

**OVERTON/PICKETT COUNTY
EMERGENCY COMMUNICATIONS DISTRICT**

AUDIT REPORT

June 30, 2015

CONTENTS

June 30, 2015

	Page
I. INTRODUCTORY SECTION	
Roster of the Board of Directors	1
II. MANAGEMENT'S DISCUSSION AND ANALYSIS	2
III. FINANCIAL SECTION	
Independent Auditors' Report	5
Financial Statements:	
Statement of Net Position	8
Statement of Revenues, Expenses and Change in Net Position	9
Statement of Cash Flows	11
Notes to Financial Statements	12
IV. REQUIRED SUPPLEMENTARY INFORMATION	
Required Supplementary Information	24
Notes to Required Supplementary Information	26
V. SUPPLEMENTARY INFORMATION	
Statement of Revenues and Expenses - Actual and Budget (Budgetary Basis) and Budget	27
Schedule of Official Bonds of Principal Officials	29
VI. MISCELLANEOUS SECTION	
Income and Expenses by Year - Last Ten Years	30
Schedule of Expenditures of State Grants	31
Notes to Expenditures of State Grants	31
Insurance Schedule	32
VII. INTERNAL CONTROL AND COMPLIANCE SECTION	
Independent Auditors' Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government <i>Auditing Standards</i>	33
Schedule of Findings and Responses - Prior Year Findings not Implemented	35
Schedule of Findings and Responses - Current Year	36

Introductory Section

**OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF THE BOARD OF DIRECTORS**

June 30, 2015

Name	Position
C. Masiongale	Director
Randall Boswell	Chairman
Rocky Dial	Vice-Chairman
Carlos Wilson	Treasurer
Dr. Matthew Gaspar	Secretary
Dr. Mark Pressley	Member
Garry Garrett	Member
Buster Harmon	Member
Keith Ledford	Member
Ralph Robbins	Member
Darrell Hoover	Member
Junior Carter	Member
Tony Beaty	Member

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of The Overton/Pickett County Emergency Communications District financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

The District's net position decreased by \$163,261 as a result of this year's operations. All of this decrease is treated as business-type increases.

During the year, the District had revenues of \$909,947, interest income of \$ 695, and expenses of \$ 1,073,903. Prior year revenues were \$ 1,069,043, a decrease of \$ 158,908, this decrease was due mainly because of grants and reimbursements received in 2014. Interest income increased by \$ 507 and expenses increased from \$1,045,280 to \$ 1,073,903, a difference of \$ 28,623.

We believe that this loss of \$ 163,261 was due mainly from repairs and maintenance due to an ice storm in the area.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position, the Statement of Revenue and Expenses and Change in Net Position, and the Statement of Cash Flows. The Statement of Revenue and Expenses - Actual and Budget shows the budget and budget amendments and variances for the year.

REPORTING THE DISTRICT AS A WHOLE

Our analysis of the District, one of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position--the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating.

The District receives a fee that the local telephone company adds to the phone bills of the customers within the district and passes on to the district. However, effective January 1, 2015, the fees are now being sent to the State of Tennessee and then disbursed to the District. In addition, the State of Tennessee Emergency Communications collects funds from wireless customers through the various wireless vendors and shares these funds with the local emergency communications districts in the form of commissions and grants.

THE DISTRICT AS A WHOLE

The District's net position decreased from a year ago, decreasing from \$ 1,181,232 to \$ 1,066,705. This business-type activity shows a 9.70% decrease for the year.

The District's total revenues decreased by 14.82 % over the prior year. This decrease is primarily the result of the prior year grants and reimbursements received from the Tennessee Emergency Communication Board in 2014.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Budget was not amended during the year.

Table I
OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Balance Sheets
June 30, 2015

	2014	2015	Increase (Decrease)
Assets			
Current Assets			
Cash in Bank	\$ 38,038	\$ 132,588	\$ 94,550
Investments	90,027	40,682	(49,345)
Accounts Receivable	111,371	-	(111,371)
Prepaid Insurance	14,325	17,100	2,775
Total Current Assets	253,761	190,370	(63,391)
Fixed Assets			
Equipment	1,662,108	1,831,420	169,312
Land	90,550	90,550	-
Construction in Progress	132,323	-	(132,323)
Less Accumulated Depreciation	(904,076)	(1,038,851)	(134,775)
Net Fixed Assets	980,905	883,119	(97,786)
Total Other Assets	-	132,871	132,871
Total Deferred Outflows	-	13,616	13,616
Total Assets and Deferred Outflows of Resources	1,234,666	1,219,976	(14,690)
Liabilities			
Current Liabilities	53,433	58,573	5,140
Non Current Liabilities	-	20,910	20,910
Total Deferred Inflows	-	73,788	73,788
Net Position	1,181,233	1,066,705	(114,528)
Total Liabilities & Net Position	1,234,666	1,219,976	(14,690)

Table II

	2014	2015	Increase (Decrease)
Income Statement June 30, 2015			
Revenue			
Telephone Service Charges	227,990	113,838	(114,152)
Shared Wireless Charges	69,568	29,928	(39,640)
Operational Funding	336,271	154,879	(181,392)
Electrical permits	35,678	39,438	3,760
Other Revenue	399,348	249,604	(149,744)
TECB Base Amount	-	322,260	322,260
Interest Income	188	695	507
Total Revenue	1,069,043	910,642	(158,401)
Expenses			
Salaries and Wages	455,963	424,165	(31,798)
Benefits	130,459	117,289	(13,170)
Contracted Services	98,773	98,522	(251)
Maintenance and Repairs	40,058	78,971	38,913
Supplies and Materials	26,236	31,660	5,424
Utilities	31,220	40,291	9,071
Other Charges	103,541	102,819	(722)
Interest Expense	-	1,882	1,882
Depreciation	159,030	178,304	19,274
Total Expenses	1,045,280	1,073,903	28,623
Increase (Decrease) in Net Position	23,763	(163,261)	(187,024)
Net Position - Beginning (Restated)	1,106,203	1,129,966	23,763
Net Position - Ending	\$ 1,129,966	\$ 966,705	\$ (163,261)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the District had \$ 883,119, invested in capital assets, automobiles, office equipment, communications and mapping equipment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's appointed officials considered many factors when setting the fiscal-year 2015 budget. In the case of an emergency communications district the revenue is estimated from local telephone use, funds available from the State of Tennessee Emergency Communications Board and interest income. From this the wage scale of employees can be determined along with the level of benefits that can be purchased for their benefit. Capital expenditures are planned along with all other goods and services necessary to run the district's operation.

The District focused it's finances in two directions, external and internal communications. In any situation good communications is a key factor, since the 911 District is a full service district encompassing not only 911 but the dispatch and service of it's responders on a daily basis being able to communicate with responding units and personnel is paramount. A great deal of funding has went into establishing tower sites throughout Overton and Pickett counties. Multiple tower sites coupled with state of the art digital equipment and pier to pier connection between the sites equals much improved quality of signal and greater range for the responder which covers the external side of communications. On the internal side, the dispatch center invested in ergonomically correct dispatching console furniture, new state of the art computer systems, monitors, and digital radio consoles. All of these upgrades would not have been possible without the 100% grants awarded through the state Emergency Communications Board.

The future goals of the District are first to maintain financial stability and to support and maintain the current communications systems recently purchased, and to look to improve communications and the work place for the employees and the communities for which we serve.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's office at Livingston, Tennessee or call our office at (931) 823-8593.

Financial Section

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Overton/Pickett County Emergency Communications District
Livingston, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the Overton/Pickett County Emergency Communications District, a component unit of Overton 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion 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 financial position of the Overton/Pickett 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.

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 2 – 4, the schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS, the schedule of contributions based on participation in the public employee pension plan of TCRS on pages 24 - 25, the notes to schedule on page 26, and the schedules of supplementary information on pages 27 - 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Overton/Pickett County Emergency Communications District's basic financial statements. The introductory section and miscellaneous section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state awards and the supplemental information are presented for purposes of additional analysis, and is also not a required part of the basic financial statements.

The schedule of expenditures of state awards and the supplemental information are 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 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 schedule of expenditures of state awards and the supplemental information are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and miscellaneous sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015, on our consideration of the Overton/Pickett County Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Overton/Pickett County Emergency Communications District's internal control over financial reporting and compliance.

Dennis E Jeffers, CPA, P.C.

Oneida, Tennessee
December 29, 2015

OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 132,588
Investment (certificate of deposit with 12 month maturity)	40,682
Prepaid Items	17,100

Total Current Assets 190,370

Noncurrent Assets

Land	90,550
Property, plant and equipment	1,831,420

Total Capital Assets 1,921,970

Accumulated Depreciation (1,038,851)

Capital Assets Net 883,119

Other Assets

Net Pension Asset	<u>132,871</u>
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Total Assets 1,206,360

Deferred Outflows of Resources

Pension Contributions after Measurement Date	<u>13,616</u>
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Total Deferred Outflows of Resources 13,616

Total Assets and Deferred Outflows of Resources 1,219,976

LIABILITIES

Current Liabilities

Accounts payable	8,468
Accrued Wages	30,433
Compensated Absences	13,508
Current Portion of Long-Term Debt	6,164

Total Current Liabilities 58,573

NonCurrent Liabilities

Note Payable - Long-Term	<u>20,910</u>
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Total Liabilities 79,483

Deferred Inflows of Resources

Pension Other Deferrals	<u>73,788</u>
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Total Deferred Inflows of Resources 73,788

Net Position

Net Investments in Capital Assets	856,045
Unrestricted	210,660

Total Net Position 1,066,705

**Total Liabilities, Deferred Inflows of Resources and
Net Position**

\$ 1,219,976

OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015

OPERATING REVENUE

Emergency Telephone Service Charges	\$ 113,838
Tennessee Emergency Communications Board-State Wireless Charge	29,928
Tennessee Emergency Communications Board -Operational Funding	154,879
Tennessee Emergency Communications Board -Base Amount	322,260
Electrical Permits	39,438
TOTAL OPERATING REVENUE	<u>660,343</u>

OPERATING EXPENSES

Salaries and Wages

Director	53,988
Administrative Personnel	22,474
Dispatcher Wages	347,703
	<u>424,165</u>

Employee Benefits

Medical Insurance	85,054
Social Security	25,818
Medicare	5,574
Unemployment	843
	<u>117,289</u>

Contracted Services

Addressing	9,573
Fees Paid to Service Providers	28,801
Advertising	658
Accounting Services	2,388
Audit Services	3,500
Other Contracted Services Legal	4,900
Other Contracted Services (Maintenance)	48,082
Pest Control	620
	<u>98,522</u>

Lease/Rental

Office Equipment	1,945
Online maintenance	10,821
	<u>12,766</u>

Maintenance and Repairs

Communications Equipment	39,040
Building and Facilities	13,598
Office Equipment	2,802
Vehicles	10,765
	<u>66,205</u>

Supplies and Materials

Office Supplies	9,085
Custodial Supplies	7,973
Postage	463
Small Equipment	10,948
Uniformal and Shirts	3,191
	<u>31,660</u>

The Notes to Financial Statements are an Integral Part of These Statements.

OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended June 30, 2015

Utilities	
Electricity	20,149
Gas	740
Water Sewage	1,749
Internet	438
Cell phones	16,281
Cable TV	934
	<u>\$ 40,291</u>
Other Charges	
Insurance Liability	\$ 23,247
Insurance Workers compensation	6,335
Dues and Memberships	7,862
Travel	10,171
Training	10,824
Board Meeting	6,676
Premiums on Surety bonds	1,588
Public Relations	2,630
Service Awards	24
Electrical permits	33,462
	<u>102,819</u>
Depreciation	<u>178,304</u>
Total Operating Expenses	<u>1,072,021</u>
Operating Income (Loss)	(411,678)
Non-Operating Revenue (Expenses)	
Emergency Calls	6,982
TECB Grants and Reimbursements	20,864
Miscellaneous Income	50
Contributions other governments	150,000
Pension Income	10,349
Proceeds from sale of assets	18,300
Insurance proceeds	43,059
Interest Income	695
Interest Expense	(1,882)
Total Non-Operating Revenue (Expenses)	<u>248,417</u>
Increase (Decrease) in Net Position	<u>(163,261)</u>
Net Position - Beginning of Period	1,181,232
Restatement (Note 1)	<u>48,734</u>
Net Position - Beginning of Period after Restatement	<u>1,229,966</u>
Net Position - End of Period	<u>\$ 1,066,705</u>

**OVERTON/PICKETT 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 Revenue	\$ 771,714
Cash Payments to Suppliers for Goods and Services	(378,636)
Cash Paid for Payroll, Taxes and Related Benefits	(538,874)
Net Cash Provided By Operating Activities	(145,796)
Cash Flows From Noncapital Financing Activities	
Operating Grants & Reimbursements	20,864
Contributions from other governments and agencies	156,982
Other income and (expenses)	49,487
Net Cash Provided by Noncapital Financing Activities	227,333
Cash Flows From Capital and Related Financing Activities	
Loan Proceeds	32,514
Purchase of Capital Assets	(80,519)
Principal Paid on Notes	(5,440)
Interest Paid on Notes	(1,882)
Gain on Sale of Assets	18,300
Net Cash Provided by Capital and Related Activities	(37,027)
Cash Flows From Investing Activities:	
Interest Received	695
Decrease (increase) in Investment in Certificates of Deposit	49,345
Net Cash Provided from Investing Activities	50,040
Net Increase (Decrease) in Cash and Cash Equivalents	94,550
 Cash and Cash Equivalents at Beginning of Period	 38,038
 Cash and Cash Equivalents at End of Period	 132,588
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Net Income from Operating Activities	(411,678)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	178,304
Change in Assets and Liabilities	
(Increase) Decrease in Prepaid Expense	(2,775)
Increase (Decrease) in Accounts Payable	(3,513)
Increase (Decrease) in Accrued Liabilities	(91)
(Increase) Decrease in Pension Asset	(80,166)
Increase (Decrease) in Deferred Inflows	73,788
(Increase) Decrease in Deferred Outflows	(13,616)
Increase (Decrease) in Compensated Absences	2,580
(Increase) Decrease in Accounts Receivable	111,371
Net Adjustments	265,882
 Net Cash Provided by Operating Activities	 \$ (145,796)

The Notes to Financial Statements are an Integral Part of These Statements.

OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1. Summary of Significant Accounting Policies:

The Financial Reporting Entity – The Overton/Pickett County Emergency Communications District was established as a result of a merger between the Overton County Emergency Communications District and the Pickett County Emergency Communications District. The merger agreement was signed on January 22, 2002. For the purpose of improving the response of emergency services in Overton County and Pickett County, and to provide an enhanced 911 service for Overton and Pickett County citizens by acquiring equipment that enables emergency service providers to respond more rapidly and effectively due to increased speed in the transmission of critical information and improved reliability of address information.

The district is a component unit of Overton County, Tennessee, the commissioners of which appoint the nine members of the Board. The remaining four are appointed by the Pickett County Commission. The District must file a budget with Overton County each year. Any bond issued by the District is subject to approval by Overton County.

Method of Accounting – The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the District, the reporting entity. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Income Taxes – The District is exempt from Federal Income Taxes because of its creation by the Overton County Government.

Revenue – Operating revenues consist primarily from Local Telephone Companies authorization to charge all customers who have access to 911 charge of \$1.16 per month. As of June 30, 2015, the district had 8,110 residential customers and 2,307 business customers. These fees are collected by the State of Tennessee and then disbursed to the Emergency Communication Centers. Wireless communications income is from a share of state collected revenues from cell phone usage based upon population. All other revenues and expenses are reported as non-operating revenues and expenses.

Cash – The organization treats as cash; checking account balances, savings accounts, certificates of deposit with original maturities of less than three months and cash on hand.

Cash Management – Cash temporarily idle during the year was invested in a savings account and certificates of deposit. The certificates of deposit have maturities of 36 months. The District earned \$ 696 on all investments for the year ended June 30, 2015.

**OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

(continued)

For deposits with financial institutions that do not participate in the bank collateral pool, the state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the entity.

The carrying value of the districts deposits were \$173,270 and the bank balance was \$181,381. Of that amount, \$ 173,270 was insured by FDIC insurance. No accounts exceeded the FDIC Limits.

Compensated Absences – It is the district’s policy to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave since the district does not have a policy to pay any amount when employees separate from service with the district. In 2008 a "sick pay bank" was established by the board of directors allowing employees to surrender unused sick time into a pool to be used by any employee of the district when needed. In March of 2014, the board of directors used about one half of these hours to pay for for a two week delay in payroll.

Accumulated vacation pay is reported as an expenditure and a liability of the fund when accumulated.

Fixed Assets -- Fixed assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair market value at the date of donation. The Straight Line method of depreciation is used to calculate depreciation over a five year period. Depreciation expense for the current year was \$173,952. Although mapping expenses have a useful life of more than one year, the life is very difficult to measure. Mapping expenses, therefore, are treated as expenses as incurred.

Fixed Assets

	<u>Balances</u> 6/30/2014	<u>Adjustments</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> 6/30/2015
<u>Non-depreciable assets</u>					
Land	\$ 90,550	-	-	-	\$ 90,550
Construction in progress	132,323	(132,323)	-	-	-
	<u>222,873</u>	<u>(132,323)</u>	<u>-</u>	<u>-</u>	<u>90,550</u>
<u>Equipment</u>					
Land improvements	\$ 34,035	18,341	-	-	\$ 52,376
Building improvements	352,018	106,387	-	-	458,405
Furniture and Fixtures	92,491	-	-	-	92,491
Office Equipment	302,263	-	-	-	302,263
Communication Equipment	768,622	7,595	25,353	-	801,570
Vehicles	112,679	-	55,166	(43,529)	124,316
	<u>1,662,108</u>	<u>132,323</u>	<u>80,519</u>	<u>(43,529)</u>	<u>1,831,421</u>
<u>Accumulated Depreciation</u>					
Land improvements	(10,775)	-	(2,498)	-	(13,273)
Building improvements	(173,932)	-	(20,224)	-	(194,156)
Furniture and Fixtures	(68,532)	-	(4,956)	-	(73,488)
Office Equipment	(170,658)	-	(24,294)	-	(194,952)
Communication Equipment	(409,149)	-	(105,402)	-	(514,551)
Vehicles	(71,030)	-	(20,931)	43,529	(48,432)
	<u>(904,076)</u>	<u>-</u>	<u>(155,583)</u>	<u>43,529</u>	<u>(1,038,852)</u>
Net Investment in Fixed Assets	<u>\$ 980,905</u>	<u>-</u>	<u>(75,064)</u>	<u>-</u>	<u>\$ 883,119</u>

OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015
(continued)

Long-Term Debt

The District has issued a note to provide funds for the acquisition of a vehicle for the District

Notes payable are direct obligations and pledge the full faith and credit of the government. These notes generally are issued to local financial institutions with rates and terms negotiated at the time of issuance.

These notes are as follows:

Interest rate	Amount
4.73%	<u>\$ 27,074</u>

Annual Debt Service requirements to maturity for notes payable are as follows:

Year Ending

June 30,	<u>Principal</u>	<u>Interest</u>
2016	6,126	1,194
2017	6,463	857
2018	6,775	545
2019	7,710	211
	<u>\$ 27,074</u>	<u>\$ 2,807</u>

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Payable	<u>\$ -</u>	<u>\$ 32,514</u>	<u>\$ 5,440</u>	<u>\$ 27,074</u>	<u>\$ 6,126</u>

**OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

(continued)

Deposits and Investments – All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure the debt of these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect these accounts that are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for the purpose of credit risk disclosure.

Risk Management -- The District is exposed to various risks of losses related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has obtained commercial insurance to manage these risks. Management does not believe any claims will exceed the insurance amount. The settlements have not exceeded insurance amounts in the past three years. See supplementary information for detail of coverage.

Budgets -- Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. On or before May 31 of each year, the proposed budget is prepared and presented to the board for review. The board adopts the budget and amends the budget throughout the year as needed.

The District is required by state statute to adopt the annual budget. The annual budget is prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Board of Directors and any authorized revisions. Unencumbered appropriations lapse at the end of each year.

The budgetary level of control is at the line-item level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee.

The District's budgetary basis of accounting is on the modified cash basis. Reconciliation to GAAP is presented on the face of the budgetary schedule.

Net Position and Fund Balance – In the financial statements, equity is classified as net position and displayed in three components:

- a) Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation.
- b) Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or

**OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

(continued)

(2) laws through constitutional provisions or enabling legislation.

c) Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

It is the District's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balances is available.

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

Restatement – In prior years, the District was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No 68, government employers are required to recognize a net pension asset/liability in their Statement of Net Position. Therefore a restatement to the District's beginning net position has been recognized on the Statement of Activities totaling \$48,734.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows or resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has items that qualify for reporting in this category. Accordingly, the items are reported in the Statement of Net Position. These items are for pension changes in experience, changes in pension proportionate share of contributions, as well as employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue, etc.) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the Statement of Net Position. These items are from pension changes in experience, and changes in pension investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015
(continued)

position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For the 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.

2. The Officers and Employees of the District Bonds

The District maintains a surety bond against officers and employee forgery or alteration as required by TCA 7-86-119 with policy limits of \$78,500.

3. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to contributions 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.

4 General Information about the Pension Plan

Plan Description

Employees of Overton 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.

OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015
(continued)

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

Employees Covered By Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	4
Active employees	12
	16

**OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

(continued)

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. Overton 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 Overton County Emergency Communications District were \$13,616 based on a rate of 3.91 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Scott 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)

Overton 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 based On age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, Including inflation
Cost-of-Living Adjustment	2.5 percent

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

The actuarial assumptions used in the June 30, 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 assumption were adjusted to more closely reflect actual and expected future experience.

VERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015
(continued)

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Overton 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.

OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015
(continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/13	\$ 449,909	\$ 480,088	\$ (30,179)
Changes for the year:			
Service cost	21,406		21,406
Interest	35,348		35,348
Differences between expected and actual experience	(39,423)		(39,423)
Contributions - employer		18,555	(18,555)
Contribution - employees		17,824	(17,824)
Net investment income		84,102	(84,102)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense		(458)	458
Net Changes	<u>17,331</u>	<u>120,023</u>	<u>(102,692)</u>
			-
Balance at 6/30/14	<u>\$ 467,240</u>	<u>\$ 600,111</u>	<u>\$ (132,871)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Overton 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:

	<u>6.5%</u>	<u>7.5%</u>	<u>8.5%</u>
Overton County Emergency Communications District's Net pension liability (asset)	\$ (38,391)	\$ (132,871)	\$ (208,798)

OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015
(continued)

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, Overton County Emergency Communications District recognized pension expense of \$10,349.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 36,390
Net difference between projected and actual earnings on pension plan investments		37,398
Contributions subsequent to the measurement date of June 30, 2014	13,616	-
Total	\$ 13,616	\$ 73,788

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.

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	\$(12,383)
2017	(12,383)
2018	(12,383)
2019	(12,383)
2020	(3,033)
Thereafter	(21,231)

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

OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015
(continued)

Payable to the Pension Plan

At June 30, 2015, Overton County Emergency Communications District reported a payable of \$ 0 for the outstanding amount of contributions to the pension plan required at the year ending June 30, 2015.

Required Supplementary Information

**OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

**Schedule of Changes in Overton 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

	<u>2014</u>
Total pension liability	
Service cost	\$ 21,406
Interest	35,348
Changes in benefit terms	-
Differences between actual & expected experience	(39,423)
Change in assumptions	-
Benefit payments, including refunds of employee contributions	-
Net change in total pension liability	<u>17,331</u>
Total pension liability-beginning	<u>449,909</u>
Total pension liability-ending (a)	<u>\$ 467,240</u>
 Plan fiduciary net position	
Contributions-employer	\$ 18,555
Contributions-employee	17,824
Net investment income	84,102
Benefit payments, including refunds of employee contributions	-
Administrative expense	(458)
Net change in plan fiduciary net position	<u>120,023</u>
Plan fiduciary net position-beginning	<u>480,088</u>
Plan fiduciary net position-ending (b)	<u>\$ 600,111</u>
 Net Pension Liability (asset)-ending (a)-(b)	<u>\$ (132,871)</u>
 Plan fiduciary net position as a percentage of total pension liability	128.44%
 Covered-employee payroll	\$ 356,473
 Net pension liability (asset) as a percentage of covered-employee payroll	37.27%

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.

**VERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2015**

**Schedule of Overton 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	\$ 18,555	\$ 13,616
Contributions in relation to the actuarially determined contribution	<u>18,555</u>	<u>13,616</u>
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$356,473	\$344,023
Contributions as a percentage covered-employee payroll	5.21%	3.96%

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

**OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

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

Methods and assumption used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	2 year
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

Supplementary Information

**OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES AND EXPENSES
ACTUAL AND BUDGET - (BUDGETARY BASIS) AND BUDGET
June 30, 2015**

	Budget Amounts		Actual Revenues/ Expenditures	Variance
	Original Budget	Final Budget	(Budgetary) Actual	Favorable (Unfavorable)
INCOME				
Telephone Surcharge	\$ 113,920	\$ 113,920	\$ 113,838	\$ (82)
Wireless Commission	34,306	34,306	41,701	7,395
Emergency Communications Board				
Grants & Reimbursements	10,000	10,000	77,960	67,960
Operational Funding	478,253	478,253	193,035	(285,218)
Interest Income	2,000	2,000	695	(1,305)
Transition Funding	-	-	322,260	
Electrical Permits	42,000	42,000	39,438	(2,562)
Dispatching-UCEMC Emergency Calls	6,976	6,976	6,982	6
Contributions from Other Governments	153,000	153,000	150,000	(3,000)
Gain (Loss) on Disposal of Property	-	-	-	-
Miscellaneous Income	1,000	1,000	50	(950)
Insurance Reimbursements	-	-	-	-
Total Revenue	841,455	841,455	945,959	104,504
EXPENSES				
Director	53,693	53,693	53,693	-
Administrative Personal	26,006	26,006	23,371	2,635
Dispatchers/Radio Operators	262,368	262,368	347,192	(84,824)
Social Security	21,317	21,317	25,818	(4,501)
Medicare	4,985	4,985	5,574	(589)
Compensated Absences	-	-	-	-
Medical Insurance	93,600	93,600	85,814	7,786
Unemployment Compensation	2,000	2,000	1,060	940
Retirement Contributions	30,278	30,278	13,616	16,662
Addressing and Mapping	5,000	5,000	9,573	(4,573)
Advertising	700	700	722	(22)
Auditing Services	3,500	3,500	3,500	-
Accounting Services	2,100	2,100	1,032	1,068
Fees Paid to Services Provider (telephone)	42,000	42,000	32,718	9,282
Legal Services	5,500	5,500	4,900	600
Maintenance Agreement	56,017	56,017	48,082	7,935
Pest Control	750	750	620	130
Office Equipment	-	-	900	(900)
Communications Equipment Maintenance	-	-	39,040	(39,040)
Building and Facilities Maintenance	2,500	2,500	13,692	(11,192)
Office Equipment Maintenance	-	-	3,625	(3,625)
Software Maintenance	-	-	7,530	(7,530)
Vehicle Maintenance	2,000	2,000	10,590	(8,590)
Language Line Maintenance	100	100	37	63
Office Supplies	2,000	2,000	8,736	(6,736)
Custodial Supplies	8,000	8,000	8,845	(845)
Postage	700	700	463	237
Small Equipment Purchases	600	600	10,948	(10,348)
Uniforms	2,500	2,500	3,191	(691)
Utilities-Electric	19,000	19,000	18,544	456
Utilities-Gas	1,000	1,000	740	260
Utilities-Water & Sewer	1,000	1,000	1,840	
Cell Phones and Pagers	7,200	7,200	16,833	(9,633)
Cable TV	1,000	1,000	858	142
Internet	225	225	438	(213)
Board Meeting	4,000	4,000	6,914	(2,914)
Dues and Memberships	3,050	3,050	9,089	(6,039)
Employee Testing and Exams	1,500	1,500	31	1,469

**OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES AND EXPENSES
ACTUAL AND BUDGET - (BUDGETARY BASIS) AND BUDGET
June 30, 2014**

	Budget Amounts		Actual Revenues/ Expenditures	Variance
	Original Budget	Final Budget	(Budgetary) Actual	Favorable (Unfavorable)
Insurance - Workers' Compensation	3,603	3,603	6,335	(2,732)
Insurance - Liability	17,805	17,805	20,332	(2,527)
Insurance - Vehicle	2,584	2,584	2,915	(331)
Licenses and Fees	2,300	2,300	(266)	2,566
Premiums on Surety Bonds	2,000	2,000	1,588	412
Public Education	4,000	4,000	2,707	1,293
Service Awards	2,000	2,000	24	1,976
Training Expense	5,000	5,000	10,031	(5,031)
Travel Expense	10,000	10,000	9,415	585
Other Charges - Electrical Permits	39,000	39,000	33,462	5,538
Interest Expense	-	-	-	-
Depreciation	81,684	81,684	-	81,684
Capital Improvements	-	-	-	-
Total Expenses	<u>836,165</u>	<u>836,165</u>	<u>906,712</u>	<u>(69,707)</u>
NET INCOME (LOSS)	<u>\$ 5,290</u>	<u>\$ 5,290</u>	<u>\$ 39,247</u>	<u>\$ 174,211</u>

RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS

Depreciation Expense	(178,304)
Pension Income	10,349
Decrease in Accounts Receivable	(111,370)
Increase in Prepaid Expenses	2,775
Decrease in Pension Expense	13,616
Proceeds from Sale of Assets	18,300
Insurance Proceeds	43,059
Increase in Compensated Absences	2,580
Decrease in Accounts Payable	(3,513)
	<u>\$ (163,261)</u>

**OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF OFFICIAL BONDS OF PRINCIPAL OFFICIALS
For the Year Ended June 30, 2015**

<u>NAME</u>	<u>TITLE</u>
Chris Masiongale	Director
Dana Bilbrey	Office Administrator
Rocky Dial	Vice Chairman
Ralph Robbins	Board Member
Dr. Matthew Gaspar	Secretary
Carlos Wilson	Treasurer

Miscellaneous Section

**OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
REVENUES AND EXPENSES PAST TEN YEARS
For the Year Ended June 30, 2015
(UnAudited)**

YEAR	REVENUES	EXPENSES
2006	725,245	750,999
2007	1,019,299	797,924
2008	788,312	788,957
2009	754,423	765,613
2010	1,089,835	975,816
2011	1,008,675	955,054
2012	903,132	999,560
2013	1,377,676	1,055,605
2014	1,069,043	1,045,280
2015	908,760	1,072,021

OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Schedule of Expenditures of State Awards
June 30, 2015

<u>State of Tennessee Assistance</u>	<u>Program Title</u>	<u>CFDA #</u>	<u>Grant #</u>	<u>June 30, 2014</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>June 30, 2015</u>
Department of Commerce and Insurance	Tenn. Emergency Communications Board	N/A	Z03016925	\$ -	\$ 20,000	\$ 20,000	\$ -
Total State of Tennessee Assistance				<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>

* CFDA--Catalog of Federal Domestic Assistance; (1) No Federal CFDA number assigned.
 () Indicates unexpended balances at year end and a restricted balance in net assets.

OVERTON/PICKETT COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
June 30, 2015

NOTE A- BASIS OF PRESENTATION

The accompanying schedule of expenditures of State Awards of the Overton / Pickett County Emergency Communications District is presented on the accrual basis of accounting.

Overton/Pickett County E-911 Emergency Communications District
 Insurance Schedule
 June 30, 2015

Policy Numbr	Company	Expires		
VFIS2056752-06	American Alternative Insurance Corp.	7/18/2015	Real Property	
			Office	\$ 342,143
			Storage	75,273
			Tower-255 Industrial Park	23,397
			Tower-112 Water Tank Road	35,256
			Tower-2275 Standing Stone	13,208
			Tower-434 N Hillcrest Dr	63,648
			Tower-Palestine Road	498,264
			Personal Property	377,275
			Money and Securities	10,000
			Software	250,000
			Wrongful Act	1,000,000
			Liability umbrella	
			Personal & Advertising Injury	1,000,000
			Each Occurance	1,000,000
Products Completed	3,000,000			
General Aggregate	3,000,000			
Defense Expense	25,000			
	Local Government Insurance Pool	7/1/2015	Statutory limitation	
VFISCM1054168-06/000	American Alternative Insurance Corp.	7/18/2015	General Liability	1,000,000
			Medical payments	10,000
			Uninsured Motorist	1,000,000
			Underinsured Motorist	1,000,000

Internal Control and Compliance Section

Dennis E. Jeffers

Certified Public Accountant

A Member of the American Institute of Certified Public Accountants

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

To The Board of Directors
Overton/Pickett County Emergency Communications District
Livingston, Tennessee 38570

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 Overton/Pickett 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 Overton/Pickett County Emergency Communications District's basic financial statements, and have issued our report thereon dated December 29, 2015.

Internal Control Over Financial Reporting

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

Our consideration of the 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 to be material weaknesses. Item 15-1.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. Item 12.1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Overton/Pickett County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 12-01, 15-01 and 15.02.

Overton/Pickett County Emergency Communications District's Responses to Findings

Overton/Pickett County Emergency Communications District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses were not subjected to the auditing procedures applied in the audit of the financial s 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 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.

Dennis E. Jeffers CPA, PC

Oneida, Tennessee
December 29, 2015

**Overton/Pickett County Emergency Communications District
Schedule of Findings and Responses – Prior Year Findings Not Implemented
June 30, 2015**

(12-01) Segregation of duties - The District does not have a sufficient number of employees to provide the proper segregation of duties necessary for an effective internal control system.

Recommendation

Due to the number of office employees working for the District, we do not believe a complete segregation of duties is possible that would eliminate all weaknesses in the District's accounting system. However, the District should consider a thorough study of the internal control aspect of the accounting system. Certain additional procedures and segregation of proper duties should increase the control over the assets.

Response

We concur with the auditor's finding and recommendation.

Disposition:

As of June 30, 2015, this finding still exists.

**Overton/Pickett County Emergency Communications District
Schedule of Findings and Responses – Current Year Findings
June 30, 2015**

(15-01) Bank Reconciliations – Bank reconciliations are not being completed timely.

Recommendation

Bank reconciliation should be completed as soon as possible after the end of each month to verify that all deposits and checks have been recorded. If the bank accounts are not reconciled timely this could result in a potential misstatement on the financial statement as well as fraud.

Response

The bank accounts will be reconciled timely in the future.

(15-02) Budget – We noted that some actual expenditures exceeded the amount appropriated in the budget.

Recommendation

All expenditures should be authorized in either the original budget, an amendment to that budget, or a supplemental appropriation.

Response

The budget will be monitored better in the future.