

**WEAKLEY COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

FINANCIAL STATEMENTS

JUNE 30, 2015

**WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
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INTRODUCTORY SECTION

**WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF OFFICIALS**

Board Members

John Bucy, Chairman
John Salmon, Vice-chairman
Bob Dudley, Secretary
Shawn Francisco
Jeff Washburn
Phillip Johnson
Mike Wilson
Mark Stafford
Dale Overton

Management Officials

Jamison Peevyhouse, Director

FINANCIAL SECTION

Members of:

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
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Certified Public Accountants
Offices in Tennessee & Kentucky

304 North Lindell
Martin, TN 38237

Phone 731.587.5145
Fax 731.587.1952
www.atacpa.net

Independent Auditor's Report

Members of the Board
Weakley County Emergency Communications District
Dresden, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the Weakley County Emergency Communications District, a component unit of Weakley County, Tennessee, 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Weakley County Emergency Communications District, as of June 30, 2015, and the

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.

Change in Accounting Principle

As discussed in Note 1, to the financial statements, in 2015 the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions made subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on pages 16 through 17 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.

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Officials and Budgetary Comparison Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Schedule of Officials has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2016 on our consideration of the 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 Weakley County Emergency Communications District's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Martin, Tennessee
March 3, 2016

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

Assets

Current assets

Cash	\$ 471,216
Investments	24,247
Accounts receivable	10
Prepaid expense	5,927
Other current assets	<u>9,000</u>
Total current assets	<u>510,400</u>

Noncurrent assets

Capital assets being depreciated, net of accumulated depreciation	
Communications equipment	<u>263,121</u>
Net capital assets	<u>263,121</u>

Total assets 773,521

Deferred outflow of resources

Pension contribution	<u>41,104</u>
Total deferred outflow of resources	<u>41,104</u>

Liabilities

Current liabilities

Accounts payable	3,686
Compensated absences payable	<u>306</u>
Total current liabilities	<u>3,992</u>

Non-current liabilities

Net pension liability	<u>108,749</u>
Total liabilities	<u>112,741</u>

Deferred inflow of resources

Pension changes in investment earnings	<u>9,810</u>
Total deferred inflow of resources	<u>9,810</u>

Net position

Investment in capital assets	263,121
Unrestricted net position	<u>428,953</u>

Total net position \$ 692,074

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

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2015

Operating revenues

Emergency telephone service charge	\$ 57,489
Tennessee Emergency Communications Board - shared wireless charge	32,802
Tennessee Emergency Communications Board - 911 surcharge amounts	218,208
Tennessee Emergency Communications Board - operational funding	<u>108,876</u>
Total operating revenues	<u>417,375</u>

Operating expenses

Salaries and wages	
Director	49,384
Administrative personnel	34,988
Longevity benefit	800
Employee benefits	
Social security	5,197
Medicare	1,215
Medical Insurance	3,662
Retirement contributions	28,304
Contracted services	
Audit services	2,750
Accounting services	3,478
Fees paid to service providers	74,230
Impact payments	545,126
NCIC expenses	3,400
Maintenance agreements	62,625
Maintenance and repairs - communications equipment	22,717
Maintenance and repairs - vehicles	1,221
Fuel - vehicles	2,392
Supplies and materials	
Office supplies	2,022
Custodial supplies	413
Postage	308
Small equipment purchases	4,513
Uniforms and shirts	976
Utilities - general telephone	1,459
Utilities - cell phones and pagers	762
Other charges	
Board meeting expense	1,453
Dues and memberships	485
Employee testing and exams	290
Insurance - liability	4,540
Premiums on surety bonds	900
Service awards	327
Training expenses	8,748
Travel expenses	9,397
Internet charges	1,142
Depreciation	<u>56,650</u>
Total operating expenses	<u>935,874</u>

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

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2015

Operating loss	(518,499)
Nonoperating revenues	
Interest income	<u>6,072</u>
Loss before capital contribution	(512,427)
Capital contributions	
Capital contributions from TECB	<u>78,037</u>
Change in net position	<u>(434,390)</u>
Net position - July 1, 2014	1,195,547
Restatement net position July 1, 2014 - GASB 68 implementation	<u>(69,083)</u>
Net position - July 1, 2014, restated	<u>1,126,464</u>
Net position - June 30, 2015	<u>\$ 692,074</u>

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

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

Cash flows from operating activities	
Cash received from surcharges and other revenues	\$ 468,712
Cash payments to suppliers for goods and services	(757,804)
Cash payments for payroll, taxes and related benefits	<u>(115,178)</u>
Net cash provided (used) by operating activities	(404,270)
Cash flows from capital and related financing activities	
TECB equipment reimbursement	78,037
Cash flows from investing activities	
Interest income received	<u>6,072</u>
Net decrease in cash and cash equivalents	(320,161)
Cash and cash equivalents - July 1, 2014	<u>815,624</u>
Cash and cash equivalents - June 30, 2015	<u>\$ 495,463</u>
Cash and cash equivalents	
Cash	\$ 471,216
Investments	<u>24,247</u>
Total cash and cash equivalents	<u>\$ 495,463</u>
Reconciliation of net operating loss to net cash provided (used) by operating activities	
Operating loss	\$ (518,499)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities	
Depreciation	56,650
Changes in pension related to deferred outflows and deferred inflows of resources	(31,294)
Changes in current assets and liabilities	
(Increase) decrease in accounts receivable	8,287
(Increase) decrease in TECB receivable	43,050
(Increase) decrease in prepaid expense	(3,250)
Increase (decrease) in accounts payable	1,120
Increase (decrease) in net pension liability	<u>39,666</u>
Net cash provided (used) by operating activities	\$ (404,270)

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

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting District

The Weakley County Emergency Communications District was approved by a referendum on August 4, 1994. The County Commissioners passed a resolution to establish the Emergency Communications District in accordance with Tennessee Code Annotated, 7-86-101 on August 22, 1994. The District accounts for its financial position and results of operations in accordance with generally accepted accounting principles applicable to governmental units. Currently only a proprietary fund type is used that accounts for activities conducted on a fee-for-service basis in a manner similar to commercial enterprises providing services to the public (enterprise fund).

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. The GASB has established criteria to determine whether (a) an entity has any component units that should be included for financial reporting purposes, or (b) the entity itself should be included as a component unit of another reporting entity. Based upon these criteria, there were no component units that required presentation.

The District is, however, considered a discretely presented component unit of Weakley County, Tennessee because of the following factors. The County appoints the District's board and has a right to remove them. The District is accountable to the County for fiscal matters and must obtain the County Commission's approval before the issuance of most debt instruments.

The District is deemed to be a municipality under Tennessee state law and, as such, is exempt from federal income taxes.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Weakley County Emergency Communications District is accounted for as a single enterprise fund as prescribed by the State. Enterprise funds are a type of proprietary fund, and, as such, are in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board. Proprietary fund types are reported using the *economic resources* measurement focus. The aim of this measurement focus is to report all inflows, outflows, and balances affecting or reflecting the entity's net position. Proprietary fund types are accounted for on the accrual basis, whereby income is recognized as it is earned and expenses are recognized as they are incurred, whether or not cash is received or paid out at that time.

Operating revenues in proprietary funds are those revenues generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. The State has defined grants and reimbursements from the Tennessee Emergency Communications Board to be nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

C. Impact of Recently Issued Accounting Pronouncements

In June 2012, the GASB issued statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Statement 68 was effective for fiscal years beginning after

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

June 15, 2014. This statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. Statement 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit plan and for employers whose employees are provided with defined contribution pensions. The objective of Statement 68 is to improve accounting and financial reporting by state and local governments for pensions. These pension standards include significant changes to how governmental employers will report liabilities related to pension obligations. The adoption of Statement 68 resulted in the restatement to beginning balances related to pensions. Net pension liability was increased by \$69,083 and net position was decreased by that same amount.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Account and Financial Reporting for Pensions*. The issue relates to the amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68. The implementation of this statement resulted in deferred outflows and deferred inflows being reported on the statement of net position.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of inception.

State statutes authorize the System to invest in certificates of deposit, obligation of the U.S. Treasury, agencies and instrumentalities, obligations by the U.S. government or its agencies, repurchase agreements, as approved by the state director of local finance, and the state's local government investment pool.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The proportionate amount of expense is recognized in each of the benefitting periods.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. The District's capitalization threshold is set at \$5,000 per unit cost. Interest costs incurred on financing during the construction or installation

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

period of capital assets are capitalized as part of the cost of the assets. For the year under review, there were no interest costs capitalized.

Compensated Absences

The District has adopted Weakley County's Personnel Policies which allowed full-time employees one sick day for each month with a maximum carryover of ninety days to the subsequent year and one vacation day per month with a maximum carryover of fifteen days. These benefits normally are accrued in proprietary funds (using the accrual basis of accounting). Employees are not paid for unused sick days but may be paid for a maximum of fifteen unused vacation days. This liability is reflected in the current year's financial statements.

Net position flow assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The District has one item related to pensions that qualifies for reporting in this category as of June 30, 2015. See the pension disclosure for details concerning this item.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 has one item related to pensions that qualifies for reporting in this category. See the pension disclosure for details concerning this item.

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

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The District's Board of Directors approves an appropriatory budget annually. The budget is prepared in accordance with generally accepted accounting principles (GAAP) pertaining to proprietary funds. The legal level of control is at each line item of expense; therefore, each line item must be amended to approve the expending of funds.

For the year ended June 30, 2015, the District had no line-item expenses that exceeded final budget appropriations:

NOTE 3 – DETAILED NOTES ON ACCOUNTS

A. Deposits and Investments

Custodial Credit Risk – The District's policies limit investments to those instruments allowed by applicable state laws as described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the District's agent in the District's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2015, all deposits were fully collateralized or insured.

B. Capital Assets

Capital asset activity during the year was as follows:

<u>Description</u>	<u>Balance</u> <u>7/1/2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2015</u>
Capital assets being depreciated				
Communication equipment	\$ 716,145	\$ -	\$ -	\$ 716,145
Office equipment	21,994	-	-	21,994
Vehicles	23,000	-	-	23,000
Total capital assets being depreciated	<u>761,139</u>	<u>-</u>	<u>-</u>	<u>761,139</u>
Less accumulated depreciation				
Communication equipment	397,094	55,930	-	453,024
Office equipment	21,274	720	-	21,994
Vehicles	23,000	-	-	23,000
Total accumulated depreciation	<u>441,368</u>	<u>56,650</u>	<u>-</u>	<u>498,018</u>
Total capital assets, net	<u>\$ 319,771</u>	<u>\$ (56,650)</u>	<u>\$ -</u>	<u>\$ 263,121</u>

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Depreciation expense for the year ended June 30, 2015, was \$56,650.

NOTE 4 – OTHER INFORMATION

A. Risk Management

The District's primary risk of loss is from suits filed for improper response or handling of emergency 911 calls. The District's significant losses are covered by commercial liability insurance. There were no claims or settlements made during this fiscal year and no losses were sustained. Board members with financial responsibility are bonded.

NOTE 5 – GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan description. Employees of Weakley 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. 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.

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

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	2
Inactive employees entitled to but not yet receiving benefits	2
Active employees	1
	5

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Weakley 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 Weakley County Emergency Communications District were \$19,932 based on a rate of 23.40% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Weakley County Emergency Communications District's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

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

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Weakley County Emergency Communications District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Position Liability (Asset)
	(a)	(b)	(a) – (b)
Balance at 6/30/13	<u>\$ 214,200</u>	<u>\$ 133,693</u>	<u>\$ 80,507</u>
Changes for the year:			
Service cost	3,687	-	3,687
Interest	16,019	-	16,019
Difference between expected and actual experience	42,344	-	42,344
Contributions – employer	-	11,424	(11,424)
Contributions – employee	-	-	-
Net investment income	-	22,394	(22,394)

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Benefit payments, including refunds of employee contributions	(8,624)	(8,624)	-
Administrative expense	<u>-</u>	<u>(10)</u>	<u>10</u>
Net changes	<u>53,426</u>	<u>25,184</u>	<u>28,242</u>
Balance at 6/30/14	<u>\$ 267,626</u>	<u>\$ 158,877</u>	<u>\$ 108,749</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Weakley 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%)
Weakley County Emergency Communications District's net pension liability (asset)	<u>\$ 145,374</u>	<u>\$ 108,749</u>	<u>\$ 78,959</u>

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, Weakley County Emergency Communications District recognized pension expense of \$28,304.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,172	\$ -
Net difference between projected and actual earnings on pension plan investments	-	9,810
Contributions subsequent to the measurement date of June 30, 2014	19,932	<i>(not applicable)</i>
Total	<u>\$ 41,104</u>	<u>\$9,810</u>

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

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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	18,720
2017	(2,452)
2018	(2,452)
2019	(2,452)
2020	-
Thereafter	-

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

Payable to the Pension Plan

At June 30, 2015, *Weakley County Emergency Communications District* reported a payable of zero for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

**WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015**

**Schedules of Required Supplementary Information
Schedule of Changes in Weakley County Emergency Communications District's
Net Pension Liability (Asset) and Related Ratios Based on Participation in the
Public Employee Pension Plan of TCRS
Last Fiscal Year ending June 30**

	2014
Total pension liability	
Service cost	\$ 3,687
Interest	16,019
Changes in benefit terms	-
Differences between actual & expected experience	42,344
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(8,624)
Net change in total pension liability	53,426
Total pension liability-beginning	214,200
Total pension liability-ending (a)	\$ 267,626
Plan fiduciary net position	
Contributions-employer	\$ 11,424
Contributions-employee	-
Net investment income	22,394
Benefit payments, including refunds of employee contributions	(8,624)
Administrative expense	(10)
Net change in plan fiduciary net position	25,184
Plan fiduciary net position-beginning	133,693
Plan fiduciary net position-ending (b)	\$ 158,877
Net Pension Liability (asset)-ending (a) – (b)	\$ 108,749
Plan fiduciary net position as a percentage of total pension liability	59.37%
Covered-employee payroll	\$ 48,510
Net pension liability (asset) as a percentage of covered-employee payroll	224.18%

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

**WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015**

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

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 11,424	\$ 19,932
Contributions in relation to the actuarially determined contribution	11,424	19,932
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	48,510	85,182
Contributions as a percentage of covered-employee payroll	23.55%	23.40%

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

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	9 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment 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

OTHER SUPPLEMENTARY INFORMATION SECTION

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual- Budgetary Basis</u>	<u>Variance Over (Under)</u>
Operating revenues				
Emergency telephone service charge	\$ 50,000	\$ 50,000	\$ 57,489	\$ 7,489
TECB - shared wireless charge	43,500	43,500	32,802	(10,698)
TECB - 911 surcharge amounts	218,206	218,206	218,208	2
TECB - operational funding	<u>124,100</u>	<u>124,100</u>	<u>108,876</u>	<u>(15,224)</u>
Total operating revenues	<u>435,806</u>	<u>435,806</u>	<u>417,375</u>	<u>(18,431)</u>
Operating expenses				
Salaries and wages				
Director	49,384	49,384	49,384	-
Administrative personnel	36,050	36,050	34,988	(1,062)
Longevity benefit	800	800	800	-
Employee benefits				
Social security	5,314	5,314	5,197	(117)
Medicare	1,248	1,248	1,215	(33)
Medical Insurance	3,525	3,665	3,662	(3)
Retirement contributions	19,992	20,212	28,304	8,092
Other fringe benefits	240	240	-	(240)
Contracted services				
Addressing/mapping expenses	15,000	-	0	-
Advertising	-	-	0	-
Audit services	2,800	2,800	2,750	(50)
Accounting services	4,000	4,000	3,478	(522)
Contracts with government agencies	250	250	0	(250)
Fees paid to service providers	84,900	77,400	74,230	(3,170)
Impact payments	545,700	545,700	545,126	(574)
NCIC expenses	3,000	3,400	3,400	-
Maintenance agreements	52,400	67,400	62,625	(4,775)
Maintenance and repairs - communications equipment	16,000	23,500	22,717	(783)
Maintenance and repairs - office equipment	250	250	0	(250)
Maintenance and repairs - vehicles	2,250	1,590	1,221	(369)
Fuel - vehicles	4,000	3,636	2,392	(1,244)
Supplies and materials				
Office supplies	1,800	2,024	2,022	(2)
Custodial supplies	500	500	413	(87)
Postage	500	500	308	(192)
Small equipment purchases	5,000	5,000	4,513	(487)
Uniforms and shirts	1,500	1,500	976	(524)
Utilities - general telephone	1,700	1,700	1,459	(241)
Utilities - cell phones and pagers	1,200	1,200	762	(438)

See independent auditor's report

**WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE**

For the Year Ended June 30, 2015

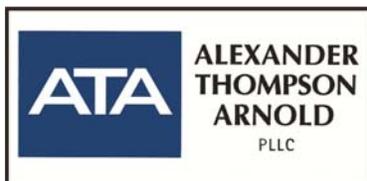
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual- Budgetary Basis</u>	<u>Variance Over (Under)</u>
Other charges				
Board meeting expense	1,500	1,500	1,453	(47)
Dues and memberships	550	550	485	(65)
Employee testing and exams	600	600	290	(310)
Insurance - liability	5,000	5,000	4,540	(460)
Premiums on surety bonds	1,000	1,000	900	(100)
Public education	250	250	-	(250)
Service awards	300	330	327	(3)
Training expenses	8,000	8,750	8,748	(2)
Travel expenses	11,250	10,500	9,397	(1,103)
Internet charges	1,500	1,500	1,142	(358)
Depreciation	<u>61,730</u>	<u>59,500</u>	<u>56,650</u>	<u>(2,850)</u>
Total operating expenses	<u>950,983</u>	<u>948,743</u>	<u>935,874</u>	<u>(12,869)</u>
Operating income (loss)	<u>(515,177)</u>	<u>(512,937)</u>	<u>(518,499)</u>	<u>(5,562)</u>
Nonoperating revenues (expenses)				
Interest income	<u>6,000</u>	<u>6,000</u>	<u>6,072</u>	<u>72</u>
Total nonoperating revenues	<u>6,000</u>	<u>6,000</u>	<u>6,072</u>	<u>72</u>
Increase (Decrease) in net position before capital contributions	(509,177)	(506,937)	(512,427)	(5,490)
Capital contributions - TECB	<u>510,170</u>	<u>510,170</u>	<u>78,037</u>	<u>(432,133)</u>
Increase (Decrease) in net position	<u>\$ 993</u>	<u>\$ 3,233</u>	<u>\$ (434,390)</u>	<u>\$ (437,623)</u>

See independent auditor's report

INTERNAL CONTROL AND COMPLIANCE SECTION

Members of:

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants



Certified Public Accountants
Offices in Tennessee & Kentucky

304 North Lindell
Martin, TN 38237

Phone 731.587.5145
Fax 731.587.1952
www.atacpa.net

**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**

Members of the Board
Weakley County Emergency Communications District
Dresden, 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 Weakley County Emergency Communications District 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 March 3, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Weakley 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 the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 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 over financial reporting 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 Weakley 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*.

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.

Alexander Thompson Arnold PLLC

Martin, Tennessee
March 3, 2016

WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2015

Financial Statement Findings

	NONE	

Federal Award Findings and Questioned Costs

The District was not subject to a Single Audit in the prior year.

Members of:

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants



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March 3, 2016

To the Board of Directors
Weakley County Emergency Communications District

We have audited the financial statements of Weakley County Emergency Communications District for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 4, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Weakley County Emergency Communications District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2015. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 4, 2016..

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the budgetary comparison schedule, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section – Schedule of Officials, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of the Board of Directors and management of Weakley County Emergency Communications District and is not intended to be and should not be used by anyone other than these specified parties.

Alexander Thompson Arnold PLLC

Martin, Tennessee