

**MARION COUNTY 9-1-1 EMERGENCY
COMMUNICATIONS DISTRICT**

Jasper, Tennessee

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL DATA**

Year Ended June 30, 2015

JOHNSON, HICKEY & MURCHISON, P.C.
Certified Public Accountants
Chattanooga, Tennessee

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INTRODUCTORY INFORMATION

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF MANAGEMENT AND BOARD MEMBERS
JUNE 30, 2015**

MANAGEMENT:

Jerry Don Case

Executive Director

BOARD MEMBERS:

Ronnie Burnett

Chairman

Steve Lamb

Secretary

Louise Powell

Treasurer

Freddie Cook

Director

Kay Roberts

Director

Lester Roberts

Director

Ray Stephens

Director

Ryan Meeks

Director

MANAGEMENT'S DISCUSSION AND ANALYSIS

My discussion and analysis of Marion County 911 Emergency Communication District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. This narrative should be read in conjunction with the District's financial statements, which begin on page 10.

USING THIS ANNUAL REPORT

This annual report consists of the following financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These statements provide information about the activities of the District as a whole and present an overview of the District's finances.

THE BALANCE SHEET AND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The basic financial statements are designed to provide an overview of the District's finances. The Statement of Net Position presents information on all of the assets that the District owns and on the liabilities (debts) that the District owes. The difference between the assets and liabilities is reported as net position. Over time, income (increase in net position) or loss (decrease in net position) may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statements are prepared on the accrual basis of accounting which recognizes revenues when earned and expenses when incurred. The information contained in the Statement of Revenues, Expenses, and Changes in Net Positions can be used as a "report card" to determine if the District has been successful at meeting its financial objectives.

Net position and the changes in net position for the past two years are summarized as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Current assets	\$ 686,139	\$ 592,694
Capital assets	<u>1,012,107</u>	<u>1,098,148</u>
Total assets	1,698,246	1,690,842
Current liabilities	<u>7,499</u>	<u>6,849</u>
Net position	<u>\$1,690,747</u>	<u>\$1,683,993</u>
Summary of net position:		
Invested in capital assets	\$1,012,107	\$1,098,148
Unrestricted	<u>678,640</u>	<u>585,842</u>
Total net positions	<u>\$1,690,747</u>	<u>\$1,683,993</u>

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Operating revenues	\$ 323,415	\$ 310,612
Operating expenses	<u>366,406</u>	<u>338,365</u>
Operating income (loss)	(42,991)	(27,753)
Non-operating revenue	<u>49,745</u>	<u>363,967</u>
Changes in net position	6,754	336,214
Beginning net position	<u>1,683,993</u>	<u>1,347,779</u>
Ending net position	<u>\$1,690,747</u>	<u>\$1,683,993</u>

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The fiscal year ending June 30, 2015 was another financially sound year for the District. The net position increased \$6,754 over the prior year. This increase was primarily a result of capital contributions received from the Tennessee Emergency Communications Board (TECB) for upgrades and reimbursements.

The District's operating revenues were up \$12,803. This is due, in part, to the reallocation of funding from the TECB which went into effect January 1, 2015. Operating expenses increased by \$28,041. This increase resulted from increases in several areas. Depreciation, or the systematic write-off of the District's service center and equipment, increased by \$7,351. Contracted services increased by \$19,362 due to the addition of new programs and a major repair to communications equipment from lightning.

During the fiscal year ending June 30, 2015, the District received \$47,545 for grants and reimbursements. This was a decrease of \$315,719 from the fiscal year ending June 30, 2014 when a reimbursement grant of \$300,000 was provided by TECB for consoles and equipment in the new call center and for Next Generation 911 equipment purchases.

THE DISTRICT'S NET POSITION

The District continues to maintain a significant net position (total net worth) which exceeds \$1,680,000 at June 30, 2015. The net position consisted of a net investment in capital assets totaling \$1,012,107. The remaining balance of net position of \$678,640 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.

BUDGETARY HIGHLIGHTS

The original budget for the District was amended to reflect the actual results of revenues and expenses that occurred during the year.

Actual revenues of \$373,160 were greater than the original budgeted revenue of because of a change in the TECB contribution allocation. This change was effective at January 1, 2015 and the impact on the budget was not known until after the original budget process. Actual expenses for the year exceeded the original budgeted amount by over \$10.500. Almost \$8,000 of this increase was from a change in insurance pricing and coverage.

CAPITAL ASSETS

At June 30, 2015 the District had \$1,012,107 invested in capital assets, predominantly in telecommunications equipment. The District has capital assets of \$1,633,007; however, \$620,900 has been expensed through the annual provision for depreciation. The amount of the capital assets represents an increase of \$64,877 from the prior year. During the year ended June 30, 2015, the District spent over \$42,000 to purchase additional property, make parking improvements and construct a metal storage facility for the District's mobile communications unit. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND PLANNING FOR FUTURE NEEDS

The District, along with all Emergency Communications Districts statewide, has experienced a decline in all surcharge revenue; especially the collections from landline telephones. On January 1, 2015, a new, uniform 911 surcharge rate went into effect for all Tennessee residents. The new surcharge of \$1.16 applies to all landline, wireless and voice-over internet protocol (VOIP) devices. In addition, the TECB began collecting all revenue directly from all carriers in 2015. A new allocation of revenue sharing was calculated for all districts based on the average revenue realized during fiscal years ended June 30, 2010, 2011 and 2012. This specified allocation is known as the "base amount" and will be provided to the District in six equal, bi-monthly payments. The District received its first allocation in February 2015. The base amount is guaranteed by statute and represents approximately 80% of total collections within the District. The remaining amount is held by the TECB for its own operations. If an excess amount of revenue is collected, the excess will be divided equally between the District and the TECB. Under the new revenue structure, TECB will no longer be distributing grants to the District. Therefore, the District plans to establish additional cash reserves to fund future upgrades to equipment. Currently, we are on the leading edge of current emergency communications technology and maintain equipment in compliance with all known pending regulations.

Jerry Don Case
Executive Director



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Marion County 9-1-1 Emergency Communications District:

Report on the Financial Statements

We have audited the accompanying financial statements of Marion County 9-1-1 Emergency Communications District, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2015, which comprise the statement of net position, the related statement of revenue, expenses and change in net position and statement of cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to *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 auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the 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 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 in the first paragraph present fairly, in all material respects, the financial position of Marion County 9-1-1 Emergency Communications District as of June 30, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Marion County 9-1-1 Emergency Communications District's financial statements. The accompanying information listed in the table of contents as other supplementary information is presented for additional analysis and is not a required part of the financial statements.

The schedule of budget to actual 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 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2015, on our consideration of Marion County 9-1-1 Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Johnson, Niekey & Meucham, P.C.

November 9, 2015

FINANCIAL STATEMENTS

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015**

ASSETS

CURRENT ASSETS:

Cash	\$	263,368
Certificates of deposit		402,462
Interest receivable		520
Prepaid expenses		<u>19,789</u>
 Total current assets		 <u>686,139</u>

CAPITAL ASSETS:

Land		54,269
Furniture and fixtures		73,742
Office equipment		86,877
Communications equipment		1,052,232
Vehicles		46,621
Buildings and improvements		<u>319,266</u>
		1,633,007
Less accumulated depreciation		<u>620,900</u>
 Capital assets, net		 <u>1,012,107</u>
 Total assets		 <u>\$ 1,698,246</u>

(The accompanying notes are an integral part of these statements.)

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Accounts payable	\$ 4,041
Payroll taxes withheld and accrued	1,311
Accrued retirement	<u>2,147</u>
 Total liabilities	 <u>7,499</u>

NET POSITION:

Investment in capital assets	1,012,107
Unrestricted	<u>678,640</u>
 Total net position	 <u>1,690,747</u>

Total liabilities and net position	<u><u>\$ 1,698,246</u></u>
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(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

REVENUES:

Emergency telephone service charges	\$ 49,112
911 surcharge base amount	176,145
Tennessee Emergency Communications Board -	
Shared wireless charge	26,728
Operational funding	<u>71,430</u>
	<u>323,415</u>

EXPENSES:

Salaries and benefits	81,243
Contracted services	90,262
Supplies and materials	19,839
Other expenses	24,033
Depreciation and amortization	<u>151,029</u>
	<u>366,406</u>

OPERATING LOSS

(42,991)

NONOPERATING REVENUES AND (EXPENSES):

Interest income	2,200
Tennessee Emergency Communications Board -	
Grants and reimbursements	<u>47,545</u>

CHANGE IN NET POSITION

6,754

NET POSITION:

Beginning	<u>1,683,993</u>
Ending	<u><u>\$ 1,690,747</u></u>

(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts for emergency communication services	\$ 87,800
Receipts for 911 surcharge base amount	176,145
Receipts for operational funding	71,430
Payments to or for employees	(81,388)
Payments for goods and services	<u>(150,047)</u>
Net cash provided by operating activities	<u>103,940</u>

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES:**

Purchase of capital assets	(64,988)
Insurance reimbursement	6,668
State capital grants	<u>40,877</u>
Net cash used by capital and related financing activities	<u>(17,443)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	2,235
Net change in certificates of deposit	<u>(2,177)</u>
Net cash provided by investing activities	<u>58</u>

NET INCREASE IN CASH 86,555

CASH:

Beginning	<u>176,813</u>
Ending	<u><u>\$ 263,368</u></u>

(The accompanying notes are an integral part of these statements.)

**RECONCILIATION OF OPERATING LOSS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating loss	\$ (42,991)
Adjustments to reconcile operating loss to net cash provided by operating activities -	
Depreciation and amortization	151,029
(Increase) decrease in operating assets:	
Accounts receivable	11,960
Prepaid expenses	(16,708)
Increase (decrease) in operating liabilities:	
Accounts payable	795
Payroll withholdings and accruals	<u>(145)</u>
 Net cash provided by operating activities	 <u>\$ 103,940</u>

(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization -

Marion County 9-1-1 Emergency Communications District is a governmental entity organized pursuant to Chapter 867 of the 1984 Tennessee Public Acts ("The Emergency Communications District Law"), which was enacted to establish local emergency telephone service and to provide for the funding of such services.

Financial reporting entity -

The District is a component unit of Marion County, Tennessee. The Marion County Board of Commissioners appoints the District's Board of Directors, may appropriate funds for the operation and maintenance of the District, and must approve long-term debt issued by the District.

Basis of accounting -

The District is a governmental unit, subject to accounting directives issued by the Governmental Accounting Standards Board (GASB), and anticipates recovering the cost of its services in a manner similar to a private business enterprise. Therefore, the District uses the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred. Operating revenues are those that result from the activities of the District, including telephone service charges and state allocations and operational funding. Revenue from other sources is considered nonoperating.

Estimates -

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash -

For purposes of these financial statements, cash includes cash in banks and certificates of deposit with an original maturity date of 90 days or less.

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Accounts receivable -

Accounts receivable for telephone service charges is reported at the outstanding principal amount. All recorded amounts are considered to be collectible; therefore no allowance for uncollectibles is recorded.

Capital assets -

The District capitalizes significant purchases of capital assets, which are recorded at cost. Depreciation is provided over the estimated useful lives of the individual assets by the straight-line method. Depreciation and amortization expense for the year ended June 30, 2015, was \$151,029.

Deferred outflows/inflows of resources -

Under GASB Statement Number 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position, GASB has defined deferred outflows of resources and deferred inflows of resources as follows:

Deferred outflows of resources - a consumption of net position by the District that is applicable to a future reporting period.

Deferred inflows of resources - an acquisition of net position by the District that is applicable to a future reporting period.

As of June 30, 2015, the District did not have any deferred outflows of resources or any deferred inflows of resources. This statement had no significant impact on the District.

(2) BUDGETARY CONTROL:

The District's Board approves an annual budget based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. Budgeted expenses may be amended, as needed, to meet changing needs.

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(3) COMPENSATED ABSENCES:

The District has only one employee whose accrued vacation must be taken by the last day of the fiscal year; therefore, there is no unused vacation time available at June 30, 2015. The employee is provided 96 hours of annual sick time, which may be accumulated up to 90 days; because unused sick time is nonvesting and is not paid upon termination, no liability is recorded.

(4) CHANGES IN CAPITAL ASSETS:

Changes in capital assets for the year ended June 30, 2015, are as follows -

	<u>Beginning</u>	<u>Additions</u>	<u>Reclasses & Retirements</u>	<u>Ending</u>
Non-depreciable Assets:				
Land	\$ 43,223	\$ 11,046	\$ -	\$ 54,269
Depreciable Assets:				
Furniture and fixtures	73,333	521	(112)	73,742
Office equipment	74,420	12,457	-	86,877
Vehicles	46,171	450	-	46,621
Communications equipment	1,042,929	9,303	-	1,052,232
Building and improvements	<u>288,055</u>	<u>31,211</u>	<u>-</u>	<u>319,266</u>
	<u>1,568,131</u>	<u>64,988</u>	<u>(112)</u>	<u>1,633,007</u>
Accumulated depreciation:				
Furniture and fixtures	17,996	6,920	(26)	24,890
Office equipment	25,627	16,301	-	41,928
Vehicles	29,107	3,049	-	32,156
Communications equipment	381,504	115,780	-	497,284
Building and improvements	<u>15,663</u>	<u>8,979</u>	<u>-</u>	<u>24,642</u>
	<u>469,897</u>	<u>151,029</u>	<u>(26)</u>	<u>620,900</u>
Net capital assets	<u>\$ 1,098,234</u>	<u>\$ (86,041)</u>	<u>\$ (86)</u>	<u>\$1,012,107</u>

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(5) RETIREMENT PLAN:

The District provides a defined contribution money purchase pension plan for all full-time employees who have one year of continuous service. No employee contributions are required. The District contributes 3% of eligible compensation, subject to amendment to the plan as approved by the District's Board. The "6-year graded" vesting schedule is used. Retirement expense included in salaries and benefits was \$1,720. Plan assets are maintained by an outside trustee. Each employee directs the investments of his individual account.

(6) COMMITMENT FOR PROVIDER SERVICES:

For the year ending June 30, 2015, AT&T was the District's provider for automated number ID, number location and routing equipment. A previous five year agreement ended in April 2009, and is continuing on a month to month basis. For the year ended June 30, 2015, the expense related to this agreement was \$16,317.

There are no future commitments as of the date this report is available for release.

(7) OPERATING LEASES:

The District leases antenna and transmittal space for \$515 per month under a month-to-month operating lease agreement. The agreement provides for annual, negotiated increases, based on increases in the lessor's costs of operating and maintaining the rental site. Rent expense was for the year ended June 30, 2015, was \$6,181.

The District leases office equipment under an operating lease with monthly rental payments of \$99 per month plus some additional charges for excess usage. Rent expense for the year was \$3,123.

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(8) CASH AND INVESTMENTS:

The District reports its cash and investments under the provisions of governmental auditing standards, which are designed to provide improved reporting of deposit and investment risks.

At June 30, 2015, the District's cash and investments consist of the following -

	Weighted Average Maturity (Years)	Cost Basis
Cash in demand deposit accounts	0.00	\$ 263,368
Certificates of deposit	0.69	402,462
Total	0.41	\$ 665,830

Interest Rate Risk - As a means of limiting its exposure to losses resulting from rising interest rates, the District's usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio. The District's investments experienced no significant fluctuations in fair value during the year.

Custodial Credit Risk - The District's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by federal deposit insurance or the Tennessee Bank Collateral Pool, by collateral held by the District's agent in the District's name, or by Federal Reserve Banks acting as third party agents. State statutes also authorize the types of investments in which the District may participate. The District limits its investments to certificates of deposit with local banks.

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

(8) CASH AND INVESTMENTS (Continued):

Credit Risk - The District's policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

At June 30, 2015, investments in certificates of deposit consist of the following -

<u>Financial Institution</u>	<u>Type of Instrument</u>	<u>Interest</u>	<u>Maturity Date</u>	<u>Amount</u>
First Jackson Bank	Certificate	0.60%	May 12, 2016	\$ 201,200
First Jackson Bank	Certificate	0.60%	May 24, 2016	40,482
Peoples State Bank	Certificate	0.75%	February 26, 2016	56,743
Citizens Tri-County Bank	Certificate	0.25%	October 6, 2015	<u>104,037</u>
				<u>\$ 402,462</u>

Subsequent to June 30, 2015, the certificate maturing on October 6, 2015, was invested in a new certificate.

(9) RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is insured, subject to specified limits, for risks of these types of losses, including workers' compensation, general liability, personal property, and errors and omissions, through the Tennessee Municipal League Risk Management Pool. Premiums are based on the District's individual claims history, as well as the claims history of the entire pool.

There have been no settlements in excess of insurance coverage during the three most recent fiscal years.

(10) SUBSEQUENT EVENTS:

Management has evaluated subsequent events through November 9, 2015, the date which these financial statements were available for issue.

SUPPLEMENTARY INFORMATION

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget To Actual Variance</u>
Emergency telephone service charges	\$ 76,000	\$ 49,100	\$ 49,112	\$ 12
911 surcharge base amount	-	176,145	176,145	-
State Emergency Communications Board -				
Shared wireless charge	76,000	26,728	26,728	-
Operational funding	144,000	71,430	71,430	-
State grants	10,000	40,875	40,877	2
Interest income	1,700	2,167	2,200	33
Other income	-	6,668	6,668	-
Total revenues	<u>307,700</u>	<u>373,113</u>	<u>373,160</u>	<u>47</u>
Salaries and Benefits -				
Salaries	55,815	56,688	56,687	1
Bonus pay	400	400	400	-
Payroll taxes	4,344	4,404	4,395	9
Group insurance	18,648	18,648	18,041	607
Retirement	1,680	1,720	1,720	-
	<u>80,887</u>	<u>81,860</u>	<u>81,243</u>	<u>617</u>
Contracted Services -				
Audit services	5,520	5,250	5,250	-
Accounting services	6,000	6,000	5,905	95
Administrative fees	52	77	56	21
Private agency contracted services	720	1,500	1,405	95
911 service provider fees	15,000	16,400	16,317	83
Legal services	6,000	6,000	4,728	1,272
Maintenance agreements	43,200	42,750	36,084	6,666
Communications equipment rental	5,820	6,250	6,181	69
Pest control	480	480	340	140
Office equipment rental	3,000	3,125	3,123	2
Maintenance and repairs -				
Communication equipment	840	8,300	8,263	37
Vehicle	1,200	1,500	1,448	52
Fuel - vehicle	1,980	1,200	1,162	38
	<u>89,812</u>	<u>98,832</u>	<u>90,262</u>	<u>8,570</u>

**MARION COUNTY 9-1-1
EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget To Actual Variance</u>
Supplies and Materials -				
Office supplies	\$ 1,800	\$ 1,800	\$ 1,065	\$ 735
Custodial supplies	1,200	1,724	1,264	460
Postage	240	240	185	55
Utilities	9,540	10,755	10,527	228
Uniforms and shirts	100	120	112	8
Telephone	<u>5,040</u>	<u>6,800</u>	<u>6,686</u>	<u>114</u>
	<u>17,920</u>	<u>21,439</u>	<u>19,839</u>	<u>1,600</u>
Other -				
Dues and memberships	600	1,030	1,030	-
Board meeting expense	2,100	2,100	1,836	264
Insurance	4,220	12,316	12,217	99
Internet charges	2,736	2,736	2,671	65
Premium on surety bonds	600	600	575	25
Training	3,000	2,600	975	1,625
Travel	<u>4,020</u>	<u>5,000</u>	<u>4,729</u>	<u>271</u>
	<u>17,276</u>	<u>26,382</u>	<u>24,033</u>	<u>2,349</u>
Depreciation and amortization	<u>150,000</u>	<u>151,100</u>	<u>151,029</u>	<u>71</u>
Total expenses	<u>355,895</u>	<u>379,613</u>	<u>366,406</u>	<u>13,207</u>
	<u>\$ (48,195)</u>	<u>\$ (6,500)</u>	<u>\$ 6,754</u>	<u>\$ 13,254</u>

INTERNAL CONTROL AND COMPLIANCE SECTION



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

**To the Board of Directors of
Marion County 9-1-1 Emergency Communications District:**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Marion County 9-1-1 Emergency Communications District, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Marion County 9-1-1 Emergency Communications District's basic financial statements, and have issued our report thereon dated November 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Marion County 9-1-1 Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Johnson, Niskey & Menckem, P.C.

November 9, 2015