

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2021

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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INTRODUCTORY SECTION

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2021

Board of Directors:

Jeff Coffey, Chairman

Chad Cotter, Vice-Chairman

Lee Turner, Secretary/Treasurer

Dean Ballinger

Joe Gibson

Billy John Cureton

Colin McRae

Brad Phillips

Mike Price

Executive Director:

Justin Crowther



Jefferson County Emergency Communications

Executive Director Justin Crowther

Po Box 705

Jefferson City, TN 37760

865-475-4911 • 865-475-5019 Fax • www.jce911.org

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Jefferson County Emergency Communications District, we offer readers of the District's financial statement this narrative overview and analysis of the District's performance during the fiscal year ending June 30, 2021, and June 30, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term financial information about its activities. The statement of the net position includes all the District's assets and liabilities and provides information about where the District has invested its resources (assets) and the obligations to the District's creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This 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 surcharges and fees.

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 operating, 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 balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is: "Is the District better off or worse off as result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position reports information about the net position of the District and the changes in it. One can think of the District's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. A summary of the District's net position and changes in it is presented as Table 1 on page 5.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As can be seen from Table 2 on page 6, the District's net position has increased \$208,564 during the year ended June 30, 2021. Revenues increased by 24.76%. Total expenses increased approximately 7.60%. The administrative staff and employees continue to remain diligent and cost conscious.

For the year ended June 30, 2020, the District's net position decreased approximately \$30,323. Revenues decreased by 3.67%. Total expenses increased approximately 7.06%.

THE DISTRICT'S NET POSITION

The District completed the year ended June 30, 2021, with a net position of \$1,741,346, which is \$208,564 more than the prior year's ending net position of \$1,532,782.

The District completed the year ended June 30, 2020, with a net position of \$1,532,782, which is \$30,323 less than the prior year's ending net position of \$1,563,105.

BUDGETARY HIGHLIGHTS

The District adopts an annual operating budget, which includes proposed expenses and the means for paying these expenses. As conditions change during the year the budget may be amended to prevent budget overruns.

All telephone surcharge revenue is now remitted by the dial tone providers directly to the State. A Base Funding amount was established by the TECB for each of Tennessee's one hundred (100) ECDs and is based upon residential and business line-counts in 2012. Jefferson County's Base Funding was set at \$702,786 for June 30, 2021, and \$702,786 for June 30, 2020.

Interest income deposits were above expectations by \$200 for the year ended June 30, 2021, and above expectations by \$283 for the year ended June 30, 2020.

Total expenditures were \$197,911 less than budgeted with budget categories remaining in line for the year ended June 30, 2021.

Total expenditures were \$49,966 less than budgeted with budget categories remaining in line for the year ended June 30, 2020.

CAPITAL ASSETS

The District's investments in capital assets amount to \$1,054,000 with accumulated depreciation of \$780,283 for the year ended June 30, 2021. Capital assets include office equipment and furniture, operating equipment, communications equipment, computer software, and vehicle(s).

The District's investment in capital assets amounted to \$1,041,395 with accumulated depreciation of \$784,568 for the year ended June 30, 2020. Capital assets include office equipment and furniture, operating equipment, communications equipment, computer software, and vehicle(s).

ECONOMIC FACTORS AND FUTURE NEEDS

Prior to 2015, the main economic factor which faced the Jefferson County Emergency Communications District had been the continued fluctuation in revenue generated from landline, wireless, and VOIP telephones. The '911 Funding Modernization and IP Transition Act of 2014' became law on January 1, 2015, and set a state-wide surcharge of \$1.16 for all services (landline, cellular, VoIP, and pre-paid); a surcharge based upon revenue received by ECDs in 2012. This legislation eliminated the State ECB's use of depreciation costs in determining whether or not an ECD is 'financially distressed,' and also eliminated five (5) State ECB funding streams for operational, equipment purchase, and training programs.

The State ECB exercised its option to seek a restoration of the state-wide surcharge to \$1.50 for all services (landline, cellular, VoIP, and pre-paid); a move that required approval of a Joint Resolution of the TN General Assembly. The General Assembly passed the Joint Resolution, and the restored rate went into effect on January 1, 2021. In the meantime, the State ECB approved a measure to make up the one-half fiscal year (from July 1, 2020 – December 31, 2020) additional funding to local ECDs out of their fund balance; a move that transferred \$15 million of local 9-1-1 operations. This also was a factor in staff's decision not to seek additional local funding at this time.

Upgrades and enhancements to the ECD's telephone, dispatching, radio, mapping, logging, and other areas that have been made over the past several years move the ECD closer to the realization of being a next-generation (NG-911) center.

Long-term financial planning for the District will require continued discussions related to the District's operational and administrative staffing needs and the service delivery expectations of our client agencies. Short-term focus will remain on sustaining operations and maintain, to the best of our ability, the quality of dispatch services the public has come to expect. As the ability of more ways to connect 9-1-1 increases, maintaining this quality will be an ever-present challenge. Respectfully,

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Jefferson County Emergency Communications District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be address to Jefferson County Emergency Communications District, 581 W Old AJ Highway, New Market, TN 37820.

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

MANAGMENTS DISCUSSION & ANALYSIS

JUNE 30,2021

Table 1

Condensed Statement of Net Position

	June 30, 2021	June 30, 2020	Increase (Decrease)	Percentage
Current assets	\$ 1,495,259	\$ 1,306,603	\$ 188,656	14.44%
Capital assets	<u>274,217</u>	<u>256,826</u>	<u>17,391</u>	6.77%
Total assets	<u>1,769,476</u>	<u>1,563,429</u>	<u>206,047</u>	13.18%
Deferred outflow of resources	174,000	192,979	(18,979)	(9.83)%
Current liabilities	37,986	37,785	201	0.53%
Non-current liabilities	<u>129,759</u>	<u>147,629</u>	<u>(17,870)</u>	(12.10)%
Total liabilities	<u>167,745</u>	<u>185,108</u>	<u>(17,363)</u>	(9.38)%
Deferred inflow of recourses	34,385	38,518	(4,133)	10.73%
Investment in capital assets	274,217	256,826	17,391	6.77%
Unrestricted net position	<u>1,467,129</u>	<u>1,275,956</u>	<u>191,173</u>	14.98%
Total net position	<u>\$ 1,741,346</u>	<u>\$ 1,532,782</u>	<u>\$ 208,564</u>	13.61%

One way to measure financial health of a company is to look at its increases or decreases in net position over time. 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 increased \$208,564 from last year.

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

MANAGMENTS DISCUSSION & ANALYSIS

JUNE 30,2021

Table 2

Statement of Revenues, Expenses, and Change in net Position

	June 30, 2021	June 30, 2020	Increase (Decrease)	Percentage
Operating revenue	\$ 790,314	\$ 743,368	\$ 46,946	6.32%
Non-operating revenue	<u>963,062</u>	<u>662,049</u>	<u>301,013</u>	45.47%
Total revenue	<u>1,753,376</u>	<u>1,405,417</u>	<u>347,959</u>	24.76%
Direct operating expenses	936,250	867,886	68,364	7.88%
General and administrative expenses	508,400	453,943	54,457	12.00%
Depreciation expense	<u>100,162</u>	<u>113,911</u>	<u>(13,749)</u>	(12.07)%
Total expense	<u>1,544,812</u>	<u>1,435,740</u>	<u>109,071</u>	7.60%
Change in net position	208,564	(30,323)	238,887	787.81%
Net position – beginning of year	<u>1,532,782</u>	<u>1,563,105</u>	<u>(30,323)</u>	(1.94)%
Net position – end of year	<u>\$ 1,741,346</u>	<u>\$ 1,532,782</u>	<u>\$ 208,564</u>	13.61%

As can be seen in Table 2, the change in net position increased from the prior year by \$208,564. This increase was caused by a 24.76% increase in total revenues and an 7.60% increase in total expenses.

Table 3

Capital assets, net of accumulated depreciation

	June 30, 2021	June 30, 2020	Increase (Decrease)
Capital assets, net	<u>\$ 274,217</u>	<u>\$ 256,826</u>	<u>\$ 17,391</u>

This year's capital addition include:

Operating equipment	\$ 68,415
Office equipment	15,132
Vehicle	<u>34,006</u>
Total additions	<u>\$ 117,533</u>

At June 30, 2021, the District had no outstanding long-term debt.

FINANCIAL SECTION

CRANE, THOMPSON & JONES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

225 WEST FIRST NORTH STREET
SUITE 300, MILLENNIUM SQUARE
P.O. BOX 1779
MORRISTOWN, TENNESSEE 37816-1779
PHONE: (423) 586-7650

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SUITE 8
SEVIERVILLE, TENNESSEE 37862
PHONE: (865) 366-1450
FAX: (423) 586-0705

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 financial statements of Jefferson County Emergency Communications District, a component unit of Jefferson County, Tennessee, as of and for the year ended June 30, 2021, 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, 2021, 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 6 and the required supplementary information on pages 23 through 25 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 schedules listed in the table of contents as supplemental information are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules listed in the table of contents are the responsibility of management and were 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

The Roster of Officials listed on page 1 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 December 1, 2021, on our consideration of Jefferson County Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Jefferson County Emergency Communications District's internal control over financial reporting and compliance.

Craine, Thompson & Jones, P.C.

Morristown, Tennessee
December 1, 2021

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

STATEMENT OF NET POSITION

JUNE 30, 2021

Assets

Current assets:

Cash and cash equivalents	\$ 1,476,321
Accounts receivable	3,150
Prepaid expenses	<u>15,788</u>

Total current assets 1,495,259

Capital assets:

Capital assets, net of accumulated depreciation totaling \$780,282	<u>274,217</u>
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Total assets 1,769,476

Deferred Outflow of Resources

Deferred outflows related to pension	<u>174,000</u>
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Total deferred outflows of resources 174,000

Liabilities

Current liabilities:

Accrued vacation leave	35,080
Accrued liabilities	<u>2,906</u>

Total current liabilities 37,986

Long-term liabilities:

Net pension liability	<u>129,759</u>
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Total liabilities 167,745

Deferred Inflow of Resources

Deferred inflows related to pension	<u>34,385</u>
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Total deferred inflow of resources 34,385

Net position

Investment in capital assets	274,217
Unrestricted	<u>1,467,129</u>
Total net position	<u><u>\$ 1,741,346</u></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, 2021

Operating revenues:	
TECB distribution of 911 Surcharges (Base Amount)	\$ 702,786
TECB distribution of excess revenue	79,463
Other revenue	<u>8,065</u>
Total operating revenue	<u>790,314</u>
Operating expenses:	
Salaries and wages	936,250
Employee benefits	294,956
Contracted services	43,117
Supplies and materials	94,621
Other charges	<u>75,706</u>
Total operating expenses	<u>1,444,650</u>
Net operating income (loss) before depreciation	<u>(654,336)</u>
Depreciation expense	<u>100,162</u>
Net operating income (loss)	(754,498)
Non-operating revenues (expenses)	
Interest income	1,200
Miscellaneous income	2,583
Contributions from primary government	670,752
TECB-Reimbursements and/or Grants	<u>288,527</u>
Total non-operating revenues (expenses)	<u>963,062</u>
Change in net position	208,564
Net position, beginning of year	<u>1,532,782</u>
Net position, end of year	<u>\$ 1,741,346</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, 2021

Cash flows from operating activities:	
Cash received from service fees and other operating revenues	\$ 779,099
Other operating revenue	8,065
Cash paid to suppliers for goods and services	(504,189)
Cash paid to employees for services provided	<u>(936,250)</u>
Net cash provided (used) by operating activities	<u>(653,275)</u>
Cash flows from capital and related financing activities:	
Additions to capital assets	<u>(117,553)</u>
Net cash provided (used) by capital and related financing activities	<u>(117,553)</u>
Cash flows from noncapital financing activities:	
Contributions from primary government	670,752
Contributions from TECB	288,527
Other revenue	<u>2,583</u>
Net cash provided (used) by noncapital financing activities	<u>961,862</u>
Cash from investing activities:	
Interest income on investments	<u>1,200</u>
Net cash from investing activities	<u>1,200</u>
Net increase (decrease) in cash and cash equivalents	192,234
Cash and cash equivalents at beginning of year	<u>1,284,087</u>
Cash and cash equivalents at end of year	<u>\$ 1,476,321</u>

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

Adjustments to reconcile operating income to net cash
provided by operating activities:

Net operating income (loss)	\$ (754,498)
Depreciation	100,162
Miscellaneous income	-
Increase in accounts receivable	(3,150)
Increase in prepaid expenses	6,729
Decrease in deferred outflows	18,979
Decrease in net pension liability	(17,870)
Decrease in deferred inflows	(4,133)
Increase in other current liabilities	<u>506</u>
Net cash provided (used) by operating activities	<u>\$ (653,275)</u>

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Capital assets and depreciation: (Continued)

2) Capital assets consist of

June 30, 2021	Beginning Balance	Increases	Decreases	Ending Balance	Accumulated Depreciation	Net Capital Assets
Capital Assets						
Office equipment and furniture	\$ 24,872	\$ 15,132	\$ 8,064	\$ 31,940	\$ 15,281	\$ 16,659
Operating equipment	250,049	-	72,591	177,458	166,216	11,242
Communication equipment	661,270	68,415	1,015	728,670	513,250	215,420
Software	57,407	-	-	57,407	56,550	857
Vehicle	47,797	34,006	22,778	59,025	28,986	30,039
Total	<u>\$ 1,041,395</u>	<u>\$ 117,553</u>	<u>\$ 104,448</u>	<u>\$ 1,054,500</u>	<u>\$ 780,283</u>	<u>\$ 274,217</u>

- 3) The straight-line method of depreciation is used, totaling \$100,162 for the year ended June 30, 2021. Accumulated depreciation was \$780,282 as of June 30, 2021.

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, 2021

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, 2021, 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, 2021, 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, 2021

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 \$35,080 for the year ended June 30, 2021.

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.

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, 2021

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, 2020, 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	26
Active employees	<u>19</u>
Total Employees	<u>48</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, 2021, the employer contributions for Jefferson County Emergency Communications District was \$51,186 based on a rate 5.81 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)

Pension liabilities (assets) - Jefferson County Emergency Communications District's net pension liability (asset) was measured as of June 30, 2020, 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 the June 30, 2020, 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, 2021

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, 2020, 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. The 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:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocations
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%
		<u>100%</u>

(Continued)

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2019	\$ 1,241,959	\$ 1,094,330	\$ 147,629
Changes for the year:			
Service cost	54,195		54,195
Interest	93,168		93,168
Differences between expected and actual experience	(21,195)		(21,195)
Changes in Assumptions	-		-
Contributions-employer		48,277	(48,277)
Contributions-employees		41,546	(41,546)
Net investment income		55,917	(55,917)
Benefit payments, including refunds of employee contributions	(22,168)	(22,168)	-
Administrative expense		(1,702)	1,702
Net changes	104,000	121,870	(17,870)
Balance at June 30, 2020	\$ 1,345,959	\$ 1,216,200	\$ 129,759

(Continued)

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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 Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	\$ 402,971	\$ 129,759	\$ (83,697)

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, 2021, Jefferson County Emergency Communications District recognized pension expense (negative pension expense) of \$48,162.

Deferred outflows of resources and deferred inflows of resources – For the year ended June 30, 2021, 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	\$ 110,131	\$ 34,385
Net difference between projected and actual earnings on pension plan investments	10,253	-
Changes in Assumptions	2,430	-
Contributions subsequent to the measurement date of June 30, 2020	51,186	(not applicable)
Total	\$ 174,000	\$ 34,385

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2020,” 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, 2021

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:

<u>Year ended June 30:</u>	
2022	\$ 15,899
2023	21,500
2024	21,202
2025	21,591
2026	11,273
Thereafter	(3,028)

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, 2021, Jefferson County Emergency Communications District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2021.

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 – INTERLOCAL AGREEMENTS

The District has agreements in place with Jefferson County and the cities of White Pine and Dandridge to provide dispatch services for all emergency responders within the unincorporated area of the District and provide GIS mapping of all public and private roads within the District. Jefferson County provides funding on an annual basis for salaries and operations.

NOTE 8 – 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.

REQUIRED 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, 2021

Total Pension Liability	2014	2015	2016	2017	2018	2019	2020
Service cost	\$ 38,360	\$ 38,632	\$ 39,613	\$ 47,701	\$ 50,259	\$ 48,269	\$ 54,195
Interest	44,419	49,113	55,596	67,511	70,299	81,497	93,168
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(780)	17,588	77,029	(32,095)	58,261	49,127	(21,195)
Changes of assumptions	-	-	-	4,862	-	-	-
Benefit Payments, including refunds of employee contributions	(19,615)	(19,758)	(20,006)	(22,890)	(19,215)	(25,524)	(22,168)
Net Change in Total Pension Liability (Asset)	62,384	85,575	152,232	65,089	159,604	153,369	104,000
Total Pension Liability (Asset) - beginning	563,706	626,090	711,665	863,897	928,986	1,088,590	1,241,959
Total Pension Liability (Asset) - ending (a)	\$626,090	\$711,665	\$863,897	\$928,986	\$1,088,590	\$1,241,959	\$1,345,959
Plan Fiduciary Net Position							
Contributions - employer	\$ 28,583	\$ 30,634	\$ 35,409	\$ 36,705	\$ 41,016	\$ 45,064	\$ 48,277
Contributions - employee	25,254	27,014	31,225	32,367	35,790	39,323	41,546
Net investment income	81,747	18,718	17,713	82,786	71,679	73,853	55,917
Benefit Payments, including refunds of employee contributions	(19,615)	(19,758)	(20,006)	(22,890)	(19,215)	(25,524)	(22,168)
Administrative expenses	(601)	(812)	(1,283)	(1,483)	(1,570)	(1,625)	(1,702)
Other	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$115,368	\$ 55,796	\$ 63,058	\$127,485	\$ 127,700	\$ 131,091	\$ 121,870
Plan Fiduciary Net Position - beginning	473,832	589,200	644,996	708,054	835,539	963,239	1,094,330
Plan Fiduciary Net Position - ending (b)	\$589,200	\$644,996	\$708,054	\$835,539	\$ 963,239	\$1,094,330	\$1,216,200
Net Pension Liability (Asset) - ending (a) - (b)	\$ 36,890	\$ 66,669	\$155,843	\$ 93,447	\$ 125,351	\$ 147,629	\$ 129,759
Plan Fiduciary Net Position as a % of the Total							
Total Pension Liability	94.11%	90.63%	81.96%	89.94%	88.49%	88.11%	90.36%
Covered-employee payroll	\$505,076	\$540,279	\$624,493	\$647,346	\$715,805	\$786,452	\$830,925
Net Pension Liability (Asset) as a % of covered-employee payroll	7.30%	12.34%	24.96%	14.44%	17.51%	18.77%	15.62%

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, 2021

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarilly determined contribution	\$ 28,583	\$ 30,634	\$ 35,409	\$ 36,705	\$ 41,016	\$ 45,064	\$ 48,277	\$ 51,186
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>	<u>51,186</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$505,076	\$540,279	\$624,493	\$647,354	\$749,610	\$786,452	\$830,925	\$880,997
Contributions as a percentage of covered-employee payroll	5.66%	5.67%	5.67%	5.67%	5.47%	5.73%	5.81%	5.81%

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, 2021

Valuation date - actuarially determined contribution rates for fiscal year 2021 were calculated based on the June 30, 2019, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 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

Changes of assumptions – In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2021

	Budget			Variance
	Original	Final	Actual	Fav. (Unfav.)
Operating revenues:				
TECB distribution of 911 surcharges (base amount)	\$ 702,785	\$702,785	\$ 702,786	\$ 1
TECB distribution of excess	-	79,463	79,463	-
Other operating revenues	<u>4,000</u>	<u>4,000</u>	<u>8,065</u>	<u>4,065</u>
Total operating revenues	<u>706,785</u>	<u>786,248</u>	<u>790,314</u>	<u>4,066</u>
Operating expenses:				
Directors salary	62,760	64,650	64,646	4
Administrative personnel	43,645	44,955	44,949	6
Telecommunications	726,000	782,780	693,986	88,794
Dispatch supervisor personnel	43,200	45,010	44,957	53
Mapping/address personnel	41,670	43,170	42,910	260
Other salaries and wages	48,700	50,500	44,802	5,698
Social security	59,890	66,002	58,029	7,973
Medicare	14,007	14,907	13,571	1,336
Medical insurance	195,000	194,656	173,622	21,034
Other insurance	2,000	2,120	495	1,625
Unemployment taxes	5,000	5,640	1,077	4,563
Retirement contributions	53,915	57,620	48,162	9,458
Audit services	5,250	5,250	5,250	-
Legal services	1,500	1,500	70	1,430
Consulting services	8,200	8,200	7,491	709
Insurance - liability	7,000	7,000	6,184	816
Insurance - workers compensation	2,500	2,500	1,055	1,445
Maintenance and repairs - administration	1,000	1,000	-	1,000
Premiums on surety bonds	1,500	1,500	132	1,368
Software and licensing - administration	9,000	23,500	23,470	30
Supplies and materials - administration	7,800	7,800	7,375	425
Telephone costs - administrative	600	1,100	739	361
Telecomm cell phones and pagers - administrative	5,000	5,000	2,464	2,536
Vehicle expenses - maintenance and insurance	3,300	3,300	2,310	990
Vehicle fuel	2,000	2,000	1,274	726
Miscellaneous	5,000	5,000	-	5,000

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance
	Original	Final		Fav. (Unfav.)
Lease/rental - office equipment	7,000	7,200	7,117	83
Utilities - electric and gas	1,700	1,700	1,056	644
Maintenance and repairs - buildings and facilities	1,000	1,000	411	589
Supplies and materials - buildings and facilities	500	3,000	1,384	1,616
Dues and memberships	1,500	1,500	704	796
Employee testing and exams	1,000	3,500	2,605	895
Insurance - equipment	9,000	9,000	8,878	122
Training expenses	10,000	10,000	6,163	3,837
Travel expenses	10,000	10,000	765	9,235
Cable and internet charges	5,100	6,600	5,379	1,221
Small equipment purchase	45,800	55,800	53,159	2,641
Language interpreting	500	500	268	232
Maintenance and warranty contracts	25,300	25,300	21,368	3,932
Maintenance and repairs - communication equipment	5,000	5,000	409	4,591
NCIC / TBI / TIES expenses	8,740	8,740	8,740	-
Software and licensing - communications	22,000	22,000	20,301	1,699
Uniforms - communications	3,000	8,500	3,330	5,170
Telephone - call center	16,560	16,560	13,593	2,967
Total operating expenses	1,529,137	1,642,560	1,444,650	197,910
Operating profit (loss) before depreciation	(822,352)	(856,312)	(654,336)	201,976
Depreciation expense	104,162	104,162	100,162	4,000
Net operating income (loss)	(926,514)	(960,474)	(754,498)	205,976
Non-operating revenues (expenses):				
Interest income	1,000	1,000	1,200	200
TECB - subsidies	288,800	288,800	288,527	(273)
Miscellaneous income	-	-	2,583	2,583
Contribution from primary government	636,766	670,752	670,752	-
Total non-operating revenues (expenses)	926,566	960,552	963,062	2,510
Increase (decrease) in net position	\$ 52	\$ 78	\$ 208,564	\$208,486

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

SCHEDULE OF DETAILED EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

Salaries and wages:	
Director	\$ 64,646
Administrative personnel	44,949
Mapper salary	42,910
Telecommunications	693,986
Dispatch supervisor	44,957
Other salaries and wages	44,507
Longevity pay	295
Bonus pay	0
Vacation leave	0
Total salaries and wages	<u>\$ 936,250</u>
Employee benefits:	
Social security	\$ 58,029
Medicare	13,571
Other insurance	495
Medical insurance	173,622
Unemployment taxes	1,077
Retirement contributions	48,162
Total employee benefits	<u>\$ 294,956</u>
Contracted services:	
Audit services	\$ 5,250
Language interpreting	268
Other administrative	4,497
Tower rental	0
Maintenance agreements	21,368
Technology consultants	0
HR consultants	2,994
NCIC / TBI / TIES expense	8,740
Lease/rental - building and fees	0
Total contracted services	<u>\$ 43,117</u>

(Continued)

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

SCHEDULE OF DETAILED EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

Supplies and materials:

Call center	\$ 13,593
Fuel	1,274
Office supplies	7,375
Postage	0
Supplies and materials - building	1,384
Small equipment purchase	53,159
Small equipment - facilities	7,117
Maintenance and repairs - building and facilities	411
Maintenance and repairs - communications equipment	409
Maintenance and repairs - vehicles	2,310
Uniforms and shirts	3,330
Utilities - electric	1,056
Utilities - gas	0
Utilities - general telephone	739
Utilities - cell phones and pagers	2,464
Total supplies and materials	<u>\$ 94,621</u>

Other charges:

Dues and memberships	\$ 704
Employee testing and exams	2,605
Insurance - workers compensation	1,055
Insurance - liability	6,184
Insurance - equipment	8,878
Insurance - vehicle	0
Legal	70
Premiums on surety bonds	132
Training expenses	6,163
Travel expenses	765
Internet charges	5,379
Licenses and fees	43,771
Miscellaneous	0
Total other charges	<u>\$ 75,706</u>

INTERNAL CONTROL AND COMPLIANCE SECTION

CRANE, THOMPSON & JONES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

225 WEST FIRST NORTH STREET
SUITE 300, MILLENNIUM SQUARE
P.O. BOX 1779
MORRISTOWN, TENNESSEE 37816-1779
PHONE: (423) 586-7650

248 BRUCE STREET
SUITE 8
SEVIERVILLE, TENNESSEE 37862
PHONE: (865) 366-1450
FAX: (423) 586-0705

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, 2021, and the related notes to the financial statements, which collectively comprise the Jefferson County Emergency Communications District's basic financial statements, and have issued our report thereon dated December 1, 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 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 statements. 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.

Craire, Thompson & Jones, P.C.

Morristown, Tennessee
December 1, 2021

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2021

There were no prior year findings.