

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

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

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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 Fund Net Position	5-6
Statement of Cash Flows	7
Notes to the Financial Statements	8-14
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Changes in Net Pension Liability	15
Schedule of Contributions	16
<u>SUPPLEMENTARY INFORMATION</u>	
Budget and Actual	17-18
911 Board Members	19
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>	20-21

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Macon County E-911 Emergency Communications District
Lafayette, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of Macon County E-911 Emergency Communications District, a component unit of Macon County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Macon 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 Macon County E-911 Emergency Communications District, a component unit of Macon 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 and the Schedule of Changes in Net Pension Liability and Schedule of Contributions on pages 15-16 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 Schedule of Contributions Schedule of Changes in Net Pension Liability and 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 Macon County E-911 Emergency Communications District's basic financial statements. The Budget and Actual schedule and the schedule of 911 Board Members on pages 17-19 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 October 1, 2015 on my consideration of Macon 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 Macon County E-911 Emergency Communications District's internal control over financial reporting and compliance.

October 1, 2015
Cookeville, Tennessee

Tamara L. Beckman, CPA

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

<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 658,366.52	
Prepaid Expenses	<u>16,815.05</u>	
<u>Total Current Assets</u>		\$ 675,181.57
<u>Capital Assets</u>		
Furniture & Fixtures	3,791.75	
Less: Accumulated Depreciation	(3,791.75)	
Office Equipment	169,520.56	
Less: Accumulated Depreciation	(164,037.81)	
Communications Equipment	609,299.52	
Less: Accumulated Depreciation	(508,705.90)	
Vehicle	29,200.00	
Less: Accumulated Depreciation	(29,200.00)	
Leasehold Improvements	77,503.47	
Less: Accumulated Depreciation	<u>(17,743.42)</u>	
<u>Total Capital Assets</u>		165,836.42
<u>Deferred Outflow of Resources</u>		
Pension Contributions After Measurement Date		<u>8,628.39</u>
<u>Total Assets</u>		849,646.38
<u>LIABILITIES AND NET POSITION</u>		
<u>Current Liabilities</u>		
Accounts Payable	299.25	
Wages Payable	<u>847.79</u>	
<u>Total Current Liabilities</u>		1,147.04
<u>Non-Current Liabilities</u>		
Net Pension Liability		19,326.00
<u>Deferred Inflow of Resources</u>		
Pension Changes in Experience	26,087.00	
Pension Changes in Investment Earnings	<u>2,505.00</u>	
<u>Total Deferred Inflow of Resources</u>		<u>28,592.00</u>
<u>Total Liabilities</u>		<u>49,065.04</u>
<u>Net Position</u>		
Investment in Capital Assets	165,836.42	
Unrestricted	<u>634,744.92</u>	
<u>Total Net Position</u>		<u>\$ 800,581.34</u>

The accompanying notes are in integral part of the financial statements

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

Operating Revenues

Emergency Telephone Service Charges	\$ 84,678.30	
State – Wireless Charges	20,838.62	
State – Operational Funding	71,430.00	
TECB – Distribution of 911 Surcharges	<u>211,188.00</u>	
Total Operating Revenue		\$ 388,134.92

Operating Expense

Salaries & Wages

Director	56,045.38	
Administrative Personnel	32,456.65	
Part-Time Personnel	<u>1,417.71</u>	
Total Salaries & Wages		89,919.74

Employee Benefits

Social Security	5,563.82	
Medicare	1,326.50	
Unemployment Tax	114.77	
Medical Insurance	<u>3,117.75</u>	
Total Employee Benefits		10,122.84

Contracted Services

Audit Services	2,750.00	
Fees Paid to Service Providers	35,708.72	
Legal Services	2,600.00	
Maintenance Agreements	67,071.69	
NCIC/TBI/TIES	2,240.00	
Lease/Rental - Building	<u>16,000.00</u>	
Total Contracted Services		126,370.41

Supplies, Materials & Maintenance

Office Supplies	3,911.30
Janitorial Supplies	1,355.99
Postage	240.50
Equipment Purchases Not Capitalized	30,004.30
Uniforms	2,427.50

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

Supplies, Materials & Maintenance Cont'd

Utilities - Electricity	3,098.40	
Utilities - General Telephone (Admin Lines)	16,871.24	
Utilities - Cell Phone & Pagers	1,502.02	
Maintenance & Repairs - Communications Equipment	29,178.78	
Maintenance & Repairs - Building & Facilities	701.21	
Maintenance & Repairs - Office Equipment	3,909.37	
Maintenance & Repairs - Vehicle	75.69	
Fuel-Gasoline & Diesel	<u>1,491.20</u>	
Total Supplies, Materials & Maintenance		94,767.50

Other Charges

Dues & Memberships	578.49	
Insurance- Workers Comp	1,632.00	
Insurance-Equipment	6,401.00	
Insurance- Vehicle	656.00	
Legal Notices	771.32	
Premiums on Surety Bonds	750.00	
Public Education	403.12	
Training Expenses	2,312.95	
Travel Expenses	<u>7,929.02</u>	
Total Other Charges		21,433.90

Depreciation

75,381.21

Total Expenses

417,995.60

Net Operating Income (Loss)

(29,860.68)

Non-Operating Revenue and Expense

TECB - Reimbursements and/or Grants	163,362.83	
Interest Income	1,215.15	
Proceeds from Insurance	5,241.00	
Pension Income From 6/30/14	<u>2,310.00</u>	
Total Non-Operating Revenue & Expense		<u>172,128.98</u>

Increase in Net Position

142,268.30

Net Position, July 1, 2014

729,086.99

Prior Period Adjustment

(70,773.95)

Total Net Position, June 30, 2015

\$ 800,581.34

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

Cash Flows From Operating Activities

Cash Received from Operations	\$ 445,668.74	
Cash Paid to/for Employee Services	(110,233.11)	
Cash Payments for Goods and Services	<u>(241,721.58)</u>	
Net Cash Provided by Operating Activities		\$ 93,714.05

Cash Flows from Non-Capital Financing Activities

Grants & Reimbursements Received	<u>163,362.83</u>	
Net Cash Provided by Non-Capital Financing Activities		163,362.83

Cash Flows from Capital & Related Financing Activities

Acquisitions of New Assets	(84,505.84)	
Principal Payment of Lease Payable	<u>(5,492.87)</u>	
Net Cash Used by Capital & Related Financing Activities		(89,998.71)

Cash Flows from Investing Activities

Interest Received	<u>1,215.15</u>	
Net Cash Provided by Investing Activities		<u>1,215.15</u>

Net Increase in Cash and Cash Equivalents		168,293.32
Cash and Cash Equivalent at 6-30-14		<u>490,073.20</u>
Cash and Cash Equivalent at 6-30-15		<u>\$ 658,366.52</u>

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities

Net Operating Income	\$ (29,860.68)	
Depreciation	75,381.21	
Proceeds from Insurance	5,241.00	
Increase in Deferred Outflows - Pension Contributions		
After Measurement Date	(8,628.39)	
Decrease in Accounts Receivable	42,648.84	
Decrease in Due from State ECB	9,643.98	
Decrease in Prepaid Expense	1,234.20	
Decrease in Accounts Payable	(383.97)	
Decrease in Accrued Payroll & Payroll Liabilities	<u>(1,562.14)</u>	
Net Cash Provided by Operating Activities		<u>\$ 93,714.05</u>

Non-Cash Investing, Capital and Financing Activities

Pension Income from 6/30/14		<u>\$ 2,310.00</u>
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The Accompanying notes are in integral part of the financial statements

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

Note 1 – Summary of Significant Accounting Policies

The Macon County E-911 Emergency Communication District was established for the purpose of providing an enhanced level of 911 service to the Macon 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 Macon County. The Macon County E-911 Emergency Communications District is run by a board of directors, which is appointed by Macon County. The District must file a budget with Macon County each year. Any bond issued by the district is subject to approval by Macon County.

The District uses the accrual basis of accounting and economic resource measurement focus. Revenues are recognized when earned and expenses are recognized when incurred.

Depreciation – Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives using the straight-line method. All assets purchased under \$2,500 are expensed. Depreciation begins when the fixed assets are placed in service. Depreciation is summarized as follows:

	<u>Method</u>	<u>Estimated Useful Life</u>	<u>2015 Depreciation</u>
Furniture & Fixtures	S/L	5-10 Years	\$ --
Office Equipment	S/L	5-7 Years	1,953.97
Communications Equipment	S/L	3-12 Years	61,847.32
Vehicle	S/L	5 Years	4,866.67
Leasehold/Improvements	S/L	5-15 Years	6,713.25
			<u>\$ 75,381.21</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 Macon County Emergency Communications District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Macon 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 and wireless surcharges. The District's non-operating revenue consists of grants and reimbursements given by the State Emergency Communications Board to help the district employ a dispatcher and interest.

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:

Checking – Citizens Bank	\$430,960.25
Money Market – Macon Co. Bank	<u>227,406.27</u>
Total Deposits	<u>\$658,366.52</u>

At June 30, 2015, the carrying amount of the Macon County E-911 Emergency Communications District’s cash deposits was \$658,366.52. The District’s deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. Any amounts over \$250,000 are still covered since Citizens Bank is member of the Government Collateralization Pool. 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

Macon County E-911 Emergency Communications District has a bond covering certain members of the board at June 30, 2015. Other risk areas include theft, property damage and public liability. The District carries general liability insurance as well as insurance that cover all equipment, building and vehicles. There have been no losses or settlements that exceeded this coverage during the past three years.

Note 4 – Subsequent Events

The District has evaluated subsequent events through October 1, 2015, the date in which the financial statements were available to be issued.

Note 5 – 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>
<u>Depreciable</u>			
Furniture & Fixtures	\$ 3,791.75	\$ 3,791.75	\$ -
Office Equipment	169,520.56	164,037.81	5,482.75
Communications Equip.	609,299.52	508,705.90	100,593.62
Vehicles	29,200.00	29,200.00	-
Leasehold Improvements	77,503.47	17,743.42	59,760.05
Total Fixed Assets	<u>\$ 889,315.30</u>	<u>\$ 723,478.88</u>	<u>\$ 165,836.42</u>

<u>Assets</u>	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Reclassification</u> <u>& Disposals</u>	<u>Balance</u> <u>6/30/2015</u>
<u>Depreciable</u>				
Building & Improvements	\$ 70,506.60	\$ -	\$ (70,506.60)	\$ -
Furniture & Fixtures	3,791.75	-	-	3,791.75
Office Equipment	169,520.56	-	-	169,520.56
Communications Equip.	575,817.55	33,481.97	-	609,299.52
Vehicles	29,200.00	-	-	29,200.00
Leasehold Improvements	-	51,023.87	26,479.60	77,503.47
Total Fixed Assets	<u>\$ 848,836.46</u>	<u>\$ 84,505.84</u>	<u>\$ (44,027.00)</u>	<u>\$ 889,315.30</u>

Note 6 – 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

The District has one full-time and one part-time employee. The board has not adopted a policy for compensated absences as of June 30, 2015.

Note 8 – Calculation of Invested in Capital Assets

Total Capital Assets	\$165,836.42
Current & Non-Current Debt	--
Investment in Capital Assets	<u>\$165,836.47</u>

Note 9 – Leases Payable

On May 10, 2010 the District entered into a five year lease agreement with Marlin Financial for the acquisition of a 2009 Chevy Tahoe 4X4. The total cost of the vehicle, \$29,200.00, is to be repaid in 60 monthly payments of \$564.52 beginning May 10, 2010 at an interest rate of 6.0%.

A Schedule of changes in Leases Payable (principal only) is as follows:

	Balance 6-30-14	<u>Additions</u>	<u>Payments</u>	<u>Adjustments</u>	Balance 6-30-15
Vehicle Lease	\$ 5,492.87	\$ --	\$ 5,492.87	\$ --	\$ --
Total	<u>\$ 5,492.87</u>	<u>\$ --</u>	<u>\$ 5,492.87</u>	<u>\$ --</u>	<u>\$ --</u>

Note 10 – Budgetary Information

As stated in Note 1, the District must file a budget with Macon County each year which must be adopted by the Board of Directors. The budget is prepared on the accrual basis of accounting. Compliance with the budget is required at the line item level.

Note 11 – Prior Period Adjustments

A prior period adjustment in the amount of \$20,545.95 was made to remove building improvements left on the fixed asset schedule after the District moved to a new building. A prior period adjustment in the amount of \$47,918.00 was made to account for changes in pension liability in another period. The total effect to Net Position was a decrease in the amount of \$68,463.95.

Note 13 – General Information about the Pension Plan

Plan Description: Employees of Macon 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

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

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 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	1
Active employees	<u>1</u>
	<u><u>2</u></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. Macon 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 Macon County Emergency District were \$8,628.39 based on a rate of 9.6% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Macon 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)

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

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

Inflation	3.0 percent
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent.
Investment Rate of Return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

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

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

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:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		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)
Balance at 6/30/13	\$ 86,584	\$ 28,690	\$ 57,894
Changes for the year:			
Service cost	2,530		2,530
Interest	6,684		6,684
Differences between expected and actual experience	(30,435)		(30,435)
Contributions-Employer		7,666	(7,666)
Contributions-Employees		4,030	(4,030)
Net investment income		5,719	(5,719)
Benefit payments, including refunds of employee contributions			
Administrative expense		(68)	68
Net changes	(21,221)	17,347	(38,568)
Balance at 6/30/14	\$ 65,363	\$ 46,037	\$ 19,326

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Macon 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 <u>-6.50%</u>	Current Discount Rate <u>-7.50%</u>	1% Increase <u>-8.50%</u>
Macon County Emergency Communications District's net pension liability (asset)	\$ 28,086	\$ 19,326	\$ 12,128

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, Macon County Emergency Communications District recognized pension income of \$2,310.

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

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Differences between expected and actual experience	\$ -	\$ 26,087
Net difference between projected and actual earnings on pension plan investments	-	2,505
Contributions subsequent to the measurement date of June 30, 2014	8,628	Not Applicable
	<u>\$ 8,628</u>	<u>\$ 28,592</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:

2015	\$ (8,628)
2016	(4,974)
2017	(4,974)
2018	(4,974)
2019	(4,974)
2020	(4,348)
Thereafter	(4,348)

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.

**MACON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015

**MACON 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**

	2014
Total pension liability	
Service cost	\$ 2,530
Interest	6,684
Changes in benefit terms	-
Differences between actual & expected experience	(30,435)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	-
Net change in total pension liability	(21,221)
Total pension liability-beginning	86,584
Total pension liability-ending (a)	\$ 65,363
Plan fiduciary net position	
Contributions-employer	\$ 7,666
Contributions-employee	4,030
Net investment income	5,719
Benefit payments, including refunds of employee contributions	-
Administrative expense	(68)
Net change in plan fiduciary net position	17,347
Plan fiduciary net position-beginning	28,690
Plan fiduciary net position-ending (b)	\$ 46,037
Net Pension Liability (asset)-ending (a) – (b)	\$ 19,326
Plan fiduciary net position as a percentage of total pension liability	70.43%
Covered-employee payroll	\$ 80,605
Net pension liability (asset) as a percentage of covered-employee payroll	23.98%

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

	2014	2015
Actuarially Determined Contribution	7,666.00	8,628.39
Contributions in relation to the Actuarially Determined Contribution	7,666.00	8,628.39
Contribution Deficiency (Excess)	-	-
Covered-Employee Payroll	80,605.00	89,879.88
Contributions as a percentage of Covered-Employee Payroll	9.51%	9.60%

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%

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL (GAAP Basis)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance</u>
<u>Operating Revenue</u>			
Emergency Telephone Service Charges	\$ 84,678.30	\$ 170,000.00	\$ (85,321.70)
State-Shared Wireless Charges	20,838.62	51,500.00	(30,661.38)
State-Operational Funding	71,430.00	198,800.00	(127,370.00)
TECB - Distribution of 911 Surcharges	211,188.00	-	211,188.00
<u>Total Operating Revenue</u>	<u>\$ 388,134.92</u>	<u>\$ 420,300.00</u>	<u>\$ (32,165.08)</u>
<u>Expenditures</u>			
<u>Salaries & Wages</u>			
Director	\$ 56,045.38	\$ 56,165.00	\$ 119.62
Administrative Personnel	32,456.65	32,825.00	368.35
Part-Time Personnel	1,417.71	5,000.00	3,582.29
<u>Total Salaries & Wages</u>	<u>\$ 89,919.74</u>	<u>\$ 93,990.00</u>	<u>\$ 4,070.26</u>
<u>Employee Benefits</u>			
Social Security	5,563.82	6,500.00	936.18
Medicare	1,326.50	4,000.00	2,673.50
Unemployment	114.77	1,000.00	885.23
Retirement	-	13,000.00	13,000.00
Medical Insurance	3,117.75	5,600.00	2,482.25
<u>Total Employee Benefits</u>	<u>\$ 10,122.84</u>	<u>\$ 30,100.00</u>	<u>\$ 19,977.16</u>
<u>Contracted Services</u>			
Addressing/Mapping	-	15,000.00	15,000.00
Audit Services	2,750.00	3,000.00	250.00
Accounting Services	-	500.00	500.00
Fess Paid to Service Providers	35,708.72	36,500.00	791.28
Impact Payments	-	44,023.87	44,023.87
Legal Services	2,600.00	3,000.00	400.00
Maintenance Agreements	67,071.69	67,400.00	328.31
Mapping & Database Consulting	-	3,000.00	3,000.00
NCIC/TBI/TIES	2,240.00	2,500.00	260.00
Lease/Rental - Buildings & Facilities	16,000.00	16,000.00	-
<u>Total Contracted Services</u>	<u>\$ 126,370.41</u>	<u>\$ 190,923.87</u>	<u>\$ 64,553.46</u>
<u>Supplies, Materials & Maintenance</u>			
Office Supplies	3,911.30	4,000.00	88.70
Janitorial Supplies	1,355.99	1,500.00	144.01

Supplies, Materials & Maintenance Cont'd

Postage	240.50	500.00	259.50
Equipment Purchases Not Capitalized	30,004.30	30,981.47	977.17
Uniforms	2,427.50	2,500.00	72.50
Utilities - Electricity	3,098.40	9,000.00	5,901.60
Utilities - General Telephone (Admin. Lines)	16,871.24	17,000.00	128.76
Utilities - Cell Phones & Pagers	1,502.02	3,000.00	1,497.98
M&R - Communications Equipment	29,178.78	30,000.00	821.22
M&R - Office Equipment	701.21	1,000.00	298.79
M&R - Vehicles	3,909.37	5,000.00	1,090.63
Fuel-Vehicle	75.69	700.00	624.31
Other Supplies & Materials	1,491.20	1,610.00	118.80
<u>Total Supplies & Materials</u>	<u>\$ 94,767.50</u>	<u>\$ 106,791.47</u>	<u>\$ 12,023.97</u>

Other Charges

Dues & Memberships	578.49	1,000.00	421.51
Insurance - Worker's Compensation	1,632.00	2,500.00	868.00
Insurance - Equipment	6,401.00	6,440.00	39.00
Insurance - Vehicle	656.00	660.00	4.00
Legal Notices	771.32	800.00	28.68
Premiums on Surety Bonds	750.00	800.00	50.00
Public Education	403.12	500.00	96.88
Training Expenses	2,312.95	4,000.00	1,687.05
Travel Expenses	7,929.02	8,000.00	70.98
<u>Total Other Charges</u>	<u>\$ 21,433.90</u>	<u>\$ 24,700.00</u>	<u>\$ 3,266.10</u>

Depreciation

Depreciation Expense	<u>\$ 75,381.21</u>	<u>\$ 91,000.00</u>	<u>\$ 15,618.79</u>
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Total Operating Expenses

<u>\$ 417,995.60</u>	<u>\$ 537,505.34</u>	<u>\$ 119,509.74</u>
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Operating Income (Loss)

<u>\$ (29,860.68)</u>	<u>\$ (117,205.34)</u>	<u>\$ 87,344.66</u>
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Nonoperating Revenue and (Expenses)

TECB - Reimbursements and/or Grants	163,362.83	111,035.34	52,327.49
Interest Income	1,215.15	1,000.00	215.15
Proceeds from Insurance	5,241.00		
Pension Income from 6/30/14	2,310.00	5,170.00	(2,860.00)
<u>Total Nonoperating Revenue and (Expenses)</u>	<u>\$ 172,128.98</u>	<u>\$ 117,205.34</u>	<u>\$ 49,682.64</u>

Net Increase (Decrease) in Net Position

<u>\$ 142,268.30</u>	<u>\$ -</u>	<u>\$ 137,027.30</u>
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Net Position - July 1, 2014

<u>\$ 729,086.99</u>	<u>\$ 729,086.99</u>	<u>\$ -</u>
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Prior Period Adjustment

<u>(70,773.95)</u>	<u>-</u>	<u>-</u>
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Net Position - June 30, 2015

<u>\$ 800,581.34</u>	<u>\$ 729,086.99</u>	<u>\$ 137,027.30</u>
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**MACON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2015**

Stacy Gann, Chief
Lafayette Police Dept.
118 East Locust St.
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Email: chiefgann201@nctc.com

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North Central Telephone Corp.
PO Box 70, 872 52 By Pass E
Lafayette, TN 37083
Work: (615) 666-2151 Cell: (615) 633-7909
Email: ccarter@nctc.com

Derrick Bush, Post Master
Red Boiling Springs Post Office
134 Market St.
Red Boiling Springs, TN 37150
Office: (615) 699-2580

Mark Gammons, Sheriff
Macon County Sheriff Dept.
902 Hwy 52 By Pass E
Lafayette, TN 37083
Office: (615) 666-3325

Randall Kirby, Chairman
EMS Director
30 Weldon Dr.
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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***

Independent Auditor's Report

To the Board of Directors of the
Macon County E-911 Emergency Communications District
Lafayette, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United State 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 Macon County E-911 Emergency Communications District, a component unit of Macon County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Macon County E-911 Emergency Communications District's basic financial statements, and have issued my report thereon dated October 1, 2015.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Macon County E-911 Emergency Communications District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Macon County E-911 Emergency Communications District's internal control. Accordingly, I do not express an opinion on the effectiveness of Macon County E-911 Emergency Communications District's internal control.

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

My 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Macon 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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

October 1, 2015
Cookeville, Tennessee

Tamara L. Beckman, CPA