

**DEKALB COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
JUNE 30, 2016**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**DEKALB COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
DeKalb County E-911 Emergency Communications District
Smithville, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of DeKalb County E-911 Emergency Communications District, a component unit of DeKalb County, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise DeKalb County E-911 Emergency Communications District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of DeKalb County E-911 Emergency Communications District, a component unit of DeKalb County, as of June 30, 2016, and the respective changes in financial position, and, where applicable, 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 Discussion and Analysis, the Schedule of Changes in Net Pension Liability and the Schedule of Contributions on pages 14-15 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 historic context.

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

I have applied certain limited procedures to the Schedule of Changes in Net Pension Liability and the Schedule of Contributions 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise DeKalb County Emergency Communications District's basic financial statements. The Budget and Actual schedule and the schedule of 911 Board Members on pages 16-18 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Budget and Actual schedule and the schedule of 911 Board Members are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of 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 my opinion, the Budget and Actual schedule and the schedule of 911 Board Members are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 15, 2016 on my consideration of DeKalb County E-911 Emergency Communications District's internal control over financial reporting and on my 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 my 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 DeKalb County E-911 Emergency Communications District's internal control over financial reporting and compliance.

September 15, 2016
Smithville, Tennessee

Tamara L. Beckman, CPA

**DEKALB COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 187,682.50
Certificates of Deposit	774,594.91
Interest Receivable	1,460.04
Prepaid Expenses	<u>20,702.12</u>

Total Current Assets \$ 984,439.57

Non-Current Assets

Capital Assets

Building & Improvements	31,643.89
Less: Accumulated Depreciation	(26,303.98)
Furniture & Fixtures	10,330.00
Less: Accumulated Depreciation	(10,330.00)
Office Equipment	5,050.27
Less: Accumulated Depreciation	(5,050.27)
Communications Equipment	389,262.39
Less: Accumulated Depreciation	(163,006.10)
Vehicles	29,500.00
Less: Accumulated Depreciation	<u>(16,441.67)</u>

Total Capital Assets 244,654.53

Net Pension Assets 47,332.00

Total Assets 1,276,426.10

Deferred Outflow of Resources

Pension Changes in Investment Earnings	11,492.00
Pension Contributions After Measurement Date	<u>16,339.86</u>

Total Deferred Outflows of Resources 27,831.86

LIABILITIES

Current Liabilities

Accounts Payable	1,843.63
Wages Payable	12,762.70
Payroll Tax Payable	123.31
Benefits Payable	<u>621.36</u>

Total Liabilities 15,351.00

Deferred Inflows of Resources

Pension Changes in Experience	25,770.00
Pension Changes in Investment Earnings	<u>14,054.00</u>

Total Deferred Inflows of Resources 39,824.00

Net Position

Investment in Capital Assets	244,654.53
Restricted for Pensions	35,339.86
Unrestricted	<u>969,088.57</u>

Total Net Position \$ 1,249,082.96

The accompanying notes are in integral part of the financial statements

**DEKALB COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Operating Revenues</u>		
TECB Distribution of 911 Surcharges		\$ 412,098.00
TECB Excess Revenue		<u>7,940.00</u>
Total Operating Revenue		\$ 420,038.00
 <u>Operating Expense</u>		
<u>Salaries & Wages</u>		
Director	\$ 48,540.77	
Dispatchers	346,531.28	
Part-Time Personnel	<u>10,498.12</u>	
Total Salaries & Wages		\$ 405,570.17
 <u>Employee Benefits</u>		
Social Security Tax	24,264.50	
Medicare Tax	5,674.79	
Medical Insurance	39,397.06	
Unemployment Tax	<u>532.51</u>	
Total Employee Benefits		69,868.86
 <u>Contracted Services</u>		
Addressing/Mapping/DB Consultants	4,320.00	
Audit Services	3,000.00	
Accounting/Bookkeeping Services	1,674.50	
Data Processing	1,782.00	
Maintenance Agreements	38,963.79	
NCIC/TBI/TIES Expenses	4,960.00	
<u>Lease & Rental</u>		
Communication Equipment	429.50	
Payroll Services	<u>834.08</u>	
Total Contracted Services		55,963.87
 <u>Supplies, Materials & Maintenance</u>		
Office Supplies	1,668.33	
Postage	228.00	
Equipment Purchases Not Capitalized	29,166.91	
Uniforms	1,381.32	
Utilities - Electric	8,422.80	

The Accompanying notes are in integral part of the financial statements

DEKALB COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION CONT'D
FOR THE YEAR ENDED JUNE 30, 2016

Utilities - Water	199.44	
Utilities - General Telephone	15,880.38	
Utilities - Cell Phones & Pagers	2,227.46	
Cable/Internet Charges	3,109.23	
Maintenance & Repairs - Communication Equip.	4,157.80	
Maintenance & Repairs - Office Equipment	913.75	
Maintenance & Repairs - Vehicle	313.91	
Fuel - Gasoline & Diesel	841.67	
Total Supplies & Materials		68,511.00
 <u>Other Charges</u>		
Board Meeting Expenses	1,108.59	
Dues & Memberships	459.00	
Insurance-Worker's Compensation	1,100.00	
Premiums on Surety Bonds	561.40	
Training Expenses	3,932.53	
Other	145.00	
Total Other Charges		7,306.52
Depreciation		39,290.26
Total Expenses		646,510.68
Net Operating Loss		(226,472.68)
 <u>Non-Operating Revenue and (Expense)</u>		
Interest Income	13,898.59	
Contributions from Primary Government	117,595.08	
Contributions from Other Governments/Agencies	144,595.08	
TECB - Reimbursements and/or Grants	143,535.32	
Pension Income	5,830.00	
Other Non-Operating Income	150.00	
Total Non-Operating Revenue & Expense		425,604.07
 Net Increase in Net Position		 199,131.39
Total Net Position, July 1, 2015		1,250,568.31
Prior Period Adjustment		(200,616.74)
Total Net Position, June 30, 2016		\$ 1,249,082.96

The Accompanying notes are in integral part of the financial statements

**DEKALB COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2016**

Cash Flows From Operating Activities

Cash Received from Operations	\$ 420,188.00	
Cash Paid to/for Employees for Services	(488,725.73)	
Cash Payments for Goods and Services	<u>(125,896.40)</u>	
Net Cash Used by Operating Activities		\$ (194,434.13)

Cash Flows from Non-Capital Financing Activities

Grant & Reimbursements from State ECB	143,535.32	
Contributions from Primary Governments	117,595.08	
Contributions from Other Governments/Agencies	<u>144,595.08</u>	
Net Cash Provided by Non-Capital Financing Activities		405,725.48

Cash Flows from Capital & Related Financing Activities

Acquisition of New Assets	<u>(152,176.93)</u>	
Net Cash Used by Capital & Related Financing Activities		(152,176.93)

Cash Flows from Investing Activities

Interest Received	13,817.02	
Transfer to CD	<u>(13,817.02)</u>	
Net Cash Used by Investing Activities		<u>-</u>

Net Decrease in Cash and Cash Equivalents		59,114.42
Cash and Cash Equivalent at 6-30-15		<u>128,568.08</u>
Cash and Cash Equivalent at 6-30-16		<u>\$ 187,682.50</u>

Reconciliation of Operating Loss to Net Cash

Used by Operating Activities

Net Operating Loss	\$ (226,472.68)	
Non-Operating Income - Other	150.00	
Depreciation	39,290.26	
Decrease in Deferred Outflows - Pension Contributions for 6/30/16 made after Measurement Date	15.31	
Increase in Pension Assets	(31,216.00)	
Increase in Pension Liabilities	14,861.00	
Decrease in Prepaid Expense	5,132.10	
Increase in Accounts Payable	752.89	
Increase in Payroll Related Payables	<u>3,052.99</u>	
Net Cash Used by Operating Activities		<u>\$ (194,434.13)</u>

Non-Cash Investing, Capital and Financing

Pension Income from 6/30/15		<u>\$ 5,830.00</u>
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**DEKALB COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 1 – Summary of Significant Accounting Policies

The Dekalb County E-911 Emergency Communication District was established for the purpose of providing an enhanced level of 911 services to the Dekalb County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Dekalb County. The Dekalb County E-911 Emergency Communications District is run by a board of directors, which is appointed by Dekalb County. The District must file a budget with Dekalb County each year. Any bond issued by the district is subject to approval by Dekalb County.

The District uses the accrual basis of accounting and the economic resources measurement focus. Revenues are recognized when earned and expenses are recognized when incurred.

Depreciation

Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives. Depreciation begins when the capital assets are placed in service. It is the District’s policy to capitalize all assets based on historical cost for any asset over \$5,000. Depreciation is summarized as follows:

	<u>Method</u>	<u>Estimated Useful Life</u>	<u>2016 Depreciation</u>
Building & Improvements	S/L	10-40 Years	\$ 1,734.18
Furniture & Fixtures	S/L	5-10 Years	--
Office Equipment	S/L	5-10 Years	--
Communications Equipment	S/L	5-10 Years	31,656.08
Vehicles	S/L	5 Years	<u>5,900.00</u>
			<u>\$39,290.26</u>

Major Source of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges. Non-operating revenue consists of a grant given by the State Emergency Communications Board to help the district employ dispatchers, interest and other refunds and reimbursements.

Reservations of Net Position

If restricted and unrestricted net position are available for the same purpose, the restricted net position will be used before unrestricted position.

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

Note 2 – Cash and cash investments

The Tennessee Government Code requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105% of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The following is a schedule of bank accounts at June 30, 2016:

Checking – Wilson Bank & Trust	\$183,180.26
Checking – Regions Bank	4,502.24
CDs – DeKalb Community Bank	331,959.56
CDs – Liberty State Bank	209,394.79
CDs – State Farm Bank	<u>233,240.56</u>
Total Deposits	<u>\$962,277.41</u>

At June 30, 2016, the carrying amount of the DeKalb County E – 911 Emergency Communications District's cash deposits was \$962,277.41. The District's deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. Any amounts over \$250,000 are still covered since Liberty State Bank and DeKalb Community Bank (A branch of Wilson Bank & Trust) are members of the Government Collateralization Pool. The District is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated. [Acts 1992, ch. 891, section 10].

Note 3 – Bonding

DeKalb County E-911 Emergency Communications District has a worker's compensation policy covering employees of the district at June 30, 2016. Other risk areas include theft, property damage and public liability which are covered by the policy of the county. There have been no losses or settlements that exceeded coverage during the past three years.

Note 4 – Capital Assets

The following is a schedule of equipment at June 30, 2016:

<u>Assets</u>	<u>Balance</u> <u>6/30/2015</u>	<u>Additions</u>	<u>Adjustments &</u> <u>Disposals</u>	<u>Balance</u> <u>6/30/2016</u>
Bldg & Improvements	\$ 31,643.89	\$ -	\$ -	\$ 31,643.89
Furniture & Fixtures	10,330.00	-	-	10,330.00
Office Equipment	5,050.27	-	-	5,050.27
Comm. Equipment	463,534.13	152,176.93	(226,448.67)	389,262.39
Vehicles	29,500.00	-	-	29,500.00
	<u>\$ 540,058.29</u>	<u>\$ 152,176.93</u>	<u>\$ (226,448.67)</u>	<u>\$ 465,786.55</u>

<u>Assets</u>	<u>Accumulated</u> <u>Depreciation</u> <u>6/30/2015</u>	<u>Current</u> <u>Year</u> <u>Depreciation</u>	<u>Current Year</u> <u>Adjustments &</u> <u>Disposals</u>	<u>Accumulated</u> <u>Depreciation</u> <u>6/30/2016</u>
Bldg & Improvements	\$ 24,569.80	\$ 1,734.18	\$ -	\$ 26,303.98
Furniture & Fixtures	10,330.00	-	-	10,330.00
Office Equipment	5,050.27	-	-	5,050.27
Comm. Equipment	157,181.95	31,656.08	(25,831.93)	163,006.10
Vehicles	10,541.67	5,900.00	-	16,441.67
	<u>\$ 207,673.69</u>	<u>\$ 39,290.26</u>	<u>\$ (25,831.93)</u>	<u>\$ 221,132.02</u>

Note 5 – Cash and cash equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

Note 6 – Compensated Absences

There were no compensated absences for June 30, 2016.

Note 7 – Subsequent Events

The District has evaluated subsequent events through September 15, 2016, the date in which the financial statements were available to be issued.

Note 8 – Calculation of Net Investment in Capital Assets

Net Book Value	\$244,654.53
Current and Non-Current Debt	-
Net Investment in Capital Assets	<u>\$244,654.53</u>

Note 9 – Budgetary Information

As stated in Note 1, the District must file a budget with DeKalb County each year which must be filed with the County and approved by the Board of Directors. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the line-item level.

Note 10 – Prior Period Adjustments

A prior period adjustment in the amount of \$117,519.56 was made to remove equipment from Capital Assets belonging to and maintained by DeKalb County. A prior period adjustment in the amount of \$108,929.11 was made to remove annual software costs from Capital Assets. The net adjustment of \$200,616.74 was made to correct an overstatement in Communication Equipment.

Note 11 – Pension Plan

Plan Description: Employees of DeKalb County Emergency Communications District are provided a defined benefit pension plan through the Public Employee Retirement Plan, and 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 property 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.

Employees covered by benefit terms. At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	2
Active employees	9
	11

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. DeKalb 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 DeKalb County Emergency District were \$16,355.17 based on a rate of 4.77% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept DeKalb 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)

DeKalb County Emergency Communications District’s net pension liability (asset) was measured as of June 30, 2015, 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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	Graded salary ranges from 8.97 to 3.71 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, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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%
		100%

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

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/14	\$ 294,272	\$ 316,050	\$ (21,778)
Changes for the year:			
Service cost	16,740		16,740
Interest	22,692		22,692
Differences between expected and actual experience	(22,000)		-
Contributions-Employer		16,355	(16,355)
Contributions-Employees		17,144	(17,144)
Net investment income		9,944	(9,944)
Benefit payments, including refunds of employee contributions	(16,896)	(16,896)	-
Administrative expense		(457)	457
Net changes	<u>536</u>	<u>26,090</u>	<u>(25,554)</u>
Balance at 6/30/15	<u>\$ 294,808</u>	<u>\$ 342,140</u>	<u>\$ (47,332)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of DeKalb 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%)
DeKalb County Emergency Communications District's net pension liability (asset)	\$ 34,197	\$ (47,332)	\$ (106,464)

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 DeKalb County Emergency Communications District recognized pension income of \$5,830.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 25,770
Net difference between projected and actual earnings on pension plan investments	11,492	14,054
Contributions subsequent to the measurement date of June 30, 2014	16,340	Not Applicable
	<u>\$ 27,832</u>	<u>\$ 39,824</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2015", 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	\$ (16,339.86)
2017	(4,266.00)
2018	(4,266.00)
2019	(4,266.00)
2020	418.00
2021	(2,455.00)
Thereafter	(13,486.00)

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

Payable to the Pension Plan

At June 30, 2016, DeKalb County Emergency Communications District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

**DEKALB COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2016

**DEKALB COUNTY E-911
EMERGENCY COMMUNICATION DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in Dekalb 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>	<u>2015</u>
Total pension liability		
Service cost	\$ 16,685	\$ 16,740
Interest	21,008	22,692
Changes in benefit terms	-	-
Differences between actual & expected experience	(6,847)	(22,000)
Change of assumptions	-	-
Benefit payments, including refunds of employee contributions	-	(16,896)
Net change in total pension liability	<u>30,846</u>	<u>536</u>
Total pension liability-beginning	<u>263,426</u>	<u>294,272</u>
Total pension liability-ending (a)	<u>\$ 294,272</u>	<u>\$ 294,808</u>
Plan fiduciary net position		
Contributions-employer	\$ 15,106	\$ 16,355
Contributions-employee	15,768	17,144
Net investment income	42,772	9,944
Benefit payments, including refunds of employee contributions	-	(16,896)
Administrative expense	(316)	(457)
Other	(316)	-
Net change in plan fiduciary net position	<u>73,014</u>	<u>26,090</u>
Plan fiduciary net position-beginning	<u>242,720</u>	<u>316,050</u>
Plan fiduciary net position-ending (b)	<u>\$ 315,734</u>	<u>\$ 342,140</u>
Net Pension Liability (asset)-ending (a) – (b)	<u>\$ (21,462)</u>	<u>\$ (47,332)</u>
Plan fiduciary net position as a percentage of total pension liability	107.29%	116.06%
Covered-employee payroll	\$ 315,370	\$ 342,875
Net pension liability (asset) as a percentage of covered-employee payroll	6.81%	13.80%

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

**Schedule of Dekalb 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>	<u>2016</u>
Actuarially Determined Contribution	15,106.00	16,355.00	16,339.86
Contributions in relation to the Actuarially Determined Contribution	15,106.00	16,355.00	16,339.86
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>
Covered-Employee Payroll	315,370.00	342,875.00	342,910.00
Contributions as a percentage of Covered-Employee Payroll	4.79%	4.77%	4.77%

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 year until 10 years of information is available.

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen initial liability
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	7 year
Asset Valuation	10-year smoothed within a 20% corridor to market value
Inflation	3.0%
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including including inflation, averaging 4.25%
Investment Rate of Return	7.5%, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5%

**DEKALB COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT**

SUPPLEMENTARY INFORMATION

JUNE 30, 2016

**DEKALB COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance Under (Over)
<u>Operating Revenues</u>			
TECB Distribution of 911 Surcharges	\$ 412,098.00	\$ 412,098.00	\$ -
TECB Excess Revenue	7,940.00	7,940.00	-
<u>Total Operating Revenue</u>	<u>\$ 420,038.00</u>	<u>\$ 420,038.00</u>	<u>\$ -</u>
<u>Operating Expenses</u>			
<u>Salaries & Wages</u>			
Director	\$ 48,540.77	\$ 52,000.00	\$ 3,459.23
Dispatchers	346,531.28	347,000.00	468.72
Part-Time Personnel	10,498.12	10,500.00	1.88
<u>Total Salaries & Wages</u>	<u>\$ 405,570.17</u>	<u>\$ 409,500.00</u>	<u>\$ 3,929.83</u>
<u>Employee Benefits</u>			
Social Security Tax	24,264.50	25,500.00	1,235.50
Medicare Tax	5,674.79	6,001.00	326.21
Medical Insurance	39,397.06	42,000.00	2,602.94
Unemployment Tax	532.51	2,000.00	1,467.49
Retirement Contributions	-	19,000.00	19,000.00
<u>Total Employee Benefits</u>	<u>\$ 69,868.86</u>	<u>\$ 94,501.00</u>	<u>\$ 24,632.14</u>
<u>Contracted Services</u>			
Addressing/Mapping/DB Consultants	4,320.00	4,500.00	180.00
Audit Services	3,000.00	3,000.00	-
Accounting/Bookkeeping Services	1,674.50	2,000.00	325.50
Data Processing	1,782.00	1,950.00	168.00
Maintenance Agreements	38,963.79	39,000.00	36.21
NCIC/TBI/TIES Expenses	4,960.00	5,000.00	40.00
<u>Lease & Rental</u>			
Communication Equipment	429.50	500.00	70.50
Payroll Services	834.08	1,000.00	165.92
<u>Total Contracted Services</u>	<u>\$ 55,963.87</u>	<u>\$ 56,950.00</u>	<u>\$ 986.13</u>
<u>Supplies, Materials & Maintenance</u>			
Office Supplies	\$ 1,668.33	\$ 1,750.00	\$ 81.67
Postage	228.00	350.00	122.00
Equipment Purchases Not Capitalized	29,166.91	29,200.00	33.09
Uniforms	1,381.32	1,800.00	418.68
Utilities - Electric	8,422.80	8,500.00	77.20
Utilities - Water	199.44	300.00	100.56
Utilities - General Telephone	15,880.38	16,750.00	869.62
Utilities - Cell Phones & Pagers	2,227.46	2,600.00	372.54

**DEKALB COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2016**

Cable/Internet Charges	3,109.23	3,250.00	140.77
M & R - Communication Equipment	4,157.80	4,200.00	42.20
M & R - Office Equipment	913.75	1,000.00	86.25
M & R - Vehicles	313.91	350.00	36.09
Fuel - Gasoline & Diesel	841.67	1,000.00	158.33
<u>Total Supplies & Materials</u>	<u>\$ 68,511.00</u>	<u>\$ 71,050.00</u>	<u>\$ 2,539.00</u>
<u>Other Charges</u>			
Board Meeting Expenses	1,108.59	1,500.00	391.41
Dues & Memberships	459.00	500.00	41.00
Insurance-Worker's Compensation	1,100.00	1,100.00	-
Legal Notices	-	150.00	150.00
Premiums on Surety Bonds	561.40	800.00	238.60
Training Expenses	3,932.53	4,000.00	67.47
Other	145.00	200.00	55.00
<u>Total Other Charges</u>	<u>\$ 7,306.52</u>	<u>\$ 8,250.00</u>	<u>\$ 943.48</u>
Depreciation	<u>\$ 39,290.26</u>	<u>\$ 39,500.00</u>	<u>\$ 209.74</u>
<u>Total Operating Expenses</u>	<u>\$ 646,510.68</u>	<u>\$ 679,751.00</u>	<u>\$ 33,240.32</u>
<u>Operating Income (Loss)</u>	<u>\$ (226,472.68)</u>	<u>\$ (259,713.00)</u>	<u>\$ (33,240.32)</u>
<u>Non-Operating Revenue and (Expense)</u>			
Interest Income	13,898.59	6,500.00	(7,398.59)
TECB - Reimbursements and/or Grants	143,535.32	143,535.32	-
Contributions from Primary Governments	117,595.08	117,595.00	(0.08)
Contributions from Other Governments/Agencies	144,595.08	144,595.00	(0.08)
Insurance Proceeds	-	-	-
Pension Income	5,830.00	-	(5,830.00)
Other Non-Operating Income - 911 Tape	150.00	-	(150.00)
<u>Total Non-Operating Revenue & Expense</u>	<u>\$ 425,604.07</u>	<u>\$ 412,225.32</u>	<u>\$ (13,378.75)</u>
<u>Increase in Net Position</u>	<u>\$ 199,131.39</u>	<u>\$ 152,512.32</u>	<u>\$ (46,619.07)</u>
Total Net Position, July 1, 2015	1,250,568.31	1,063,518.20	(187,050.11)
Prior Period Adjustment	(200,616.74)	-	200,616.74
Total Net Position, June 30, 2016	<u>\$ 1,249,082.96</u>	<u>\$ 1,216,030.52</u>	<u>\$ (233,669.18)</u>
Capital Expenditures	<u>\$ 152,176.93</u>	<u>\$ 152,200.00</u>	<u>\$ 23.07</u>

**DEKALB COUNTY E – 911
EMERGENCY COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2016**

911 Board Members

Wayne Cantrell, Chairman
575 Pine Grove Rd.
Smithville, TN 37166
(931) 597-7584

Josh Tramel, Board Member
145 Harmon Hollow Rd.
Smithville, TN 37166
(615) 597-6344

Jerry Scott, Chairman
2054 Robinson Rd.
Smithville, TN 37166
(615) 597-7029

Jason Murphy, Board Member
608 S. College St.
Smithville, TN 37166
(615) 215-7378

Billy Adcock, Board Member
995 Keltonburg Rd.
Smithville, TN 37166
(615) 597-5949

Mason Carter, Board Member
383 Carter Lane
Liberty, TN 37095
(615) 548-4046

Marshall Ferrell, Board Member
217 Marshall Lane
Smithville, TN 37166
(615) 597-5109

911 Advisory Board

Donny Green
3940 Nashville Hwy
Dowelltown, TN 37059

Hoyte Hale
1201 Earl Ave.
Smithville, TN 37166

Chris Russell
Not Listed
Smithville, TN 37166

Patrick Ray, Sherriff
11515 Belk Rd.
Rock Island, TN 38581

Charlie Parker
947 Cordell Love Rd.
Smithville, TN 37166

Mark Collins
4970 McMinnville Hwy
Smithville, TN 37166

Dusty Johnson
Address Not Listed
Smithville, TN 37166

Tim Stribling
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Sabrina Cantrell, Auditor
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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*

Independent Auditor's Report

To the Board of Directors of the
DeKalb County E-911 Emergency Communications District
Smithville, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United State 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 DeKalb County Emergency Communications District, a component unit of DeKalb County, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise DeKalb County Emergency Communications District's basic financial statements, and have issued my report thereon dated September 15, 2016.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered DeKalb 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 expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DeKalb County Emergency Communications District's internal control. Accordingly, I do not express an opinion on the effectiveness of DeKalb County Emergency Communications District's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal

control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DeKalb County Emergency Communications District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

September 15, 2016
Smithville, Tennessee

Tamara L. Beckman, CPA