

**Clarksville Montgomery County E-911
(A Component Unit)
Financial Statements
June 30, 2015**

**Clarksville Montgomery County E-911
(A Component Unit)
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**Clarksville Montgomery County E-911
(A Component Unit)
Board of Directors**

County Members

David Harper
John Smith
Elisabeth Henley

Office

Director
Director
Board Chair

Term Expires

November 2015
November 2016
November 2017

City Members

Suzanne Uffelman
Jimmy Winters
Geno Grubbs

Director
Vice Chair
Director

November 2015
November 2016
November 2017

Other Members

John Fuson
Jimmie Edwards
Al Ansley

Sheriff-Chairman
911 User Board-Chairman
Police Chief

Coterminous
Coterminous
Coterminous

Ex Officio

John Stanley

Clarksville Fire and Rescue

Non-Voting Member

Principal Employee

Shane Givens

Interim Director

Non-Voting Member

**Clarksville Montgomery County E-911
Management's Discussion and Analysis
June 30, 2015**

As Management of the Clarksville Montgomery County E-911 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$3,100,088 (net position).
- The District's total net position increased by \$127,525, due to several factors, including an increase in operating revenues resulting from the Tennessee Emergency Communications Board's allocation of operating revenues with the intent of restoring funding equal to that of 2010. In addition, employee benefits decreased due to several vacant positions along with a health insurance premium holiday for one month of the year.
- As of the close of the current fiscal year, the District's enterprise fund reported ending net position of \$3,100,088, including an increase of \$127,525 due to operations. Approximately 40 percent of this total amount, or \$1,241,896, is available for spending at the government's discretion (unrestricted).

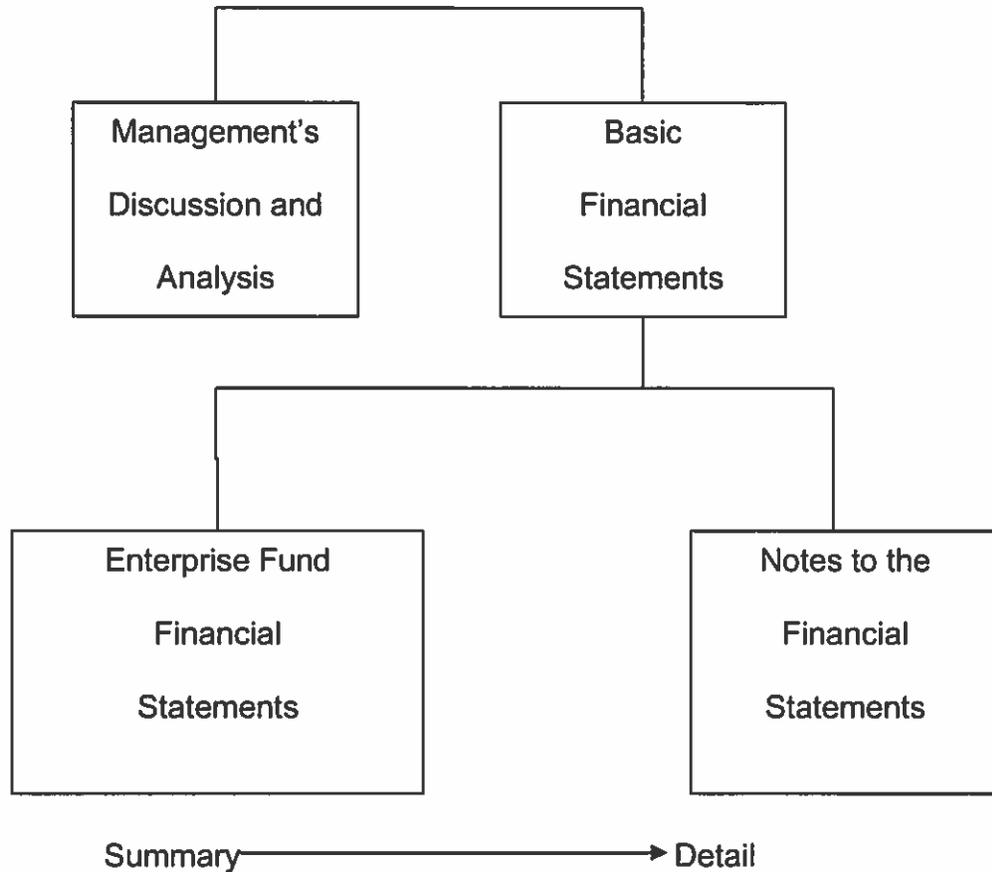
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements, which is comprised of the basic financial statements and the notes to the financial statements. Since the district is comprised of a single enterprise fund, no fund level financial statements are shown. In addition, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the District.

**Clarksville Montgomery County E-911
Management's Discussion and Analysis (continued)
June 30, 2015**

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position which indicates an improved financial position.

**Clarksville Montgomery County E-911
Management's Discussion and Analysis (continued)
June 30, 2015**

Basic Financial Statements (continued)

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows presents information showing how the District's cash balances changed during the fiscal year. The statement details the changes in cash due to operating activities, non-capital financing activities, capital and related financing activities and investing activities.

The next section, Notes to the Financial Statements explain in detail some of the data contained in the basic financial statements. The notes are located on pages 17 through 32.

After the notes, supplemental information is provided to show details about the District's budget to actual comparison and information required by the General Statutes also can be found in this part of the statements. Other information is located on pages 33 through 42.

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the District's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like all proprietary funds in Tennessee, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the District's budget.

Proprietary Funds – The District has one proprietary fund. The District uses its enterprise fund to account for its operations.

**Clarksville Montgomery County E-911
Management's Discussion and Analysis (continued)
June 30, 2015**

Financial Analysis of the District's Funds

**The Clarksville Montgomery County E-911's Statement of Net Position
Figure 2**

	<u>Enterprise Fund Activities</u>	
	<u>2015</u>	<u>2014</u>
Assets		
Current and Other Assets	\$ 1,677,194	\$ 1,917,826
Capital Assets, net	4,086,192	4,292,975
Deferred Outflows	217,708	-
Total Assets	<u>\$ 5,981,094</u>	<u>\$ 6,210,801</u>
 Liabilities		
Current Liabilities	\$ 428,918	\$ 671,296
Other Liabilities and Inflows	2,452,088	2,333,805
	<u>\$ 2,881,006</u>	<u>\$ 3,005,101</u>
 Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 1,806,192	\$ 1,557,974
Restricted	52,000	52,000
Unrestricted	1,241,896	1,595,726
Total Net Position	<u>\$ 3,100,088</u>	<u>\$ 3,205,700</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the District exceeded liabilities by \$3,100,088, and net position increased by \$127,525 for the fiscal year ended June 30, 2015. However, 60% reflects the District's net investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items and restricted net position related to repairs and maintenance to the building. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of \$1,241,896 is unrestricted.

**Clarksville Montgomery County E-911
Management's Discussion and Analysis (continued)
June 30, 2015**

Financial Analysis of the District's Funds (continued)

Several particular aspects of the District's financial operations positively influenced the total unrestricted governmental net assets:

- Continued investment in the E-911 District from Montgomery County and the City of Clarksville.
- Grants obtained from the State of Tennessee's Emergency Communications Board.
- Continued diligence by management to contain expenses.
- Refinancing of the debt that is secured by the E-911 building.

**Clarksville Montgomery County E-911 Changes in Net Position
Figure 3**

	Enterprise Fund Activities	
	2015	2014
Revenues:		
Program Revenues:		
Charges for Services	\$ 398,257	\$ 973,805
Operational Funding	1,400,661	587,786
Grants and Contributions	585,279	636,035
Other	3,759	183,742
Total Revenues	2,387,956	2,381,368
Expenses:		
Operating Expenses	2,182,218	2,230,880
Non Operating Expenses	78,213	72,450
Total Expenses	2,260,431	2,303,330
Increase in Net Position	127,525	78,038
Prior Period Adjustment	(233,137)	-
Net Assets, July 1, 2014	3,205,700	3,127,662
Net Assets, June 30, 2015	\$ 3,100,088	\$ 3,205,700

Budgetary Highlights: During the fiscal year, the District revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

- There were no budget amendments approved by the board in FY15 to increase the overall District appropriation over the original budget.

**Clarksville Montgomery County E-911
Management's Discussion and Analysis (continued)
June 30, 2015**

Financial Analysis of the District's Funds (continued)

Capital Asset and Debt Administration

Capital assets: The District's investment in capital assets for its enterprise fund as of June 30, 2015, totals \$4,086,192 (net of accumulated depreciation). These assets include buildings and improvements, furniture and fixtures, communications equipment and other fixed assets (figure 4).

**District's Capital Assets
(Net of Accumulated Depreciation)
Figure 4**

	Enterprise Fund Activities	
	2015	2014
Building and Improvements	\$ 3,856,171	\$ 3,989,135
Furniture and Fixtures	-	-
Communication Equipment	223,134	290,252
Other Fixed Assets	6,887	13,588
Total	<u>\$ 4,086,192</u>	<u>\$ 4,292,975</u>

Additional information on the District's capital assets can be found in note 3 of the Basic Financial Statements.

Long-term Debt: As of June 30, 2015, the District had total lease payable outstanding of \$2,210,000.

**District's Outstanding Debt
Figure 5**

	Enterprise Fund Activities	
	2015	2014
Lease Payable	<u>\$ 2,210,000</u>	<u>\$ 2,735,000</u>

**Clarksville Montgomery County E-911
Management's Discussion and Analysis (continued)
June 30, 2015**

Financial Analysis of the District's Funds (continued)

The District's total debt decreased by \$525,000 during the past fiscal year, due to the principal payments on the lease payable.

Additional information regarding the District's long-term debt can be found in note 6 beginning on page 28 of this report.

Economic Factors and Next Year's Budgets and Rates

Budget Highlights for the Fiscal Year Ending June 30, 2016

Enterprise Fund: Revenues budgeted in fiscal year 2016 will differ from previous years. The difference is primarily related to a change in the funding source based on a change in the collection of emergency service charges. These charges will now be collected by the Tennessee Emergency Communications Board and distributed to the districts.

Requests for Information

This report is designed to provide an overview of the District's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Interim Director, Shane Givens, at (931) 552-1011.

BLANKENSHIP CPA GROUP, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

To the Board of Directors
Clarksville Montgomery County E-911

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements for the business type activities of the Clarksville Montgomery County E-911, a component unit of Montgomery County, TN, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 misstatements, 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 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.

Independent Auditors' Report (Continued)

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business type activities of Clarksville Montgomery County E-911 as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2-8 and the pension and other post-employment benefits data on pages 33-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Clarksville Montgomery County E-911's basic financial statements. The budgetary comparison schedule on pages 36-37 and the schedules of detailed expenses on pages 38-42 are presented for purposes of additional analysis as required by the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts and are not a required part of the basic financial statements.

The schedules of detailed expenses and budgetary comparison schedule 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

Independent Auditors' Report (Continued)

the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of detailed expenses and budgetary comparison schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2016, on our consideration of Clarksville Montgomery County E-911 internal control over financial reporting and on our tests 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 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 Clarksville Montgomery County E-911's internal control over financial reporting and compliance.

Blankenship CPA Group, PLLC
May 20, 2016

**Clarksville Montgomery County E-911
(A Component Unit)
Statement of Net Position
June 30, 2015**

ASSETS

Current Assets

Cash	\$ 1,593,968
Prepaid Expenses	83,226
Total Current Assets	<u>1,677,194</u>

Capital Assets

Building and Improvements	5,314,855
Communications Equipment	390,528
Other Capital Assets	52,120
Total Capital Assets	<u>5,757,503</u>
Accumulated Depreciation	<u>(1,671,311)</u>
Net Capital Assets	<u>4,086,192</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pension	<u>217,708</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,981,094</u>

Clarksville Montgomery County E-911
(A Component Unit)
Statement of Net Position (Continued)
June 30, 2015

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 22,503
Accrued Payroll	40,116
Payroll Deductions Payable	9,755
Compensated Absences Payable	71,544
Capitalized Lease Obligations - Current	285,000
Total Current Liabilities	428,918
Noncurrent Liabilities	
Lease Payable to City- Long Term	1,925,000
Net Pension Liability	206,216
Net Other Post Employment Benefits	62,932
Total Noncurrent Liabilities	2,194,148
Total Liabilities	2,623,066

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows from Debt Reduction	70,000
Deferred Inflows Related to Pension	187,940
Total Deferred Inflows of Resources	257,940

NET POSITION

Net Position	
Net Investment in Capital Assets	1,806,192
Restricted Net Assets	52,000
Unrestricted	1,241,896
Total Net Position	3,100,088
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 5,981,094

**Clarksville Montgomery County E-911
(A Component Unit)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015**

Operating Revenue	
Emergency Telephone Service Charge	\$ 236,843
Tennessee Emergency Communications Board - Shared Wireless Charge	161,414
Tennessee Emergency Communications Board - Operational Funding	1,221,982
Rental Income	178,679
Total Operating Revenues	<u>1,798,918</u>
Operating Expenses	
Salaries and Wages (see Exhibit 1)	1,171,631
Employee Benefits (see Exhibit 2)	449,148
Contracted Services (see Exhibit 3)	206,362
Supplies and Materials (see Exhibit 4)	90,006
Other Charges (see Exhibit 5)	58,288
Depreciation	206,783
Total Operating Expenses	<u>2,182,218</u>
Operating Loss	<u>(383,300)</u>
Nonoperating Revenues and (Expenses)	
Interest Income	3,759
Contributions from Primary Government	477,473
Tennessee Emergency Communications Board - Grants and Reimbursements	107,806
Interest Expense	(78,213)
Total Nonoperating Revenues and (Expenses)	<u>510,825</u>
Increase in Net Position	<u>127,525</u>
Net Position, Beginning of Year	3,205,700
Prior Period Adjustment	(233,137)
Net Position, Beginning of Year as Restated	<u>2,972,563</u>
Net Position, End of Year	<u>\$ 3,100,088</u>

**Clarksville Montgomery County E-911
(A Component Unit)
Statement of Cash Flows
For the Year Ended June 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Surcharges and Other Revenues	\$ 1,797,681
Cash Payments for Payroll, Taxes and Benefits	(1,658,810)
Cash Payments to Suppliers for Goods and Services	(439,787)
Rental Income	178,679
Net Cash Used in Operating Activities	<u>(122,237)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contributions from Primary Government	477,473
Grants/Reimbursements Tennessee Emergency Communications Board	107,806
Net Cash Provided by Noncapital Financing Activities	<u>585,279</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Contribution from Tennessee Emergency Communications Board	-
Interest Paid on Long-Term Debt	(88,213)
Principal Paid on Bonds Payable	(525,000)
Net Cash Used in Capital and Related Financing Activities	<u>(613,213)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>3,759</u>
Net Cash Provided by Investing Activities	<u>3,759</u>
NET DECREASE IN CASH	(146,412)
CASH AT BEGINNING OF YEAR	1,740,380
CASH AT END OF YEAR	<u><u>\$ 1,593,968</u></u>

**Clarksville Montgomery County E-911
(A Component Unit)
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2015**

**RECONCILIATION OF NET OPERATING LOSS TO
CASH USED IN OPERATING ACTIVITIES**

Operating Loss	\$ (383,300)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation	206,783
Change in accounts receivable	177,441
Change in prepaid expenses	(83,226)
Change in deferred outflows	(217,708)
Change in accounts payable	(1,909)
Change in OPEB obligations	19,127
Change in payroll deductions	(1,760)
Change in compensated absences	3,403
Change in accrued payroll	(2,112)
Change in net pension liability	(26,921)
Change in deferred inflows related to pension	187,940
Total Adjustments	<u>261,058</u>
Net Cash Used in Operating Activities	<u>\$ (122,242)</u>

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements
For the Year Ended June 30, 2015**

Note 1 – Summary of Significant Accounting Policies

Organization

The Clarksville Montgomery County E-911 District (the District) was created as a "Municipality" or public corporation under authority of the provisions of Chapter 867 of the Tennessee Public Acts of 1984, and approved by the voters of Montgomery County, Tennessee on November 4, 1986. The powers of the District are vested in and exercised by a majority of the members of the Board of Directors. The Board consists of nine (9) members comprised of the County Sheriff, the Clarksville Chief of Police, the chairman of the E-911 user group, three (3) members (one of whom shall be a County Commissioner) nominated by the County Executive and approved by the Montgomery County Board of Commissioners, and three (3) members (one of whom shall be a member of the City Council) nominated by the Mayor and approved by the City Council. The District is considered a political sub-division of the County, and is exempt from Federal and State income tax.

Reporting Entity

The District, a component unit of Montgomery County, provides emergency communications and dispatch services for all fire, law enforcement and other emergency departments within the County. The District is a component unit of Montgomery County because it is fiscally dependent on the County. The District cannot issue bonded debt without approval of the County and it cannot adjust the rate of service charges without the County Commission's approval. The governing board of the District is appointed equally by the City and County and a substantial portion of operating revenues are provided by allocations from Montgomery County. The District's financial statements include only the assets and operations of the District, and do not include any other fund, organization, agency or department of the City or County.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

District operations are accounted for on an economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

The District's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and in conformity with all applicable GASB pronouncements.

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 1 – Summary of Significant Accounting Policies (continued)

Operating Revenues and Expenses

The accounts of the District are organized as a proprietary governmental fund. A proprietary fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs of providing services to the general public covered by the District are financed through user charges. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's ongoing operations.

The major sources of operating revenue through December 31, 2014 were customer service charges, shared wireless charges and operating subsidies. There was also other income that was considered substantial.

(1) Customer Service Charges

A monthly subscriber fee is added to each telephone line in Montgomery County. The charge is billed and collected by the telephone company and is remitted to the District after a deduction of a 1% administrative fee.

(2) Shared Wireless Charges

A monthly wireless E-911 fee is collected by the State of Tennessee from wireless customers and is remitted to the District.

(3) Operating Subsidies

The District receives an operating subsidy from the Tennessee Emergency Communications Board.

(4) Other Income

The District also receives rent from the City and County on the E-911 building as well as compensation for dispatch services provided from the County.

As of January 1, 2015, all customer service and shared wireless charges are received by the Tennessee Emergency Communications Board. The Board then forwards an allocation of these funds to each district. The amount of the allocation is recalculated annually.

Operating expenses for enterprise funds include expenses incurred relating to the operation and maintenance of its system. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets and Depreciation

Capital assets are recorded at cost. Capital expenditures of \$10,000 or more and certain sensitive equipment, such as computer equipment, are capitalized for future depreciation. General equipment costing less than \$10,000 is an expense of the period when placed in service. Computer software is not considered capital equipment. Depreciation and accumulated depreciation are recorded on capitalized equipment. Assets are depreciated using the straight-line basis, and a 5-40 year expected useful life as required by the Accounting and Financial Reporting Manual. The District capitalizes all significant purchases over the capitalization amount with a useful life greater than five years.

Budgets and Budgetary Accounting

The District board of directors formally approves the budget. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The District is required by Section 7-86-120, Tennessee Code Annotated, to adopt and operate under an annual budget. In addition, the Accounting and Financial Reporting Manual for Tennessee Emergency Communication Districts established the legal level of control, which is defined to be at the line item.

Budgeted amounts lapse at the end of the fiscal year and no unexpended balances are carried to the subsequent year.

A statement of comparison for the budgeted and actual revenues and expenditures is included in the Supplementary Information section of this report.

The budget was amended during the year by vote of the Board of Directors.

Leave Policies

Annual leave is accrued on a monthly basis from the effective date of an employee's appointment. Annual leave may be accrued up to a maximum 160 hours for less than 5 years of employment, 192 hours for 5-10 years of employment, and 200 hours for more than 10 years employment. At the end of each month, accrued hours for each employee in excess of the maximum are transferred to sick leave. On termination of employment, the District pays an accrued vacation leave in a lump sum cash payment to such employee. All accrued compensated absences are shown on the statement of net position as short-term liabilities since a reasonable estimation of the long-term portion cannot be made.

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 1 – Summary of Significant Accounting Policies (continued)

Leave Policies (continued)

Sick leave is accumulated on a monthly basis from the effective date of an employee's appointment. Employees may accrue an unlimited number of hours. On termination of employment of any employee, for any reason except retirement, all sick leave is forfeited. On retirement of an employee, accrued sick leave is credited toward extending the computation of longevity. Accrued sick leave is not included as a liability in the statement of net position.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

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 employee and natural disasters. The District has elected to obtain various insurance policies to transfer risk to a commercial insurance company either directly or through the Tennessee County Services Association Pool. Insurance settlements have not been in excess of insurance coverage in any of the prior three fiscal years. Insurance for the District is included in the policies written for Montgomery County and the City of Clarksville.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Funds

Cash funds of the District are combined with other County funds and managed by the County Trustee. Interest earned on these combined cash funds is allocated as directed by the County Commissioners. Interest income of \$3,759 was allocated to the District during the current year.

Deferred Inflows

A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of revenue until that time. A deferred outflow of resources represents consumption of resources that is applicable to future reporting periods.

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 1 – Summary of Significant Accounting Policies (continued)

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

Note 2 – Cash Deposits

Cash deposits are carried at cost which approximates fair value. The carrying amount of deposits is separately displayed on the statement of net position as \$1,593,968.

Custodial credit risk for the District's deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At June 30, 2015, a portion of the deposits of the District were held by the Montgomery County Trustee in a combined fund with other Montgomery County deposits. The deposits of Montgomery County Trustee that exceed FDIC insurance limits are further insured by securities set aside as collateral and pledged to the State Treasurer of the State of Tennessee. This pledging is accomplished as prescribed by Tennessee State Code, Public Funds Collateral Pool Board.

State statutes authorize the District to invest in obligations of the federal government, federal agencies, state government, the state investment pool, certificates of deposit, other time deposits and repurchase agreements. The District's investment policy - via Montgomery County - follows state law which authorizes investments for emergency communications districts in Tennessee Code Annotated Section 5-8-301.

The District's deposits with financial institutions consist of the following at June 30, 2015:

	Maturity Date	Interest Rate	Carrying Amount	Bank Balance
Cash:				
Held in Pooled				
Checking	n/a	variable	<u>\$ 1,593,968</u>	<u>\$ 1,601,957</u>

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 3 – Capital Assets

Capital assets consisted of the following at June 30, 2015:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Buildings and Improvements	\$ 5,314,855	\$ -	\$ -	\$ 5,314,855
Accumulated Depreciation - Buildings and Improvements	(1,325,720)	(132,964)	-	(1,458,684)
Communications Equipment	390,528	-	-	390,528
Accumulated Depreciation - Communications Equipment	(100,276)	(67,118)	-	(167,394)
Other Capital Assets	52,120	-	-	52,120
Accumulated Depreciation - Other Capital Assets	<u>(38,532)</u>	<u>(6,701)</u>	<u>-</u>	<u>(45,233)</u>
Net Capital Assets	<u>\$ 4,292,975</u>	<u>\$ (206,783)</u>	<u>\$ -</u>	<u>\$ 4,086,192</u>

Note 4 – Operating Lease and Related Party Transactions

The District leases the second floor of the E-911 Building to Montgomery County, Tennessee, a related party. The two year agreement was entered into for the period from July 1, 2013 to June 30, 2015 at \$6,533 per month. An additional agreement was signed requiring the lessee to pay a portion of the utility costs, maintenance salaries, custodial supplies, and trash collection on an annual basis. The monthly reimbursement of \$3,710 for the current year was based on the prior year's costs in accordance with this agreement. The County signed a new two year lease effective July 1, 2015. The monthly rent and utilities reimbursement amounts remained the same.

The District also signed interlocal agreements with Montgomery County to receive compensation for dispatch services provided by the District. The interlocal agreement for the dispatch services was in place from July 1, 2014 through June 30, 2015 at \$39,789 per month. A new agreement was signed for the upcoming year ending June 30, 2016 with a monthly fee of \$42,973. There were no amounts due to or from Montgomery County at June 30, 2015.

The City of Clarksville paid the District \$4,546 rent per month during the year in agreement with a one year lease ending June 30, 2015. This lease was renewed for an additional year at \$5,000 per month.

See note 6 for an additional related party transaction with the City of Clarksville.

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 5 – Pension Plan

General Information about the Plan

Plan Description

Employees of Clarksville Montgomery County E-911 are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's 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 second 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 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, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	26
Active employees	31
	68

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 5 – Pension Plan (continued)

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The District adopted a noncontributory retirement plan whereby it assumes the employee contributions up to five percent of annual covered payroll. Clarksville Montgomery County E-911 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 Clarksville Montgomery County E-911 were \$132,269 based on a rate of 12.01 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Clarksville Montgomery County E-911'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)

Clarksville Montgomery County E-911 net pension liability as of June 30, 2015 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 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, 2015 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.

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 5 – Pension Plan (continued)

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%
		<u>100%</u>

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 Clarksville Montgomery County E-911 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.

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 5 – Pension Plan (continued)

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)

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2013	\$ 2,926,682	\$ 2,557,626	\$ 369,056
Changes for the year:			
Service cost	78,598	-	78,598
Interest	222,679	-	222,679
Difference Between Expected and Actual Experience	99,679	-	99,679
Contributions - Employer	-	135,919	(135,919)
Contributions - Employees	-	-	-
Net Investment Income	-	429,082	(429,082)
Benefit Payments, Including Refunds of Employee Contributions	(72,457)	(72,457)	-
Administrative expense	-	(1,205)	1,205
Net changes	328,499	491,339	(162,840)
Balance at June 30, 2014	\$ 3,255,181	\$ 3,048,965	\$ 206,216

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Clarksville Montgomery County

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 5 – Pension Plan (continued)

E-911 calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Clarksville Montgomery County E911's Net Pension Liability	\$ 755,712	\$ 206,216	\$ (239,097)

Pension expense

For the year ended June 30, 2015, Clarksville Montgomery County E-911 District recognized pension expense of \$75,580.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 85,439	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	187,940
Contributions Subsequent to the Measurement Date of June 30, 2015	132,269	-
Total	<u>\$ 217,708</u>	<u>\$ 187,940</u>

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 5 – Pension Plan (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as increases or (decreases) to pension expense as follows:

For the Year Ended June 30:	
2016	\$ (32,745)
2017	(32,745)
2018	(32,745)
2019	(65,490)
2020	14,240
Thereafter	14,240

Payable to the Pension Plan

At June 30, 2015, Montgomery County Emergency Communications District reported a payable of \$206,216 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

Note 6 – Long-Term Debt

In 2001, an interlocal agreement was signed by the City of Clarksville and the District whereby the City of Clarksville agreed to furnish the land and issue revenue bonds in the amount of \$5,200,000 for the construction of the new emergency dispatch center. The District became responsible for reimbursing the City for the debt service to retire the revenue bonds. When the debt service is retired, the City will transfer title to the land and building to the District in fee simple free of all liens and encumbrances. This agreement constitutes a lease purchase; and, therefore, a liability for the amount of the bond payable still outstanding for the City is recorded on the District's books. The asset is included in buildings and improvements as disclosed in Note 3.

In 2014, the City reissued these bonds. The bonds were reissued at a lower interest rate and at a premium which reduced the City's debt obligation by \$80,000. See Note 7.

The interlocal agreement calls for the payments of the debt service to be due annually on June 1 and December 1 until 2022. The interest rate varies on this debt from 3% - 4% based on the rate of interest paid by the City on the bond issue.

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 6 – Long-Term Debt (continued)

Annual debt service requirements to maturity are as follows:

<u>Year Ending</u>	<u>Lease Payable</u>	
	<u>Principal</u>	<u>Interest</u>
June 30, 2016	\$ 285,000	\$ 72,100
June 30, 2017	295,000	60,700
June 30, 2018	305,000	48,900
June 30, 2019	315,000	39,750
June 30, 2020	325,000	30,300
Thereafter	685,000	31,050
Total	<u>\$ 2,210,000</u>	<u>\$ 282,800</u>

Long-Term debt for the year ended June 30, 2015 is as follows:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2015</u>	<u>Due Within One Year</u>
Due to City of Clarksville	\$ 2,735,000	\$ -	\$ (525,000)	\$ 2,210,000	\$ 285,000
Total	<u>\$ 2,735,000</u>	<u>\$ -</u>	<u>\$ (525,000)</u>	<u>\$ 2,210,000</u>	<u>\$ 285,000</u>

The total interest incurred on these liabilities for the year ending June 30, 2015 was \$88,213. This amount was reduced by the \$10,000 deferred inflow resulting from the debt restructure on the financial statements.

Note 7 – Deferred Inflows From Debt Reduction

In 2014, the City reissued the bonds issued for the construction of the emergency communications building. The bonds were reissued at a lower interest rate and at a premium which reduced the City's debt obligation by \$80,000. Accordingly, the City passed through the debt reduction to the District. This reduction is reported on the Statement of Net Position as deferred inflows and is being recorded as a \$10,000 per year reduction in interest expense over the remaining life of the bonds beginning June 30, 2015.

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 8 – Other Postemployment Benefits (OPEB)

Self-Insurance Plan

Plan Description

All full-time employees and eligible retirees of the primary government of Montgomery County including the emergency communications district are eligible to participate in the health and dental insurance cost sharing plan accounted for in the Self-Insurance Fund (internal service fund). For accounting purposes, the plan is an agent single-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee established by the County Commission.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The county develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums.

An employee who retires from Montgomery County becomes eligible for retiree health coverage if they have 20 years of service and were enrolled in the health insurance program for at least two years. Montgomery County pays a portion of the premium for retirees and their spouses. Once the retirees or their dependent(s) become eligible for Medicare, the county coverage will become the secondary insurance provider.

Annual OPEB Cost and Net OPEB Obligation

Annual Required Contribution	\$ 22,034
Interest on the Net OPEB Obligation	1,752
Adjustment on Annual Required Contributions	<u>(1,748)</u>
Annual OPEB Cost	22,038
Amount of Contribution	<u>(2,911)</u>
Increase/Decrease in Net OPEB Obligation	19,127
Net OPEB Obligation, July 1, 2014	<u>43,805</u>
 Net OPEB Obligation, June 30, 2015	 \$ <u><u>62,932</u></u>

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 8 – Other Postemployment Benefits (OPEB) (continued)

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, was as follows:

Actuarial Valuation Date	<u>July 1, 2014</u>
Actuarial Accrued Liability (AAL)	\$ 185,142
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	185,142
Actuarial Value of Assets as a Percentage of AAL	0.00%
Covered Payroll	\$ 1,125,349
Unfunded Actuarial Accrued Liability as a % of Covered Payroll	16.45%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 6.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost of 9% grading 6% over 6 years for 2012, with the assumption that annual medical costs will increase eight percent per year.

Note 9 – Subsequent Events

Management has evaluated subsequent events through May 20, 2016, which is the date the financial statements were available to be issued.

**Clarksville Montgomery County E-911
(A Component Unit)
Notes to Financial Statements (continued)
For the Year Ended June 30, 2015**

Note 10 – New Accounting Standard and Prior Period Adjustment

The District adopted the provisions of GASB No. 68 during the current year. This statement requires governmental organizations to recognize an asset or liability based upon the actuarial present value of accrued pension benefits earned to the actual assets of the pension plan. The adoption of this statement resulted in an increase to beginning net position of \$233,137.

REQUIRED SUPPLEMENTARY INFORMATION

**Clarksville Montgomery County E-911
Schedule of Contributions
Based on Participation in the Public Employee Pension Plan of TCRS
Last Fiscal Year Ending June 30**

	2014
Actuarially Determined Contribution	\$ 57,371
Contributions in Relation to the Actuarially Determined Contribution	57,371
Contribution Deficiency (Excess)	<u><u>-</u></u>
 Covered-Employee Payroll	 <u><u>\$ 538,194</u></u>
 Contributions As a Percentage of Covered-Employee Payroll	 <u><u>10.66%</u></u>

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	8 years
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary Increases	Graded salary ranges form 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

**Clarksville Montgomery County E-911
Schedule of Changes in Net Pension Liability
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	\$ 20,409
Interest	29,577
Changes in Benefit Terms	-
Differences Between Actual & Expected Experience	107,611
Change of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(19,039)</u>
Net Change in Total Pension Liability	<u>138,558</u>
Total Pension Liability - July 1, 2013	<u>383,467</u>
Total Pension Liability - June 30, 2014	<u><u>\$ 522,025</u></u>
Plan Fiduciary Net Position	
Contributions-Employer	\$ 57,371
Net Investment Income	61,687
Benefit Payments, Including Refunds of Employee Contributions	(19,039)
Administrative Expense	<u>(464)</u>
Net Change in Plan Fiduciary Net Position	<u>99,555</u>
Plan Fiduciary Net Position - July 1, 2013	<u>353,347</u>
Plan Fiduciary Net Position - June 30, 2014	<u><u>\$ 452,902</u></u>
Net Pension Liability - June 30, 2014	<u><u>\$ 69,123</u></u>
Plan Fiduciary Net Position As a Percentage of Total Pension Liability	<u><u>86.76%</u></u>
Covered-Employee Payroll	<u><u>\$ 538,194</u></u>
Net Pension Liability (Asset) As a Percentage of Covered-Employee Payroll	<u><u>12.84%</u></u>

Clarksville Montgomery County E-911
Schedule of Funding Progress in Other Post-Employment Benefits
For the Year Ending June 30, 2015

Fiscal Year	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6/30/2014	Emergency Communications District	\$ 22,038	13.21%	\$ 62,932
6/30/2013	Emergency Communications District	\$ 20,465	13.17%	\$ 43,805
6/30/2012	Emergency Communications District	\$ 14,814	1.73%	\$ 26,035
6/30/2011	Emergency Communications District	\$ 13,674	1.73%	\$ 11,477

SUPPLEMENTARY INFORMATION

**Clarksville Montgomery County E-911
(A Component Unit)
Budgetary Comparison Schedule
For the Year Ended June 30, 2015**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE OVER (UNDER)
Operating Revenues				
Emergency Telephone Service Charge	\$ 515,000	\$ 515,000	\$ 236,843	\$ (278,157)
TECB - Shared Wireless Charge	210,000	210,000	161,414	(48,586)
TECB - Operational Funding	932,550	932,550	1,221,982	289,432
Rental Income	176,575	176,575	178,679	2,104
Other Operating Revenues	300	300	-	(300)
Total Operating Revenues	1,834,425	1,834,425	1,798,918	(35,507)
Operating Expenses				
Salaries and Wages				
Director	68,921	69,471	69,451	(20)
Dispatchers	1,014,065	994,840	977,406	(17,434)
Maintenance Personnel	70,845	70,845	70,844	(1)
Overtime Pay	40,700	54,200	52,440	(1,760)
Part-time Personnel	-	1,500	1,490	(10)
Total Salaries and Wages	1,194,531	1,190,856	1,171,631	(19,225)
Employee Benefits				
Social Security	65,940	68,015	67,444	(571)
Medicare	15,300	16,150	15,774	(376)
Life Insurance	951	1,701	1,632	(69)
Medical Insurance	296,750	278,750	269,591	(9,159)
Unemployment Compensation	7,500	7,500	-	(7,500)
Retirement Contributions	142,000	142,000	75,580	(66,420)
Longevity Pay	1,000	1,000	19,127	18,127
Other Fringe Benefits	672	672	-	(672)
Total Employee Benefits	530,113	515,788	449,148	(66,640)
Contracted Services				
Addressing/Mapping	20,000	18,850	7,500	(11,350)
Audit Services	10,425	9,700	9,700	-
Fees Paid to Service Providers	1,000	1,350	1,203	(147)
Legal Services	2,000	30,000	17,147	(12,853)
Maintenance Agreements	95,000	95,000	89,095	(5,905)
Lease/Rental - Communications Equipment	69,480	66,480	66,120	(360)
Lease/Rental - Office Equipment	3,450	3,450	3,240	(210)
Maintenance and Repairs - Communication Equipment	5,000	5,000	1,013	(3,987)
Maintenance and Repairs - Buildings and Facilities	20,000	14,000	8,994	(5,006)
Maintenance and Repairs - Office Equipment	550	550	-	(550)
Other Contracted Services	1,200	3,100	2,350	(750)
Total Contracted Services	\$ 228,105	\$ 247,480	\$ 206,362	\$ (41,118)

**Clarksville Montgomery County E-911
(A Component Unit)
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2015**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE OVER (UNDER)
Operating Expenses (continued)				
Supplies and Materials				
Office Supplies	\$ 2,500	\$ 2,500	\$ 1,729	\$ (771)
Custodial Supplies	8,000	8,000	5,545	(2,455)
Data Processing Supplies	2,000	2,000	-	(2,000)
Small Equipment Purchases	3,000	3,000	-	(3,000)
Utilities - Electric	58,000	60,000	59,513	(487)
Utilities - Water and Sewer	2,500	2,500	2,324	(176)
Utilities - General Telephone	22,000	20,000	15,301	(4,699)
Other Supplies and Materials	5,000	5,681	5,594	(87)
Total Supplies and Materials	103,000	103,681	90,006	(13,675)
Other Charges				
Dues and Memberships	2,500	1,919	784	(1,135)
Insurance - Liability	25,000	25,000	24,524	(476)
Insurance - Buildings and Contents	8,000	8,000	7,753	(247)
Licenses and Fees	200	200	55	(145)
Premiums on Surety Bonds	450	1,175	633	(542)
Public Education	2,500	2,500	2,160	(340)
Service Awards	800	800	632	(168)
Training Expenses	30,000	30,000	21,747	(8,253)
Trustee Commission	19,000	16,800	-	(16,800)
Total Other Charges	88,450	86,394	58,288	(28,106)
Depreciation Expense	206,784	206,784	206,783	(1)
Total Operating Expenses	2,350,983	2,350,983	2,182,218	(168,765)
Operating Income (Loss)	(516,558)	(516,558)	(383,300)	133,258
Nonoperating Revenues				
Interest Income	2,600	2,600	3,759	1,159
Contributions from Primary Government	477,473	477,473	477,473	-
TECB - Grants and Reimbursements	130,654	130,654	107,806	(22,848)
Total Nonoperating Revenues	610,727	610,727	589,038	(21,689)
Nonoperating Expenses				
Interest Expense	88,214	88,214	78,213	(10,001)
Total Nonoperating Expenses	88,214	88,214	78,213	(10,001)
Increase in Net Position	5,955	5,955	127,525	\$ 121,570
Net Position, Beginning of Year	3,205,700	3,205,700	3,205,700	
Prior Period Adjustment	(233,137)	-	(233,137)	
Net Position, End of Year	\$ 2,978,518	\$ 3,211,655	\$ 3,100,088	

**Clarksville Montgomery County E-911
(A Component Unit)
Exhibit 1 - Schedule of Salaries and Wages
For the Year Ended June 30, 2015**

Director	\$ 69,451
Dispatchers	977,406
Maintenance Personnel	70,844
Overtime Pay	52,440
Part-time Personnel	1,490
Total Salaries and Wages	<u>\$ 1,171,631</u>

**Clarksville Montgomery County E-911
(A Component Unit)
Exhibit 2 - Schedule of Employee Benefits
For the Year Ended June 30, 2015**

Social Security	\$ 67,444
Medicare	15,774
Life Insurance	1,632
Medical Insurance	269,591
Retirement Contributions	75,580
Other Postemployment Benefits	19,127
Total Employee Benefits	<u>\$ 449,148</u>

**Clarksville Montgomery County E-911
(A Component Unit)
Exhibit 3 - Schedule of Contracted Services
For the Year Ended June 30, 2015**

Addressing/Mapping Expense	\$ 7,500
Audit Services	9,700
Fees Paid to Service Providers	1,203
Legal Services	17,147
Lease/Rental - Communications Equipment	66,120
Lease/Rental - Office Equipment	3,240
Maintenance Agreements	89,095
Maintenance and Repairs - Communications Equipment	1,013
Maintenance and Repairs - Buildings and Facilities	8,994
Other Contracted Services	2,350
Total Contracted Services	<u>\$ 206,362</u>

**Clarksville Montgomery County E-911
(A Component Unit)
Exhibit 4 - Schedule of Supplies and Materials
For the Year Ended June 30, 2015**

Office Supplies	\$ 1,729
Custodial Supplies	5,545
Utilities - Electric	59,513
Utilities - Water and Sewer	2,324
Utilities - General Telephone	15,301
Other Supplies and Materials	5,594
Total Supplies and Materials	<u>\$ 90,006</u>

**Clarksville Montgomery County E-911
(A Component Unit)
Exhibit 5 - Schedule of Other Charges
For the Year Ended June 30, 2015**

Dues and Memberships	\$ 784
Insurance - Liability	24,524
Insurance - Buildings and Contents	7,753
Licenses and Fees	55
Premiums on Surety Bonds	633
Public Education	2,160
Service Awards	632
Training Expenses	21,747
Total Contracted Services	<u>\$ 58,288</u>

BLANKENSHIP CPA GROUP, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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
Clarksville Montgomery County E-911

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audit contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of business-type activities of Clarksville Montgomery County E-911 ("The District" - a component unit of Montgomery County) as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise The District's basic financial statements and have issued our report thereon dated May 20, 2016.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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.

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 (continued)

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. We consider the deficiency described in the accompany schedule of findings and responses as 2015-1 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The District's financial statements are free from 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 an instance of noncompliance or another matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses in 2015-1.

The District's Response to Findings

Clarksville Montgomery County E-911's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blankenship CPA Group, PLLC

May 20, 2016

**Clarksville Montgomery County E-911
(A Component Unit)
Schedule of Findings and Responses
June 30, 2015**

Finding 2015-1 (Repeat Finding) – Internal Control and Compliance with Budget

Condition: In the course of performing our audit, we noted one instance where expenses were accrued at year end causing line items to be over budget by an immaterial amount.

Criteria: TCA 7-86-120 states "...no district may expense any moneys regardless of their source, including moneys derived from bond and long-term debt proceeds, general, state or private grants or loans, or special assessments, except in accordance with a budget adopted under this section."

Effect: The effect was an expense line item that was over budget by an immaterial amount.

Recommendation: We recommend that year end expenses and accruals be analyzed closely to determine if approved budget amendments are needed by June 30 to prevent line items from being reported over budget. The District might also consider budgeting on a cash basis.

Response: We concur.

**Clarksville Montgomery County E-911
(A Component Unit)
Disposition of Prior Year Findings
June 30, 2015**

Finding 2014-1 – Internal Control over Financial Reporting

Condition: In the course of performing our previous audit, we noted two instances where the internal controls did not detect that debt was incorrectly recorded. Debt appeared to be recorded correctly in the current year.