

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**THE WHITE COUNTY 911  
EMERGENCY COMMUNICATIONS DISTRICT  
(A component unit of White County, Tennessee)  
SPARTA, TENNESSEE**

**Year ended June 30, 2016**

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
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June 30, 2016**

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**INTRODUCTORY SECTION - UNAUDITED**

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF OFFICIALS  
June 30, 2016**

**Board of Directors:**

Geeta McMillan - Chairman

Robert McCormick – Vice-Chairman

Cain Rogers - Board Member

Alan Marsh - Board Member

J.T. King - Board Member

Wayne Mullican - Board Member

Stanley Neal – Board Member

**Management Officials:**

Suzi Cash – Communications Director



INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
White County 911 Emergency Communications District  
Sparta, Tennessee

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of White County 911 Emergency Communications District, a component unit of White County, Tennessee, as of and for the year ended June 30, 2016, 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.

***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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of White County 911 Emergency Communications District, 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 general accepted in the United States of America require that the management's discussion and analysis and schedule of changes in White County 911 Emergency Communications District's net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS and schedule of White County 911 Emergency Communications District's contributions based on participation in the public employee pension plan of TCRS on pages 9 through 16 and 37 through 38 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*

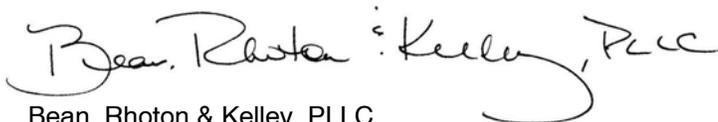
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the White County 911 Emergency Communications District's basic financial statements. The introductory section and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was 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 our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2016, on our consideration of the White County 911 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 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 White County 911 Emergency Communications District's internal control over financial reporting and compliance.



Bean, Rhoton & Kelley, PLLC  
Winchester, Tennessee  
September 15, 2016

# White County E9-1-1



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403 Mose Drive  
Sparta, TN 38583

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E9-1-1 Board Members  
White County Emergency  
Communications District  
Sparta, Tennessee

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section presents management's analysis of the White County Emergency Communications District (ECD) financial condition and results of operations for the year ended June 30, 2016. This information should be read in conjunction with the accompanying financial statements.

## **FINANCIAL HIGHLIGHTS**

The Director believes the ECD's financial position has improved over the prior fiscal year and remains strong. The ECD has no debt, and, therefore, has no debt service. The following are key financial highlights:

- The ECD keeps its firm commitment by continuing its upgrade and maintenance program of the computer-based GIS system in 2015/2016 to assist in receiving both landline and cell phone calls to the PSAP. The ECD also is assisted with this system in VOIP (voice over internet) calls.
- The ECD was part of 92,825 inbound telephone calls answered by dispatchers for 2015/2016. The calls generated 38,839 CAD cards for 2015/2016.

911 Board Members  
White County ECD

- Total assets at year-end were \$2,186,002 and, along with deferred outflows of resources of \$37,026, exceeded total liabilities and deferred inflows of resources by \$2,180,620 (net position). Of the total net position, \$1,139,378 was unrestricted and was available to support short-term operations. Total assets and total net position increased from 2015 to 2016 by \$294,274 and \$346,137, respectively. Unrestricted net position increased from 2015 by \$ 300,319.
- Operating revenues were \$490,083, a decrease of \$49,460 or 9.17 %, from 2015.
- Operating expenses before depreciation decreased by \$22,938 for 2016, which is a decrease of 23.40%, compared to 2015.
- Operating loss for the year was \$205,995, representing a 19.47% increase from 2015. The increase in the change in net position was \$321,859 when compared to 2015.
- The ratios of operating loss to total operating revenues were -42.03% for 2016 compared to -31.96% for 2015.
- Funds totaling \$489,383 were received from the Tennessee Emergency Communications Board earmarked for operating budget in lieu of losing landline telephone revenue income and takes place of the Rural Dispatcher Grant. This money is included as operating income in the financial statements. The money received from the state for this is divided into payments received every two months throughout the year from the state.
- The ECD receives operating revenue from both landline and wireless phone fees with additional non-operating and capital revenue needs received from the County of White and City of Sparta based on Intergovernmental agreement between White County ECD and County of White / City of Sparta.

#### OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the ECD's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the ECD's budget and other management tools were used for this analysis.

911 Board Members  
White County ECD

The financial statements report information about the ECD using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements. The statement of net position presents the financial position of the ECD on a full accrual basis of accounting. While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the statement of revenues, expenses and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The statement also provides certain information about the ECD's recovery of its costs.

The statement of cash flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the ECD's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

## **SUMMARY OF ORGANIZATION AND BUSINESS**

The White County Emergency Communications District was established on January 21, 1991, by a resolution of the County Commissioners of White County, Tennessee, in accordance with the TCA 7-86-101. The resolution was passed after the voters of White County approved the establishment of such District by a 92% vote on November 6, 1990. The jurisdiction of the ECD includes all of White County, Tennessee.

The ECD's capital assets consist of the land, buildings, tower, and all equipment.

The ECD receives financial support from telephone surcharge, County of White, Tennessee and the City of Sparta, Tennessee.

**FINANCIAL ANALYSIS**

The following comparative condensed financial statements and other selected information provides key financial data and indicators for management, monitoring, and planning.

**WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
CONDENSED STATEMENTS OF NET POSITION  
June 30, 2016 and June 30, 2015**

ASSETS	2016	2015	Variance	
			Amount	%
Current Assets	\$ 1,144,410.13	\$ 1,150,948.78	\$ (6,538.65)	-0.57%
Capital Assets:				
Producing - Net	1,041,241.89	740,429.46	300,812.43	40.63%
Utility Deposits	350.00	350.00	-	
<b>Total assets</b>	<b>\$ 2,186,002.02</b>	<b>\$ 1,891,728.24</b>	<b>\$ 294,273.78</b>	<b>15.56%</b>
Deferred outflows of resources	37,026.24	10,406.19	\$ 26,620.05	255.81%
<b>LIABILITIES</b>				
Current Liabilities	\$ 17,697.90	\$ 38,790.80	\$ (21,092.90)	-54.38%
Deferred inflows from resources	24,710.00	28,860.00	(4,150.00)	-14.38%
<b>NET POSITION</b>				
Net investment in capital assets	\$ 1,041,241.89	\$ 740,429.46	\$ 300,812.43	40.63%
Restricted for capital activity	-	254,994.39	(254,994.39)	
Unrestricted	1,139,378.47	839,059.78	300,318.69	35.79%
<b>Total net position</b>	<b>\$ 2,180,620.36</b>	<b>\$ 1,834,483.63</b>	<b>\$ 346,136.73</b>	<b>18.87%</b>

911 Board Members  
White County ECD

**WHITE COUNTY 911 EMERGENCY COMMUNICATION DISTRICT**  
**CONDENSED STATEMENT OF REVENUES, EXPENSES & CHANGE IN NET POSITION**  
**For Years Ended June 30, 2016 and June 30, 2015**

	2016	2015	Variance	
			Amount	%
<b>Operating revenues:</b>				
Emergency telephone charges	\$ -	\$ 107,190.67	\$ (107,190.67)	
State shared wireless charge	-	24,190.30	(24,190.30)	
State operational funding	489,382.75	408,161.09	81,221.66	
Other operating revenue	699.77	-	699.77	
<b>Total Operating Revenue</b>	<b>\$ 490,082.52</b>	<b>\$ 539,542.06</b>	<b>\$ (49,459.54)</b>	<b>-9.17%</b>
<b>Non-operating income:</b>				
Interest income	\$ 925.36	\$ 785.79	\$ 139.57	
Pension income	9,064.00	7,734.00	1,330.00	
Contributions -primary government	100,000.00	100,000.00	-	
Contributions - other governments	25,000.00	25,000.00	-	
<b>Total Non-operating income</b>	<b>\$ 134,989.36</b>	<b>\$ 133,519.79</b>	<b>\$ 1,469.57</b>	<b>1.10%</b>
<b>Total Revenues</b>	<b>\$ 625,071.88</b>	<b>\$ 673,061.85</b>	<b>\$ (47,989.97)</b>	<b>-7.13%</b>
<b>Operating expenses:</b>				
Salaries, wages, and benefits	\$ 438,277.69	\$ 442,808.56	\$ (4,530.87)	
Contracted services	75,266.27	90,054.85	(14,788.58)	
Supplies and materials	39,521.34	28,816.58	10,704.76	
Other expenses	26,061.03	31,320.41	(5,259.38)	
Depreciation	116,950.84	118,960.30	(2,009.46)	
<b>Total Operating Expenses</b>	<b>\$ 696,077.17</b>	<b>\$ 711,960.70</b>	<b>\$ (15,883.53)</b>	<b>-2.23%</b>
<b>Non-operating expenses:</b>				
Loss on disposal of assets	29,528.68	8,702.84	20,825.84	
<b>Total Expenses</b>	<b>\$ 725,605.85</b>	<b>\$ 720,663.54</b>	<b>\$ 4,942.31</b>	
Decrease in Net Position Before				
Capital Contributions	\$ (100,533.97)	\$ (47,601.69)	\$ (32,106.44)	
<b>Capital Contributions:</b>				
Contributions - other governments	44,954.00	44,954.00	-	
Contributions - State ECB grant	401,716.70	26,925.00	374,791.70	
<b>Increase in Net Position</b>	<b>\$ 346,136.73</b>	<b>\$ 24,277.31</b>	<b>\$ 321,859.42</b>	<b>1325.76%</b>
Net position at July 1	1,834,483.63	1,810,206.32	24,277.31	
<b>Net position at June 30</b>	<b>\$ 2,180,620.36</b>	<b>\$ 1,834,483.63</b>	<b>\$ 346,136.73</b>	<b>18.87%</b>

## **GENERAL TRENDS AND SIGNIFICANT EVENTS**

### **FINANCIAL CONDITION**

The ECD's financial condition improved during the year with adequate liquid assets and a reasonable level of unrestricted net position at year-end. The current financial condition, staff capabilities, operating plans and upgrade plan to meet future emergency communication requirements are well balanced and under control.

Total assets increased \$294,274, or 15.56%, with a portion represented by an increase in cash and cash equivalents. Net position increased by \$346,137.

### **CAPITAL ASSETS**

There was a net increase of \$300,812 in capital assets. New capital assets purchased during the year were a building and communications system. Depreciation for the year exceeded the cost of new assets. Additional information concerning the District's capital assets can be found in Note C in the accompanying notes to the financial statements.

### **RESULTS OF OPERATIONS**

White County Emergency Communication District has been involved with approximately 92,825 inbound telephone calls for 2014/2015. As a result of these calls, there were 38,839 CAD calls generated, up from 37,357 for 2014/2015.

#### **Expenses**

Operating expenses, excluding depreciation, decreased by \$49,460 from 2015. This was a result of the following:

Salaries, wages, and benefits	\$ (4,531)
Contracted services	(14,789)
Supplies and materials	10,705
Other expenses	(5,259)
<b>TOTAL</b>	<b>\$ (13,874)</b>

Depreciation expense of the ECD's system decreased by \$2,009, or 1.69%.

911 Board Members  
White County ECD

#### CONTACTING THE DISTRICT

The financial audit is designed to provide our Board, County Executive/County Commissioners, City Mayor/Board of Alderman, and regulatory agencies with a general overview of the ECD's finances. If you have any questions about this report or need additional information, you may contact the ECD at:

White County Emergency Communication District  
PO Box 911  
403 Mose Drive  
Sparta, TN 38583

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATION DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents - Note B		\$ 811,904.10
Temporary cash investments - Note B		172,827.82
Due from State Emergency Communications Board		79,916.00
Prepaid expenses		8,311.21
Net pension asset		71,451.00

**TOTAL CURRENT ASSETS** \$ 1,144,410.13

**NONCURRENT ASSETS**

Capital assets - Note C	\$ 1,494,986.55	
Less accumulated depreciation	<u>(453,744.66)</u>	1,041,241.89
Other assets		
Utility deposit		<u>350.00</u>

**TOTAL ASSETS** \$ 2,186,002.02

**DEFERRED OUTFLOW OF RESOURCES**

Pension changes in investment earnings	\$ 12,869.00	
Pension contribution after the measurement date	<u>24,157.24</u>	\$ 37,026.24

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** \$ 2,223,028.26

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable - trade		\$ 4,666.89
Accrued payroll		4,686.07
Payroll deductions payable		2,478.16
Compensated absences payable		<u>5,866.78</u>

**TOTAL CURRENT LIABILITIES** \$ 17,697.90

**TOTAL DEFERRED INFLOWS FROM RESOURCES**

Pension changes in experience	\$ 7,962.00	
Pension changes in investment earnings	<u>16,748.00</u>	24,710.00

**NET POSITION**

Investment in capital assets	\$ 1,041,241.89	
Restricted for Pensions	83,767.24	
Unrestricted	<u>1,055,611.23</u>	<u>\$ 2,180,620.36</u>

**TOTAL LIABILITIES, DEFERRED INFLOWS FROM RESOURCES, AND NET POSITION** \$ 2,223,028.26

See the notes to financial statements.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATION DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
Year ended June 30, 2016**

**Operating revenue:**

TECB distribution of 911 surcharges (base amount)		\$ 480,144.75
TECB distribution of excess revenue		9,238.00
Other operating revenue		<u>699.77</u>

**TOTAL OPERATING REVENUE** \$ 490,082.52

**Operating expenses:**

Salaries and Wages	\$ 369,700.11	
Employee Benefits	68,577.58	
Contracted Services	75,266.27	
Supplies and Materials	39,521.34	
Other charges	<u>26,061.03</u>	579,126.33

**Provision for depreciation - straight line** 116,950.84

**OPERATING LOSS** \$ (205,994.65)

**Non-operating revenues (expenses):**

Interest income	\$ 925.36	
Contributions from primary government	100,000.00	
Contributions from other governments	25,000.00	
Pension income	9,064.00	
Loss on disposal of assets	<u>(29,528.68)</u>	<u>105,460.68</u>

**LOSS BEFORE CAPITAL CONTRIBUTIONS** \$ (100,533.97)

**Capital contributions:**

Capital contributions from TN Emergency Communications Board	\$ 401,716.70	
Capital contributions from other governments	<u>44,954.00</u>	<u>446,670.70</u>

**CHANGE IN NET POSITION** \$ 346,136.73

Net position - July 1, 2015 1,834,483.63

**NET POSITION - JUNE 30, 2016** \$ 2,180,620.36

See the notes to financial statements.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**Year ended June 30, 2016**

Cash flows from operating activities:		
Receipts from surcharges and other revenues		\$ 490,700.52
Payments to suppliers for goods and services		(137,846.19)
Payments for payroll, taxes and related benefits		<u>(478,066.99)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>		<b>\$ (125,212.66)</b>
Cash flows from noncapital financing activities -		
Intergovernmental revenues	<u>125,000.00</u>	
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>		<b>125,000.00</b>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	\$ (447,291.95)	
Intergovernmental Revenues	<u>446,670.70</u>	
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>		<b>(621.25)</b>
Cash flows from investing activities:		
Interest from investments	\$ 925.36	
Increase in investments	<u>(882.05)</u>	
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		<b>43.31</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>\$ (790.60)</b>
Cash and cash equivalents at July 1, 2015		<u>812,694.70</u>
<b>CASH AND CASH EQUIVALENTS AT JUNE 30, 2016</b>		<b><u>\$ 811,904.10</u></b>

(continued)

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT**  
**STATEMENT OF CASH FLOWS (continued)**  
**Year ended June 30, 2016**

Cash flows from operating activities:		
Operating loss		\$ (205,994.65)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for depreciation	\$ 116,950.84	
District contribution to pension plan	(23,390.05)	
Change in current assets and current liabilities:		
Decrease in accounts receivable	618.00	
Decrease in other current assets	7,696.10	
Decrease in other current liabilities	(16,399.25)	
Decrease in accounts payable	(4,693.65)	80,781.99
		<u>80,781.99</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>		<b><u><u>\$ (125,212.66)</u></u></b>

See the notes to financial statements.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE A** - The White County 911 Emergency Communications District was established on January 21, 1991, by a resolution of the Board of Commissioners of White County, Tennessee, in accordance with the Emergency Communications District Law (9-1-1 Law), Tennessee Code Annotated, Section 7-86-101. The resolution was passed after the voters of White County approved the establishment of such a District on November 6, 1990. The jurisdiction of the District includes all of White County, Tennessee. The White County 911 Emergency Communications District has adopted the following accounting policies:

**(1) Reporting Entity**

The White County 911 Emergency Communications District is a component unit of White County, Tennessee. The Board of Directors of the District are appointed by White County's Board of Commissioners and the Mayor of the City of Sparta in the same proportion as each entity contributor to the funding of the District. Any short fall between the District's budgeted revenues and operating expenses are subsidized by White County and the City of Sparta, Tennessee, 75% and 25%, respectively. Also, the District must obtain the approval of the Board of Commissioners before the issuance of most debt instruments.

**(2) Basis of Accounting**

The District uses the accrual method of accounting to prepare its financial statements.

The activities of the District are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of net position.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
June 30, 2016**

**NOTE A (Cont'd):**

**(3) Capital Assets**

Capital assets in service are carried at cost and are depreciated over the estimated useful life of the asset using the straight-line method of depreciation. Cost consists of all direct costs related to construction or acquisition of capital assets. In addition, the District capitalizes interest costs related to qualified expenditures for projects under development.

Maintenance and repairs, which do not significantly extend the value or life of the property or equipment, are expensed as incurred.

Capital policy for the District is items purchased or betterment, not repairs, in excess of \$5,000.00 and having a useful life of one year or more will be capitalized.

Assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Equipment	3-10
Building	10-40
Vehicles	5
Furniture & Fixtures	10

**(4) Provision for Uncollectible Accounts**

Management has not made an allowance for uncollectible accounts receivable as losses, if any, are recognized on the direct charge-off method.

**(5) Cash Equivalents**

For purposes of the statement of cash flows, all highly liquid investments with a maturity date of three months or less when purchased are considered to be cash equivalents.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
June 30, 2016**

**NOTE A (Cont'd):**

**(6) Compensated Absences**

The District's policy for compensated absences is that employees must use accumulated vacation before the end of the calendar year in which the days are accrued. Vacation days not used before December 31 are not carried forward. The District accrues the portion of vacation days available at June 30.

**(7) Receivables and Revenues**

Beginning in spring 2016, the state collects funds from service providers directly and remits an amount to the District every two months. Revenues not received by June 30 are accrued.

Operating revenue consists of monies received from service providers, shared wireless charge from the State Emergency Communications Board and other miscellaneous income. Non-operating revenue consists of interest income earned on cash investments, noncapital contributions from the primary government and other governments and noncapital grants from the State Emergency Communications Board.

**(8) Expenses**

Operating expenses consist of salaries, wages and the related employee benefits; materials and supplies and other general and administrative expenses.

**(9) Contributions**

Contributions are recognized in the Statement of Revenues, Expenses, and Changes in Net Position when earned. Contributions include capacity and support by other districts and federal, state and local grants in support of District operations.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
June 30, 2016**

**NOTE A (Cont'd):**

**(10) Net Position**

Net position contains the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified as net investment in capital assets and unrestricted net position. Net investment in capital assets is all capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction or improvement of the assets. Debt related to unspent proceeds or other restricted cash and investments is not included in this determination. Restricted for capital activity and debt service includes assets, net of the liabilities, restricted by external parties such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. Unrestricted net position consists of the assets, net of the liabilities that do not meet the definition of net investment in capital assets.

**(11) Net position flow assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
June 30, 2016**

**NOTE A (Cont'd):**

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

For the year ended June 30, 2016, the District has a deferred outflow of resources from the recording of employer pension contributions for the year ended June 30, 2016 and deferred inflow of resources from pension changes in experience and resources.

**(13) Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Actual results may vary from those estimates.

**(14) Budgets**

Prior to July 1, the budget is approved by the commissioners and submitted to the state comptroller's office as required by state statute. The budget is prepared on the basis where current available funds must be sufficient to meet current expenditures.

The District prepares its budget using the cash basis. The legal level of control over the budget is at the line-item level.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**June 30, 2016**

**NOTE A (Cont'd):**

**(15) Pensions**

For the 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 White County Emergency Communication's District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from White 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 B - BANK DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's deposit policy for custodial risk is as follows:

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 accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure 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 their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
June 30, 2016**

**NOTE B (Cont'd):**

The securities pledged to protect these accounts 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 purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, 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 District.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
June 30, 2016**

**NOTE C -** Capital assets activity during the year was as follows:

	<u>Balance at July 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30</u>
Capital Assets Not Being Depreciated:				
Land	\$ 67,261.31	\$ 50,000.00	\$ -	\$ 117,261.31
Capital Assets Being Depreciated:				
Building	\$ 105,099.77	\$ 205,267.85	\$ 4,797.24	\$ 305,570.38
Equipment	1,012,795.02	192,024.10	174,009.02	1,030,810.10
Vehicles	26,925.00	-	-	26,925.00
Furniture and fixtures	14,419.76	-	-	14,419.76
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>\$ 1,159,239.55</b>	<b>\$ 397,291.95</b>	<b>\$ 178,806.26</b>	<b>\$ 1,377,725.24</b>
Less Accumulated Depreciation for:				
Building	(49,485.70)	(5,730.50)	(519.70)	(54,696.50)
Equipment	(428,965.40)	(104,532.03)	(148,757.88)	(384,739.55)
Vehicles	(1,346.25)	(5,385.00)	-	(6,731.25)
Furniture and fixtures	(6,274.05)	(1,303.31)	-	(7,577.36)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>\$ (486,071.40)</b>	<b>\$ (116,950.84)</b>	<b>\$ (149,277.58)</b>	<b>\$ (453,744.66)</b>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, Net</b>	<b>\$ 673,168.15</b>	<b>\$ 280,341.11</b>	<b>\$ 29,528.68</b>	<b>\$ 923,980.58</b>
<b>CAPITAL ASSETS, Net</b>	<b>\$ 740,429.46</b>	<b>\$ 330,341.11</b>	<b>\$ 29,528.68</b>	<b>\$ 1,041,241.89</b>

Depreciation expense was \$116,950.84.

**NOTE D - RISK FINANCING ACTIVITIES**

It is the policy of the District to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, errors and omissions, and worker's compensation. The District also carries commercial insurance to cover the District's vehicles and commercial property. Settled claims have not exceeded this commercial coverage in any of the past three years.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**June 30, 2016**

**NOTE E - GENERAL INFORMATION ABOUT THE PENSION PLAN**

*Plan Description.* Employees of White County Emergency Communications District are provided a defined benefit plan through the Public Employee Retirement Plan, an agent multi-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](http://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.

*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	3
Inactive employees entitled to but not yet receiving benefits	8
Active employees	2
	<hr/>
	13
	<hr/>

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
June 30, 2016**

**NOTE E (Cont'd):**

*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. White 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 White County Emergency Communications District were \$0, based on a rate of 8.01 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept White 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)**

White County Emergency Communication 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

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
June 30, 2016**

**NOTE E (Cont'd):**

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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33.00%
Developed market international equity	6.26%	17.00%
Emerging market international equity	6.40%	5.00%
Private equity and strategic lending	4.61%	8.00%
U.S. fixed income	0.98%	29.00%
Real estate	4.73%	7.00%
Short-term securities	0.00%	1.00%
		100.00%

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
June 30, 2016**

**NOTE E (Cont'd):**

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 White 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.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
June 30, 2016**

**NOTE E (Cont'd):**

**Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balance at 06/30/14</b>	\$ 291,978	\$ 361,745	\$ (69,767)
<b>Changes for the year:</b>			
Service cost	\$ 5,829	\$ -	\$ 5,829
Interest	21,889	-	21,889
Differences between expected and actual experience	(2,760)	-	(2,760)
Contributions - employer	-	9,639	(9,639)
Contributions - employees	-	6,017	(6,017)
Net investment income	-	11,179	(11,179)
Benefit payments, including refunds of employee contributions	(11,898)	(11,898)	-
Administrative expense	-	(193)	193
<b>Net changes</b>	<u>13,060</u>	<u>14,744</u>	<u>(1,684)</u>
<b>Balance at 06/30/15</b>	\$ 305,038	\$ 376,489	\$ (71,451)

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
June 30, 2016**

**NOTE E (Cont'd):**

*Sensitivity of the net pension liability (asset) to changes in the discount rate.*

The following presents the net pension liability (asset) of White 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:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
White County Emergency Communications District's net pension liability (asset)	\$ 40,867	\$ (71,451)	\$ (97,629)

**Pension Expense (Income) and Deferred Outflows of Resources and  
Deferred Inflows of Resources Related to Pensions**

*Pension income.* For the year ended June 30, 2016, White County Emergency Communications District recognized pension income of \$9,064.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2016, White County Emergency Communications District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 7,962
Net difference between projected and actual earnings on pension plan investments	12,869	16,748
Contributions subsequent to the measurement date of June 30, 2015	<u>24,157</u>	<u>(not applicable)</u>
Total	<u>\$ 37,026</u>	<u>\$ 24,710</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.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
June 30, 2016**

**NOTE E (Cont'd):**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30:</b>	
2017	\$ (3,693)
2018	(3,693)
2019	(3,693)
2020	1,890
20.21	(1,327)
Thereafter	(1,327)

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, White County Emergency Communications District reported a payable of \$1,380 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

**NOTE F - LITIGATION**

There were no lawsuits pending in which the District is involved which could result in any liability to the District.

**NOTE G -SUBSEQUENT EVENTS**

The building and land used by the District prior to the move to the new location in January 2016 will revert back to the previous owners of the land on August 31, 2016. The land was donated in 1993 with a stipulation on the deed that the property could be taken back by the donators should the property cease to be used as a 911 facility. At June 30, 2016 the land and building had a book value of \$48,606.68.

**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**

**Schedules of Changes in White 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>
<b>Total pension liability</b>		
Service cost	\$ 5,837	\$ 5,829
Interest	21,135	21,889
Changes in benefit terms	-	-
Differences between actual & expected experience	(7,462)	(2,760)
Change of assumptions	-	-
Benefit payments including refunds of employee contributions	(6,987)	(11,898)
<b>Net change in total pension liability</b>	<u>\$ 12,523</u>	<u>\$ 13,060</u>
<b>Total pension liability - beginning</b>	279,455	291,978
<b>Total pension liability - ending (a)</b>	<u><u>\$ 291,978</u></u>	<u><u>\$ 305,038</u></u>
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$ 8,410	\$ 9,639
Contributions - employee	5,250	6,017
Net investment income	50,976	11,179
Benefit payments, including refunds of employee contributions	(6,987)	(11,898)
Administrative expense	(122)	(193)
<b>Net change in plan fiduciary net position</b>	<u>\$ 57,527</u>	<u>\$ 14,744</u>
<b>Plan fiduciary net position - beginning</b>	304,218	361,745
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 361,745</u></u>	<u><u>\$ 376,489</u></u>
 <b>Net Pension Liability (asset) - ending (a) - (b)</b>	<u><u>\$ (69,767)</u></u>	<u><u>\$ (71,451)</u></u>
 <b>Plan fiduciary net position as a percentage of total pension liability</b>	123.89%	123.42%
 <b>Covered-employee payroll</b>	\$ 104,992	\$ 120,334
 <b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	-66.45%	-59.38%

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 White 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	\$ 8,410	\$ -	\$ 7,031
Contributions in relation to the actuarially determined contribution	<u>8,410</u>	<u>9,639</u>	<u>23,176</u>
Contribution deficiency (excess)	-	(9,639)	(16,145)
 Covered-employee payroll	 \$ 104,992	 \$ 120,334	 \$ 289,336
Contributions as a percentage covered-employee payroll	8.01%	8.01%	8.01%

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

**Notes to Schedule**

*Valuation date:* Actuarially determined contribution rates for 2016 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	1 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
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

**SUPPLEMENTARY INFORMATION**

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET AND ACTUAL**  
**Year ended June 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>Cash receipts:</b>				
TECB - operational funding	\$ 471,496.00	\$ 471,496.00	\$ 490,000.75	\$ 18,504.75
Interest income	-	-	925.36	925.36
Other income	-	-	699.77	699.77
Contributions from the primary government	100,000	209,000	501,716.70	292,716.70
Contributions from other governments	69,954	69,954	69,954.00	-
<b>TOTAL CASH BASIS REVENUES</b>	<b>\$ 641,450</b>	<b>\$ 750,450</b>	<b>\$ 1,063,296.58</b>	<b>\$ 312,846.58</b>
<b>Cash expenditures:</b>				
Salaries and wages:				
Director	\$ 42,512	\$ 42,512	\$ 44,147.16	\$ (1,635.16)
Administrative	31,500	6,576	4,240.39	2,335.61
Dispatchers	285,000	317,500	301,393.26	16,106.74
Part-time personnel	20,000	15,500	14,090.99	1,409.01
Holiday	15,000	15,000	13,214.00	1,786.00
Overtime pay	6,500	11,500	8,436.23	3,063.77
Total salaries and wages	\$ 400,512	\$ 408,588	\$ 385,522.03	\$ 23,065.97
Employee benefits:				
Social security	\$ 24,000	\$ 24,000	\$ 23,326.43	\$ 673.57
Medicare	7,000	7,000	5,455.35	1,544.65
Unemployment compensation	5,000	5,000	2,162.98	2,837.02
Retirement contributions	10,000	24,100	24,244.30	(144.30)
Medical insurance	50,000	41,000	38,306.23	2,693.77
Total employee benefits	\$ 96,000	\$ 101,100	\$ 93,495.29	\$ 7,604.71
Contracted services:				
Advertising	\$ 50	\$ 50	\$ -	50.00
Accounting services	3,500	3,600	3,600.00	-
Audit services	4,000	4,300	3,400.00	900.00
Fees paid to service providers	100	100	-	100.00
Legal services	8,000	5,970	525.00	5,445.00
Janitorial services	-	400	400.00	-
NCIC TBI TIES expenses	6,000	5,500	4,600.00	900.00
Mapping/data base consultant	6,000	4,965	4,390.00	575.00
Pest control	400	400	340.00	60.00
Lease/rental - office equipment	2,500	2,500	-	2,500.00
Lease/rental - communication	2,500	2,500	1,996.33	503.67
Maintenance agreements	35,000	34,900	31,175.93	3,724.07
Maintenance and repairs - communications equipme	6,000	2,000	1,616.10	383.90
Maintenance and repairs - buildings and facilities	3,000	7,500	7,159.13	340.87
Maintenance and repairs - office equipment	1,500	1,500	756.70	743.30
Maintenance and repairs - vehicles	1,000	1,000	177.64	822.36
Fuel - vehicles	1,500	1,500	1,188.37	311.63
Other contracted services	4,311	4,341	4,330.44	10.56
Other supplies and materials	-	500	441.58	58.42
Total contracted services	\$ 677,873	\$ 83,526	\$ 66,097.22	\$ 17,428.78

(continued)

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
BUDGET AND ACTUAL  
Year ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Supplies and materials:				
Supplies and materials	\$ -	\$ 1,500	\$ 625.91	\$ 874.09
Office supplies	2,000	3,750	3,520.10	229.90
Postage	250	450	404.69	45.31
Equipment purchases not capitalized	2,000	4,000	5,354.60	(1,354.60)
Uniforms and shirts	1,000	1,174	1,174.47	(0.47)
Custodial supplies	1,500	1,900	1,486.78	413.22
Data processing supplies	500	-	-	-
Utilities - electric	12,000	13,200	12,914.44	285.56
Utilities - gas	750	3,750	2,964.64	785.36
Utilities - water	750	750	763.04	(13.04)
Utilities - General telephone	-	6,000	4,966.07	1,033.93
Utilities - Cable/Internet	-	2,850	2,724.56	125.44
Utilities - Cell phones	-	250	250.00	-
Utilities - Telephone	10,500	1,750	1,654.11	95.89
<b>Total supplies and materials</b>	<b>\$ 31,250</b>	<b>\$ 41,324</b>	<b>\$ 38,803.41</b>	<b>\$ 2,520.59</b>
Other charges:				
Dues and memberships	\$ 850	\$ 1,250	\$ 1,179.01	\$ 70.99
Bank charges	200	400	316.75	83.25
Insurance	18,250	20,150	19,028.68	1,121.32
Service awards	50	85	85.00	-
Training expenses	10,000	8,500	1,318.26	7,181.74
Travel	6,500	6,500	2,826.77	3,673.23
Public education	50	50	-	50.00
Licenses and fees	500	500	-	500.00
Employee testing	1,000	1,000	425.00	575.00
Legal notices	1,000	1,000	447.60	552.40
Capital purchases	-	-	-	-
<b>Total other charges</b>	<b>\$ 38,400</b>	<b>\$ 39,435</b>	<b>\$ 25,627.07</b>	<b>\$ 13,807.93</b>
<b>TOTAL CASH BASIS EXPENSES</b>	<b>\$ 651,523</b>	<b>\$ 673,973</b>	<b>\$ 609,545.02</b>	<b>\$ 64,427.98</b>
<b>CASH BASIS NET INCOME</b>	<b>(10,073)</b>	<b>76,477</b>	<b>453,751.56</b>	<b>377,274.56</b>

**RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS**

Depreciation expense	\$ (116,950.84)
Loss on disposal of assets	(29,528.68)
Decrease in current receivables	(618.00)
Decrease in prepaid expenses	(7,696.10)
Pension contributions for year ended June 30, 2016	24,244.30
Pension income	9,064.00
Decrease in accounts payable	(1,951.43)
Decrease in accrued payroll	12,574.34
Decrease in payroll taxes payable	
Decrease in compensated absences	3,247.58
Net reconciliation cash to accrual	\$ (107,614.83)
Increase in net position (accrual)	346,136.73
Net position - beginning of period	1,834,483.63
Net position - end of period	\$ 2,180,620.36

See Accompanying Independent Auditors' Report.

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT**  
**SCHEDULE OF DETAILED EXPENSES**  
**Year ended June 30, 2016**

**Salaries and Wages:**

Director	\$ 43,787.45
Administrative personnel	2,232.94
Dispatchers	287,938.50
Part-time personnel	14,090.99
Holiday	13,214.00
Overtime pay	8,436.23
	<u>\$ 369,700.11</u>

**Employee Benefits:**

Social security	\$ 23,326.43
Medicare	5,455.35
Unemployment compensation	2,162.98
Medical insurance	37,632.82
	<u>\$ 68,577.58</u>

**Contracted Services:**

Accounting services	\$ 3,600.00
Audit services	3,400.00
Janitorial services	400.00
Legal services	525.00
NCIC/TBI/TIES expenses	4,600.00
Mapping/data base consultant	4,390.00
Pest control	340.00
Maintenance agreements	38,872.03
Maintenance and repairs - communications equipment	3,540.15
Maintenance and repairs - buildings and facilities	7,104.13
Maintenance and repairs - office equipment	756.70
Maintenance and repairs - vehicles	177.64
Fuel - vehicles	1,233.85
Lease/rental - communication	1,996.33
Other contracted services	4,330.44
	<u>\$ 75,266.27</u>

(continued)

**THE WHITE COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF DETAILED EXPENSES (CONTINUED)**

**Year ended June 30, 2016**

**Supplies and materials:**

Supplies and materials	\$ 625.91
Office supplies	3,554.10
Postage	404.69
Equipment purchases not capitalized	5,354.60
Uniforms and shirts	1,174.47
Custodial supplies	1,486.78
Utilities - electric	13,137.78
Utilities - gas	2,962.64
Utilities - water	784.05
Utilities - general telephone	4,966.07
Utilities - cell phones	250.00
Utilities - telephone	1,654.11
Other supplies and materials	441.58
Cable/Internet	2,724.56
	<hr/>
	\$ 39,521.34

**Other charges:**

Bank charges	\$ 316.75
Dues and memberships	1,179.01
Insurance	19,028.68
Training expenses	1,318.26
Travel expenses	3,260.73
Service awards	85.00
Employee testing	425.00
Legal notices	447.60
	<hr/>
	\$ 26,061.03

**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 AUDITING STANDARDS*

To the Board of Directors  
White County 911 Emergency Communications District  
Sparta, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of White County 911 Emergency Communications District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise White County 911 Emergency Communications District's basic financial statements, and have issued our report thereon dated September 15, 2016.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered White County 911 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 White County 911 Emergency Communications District's internal control. Accordingly, we do not express an opinion on the effectiveness of White County 911 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies [2016-001, 2016-002 and 2016-003].

### Compliance and Other Matters

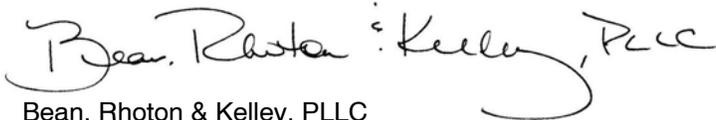
As part of obtaining reasonable assurance about whether White County 911 Emergency Communications District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item [2015-001].

## White County 911 Emergency Communications District's Response to Findings

White County 911 Emergency Communications District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. White County 911 Emergency Communications District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

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

A handwritten signature in cursive script that reads "Bean, Rhoton & Kelley, PLLC". The signature is written in dark ink and is positioned above the printed name of the firm.

Bean, Rhoton & Kelley, PLLC  
Winchester, Tennessee  
September 15, 2016

**WHITE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2016**

I. Summary of Auditors' Results

- A. The June 30, 2016, Auditors' Report on the Financial Statements was unqualified.
- B. Significant deficiencies in internal control were disclosed by the audit and are discussed below in findings 2016-001, 2016-002 and 2016-003.
- C. No material weaknesses in internal control were disclosed by the audit.
- D. An instance of noncompliance was disclosed by the audit and is discussed below in finding 2015-001.

II. Findings Related to the Financial Statements, which are required to be reported in accordance with *Government Auditing Standards*.

(2015-001) Budget

We noted that actual expenditures exceeded the amount appropriated in the budget.

Recommendation:

Budgets should be closely monitored and amended to ensure expenditures do not exceed appropriations for the budget's line-items.

District's Comment:

We concur and will monitor our budget more closely in the future. The budget is monitored monthly. For two of the four items over budget, an additional payroll period during the year led to a salary being over budget and the expensing of items under the capitalization threshold at year-end led to a second line item being over budget. Both instances happened at year-end and were discovered during the reconciling and reviewing the following month.

Disposition:

As of June 30, 2016, this problem continues to exist.

(2015-002) Pension

It was noted that not all of the full-time employees' earnings were reported to TCRS for pension coverage.

Disposition:

As of June 30, 2016, this problem no longer exists.

(2016-001) Authorized Signatures

Confirmation of bank account information from one of the District's financial institutions revealed an account that requires only one authorized signature to withdraw or transfer funds. Additionally, it was noted that authorized signatures were not current on all accounts.

Recommendation:

Proper control activity considerations include requiring two authorized signatures for all checks. Authorized signature cards at the bank must be current.

District's Comment:

While the financial institution only requires one signature, the District does require two signatures on all checks. With the past few Board changes, the signature cards have become outdated. This has been corrected.

**WHITE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2016**

(2016-002) Surplus Fixed Assets

During our testing of fixed assets, we were unable to verify board approval for fixed assets that were deemed as surplus during the fiscal year.

Recommendation:

We recommend that the Board establish a policy for fixed assets that are no longer in operating condition to be approved by the board before being sold or otherwise disposed and removed from the fixed asset listing. We suggest the Board annually review a fixed asset listing, and any property identified for disposal be noted in the official board minutes.

District's Comment:

Assets removed from the listing during the fiscal year were assets that were replaced by new equipment or software purchases which were approved by the Board. In the future, the Board will make an approval of the disposals separate from the approval of purchases.

(2016-003) Checks not Voided Properly

During our audit, we noted instances where checks were not being voided properly.

Recommendation:

All voided checks should have the signature lines removed, should be marked "void" and available for review.

District's Comment:

We mark voided checks as void and keep them on file for future reference. In the future, we will also remove the signature line as well.

WHITE COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS  
June 30, 2016

Financial Statement Findings

Finding Numbers	Finding Title	Status
2015-001	Budget	Repeated
2015-002	Pension	Corrected