

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

FINANCIAL STATEMENTS

JUNE 30, 2020

# JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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JUNE 30, 2020

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## **INTRODUCTORY SECTION**

# JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2020

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**Board of Directors:**

Tom Mauresetter, Chairman

Jeff Coffey, Vice-Chairman

Lee Turner, Secretary/Treasurer

Dean Ballinger

Chad Cotter

Billy John Cureton

Colin McRae

Brad Phillips

Mike Price

**Executive Director:**

Justin Crowther

**Jefferson County Emergency Communications District**

***Justin Crowther, Director***

581 W Old AJ Highway

New Market, Tennessee 37820

(865) 475-4911

[jcrowther@jce911.org](mailto:jcrowther@jce911.org)

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Jefferson County Emergency Communications District, we offer readers of the District's financial statements this narrative overview and analysis of the District's performance during the fiscal year ending June 30, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

The financial statements of Jefferson County Emergency Communications District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial statements of the District report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about their activities.

The Statement of Net Position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Change in Net Position. The statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its fees, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balances during the reporting period.

(Continued)

# JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## MANAGEMENTS DISCUSSION & ANALYSIS

JUNE 30,2020

**Table 1**

**Condensed Statement of Net Position**

	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>Increase (Decrease)</b>	<b>Percentage</b>
Current assets	\$ 1,306,603	\$ 1,458,908	\$ (152,305)	(10.44)%
Capital assets	<u>256,826</u>	<u>130,663</u>	<u>126,163</u>	96.56%
Total assets	<u>1,563,429</u>	<u>1,589,571</u>	<u>(26,142)</u>	(1.64)%
Deferred outflow of resources	192,979	159,832	33,147	20.74%
Current liabilities	34,785	30,789	3,996	12.98%
Non-current liabilities	<u>2,694</u>	<u>125,351</u>	<u>(122,657)</u>	(97.85)%
Total liabilities	<u>37,479</u>	<u>156,140</u>	<u>(118,661)</u>	(76.00)%
Deferred inflow of resources	38,518	30,158	8,360	27.72%
Investment in capital assets	256,826	130,663	126,163	96.56%
Unrestricted net position	<u>1,275,956</u>	<u>1,432,442</u>	<u>(156,486)</u>	(10.92)%
Total net position	<u>\$ 1,532,782</u>	<u>\$ 1,563,105</u>	<u>\$ (30,323)</u>	(1.94)%

One way to measure financial health of a company is to look at its increases or decreases in net position overtime. Increases in net position, in general, are signs that a company's financial health is improving. Decreases may indicate that its financial health is deteriorating. However, you will need to also consider non-financial factors such as economic conditions, service growth and legislative mandates.

Jefferson County Emergency Communications District's total net position decreased \$30,323 from last year.

# JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## MANAGEMENTS DISCUSSION & ANALYSIS

JUNE 30, 2020

**Table 2**

**Statement of Revenues, Expenses, and Change in net Position**

	June 30, 2020	June 30, 2019	Increase (Decrease)	Percentage
Operating revenue	\$ 743,368	\$ 811,817	\$ (68,449)	(8.43)%
Non-operating revenue	<u>662,049</u>	<u>645,143</u>	<u>16,906</u>	2.62%
Total revenue	<u>1,405,417</u>	<u>1,456,960</u>	<u>(51,543)</u>	(3.54)%
Direct operating expenses	867,886	851,963	15,923	1.87%
General and administrative expenses	453,943	418,809	35,134	8.39%
Depreciation expense	<u>113,911</u>	<u>70,267</u>	<u>43,644</u>	62.11%
Total expense	<u>1,435,740</u>	<u>1,341,039</u>	<u>94,701</u>	7.06%
Change in net position	(30,323)	115,921	(146,244)	(123.57)%
Net position – beginning of year	<u>1,563,105</u>	<u>1,447,184</u>	<u>115,921</u>	8.01%
Net position – end of year	<u>\$ 1,532,782</u>	<u>\$ 1,563,105</u>	<u>\$ (30,323)</u>	(1.94)%

As can be seen in Table 2, the change in net position decreased from the prior year by \$30,323. This decrease was caused by a 3.54% decrease in total revenues and an 7.06% increase in total expenses.

**Table 3**

**Capital assets, net of accumulated depreciation**

	June 30, 2020	June 30, 2019	Increase (Decrease)
Capital assets, net	<u>\$ 256,826</u>	<u>\$ 130,663</u>	<u>\$ 126,163</u>

This year's capital addition include:

Operating equipment	<u>\$ 240,075</u>
Total additions	<u>\$ 240,075</u>

At June 30, 2020, the District had no outstanding long-term debt.

There were no significant variations from fiscal year 2020 budgeted operational expenditures and fiscal year 2020 actual operational expenditures. The District's adopted budget for fiscal year 2020 is comparable to fiscal year 2020.

This financial report is designed to provide the public and creditors with an overview of the finances of the District and to demonstrate accountability for the money received. If there are questions, comments, or requests for additional information pertaining to this report, please contact Justin Crowther, Director.

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Jefferson County Emergency Communications District  
Jefferson City, Tennessee 37760

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

We have audited the accompanying statement of net position of Jefferson County Emergency Communications District (the District), a component unit of Jefferson County, Tennessee, as of June 30, 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Jefferson County Emergency Communications District's financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Jefferson County Emergency Communications District of Jefferson County, Tennessee, as of June 30, 2020, and the respective changes in financial position and 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 on pages 2 through 5 and the required supplementary information on pages 21-23 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 Jefferson County Emergency Communications District's basic financial statements as a whole. The other supplementary information and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other 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 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 or to 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 other supplementary 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 October 9, 2020 on our consideration of the 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 solely 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 effectiveness of 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.

Chattanooga, Tennessee  
February 9, 2021

Henderson Hutcherson  
& McCullough, PLLC

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

STATEMENT OF NET POSITION

JUNE 30, 2020

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<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 1,284,086
Prepaid expenses	<u>22,517</u>
Total current assets	<u>1,306,603</u>
<b>CAPITAL ASSETS</b>	
Capital assets, net of accumulated depreciation totaling \$784,568	<u>256,826</u>
<b>TOTAL ASSETS</b>	<u>1,563,429</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Differences between expected and actual experience - pension	135,190
Pension changes in assumptions	3,038
Pension changes in investment earnings	6,474
Pension contribution after measurement date	<u>48,277</u>
Total deferred outflows of resources	<u>192,979</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accrued vacation leave	34,785
Accrued liabilities	<u>2,694</u>
Total current liabilities	<u>37,479</u>
<b>LONG TERM LIABILITIES</b>	
Net pension liability	<u>147,629</u>
<b>TOTAL LIABILITIES</b>	<u>185,108</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Differences between expected and actual experience - pension	20,317
Pension changes in investment earnings	<u>18,201</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>38,518</u>
<b>NET POSITION</b>	
Investment in capital assets	256,826
Unrestricted	<u>1,275,956</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,532,782</u>

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

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2020

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**OPERATING REVENUES**

TECB distribution of 911 Surcharges (Base Amount)	\$ 702,786
TECB distribution of excess revenue	34,778
Other revenue	<u>5,804</u>

Total operating revenue 743,368

**OPERATING EXPENSES**

Salaries and wages	867,886
Employee benefits	279,397
Contracted services	73,319
Supplies and materials	41,465
Other charges	<u>59,762</u>

Total operating expenses 1,321,829

Net operating income (loss) before depreciation (578,461)

Depreciation expense 113,911

Net operating income (loss) (692,372)

Non-operating revenues (expenses)

Interest income	1,283
Contributions from primary government	636,766
TECB-Reimbursements and/or Grants	<u>24,000</u>

Total non-operating revenues (expenses) 662,049

**CHANGE IN NET POSITION** (30,323)

Net position - beginning of year 1,563,105

Net position - end of year \$ 1,532,782

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from service fees and other operating revenues	\$ 743,368
Cash paid to suppliers for goods and services	(460,087)
Cash paid to employees for services provided	<u>(864,289)</u>
Net cash provided (used) by operating activities	<u>(581,008)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES</b>	
Additions to capital assets	<u>(240,075)</u>
Net cash provided (used) by capital and related financing activities	<u>(240,075)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Contributions from primary government	636,766
Contributions from TECB	<u>24,000</u>
Net cash provided (used) by noncapital financing activities	<u>660,766</u>
<b>CASH FROM INVESTING ACTIVITIES</b>	
Interest income on investments	<u>1,283</u>
Net cash from investing activities	<u>1,283</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(159,034)
Cash and cash equivalents at beginning of year	<u>1,443,120</u>
Cash and cash equivalents at end of year	<u>\$ 1,284,086</u>

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

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

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**ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

Net operating income (loss)	\$ (692,372)
Depreciation	113,911
Change in prepaid expenses	(6,728)
Change in deferred outflows	(33,147)
Change in net pension liability	22,278
Change in deferred inflows	8,360
Change in other current liabilities	<u>6,690</u>
Net cash provided (used) by operating activities	<u>\$ (581,008)</u>

# JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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### NOTE 1 – NATURE OF THE ORGANIZATION

The District was established by the County for the purpose of enhancing "911" and selective routing services under T.C.A. 7-86-101 through 7-86-117 "Emergency Communications District Law.". The District is a component unit of Jefferson County, Tennessee. The District receives a significant portion of its income from the tax revenues of Jefferson County. Also, Jefferson County's legislative body approves board members and debt issues of Jefferson County Emergency Communications District

The criteria for including organizations as component units within a County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in its own name)
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is a fiscal dependency by the organization on the County

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of accounting – Accrual  
Revenue is recognized when earned and expenses are recorded when incurred
- B. Fund type – Proprietary
- C. For purposes of the statement of cash flows, the District considered all highly liquid investments with maturities of three months or less when purchased to be cash equivalents
- D. Capital assets and depreciation:
  - 1) 1. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years. The District's capitalization threshold is set at \$5,000 per unit cost. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under review, there were no interest costs capitalized.

(Continued)

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Capital assets and depreciation: (Continued)

2) Capital assets consist of

**June 30, 2020**

	Beginning Balance	Increases	Decreases	Ending Balance	Accumulated Depreciation	Net Capital Assets
Capital Assets						
Office equipment and furniture	\$ 24,872	\$ -	\$ -	\$ 24,872	\$ 20,052	\$ 4,820
Office Equipment	250,049	-	-	250,049	231,405	18,644
Communication Equipment	421,195	240,075	-	661,270	435,418	225,852
Software	57,407	-	-	57,407	49,896	7,511
Vehicle	47,797	-	-	47,797	47,797	-
Total	<u>\$ 801,320</u>	<u>\$ 240,075</u>	<u>\$ -</u>	<u>\$ 1,041,395</u>	<u>\$ 784,568</u>	<u>\$ 256,827</u>

3) The straight-line method of depreciation is used, totaling \$113,911 for the year ended June 30, 2020. Accumulated depreciation was \$784,568 as of June 30, 2020.

E. Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. The useful lives of the capital assets of the District are such estimates.

F. Measurement focus is a term used to describe “which” transactions are recorded within the financial statements. The proprietary fund is accounted for using the “economic resources” measurement focus. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in total net position.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. Proprietary funds utilize the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

(Continued)

# JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G. Budgetary principles - Prior to the beginning of the fiscal year, the Board of Directors adopts an annual budget. All revisions must be approved by the Board. All annual appropriations lapse at fiscal year-end. Budgetary control is at the line item level. The District prepares its budget on a basis of accounting that differs from accounting principles generally accepted in the United States of America (GAAP). The major difference between the budgetary basis of accounting and GAAP is that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP). At June 30, 2020, the District had no encumbrances.
- H. Restricted and unrestricted resources – When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.
- I. Restricted and unrestricted resources – When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.
- J. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Jefferson County Emergency Communications District’s participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Jefferson 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 3 – DEPOSITS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of June 30, 2020, the District had no exposure to custodial credit risk as its deposits were either insured by the FDIC or collateralized with securities held by the State of Tennessee Bank Collateral Pool as required by state statutes.

# JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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### NOTE 4 – COMPENSATED ABSENCES

#### **Annual leave**

Regular full-time employees accrue one day of vacation per month. After five years of service, employees accrue one and one-half days of vacation per month. Employees on vacation are paid at a regular rate of pay during such leave. Employees may accrue annual vacation leave up to a maximum of the days earned for the prior service year. Unpaid vacation leave totaled \$34,785 for the year ended June 30, 2020.

#### **Sick leave**

Sick leave is earned by regular full-time employees at the rate of one day per month. Employees may accumulate sick leave without a maximum. Accumulated sick leave does not vest for payment at termination, however; if the employee retires such accumulated sick leave counts as time of service under the District's participation in the TCRS Pension Plan.

### NOTE 5 – PENSION PLAN INFORMATION

#### **General Information about the Pension Plan**

**Plan Description** – Employees of Jefferson County Emergency Communications District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

**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 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.

(Continued)

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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**NOTE 5 – PENSION PLAN INFORMATION** (Continued)

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

**Employees Covered by Benefit Terms** – At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but no yet receiving benefits	26
Active employees	<u>18</u>
Total	<u><u>46</u></u>

**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. Jefferson 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, 2020, the employer contributions for Jefferson County Emergency Communications District was \$48,277 based on a rate 5.80 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Jefferson County Emergency Communications District’s state shared taxes if required employer contributions are not remitted. The employer’s Actuarially Determined Contributions (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)**

Jefferson County Emergency Communications District’s net pension liability (asset) was measured as of June 30, 2019, and the total pension liability (asset) 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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

(Continued)

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

**NOTE 5 – PENSION PLAN INFORMATION** (Continued)

Inflation	2.5 percent
Salary Increases	Graded salary range from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost of living adjustments	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. 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, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce 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 expected inflation of 2.5 percent. These best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocations</b>
U.S. Equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
Total		<u>100%</u>

(Continued)

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

**NOTE 5 – PENSION PLAN INFORMATION** (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

**Discount rate** – The discount rate used to measure the total pension liability was 7.25 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 Jefferson County Emergency Communications District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balance at 6-30-2018</b>	<u>\$ 1,088,590</u>	<u>\$ 963,239</u>	<u>\$ 125,351</u>
<b>Changes for the year:</b>			
Service Cost	48,269	-	48,269
Interest	81,497	-	81,497
Differences between expected and actual experience	49,127	-	49,127
Changes in net assumptions	-	-	-
Contributions – employer	-	45,064	(45,064)
Contributions – employee	-	39,323	(39,323)
Net investment income	-	73,853	(73,853)
Benefit payments, including refunds of employee contributions	(25,524)	(25,524)	-
Administrative expenses	-	(1,625)	1,625
Other changes	-	-	-
Net changes	<u>153,369</u>	<u>131,091</u>	<u>22,278</u>
<b>Balance at 6-30-2019</b>	<u>\$ 1,241,959</u>	<u>\$ 1,094,330</u>	<u>\$ 147,629</u>

(Continued)

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

**NOTE 5 – PENSION PLAN INFORMATION** (Continued)

**Sensitivity of the net pension liability (asset) to changes in the discount rate** – The following presents the net pension liability (asset) of Jefferson County Emergency Communications District calculated using the discount rate of 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	\$ 400,674	\$ 147,629	\$ (49,851)

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

**Pension expense (negative pension expense)** – For the year ended June 30, 2020, Jefferson County Emergency Communications District recognized pension expense (negative pension expense) of \$45,768.

**Deferred outflows of resources and deferred inflows of resources** – For the year ended June 30, 2020, Jefferson County Emergency Communications District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 135,190	\$ 20,317
Net difference between projected and actual earnings on pension plan investments	-	11,727
Changes in net assumptions	3,038	-
Contributions subsequent to the measurement of June 30, 2019	<u>48,277</u>	<u>-</u>
Total	<u>\$ 186,505</u>	<u>\$ 32,044</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2019,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

(Continued)

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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**NOTE 5 – PENSION PLAN INFORMATION** (Continued)

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

**Year Ended June 30:**

2021	\$ 20,236
2022	13,764
2023	19,365
2024	19,067
2025	19,456
Thereafter	14,301

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, 2020, Jefferson County Emergency Communications District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year end.

**NOTE 6 – RISK MANAGEMENT AND LITIGATION**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District purchases commercial insurance for all of these risks of loss. There have been no claims in the prior three years.

**NOTE 7 – SUBSEQUENT EVENTS**

Management has evaluated events and transactions subsequent to the statement of financial position date through the date of the independent auditor's report (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any events which should be disclosed in the financial statements.

## **SUPPLEMENTARY INFORMATION**

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS

JUNE 30, 2020

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Total Pension Liability</b>						
Service cost	\$ 38,360	\$ 38,632	\$ 39,613	\$ 47,701	\$ 50,259	\$ 48,269
Interest	44,419	49,113	55,596	67,511	70,299	81,497
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(780)	17,588	77,029	(32,095)	58,261	49,127
Changes of assumptions	-	-	-	4,862	-	-
Benefit Payments, including refunds of employee contributions	(19,615)	(19,758)	(20,006)	(22,890)	(19,215)	(25,524)
<b>Net Change in Total Pension Liability (Asset)</b>	<b>62,384</b>	<b>85,575</b>	<b>152,232</b>	<b>65,089</b>	<b>159,604</b>	<b>153,369</b>
<b>Total Pension Liability (Asset) - beginning</b>	<b>563,706</b>	<b>626,090</b>	<b>711,665</b>	<b>863,897</b>	<b>863,897</b>	<b>1,088,590</b>
<b>Total Pension Liability (Asset) - ending (a)</b>	<b>\$ 626,090</b>	<b>\$ 711,665</b>	<b>\$ 863,897</b>	<b>\$ 928,986</b>	<b>\$ 1,023,501</b>	<b>\$ 1,241,959</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 28,583	\$ 30,634	\$ 35,409	\$ 36,705	\$ 41,016	\$ 45,064
Contributions - employee	25,254	27,014	31,225	32,367	35,790	39,323
Net investment income	81,747	18,718	17,713	82,786	71,679	73,853
Benefit Payments, including refunds of employee contributions	(19,615)	(19,758)	(20,006)	(22,890)	(19,215)	(25,524)
Administrative expenses	(601)	(812)	(1,283)	(1,483)	(1,570)	(1,625)
Other	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 115,368</b>	<b>\$ 55,796</b>	<b>\$ 63,058</b>	<b>\$ 127,485</b>	<b>\$ 127,700</b>	<b>\$ 131,091</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>473,832</b>	<b>589,200</b>	<b>644,996</b>	<b>708,054</b>	<b>708,054</b>	<b>963,239</b>
<b>Plan Fiduciary Net Position - ending (b)</b>	<b>\$ 589,200</b>	<b>\$ 644,996</b>	<b>\$ 708,054</b>	<b>\$ 835,539</b>	<b>\$ 835,754</b>	<b>\$ 1,094,330</b>
<b>Net Pension Liability (Asset) - ending (a) - (b)</b>	<b>\$ 36,890</b>	<b>\$ 66,669</b>	<b>\$ 155,843</b>	<b>\$ 93,447</b>	<b>\$ 187,747</b>	<b>\$ 147,629</b>
<b>Plan Fiduciary Net Position as a % of the</b>						
<b>Total Pension Liability</b>	94.11%	90.63%	81.96%	89.94%	88.49%	88.11%
<b>Covered-employee payroll</b>	\$ 505,076	\$ 540,279	\$ 624,493	\$ 647,346	\$ 715,805	\$ 786,452
<b>Net Pension Liability (Asset) as a % of</b>						
<b>covered-employee payroll</b>	7.30%	12.34%	24.96%	14.44%	17.51%	18.77%

Changes in assumptions - In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

**JFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE  
PUBLIC EMPLOYEE PENSION PLAN

JUNE 30, 2020

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	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution	\$ 28,583	\$ 30,634	\$ 35,409	\$ 36,705	\$ 41,016	\$ 45,064	\$ 48,277
Contribution in relation to the actuarially determined contribution	<u>28,583</u>	<u>30,634</u>	<u>35,409</u>	<u>36,705</u>	<u>41,016</u>	<u>45,064</u>	<u>48,277</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Covered-employee payroll	\$ 505,076	\$ 540,279	\$ 624,493	\$ 647,354	\$ 715,805	\$ 786,452	\$ 812,415
Contributions as a percentage of covered-employee payroll	5.66%	5.67%	5.67%	5.67%	5.73%	5.73%	5.94%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

NOTES TO SCHEDULE

JUNE 30, 2020

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**Valuation date** - actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018 actuarial valuation.

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation method	10-year smoothed within a 20 percent corridor to market value
Inflation	2.5 percent
Salary increases	Graded salary range from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.25 percent

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN NET POSITION - ACTUAL AND BUDGET

FOR THE YEAR ENDED JUNE 30, 2020

	<b>Actual</b>	<b>Budget</b>	<b>Variance Fav. (Unfav.)</b>
Operating revenues:			
TECB distribution of 911 surcharges (base amount)	\$ 702,786	\$ 702,785	\$ 1
TECB distribution of excess	34,778	34,778	-
Other operating revenues	<u>5,804</u>	<u>4,000</u>	<u>1,804</u>
Total operating revenues	<u>743,368</u>	<u>741,563</u>	<u>1,805</u>
Operating expenses:			
Directors salary	62,754	62,760	6
Administrative personnel	51,134	51,145	11
Telecommunications	510,618	515,800	5,182
Overtime pay	95,505	95,578	73
Part-time pay	18,140	20,000	1,860
Mapper salary	41,663	42,170	507
TAC salary	43,638	43,645	7
Holiday pay	25,228	26,000	772
Longevity pay	13,100	13,200	100
Vacation pay	6,106	6,200	94
Social security	53,430	55,402	1,972
Medicare	12,496	14,447	1,951
Life Insurance	483	500	17
Medical insurance	166,242	170,567	4,325
Unemployment taxes	978	2,000	1,022
Retirement contributions	45,768	49,584	3,816
Audit services	5,250	5,250	-
Language interpreting	287	500	213
Fees paid to service providers	1,198	1,300	102
Tower rental	20,394	20,400	6
Technology consultants	5,045	7,000	1,955
HR consultants	1,020	1,200	180
Lease/rental - office equipment	6,672	7,000	328
Maintenance agreements	24,963	25,300	337
NCIC / TBI / TIES expenses	8,490	8,500	10
Maintenance and repairs - communication equipment	521	600	79
Maintenance and repairs - buildings and facilities	300	1,000	700
Fuel - vehicle	1,376	2,000	624
Small equipment purchase	13,130	13,200	70
Office supplies	3,386	3,500	114
Custodial supplies	283	500	1
Postage	454	1,000	3
Uniforms and shirts	293	3,000	2,707
Utilities - electric	871	1,200	329

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN NET POSITION - ACTUAL AND BUDGET

FOR THE YEAR ENDED JUNE 30, 2020

	<b>Actual</b>	<b>Budget</b>	<b>Variance Fav. (Unfav.)</b>
Utilities - gas	36	500	464
Utilities - general telephone	678	700	22
Utilities - cell phone and pages	2,797	5,000	2,203
Utilities - telephone call center	17,340	17,740	400
Bank charges	10	500	490
Dues and memberships	798	1,500	702
Employee testing and exams	830	1,000	170
Insurance - workers compensation	908	1,000	92
Insurance - liability	6,159	6,600	441
Insurance - equipment	8,653	8,700	47
Insurance - vehicle	1,859	1,900	41
Legal notices	128	500	372
Premiums on surety bonds	50	500	450
Training expenses	7,306	10,000	2,694
Travel expenses	7,856	8,000	144
Licenses and fees	18,061	21,000	2,939
Cable and internet charges	4,371	6,360	1,989
Miscellaneous	2,773	3,500	727
	<u>1,321,829</u>	<u>1,366,448</u>	<u>43,860</u>
Total operating expenses			
Operating profit (loss) before depreciation	(578,461)	(624,885)	45,665
Depreciation expense	<u>113,911</u>	<u>119,155</u>	<u>5,244</u>
Net operating income (loss)	<u>(692,372)</u>	<u>(744,040)</u>	<u>50,909</u>
Non-operating revenues (expenses):			
Interest income	1,283	1,000	283
TECB - grants and reimbursements	24,000	24,000	-
Contribution from primary government	<u>636,766</u>	<u>636,766</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>662,049</u>	<u>661,766</u>	<u>283</u>
Increase (decrease) in net position	<u>\$ (30,323)</u>	<u>\$ (82,274)</u>	<u>\$ 51,192</u>

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

SCHEDULE OF DETAILED EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

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**SALARIES AND WAGES**

Director	\$ 62,754
Administrative personnel	51,134
Mapper salary	41,663
Telecommunications	510,618
TAC salary	43,638
Overtime pay	95,505
Part-time personnel	18,140
Holiday pay	25,228
Longevity pay	13,100
Vacation leave	<u>6,106</u>
Total salaries and wages	<u>\$ 867,886</u>

**EMPLOYEE BENEFITS**

Social security	\$ 53,430
Medicare	12,496
Life insurance	483
Medical insurance	166,242
Unemployment taxes	978
Retirement contributions	<u>45,768</u>
Total employee benefits	<u>\$ 279,397</u>

**CONTRACTED SERVICES**

Audit services	\$ 5,250
Language interpreting	287
Fees paid to service providers	1,198
Tower rental	20,394
Maintenance agreements	24,963
Technology consultants	5,045
HR consultants	1,020
NCIC / TBI / TIES expense	8,490
Lease/rental - building and fees	<u>6,672</u>
Total contracted services	<u>\$ 73,319</u>

(Continued)

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

SCHEDULE OF DETAILED EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

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(Continued)

**SUPPLIES AND MATERIALS**

Call center	\$ 17,340
Fuel	1,376
Office supplies	3,386
Postage	454
Custodial supplies	283
Small equipment purchase	13,130
Maintenance and repairs - building	300
Maintenance and repairs - communications equipment	521
Uniforms and shirts	293
Utilities - electric	871
Utilities - gas	36
Utilities - general telephone	678
Utilities - cell phones and pagers	2,797
Total supplies and materials	<u>\$ 41,465</u>

**OTHER CHARGES**

Dues and memberships	\$ 798
Bank Charges	10
Employee testing and exams	830
Insurance - workers compensation	908
Insurance - liability	6,159
Insurance - equipment	8,653
Insurance - vehicle	1,859
Legal	128
Premiums on surety bonds	50
Training expenses	7,306
Travel expenses	7,856
Internet charges	4,371
Licenses and fees	18,061
Miscellaneous	2,773
Total other charges	<u>\$ 59,762</u>

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



**CERTIFIED PUBLIC ACCOUNTANTS**  
CHATTANOOGA | MEMPHIS

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

Board of Directors  
Jefferson County Emergency Communications District  
Jefferson City, 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 Jefferson County Emergency Communications District, a component unit of Jefferson County, Tennessee, as of and for the year ended June 30, 2020, which collectively comprise the Jefferson County Emergency Communications District's basic financial statements and have issued our report thereon dated February 9, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Jefferson County Emergency Communications District's internal control over financial reporting (internal control) as a basis for designing 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 Jefferson County Emergency Communications District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jefferson County Emergency Communications District's internal control.

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

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. However, material weaknesses may exist that have not been identified

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jefferson County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 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.

Chattanooga, Tennessee  
February 9, 2021

*Henderson Hutcherson  
c/o McCullough, PLLC*

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2020

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There were no prior year findings.