b><u>Officials</u></b> | <b><u>Position</u></b> |
|-------------------------|------------------------|
| Jess S. Bowen, III      | Chairman               |
| Tim Daniel              | Vice-Chairman          |
| Grant Gillespie         | Secretary-Treasurer    |
| Sheriff Chris Davis     | Board Member           |
| Terry Coleman           | Board Member           |
| Patricia McNeil         | Board Member           |
| Carolyn Ingram          | Board Member           |
| Ronnie Moran            | Board Member           |
| John Lee Williams       | Board Member           |
| Bobby Brown             | Director               |

**FINANCIAL SECTION**

**DURHAM NUNNERY POYNER & WALTERS PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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70 EAST MAIN STREET  
CAMDEN, TN 38320  
PHONE 731-584-4448 \* FAX 731-584-4417

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Humphreys County Emergency Communications District  
Waverly, Tennessee

**Report on the Financial Statements**

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

### **Opinion**

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

### **Change in Accounting Principle**

As described in Note 1 to the financial statements, in 2015, the District adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

The District 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 historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability(asset) and related ratios based on participation and schedule of contributions based on participation, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information listed as the introductory section and other supplementary information in

the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the District.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2015, on our consideration of the District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Durham, Nunnery, Poyner & Walters, P.C.*

Durham, Nunnery, Poyner & Walters, P.C.  
Certified Public Accountants  
December 10, 2015

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

**ASSETS**

**Current Assets**

|   |                   |
|---|-------------------|
| Cash and Cash Equivalents                         | \$ 70,606.73      |
| Investments                                       | 483,958.83        |
| Accounts Receivable                               | 0.00              |
| Due from Tennessee Emergency Communications Board | 0.00              |
| Due from Primary Government                       | 142,296.00        |
| Due from Other Governments                        | 42,966.00         |
| Prepaid Expense                                   | 14,906.01         |
| <b>Total Current Assets</b>                       | <u>754,733.57</u> |

**Noncurrent Assets**

|  |                     |
|--|---------------------|
| Capital Assets Being Depreciated                             |                     |
| Furniture and Fixtures                                       | 23,932.35           |
| Office Equipment   | 7,706.49            |
| Other Equipment  | 1,210.00            |
| Vehicles   | 27,331.00           |
| Communication Equipment                                      | 624,893.39          |
| Less: Accumulated Depreciation                               | <u>(333,371.71)</u> |
| <b>Total Capital Assets, Net of Accumulated Depreciation</b> | <u>351,701.52</u>   |

**Other Assets**

|                                |                   |
|--------------------------------|-------------------|
| Net Pension Asset              | 121,866.00        |
| <b>Total Noncurrent Assets</b> | <u>473,567.52</u> |

|                     |                     |
|---------------------|---------------------|
| <b>Total Assets</b> | <u>1,228,301.09</u> |
|---------------------|---------------------|

**DEFERRED OUTFLOWS OF RESOURCES**

|  |                 |
|--|-----------------|
| Pension Other Deferrals                    | 7,220.79        |
| <b>Total Deferred Outflow of Resources</b> | <u>7,220.79</u> |

|   |                        |
|---|------------------------|
| <b>Total Assets and Deferred Outflow of Resources</b> | <u>\$ 1,235,521.88</u> |
|---|------------------------|

**LIABILITIES**

**Current Liabilities**

|                                  |                  |
|----------------------------------|------------------|
| Accounts Payable                 | \$ 619.38        |
| Payroll Taxes Payable            | 70.79            |
| Payroll Withholding              | 1,549.32         |
| Compensated Absences Payable     | 8,048.72         |
| Pension Plan Payable (Employer)  | 714.60           |
| <b>Total Current Liabilities</b> | <u>11,002.81</u> |

**DEFERRED INFLOWS OF RESOURCES**

|   |                  |
|---|------------------|
| Pension Changes in Experience             | 9,037.00         |
| Pension Changes in Investment Earnings    | 21,786.00        |
| <b>Total Deferred Inflow of Resources</b> | <u>30,823.00</u> |

**NET POSITION**

|                              |                     |
|------------------------------|---------------------|
| Investment in Capital Assets | 351,701.52          |
| Unrestricted                 | 841,994.55          |
| <b>Total Net Position</b>    | <u>1,193,696.07</u> |

|   |                        |
|---|------------------------|
| <b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b> | <u>\$ 1,235,521.88</u> |
|---|------------------------|

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

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

**Operating Revenues**

|   |              |
|---|--------------|
| Emergency Telephone Service Charge                              | \$ 54,697.03 |
| Tennessee Emergency Communications Board-Shared Wireless Charge | 17,363.65    |
| Tennessee Emergency Communications Board-Operational Funding    | 71,430.00    |
| Tennessee Emergency Communications Board-911 Surcharge Base     | 189,327.00   |
| Other Operating Revenues  | 3,388.03     |

|                                 |                   |
|---------------------------------|-------------------|
| <b>Total Operating Revenues</b> | <b>336,205.71</b> |
|---------------------------------|-------------------|

**Operating Expenses**

Salaries and Wages

|                          |            |
|--------------------------|------------|
| Director                 | 51,016.96  |
| Calltakers/Dispatchers   | 286,839.27 |
| Holiday Pay              | 10,988.92  |
| Total Salaries and Wages | 348,845.15 |

Employee Benefits

|                           |           |
|---------------------------|-----------|
| Social Security           | 20,615.28 |
| Medicare                  | 4,820.79  |
| Life Insurance            | 1,101.65  |
| Medical Insurance         | 47,184.87 |
| Dental Insurance          | 1,650.00  |
| Vision Insurance          | 559.02    |
| Unemployment Compensation | 337.66    |
| Total Employee Benefits   | 76,269.27 |

Contracted Services

|                                      |            |
|--------------------------------------|------------|
| Fees Paid to Service Providers       | 28,021.02  |
| Administrative Fees - Service Charge | 1,528.36   |
| Addressing/Mapping Services          | 484.66     |
| Advertising                          | 0.00       |
| Accounting and Auditing              | 6,059.50   |
| Data Processing Services             | 355.47     |
| Legal Services                       | 0.00       |
| Maintenance Agreements               | 54,211.35  |
| Maintenance and Repairs              | 18,470.22  |
| NCIB/TBI/TIES Expenses               | 2,240.00   |
| Lease/Rental - Facilities            | 38,400.00  |
| Total Contracted Services            | 149,770.58 |

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

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

|  |                               |
|--|-------------------------------|
| <u>Supplies and Materials</u>                                  |                               |
| Office Supplies  | \$ 2,417.46                   |
| Data Processing Supplies                                       | 427.03                        |
| Postage  | 397.80                        |
| Small Equipment Purchases                                      | 5,337.26                      |
| Uniforms and Shirts  | 2,554.75                      |
| Utilities  | 8,617.35                      |
| Fuel   | 956.06                        |
| Total Supplies and Materials                                   | <u>20,707.71</u>              |
| <u>Other Charges</u>   |                               |
| Bank Service Charges   | 3.00                          |
| Board Meetings   | 499.27                        |
| Dues and Memberships   | 238.00                        |
| Employee Testing and Exams                                     | 330.00                        |
| Insurance  | 14,250.50                     |
| Legal Notices  | 27.50                         |
| Licenses and Fees  | 0.00                          |
| Premiums on Surety Bonds                                       | 818.00                        |
| Public Education   | 0.00                          |
| Service Awards   | 800.00                        |
| Training   | 6,976.70                      |
| Travel   | 6,872.30                      |
| Total Other Charges  | <u>30,815.27</u>              |
| <u>Depreciation</u>  |                               |
| Depreciation Expense   | <u>70,931.21</u>              |
| <b>Total Operating Expenses</b>                                | <u>697,339.19</u>             |
| <b>Operating Income (Loss)</b>                                 | <b>(361,133.48)</b>           |
| <b>Nonoperating Revenues (Expenses)</b>                        |                               |
| Interest Earned  | 439.39                        |
| Contributions from Primary Government                          | 141,050.24                    |
| Contributions from Other Governments                           | 131,646.40                    |
| Tennessee Emergency Communications Board-Grants/Reimbursements | 40,947.07                     |
| Pension Income   | 6,928.00                      |
| <b>Net non-operating revenues (expenses)</b>                   | <u>321,011.10</u>             |
| <b>Net Income(Loss) Before Capital Contributions</b>           | <b>(40,122.38)</b>            |
| Capital Contributions:   |                               |
| Tennessee Emergency Communications Board-Capital Contributions | <u>14,559.75</u>              |
| <b>Change in Net Position</b>                                  | <b>(25,562.63)</b>            |
| <b>Net Position, Beginning, As Restated</b>                    | <u>1,219,258.70</u>           |
| <b>Net Position, Ending</b>                                    | <u><u>\$ 1,193,696.07</u></u> |

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

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

|   |                        |
|---|------------------------|
| <b>Cash Flows from Operating Activities:</b>  |                        |
| Cash Receipts from Surcharges and Other Revenues  | \$ 354,369.78          |
| Cash Payments to Suppliers for Goods and Services   | (200,502.25)           |
| Cash Payments for Payroll, Taxes and Related Benefits   | <u>(428,538.14)</u>    |
| <b>Net Cash Provided (Used) by Operating Activities</b>   | <u>(274,670.61)</u>    |
| <b>Cash Flows from Non-Capital Financing Activities:</b>  |                        |
| Grants/Reimbursements from TECB   | 40,947.07              |
| Loans to Inter-Local Agreement Governments  | (211,728.00)           |
| Repayments of Loans to Inter-Local Agreement Governments  | 26,466.00              |
| Contributions from Primary Government   | 141,050.24             |
| Contributions from Other Governments  | <u>131,646.40</u>      |
| <b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>                             | <u>128,381.71</u>      |
| <b>Cash Flows from Capital &amp; Related Financing Activities:</b>                              |                        |
| Capital Contributions by TECB   | 14,559.75              |
| Proceeds from Sale of Equipment   | 0.00                   |
| Purchase of Equipment   | <u>(14,559.75)</u>     |
| <b>Net Cash Provided (Used) by Capital &amp; Related Financing Activities</b>                   | <u>0.00</u>            |
| <b>Cash Flows from Investing Activities:</b>  |                        |
| Purchase of Investments   | (91,403.80)            |
| Proceeds From Redemption of Investments   | 260,000.00             |
| Interest Collected  | <u>439.39</u>          |
| <b>Net Cash Provided (Used) by Investing Activities</b>   | <u>169,035.59</u>      |
| <b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>                                   | 22,746.69              |
| <b>Cash &amp; Cash Equivalents, Beginning</b>   | <u>47,860.04</u>       |
| <b>Cash &amp; Cash Equivalents, Ending</b>  | <u>\$ 70,606.73</u>    |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>   |                        |
| Operating Income  | \$ (361,133.48)        |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) for Operating Activities: |                        |
| Depreciation  | 70,931.21              |
| Gain on Disposal of Property  |                        |
| Changes in Assets and Liabilities:  |                        |
| Accounts Receivable   | 10,128.29              |
| Due from State Emergency Communications Board   | 8,035.78               |
| Prepaid Expense   | 1,141.50               |
| Pension Other Deferrals   | (7,220.79)             |
| Accounts Payable  | 350.18                 |
| Payroll Taxes Payable   | (14.96)                |
| Payroll Withholding Payable   | 1,549.32               |
| Compensated Absences Payable  | 847.74                 |
| Pension Plan Payable (Employer)   | <u>714.60</u>          |
| Total Adjustments   | <u>86,462.87</u>       |
| <b>Net Cash Provided (Used) by Operating Activities</b>   | <u>\$ (274,670.61)</u> |

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

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The Humphreys County Emergency Communications District (District or Humphreys County E911) was created under *Tennessee Code Annotated 7-86-104 et. seq., Emergency Communications Districted Law* by a referendum of voters in Humphreys County, Tennessee (County) in May 1988. The assessment of service fees began September 1, 1989.

The purpose of the District is to provide a simplified means of securing emergency services by telephone to those persons living in the County. In November 2001, emergency service dispatch functions were consolidated under a centralized communications center (the District) for the governments of Humphreys County, City of Waverly, City of New Johnsonville, and City of McEwen.

The District is considered a component unit of the County because the Board of Directors is appointed by the County Commission. The County Commission has the authority to adjust rates charged by the District, and the County Commission must approve most debts issued by the District.

**Measurement Focus/Basis of Accounting**

The District is considered a proprietary type fund; therefore, the District's financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenue, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned while expenses are recognized in the period in which the liability is incurred.

Operating revenue is revenue that is generated from the primary operations of the district. All other revenue is reported as nonoperating revenue. Operating expenses are those expenses that are essential to the primary operations of the district. All other expenses are reported as nonoperating expenses.

The financial statements are prepared under the requirements of GASB Statement Number 34, Basic Financial Statements, Management's Discussion and Analysis for State and Local Governments and related standards. This statement provides for various terminology and includes recognition of capital grants in the Statement of Revenues, Expenses and Changes in Net Position; a presentation of net position; as well as an inclusion of a management discussion and analysis; supplementary information; and other changes.

**Income Taxes**

The District is deemed to be a municipality under the laws of the State of Tennessee; therefore, it is exempt from federal income taxes.

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Investments**

Cash and cash equivalents include amounts of cash on hand, demand deposits and time deposits with original maturities of three months or less.

State statutes (TCA, 5-8-301) determine what investments are allowable for the District. For the most part, allowable investments consist of 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, repurchase agreements, the Tennessee Local Government Investment Pool and certificates of deposits.

**Due from Primary and Other Governments**

In November 2001, the District entered into an inter-local cooperation agreement between the governments of Humphreys County, City of Waverly, City of New Johnsonville, and City of McEwen. The inter-local cooperation agreement essentially consolidated the dispatching of emergency services process for all the governments to a central location and in turn the governments contribute funds to the District to cover personnel costs. There were no amounts owed the District by the primary government or other local governments at year-end, related to the inter-local cooperation agreement. However, other amounts are owed to the District as disclosed in Note 7.

**Accounts Receivable**

Accounts receivable, if any, represents amounts due from telephone companies.

**Accounts Payable**

Payables are accrued for goods, services and equipment that have been received by June 30, but for which payment was not made by the balance sheet date.

**Property and Equipment**

Property and equipment is recorded at historical cost. Maintenance repairs and minor renewals are expensed as incurred. Depreciation has been provided over the estimated useful lives of the fixed assets by the straight-line method. The estimated useful lives for depreciable items range from 4 to 10 years.

**Compensated Absences**

Vacation pay for employees is accrued as an expense at the time the employees have a vested right to receive the benefit. Sick leave is not accrued as the employees never have a vested right to receive the benefit.

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources**

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

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

**Pension**

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

**Change in Accounting Principle**

As a result of implementing GASB No. 68, "Accounting and Financial Reporting for Pensions", the District as restated its beginning net position by increasing net position as of July 1, 2014 by \$84,115. Information is not available to determine the effect of the prior June 30, 2014 financial statement's change in net position.

**NOTE 1 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It is the policy of the District to purchase commercial insurance for these risks. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 2 – DEPOSITS, INVESTMENTS AND CUSTODIAL CREDIT RISK**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. State statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. Further, state statutes require that the collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the District.

At June 30, 2015, the carrying value (bank balance) of deposits of the District was \$78,522. Therefore, all deposits would be considered insured.

Investments consisted of an account with the Tennessee Local Government Investment Pool, with interest being earned at a variable rate. The market value of the account is equivalent to the carrying value, which at June 30, 2015, was \$483,954.

**NOTE 3 - BUDGETARY INFORMATION**

The District is required by Section 7-86-120, TCA, to adopt an annual budget. The budget must be prepared at the line-item level. The District's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP); except for, gains or losses on the disposition of equipment.. Therefore, capital outlay items, although authorized, are not presented in the Budgetary Comparison Schedule, which compares budgetary revenues and expenses to actual. The Budgetary Comparison Schedule is presented in the supplementary information section of this report.

**NOTE 4 - COMMITMENTS**

In 2001, the District entered into a 20-year lease with the City of Waverly for premises in order to operate the central dispatching functions of the District. The lease term is for 240 monthly payments of \$3,200.00 each beginning July 1, 2002.

**NOTE 5 – TOWER PURCHASES BY COUNTY AND FUTURE COMMITMENT**

During the year ended June 30, 2009, Humphreys County, Tennessee purchased two 300' Type WSST self supported towers for a price of \$154,589 each. One of the towers is located on a County owned site while the other tower is located on a City of Waverly site. It is the intent of all parties involved that the District will maintain and manage the towers upon completion as long as the District is providing central dispatching functions. The towers are financially being accounted for by Humphreys County, Tennessee and no amounts are reflected within these financial statements.

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 6 - PROPERTY AND EQUIPMENT**

Changes in property and equipment for the period ended June 30, 2015 were:

| <u>Category</u>         | <u>Balance<br/>7/1/14</u> | <u>Additions</u>    | <u>Deletions</u> | <u>Balance<br/>6/30/15</u> |
|-------------------------|---------------------------|---------------------|------------------|----------------------------|
| Furniture and Fixtures  | \$ 23,932.35              | \$ 0.00             | \$ 0.00          | \$ 23,932.35               |
| Office Equipment        | 7,706.49                  | 0.00                | 0.00             | 7,706.49                   |
| Other Equipment         | 1,210.00                  | 0.00                | 0.00             | 1,210.00                   |
| Vehicles                | 27,331.00                 | 0.00                | 0.00             | 27,331.00                  |
| Communication Equipment | <u>610,333.64</u>         | <u>14,559.75</u>    | <u>0.00</u>      | <u>624,893.39</u>          |
| Total                   | <u>\$ 670,513.48</u>      | <u>\$ 14,559.75</u> | <u>\$ 0.00</u>   | <u>\$ 685,073.23</u>       |

**Summary of Accumulated Depreciation**

| <u>Category</u>         | <u>Balance<br/>7/1/14</u> | <u>Additions</u>    | <u>Deletions</u> | <u>Balance<br/>6/30/15</u> |
|-------------------------|---------------------------|---------------------|------------------|----------------------------|
| Furniture and fixtures  | \$ 23,932.35              | \$ 0.00             | \$ 0.00          | \$ 23,932.35               |
| Office equipment        | 4,205.27                  | 1,050.36            | 0.00             | 5,255.63                   |
| Other equipment         | 489.77                    | 172.86              | 0.00             | 662.63                     |
| Vehicles                | 8,992.23                  | 5,466.20            | 0.00             | 14,458.43                  |
| Communication equipment | <u>224,820.88</u>         | <u>64,241.79</u>    | <u>0.00</u>      | <u>289,062.67</u>          |
| Total                   | <u>\$262,440.50</u>       | <u>\$ 70,931.21</u> | <u>\$ 0.00</u>   | <u>\$ 333,371.71</u>       |

**Note 7 – Due From Primary and Other Governments**

During the 2015 fiscal year, the District, Humphreys County, the City of McEwen, the City of New Johnsonville, and the City of Waverly (all members of the Inter-local Agreement) upgraded their portable radios to digital versions. The District purchased all of the required radios and in turned billed each entity based on the number of digital radios received. The various government entities will be billed quarterly over a four year period, unless an entity chooses to pay in full.

|                          | <u>Original<br/>Amount</u> | <u>Amount Due<br/>at June 30, 2015</u> |
|--------------------------|----------------------------|--|
| Humphreys County         | \$ 162,624                 | \$ 142,296                             |
| City of McEwen           | 6,336                      | 5,544                                  |
| City of New Johnsonville | 8,448                      | 7,392                                  |
| City of Waverly          | <u>34,320</u>              | <u>30,030</u>                          |
| TOTAL                    | <u>\$ 211,728</u>          | <u>\$ 185,262</u>                      |

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8 – SUPPLEMENTAL CASH FLOW INFORMATION**

There were no amounts of interest expense capitalized during the current year.

**NOTE 9 – SUBSEQUENT EVENTS**

There were no subsequent events that occurred after the fiscal year end and through the date of the auditor's report that would require adjustment or disclosure to the financial statements.

**NOTE 10 – CONCENTRATION OF REVENUES AND GRANTS**

Whether from pass-through wireless collections, grants/reimbursement programs or operational funding programs, the District receives a majority of its revenue from the Tennessee Emergency Communications Board. Any significant change in the Tennessee Emergency Communications Board's funding policies could have a significant impact on the District.

**NOTE 11 – TCRS PENSION PLAN**

**General Information about the Pension Plan**

*Plan description.* Employees of Humphreys 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](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 or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015**

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

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

|  |           |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 0         |
| Inactive employees entitled to but not yet receiving benefits    | 14        |
| Active employees   | <u>10</u> |
|  | <u>24</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. Humphreys 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 Humphreys County Emergency Communications District were \$7,221 based on a rate of 2.26 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Humphreys 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)**

Humphreys 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  |

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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 adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

|   | <b>Increase (Decrease)</b>                 |  |  |
|---|--|--|--|
|   | <b>Total Pension<br/>Liability<br/>(a)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net Pension<br/>Liability (Asset)<br/>(a) - (b)</b> |
| <b>Balance at 6/30/2013</b>                                   | <u>\$ 223,168</u>                          | <u>\$ 293,711</u>                              | <u>\$ (70,543)</u>                                     |
| <b>Changes for the year:</b>                                  |  |  |  |
| Service cost  | 19,824                                     |  | 19,824   |
| Interest  | 17,610                                     |  | 17,610   |
| Differences between expected and actual experience            | (10,041)                                   |  | (10,041)   |
| Contributions - employer                                      |  | 13,572   | (13,572)   |
| Contributions - employee                                      |  | 15,778   | (15,778)   |
| Net investment income   |  | 49,733   | (49,733)   |
| Benefit payments, including refunds of employee contributions | (16,401)                                   | (16,401)                                       | -  |
| Administrative expenses                                       |  | (367)  | 367  |
| <b>Net changes</b>  | <u>10,992</u>                              | <u>62,315</u>                                  | <u>(51,323)</u>  |
| <b>Balance at 6/30/2014</b>                                   | <u>\$ 234,160</u>                          | <u>\$ 356,026</u>                              | <u>\$ (121,866)</u>                                    |

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Humphreys 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:

|  | <b>1% Decrease<br/>(6.5%)</b> | <b>Current<br/>Discount Rate<br/>(7.5%)</b> | <b>1% Increase<br/>(8.5%)</b> |
|--|-------------------------------|---|-------------------------------|
| Humphreys County Emergency Communications District's net pension liability (asset) | <u>\$ (70,068)</u>            | <u>\$ (121,866)</u>                         | <u>\$ (161,255)</u>           |

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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, Humphreys County Emergency Communications District recognized pension income of \$6,928.

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

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected and actual experience                               | \$ 0  | \$ 9,037                                     |
| Net difference between projected and actual earnings on pension plan investments | 0   | 21,786                                       |
| Contributions subsequent to the measurement date of June 30, 2014                | <u>7,721</u>                                  | <u>0</u>                                     |
| Total  | <u>\$ 7,721</u>                               | <u>\$ 30,823</u>                             |

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

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

**Year Ended June 30:**

|            |            |
|------------|------------|
| 2016       | \$ (6,451) |
| 2017       | (6,451)    |
| 2018       | (6,451)    |
| 2019       | (6,451)    |
| 2020       | (1,004)    |
| Thereafter | (4,016)    |

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, Humphreys County Emergency Communications District reported a payable of \$2,264 (\$1,549 employee and \$715 employer) for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**SUPPLEMENTARY INFORMATION**

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
 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 ENDED JUNE 30**

|  | <u><b>2014</b></u>         |
|--|----------------------------|
| <b>Total Pension Liability</b>   |                            |
| Service cost   | \$ 19,824                  |
| Interest   | 17,610                     |
| Changes in benefit terms   | -                          |
| Differences between actual & expected experience                                 | (10,041)                   |
| Change of assumptions  | -                          |
| Benefit payments, including refunds of employee contributions                    | <u>(16,401)</u>            |
| <b>Net change in total pension liability</b>                                     | <u>10,992</u>              |
| <b>Total pension liability-beginning</b>   | 223,168                    |
| <b>Total pension liability-ending (a)</b>  | <u><u>\$ 234,160</u></u>   |
| <br>   |                            |
| <b>Plan Fiduciary Net Position</b>   |                            |
| Contributions-employer   | \$ 13,572                  |
| Contributions-employee   | 15,778                     |
| Net investment income  | 49,733                     |
| Benefit payments, including refunds of employee contributions                    | (16,401)                   |
| Administrative expense   | <u>(367)</u>               |
| <b>Net change in plan fiduciary net position</b>                                 | <u>62,315</u>              |
| <b>Plan fiduciary net position-beginning</b>                                     | 293,711                    |
| <b>Plan fiduciary net position-ending (b)</b>                                    | <u><u>\$ 356,026</u></u>   |
| <br>   |                            |
| <b>Net Pension Liability (Asset) - ending (a) - (b)</b>                          | <u><u>\$ (121,866)</u></u> |
| <br>   |                            |
| <b>Plan fiduciary net position as a percentage of total pension liability</b>    | 152.04%                    |
| <br>   |                            |
| <b>Covered-employee payroll</b>  | \$ 315,555                 |
| <br>   |                            |
| <b>Net pension liability (asset) as a percentage of covered-employee payroll</b> | 38.62%                     |

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

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE  
 PUBLIC EMPLOYEE PENSION PLAN OF TCRS  
 LAST FISCAL YEAR ENDED JUNE 30**

|  | <u>2014</u>   | <u>2015</u>  |
|--|---------------|--------------|
| Actuarially determined contribution                                  | \$ 13,572     | \$ 7,221     |
| Contributions in relation to the actuarially determined contribution | <u>13,572</u> | <u>7,221</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>   | <u>\$ -</u>  |
| Covered-employee payroll   | \$ 315,555    | \$ 318,920   |
| Contributions as a percentage covered-employee payroll               | 4.30%         | 2.26%        |

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

**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 | 5 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 expenses, including inflation   |
| Retirement age                | Pattern of retirement determined by experience study   |
| Mortality                     | Customized table based on actual experience including an adjustment for some anticipated improvement     |
| Cost of living adjustments    | 2.5 percent  |

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2015**

|  | Original<br>Budget    | Amended<br>Budget     | Actual                | Variance<br>Favorable<br>(Unfavorable) |
|--|-----------------------|-----------------------|-----------------------|--|
| <b>Operating Revenues</b>  |                       |                       |                       |  |
| Emergency Telephone Service Charge                                 | \$ 160,000.00         | \$ 63,100.00          | \$ 54,697.03          | \$ (8,402.97)                          |
| TECB - Shared Wireless Charge                                      | 46,000.00             | 25,500.00             | 17,363.65             | (8,136.35)                             |
| TECB - Operational Funding   | 200,000.00            | 127,000.00            | 71,430.00             | (55,570.00)                            |
| TECB - 911 Surcharge Base  | 0.00                  | 190,000.00            | 189,327.00            | (673.00)                               |
| Other Operating Revenues   | 3,000.00              | 50,000.00             | 3,388.03              | (46,611.97)                            |
| <b>Total Operating Revenues</b>                                    | <b>409,000.00</b>     | <b>455,600.00</b>     | <b>336,205.71</b>     | <b>(119,394.29)</b>                    |
| <b>Operating Expenses</b>  |                       |                       |                       |  |
| Director   | 50,396.87             | 52,000.00             | 51,016.96             | 983.04                                 |
| Calltakers/Dispatchers, Holiday & Overtime                         | 302,211.62            | 302,211.62            | 297,828.19            | 4,383.43                               |
| Social Security  | 22,000.00             | 22,000.00             | 20,615.28             | 1,384.72                               |
| Medicare   | 5,200.00              | 5,200.00              | 4,820.79              | 379.21                                 |
| Life Insurance   | 1,400.00              | 1,400.00              | 1,101.65              | 298.35                                 |
| Medical Insurance  | 60,000.00             | 60,000.00             | 47,184.87             | 12,815.13                              |
| Dental Insurance   | 1,900.00              | 1,900.00              | 1,650.00              | 250.00                                 |
| Unemployment Compensation  | 1,300.00              | 1,300.00              | 337.66                | 962.34                                 |
| Retirement   | 14,000.00             | 14,000.00             | 0.00                  | 14,000.00                              |
| Vision Insurance   | 700.00                | 700.00                | 559.02                | 140.98                                 |
| Addressing/Mapping Services  | 1,000.00              | 1,000.00              | 484.66                | 515.34                                 |
| Advertising  | 500.00                | 500.00                | 0.00                  | 500.00                                 |
| Accounting and Auditing  | 6,600.00              | 6,600.00              | 6,059.50              | 540.50                                 |
| Administrative Fees - Service Charge                               | 1,900.00              | 1,900.00              | 1,528.36              | 371.64                                 |
| Data Processing Services   | 500.00                | 500.00                | 355.47                | 144.53                                 |
| Fees Paid to Service Providers                                     | 28,000.00             | 28,000.00             | 28,021.02             | (21.02)                                |
| Maintenance Agreements   | 75,000.00             | 75,000.00             | 54,211.35             | 20,788.65                              |
| Maintenance and Repairs  | 13,000.00             | 19,000.00             | 18,470.22             | 529.78                                 |
| NCIB/TBI/TIES Expenses   | 3,000.00              | 3,000.00              | 2,240.00              | 760.00                                 |
| Lease/Rental - Facilities  | 38,400.00             | 38,400.00             | 38,400.00             | 0.00                                   |
| Office Supplies  | 3,000.00              | 3,000.00              | 2,417.46              | 582.54                                 |
| Data Processing Supplies   | 500.00                | 500.00                | 427.03                | 72.97                                  |
| Postage  | 600.00                | 600.00                | 397.80                | 202.20                                 |
| Small Equipment Purchases  | 6,000.00              | 6,000.00              | 5,337.26              | 662.74                                 |
| Uniforms and Shirts  | 3,000.00              | 3,000.00              | 2,554.75              | 445.25                                 |
| Utilities  | 9,500.00              | 9,500.00              | 8,617.35              | 882.65                                 |
| Fuel   | 2,000.00              | 2,000.00              | 956.06                | 1,043.94                               |
| Bank Service Charges   | 100.00                | 100.00                | 3.00                  | 97.00                                  |
| Board Meetings   | 500.00                | 500.00                | 499.27                | 0.73                                   |
| Dues and Memberships   | 400.00                | 400.00                | 238.00                | 162.00                                 |
| Employee Testing and Exams   | 400.00                | 400.00                | 330.00                | 70.00                                  |
| Insurance  | 14,400.00             | 14,400.00             | 14,250.50             | 149.50                                 |
| Legal Notices  | 200.00                | 200.00                | 27.50                 | 172.50                                 |
| Licenses and Fees  | 100.00                | 100.00                | 0.00                  | 100.00                                 |
| Premiums on Surety Bonds   | 1,900.00              | 1,900.00              | 818.00                | 1,082.00                               |
| Service Awards   | 800.00                | 800.00                | 800.00                | 0.00                                   |
| Training   | 7,000.00              | 7,000.00              | 6,976.70              | 23.30                                  |
| Travel   | 7,000.00              | 7,000.00              | 6,872.30              | 127.70                                 |
| Depreciation & Amortization  | 70,100.00             | 70,100.00             | 70,931.21             | (831.21)                               |
| <b>Total Operating Expenses</b>                                    | <b>754,508.49</b>     | <b>762,111.62</b>     | <b>697,339.19</b>     | <b>64,772.43</b>                       |
| <b>Operating Income</b>  | <b>(345,508.49)</b>   | <b>(306,511.62)</b>   | <b>(361,133.48)</b>   | <b>(54,621.86)</b>                     |
| <b>Nonoperating Revenues(Expenses) &amp; Capital Contributions</b> |                       |                       |                       |  |
| Interest Earned  | 1,000.00              | 1,000.00              | 439.39                | (560.61)                               |
| Contributions from Primary Government                              | 141,050.26            | 141,050.26            | 141,050.24            | (0.02)                                 |
| Contributions from Other Governments                               | 131,646.36            | 131,646.36            | 131,646.40            | 0.04                                   |
| TECB-Grants/Reimbursements/Contributions                           | 0.00                  | 0.00                  | 55,506.82             | 55,506.82                              |
| Pension Income   | 0.00                  | 0.00                  | 6,928.00              | 6,928.00                               |
| <b>Change in Net Position</b>                                      | <b>\$ (71,811.87)</b> | <b>\$ (32,815.00)</b> | <b>\$ (25,562.63)</b> | <b>\$ 7,252.37</b>                     |

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2015**

| Grantor Agency  | Contract /<br>Grant<br>Number | Amount<br>Due From<br>Beginning | Cash<br>Received    | Earned /<br>Expended | Amount<br>Due From<br>Ending |
|---|-------------------------------|---------------------------------|---------------------|----------------------|------------------------------|
| <u>State of Tennessee</u>   |                               |                                 |                     |                      |                              |
| <u>Commerce and Insurance</u>   |                               |                                 |                     |                      |                              |
| Tennessee Emergency Comm. Board<br>(GIS - TIPS)                           | Unavailable                   | \$0.00                          | \$34,877.09         | \$34,877.09          | \$0.00                       |
| Tennessee Emergency Comm. Board<br>(Dispatcher Training)                  | Unavailable                   | 0.00                            | 6,000.00            | 6,000.00             | 0.00                         |
| Tennessee Emergency Comm. Board<br>(Operational Funding)                  | Unavailable                   | 0.00                            | 71,430.00           | 71,430.00            | 0.00                         |
| Tennessee Emergency Comm. Board<br>(Surcharge Base)                       | Unavailable                   | 0.00                            | 189,327.00          | 189,327.00           | 0.00                         |
| Tennessee Emergency Comm. Board<br>(Reimbursements and Capital Equipment) | Unavailable                   | 0.00                            | 14,629.73           | 14,629.73            | 0.00                         |
|   |                               | <u>\$0.00</u>                   | <u>\$316,263.82</u> | <u>\$316,263.82</u>  | <u>\$0.00</u>                |

**NOTES TO SCHEDULE OF STATE FINANCIAL ASSISTANCE**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of state financial assistance is a summary of the activities of the District's state assistance programs and does not necessarily present transactions that would be included in the financial statements of a district presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America.

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF OFFICIAL BONDS OF PRINCIPAL OFFICIALS  
JUNE 30, 2015**

| <u>Officials</u>     | <u>Position</u>     | <u>Bond</u> |
|----------------------|---------------------|-------------|
| Jess S. Bowen, III   | Chairman            | \$75,000    |
| Tim Daniel           | Vice-Chairman       | 75,000      |
| Grant Gillespie      | Secretary-Treasurer | 75,000      |
| Bobby Brown          | Director            | 75,000      |
| Sherriff Chris Davis | Board Member        | 0           |
| Terry Coleman        | Board Member        | 0           |
| Patricia McNeil      | Board Member        | 0           |
| Carolyn Ingram       | Board Member        | 0           |
| Ronnie Moran         | Board Member        | 0           |
| John Lee Williams    | Board Member        | 0           |

**INTERNAL CONTROL AND COMPLIANCE SECTION**

DURHAM NUNNERY POYNER & WALTERS PC  
CERTIFIED PUBLIC ACCOUNTANTS

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70 EAST MAIN STREET  
CAMDEN, TN 38320  
PHONE 731-584-4448 \* FAX 731-584-4417

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

Board of Directors  
Humphreys County Emergency Communications District  
Waverly, Tennessee

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 Humphreys County Emergency Communications District (District)(a component unit of Humphreys County, Tennessee) as of and for the year ended June 30, 2015, and have issued our report thereon dated December 10, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine our auditing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

We noted certain matters that we reported to management in a separate letter dated December 10, 2015.

## **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.

*Durham, Nunnery, Poyner & Walters, P.C.*

Durham, Nunnery, Poyner & Walters, P.C.  
Certified Public Accountants  
December 10, 2015

**HUMPHREYS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2015**

**A. PRIOR YEAR FINDINGS**

Government Auditing Standards require auditors to report on the status of uncorrected findings from prior audits. Presented below is the summarized data related to the prior year's audit findings:

There were no findings reported in the prior year.

**B. CURRENT YEAR FINDINGS**

There were no findings reported in the current year.

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