

**RUTHERFORD COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

MURFREESBORO, TENNESSEE

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

JUNE 30, 2015

C O N T E N T S

I.	INTRODUCTORY SECTION –		
	Board of Directors and Management Officials		i
II.	FINANCIAL SECTION -		
	Independent Auditor's Report	Page	1-2
	Statement of Net Position		3
	Statement of Revenues, Expenses and Changes in Fund Net Position.....		4-5
	Statement of Cash Flows		6
	Notes to Financial Statements		7-18
	Required Supplementary Information -		
	Post-Employment Benefits Schedule of Funding Progress		19
	Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS		20
	Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS		21
	Supplementary Information -		
	Comparison of Actual Cash Receipts and Disbursements to Cash Budget		22-23
III.	INTERNAL CONTROL AND COMPLIANCE SECTION -		
	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>		24-25

INTRODUCTORY SECTION

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Board of Directors and Management Officials (unaudited)

June 30, 2015

Glenn Chrisman, Chairman

Mike Walker, Vice-Chairman

John Hood, Treasurer

Mike Nunley, Secretary

Kevin Arnold

Robert Arnold

Ernest Burgess

Cumbey Gaines

Elijah Stuard

Steve Smith, Director

FINANCIAL SECTION



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

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Donna K. Hastings, CPA, CSEP

James R. Jobe, CPA

Joel H. Jobe (1944 – 2006)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rutherford County Emergency Communications District
Murfreesboro, Tennessee

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 of 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 of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Rutherford County Emergency Communications District 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.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the post-employment benefits data and the pension data on pages 19 through 21 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 Rutherford County Emergency Communications District's basic financial statements. The introductory section and the comparison of actual cash receipts and disbursements to cash budget schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and the comparison of actual cash receipts and disbursements to cash budget schedule have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2015, on our consideration of Rutherford County 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 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 Rutherford County Emergency Communications District's internal control over financial reporting and compliance.


Certified Public Accountants

Murfreesboro, Tennessee
October 8, 2015

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Statement of Net Position

June 30, 2015

ASSETS

Current Assets -	
Cash	\$ 1,798,216
Certificates of deposit	3,000,010
Accrued interest receivable	928
Prepaid expenses	58,247
Total Current Assets	\$ <u>4,857,401</u>
Noncurrent Assets -	
Capital Assets -	
Building and improvements	\$ 1,200,456
Furniture and fixtures	45,757
Office equipment	30,077
Communications equipment	1,134,099
Vehicles	48,775
Other capital assets	494,105
	\$ <u>2,953,269</u>
Less: accumulated depreciation	<u>1,522,094</u>
	\$ <u>1,431,175</u>
Land	17,500
Total Noncurrent Assets	\$ <u>1,448,675</u>
Total Assets	\$ <u>6,306,076</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension changes in experience	\$ 17,053
Pension other deferral	<u>29,136</u>
Total Deferred Outflows of Resources	\$ <u>46,189</u>
Total Assets and Deferred Outflows of Resources	\$ <u>6,352,265</u>

LIABILITIES

Current Liabilities -	
Compensated absences payable	\$ 34,695
Unearned revenue	<u>832,083</u>
Total Current Liabilities	\$ <u>866,778</u>
Noncurrent Liabilities	
Net pension liability	\$ 54,472
Net other postemployment benefits obligation	<u>64,318</u>
Total Noncurrent Liabilities	\$ <u>118,790</u>
Total Liabilities	\$ <u>985,568</u>

DEFERRED INFLOW OF RESOURCES

Pension changes in investment earnings	\$ <u>36,006</u>
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NET POSITION

Net Position -	
Investment in capital assets	\$ 1,448,675
Unrestricted	<u>3,882,016</u>
Total Net Position	\$ <u>5,330,691</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ <u>6,352,265</u>

See notes to financial statements.

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Statement of Revenues, Expenses and Changes in Fund Net Position

For the Year Ended June 30, 2015

Operating Revenues -	
Emergency telephone service charge	\$ 1,020,025
Tennessee Emergency Communications Board - shared wireless charge	245,968
Tennessee Emergency Communications Board - operational funding	172,575
	<u>\$ 1,438,568</u>
Operating Expenses -	
Salaries and Wages -	
Salaries and wages - director	\$ 98,776
Salaries and wages - administrative personnel	193,144
	<u>\$ 291,920</u>
Employee Benefits -	
Social Security	\$ 17,064
Medicare	3,991
Life insurance	167
Medical insurance	35,520
Retirement contributions	11,068
Other postemployment benefit expense	10,108
Other fringe benefits - longevity pay	1,550
	<u>\$ 79,468</u>
Contracted Services -	
Address/mapping expenses	\$ 50,000
Audit services	8,150
Administrative fees - service charges	5,634
Contracts with government agencies	20,460
Contracts with private agencies	681
Fees paid to service providers	587,242
Janitorial services	4,568
Legal services	8,000
Maintenance agreements	47,758
Mapping/data base consultants	23,194
Pest control	220
Lease/rental - buildings and facilities	7,101
Maintenance and repairs - communications equipment	2,153
Maintenance and repairs - buildings and facilities	22,770
Maintenance and repairs - vehicles	656
Fuel - vehicles	1,408
Other contracted services	51,839
	<u>\$ 841,834</u>
Supplies and Materials -	
Office supplies	\$ 3,588
Custodial supplies	1,037
Postal charges	1,131
Small equipment purchases	26,604
Utilities - electric	23,838
Utilities - gas	493
Utilities - water	754
Utilities - general telephone	4,527
Utilities - cell phones and pagers	3,905
	<u>\$ 65,877</u>

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Statement of Revenues, Expenses and Changes in Fund Net Position (continued)

For the Year Ended June 30, 2015

Other Charges -		
Board meeting expenses	\$	1,454
Dues and memberships		1,665
Insurance - workers' compensation		1,008
Insurance - liability		750
Insurance - buildings and contents		13,520
Insurance - vehicles		3,506
Legal notices		423
Licenses and fees		209
Premiums on surety bonds		1,791
Public education		998
Service awards		2,704
Training expenses		99,853
Travel expenses		3,551
Internet charges		1,240
Other - special projects		184,270
	\$	<u>316,942</u>
Depreciation expense	\$	<u>162,825</u>
	TOTAL OPERATING EXPENSES	\$ <u>1,758,866</u>
	OPERATING INCOME (LOSS)	\$ <u>(320,298)</u>
Nonoperating Revenues (Expenses) -		
Interest income	\$	31,229
Tennessee Emergency Communications Board - grants and reimbursements		131,806
Gain on disposal of property		15,136
	\$	<u>178,171</u>
	CHANGE IN NET POSITION	\$ <u>(142,127)</u>
Net position, beginning	\$	5,535,175
Prior period adjustment		(62,357)
Net position, beginning (as restated)	\$	<u>5,472,818</u>
	NET POSITION, JUNE 30, 2015	\$ <u><u>5,330,691</u></u>

See notes to financial statements.

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Statement of Cash Flows

For the Year Ended June 30, 2015

Cash Flows From Operating Activities -		
Cash received from surcharges and other revenues	\$ 1,759,581	
Cash payments to suppliers for goods and services	(1,356,620)	
Cash payments for payroll, taxes and related benefits	(370,411)	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 32,550</u>	
Cash Flows From Noncapital Financing Activities -		
Grants and reimbursements	\$ 131,806	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>\$ 131,806</u>	
Cash Flows From Capital and Related Financing Activities -		
Proceeds from disposal of capital assets	15,136	
Acquisition of capital assets	\$ (96,631)	
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ (81,495)</u>	
Cash Flows from Investing Activities -		
Interest income received	\$ 31,449	
Purchase of certificates of deposit	(149,998)	
NET CASH USED FOR INVESTING ACTIVITIES	<u>\$ (118,549)</u>	
	NET DECREASE IN CASH	\$ (35,688)
Cash, July 1, 2014		<u>1,833,904</u>
	CASH, JUNE 30, 2015	<u><u>\$ 1,798,216</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities -		
Operating income (loss)	\$ (320,298)	
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -		
Depreciation	162,825	
Changes in assets and liabilities -		
Decrease in accounts receivable - fees	37,180	
Decrease in due from Tennessee Emergency Communications Board	113,833	
Decrease in accounts receivable - other	170,000	
Decrease in prepaid expenses	3,024	
Increase in pension changes in experience	(17,053)	
Increase in pension other deferral	(29,136)	
Decrease in accounts payable	(134,991)	
Increase in compensated absences payable	8,937	
Decrease in net pension liability	(7,885)	
Increase in net other postemployment benefits obligation	10,108	
Increase in pension changes in investment earnings	36,006	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 32,550</u></u>	

See notes to financial statements.

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Notes to the Financial Statements

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information - On May 15, 1984, the Tennessee state legislature approved the "Tennessee Emergency Communications District Law" (Acts 1984, ch. 867) which enables a county, upon approval by voters, to create a district to provide local emergency telephone service. Subsequently, on May 6, 1986, the voters of Rutherford County approved the establishment of a district for their county, the Rutherford County Emergency Communications District.

As provided by the Act, the District operates as a governmental organization through the directives of a board of directors and provides enhanced 911 emergency telephone service for its service area. The directors serve without compensation for terms of four years. By their authority, they have employed a full time director to assist the board in discharging its management responsibilities.

Financial Reporting Entity - Component Unit - The District is a component unit of the primary government of Rutherford County, Tennessee. The District reports its financial information separately from Rutherford County; however, the County in its financial report also presents the District's financial information.

Legally, the District is a separate governmental entity that has considerable legal, financial and administrative autonomy. However, as the governing board is not elected but instead is entirely appointed by Rutherford County Commission, the District cannot be a primary government. Instead, it qualifies as a component unit according to the directives of the Government Accounting Standards Board (GASB).

The GASB specifies that component units must be legally separate organizations which have financial accountability to a primary government. Financial accountability exists prima facie if a special-purpose government is not fiscally independent. GASB states that to be fiscally independent, the government has to have the authority to do all of three activities. Two of these are to issue bonded debt without approval by another government and to levy taxes or set rates or charges without approval by another government. By Tennessee Code Annotated 7-86-114, before issuing negotiable bonds, the District must have approval of the legislative body of a county wherein a district is established. It also must have approval before making purchase contracts, lease agreements, and notes payable of over five years' duration. In addition, the Rutherford County Commission has the ability to adjust the District's service charges. Because the District is both a legal entity and financially accountable to the primary government of Rutherford County as the County Commission appoints all members of the governing board and by the nature of its fiscal dependence on Rutherford County as described above, it is a component unit of Rutherford County.

At June 30, 2015, there were no related receivables or payables between Rutherford County and the District. The District did not engage in any activities that were subject to the approval of Rutherford County.

Basis of Presentation - The financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

As a component unit of Rutherford County, the accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net position, revenues and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured by a pledge of the net revenues from fees and charges of the activity, or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Notes to the Financial Statements (continued)

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets plus net deferred outflows net of total liabilities and net deferred inflows) is segregated into net investment in capital assets, and unrestricted components.

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

Cash Flow - Cash and Cash Equivalents - The District presents its cash flow statement using the direct method. For purposes of cash flow presentation, the District considers cash in operating bank accounts, cash on hand, and certificates of deposit, which have original maturities of three months or less as cash and cash equivalents. At June 30, 2015, there were no certificates of deposit that qualified as cash equivalents.

Budgetary Law and Practice - The Director of the District files an annual budget with the mayor of Rutherford County in accordance with the Tennessee Code Annotated, Title 7, Chapter 86, Part 1. In April of each year, the Director presents a preliminary budget to the board of directors which is then discussed and amended as necessary for approval by the board.

The budget for operations is prepared on the cash receipts and disbursements basis by line item accounts. Revenues are budgeted in the year receipt is expected and disbursements are budgeted in the year that the disbursement is expected to occur. The board has determined to maintain an investment approximating twelve months of the operating budget or \$600,000 in cash and certificates of deposit as a resource for future expenses.

Prepaid Expenses - The cost of prepaid insurance and any other applicable costs that are prepaid are charged to operations over the period of coverage. As of June 30, 2015, prepaid insurance and service contract costs were \$58,247.

Property and Equipment - Property and equipment are stated at cost. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. For financial statement purposes, depreciation of property and equipment is provided using the straight-line method. Maintenance and repairs are charged to operations when incurred. Major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included as non-operating revenue or loss.

The estimated useful lives are as follows:

Building and improvements	40 years
Furniture and fixtures	5 – 10 years
Office equipment	3 – 10 years
Communications equipment	3 – 10 years
Vehicles	5 years
Other capital assets	5 – 10 years

Compensated Absences - The Board of Directors voted to adopt a policy for vacation, sick leave, and holidays effective January 1, 1995. Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the District. Excess days earned are transferred to sick leave days. Sick leave accrues to full-time, permanent employees at the rate of one day per month of service. An employee is entitled to accrue sick leave days without limitation on the number of days. If an employee should leave prior to the vesting of his retirement benefits, no compensation will be paid for unused sick days. After an employee is eligible to receive vested benefits in the retirement plan, any sick leave that said employee has accrued will be credited for retirement service days. Employees are entitled to overtime or compensatory time. The maximum amount of compensatory time that may be accrued by non-emergency personnel is 250 hours and the maximum hours for emergency personnel is 450 hours.

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Notes to the Financial Statements (continued)

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Hours in excess of the maximum convert to sick leave on January 1. The Director cannot acquire overtime pay, but can build and use compensatory time.

An estimated liability for vacation has been accrued under the vesting method. The estimated amount calculated for compensated absences recorded as a liability at June 30, 2015 is \$34,695.

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

Operating Revenues and Expenses – The District’s operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its principal ongoing operations. All other revenues and expenses are reported as non-operating revenues and expenses and consist of those revenues and expenses that are related to financing and investing type of activities and result from non-exchange transactions or ancillary activities.

Unearned Revenue – The unearned revenue balance at June 30, 2015 represents grant funds received from the Tennessee Emergency Communications Board during the prior period which were not earned prior to the end of the fiscal year.

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District currently has items that include actuarial losses related to the differences between expected and actual experience for the pension plan’s adopted economic and demographic assumptions, as well as employer contributions. Changes in actuarial assumptions that result in an actuarial loss are included in deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has one item that qualifies for reporting in this category. It is the actuarial gains related to the differences between expected and actual experience for the pension plan’s adopted economic and demographic assumptions. Changes in actuarial assumptions that result in an actuarial gain are included in deferred inflow of resources.

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Notes to the Financial Statements (continued)

June 30, 2015

NOTE B - CASH AND CERTIFICATES OF DEPOSIT INVESTMENTS

The District is authorized to make investments in bonds, notes or treasury bills of the United States, Federal Land Bank bonds, Federal Home Loan Bank notes and bonds, Federal National Mortgage Association notes and debentures, banks for cooperative debentures, or any of its other agencies, or obligations guaranteed as to principal and interest by the United States or any of its agencies with a maturity not greater than one year, or in the pooled investment fund established under Tennessee law.

During the year ended June 30, 2015, the board of directors chose to limit the investment of funds to demand deposits and certificates of deposit at banking institutions.

At June 30, 2015, the carrying amount of cash deposits was \$1,798,216 and the bank balance was \$1,833,410 as listed below. All bank accounts earn a variable rate of interest. At June 30, 2015, the entire bank balance was covered by federal depository insurance, or by collateral held in the Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool (the Pool) is a multiple financial institution collateral pool to which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to the members of the pool if the value of collateral is inadequate to cover a loss.

<u>Cash Accounts</u>	<u>Interest Rate</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
SunTrust Bank checking	0.04 %	\$ 1,234,121	\$ 1,269,315
SunTrust Bank cash investment	0.04 %	<u>564,095</u>	<u>564,095</u>
		\$ <u>1,798,216</u>	\$ <u>1,833,410</u>

Certificates of Deposit - At June 30, 2015 the District held the following certificates of deposit:

<u>Bank</u>	<u>Maturity</u>	<u>Interest</u>	<u>Amount</u>
CB & S Bank	12/19/16	.60%	\$ 250,000
First Bank	10/06/18	.65%	250,000
Pinnacle Bank	1/13/17	1.30%	250,000
SunTrust Bank	12/16/16	1.29%	250,000
First National Bank of McMinnville	12/12/16	2.25%	250,000
US Bank	6/20/16	.75%	250,000
F&M Bank	10/24/17	1.00%	250,010
Bank of America	8/22/16	.10%	250,000
First National Bank of Manchester	4/18/18	.75%	250,000
Regions Bank	12/21/16	1.09%	250,000
Wilson Bank & Trust	10/19/16	.95%	250,000
Southern Community Bank	7/20/15	.85%	250,000
			\$ <u>3,000,010</u>

The certificates of deposit are insured by the Federal Deposit Insurance Corporation or the Tennessee Bank Collateral Pool and are shown at fair value. The District manages its exposure to decreasing interest rates by staggering the maturity dates of the certificates of deposit.

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Notes to the Financial Statements (continued)

June 30, 2015

NOTE C - CAPITAL ASSETS

Capital assets are summarized as follows:

	<u>June 30,</u> <u>2014</u>	<u>Additions</u>	<u>Rounding/ Deletions</u>	<u>June 30,</u> <u>2015</u>
<u>Capital assets, being depreciated -</u>				
Building and improvements	\$ 1,200,456			\$ 1,200,456
Furniture and fixtures	45,757			45,757
Office equipment	30,077			30,077
Communications equipment	1,196,768		\$ (62,669)	1,134,099
Vehicle	63,112	\$ 19,473	(33,810)	48,775
Other fixed assets	416,947	77,158		494,105
Subtotal	\$ <u>2,953,117</u>	\$ <u>96,631</u>	\$ <u>(96,479)</u>	\$ <u>2,953,269</u>
<u>Less accumulated depreciation -</u>				
Building and improvements	\$ (369,984)	\$ (30,011)		\$ (399,995)
Furniture and fixtures	(45,624)	(133)		(45,757)
Office equipment	(29,108)	(969)		(30,077)
Communications equipment	(710,431)	(75,041)	\$ 62,669	(722,803)
Vehicle	(62,760)	(884)	33,810	(29,834)
Other fixed assets	(237,841)	(55,787)		(293,628)
Subtotal	\$ <u>(1,455,748)</u>	\$ <u>(162,825)</u>	\$ <u>96,479</u>	\$ <u>(1,522,094)</u>
Capital assets, being depreciated, net	\$ <u>1,497,369</u>	\$ <u>(66,194)</u>		\$ <u>1,431,175</u>
<u>Capital assets, not being depreciated</u>				
Land	\$ <u>17,500</u>			\$ <u>17,500</u>
Subtotal	\$ <u>17,500</u>			\$ <u>17,500</u>
Capital assets, net	\$ <u>1,514,869</u>	\$ <u>(66,194)</u>		\$ <u>1,448,675</u>

NOTE D - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Post-employment benefits obligation	\$ 54,210	\$ 10,108		\$ 64,318
Net pension liability	<u>62,357</u>		\$ <u>(7,885)</u>	<u>54,472</u>
	\$ <u>116,567</u>	\$ <u>10,108</u>	\$ <u>(7,885)</u>	\$ <u>118,790</u>

NOTE E - RETIREMENT PLAN

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

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.

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Notes to the Financial Statements (continued)

June 30, 2015

NOTE E - RETIREMENT PLAN (continued)

Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

Employees Covered by Benefit Terms - At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>4</u>
	<u>6</u>

Contributions - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Rutherford County Emergency Communications District has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll. Rutherford County Emergency Communications District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Rutherford County Emergency Communications District were \$29,136 based on a rate of 10.24 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Rutherford County Emergency Communications District's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

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

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5 percent

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

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Notes to the Financial Statements (continued)

June 30, 2015

NOTE E - RETIREMENT PLAN (continued)

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<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 Rutherford County Emergency Communications District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Notes to the Financial Statements (continued)

June 30, 2015

Note E - RETIREMENT PLAN (continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/13	\$ 575,386	\$ 489,292	\$ 86,094
Changes for the year:			
Service cost	\$ 10,684		\$ 10,684
Interest	43,559		43,559
Differences between expected and actual experience	19,895		19,895
Contributions - employer		\$ 23,737	(23,737)
Contributions - employees			
Net investment income		82,192	(82,192)
Benefit payments, including refunds of employee contributions	(10,569)	(10,569)	-
Administrative expense		(169)	169
Net changes	\$ 63,569	\$ 95,191	\$ (31,622)
Balance at 6/30/14	\$ 638,955	\$ 584,483	\$ 54,472

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) of Rutherford County Emergency Communications District calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Rutherford County Emergency Communications District's net pension liability (asset)	\$ 159,995	\$ 54,472	\$ (31,795)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-
Pension expense - For the year ended June 30, 2015, Rutherford County Emergency Communications District recognized pension expense of \$11,068.

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Notes to the Financial Statements (continued)

June 30, 2015

Note E - RETIREMENT PLAN (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,053	
Net difference between projected and actual earnings on pension plan investments		\$ 36,006
Contributions subsequent to the measurement date of June 30, 2014	<u>29,136</u>	
Total	<u>\$ 46,189</u>	<u>\$ 36,006</u>

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

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

Year Ended June 30:	
2016	\$ (6,160)
2017	(6,160)
2018	(6,160)
2019	(6,160)
2020	2,842
Thereafter	2,842

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense

Payable to the Pension Plan – Rutherford County Emergency Communications District had no payables from required contributions to the pension plan as of June 30, 2015.

NOTE F - 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 purchases commercial insurance for claims and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE G - POST-EMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of other post-employment benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The District recognizes the cost of post-employment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows. The actuarial cost method is the projected unit credit method. The unfunded actuarial accrued liability is amortized as a level dollar amount on an open basis over 30 years.

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Notes to the Financial Statements (continued)

June 30, 2015

NOTE G - POST-EMPLOYMENT BENEFITS (continued)

Plan Description – In addition to pension benefits described in Note E, the District is included under Rutherford County’s postretirement health insurance plan. Rutherford County’s plan is single employer plan that provides the same health insurance that is available to active employees for participants under age 65. Once a participant turns age 65, medical benefits provided by Rutherford County will be secondary to benefits provided under Medicare. Outpatient prescription drug benefits are offered through an Employer Group Waiver Plan (EGWP) plus wrap. Benefits are established and amended by an insurance committee established by the Rutherford 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 with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Rutherford County develops its own contribution policy in terms of subsidizing active employees or retired employees’ premiums.

An employee who is retirement eligible based on the following criteria as of December 31, 2010 or has at least 20 years of service as of December 31, 2010 and retires from Rutherford County becomes eligible for retiree health coverage upon the earlier of attaining: (1) age 55 with 15 years of service and active coverage for 5 continuous years, (2) age 62 with 10 years of service and active coverage for 5 continuous years, or (3) any age with 30 years of service and active coverage for 5 continuous years. All other employees who retire from Rutherford County become eligible for retiree health coverage upon the earlier of attaining: (1) age 60 with 20 years of service and active coverage for 10 continuous years (15 continuous years of active coverage if employee has less than 10 years of service as of December 31, 2010), or (2) any age with 30 years of service and active coverage for 10 continuous years (15 continuous years of active coverage if employee has less than 10 years of service as of December 31, 2010).

An employee who becomes disabled becomes eligible for retiree health coverage if they are under age 65 and have completed at least 10 years of service prior to total disability termination. The following additional conditions must also be met: (1) employee must have had active coverage for a continuous 5 year period, and (2) employee must have filed and qualified for Medicare disability coverage.

If the retiree is eligible for health insurance coverage, health coverage is also provided for the retiree’s spouse and/or dependent children. In event of the retiree’s death, the eligible surviving spouse and dependent children may elect to continue coverage until they would no longer qualify as dependents if the retiree were alive.

Eligible retirees and dependents are required to share in the cost of health insurance coverage. Effective May 1, 2009, current retirees and actives age 65 and over as of December 31, 2009, and actives that have completed 30 years of service as of December 31, 2009, will be required to contribute (1) pre-65: 50% of the adequate premium for themselves and their spouses, (2) post-65: 25% of the adequate premium for themselves and 50% of the adequate premium for their spouses. Effective January 1, 2010 all retirees that are retirement eligible as of December 31, 2010 or have at least 20 years of service as of December 31, 2010 will be required to contribute 50% of the adequate premium for themselves and their spouses.

For all other retirees cost sharing and benefits are as follows: (1) employees with at least 10 years of service but less than 20 years of service as of December 31, 2010-no prescription drug coverage will be provided post age 65 and contributions will be 50% of the adequate premium rate for themselves and their spouses, (2) employees with at least 7 years of service but less than 10 years of service as of December 31, 2010-no prescription drug coverage will be provided post age 65 and contributions will be 50% of the adequate premium rate for themselves and 75% of the adequate premium rate for their spouses, (3) employees with at least 6 months of service but less than 7 years of service as of December 31, 2010-no prescription drug coverage will be provided post age 65, and the County contribution will be limited to the lesser of \$500 or the adequate rate, (4) employees with less than 6 months of service as of December 31, 2010-the County contribution will be limited to the lesser of \$300 per month or the adequate rate, and no benefits will be provided past age 65.

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Notes to the Financial Statements (continued)

June 30, 2015

NOTE G - POST-EMPLOYMENT BENEFITS (continued)

The components of the annual OPEB cost and the net OPEB obligation are as follows for Rutherford County Emergency Communications District:

Annual Required Contribution (ARC)	\$ 11,015
Interest in the Net Pension Obligation (NPO)	2,168
Adjustment to the ARC	<u>(3,075)</u>
Annual OPEB cost	\$ 10,108
Amount of contribution	<u>-0-</u>
Increase in NPO	\$ 10,108
Net OPEB obligation, 7-1-14	<u>54,210</u>
Net OPEB obligation, 6-30-15	\$ <u>64,318</u>

The funding status and funding progress is as follows for District:

Actuarial valuation date	<u>1-1-14</u>
Actuarial accrued liability (AAL)	\$ 90,375
Actuarial value of plan assets	\$ -0-
Unfunded actuarial accrued liability (UAAL)	\$ 90,375
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active members)	N/A
UAAL as a % of covered payroll	N/A

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, presented as required supplementary information following the notes to the financial statements, 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 – The discount rate as of January 1, 2014, is 4.00%. The discount rate is determined by the plan sponsor based on the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Rutherford County does not pre-fund the ARC, and therefore the discount rate is based on the expected return on the County's general assets.

The trend rate for pre-Medicare health claims is 8.00% for 2014 grading down to 5.00% for 2023 and beyond. The trend rate for post-Medicare health claims is 6.75% for 2014 grading down to 5.00% for 2023 and beyond. The trend rate is determined by the plan sponsor based on historical data and anticipated experience under the plan.

The method used to calculate normal cost and actuarial accrued liability is the projected unit credit cost method. Under this method, the present value of projected benefits is estimated at each decrement age, taking into account the value of future increases in medical claims and the effect of medical contributions and Medicare reimbursement. The total present value of projected benefits is the sum of the present values for each decrement age. The actuarial accrued liability is calculated by prorating the present value of projected benefits by service at the valuation date over service projected to the date of decrement. The normal cost is the present value of projected benefits attributable to the valuation year.

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Notes to the Financial Statements (continued)

June 30, 2015

NOTE H - TRANSACTIONS WITH PRIMARY GOVERNMENT

Amounts paid to Rutherford County included amounts paid for mapping services and maintenance agreements in the amounts of \$50,000 and \$20,460, respectively. Rutherford County also administers the payroll reporting for the District. The District reimbursed Rutherford County \$370,411 for salaries and benefits paid on the District's behalf.

NOTE I – PRIOR PERIOD ADJUSTMENT

Due to the implementation of GASB 68 a prior period adjustment was made in the amount of \$62,357 that decreased beginning net position and increased net pension liability. GASB 68 relates to the accounting and financial reporting for pensions.

NOTE J – COMMITMENTS

During the year ended June 30, 2015, the District entered into a contract with the State of Tennessee to remit \$1,063 monthly for five years, (a total of \$63,780) for disaster recovery services. The future payments for the year ending June 30, 2016, 2017, 2018, 2019, and 2020 are \$12,756, \$12,756, \$12,756, \$12,756, \$4,252, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Post-Employment Benefits Schedule of Funding Progress

For the Year Ended June 30, 2015

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
January 1, 2014	\$ -	\$ 90,375	\$ 90,375	0.00%	\$ N/A	N/A
January 1, 2012	\$ -	\$ 73,184	\$ 73,184	0.00%	\$ N/A	N/A
January 1, 2010	\$ -	\$ 67,855	\$ 67,855	0.00%	\$ N/A	N/A
January 1, 2009	\$ -	\$ 63,830	\$ 63,830	0.00%	\$ N/A	N/A
January 1, 2008	\$ -	\$ 75,534	\$ 75,534	0.00%	\$ N/A	N/A

Note: One additional year will be reported as data becomes available.

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Required Supplementary Information

**Schedule of Changes in
Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Last 10 Fiscal Years Ended June 30 (1)**

	<u>2014</u>
Total Pension Liability	
Service cost	\$ 10,684
Interest	43,559
Changes in benefit terms	-
Differences between expected and actual experience	19,895
Changes in assumptions	-
Benefit payments, including refunds of member contributions	<u>(10,569)</u>
Net Change in Total Pension Liability	\$ 63,569
Total pension liability - beginning	<u>575,386</u>
Total Pension Liability - Ending (a)	<u><u>\$ 638,955</u></u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 23,737
Contributions - member	-
Net investment income	82,192
Benefit payments, including refunds of member contributions	(10,569)
Administrative expense	<u>(169)</u>
Net Change in Plan Fiduciary Net Position	\$ 95,191
Plan fiduciary net position - beginning	489,292
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 584,483</u></u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u><u>\$ 54,472</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.47%
Covered - Employee Payroll	\$ 235,257
Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	23.15%

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

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Required Supplementary Information

Schedule of Contributions

Based on Participation in the Public Employee Pension Plan of TCRS

Last 10 Fiscal Years Ended June 30 (1)

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 23,737	\$ 29,136
Contributions in relation to the actuarially determined contribution	<u>23,737</u>	<u>29,136</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 235,257	\$ 276,944
Contributions as a Percentage of Covered-Employee Payroll	10.09%	10.52%

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	10 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of investment 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

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

SUPPLEMENTARY INFORMATION

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Comparison of Actual Cash Receipts and Disbursements to Cash Budget (Unaudited)

For the Year Ended June 30, 2015

	Actual Cash Receipts and Disbursements	Cash Budget	(Over) Under Budget
Cash Receipts -			
911 funding modernization act	\$ 813,519	\$ 813,517	\$ (2)
Emergency telephone service charges	236,394	240,963	4,569
Tennessee Emergency Communications Board - shared wireless charge	359,801	322,723	(37,078)
Interest income	31,450	30,000	(1,450)
Tennessee Emergency Communications Board-operational funding	172,575	215,317	42,742
Tennessee Emergency Communications Board-grants and reimbursements	131,806	117,535	(14,271)
Gain on disposal of property	15,136	-	(15,136)
Miscellaneous income	170,000	-	(170,000)
Refunds	542	-	(542)
Total Cash Basis Receipts	<u>\$ 1,931,223</u>	<u>\$ 1,740,055</u>	<u>\$ (191,168)</u>
Cash Disbursements -			
Capital purchases	\$ 230,486	\$ 926,297	\$ 695,811
Salaries and wages -			
Director	\$ 96,068	\$ 96,068	\$ -
Administrative personnel	186,915	186,915	-
	<u>\$ 282,983</u>	<u>\$ 282,983</u>	<u>\$ -</u>
Employee benefits -			
Social Security	\$ 17,064	\$ 17,064	\$ -
Medicare	3,991	3,991	-
Life insurance	167	300	133
Medical insurance	35,520	35,520	-
Retirement contributions	29,136	29,136	-
Other fringe benefits - longevity pay	1,550	1,550	-
	<u>\$ 87,428</u>	<u>\$ 87,561</u>	<u>\$ 133</u>
Contracted services -			
Address/mapping expenses	\$ 50,000	\$ 50,000	\$ -
Audit services	8,150	8,150	-
Contracts with government agencies	20,460	20,460	-
Contracts with private agencies	681	681	-
Fees paid to service providers	587,242	587,242	-
Janitorial services	4,568	5,000	432
Legal services	8,000	8,000	-
Maintenance agreements	44,842	45,000	158
Mapping/data base consultants	23,194	24,728	1,534
Pest control	220	500	280
Lease/rental-buildings and facilities	7,101	7,101	-
Maintenance and repairs - communications equipment	2,153	5,000	2,847
Maintenance and repairs - buildings and facilities	22,770	22,770	-
Maintenance and repairs - vehicles	656	2,000	1,344
Fuel - vehicles	1,407	2,500	1,093
Other contracted services	51,839	51,840	1
	<u>\$ 833,283</u>	<u>\$ 840,972</u>	<u>\$ 7,689</u>
Supplies and materials			
Office supplies	\$ 3,608	\$ 5,000	\$ 1,392
Custodial supplies	1,037	1,200	163
Postal charges	1,131	1,131	-
Small equipment purchases	26,604	26,604	-
Uniforms and shirts	-	700	700
Utilities - electric	23,838	25,000	1,162
Utilities - gas	493	625	132
Utilities - water	754	825	71
Utilities - general telephone	4,527	5,000	473
Utilities - cell phones and pagers	3,905	6,000	2,095
	<u>\$ 65,897</u>	<u>\$ 72,085</u>	<u>\$ 6,188</u>

RUTHERFORD COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Murfreesboro, Tennessee

Comparison of Actual Cash Receipts and Disbursements to Cash Budget (Unaudited), (continued)

For the Year Ended June 30, 2015

	Actual Cash Receipts and Disbursements	Cash Budget	(Over) Under Budget
Other charges -			
Board meeting expenses	\$ 1,454	\$ 1,500	\$ 46
Dues and memberships	1,665	2,200	535
Insurance - workers compensation	1,025	1,200	175
Insurance - liability	750	750	-
Insurance - building and contents	14,913	15,000	87
Insurance - vehicles	1,989	1,989	-
Legal notices	423	500	77
Licenses and fees	209	750	541
Premiums on surety bonds	1,791	2,000	209
Public education	998	998	-
Service awards	2,704	2,704	-
Training expenses	99,853	99,853	-
Travel expenses	3,551	7,500	3,949
Internet charges	1,240	1,500	260
Other charges-special projects	184,270	184,270	-
	<u>\$ 316,835</u>	<u>\$ 322,714</u>	<u>\$ 5,879</u>
Total Cash Basis Disbursements	<u>\$ 1,816,912</u>	<u>\$ 2,532,612</u>	<u>\$ 715,700</u>
Receipts in Excess of Disbursements	<u>\$ 114,311</u>	<u>\$ (792,557)</u>	<u>\$ (906,868)</u>
Reconciliation of Cash Basis to Accrual Basis -			
Depreciation expense	\$ (162,825)		
Capital purchases	230,486		
Decrease in current receivables	(321,013)		
Decrease in accrued interest receivable	(221)		
Decrease in prepaid expenses	(3,024)		
Increase in pension changes in experience	17,053		
Increase in pension other deferral	29,136		
Decrease in accounts payable, net of payable for fixed asset	1,136		
Increase in compensated absences payable	(8,937)		
Decrease in net pension liability	7,885		
Increase in net other postemployment benefits	(10,108)		
Increase in pension changes in investment earnings	(36,006)		
Net Reconciliation Cash to Accrual	<u>\$ (256,438)</u>		
CHANGE IN NET POSITION (ACCRUAL)	<u>\$ (142,127)</u>		
Net position, beginning	\$ 5,535,175		
Prior period adjustment	(62,357)		
Net position, beginning (as restated)	<u>\$ 5,472,818</u>		
NET POSITION, JUNE 30, 2015	<u>\$ 5,330,691</u>		

INTERNAL CONTROL AND COMPLIANCE SECTION



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

To the Board of Directors
Rutherford County Emergency Communications District
Murfreesboro, Tennessee

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 Rutherford County Emergency Communications District, a component unit of Rutherford County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Rutherford County Emergency Communications District's basic financial statements, and have issued our report thereon dated October 8, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rutherford County Emergency Communications 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 Rutherford County Emergency Communications District's internal control.

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

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

Compliance and Other Matters

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

Board of Directors
Murfreesboro, Tennessee

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

John Hastings & Associates
Certified Public Accountants

Murfreesboro, Tennessee
October 8, 2015