

**MARION COUNTY 9-1-1 EMERGENCY  
COMMUNICATIONS DISTRICT**

**Jasper, Tennessee**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL DATA**

**Year Ended June 30, 2016**

**JOHNSON, HICKEY & MURCHISON, P.C.**  
Certified Public Accountants  
Chattanooga, Tennessee

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## **INTRODUCTORY INFORMATION**

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
ROSTER OF MANAGEMENT AND BOARD MEMBERS  
JUNE 30, 2016**

**MANAGEMENT**

Jerry Don Case

Executive Director

**BOARD MEMBERS**

Ronnie Burnett

Chairman

Steve Lamb

Secretary

Louise Powell

Treasurer

Freddie Cook

Director

Kay Roberts

Director

Lester Roberts

Director

Ray Stephens

Director

Ryan Meeks

Director

Kenny Barnett

Director

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Marion County 911 Emergency Communication District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016. This narrative should be read in conjunction with the District's financial statements which begin on page 10.

### USING THIS ANNUAL REPORT

This annual report consists of the following financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements provide information about the activities of the District as a whole and present an overview of the District's finances.

### THE STATEMENT OF NET POSITION AND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The basic financial statements are designed to provide an overview of the District's finances. The Statement of Net Position presents information on all of the assets that the District owns and on the liabilities (debts) that the District owes. The difference between the assets and liabilities is reported as net position. Over time, income (an increase in net position) or loss (a decrease in net position) serves as a useful indicator of whether the financial position of the District is improving or deteriorating. The statements are prepared on the accrual basis of accounting which recognizes revenues when earned and expenses when incurred. The information contained in the Statement of Revenues, Expenses, and Changes in Net Position can be used as a "report card" to determine if the District has been successful at meeting its financial objectives.

Net position and the changes in net position for the past two years are summarized as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Current assets	\$ 786,489	\$ 686,139
Capital assets	<u>858,254</u>	<u>1,012,107</u>
Total assets	1,644,743	1,698,246
Current liabilities	<u>5,518</u>	<u>7,499</u>
Net position	<u>\$1,639,225</u>	<u>\$1,690,747</u>
Summary of net position:		
Invested in capital assets	\$ 858,254	\$1,012,107
Unrestricted	<u>780,971</u>	<u>678,640</u>
Total net position	<u>\$1,639,225</u>	<u>\$1,690,747</u>

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Operating revenues	\$ 359,077	\$ 323,415
Operating expenses	<u>384,918</u>	<u>366,406</u>
Operating loss	(25,841)	(42,991)
Non-operating revenue (loss)	<u>(25,681)</u>	<u>49,745</u>
Change in net position	(51,522)	6,754
Beginning net position	<u>1,690,747</u>	<u>1,683,993</u>
Ending net position	<u>\$1,639,225</u>	<u>\$1,690,747</u>

### **ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

The fiscal year ended June 30, 2016 was the first year in many years in which the District experienced a loss in net position. The net position decreased \$51,522 from the prior year. This decrease was primarily a result of changes in capital assets which we will analyze later in this discussion.

The District's operating revenues were up \$35,662. This increase is due to the reallocation of funding from the Tennessee Emergency Communications Board (TECB) which went into effect January 1, 2015. Operating expenses increased by \$18,512. This increase in expenses resulted primarily from additional service provider fees and dispatcher expense. During the fiscal year, the District signed agreements for two new services: a tracking and GPS system for emergency vehicles and a security and maintenance contract for computer systems and equipment. The District also contributed \$15,000 toward the wages of the 911 dispatchers who are employed by the Marion County Sheriff's Department.

During the fiscal year ended June 30, 2016, non-operating revenue changed by \$75,426. The District disposed of outdated and obsolete equipment during the year which created a loss. Interest income is the only non-operating revenue received this year. In the previous year, the District received \$47,545 in TECB grants and reimbursements. This program was eliminated under the TECB's reallocation of funding program.

### **THE DISTRICT'S NET POSITION**

Despite the net loss, the District continues to maintain a significant net position (total net worth) which exceeds \$1,639,000 at June 30, 2016. The net position consisted of a net investment in capital assets totaling \$858,254. The remaining balance of net position of \$780,971 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors. The District increased its unrestricted position by \$102,331 during the year.

### **BUDGETARY HIGHLIGHTS**

The original budget for the District was amended during the year to reflect changes in contracts and expectations of actual results of revenues and expenses occurring during the year.

Actual expenses for the year exceeded the original budgeted amount by over \$28,000. This additional loss was explained in greater detail in the discussion above.

## **CAPITAL ASSETS.**

Depreciation, or the systematic write-off of the District's service center and equipment, decreased by \$3,478. At June 30, 2016 the District had \$858,254 invested in capital assets, predominantly in telecommunications equipment. The District has capital assets of \$1,441,817; however, \$583,563 has been expensed through the annual provision for depreciation. The investment in capital assets decreased by \$153,852 from the prior year. During the year ended June 30, 2016, the District spent over \$21,000 to purchase additional property; however, the District disposed of some equipment based on obsolescence, replacement or abandonment. If depreciation were eliminated from consideration as an operating expense, operating income would have been \$121,710 for the fiscal year ended June 30, 2016. More detailed information about the District's capital assets is presented in Note 3 to the financial statements.

## **ECONOMIC FACTORS AND PLANNING FOR FUTURE NEEDS**

On January 1, 2015, a new, uniform 911 surcharge rate went into effect for all Tennessee residents. The new surcharge of \$1.16 applies to all landline, wireless and voice-over internet protocol (VOIP) devices. In addition, the TECB began collecting all revenue directly from all carriers in 2015. A new allocation of revenue sharing was calculated for all districts based on the average revenue realized during fiscal years ended June 30, 2010, 2011 and 2012. This specified allocation is known as the "base amount" and will be provided to the District in six equal, bi-monthly payments. The District received its first allocation in February 2015. The base amount is guaranteed by statute and represents approximately 80% of total collections within the District. The remaining amount is held by the TECB for its own operations. If an excess amount of revenue is collected, the excess will be divided equally between the District and the TECB. The District received \$6,787 in excess revenue during the fiscal year ended June 30, 2016. Under the new revenue structure, TECB will no longer be distributing grants to the District. The District is on track to establish additional cash reserves to fund future upgrades to equipment. During the fiscal year ended June 30, 2016, the District added \$113,628 to its cash and investments. Currently, we are on the leading edge of current emergency communications technology and maintain equipment in compliance with all known pending regulations.

Jerry Don Case  
Executive Director



## INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of  
Marion County 9-1-1 Emergency Communications District**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Marion County 9-1-1 Emergency Communications District, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2016, which comprise the statement of net position, the related statement of revenue, expenses and change in net position and statement of cash flows for the year then ended, and the related notes to the financial statements.

### **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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marion County 9-1-1 Emergency Communications District as of June 30, 2016, and the changes in its financial position and its cash flows 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 and budgetary comparison information on pages 4-6 and 21-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Marion County 9-1-1 Emergency Communications District's basic financial statements. The accompanying information listed in the table of contents as supplementary information is presented for additional analysis and is not a required part of the financial statements.

The schedule of budget to actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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*, we have also issued our report dated September 27, 2016, on our consideration of Marion County 9-1-1 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 District's internal control over financial reporting and compliance.

*Johnson, Wickey & Meucham, P.C.*

September 27, 2016  
Chattanooga, Tennessee

## **FINANCIAL STATEMENTS**

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

**ASSETS**

**CURRENT ASSETS**

Cash	\$	229,855
Certificates of deposit		549,603
Interest receivable		747
Prepaid expenses		<u>6,284</u>
Total current assets		<u>786,489</u>

**CAPITAL ASSETS**

Land		54,269
Furniture and fixtures		70,951
Office equipment		84,791
Communications equipment		855,209
Vehicles		46,621
Buildings and improvements		<u>329,976</u>
		1,441,817
Less accumulated depreciation		<u>583,563</u>
Capital assets, net		<u>858,254</u>
Total assets		<u><u>\$ 1,644,743</u></u>

(The accompanying notes are an integral part of these statements.)

## LIABILITIES AND NET POSITION

### **CURRENT LIABILITIES**

Accounts payable	\$ 3,664
Payroll taxes withheld and accrued	<u>1,854</u>
Total liabilities	<u>5,518</u>

### **NET POSITION**

Investment in capital assets	858,254
Unrestricted	<u>780,971</u>
Total net position	<u>1,639,225</u>

Total liabilities and net position	<u><u>\$ 1,644,743</u></u>
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(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGE IN NET POSITION  
YEAR ENDED JUNE 30, 2016**

**OPERATING REVENUES**

911 surcharge base amount	<u>\$ 359,077</u>
	<u>359,077</u>

**OPERATING EXPENSES**

Salaries and benefits	98,933
Contracted services	91,187
Supplies, materials and maintenance	27,798
Other expenses	19,449
Depreciation and amortization	<u>147,551</u>
	<u>384,918</u>

**OPERATING LOSS**

(25,841)

**NONOPERATING REVENUES AND (EXPENSES)**

Interest income	2,423
Loss on disposal of property	<u>(28,104)</u>

**CHANGE IN NET POSITION**

(51,522)

**NET POSITION**

Beginning	<u>1,690,747</u>
Ending	<u><u>\$ 1,639,225</u></u>

(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts for 911 surcharge base amount	\$ 359,077
Payments to or for employees	(100,537)
Payments for goods and services	<u>(125,305)</u>

Net cash provided by operating activities	<u>133,235</u>
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of capital assets	<u>(21,803)</u>
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Net cash used by capital and related financing activities	<u>(21,803)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	2,196
Net change in certificates of deposit	<u>(147,141)</u>

Net cash used by investing activities	<u>(144,945)</u>
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<b>NET DECREASE IN CASH</b>	<b>(33,513)</b>
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**CASH**

Beginning	<u>263,368</u>
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Ending	<u><u>\$ 229,855</u></u>
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(The accompanying notes are an integral part of these statements.)

**RECONCILIATION OF OPERATING LOSS TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating loss	\$ (25,841)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization	147,551
(Increase) decrease in operating assets	
Prepaid expenses	13,505
Increase (decrease) in operating liabilities	
Accounts payable	(376)
Payroll withholdings and accruals	<u>(1,604)</u>
 Net cash provided by operating activities	 <u>\$ 133,235</u>

(The accompanying notes are an integral part of these statements.)

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Marion County 9-1-1 Emergency Communications District is a governmental entity organized pursuant to Chapter 867 of the 1984 Tennessee Public Acts (“The Emergency Communications District Law”), which was enacted to establish local emergency telephone service and to provide for the funding of such services.

**Financial reporting entity**

The District is a component unit of Marion County, Tennessee. The Marion County Board of Commissioners appoints the District’s Board of Directors, may appropriate funds for the operation and maintenance of the District, and must approve long-term debt issued by the District.

**Basis of accounting**

The District is a governmental unit, subject to accounting directives issued by the Governmental Accounting Standards Board (GASB), and anticipates recovering the cost of its services in a manner similar to a private business enterprise. Therefore, the District uses the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred. Operating revenues are those that result from the activities of the District, including telephone service charges and state allocations and operational funding. Revenue from other sources is considered nonoperating.

**Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Cash**

For purposes of these financial statements, cash includes cash in banks and certificates of deposit with an original maturity date of 90 days or less.

**Capital assets**

The District capitalizes significant purchases of capital assets, which are recorded at cost. Depreciation is provided over the estimated useful lives of the individual assets by the straight-line method. Depreciation and amortization expense for the year ended June 30, 2016, was \$147,551.

**Deferred outflows/inflows of resources**

Under GASB Statement Number 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position, GASB has defined deferred outflows of resources and deferred inflows of resources as follows:

Deferred outflows of resources - a consumption of net position by the District that is applicable to a future reporting period.

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred outflows/inflows of resources (continued)**

Deferred inflows of resources - an acquisition of net position by the District that is applicable to a future reporting period.

As of June 30, 2016, the District did not have any deferred outflows of resources or any deferred inflows of resources. This statement had no significant impact on the District.

**(2) BUDGETARY CONTROL**

The District's Board approves an annual budget based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. Budgeted expenses may be amended, as needed, to meet changing needs.

**(3) CHANGES IN CAPITAL ASSETS**

Changes in capital assets for the year ended June 30, 2016, are as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Reclasses &amp; Retirements</u>	<u>Ending</u>
<b>Non-depreciable Assets</b>				
Land	\$ 54,269	\$ -	\$ -	\$ 54,269
<b>Depreciable Assets</b>				
Furniture and fixtures	73,742	1,500	(4,291)	70,951
Office equipment	86,877	1,559	(3,645)	84,791
Vehicles	46,621	-	-	46,621
Communications equipment	1,052,232	8,034	(205,057)	855,209
Building and improvements	319,266	10,710	-	329,976
	<u>1,633,007</u>	<u>21,803</u>	<u>(212,993)</u>	<u>1,441,817</u>
<b>Accumulated depreciation</b>				
Furniture and fixtures	24,890	6,957	(4,291)	27,556
Office equipment	41,928	14,112	(2,894)	53,146
Vehicles	32,156	3,077	-	35,233
Communications equipment	497,285	113,178	(177,704)	432,759
Building and improvements	24,642	10,227	-	34,869
	<u>620,901</u>	<u>147,551</u>	<u>(184,889)</u>	<u>583,563</u>
	<u>\$ 1,012,106</u>	<u>\$ (125,748)</u>	<u>\$ (28,104)</u>	<u>\$ 858,254</u>

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**(4) COMPENSATED ABSENCES**

The District has only one employee whose accrued vacation must be taken by the last day of the fiscal year; therefore, there is no unused vacation time available at June 30, 2016. The employee is provided 96 hours of annual sick time, which may be accumulated up to 90 days; because unused sick time is nonvesting and is not paid upon termination, no liability is recorded.

**(5) RETIREMENT PLAN**

On September 11, 2015, the District's Board of Directors approved a motion to close the existing 457(b) plan and the proceeds from the plan were transferred to a SIMPLE IRA. The District contributes up to 3% of eligible compensation as approved by the District's Board. Retirement expense included in salaries and benefits was \$1,792.

**(6) COMMITMENT FOR PROVIDER SERVICES**

For the year ending June 30, 2016, AT&T was the District's provider for automated number ID, number location and routing equipment. A previous five year agreement ended in April 2009, and is continuing on a month to month basis. For the year ended June 30, 2016, the expense related to this agreement was \$37,084.

There are no future commitments as of the date this report is available for release.

**(7) OPERATING LEASES**

The District leases antenna and transmittal space for \$515 per month under a month-to-month operating lease agreement. The agreement provides for annual, negotiated increases, based on increases in the lessor's costs of operating and maintaining the rental site. Rent expense was for the year ended June 30, 2016, was \$6,181.

The District leases office equipment under an operating lease with monthly rental payments of \$99 per month plus some additional charges for excess usage. Rent expense for the year was \$2,815.

**(8) CASH AND INVESTMENTS**

The District reports its cash and investments under the provisions of governmental auditing standards, which are designed to provide improved reporting of deposit and investment risks.

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**(8) CASH AND INVESTMENTS (continued)**

At June 30, 2016, the District's cash and investments consist of the following:

	<b>Weighted Average Maturity (Years)</b>	<b>Cost Basis</b>
Cash in demand deposit accounts	0.00	\$ 229,855
Certificates of deposit	0.56	549,603
Total	<u>0.39</u>	<u>\$ 779,458</u>

Interest Rate Risk – As a means of limiting its exposure to losses resulting from rising interest rates, the District's usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio. The District's investments experienced no significant fluctuations in fair value during the year.

Custodial Credit Risk – The District's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by federal deposit insurance or the Tennessee Bank Collateral Pool, by collateral held by the District's agent in the District's name, or by Federal Reserve Banks acting as third party agents. State statutes also authorize the types of investments in which the District may participate. The District limits its investments to certificates of deposit with local banks.

Credit Risk – The District's policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

At June 30, 2016, investments in certificates of deposit consist of the following:

<b>Financial Institution</b>	<b>Type of Instrument</b>	<b>Interest</b>	<b>Maturity Date</b>	<b>Amounts</b>
First Jackson Bank	Certificate	0.60%	May 24, 2017	\$ 40,725
First Jackson Bank	Certificate	0.60%	May 12, 2017	202,411
Peoples State Bank	Certificate	0.40%	February 26, 2017	57,170
Citizens Tri-County Bank	Certificate	0.25%	October 6, 2016	104,297
Citizens Tri-County Bank	Certificate	0.25%	September 11, 2016	<u>145,000</u>
				<u>\$ 549,603</u>

Subsequent to June 30, 2016, the certificate maturing on September 11, 2016, was invested in a new certificate.

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**(9) RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is insured, subject to specified limits, for risks of these types of losses, including workers' compensation, general liability, personal property, and errors and omissions, through the Tennessee Municipal League Risk Management Pool. Premiums are based on the District's individual claims history, as well as the claims history of the entire pool.

There have been no settlements in excess of insurance coverage during the three most recent fiscal years.

**(10) SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through September 27, 2016, the date which these financial statements were available for issue.

## **SUPPLEMENTARY INFORMATION**

**MARION COUNTY 9-1-1  
EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF BUDGET TO ACTUAL  
YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget To Actual Variance</u>
<b>Revenues</b>				
911 surcharge base amount	\$ 352,290	\$ 352,290	\$ 352,290	\$ -
911 surcharge excess revenue	-	6,787	6,787	-
Interest income	2,400	2,425	2,423	(2)
	<u>354,690</u>	<u>361,502</u>	<u>361,500</u>	<u>(2)</u>
Total revenues				
<b>Salaries and Benefits</b>				
Salaries	57,778	59,350	59,346	4
Dispatchers	-	15,000	15,000	-
Bonus pay	400	400	400	-
Social security	3,612	3,705	3,704	1
Medicare	844	870	866	4
Unemployment compensation	27	27	24	3
Life insurance	144	144	140	4
Medical insurance	16,980	16,322	16,018	304
Dental insurance	1,680	1,680	1,643	37
Retirement	1,752	1,800	1,792	8
	<u>83,217</u>	<u>99,298</u>	<u>98,933</u>	<u>365</u>
<b>Contracted Services</b>				
Audit services	5,520	5,520	5,500	20
Accounting services	6,504	6,504	6,501	3
Language interpretation contracts	-	250	171	79
Private agency contracted services	2,400	1,520	25	1,495
Service provider fees	22,200	38,000	37,084	916
Legal services	6,000	6,000	5,447	553
Maintenance agreements	43,200	31,000	27,133	3,867
Communications equipment rental	5,820	6,200	6,181	19
Pest control	360	360	330	30
Office equipment rental	3,000	3,100	2,815	285
	<u>95,004</u>	<u>98,454</u>	<u>91,187</u>	<u>7,267</u>

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Final Budget To Actual Variance</b>
<b>Supplies, Material and Maintenance</b>				
Office supplies	1,200	2,290	2,285	5
Custodial supplies	1,800	1,300	1,038	262
Postage	240	240	235	5
Utilities	9,540	9,735	9,702	33
Uniforms and shirts	120	120	-	120
Internet charges	2,880	3,235	3,234	1
Maintenance and repairs				
Communication equipment	840	840	317	523
Buildings & facilities	-	300	288	12
Vehicle	1,600	2,250	1,983	267
Fuel - vehicle	1,980	1,330	1,002	328
Telephone	6,600	7,866	7,714	152
	<u>26,800</u>	<u>29,506</u>	<u>27,798</u>	<u>1,708</u>
<b>Other</b>				
Dues and memberships	1,032	1,032	285	747
Board meeting expense	2,100	2,000	1,716	284
Insurance	12,378	12,929	12,678	251
Payroll service charges	52	55	47	8
Premium on surety bonds	600	600	577	23
Legal notices	504	504	-	504
Training	1,200	1,000	950	50
Travel	4,800	4,000	3,196	804
	<u>22,666</u>	<u>22,120</u>	<u>19,449</u>	<u>2,671</u>
<b>Depreciation and amortization</b>	<u>150,000</u>	<u>150,000</u>	<u>147,551</u>	<u>2,449</u>
<b>Nonoperating expense</b>				
Loss on disposal of property	<u>-</u>	<u>30,000</u>	<u>28,104</u>	<u>1,896</u>
Total expenses	<u>377,687</u>	<u>429,378</u>	<u>413,022</u>	<u>16,356</u>
	<u>(22,997)</u>	<u>(67,876)</u>	<u>(51,522)</u>	<u>16,354</u>

**INTERNAL CONTROL AND COMPLIANCE SECTION**



JOHNSON HICKEY MURCHISON  
CERTIFIED PUBLIC ACCOUNTANTS • SINCE 1977

**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 AUDITING STANDARDS***

**To the Board of Directors of  
Marion County 9-1-1 Emergency Communications District**

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 Marion County 9-1-1 Emergency Communications District, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Marion County 9-1-1 Emergency Communications District's basic financial statements, and have issued our report thereon dated September 27, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marion County 9-1-1 Emergency Communications District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Johnson, Niskey & Meucham, P.C.*

September 27, 2016  
Chattanooga, Tennessee