

**WILSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
LEBANON, TENNESSEE**

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

YEAR ENDED June 30, 2015

WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
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INDEPENDENT AUDITORS' REPORT

To the Comptroller of the Treasury and the Board of Directors
Wilson County Emergency Communications District, Inc.
A Component Unit of Wilson County
Lebanon, Tennessee 37087

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Wilson County Emergency Communication District, Inc., a component unit of Wilson County as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 opinions on these financial statements based on our audits. We conducted our audits 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Wilson County Emergency Communication District, Inc. 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 as well as schedules of funding progress for OPEB, changes in net pension liability and contributions on page 29-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wilson County Emergency Communication District, Inc. basic financial statements. The Roster of Board Members and Management Officials and the supplemental schedule of comparative operating fund revenues and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedule of comparative operating fund revenues and expenses is the responsibility of management and were derived from and related 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 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 supplemental schedule of comparative operating fund revenues and expenses is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Roster of Board Members and Management 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* we have also issued or report dated March 14, 2016 on our consideration of the Wilson County Emergency Communication District, Inc.'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 Wilson County Emergency Communication District, Inc.'s internal control over financial reporting and compliance.

Dempsey Vantrouse & Follis PLLC

Lebanon, TN

March 14, 2016

Management's Discussion and Analysis

This section of the Wilson County Emergency Communications Districts (a component unit of Wilson County) audited financial statements presents our discussion and analysis of the Organization's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the financial statements, which follow this section. Please note that the 2014 and 2013 comparison numbers in this analysis have not been revised to reflect the GASB 68 requirements implemented for the fiscal year ended June 30, 2015.

Financial Highlights

- *The organization's net position increased \$161,120 over the course of the fiscal year ended June 30, 2015 operations. The increase in net position is a 5.07% increase from net position of \$2,988,441 at June 30, 2014. In the fiscal year ended June 30, 2014, the Organization's net position increased \$94,865 or 3.28% over net position of \$2,893,576 at June 30, 2013.*
- *There was an increase in net position of \$161,120, which is an increase of \$66,255 from \$94,865 increase in net position for June 30, 2014. Net income from ongoing operations increased \$84,287 or 137.09% from the fiscal year ending June 30, 2014, primarily due to decrease in employee benefits. During the fiscal year ended June 30, 2014, income from ongoing operations decreased \$61,890 or -15,169.12% and the change in net position decreased \$88,625 or -48.30% from the fiscal year ended June 30, 2013.*
- *The total cost of the Organization's activities declined by -2.55% in the fiscal year ending June 30, 2015. Decreases in operating expenses were in employee benefits, contracted services, and depreciation. The total cost of the Organization's activities rose 2.95% in the fiscal year ending June 30, 2014, also due to salary and wages, employee benefits, and depreciation.*
- *Balances of cash and certificates of deposit increased \$226,024 or 7.97% during the fiscal year ending June 30, 2015. In the fiscal year ending June 30, 2014 the balances of cash and certificates of deposit increased \$239,140 or 9.22%. The increase is primarily due to cash receipts.*

Overview of the Financial Statements

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements of a proprietary fund offer short and long term financial information about the activities the government operates as a business. The financial statements also include notes that explain some of the information in the financial statements and provided more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Financial Analysis of the Organizations as a Whole

Net Position. The Organization’s net position increased \$161,120 between fiscal years 2014 and 2015. In comparison, net position for the fiscal year ended June 30, 2014 increased \$94,865 from the fiscal year ending June 30, 2013. Income from ongoing operations increased \$84,287 for the year ending June 30, 2015 and non-operating income decreased \$18,032 or -11.53% for the year ending June 30, 2015.

Wilson County Emergency Communications District Net Position

June 30, 2015 and June 30, 2014

Account Name	2015	2014	%Change
Current & Other Assets	\$3,063,303	\$2,877,581	6.45%
Capital Assets	<u>\$625,720</u>	<u>\$600,130</u>	4.26%
Total Assets	\$3,689,023	\$3,477,711	6.08%
Deferred Outflows	\$59,693	\$0	
Current and Other Liabilities	\$574,276	\$489,270	17.37%
Deferred Inflows	\$34,382	\$0	
Net Assets			
Investment in Capital Assets	\$625,720	\$600,130	4.26%
Unrestricted	<u>\$2,514,338</u>	<u>\$2,388,311</u>	5.28%
Total Net Position	<u>\$3,140,058</u>	<u>\$2,988,441</u>	5.07%

Wilson County Emergency Communications District
Net Position

June 30, 2014 and June 30, 2013

Account Name	2014	2013	%Change
Current & Other Assets	\$2,877,581	\$2,666,169	7.93%
Capital Assets	<u>\$600,130</u>	\$631,461	-4.96%
Total Assets	<u>\$3,477,711</u>	<u>\$3,297,630</u>	5.46%
Current & Other Liabilities	\$489,270	\$404,054	21.09%
Net Assets			
Investment in Capital Assets	\$600,130	\$631,461	-4.96%
Unrestricted	<u>\$2,388,311</u>	<u>\$2,262,115</u>	5.58%
Total Liabilities & Net Position	<u>\$3,477,711</u>	<u>\$3,297,630</u>	3.28%

Changes in net Position. The Organization's total revenues (excluding non-operating items) increased \$55,822 during the fiscal year ending June 30, 2015 and decreased \$29,896 for the fiscal year ending June 30, 2014. Non-operating income decreased \$18,032 during the fiscal year ending June 30, 2015. Approximately 96% of the Organization's income is derived from taxes charged on the telephone bills for emergency telephone service. The remaining non-operating source of income is principally investment income. Comparisons of changes in net position are presented below:

Wilson County Emergency Communications District
Changes in Net Position

June 30, 2015 and June 30, 2014

Account Name	2015	2014	%Change
Total Operating Revenues	\$1,109,679	\$1,053,857	5.30%
Total Operating Expenses	<u>\$1,086,874</u>	<u>\$1,115,339</u>	-2.55%
Operating Income	\$22,805	\$(61,482)	137.09%
Non-Operating Income	<u>\$138,315</u>	<u>\$156,347</u>	-11.53%
Increase in Net Position	<u>\$161,120</u>	<u>\$94,865</u>	69.84%

Wilson County Emergency Communications District
Changes in Net Position

June 30, 2014 and June 30, 2013

Account Name	2014	2013	%Change
Total Operating Revenues	\$1,053,857	\$1,083,753	-2.76%
Total Operating Expenses	<u>\$1,115,339</u>	<u>\$1,083,345</u>	2.95%
Operating Income	\$(61,482)	\$408	-15,169.12%
Non-Operating Income	<u>\$156,347</u>	<u>\$183,082</u>	-14.60%
Increase in Net Assets	<u>\$94,865</u>	<u>\$183,490</u>	-48.30%

Capital Assets. As of June 30, 2015, the Organization had invested \$625,720 in capital assets including the building and land in which the operations are conducted and various items of office and communications equipment. As of June 30, 2014, the Organization had invested \$600,130 in capital assets. An inventory of all capital assets was taken on June 30, 2015. An annual physical inventory of all capital assets is planned for the close of business on June 30 each year. More detail about the Organization's capital assets is available in Note 7 to the financial statements.

The Organization's fiscal year 2016 capital budget projects \$120,000 additions to capital assets. The Organization has no plans or intentions to finance these additions but will use proceeds from ongoing operations, cash revenues, and grants to fund any purchases.

Contacting the Organizations Financial Management

This financial report is designed to provide the citizens, taxpayers and customers of Wilson County of the Organizations finances and to demonstrate the Organization's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Wilson County Emergency Communications District, 1611 W Main Street, Lebanon, TN 37087.

WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
STATEMENT OF NET POSITION

June 30, 2015

ASSETS

Current Assets

Cash & Cash Equivalents	\$ 826,792
Investments	2,231,980
Total Current Assets	<u>3,058,772</u>

Fixed Assets

Land	118,500
Building	448,814
Office Equipment	232,389
Communications Equipment	579,536
Vehicles	22,710
Total	<u>1,401,949</u>
Less Accumulated Depreciation	(776,229)
Net Fixed Assets	<u>625,720</u>

Other Assets

Prepaid Expenses	4,531
Net Other Assets	<u>4,531</u>

Total Assets 3,689,023

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pension	<u>59,693</u>
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The accompanying notes are an integral part of these financial statements

**WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
STATEMENT OF NET POSITION**

June 30, 2015

LIABILITIES

Current Liabilities

Accounts Payable	\$ 8,153
Accrued Payroll	22,210
Retirement Payable	290
Payroll Deductions Payable	169
Compensated Absences	10,126
Total Current Liabilities	<u>40,948</u>

Other Liabilities

Net Pension Liability	10,196
Net OPEB Liability	523,132
Total Other Liabilities	<u>533,328</u>

Total Liabilities	<u>574,276</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows Related to Pension	<u>34,382</u>
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NET POSITION

Investment In Capital Assets	625,720
Unrestricted	2,514,338
Total Net Position	<u><u>\$ 3,140,058</u></u>

The accompanying notes are an integral part of these financial statements

**WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

Year Ended June 30, 2015

Operating Revenues

Emergency Telephone Service Charge	\$	50,490
Tennessee Emergency Communications Board-911 Surcharges		724,473
Tennessee Emergency Communications Board-Excess Revenue		156,185
Other Operating Revenues		178,531
Total Operating Revenues		1,109,679

Operating Expenses

Salaries and Wages		475,124
Employee Benefits		196,793
Contracted Services		217,397
Supplies & Materials		36,706
Other Charges		34,787
Depreciation		126,067
Total Operating Expenses		1,086,874

Operating Income/(Loss) 22,805

Non-operating Revenues/(Expenses)

Interest Income		55,391
Miscellaneous Income		95
Tennessee Emergency Communications Board Grants and Reimbursements		82,829
Total Nonoperating Revenues/(Expenses)		138,315

Increase in Net Position 161,120

Net Position, Beginning of Year Restated 2,978,938

Net Position, End of Year \$ 3,140,058

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

WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
STATEMENT OF CASH FLOWS

June 30, 2015

Cash Flows From Operating Activities	
Cash Received From Charges for Services	\$ 1,127,644
Cash Payments To Suppliers for Goods and Services	(476,080)
Miscellaneous Income	95
Cash Payments to Employees for Services	<u>(412,198)</u>
Net Cash Provided By Operating Activities	239,461
Net Cash Provided By Noncapital Financing Activities	
State of Tennessee ECB Grants	82,829
Net Cash Used by Capital and Related Financing Activities	
Purchase of Equipment	(151,657)
Cash Flows From Investing Activities	
Purchase of Certificates of Deposit	(53,053)
Interest On Investments	<u>55,391</u>
Net Cash Provided By Investing Activities	<u>2,338</u>
Net Increase in Cash & Cash Equivalents	172,971
Cash & Cash Equivalents at Beginning of Year	<u>653,821</u>
Cash & Cash Equivalents at End of Year	<u><u>\$ 826,792</u></u>

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

WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
STATEMENT OF CASH FLOWS

June 30, 2015

Operating Income/(Loss)	\$ 22,805
 Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities	
Depreciation	126,067
Miscellaneous Income	95
 Change in Assets and Liabilities	
Accounts Receivable	17,962
Prepaid Expenses	22,337
Deferred Outflows Related to Pensions	(59,693)
Accounts Payable	(12,734)
Accrued Payroll	4,584
Retirement Payable	(3,654)
Payroll Deductions Payable	359
Net Pension Liability	696
Net OPEB Liability	81,735
Compensated Absences Payable	4,520
Deferred Inflows Related to Pensions	34,382
Net Cash Provided By Operating Activities	\$ 239,461

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

WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Wilson County Emergency Communication District, Inc. was established pursuant to Tennessee Code Annotated 7-86-101 for the purpose of providing emergency services through the use of a three digit (911) telephone number. The District is a component unit of Wilson County, Tennessee, the primary government. Wilson County appoints the board members of the District and must approve the District's issuance of long-term debt. Even though the District is financially independent of the Wilson County primary governmental unit, it is accountable to that unit.

Financial Statement Presentation, Measurement Focus and Basis of Accounting

Basis of Presentation

The District is considered to be a business-type activity or proprietary fund. Business –type activities are financed in whole or in part by fees charged to external parties and are designed to be self-supporting. Proprietary fund operating revenues, such as charges for services, result from exchange transaction associated with the principal active of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as investment earnings and grant revenues result from nonexchange transactions or ancillary activities.

Measurement Focus and Basis of Accounting

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The District's financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) and in conformity with all applicable GASB pronouncements.

WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Budgets and Budgetary Accounting

Per Tennessee Code Annotated Section 7-86-120, the Board is legally required to adopt and operate under an annual budget. All monies received and expended by the district must be included in the budget. The district cannot expend any monies regardless of source except in accordance with the legally adopted budget. Budgetary control for emergency communications districts is legally set at the line-item level.

The Board follows these procedures in establishing the budgetary data reflected in the additional information section:

- a) Formal budgetary integration is employed as a management control device during the year for the business-type activity. This budget is adopted on a basis consistent with generally accepted accounting principles.
- b) The Board of Directors approve an annual detailed budget. Any revisions made during the year must be approved by the Board of Directors.
- c) The budget amounts shown in Other Information are the final authorized amounts as revised during the year.

Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets

As more fully described in Note 7, capital assets are recorded at cost and depreciated over their useful lives using the straight line method.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Position

Net position comprises the various net earnings from operating income, non-operating revenues and expenses and capital contributions. Net position is classified in the following three components:

Invested in capital assets, net of related debt

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted

This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislations.

Unrestricted

This component of net position consists of net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District’s general spending prioritization policy is to consider restricted resources to have been used first then unrestricted resources when expenditures have been incurred for which resources in more than one classification could be used.

Operating Revenues

Board by law as more fully described in Note 3. All revenues not part of these legally required payments for emergency telephone service have been classified as non-operating. Operating revenues are received from the Tennessee Emergency Communications.

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 Wilson County Emergency Communications District’s participation in the Public Employee Retirement Plan of

WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pensions-continued

the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from Wilson County Emergency Communications District's fiduciary net position has been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value .

NOTE 2 - CASH AND INVESTMENTS

The District maintains two bank accounts with the following balances at June 30, 2015:

Operating Account	\$ (7,225)
Savings Account	<u>834,017</u>
Total Cash	<u><u>\$ 826,792</u></u>

The District uses a "sweep account" for its operating account where the cash remaining in the bank at the end of the business day is "swept" into the savings account and transferred back into the operating account as needed to cover checks. Accordingly, the \$7225 deficit shown for the operating account above represents the outstanding checks at June 30, 2015. Funds will be transferred back to the operating account from savings as needed to cover the outstanding checks. The bank balance of the demand deposits at June 30, 2015 is \$834,006.

The District also had nine certificates of deposit with a total balance at June 30, 2015 of \$2,231,980. This amount has been classified as investments on the statement of net assets. At June 30, 2015, all but \$150,155 of the bank balance of cash and certificates of deposit was collateralized through the state bank collateral pool or covered under FDIC. The \$150,155 was uninsured by FDIC but collateralized with securities held by the bank's trust department or by an agent in the component unit's name.

Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized as follows: All deposits with financial institutions other than savings and loan associations must be collateralized in an amount equal to 105% of the value of the deposit secured thereby. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the

WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 2 - CASH AND INVESTMENTS, CONTINUED

district.

Deposits with savings and loan associations must be collateralized by one of the following methods: 1) By an amount equal to 105% of the face amount of uninsured deposits if the collateral is of the same character as that required for other financial institutions; 2) By an irrevocable letter of credit issued by the Federal Home Loan Bank; or, 3) By a surety bond issued by an insurance company licensed under the laws of the State of Tennessee whose claims paying ability is rated in the highest category by at least two nationally recognized statistical rating services.

The promissory notes must be in an amount equal to 150% of the amount of uninsured deposits. Wilson County Emergency Communications District, Inc. had no deposits with savings and loan associations during the period under audit.

NOTE 3 - ACCOUNTS RECEIVABLE AND OPERATING REVENUES

At June 30, 2015 the District had no accounts receivable. For landlines, each residential customer is charged \$.55 per month and each commercial customer is charged \$1.67 per month. Cell phone accounts and VOIP lines are also charged a fee for 911 services. Effective January 1, 2015, all of these funds are now remitted to the Tennessee Emergency Communications board, who distributes the "911 Surcharges" to the District at a fixed bi-monthly amount based on historical data. Additionally, the Tennessee Emergency Communications Board will distribute 75% of the Board's "excess revenues" as defined by law.

NOTE 4 - ACCRUED COMPENSATED ABSENCES

All full-time employees of the District accrue vacation based on years of service. Vacation is earned on a calendar year basis, and must be taken in the year earned. At June 30, 2015, the District had \$10,126 of accrued compensated absences.

NOTE 5 - EQUIPMENT MAINTENANCE AND PREPAID MAINTENANCE

During the year ended June 30, 2011 the District bought out some of the equipment that was previously leased from the telephone company. The buyout included \$202,502 for the equipment, included in capital assets and \$134,340 of prepaid maintenance, to be credited against the maintenance charges on the remaining equipment over 60 months starting July 1, 2010. The amortization of the prepaid maintenance for the year ended June 30, 2015 was \$26,868 and was included in contracted services on the financial statements. The amount of maintenance fees

WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 5 – EQUIPMENT MAINTENANCE AND PREPAID MAINTENANCE, CONTINUED

paid on the remaining equipment varies from month to month. A total of \$167,653 was paid for the fiscal year ended June 30, 2015.

NOTE 6 - RISK FINANCING ACTIVITIES

It is the policy of the District to purchase commercial insurance for the risks of losses to which it is exposed. Those risks include general liability, property and casualty, worker's compensation and employee health and accident. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 7 - CAPITAL ASSETS

All capital assets are recorded at historical cost. Depreciation is determined using the straight line method over the estimated useful lives of the respective assets of five to thirty-nine years. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized. A summary of changes in capital assets follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>
Business Type Activites:				
Capital Assets Not Being Depreciated:				
Land	\$ 118,500	\$ -	\$ -	\$ 118,500
Other Capital Assets:				
Office Equipment	225,907	6,482	-	232,389
Building	448,814	-	-	448,814
Communications Equipment	434,361	145,175	-	579,536
Vehicles	22,710	-	-	22,710
Total Other Capital Assets at Historical Cost	<u>1,131,792</u>	<u>151,657</u>	<u>-</u>	<u>1,283,449</u>
Less Accumulated Depreciation for:				
Office Equipment	170,124	19,144	-	189,268
Building	219,142	15,511	-	234,653
Communications Equipment	243,106	86,871	-	329,977
Vehicles	17,790	4,542	-	22,332
Total Accumulated Depreciation	<u>650,162</u>	<u>126,067</u>	<u>-</u>	<u>776,229</u>
Other Capital Assets, Net	<u>481,630</u>	<u>25,590</u>	<u>-</u>	<u>507,220</u>
Business Type Activites Capital Assets, Net	<u>\$ 600,130</u>	<u>\$ 25,590</u>	<u>\$ -</u>	<u>\$ 625,720</u>

Depreciation expense for the year ended June 30, 2015 amounted to \$126,067.

WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 8 - PENSION EXPENSE

General Information about the Pension Plan

Plan description - Employees of Wilson 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.

WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 8 - PENSION EXPENSE-CONTINUED

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

Inactive employee or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	4
Active employees	10
	16
	16

Contributions - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Wilson 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 Wilson County Emergency Communications District were \$44,620 based on a rate of 11.24 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Wilson 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)

Wilson 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:

<i>Inflation:</i>	3.0 percent
<i>Salary Increases:</i>	Graded salary ranges from 8.97 to 3.71 percent based on age, including, averaging 4.25 percent
<i>Investment rate of return:</i>	7.5 percent, net of pension plan investments including inflations
<i>Cost-of-living Adjustment:</i>	2.5 percent

WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 8 – PENSION EXPENSE – CONTINUED

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

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

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

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

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

NOTE 8 – PENSION EXPENSE – CONTINUED

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 Wilson 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 (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 6/30/13	\$ 509,826	\$ 456,646	\$ 53,180
Changes for the year:			
Service cost	22,061	-	22,061
Interest	39,527	-	39,527
Differences between expected and actual experience	17,226	-	17,226
Contributions-employer	-	43,677	(43,677)
Contributions-employees	-	-	-
Net investment income	-	78,486	(78,486)
Benefit payments, including refunds of employee contributions	(9,732)	(9,732)	-
Administrative expense	-	(365)	365
Net changes	<u>69,082</u>	<u>112,066</u>	<u>(42,984)</u>
Balance at 6/30/14	<u>\$ 578,908</u>	<u>\$ 568,712</u>	<u>\$ 10,196</u>

WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 8 – PENSION EXPENSE – CONTINUED

Sensitivity of the net pension liability (asset) to changes in the discount rate - The following presents the net pension liability (asset) of Wilson 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%)
Wilson County Emergency Communications District's net pension liability (asset)	\$ 115,158	\$ 10,196	\$ (73,582)

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, Wilson County Emergency Communications District recognized pension expense of \$20,002.

Deferred outflows of resources and deferred inflows of resources - For the year ended June 30, 2015, Wilson 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 & actual experience	\$ 15,073	\$ -
Net difference between projected & actual earnings on pension plan investments	-	34,382
Contributions subsequent to the measurement date of June 30, 2014	44,620	-
Total	\$ 59,693	\$ 34,382

WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 8 – PENSION EXPENSE – CONTINUED

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	\$ (6,443)
2017	(6,443)
2018	(6,443)
2019	(6,443)
2020	2,153
Thereafter	4,306

Payable to the Pension Plan

At June 30, 2015, Wilson County Emergency Communications District reported a payable of \$290 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

NOTE 9 – GIS MAPPING MAINTENANCE

During the fiscal year ended June 30, 2015 the Wilson County Emergency Communication District, Inc. paid \$12,250 for the maintenance of a computerized mapping system that will be titled to Wilson County. Prior to 2010 Wilson County Emergency Communications District, Inc. paid half of the maintenance contract but beginning in the fiscal year ended June 30, 2011 other county agencies including the Lebanon Police Department, & WEMA now pay a portion of the mapping maintenance fees resulting in a reduced cost to Wilson County Emergency Communications District, Inc.

These payments have been included in the contracted services balance on the statement of revenues, expenses, and changes in net assets.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District's full-time employees are included in Wilson County's plan for health, dental and prescription coverage. The Wilson County plan is a single employer plan that offers pre-65 retirees and dependents one of two plans depending on when the participant is hired (before or after March 1, 2000). Once a participant turns age 65, the health plan provision provides medical benefits through a Medicare Supplement Plan and prescription drug benefit through the county's self-insured plan. Upon death, retirees receive a \$2,000 life insurance benefit.

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)-CONTINUED

An employee who retires or becomes disabled from the District is eligible for retiree health coverage upon meeting one of the following requirements: (1) hired prior to July 1, 1992; ten years of service with the last eight consecutive, (2) hired between July 1, 1992 and August 31, 1998; age 45 with ten years of service with the last eight consecutive, or (3) hired on or after September 1, 2008; the earlier of age 55 with ten years of service with the last eight consecutive; age 60 with ten years of service with the last year under the plan; or at any age with 30 years of service.

If a retiree is eligible for health insurance coverage and spouse coverage has been in effect for a minimum of one year prior to the employee's retirement, the plan will also provide health coverage for the retiree's spouse. This coverage will continue for as long as the spouse lives, even if the retiree dies before the spouse.

Eligible retirees are not required to share the cost of health insurance. Eligible dependents and disabled former employees who do not meet retirement eligibility requirements are required to share the cost of health insurance.

Annual OPEB Cost and Net OPEB Obligation

The OPEB cost and net OPEB obligation were estimated based on the June 30, 2015 actuarial valuation for Wilson County's plan as a whole, which includes the District's employees.

The District's portion of the OPEB cost and obligation were computed by the actuary in a separate document. The net OPEB cost of \$81,735 for the year ended June 30, 2015 is included in employee benefits on the statements of revenues, expenses and changes in net assets.

ARC	\$ 89,876
Interest on the NPO	15,449
Adjustment to the ARC	<u>(23,590)</u>
Annual OPEB cost	81,735
Amount of contribution	-
Increase/(decrease) in NPO	<u>81,735</u>
Net OPEB obligation, 07/01/2014	<u>441,397</u>
Net OPEB obligation, 06/30/2015	<u><u>\$ 523,132</u></u>

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), - CONTINUED

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year end
06/30/11	Postemployment Benefits Plan	\$ 74,228	4%	\$ 180,444
06/30/12	Postemployment Benefits Plan	\$ 92,576	5%	\$ 268,192
06/30/13	Postemployment Benefits Plan	\$ 94,870	6%	\$ 357,058
06/30/14	Postemployment Benefits Plan	\$ 84,339	0%	\$ 441,397
06/30/15	Postemployment Benefits Plan	\$ 81,735	0%	\$ 523,132

Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 770,715
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 770,715
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 333,071
UAAL as a % of covered payroll	231%

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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), - CONTINUED

Actuarial Methods and Assumptions-continued

In the June 30, 2015 actuarial valuation, the projected unit credit actuarial cost method was used

The actuarial assumptions included a 3.5 percent discount rate, an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of 5.5 percent after five years, and an annual dental cost trend rate of five percent. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

NOTE 11 – RESTATEMENT OF NET POSITION

Due to the implementation of GASB 68, Accounting and Financial Reporting for Pensions, the opening net position was required to be restated. The effect of the implementation on opening net position is as follows:

Net Position, 07/01/2014	\$ 2,988,441
Decrease in net position due to implementation of GASB 68	<u>(9,503)</u>
Net Position, 07/01/2014, restated	<u>\$ 2,978,938</u>

NOTE 12 - SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through February 12, 2016, the date the financial statements were available to be issued.

WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND
RELATED RATIOS BASED ON PARTICIAPTION IN THE PUBLIC EMPLOYEE
PENSION PLAN OF TCRS
Last Fiscal Year Ended June 30

	2014
Total pension liability	
Service cost	\$ 22,061
Interest	39,527
Changes in benefit terms	-
Differences between actual & expected experience	17,226
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(9,732)
Net change in total pension liability	69,082
Total pension liability-beginning	509,826
Total pension liability-ending (a)	\$ 578,908
 Plan fiduciary net position	
Contributions-employer	\$ 43,677
Contributions-employee	-
Net investment income	78,486
Benefit payments, including refunds of employee contributions	(9,732)
Administrative expense	(365)
Net change in plan fiduciary net position	112,066
Plan fiduciary net position-beginning	456,646
Plan fiduciary net position-ending (b)	\$ 568,712
 Net Pension Liability (asset)-ending (a) – (b)	\$ 10,196
 Plan fiduciary net position as a percentage of total pension liability	98.24%
 Covered-employee payroll	\$ 378,809
 Net pension liability (asset) as a percentage of covered-employee payroll	2.69%

WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE
PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year Ended June 30

	2014	2015
Actuarially determined contribution	\$ 43,677	\$ 44,620
Contributions in relation to the actuarially determined contribution	43,677	44,620
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 378,809	396,980
Contributions as a percentage covered-employee payroll	11.53%	11.24%

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	5 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

WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
June 30, 2015

**SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT
BENEFITS (OPEB)**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	\$ -	\$ 770,715	\$ 770,715	0%	\$ 333,071	231%
7/1/2013	\$ -	\$ 766,034	\$ 766,034	0%	\$ 326,569	235%
7/1/2012	\$ -	\$ 800,394	\$ 800,394	0%	\$ 266,292	301%
1/1/2009	\$ -	\$ 545,103	\$ 545,103	0%	N/A	N/A

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.
ROSTER OF BOARD MEMBERS AND
MANAGEMENT OFFICIALS**

June 30, 2015

Ken Davis	Board Chairman
David Hale	Vice Chairman
Lounita Howard	Treasurer
Ron Britt	Board Member
Terry Ashe	Board Member
Veronica Bender	Board Member
Jordan Beasley	Board Member
Fred Burton	Board Member
Larry Stone	Board Member
Michael Jennings	911 Attorney
J.R. Kelley	Director

WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.
A COMPONENT UNIT OF WILSON COUNTY
SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES
COMPARED TO BUDGETED REVENUES AND EXPENSES

Year Ended June 30, 2015

	<u>Actual</u>	<u>Budgeted</u>	<u>Difference</u> <u>Over (Under)</u>
Operating Revenues			
Emergency Telephone Service Charge	\$ 50,490	\$ 59,369	\$ (8,879)
Tennessee Emergency Communications Board-911 Surcharges	724,473	724,473	-
Tennessee Emergency Communications Board-Excess Revenue	156,185	156,184	1
Other Operating Revenues	178,531	187,541	(9,010)
Total Operating Revenues	<u>1,109,679</u>	<u>1,127,567</u>	<u>(17,888)</u>
Operating Expenses			
Salaries & Wages			
Director	63,909	64,000	(91)
Dispatchers	318,438	315,000	3,438
Administrative	82,266	83,000	(734)
Longevity Pay	6,750	6,900	(150)
Overtime Pay	3,761	4,500	(739)
Total Salaries & Wages	<u>475,124</u>	<u>473,400</u>	<u>1,724</u>
Employee Benefits			
Social Security	28,893	30,000	(1,107)
Medicare	6,757	7,500	(743)
Medical Insurance	59,090	59,100	(10)
Life Insurance	316	320	(4)
Unemployment Compensation	-	-	-
OPEB Cost	81,735	85,000	(3,265)
Retirement Contributions	20,002	50,000	(29,998)
Total Employee Benefits	<u>196,793</u>	<u>231,920</u>	<u>(35,127)</u>
Contracted Services			
Addressing/Mapping Expenses	12,250	12,250	-
Audit Services	5,200	7,700	(2,500)
Data Processing	563	1,350	(787)
Janitorial Services	2,340	2,340	-
Legal Services	15,225	15,225	-
Maintenance & Repairs - Maintenance Agreements	1,883	2,055	(172)
Communication Equipment	167,653	160,000	7,653
Buildings & Facilities	5,224	6,000	(776)
Office Equipment	6,173	7,000	(827)
Pest Control	360	360	-
Vehicles	83	250	(167)
Fuel	443	1,000	(557)
Total Contracted Services	<u>217,397</u>	<u>215,530</u>	<u>1,867</u>

See Auditor's Report on Other Information

A COMPONENT UNIT OF WILSON COUNTY
 SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES
 COMPARED TO BUDGETED REVENUES AND EXPENSES

Year Ended June 30, 2015

	Actual	Budgeted	Difference Over (Under)
Supplies & Materials			
Office Supplies	\$ 2,503	\$ 3,000	\$ (497)
Custodial Supplies	956	1,000	(44)
Data Processing Supplies	-	1,250	(1,250)
Small Equipment	759	1,000	(241)
Postage	1,403	1,500	(97)
Uniforms & Shirts	1,355	1,400	(45)
Utilities -			
Electric	9,342	9,500	(158)
Gas	559	1,000	(441)
Water	1,151	1,500	(349)
General Telephone	15,977	16,000	(23)
Cell Phone & Pagers	1,686	2,000	(314)
Other	1,015	-	1,015
Total Supplies & Materials	<u>36,706</u>	<u>39,150</u>	<u>(2,444)</u>
Other Charges			
Bank Charges	694	750	(56)
Dues & Memberships	2,473	2,500	(27)
Employee Testing & Exams	143	250	(107)
Insurance -			
Workers Compensation	1,059	1,250	(191)
Liability	-	1,300	(1,300)
Building & Contents	2,907	2,950	(43)
Vehicles	993	1,000	(7)
Surety Bonds	1,432	1,500	(68)
Public Training	1,540	1,600	(60)
Service Awards	1,834	2,400	(566)
Training Expenses	717	1,000	(283)
Travel	20,974	30,000	(9,026)
Other	21	21	-
Total Other Charges	<u>34,787</u>	<u>46,521</u>	<u>(11,734)</u>
Miscellaneous Expenses	-	-	-
Depreciation	126,067	130,000	(3,933)
Total Operating Expenses	<u>1,086,874</u>	<u>1,136,521</u>	<u>(49,647)</u>
Nonoperating Revenues (Expenses)			
Interest Income	55,391	52,000	3,391
Miscellaneous Income	95	75	20
Tennessee Emergency Communications Board Grants & Reimbursements	82,829	82,829	-
Total Nonoperating Revenues/(Expenses)	<u>138,315</u>	<u>134,904</u>	<u>3,411</u>
Increase in Net Position	<u>\$ 161,120</u>	<u>\$ 125,950</u>	<u>\$ 35,170</u>

See Auditor's Report on Other Information

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
Wilson County Emergency Communication District, Inc.
Lebanon, 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 the business-type activities of Wilson County Emergency Communication District, Inc., a component unit of Wilson County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Wilson County Emergency Communication District, Inc.'s basic financial statements and have issued our report thereon dated March 14, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wilson County Emergency Communication District, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wilson County Emergency Communication District, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Wilson County Emergency Communication District, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as findings F2015-1, F2015-2, and F2015-3 to be material weaknesses.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wilson County Emergency Communication District, Inc.'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 the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Tennessee Code Annotated 7-86-120 states, in part, "notwithstanding any other provision of law, no district may expend any moneys regardless of their source, including moneys derived from bond and long-term note proceeds, federal, state or private grants or loans, or special assessments, except in accordance with a budget adopted under this section". The District's actual expenses exceeded the budget on several line items.

Wilson County Emergency Communication District, Inc.'s Response to Findings

Wilson County Emergency Communication District, Inc.'s response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. Wilson County Emergency Communication District, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Lebanon, Tennessee

March 14, 2016

Wilson County Emergency Communication District, Inc.
A COMPONENT UNIT OF WILSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2015

FINDING F2015-1 – BANK RECONCILIATIONS DO NOT AGREE TO GENERAL LEDGER

CRITERIA: The Wilson County Emergency Communication District, Inc. (District) is responsible to oversee that cash accounts agree to the financial statements as part of an effective internal control system that provides for reasonable assurance for the safeguarding of assets and the reliability of financial information.

CONDITION: The bank reconciliation for the general operating account did not agree to the general ledger and did not appear to be correct. Numerous errors were found within the general checking account reconciliation included but not limited to checks posting to cash but not expense accounts, old outstanding items not being addressed timely, both bill payments and liability payments posting to cash for the same expense, and checks posting to cash but not being finalized inside the financial software.

RECOMMENDATION: We recommend that management confirm that the register balances on the monthly reconciliations agree to the general ledger as part of their overall review. They also need to promptly address old outstanding items and maintain a better understanding of the process required inside the financial software for proper cash account postings.

MANAGEMENT'S RESPONSE

As recommended by auditors, management (Director) will confirm that the register balances on the monthly reconciliations agree to the general ledger as part of the overall review, promptly address old outstanding items, and maintain a better understanding of the process required inside the financial software for proper cash account postings.

Additionally, with Board concurrence, management (Director) will submit applicable documentation for review by licensed accountant prior to end of each fiscal year.

Wilson County Emergency Communication District, Inc.
A COMPONENT UNIT OF WILSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2015

FINDING F2015-2 – INTERNAL CONTROLS OVER ACCOUNTS PAYABLE BALANCES

CRITERIA: The District is responsible for maintaining an effective internal control system over billing procedures as part of an effective internal control system that provides for reasonable assurance for the safeguarding of assets and the reliability of financial information.

CONDITION: During the audit process it was noted that the balance sheet showed a negative accounts payable balance. Errors were found in the proper posting and clearing of invoices inside the financial software. Invoices were dated for the next fiscal period yet paid in the current fiscal year resulting in a negative balance. It was also discovered that bills were created along with a bill payments which cleared inside the cash account, but later the bills were voided resulting in a negative accounts payable and a reversal of the expense account posting.

RECOMMENDATION: We recommend that balance sheet accounts be reviewed in detail when balances appear to be out of line from accounting standards. The board and management needs to maintain a better understanding of the process required inside the financial software for proper expense and liability account postings.

MANAGEMENT'S RESPONSES:

As recommended by auditors, management (Director) will review balance sheet accounts in detail when balances appear to be out of line from accounting standards, and with the Board, maintain a better understanding of the process required inside the financial software (Quick Books) for proper expense and liability account postings.

Additionally, with Board concurrence, management (Director) will submit applicable documentation for review by licensed accountant prior to end of each fiscal year.

Wilson County Emergency Communication District, Inc.
A COMPONENT UNIT OF WILSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2015

FINDING 2015-3 - INTERNAL CONTROLS ON PAYROLL PROCESSING

CRITERIA: The District is responsible for maintaining an effective internal control system over payroll processing to maintain compliance with laws and regulations.

CONDITION: It was discovered during the audit year that employees' tax deductions were not being properly calculated which resulted in excess tax withholding on the individuals and excess tax matching by the District. Because this error was not found until after the fiscal year, four quarters of federal returns were required to be corrected. It was also discovered that pension payments to TCRS were incorrectly calculated at the required reporting time which resulted in late payments to the state retirement accounts for two employees.

RECOMMENDATION: We recommend that payroll processing personnel and management have a detail understanding of the regulations and calculations required to accurately process payroll. Additional training may be needed to by the payroll processing personnel as well as management to ensure a clear understanding of what is required by state and federal regulations as well as proper calculations of individual paychecks and payroll as a whole with consideration given to the benefits that are offered by the District. The Board and management may want to consider reviewing payroll reports and returns on a monthly or quarterly basis, check that payments are made timely, and maintain a better understanding of the payroll process required by the District's financial software used for payroll.

MANAGEMENT'S RESPONSE:

As recommended by auditors, payroll processing personnel (Office Manager), and management (Director) will have a detailed understanding of the regulations and calculations required to accurately process payroll. Additional training will be provided to payroll processing personnel (Office Manager) and management (Director) to ensure a clear understanding of what is required by state and federal regulations as well as proper calculations of individual paychecks and payroll as a whole with consideration given to the benefits that are offered by the District. Management (Director) will continue reviewing payroll reports and returns bi-weekly, and Board Secretary/Treasurer, monthly, and maintain a better understanding of the payroll process required by the District's financial software for payroll (Quick Books).

Additionally, with Board concurrence, management (Director) will submit applicable documentation for review by licensed accountant quarterly, including prior to end of each fiscal year.