

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

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INTRODUCTORY SECTION

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

ROSTER OF OFFICIALS

JUNE 30, 2023

Board of Directors:

Jeff Coffey, Chairman

Chad Cotter, Vice-Chairman

Lee Turner, Secretary/Treasurer

Dean Ballinger

Joe Gibson

Billy John Cureton

Brad Phillips

Della Poe

Dale Chrisman

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, 2023, and June 30, 2022. 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 \$1,201 during the year ended June 30, 2023. Revenues increased by 13.77%. Total expenses increased approximately 20.50%. The administrative staff and employees continue to remain diligent and cost conscious.

THE DISTRICT'S NET POSITION

The District completed the year ended June 30, 2023, with a net position of \$1,843,672 which is \$1,201 more than the prior year's ending net position of \$1,842,471.

The District completed the year ended June 30, 2022, with a net position of \$1,842,471, which is \$101,134 more than the prior year's ending net position of \$1,741,337.

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, 2023, and \$702,786 for June 30, 2022.

Total expenditures were \$99,272 less than budgeted with budget categories remaining in line for the year ended June 30, 2023.

Total expenditures were \$214,000 less than budgeted with budget categories remaining in line for the year ended June 30, 2022.

CAPITAL ASSETS

The District's capital and intangible assets amounted to \$1,501,659 with accumulated depreciation and amortization of \$997,888 for the year ended June 30, 2023. Capital assets include office equipment and furniture, operating equipment, communications equipment, computer software, vehicles, and a tower lease.

The District's capital assets amounted to \$1,162,421 with accumulated depreciation of \$874,628 for the year ended June 30, 2022. 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.

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.

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.

Respectfully,

Justin Crowther
Executive Director

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

MANAGEMENTS DISCUSSION & ANALYSIS

JUNE 30, 2023

Table 1

Condensed Statement of Net Position

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Current Assets	\$ 1,393,152	\$ 1,489,556	\$ (96,404)	-6.47%
Intangible Assets	111,049	158,351	(47,302)	-29.87%
Capital Assets	<u>392,722</u>	<u>287,793</u>	<u>104,929</u>	36.46%
Total Assets	<u>1,896,923</u>	<u>1,935,700</u>	<u>(38,777)</u>	-2.00%
Deferred Outflow of Resources	357,922	369,089	(11,167)	-3.03%
Current Liabilities	54,058	72,598	(18,540)	-25.54%
Noncurrent Liabilities	<u>330,565</u>	<u>182,625</u>	<u>147,940</u>	81.01%
Total Liabilities	<u>384,623</u>	<u>255,223</u>	<u>129,400</u>	50.70%
Deferred Inflow of Resources	26,550	207,095	(180,545)	-87.18%
Investment In Capital Assets	379,936	287,793	92,143	32.02%
Unrestricted Net Position	<u>1,463,736</u>	<u>1,554,678</u>	<u>(90,942)</u>	-5.85%
Total Net Position	<u>\$ 1,843,672</u>	<u>\$ 1,842,471</u>	<u>\$ 1,201</u>	0.07%

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 \$1,201 from last year.

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

MANAGEMENTS DISCUSSION & ANALYSIS

JUNE 30, 2023

Table 2

Statement of Revenues, Expenses, and Change in net Position

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Operating Revenue	\$ 853,596	\$ 772,122	\$ 81,474	10.55%
Non-operating Revenue	<u>1,186,419</u>	<u>1,020,934</u>	<u>165,485</u>	16.21%
Total Revenues	<u>2,040,015</u>	<u>1,793,056</u>	<u>246,959</u>	13.77%
Operating Expenses	1,923,216	1,575,982	347,234	22.03%
Depreciation & Amortization Expense	<u>115,598</u>	<u>115,940</u>	<u>(342)</u>	-0.29%
Total Expenses	<u>2,038,814</u>	<u>1,691,922</u>	<u>346,892</u>	20.50%
Change in Net Position	1,201	101,134	(99,933)	-98.81%
Net Position, beginning of year	<u>1,842,471</u>	<u>1,741,337</u>	<u>101,134</u>	5.81%
Net Position, end of year	<u>\$ 1,843,672</u>	<u>\$ 1,842,471</u>	<u>\$ 1,201</u>	0.07%

As can be seen in Table 2, the change in net position increased from the prior year by \$1,201. This increase was caused by a 13.77% increase in total revenues and a 20.50% increase in total expenses.

Table 3

Capital assets, net of accumulated depreciation

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Capital assets, net	<u>\$ 392,722</u>	<u>\$ 287,793</u>	<u>\$ 104,929</u>

This year's capital additions include:

Communication equipment	\$ 101,734
Operating equipment	<u>97,200</u>
Total additions	<u>\$ 198,934</u>

FINANCIAL SECTION

CRAINE, THOMPSON & JONES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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 Audit of the Financial Statements

Opinion

We have audited 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, 2023, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Jefferson County Emergency Communications District as of June 30, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jefferson County Emergency Communications District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Jefferson County Emergency Communications District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jefferson County Emergency Communications District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Jefferson County Emergency Communications District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jefferson County Emergency Communications District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 pension schedules on pages 25 through 27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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. The statement of revenue, expenses, and changes in net position – actual and budget on pages 28-30, schedule of detailed expenses on pages 31-32, schedules of lease obligations on pages 33-34 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and were derived from and relate

directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of revenue, expenses, and changes in net position – actual and budget, schedule of detailed expenses, and lease obligation schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the roster of officials on page 1 but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023, 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.

Craine, Thompson & Jones, P.C.
Morristown, Tennessee
November 7, 2023

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

STATEMENT OF NET POSITION

JUNE 30, 2023

<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 1,366,564
Prepaid expenses	26,588
Total current assets	1,393,152
Intangible assets:	
Intangible lease asset	154,237
Accumulated amortization - lease asset	(43,188)
Total intangible assets	111,049
Capital assets:	
Capital assets, net of accumulated depreciation totaling \$954,700	392,722
Total assets	1,896,923
<u>Deferred Outflow of Resources</u>	
Deferred outflows related to pension	357,922
Total deferred outflows of resources	357,922
<u>Liabilities</u>	
Current liabilities:	
Accrued vacation leave	36,444
Accrued liabilities	1,312
Intangible lease liability - current	16,302
Total current liabilities	54,058
Noncurrent liabilities	
Intangible lease liability - long-term	107,533
Net pension liability	223,032
Total noncurrent liabilities	330,565
Total liabilities	384,623
<u>Deferred Inflow of Resources</u>	
Deferred inflows related to pension	26,550
Total deferred inflow of resources	26,550
Net position	
Net investment in capital assets	379,936
Unrestricted	1,463,736
Total net position	\$ 1,843,672

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, 2023

Operating revenues:	
TCA section 7-86-303 receipts	\$ 702,786
TCA section 7-86-130 receipts	142,650
Other operating revenue	<u>8,160</u>
Total operating revenue	<u>853,596</u>
Operating expenses:	
Salaries and wages	1,261,699
Employee benefits	376,241
Administration	147,857
Buildings and facilities	5,779
Communications - operations	<u>131,640</u>
Total operating expenses	<u>1,923,216</u>
Net operating income (loss) before depreciation and amortization	<u>(1,069,620)</u>
Depreciation expense	94,004
Amortization expense	<u>21,594</u>
Total depreciation and amortization expense	115,598
Net operating income (loss)	(1,185,218)
Non-operating revenues (expenses)	
Interest income	752
Primary government subsidies	902,431
TECB subsidies	288,528
Interest expense	<u>(5,292)</u>
Total non-operating revenues (expenses)	<u>1,186,419</u>
Change in net position	1,201
Net position, beginning of year	<u>1,842,471</u>
Net position, end of year	<u><u>\$ 1,843,672</u></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, 2023

Cash flows from operating activities:	
Cash received from service fees and other operating revenues	\$ 845,436
Other operating revenue	8,160
Cash paid to suppliers for goods and services	(309,310)
Cash paid to or for employees for services provided	<u>(1,633,467)</u>
Net cash provided (used) by operating activities	<u>(1,089,181)</u>
Cash flows from capital and related financing activities:	
Additions to capital assets	(198,934)
Principal and interest on lease obligations	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(198,934)</u>
Cash flows from noncapital financing activities:	
Subsidies from primary government	902,431
Subsidies from TECB	<u>288,528</u>
Net cash provided (used) by noncapital financing activities	<u>1,190,959</u>
Cash from investing activities:	
Interest income on investments	<u>752</u>
Net cash from investing activities	<u>752</u>
Net increase (decrease) in cash and cash equivalents	(96,404)
Cash and cash equivalents at beginning of year	<u>1,462,968</u>
Cash and cash equivalents at end of year	<u>\$ 1,366,564</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, 2023

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

Net operating income (loss)	\$ (1,185,218)
Depreciation & Amortization	115,598
(Increase) / decrease in prepaid expenses	-
(Increase) / decrease in deferred outflows	11,167
Increase / (decrease) in net pension liability	160,243
Increase / (decrease) in deferred inflows	(180,545)
Increase / (decrease) in lease liabilities	(28,168)
Increase (decrease) in other current liabilities	<u>17,742</u>
Net cash provided (used) by operating activities	<u>\$ (1,089,181)</u>

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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. Intangible assets – With the implementation of GASB Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize a lease liability and an intangible right-to-use asset. The intangible right-to-use asset is amortized over the life of the lease and presented as amortization expense in the statement of revenues, expenses, and changes in net position.

(Continued)

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital assets and depreciation:

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 expensed as incurred. For the year under review, there was no interest expense pertaining to construction or installation of capital assets. Capital assets consist of the following:

June 30, 2023	Beginning			Ending		Accumulated	Net Capital
	Balance	Increases	Decreases	Balance	& Amortization	Assets	
Capital Assets							
Office equipment and furniture	\$ 117,275	\$ -	\$ -	\$ 117,275	\$ 32,095		\$ 85,180
Operating equipment	192,394	-	(3,480)	188,914	179,362		9,552
Communication equipment	728,670	101,734	(10,453)	819,951	639,248		180,703
Software	65,057	97,200	-	162,257	61,406		100,851
Vehicle	59,025	-	-	59,025	42,589		16,436
Sub-total	<u>1,162,421</u>	<u>198,934</u>	<u>(13,933)</u>	<u>1,347,422</u>	<u>954,700</u>		<u>392,722</u>
Intangible Right-of-Use Assets							
Tower, Blaine	154,237	-	-	154,237	43,188		111,049
Total Capital Assets	<u>\$ 1,316,658</u>	<u>\$ 198,934</u>	<u>\$ (13,933)</u>	<u>\$ 1,501,659</u>	<u>\$ 997,888</u>		<u>\$ 503,771</u>

The straight-line method of depreciation is used, totaling \$94,004 for the year ended June 30, 2023. Accumulated depreciation was \$954,700 as of June 30, 2023.

- F. 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.
- G. Revenue recognition - 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.

(Continued)

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses of the district generally result from the primary operations of the district. The operating revenues of the district include base funding authorized by TCA § 7-86-303, excess funding authorized by TCA § 7-86-303, and other miscellaneous operating revenues. Operating expenses include the costs to provide emergency communication services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and 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.

- H. Budgetary principles – In accordance with TCA § 7-86-120, 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, 2023, the District had no encumbrances.
- 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.

(Continued)

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

- K. Leases – The District follows GASB Statement No. 87, *Leases*. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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, 2023, 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.

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 \$36,444 for the year ended June 30, 2023.

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.

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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.

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, 2022, 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	30
Active employees	<u>24</u>
Total Employees	<u><u>57</u></u>

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 5 – PENSION PLAN INFORMATION (Continued)

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, 2023, the employer contributions for Jefferson County Emergency Communications District were \$86,877 based on a rate 6.86 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, 2022, 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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 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	6.75 percent, net of pension plan investment expenses, including inflation
Cost of living adjustments	2.125 percent

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

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

(Continued)

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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 in conjunction with the June 30, 2020, 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 2.25 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	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount rate – The discount rate used to measure the total pension liability was 6.75 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.

(Continued)

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 5 – PENSION PLAN INFORMATION (Continued)

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, 2021	<u>\$ 1,665,660</u>	<u>\$ 1,602,871</u>	<u>\$ 62,789</u>
Changes for the year:			
Service cost	82,405		82,405
Interest	116,668		116,668
Differences between expected and actual experience	56,261		56,261
Changes in Assumptions	-		-
Contributions-employer		107,281	(107,281)
Contributions-employees		53,641	(53,641)
Net investment income		(63,604)	63,604
Benefit payments, including refunds of employee contributions	(39,310)	(39,310)	-
Administrative expense		(2,227)	2,227
Net changes	<u>216,024</u>	<u>55,781</u>	<u>160,243</u>
Balance at June 30, 2022	<u><u>\$ 1,881,684</u></u>	<u><u>\$ 1,658,652</u></u>	<u><u>\$ 223,032</u></u>

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 6.75 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 (5.75 percent) or 1- percentage-point higher (7.75 percent) than the current rate:

	1% Decrease	Current	1% Increase
	<u>5.75%</u>	<u>Discount Rate 6.75%</u>	<u>7.75%</u>
Net Pension Liability (Asset)	\$ 642,224	\$ 223,032	\$ (104,348)

(Continued)

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 5 – PENSION PLAN INFORMATION (Continued)

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, 2023, Jefferson County Emergency Communications District recognized pension expense (negative pension expense) of \$77,742.

Deferred outflows of resources and deferred inflows of resources – For the year ended June 30, 2023, 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	\$ 108,241	\$ 26,550
Net difference between projected and actual earnings on pension plan investments	11,664	-
Changes in Assumptions	151,140	-
Contributions subsequent to the measurement date of June 30, 2022	86,877	(not applicable)
Total	\$ 357,922	\$ 26,550

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2022,” 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, 2023

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>	
2024	\$ 42,011
2025	42,400
2026	32,082
2027	64,092
2028	31,955
Thereafter	31,955

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, 2023, 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, 2023.

NOTE 6 – LONG-TERM LEASE OBLIGATIONS

The District's long-term lease obligations are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Obligation as of June 30, 2023</u>
Tower - Blaine, TN	10/1/2019	10 years	\$ 1,733	4.00%	\$ 176,740	<u>\$ 123,835</u>
Total lease obligations						<u><u>\$ 123,835</u></u>

The District leases transmitter and antenna space from Midwest Communications. The District will not acquire this space at the end of the lease term. The agreement currently provides for monthly installments of \$1,733, including interest of 4%. The initial lease term is for ten years with a renewal option for an additional ten years; the lease is currently in the initial ten-year term.

(Continued)

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 6 – LONG-TERM LEASE OBLIGATIONS (Continued)

Annual requirements to amortize long-term lease obligations and related interest are summarized as follows:

		Principal Payments	Interest	Total Payments
For the year ending June 30,	2024	\$ 16,420	\$ 4,656	\$ 21,076
	2025	17,516	3,980	21,496
	2026	18,396	3,258	21,654
	2027	19,875	2,489	22,364
	2028	21,144	1,672	22,816
	Thereafter	<u>30,484</u>	<u>902</u>	<u>31,386</u>
Total future payments		<u>\$ 123,835</u>	<u>\$ 16,957</u>	<u>\$ 140,792</u>

A summary of changes in long-term lease obligations is as follows:

	Beginning Balance	Adjustments and Additions	Adjustments and Retirements	Ending Balance	Amounts Due Within One Year
Long-term lease obligations	\$139,339	\$ -	\$15,504	\$123,835	\$16,302

NOTE 7 – 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 8 – INTERLOCAL AGREEMENTS

The District has agreements in place with Jefferson County and the cities of White Pine, Jefferson City, New Market, 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 9 – 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, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service cost	\$ 38,360	\$ 38,632	\$ 39,613	\$ 47,701	\$ 50,259	\$ 48,269	\$ 54,195	\$ 56,559	\$ 82,405
Interest	44,419	49,113	55,596	67,511	70,299	81,497	93,168	100,637	116,668
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(780)	17,588	77,029	(32,095)	58,261	49,127	(21,195)	(8,556)	56,261
Changes of assumptions	-	-	-	4,862	-	-	-	199,902	-
Benefit Payments, including refunds of employee contrib	(19,615)	(19,758)	(20,006)	(22,890)	(19,215)	(25,524)	(22,168)	(28,841)	(39,310)
Net Change in Total Pension Liability (Asset)	62,384	85,575	152,232	65,089	159,604	153,369	104,000	319,701	216,024
Total Pension Liability (Asset) - beginning	563,706	626,090	711,665	863,897	928,986	1,088,590	1,241,959	1,345,959	1,665,660
Total Pension Liability (Asset) - ending (a)	\$ 626,090	\$ 711,665	\$ 863,897	\$ 928,986	\$ 1,088,590	\$ 1,241,959	\$ 1,345,959	\$ 1,665,660	\$ 1,881,684
Plan Fiduciary Net Position									
Contributions - employer	\$ 28,583	\$ 30,634	\$ 35,409	\$ 36,705	\$ 41,016	\$ 45,064	\$ 48,277	\$ 51,186	\$ 107,281
Contributions - employee	25,254	27,014	31,225	32,367	35,790	39,323	41,546	44,050	53,641
Net investment income	81,747	18,718	17,713	82,786	71,679	73,853	55,917	322,073	(63,604)
Benefit Payments, including refunds of employee contrib	(19,615)	(19,758)	(20,006)	(22,890)	(19,215)	(25,524)	(22,168)	(28,841)	(39,310)
Administrative expenses	(601)	(812)	(1,283)	(1,483)	(1,570)	(1,625)	(1,702)	(1,797)	(2,227)
Other	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ 115,368	\$ 55,796	\$ 63,058	\$ 127,485	\$ 127,700	\$ 131,091	\$ 121,870	\$ 386,671	\$ 55,781
Plan Fiduciary Net Position - beginning	473,832	589,200	644,996	708,054	835,539	963,239	1,094,330	1,216,200	1,602,871
Plan Fiduciary Net Position - ending (b)	\$ 589,200	\$ 644,996	\$ 708,054	\$ 835,539	\$ 963,239	\$ 1,094,330	\$ 1,216,200	\$ 1,602,871	\$ 1,658,652
Net Pension Liability (Asset) - ending (a) - (b)	\$ 36,890	\$ 66,669	\$ 155,843	\$ 93,447	\$ 125,351	\$ 147,629	\$ 129,759	\$ 62,789	\$ 223,032
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%	96.23%	88.15%
Covered-employee payroll	\$505,076	\$540,279	\$624,493	\$647,346	\$715,805	\$786,452	\$830,925	\$880,997	\$1,072,811
Net Pension Liability (Asset) as a % of covered-employee payroll	7.30%	12.34%	24.96%	14.44%	17.51%	18.77%	15.62%	7.13%	20.79%

Changes in assumptions - In 2021, 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. 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, 2023

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarilly determined contribution	\$ 28,583	\$ 30,634	\$ 35,409	\$ 36,705	\$ 41,016	\$ 45,064	\$ 48,277	\$ 51,186	\$ 62,330	\$ 79,877
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>	<u>107,281</u>	<u>79,877</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (44,951)</u>	<u>\$ -</u>							
Covered-employee payroll	\$505,076	\$540,279	\$624,493	\$647,354	\$749,610	\$786,452	\$830,925	\$880,997	\$1,072,811	\$1,164,388
Contributions as a percentage of covered-employee payroll	5.66%	5.67%	5.67%	5.67%	5.47%	5.73%	5.81%	5.81%	10.00%	6.86%

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, 2023

Valuation date - actuarially determined contribution rates for fiscal year 2023 were calculated based on the June 30, 2021, 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	2.25 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	6.75 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	2.125 percent

Changes of assumptions – In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality 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, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Fav. / (Unfav.)</u>
Operating revenues:				
TCA section 7-86-303 receipts	\$ 702,785	\$ 702,785	\$ 702,786	\$ 1
TCA section 7-86-130 receipts	50,000	142,650	142,650	-
Other operating revenue	<u>7,100</u>	<u>7,100</u>	<u>8,160</u>	<u>1,060</u>
Total operating revenues	<u>759,885</u>	<u>852,535</u>	<u>853,596</u>	<u>1,061</u>
Operating expenses - salaries and wages				
Director	67,895	80,245	80,243	2
Administrative personnel	47,200	51,600	51,576	24
Assistant director	-	26,000	25,947	53
Telecommunicators	786,365	925,665	925,627	38
Dispatch supervisor personnel	91,315	54,215	54,196	19
Mapping / address personnel	45,055	52,855	52,846	9
Other salaries and wages	61,645	55,655	55,535	120
Training personnel	-	<u>15,740</u>	<u>15,729</u>	<u>11</u>
Total operating expenses - salaries & wages	<u>1,099,475</u>	<u>1,261,975</u>	<u>1,261,699</u>	<u>276</u>
Operating expenses - employee benefits				
Social security	68,170	78,370	78,334	36
Medicare	15,395	18,095	18,091	4
Medical insurance	230,730	202,730	202,210	520
Other insurance	700	700	627	73
Unemployment compensation	5,000	1,034	(763)	1,797
Pension expense	<u>65,970</u>	<u>86,970</u>	<u>77,742</u>	<u>9,228</u>
Total operating expenses - employee benefits	<u>385,965</u>	<u>387,899</u>	<u>376,241</u>	<u>11,658</u>
Operating expenses - administration				
Audit services	6,000	6,000	6,000	-
Legal services	1,000	1,000	58	942
Consulting services	8,000	12,300	12,287	13
Lease/rental - admin equipment	7,000	7,000	6,892	108
Insurance - liability	7,500	7,500	6,490	1,010
Insurance - workers compensation	3,000	3,000	1,104	1,896
Maintenance and repairs	1,000	1,000	-	1,000
Premiums on surety bonds (insurance)	500	500	132	368
Software and licensing	25,000	109,500	85,000	24,500

(Continued)

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

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

FOR THE YEAR ENDED JUNE 30, 2023

Supplies and materials	7,800	7,800	6,173	1,627
Telephone costs	800	3,000	2,956	44
Telecomm cell phones and pagers	5,000	5,000	4,585	415
Vehicle expenses	3,300	3,300	3,272	28
Vehicle fuel	4,000	4,000	3,774	226
Other admin services and expenses	5,000	10,000	9,134	866
Total operating expenses - administration	<u>84,900</u>	<u>180,900</u>	<u>147,857</u>	<u>33,043</u>
Operating expenses - buildings and facilities				
Utilities	1,700	1,700	688	1,012
Maintenance and repairs	1,000	4,100	4,020	80
Supplies and materials	2,500	2,100	1,071	1,029
Total operating expenses - buildings & facilities	<u>5,200</u>	<u>7,900</u>	<u>5,779</u>	<u>2,121</u>
Operating expenses - communications - operations				
Dues and memberships	1,000	1,000	999	1
Employee testing and exams	3,000	3,000	2,596	404
Insurance - equipment	10,000	10,000	9,667	333
Communications licenses and fees	22,000	22,000	2,000	20,000
Training expenses	10,000	13,700	13,651	49
Travel expenses	10,000	10,000	8,618	1,382
Cable / internet charges	6,000	6,900	6,717	183
Equipment (not capitalized)	81,000	81,000	38,543	42,457
Language interpreting	500	500	380	120
Maintenance and warranty contracts	30,562	30,562	28,409	2,153
Maintenance and repairs	2,500	500	-	500
NCIC/TBI/TIES expenses	9,000	9,250	9,240	10
Uniforms	5,000	5,000	3,006	1,994
Telephone costs	11,000	11,000	7,814	3,186
Total operating expenses - communications	<u>201,562</u>	<u>204,412</u>	<u>131,640</u>	<u>72,772</u>
Total operating expenses	<u>1,777,102</u>	<u>2,043,086</u>	<u>1,923,216</u>	<u>119,870</u>
Operating profit (loss) before depreciation	(1,017,217)	(1,190,551)	(1,069,620)	118,809

(Continued)

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

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

FOR THE YEAR ENDED JUNE 30, 2023

	95,000	95,000	94,004	996
Depreciation expense				
Amortization expense	-	-	21,594	(21,594)
Total depreciation and amortization expense	<u>95,000</u>	<u>95,000</u>	<u>115,598</u>	<u>(20,598)</u>
Net operating income (loss)	<u>(1,112,217)</u>	<u>(1,285,551)</u>	<u>(1,185,218)</u>	<u>100,333</u>
Non-operating revenues (expenses):				
Interest income	1,200	1,200	752	(448)
Primary government subsidies	729,097	902,431	902,431	-
TECB subsidies	288,525	288,525	288,528	3
Interest expense	-	-	(5,292)	(5,292)
Total non-operating revenues (expenses)	<u>1,018,822</u>	<u>1,192,156</u>	<u>1,186,419</u>	<u>(5,737)</u>
Increase (decrease) in net position	<u>\$ (93,395)</u>	<u>\$ (93,395)</u>	<u>\$ 1,201</u>	<u>\$ 94,596</u>

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

SCHEDULE OF DETAILED EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

Salaries and wages:	
Director	\$ 80,243
Administrative personnel	51,576
Assistant director	25,947
Telecommunicators	925,627
Dispatch supervisor personnel	54,196
Mapping / address personnel	52,846
Other salaries and wages	55,535
Training personnel	15,729
Total salaries and wages	<u>\$ 1,261,699</u>
Employee benefits:	
Social security	\$ 78,334
Medicare	18,091
Medical insurance	202,210
Other insurance	627
Unemployment compensation	(763)
Pension expense	77,742
Total employee benefits	<u>\$ 376,241</u>
Administration	
Audit services	\$ 6,000
Legal services	58
Consulting services	12,287
Lease/rental - admin equipment	6,892
Insurance - liability	6,490
Insurance - workers compensation	1,104
Premiums on surety bonds (insurance)	132
Software and licensing	85,000
Supplies and materials	6,173
Telephone costs	2,956
Telecomm cell phones and pagers	4,585
Vehicle expenses	3,272
Vehicle fuel	3,774
Other admin services and expenses	9,134
Total administration	<u>\$ 147,857</u>

(Continued)

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

SCHEDULE OF DETAILED EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

Buildings and facilities:	
Utilities	\$ 688
Maintenance and repairs	4,020
Supplies and materials	1,071
Total buildings and facilities	<u>\$ 5,779</u>
Communications - operations:	
Dues and memberships	\$ 999
Employee testing and exams	2,596
Insurance - equipment	9,667
Communications licenses and fees	2,000
Training expenses	13,651
Travel expenses	8,618
Cable / internet charges	6,717
Equipment (not capitalized)	38,543
Language interpreting	380
Maintenance and warranty contracts	28,409
NCIC/TBI/TIES expenses	9,240
Uniforms	3,006
Telephone costs	7,814
Total communications - operations	<u>\$ 131,640</u>

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

SCHEDULE OF CHANGES IN LEASE OBLIGATIONS

FOR THE YEAR ENDED JUNE 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2023
Tower - Blaine, TN	\$176,740	4.00%	10/1/2019	10/31/2029	\$ 139,339	\$ -	\$ 15,504	\$ 123,835
					<u>\$ 139,339</u>	<u>\$ -</u>	<u>\$ 15,504</u>	<u>\$ 123,835</u>

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL, AND INTEREST REQUIREMENTS
BY FISCAL YEAR

YEAR ENDED JUNE 30, 2023

Year	Lease - Tower - Blaine, TN		
	Principal	Interest	Total
2024	\$ 16,420	\$ 4,656	\$ 21,076
2025	17,516	3,980	21,496
2026	18,396	3,258	21,654
2027	19,875	2,489	22,364
2028	21,144	1,672	22,816
Thereafter	30,484	902	31,386
	\$ 123,835	\$ 16,957	\$ 140,792

INTERNAL CONTROL AND COMPLIANCE SECTION

CRAINE, 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, 2023, 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 November 7, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 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.

Craine, Thompson & Jones, P.C.

Morristown, Tennessee
November 7, 2023

**JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2023

There were no prior year findings.