JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A Component Unit of Johnson County, Tennessee

Financial Statements and Supplementary Information

For the Year Ended June 30, 2022

JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
A Component Unit of Johnson County, Tennessee

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JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
A Component Unit of Johnson County, Tennessee
Roster of Board Members and Management
For the Year Ended June 30, 2022

Roster of Board Members

Willie DeBord	Chairman
Chris Pierce	Vice-Chairman
Cliff Mahala	Treasurer
Shawn Brown	Member
Jerry Grindstaff	Member
Bob Morrison	Member
Megan McEwen	Member
Kenneth McQueen	Member
Dustin Shearin	Member

Roster of Management Officials

Kevin Colson	Director

KINGSPORT CPA, PC

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Johnson County Emergency Communications District
Mountain City, Tennessee

Opinion

We have audited the accompanying financial statements of the business-type activities of the Johnson County Emergency Communications District (the "District"), a component unit of Johnson County, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Johnson County Emergency Communications District, a component unit of Johnson County, Tennessee, as of June 30, 2022, and the changes in financial position and cash flows thereof 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 Johnson County Emergency Communications District, a component unit of Johnson County, Tennessee, 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.

Responsibilities of Management for the Financial Statements

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 Johnson County Emergency Communications District, a component unit of Johnson County, Tennessee'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.

Auditors' Responsibility 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 opinions. 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 the Johnson County Emergency Communications District, a component unit of Johnson County, Tennessee'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 Johnson County Emergency Communications District, a component unit of Johnson County, Tennessee'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, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS, and the Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS on pages 4-7 and 23-24, respectively, 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 the District's basic financial statements. The introductory section and supplemental information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule (Cash Basis Budget) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section 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 August 8, 2023, on our consideration of Johnson 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kingsport CPA, PC

Kingsport, Tennessee

August 8, 2023

As financial management of the Johnson County Emergency Communications District (the "District"), a component unit of the Johnson County, Tennessee, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements taken as a whole.

Financial Highlights

- The District's total net position increased by $70,938, During the year, investment in capital assets decreased by $29,739, primarily due to depreciation.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements, which are comprised of the basic financial statements, required supplementary information, and supplementary information. Since the District consists of a single enterprise fund, no fund level financial statements are shown. In addition, the District has no infrastructure assets and is therefore exempt from required infrastructure disclosures. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Basic financial statements: The basic financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets and deferred outflows without a corresponding increase to liabilities and deferred inflows, results in increased net position which indicates an improved financial position.

The statement of revenues, expenses, and changes in net position presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows present cash flows broken down into four categories: cash flows from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The statement of cash flows relates these amounts to changes in cash balances from the beginning of the year to the end of the year.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the information provided in the basic financial statements.

Other information: In addition to the financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budget to actual comparison and required supplementary information related to the District's pension.

Financial Analysis

Net position may serve, over time, as a useful indicator of an entity's financial position. In the case of the District, net position increased $70,938 for the fiscal year ended June 30, 2022 as compared to an increase in net position of $46,407 in the prior year. The unrestricted net position was $1,170,483 for the current fiscal year, a 9.4% increase over the prior year.

The District's net position was as follows as of June 30, 2022 and 2021:

ASSETS	June 30, 2022	June 30, 2021	Change	% Change
Current Assets	$ 1,206,841	$ 1,091,952	$ 114,889	10.5%
Capital Assets	122,050	151,789	(29,739)	-19.6%
TOTAL ASSETS	1,328,891	1,243,741	85,150	6.8%
Deferred Outflows of Resources	130,957	73,408	57,549	78.4%
LIABILITIES				
Current Liabilities	31,664	40,148	(8,484)	-21.1%
Noncurrent Liabilities	49,726	29,307	20,419	69.6%
TOTAL LIABILITIES	81,390	69,455	11,935	17.2%
Deferred Inflows of Resources	85,925	26,099	59,826	229.2%
NET POSITION				
Investment in Capital Assets	122,050	151,789	(29,739)	-19.6%
Unrestricted	1,170,483	1,069,806	100,677	9.4%
TOTAL NET POSITION	1,292,533	1,221,595	70,938	5.8%

JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
A Component Unit of the Johnson County, Tennessee
Management's Discussion and Analysis
For Year Ended June 30, 2022

The District's total revenues decreased .21% to $704,538. More than 75% of the District's revenue is from TECB operational funding and 911 surcharges, while contributions from other governments represent over 23% of its revenue. The remainder is generated through investment earnings, and other operating and non-operating revenue. Revenues and expenses for the District was as follows for the years ended June 30, 2022 and 2021:

REVENUES	June 30, 2022	June 30, 2021	Change	% Change
TECB – Operational Funding	$ 140,682	$ 70,998	$ 69,684	98.2%
TECB Distributed 911 Surcharges	393,841	474,978	-81,137	-17.1%
Contributions from Other Governments	162,932	156,600	6,332	4%
Miscellaneous Income	4,302	9	4,293	477%
Interest Income	2,781	3,438	-657	-.19%
TOTAL REVENUES	704,538	706,023	1,485	-.21%
EXPENSES				
Director/Dispatcher Wages	407,403	418,578	-11,175	-2.7%
Health, Life, Dental Insurance	65,176	64,421	755	1.2%
Retirement	13,313	21,110	-7,797	-36.9%
Other Employee Benefits	586	-	-	100%
Advertising	-	94	-94	-100%
Insurance	9,037	7,434	1,603	21.6%
Utilities	4,951	4,809	142	2.9%
Office Expense	1,012	3,192	-2,180	-68.3%
Uniforms and Shirts	1,734	1,907	173	9.1%
Dues and Subscriptions	121	862	-741	-85.9%
Equipment-(Non Capitalized)	1,877	1,141	736	64.5%
Professional Fees	10,505	10,523	-18	-.17%
Communications	19,135	24,287	-5,152	-21.2%
Maintenance & Warranty Contracts	32,468	32,603	-135	-.41%
Repairs and Maintenance	4,179	1,059	3,120	294.6%
Training	2,185	2,521	-336	-13.3%
Travel	557	-	557	-100%
Vehicle Expense	1,345	2,159	-814	-37.7%
Depreciation	51,304	60,883	-9,579	-15.7%
Software and Licensing	5,226	-	5,226	100%
Other	1,486	2,033	-547	-26.9%
TOTAL EXPENSES	633,600	659,616	(26,016)	-3.9%
INCREASE (DECREASE) IN NET POSITION	70,938	46,407	24,531	52.9%
BEGINNING NET POSITION	1,221,595	1,175,188	46,407	3.9%
ENDING NET POSITION	$ 1,292,533	$ 1,221,595	$ 70,938	5.8%

Budgeting Highlights

The District adopted its annual budget in June 2021. As conditions change during the year, the budget was amended to prevent budget line item overruns. The District amended the budget periodically during the year. The original and final budgets are presented as separate columns in the supplementary information.

Cash Flows

Net cash used by operating activities during the year ended June 30, 2022 was $57,846, compared to $55,981 in cash used by operating activities in the prior year. The increase in net cash used was principally driven by decreased operational revenues for the year in addition to decreased operating expenses. Noncapital financing activities during the year ended June 30, 2022 provided cash of $167,234, compared to $156,600 in the prior year, comprised entirely of contributions from other governments. Net cash from capital and related financing activities resulted in net cash outlays of $21,566 for the fiscal year 2022, a decrease of $9,232 from the prior year, primarily due to the purchase of communications equipment.

Capital Assets and Debt Administration

As of June 30, 2022, the District had net investment in capital assets in the amount of $122,050, including land, equipment, and building. This represents a net decrease (including additions and deductions) of $29,739. Detailed information regarding the District's capital assets is presented in Note 4 to the financial statements.

The District had no long-term debt as of June 30, 2022.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Johnson County Emergency Communications District, 216 Honeysuckle Street, Mountain City, TN 37683.

JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A Component Unit of Johnson County, Tennessee

Statement of Net Position

June 30, 2022

ASSETS

Current Assets:		
Cash and cash equivalents	1,025,994	
Certificates of deposit	146,618	
Accounts Receivable	33,966	
Prepaid expenses	263	
Total Current Assets		1,206,841
Capital Assets:		
Land	4,767	
Buildings and Improvements	82,504	
Furniture and Fixtures	86,878	
Office Equipment	15,850	
Communication Equipment	668,373	
Vehicles	33,909	
Less: Accumulated Depreciation	(770,231)	
Total Capital Assets		122,050
TOTAL ASSETS		1,328,891
Deferred Outflows of Resources		
Pension Differences in Experience	58,417	
Pension Changes in Assumptions	51,962	
Pension Contributions Subsequent to Measurement Date	20,578	
TOTAL DEFERRED OUTFLOWS OF RESOURCES		130,957

See accompanying notes

JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A Component Unit of Johnson County, Tennessee

Statement of Net Position

June 30, 2022

LIABILITIES AND NET POSITION

Current Liabilities:		
Accounts Payable	7,944	
Accrued Payroll	15,493	
Compensated Absences Payable	7,641	
Pension Payable	586	
Total Current Liabilities		31,664
Non- Current Liabilities:		
Net Pension	19,625	
Compensated Absences	30,101	
Total Non- Current Liabilities		49,726
TOTAL LIABILITIES		81,390
Deferred Inflows of Resources		
Pension Differences in Experience	20,034	
Pension Differences in Investment Earnings	65,891	
TOTAL DEFERRED OUTFLOWS OF RESOURCES		85,925
Net Position:		
Net investment in capital assets	122,050	
Unrestricted	1,170,483	
TOTAL NET POSITION		$ 1,292,533

See accompanying notes

JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
A Component Unit of Johnson County, Tennessee
Statement of Revenue, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

Operating Revenue:		
Tennessee Emergancy Communications Board		
Distribution of 911 Surcharges (Base Amount)	$ 361,758	
Operational Funding	140,682	
Distribution of Excess Revenue	32,083	
Total Operating Revenue		534,523
Operating Expenses		
Salaries & wages		
Director	44,064	
Assistant Director	43,783	
Dispatchers/Telecommunications/Calltakers	255,210	
Compensated Absences	36,407	
Total Salaries and Wages		379,464
Employee Benefits		
Social Security	22,377	
Medicare	5,200	
Life Insurance	6,880	
Medical Insurance	57,690	
Other Insurance	606	
Unemployment Taxes	362	
Other Benefit Expenses	586	
Pension Expense	13,313	
Total Employee Benefits		107,014
Aministration		
Audit Services	8,650	
Accounting/Bookkeeping Services	1,655	
Legal Services	200	
Maintenance & Warrenty Contracts	32,468	
Dues and Memberships	121	
Equipment General-(Non Capitalized)	1,070	
Insurance - Workers Compensation	676	
Lease/Rental-Office Equipment	18	
Software and Licensing-Administrative	5,226	
Supplies and Materials-Administrative	1,012	
Uniforms-Administrative	152	
Telcomm Cell Phones and Pagers-Administrative	1,427	
Cable/Internet Charges-Administrative	3,524	
Vehicle Expenses-Administrative	223	
Vehicle Fuel-Administrative	1,122	
Fees Paid to Service Providers	1,349	
Training Costs-Administrative	929	
Travel-Administrative	557	
Total Administration		60,379

See accompanying notes

JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
A Component Unit of Johnson County, Tennessee
Statement of Revenue, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

Building and Facilities		
Insurance-Building and Contents	7,262	
Total Building and Facilities		7,262
Communications-Operations		
Training Expenses	1,256	
Equipment-Communications (Non Capitalized)	807	
Insurance-Equipment	1,099	
Maintenance and Repairs - Communications	4,179	
Telephone Costs -Call Center	19,135	
Uniforms-Communications	1,582	
Total Communications-Operations		28,058
Depreciation	51,304	
Total Depreciation		51,304
Total Operating Expenses		633,481
Net Operating Loss		**(98,958)**
Nonoperating Revenues (Expenses)		
Contributions from Primary Government	94,970	
Contributions from Other Governments/Agencies	67,962	
Miscellaneous Income	4,302	
Interest Income	2,781	
Interest Expense	(119)	
Total Nonoperating Revenues and Expenses		169,896
Change in Net Position		70,938
Net Position - July 1, 2021		1,221,595
Net Position - June 30, 2022		$ 1,292,533

See accompanying notes

Johnson County Emergency Communications District
A Component Unit of Johnson County, Tennessee
Statement of Cash Flows
For the Year Ended June 30, 2022

Cash Flows from Operating Activities	**2022**
Cash Received from Surcharges and Other Revenues	$ 359,875
Cash Received from Operating Grants	140,682
Cash Payments for Payroll	(338,095)
Cash Payments for Taxes and Employee Benefits	(141,899)
Cash Payments for Contracted Services	(63,457)
Cash Payments for Suppliers for Good and Services	(501)
Cash Payments for Other Charges	(14,451)
Net Cash (Used) by Operating Activities	(57,846)
Cash Flows from Noncapital Financing Activities	
Contributions to Primary Government	94,970
Other Local Government Contributions	67,962
Other Miscellaneous Income	4,302
Net Cash Provided by Noncapital Financing Activities	167,234
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(21,566)
Net Cash (Used) by Capital and Related Financing Activities	(21,566)
Cash Flows from Investing Activities	
Interest Income Received	2,394
Interest Expense	(119)
Net Cash (Used) by Investing Activities	2,275
Net Increase in Cash and Cash Equivalents	90,097
Cash and Cash Equivalents - beginning of year	**935,897**
Cash and Cash Equivalents - end of year	**$ 1,025,994**

See accompanying notes

Johnson County Emergency Communications District
A Component Unit of Johnson County, Tennessee
Statement of Cash Flows
For the Year Ended June 30, 2022

Reconciliation of Operating Income to Net Cash Used by Operating Activities:

Operating (loss)	$	(98,958)
Adjustments to reconcile net (loss) from operations to net cash provided by operating activities:		
Depreciation		51,304
(Increase) Decrease in Accounts Receivable		(33,965)
(Increase) Decrease in Prepaid Expenses		9,561
(Increase) Decrease in Deferred Outflows Related to Pensions		(57,549)
Increase (Decrease) in Accounts Payable		7,728
Increase (Decrease) in Accrued Payroll		4,962
Increase (Decrease) in Other Payroll Payable		586
Increase (Decrease) in Compensated Absences Payable		8,341
Increase (Decrease) in Net Pension Liability		(9,682)
Increase (Decrease) in Deferred Inflows Related to Pensions		59,826
Net Cash Used by Operating Activities	$	(57,846)

See accompanying notes

Note 1 – General Information and Significant Accounting Policies

Johnson County Emergency Communications District (the District) is an emergency communications district chartered under *Tennessee Code Annotated* (TCA) Section 7-86. The District has established the number 911 as a primary emergency telephone number to provide emergency service quickly and efficiently. The District operates as an enterprise fund.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements are reported using the economic resources measurement focus on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District is a discretely presented component unit of Johnson County, Tennessee. The District is a separate legal entity and is not fiscally dependent upon Johnson County. However, the District's Board of Directors is appointed by the County Commission, and Johnson County has the ability to significantly influence the program, projects, activities, and level of services provided by the District.

Operating revenue includes operational base and Tennessee Emergency Communications Board excess surplus funding. Non-operating revenues are identified in accordance with the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts*. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

Basis of Accounting

The District utilizes the full accrual basis of accounting. Revenue is recognized when in the period in which it is earned and measurable; likewise, expenses are recognized when incurred, if measurable. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position in accordance with the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

Cash and Deposits

Cash and cash equivalents on the Statements of Net Position and Cash Flows included petty cash, cash on hand, demand deposits, and certificates of deposit with an original maturity of three months or less. The certificates of deposit: long-term have an original maturity of greater than three months. There are no investments as of June 30, 2022.

The District's cash balance as of June 30, 2022 was $1,172,612. Cash and cash equivalents and certificates of deposit are all covered by Federal Deposit Insurance Corporation (FDIC) insurance up to $250,000 and the remaining amount of balances are covered by collateral held by the Tennessee Bank Collateral Pool Board of the State of Tennessee Treasury Department. The Tennessee Bank Collateral Pool (the "pool") is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire pool becomes available to satisfy the claims of governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to the members of the pool if the value of collateral is inadequate to cover a loss. The District's deposits in financial institutions were entirely insured or collateralized in accordance with state statute as of June 30,2022.

Compensated Absences

Each full-time employee will be granted 120 hours of vacation and three personal days each calendar year. Full-time employees also receive sick leave in the amount of eight hours per month. There is no limit to the amount of accumulated sick time. At the time of retirement, any accumulated sick leave will be paid to the employee.

Compensatory time may be earned at 1-1/2 times the regular rate of pay for time worked over 40 hours a week.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 JOHNSON COUNTY 911 ECD's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from JOHNSON COUNTY 911 ECD's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employment 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.

Subsequent Events

Management has evaluated subsequent events through August 8, 2023 which is the date the financial statements were available to be issued.

Note 2 - Budget

In accordance with *TCA* Section 7-86-120, an annual budget is adopted by the District. Upon receipt of the budget prepared by the budget committee, the Board of Directors holds a first reading. The second reading is scheduled three to four weeks after the first reading is approved. Expenses are presented at the legal level of control, which, in accordance with the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts*, is the line-item level.

Note 3 – Deposits and Investments

DEPOSITS: As required by state statute, all deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for interest rate risk or other credit risk other than pledging securities for amounts in excess of FDIC coverage.

INVESTMENTS: Investments are allowed for the District in accordance with *TCA* Section 5-8-301 which included the provision that counties are authorized to make direct investments in bonds, notes or treasury bonds, notes or treasury bills of the U.S. Government and obligations guaranteed by the U.S. Government or any of its agencies; bonds of any states or political subdivision rated A or higher by any nationally recognized rating service; and the County's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The District may make investments with longer maturities if various restrictions set out in the State law are followed. The District is also authorized to make investments in the State Pooled Investment Fund and in repurchase agreements. Repurchase agreements must be approved by the State Director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U. S. Government or obligations guaranteed by the U.S. Government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least 2% below the market value of the securities on the day of the purchase.

Note 4 – Capital Assets

Capital assets are stated at cost. Depreciation is computed using the straight-line method and a life of ten (10) years for renovations, seven to ten (7-10) years for furniture, five to ten (5-10) years for equipment, and five (5) years for vehicles. The dollar threshold for capitalization is $1,000.

Capital asset activity during the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 4,767	$ -	$ -	$ 4,767
Total capital assets not being depreciated	4,767	-	-	4,767
Capital assets being depreciated:				
Buildings and improvements	82,504	-	-	82,504
Furniture and fixtures	86,878	-	-	86,878
Office equipment	15,850		-	15,850
Communication equipment	646,807	21,566	-	668,373
Vehicles	33,909	-	-	33,909
Total capital assets being depreciated	865,948	21,566	-	887,514
Less accumulated depreciation for				
Buildings and improvements	(50,167)	(2,705)	-	(52,872)
Furniture and fixtures	(75,335)	(6,232)	-	(81,567)
Office equipment	(10,768)	(1,885)	-	(12,653)
Communication equipment	(548,747)	(40,483)	-	(589,230)
Vehicles	(33,909)	-	-	(33,909)
Idle equipment	-	-	-	-
Total accumulated depreciation	(718,926)	(51,305)	-	(770,231)
Net capital assets	$ 151,789	$ (29,739)	$ -	$ 122,050

Note 5 – Pension Plan

General Information about the Pension Plan

Plan description

Employees of Johnson County 911 ECD 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 https://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, 2021, 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	12
Active employees	11
Total Employees	26

Note 5 – Pension Plan (continued)

General Information about the Pension Plan (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. Johnson County 911 ECD makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, the employer contributions for the District were $20,578 based on a rate of 6.05 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Johnson County 911 ECD's state shared taxes if required employer contributions are not remitted. The employer's 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)

Johnson County 911 ECD's net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability as of June 30, 2021 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 ranges 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 Adjustment	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, 2021 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.

Changes of assumption

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 cost- of- living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

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 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.

Note 5 – Pension Plan (continued)

Net Pension Liability (Asset) (continued)

Actuarial assumptions (continued)

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 Allocation**
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%
		100%

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 Johnson County 911 ECD 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.

Note 5 – Pension Plan (continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (Asset) (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 6/30/20	$ 490,663	$ 461,356	$ 29,307
Changes for the year:			
Service cost	27,152	-	27,152
Interest	37,308	-	37,308
Differences between expected and actual experience	28,897	-	28,897
Changes in Assumptions	57,959	-	57,959
Contributions- employer	-	21,250	(21,250)
Contributions – employee	-	17,562	(17,562)
Net investment income	-	123,075	(123,075)
Benefit payments, including refunds of employee contributions	(6,445)	(6,445)	-
Administrative expense	-	(889)	889
Other changes	-	-	-
Net changes	144,871	154,553	(9,682)
Balance at 6/30/21	$ 635,534	$ 615,909	$ 19,625

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

The following presents the net pension liability (asset) of JOHNSON COUNTY 911ECD 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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
JOHNSON COUNTY 911 ECD'S net pension liability (asset)	$ 148,268	$ 19,625	$ (82,585)

Note 5 – Pension Plan (continued)

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

Pension expense

For the year ended June 30, 2022, JOHNSON COUNTY 911 ECD recognized pension expense (negative pension expense) of $13,313.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2022, JOHNSON COUNTY 911 ECD 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	$ 58,417	$ 20,034
Net difference between projected and actual earning on pension plan investments	-	65,891
Changes in Assumptions	51,962	-
Contributions subsequent to the measurement date of June 30, 2021	20,578	-
Total	$ 130,957	$ 85,925

The amount shown above as “Contributions subsequent to the measurement date of June 30, 2021” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:	
2023	$ 303
2024	$ 982
2025	$ 3,241
2026	$ (4,892)
2027	$ 12,408
Thereafter	$ 12,408

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Note 5 – Pension Plan (continued)

Payable to the Pension Plan

At June 30, 2022, JOHNSON COUNTY 911 ECD reported a payable of $586 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2022.

Note 6 – Employee Retirement Plan

The District contributes to the Johnson County Emergency Communications 911 Retirement Plan (the Plan), a defined contribution pension plan, for its employees. The Plan is administered by Voya Financial. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the District's Board. The District is required to match employee contributions on a 4:1 ratio to individual employee accounts for each participating employee. Employees are permitted to make contributions up to applicable Internal Revenue Code limits. For the year ended June 30, 2022, the District recognized pension expense of $6,880. Employees are immediately vested in both employer and personal contributions and earnings on those contributions.

The District had no liability to the Plan at June 30, 2022.

Note 7 - Contract

The District has a contract for telephone access lines from CenturyLink-United Telephone Southeast. The billing is reviewed annually based on the number of access lines in-service at calendar year end. The monthly base rate is influenced by various additional charges including database, switching fees, transfers, and other services.

Note 8 – Risk Management Activities

The District carries insurance coverage for property, auto liability, worker's compensation, general liability, and contents. There have been no significant changes from the previous year in the types of coverage. There have been no claims in the past three years which were not covered by insurance.

Note 9 - Concentration

The District depends upon financial resources flowing from, or associated with, both the State of Tennessee and local governments. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to State laws and State and local appropriations.

Note 10 – Related Party Transactions

The District has an agreement to lease office and dispatch space from Johnson County (the Primary Government). The lease was renewed in November 2018 for an additional 15-year renewal option. Annual rent paid to the County is a nominal amount.

The District has an agreement to lease office space to Johnson County. The lease is month to month with 30 days' notice required by either party. The annual rent received from the County is a nominal amount.

JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
A Component Unit of Johnson County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) And Related Ratios
Based on Participation in the Public Employee Pension Plan of TCRS
Last Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020	2021
TOTAL PENSION LIABILITY								
Service cost	$ 6,720	$ 16,877	$ 20,321	$ 21,939	$ 23,887	$ 30,620	$ 26,928	$ 27,152
Interest	14,875	17,402	20,621	21,592	23,833	29,965	31,624	37,308
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between actual & expected experience	12,881	13,488	(16,905)	2,345	35,868	(27,663)	26,094	28,897
Change of assumptions	-	-	-	6,088	-	-	-	57,959
Benefit payments, including refunds of employee contributions	(9,917)	(11,972)	(4,597)	(20,840)	(5,295)	(6,189)	(6,501)	(6,445)
Net change in total pension liability (asset)	24,559	35,795	19,440	31,124	78,293	26,733	78,145	144,871
Total pension liability (asset) - beginning	196,574	221,133	256,928	276,368	307,492	385,785	412,518	490,663
Total pension liability (asset) - ending (a)	221,133	256,928	276,368	307,492	385,785	412,518	490,663	635,534
PLAN FIDUCIARY NET POSITION								
Contributions - employer	14,003	14,073	17,014	17,099	16,274	17,920	18,461	21,250
Contributions - employee	10,822	11,012	13,313	13,380	12,655	13,935	15,257	17,562
Net investment income	30,497	6,970	6,689	31,262	26,806	27,814	21,180	123,075
Benefit payments, including refunds of employee contributions	(9,917)	(11,972)	(4,597)	(20,840)	(5,295)	(6,189)	(6,501)	(6,445)
Administrative expense	(335)	(385)	(715)	(682)	(822)	(828)	(841)	(889)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	45,070	19,698	31,704	40,219	49,618	52,652	47,556	154,553
Plan fiduciary net position - beginning	174,839	219,909	239,607	271,311	311,530	361,148	413,800	461,356
Plan fiduciary net position - ending (b)	219,909	239,607	271,311	311,530	361,148	413,800	461,356	615,909
Net Pension Liability (asset) - ending (a)-(b)	$ 1,224	$ 17,321	$ 5,057	$ (4,038)	$ 24,637	$ (1,282)	$ 29,307	$ 19,625
Plan fiduciary net position as a percentage of total pension liability	99.45%	93.26%	98.17%	101.31%	93.61%	100.31%	94.03%	96.91%
Covered payroll	216,433	220,238	266,256	267,590	253,099	278,691	305,145	355,006
Net pension liability (asset) as percentage of covered payroll	0.57%	7.86%	1.90%	-1.51%	9.73%	-0.46%	9.60%	5.53%

Notes to Schedule:

Changes in Assumptions:

In 2021, amounts reported as changes of assumptions resulted from changes to inflation rate, investment rate of return, cost-of-living adjustment and mortality improvements.

In 2017, amounts reported as changes of assumptions resulted from changes to 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.

JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
A Component Unit of Johnson County, Tennessee
Schedule of Contributions Based on Participation
in the Public Employee Pension Plan of TCRS
Last Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	$ 14,003	$ 14,073	$ 17,014	$ 17,099	$ 16,274	$ 17,920	$ 18,461	$ 21,110	$ 20,578
Contributions in relation to the actuarilly determined contribution	14,003	14,073	17,014	17,099	16,274	17,920	18,461	21,110	20,578
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered payroll	$ 216,433	$ 220,238	$ 266,256	$ 267,590	$ 253,095	$ 278,694	$ 305,144	$ 348,930	$ 355,006
Contributions as a percentage of covered payroll	6.47%	6.39%	6.39%	6.39%	6.43%	6.43%	6.05%	6.05%	5.80%

** 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.

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

Notes to Schedule

Valuation Date:
Actuarially determined contribution rates for fiscal year 2022 were calculated based on the June 30, 2020 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 ranges 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 investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
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.

JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
A Component Unit of Johnson County, Tennessee
Budgetary Comparison Schedule (Cash Basis Budget)
For the Year Ended June 30, 2022

	Budgeted Amounts			
	Original Budget (Cash Basis)	Final Budget (Cash Basis)	Actual (Cash Basis)	Variance Under (Over)
CASH BASIS REVENUES:				
TCA Section 7-86-303 Receipts	$ 361,758	$ 361,758	$ 361,758	$ -
TCA Section 7-86-130 Receipts	-	4,843	32,083	(27,240)
Investment Income	-	-	-	-
Interest Income	4,700	4,700	3,168	1,532
Primary Government Subsidies	91,800	95,000	94,970	30
Other Local Government Subsidies	67,932	67,932	67,962	(30)
TECB Subsidies	140,681	140,681	140,682	(1)
Other Non-Operating Revenue	-	-	4,302	(4,302)
TOTAL CASH BASIS REVENUES	666,871	674,914	704,925	(30,011)
CASH BASIS EXPENSES				
Salaries and Wages				
Director	43,000	43,000	44,064	(1,064)
Assistant Director	37,000	37,000	43,783	(6,783)
Telecommunicators	265,000	265,000	250,248	14,752
Other Salaries and Wages	1,000	15,500	-	15,500
Compensated Absences	46,000	46,000	28,066	17,934
Total Salaries and Wages	392,000	406,500	366,161	40,339
Employee Benefits				
Social Security	24,304	24,304	22,377	1,927
Medicare	5,684	5,684	5,200	484
Medical Insurance	64,000	64,000	57,690	6,310
Other Insurance	2,500	2,500	606	1,894
Unemployment Compensation	1,000	1,000	362	638
Pension Expense	23,716	23,716	13,313	10,403
Other Fringe Benefits	10,400	10,400	6,880	3,520
Total Employee Benefits	131,604	131,604	106,428	25,176
Other Than Payroll Operating Expenses				
Administration (Major Category)				
Audit Services	8,250	8,650	8,650	-
Accounting / Bookkeeping Services	2,500	2,500	1,655	845
Data Processing Services	-	185	-	185
Legal Services	500	500	200	300
Maintenance and Warranty Contracts	30,000	30,000	-	30,000
Advertising	200	200	-	200
Awards to Employees and Others	600	600	-	600
Employee Testing and Exams	400	400	-	400
Dues and Membership-Administrative	1,150	1,150	121	1,029
Equipment General (Non Capitalized)	1,000	1,000	1,070	(70)
Insurance - Liability	7,000	7,000	-	7,000
Insurance - Workers Compensation	1,000	1,000	676	324

See Independent Auditors' Report

JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
A Component Unit of Johnson County, Tennessee
Budgetary Comparison Schedule (Cash Basis Budget)
For the Year Ended June 30, 2022

	Budgeted Amounts			
	Original Budget (Cash Basis)	Final Budget (Cash Basis)	Actual (Cash Basis)	Variance Under (Over)
Interest Expense	-	-	119	(119)
Maintenance and Repairs-Administrative	900	900	-	900
Public Education	550	550	-	550
Software & Licensing -Administration	-	3,986	5,226	(1,240)
Supplies and Materials-Administration	2,000	2,000	1,012	988
Training Costs-Administrative	-	929	929	-
Travel-Administrative	2,400	2,400	557	1,843
Uniforms-Administrative	200	200	152	48
Telephone Costs-Administrative	5,800	5,800	-	5,800
Telecomm Cell Phones and Pagers-Administrative	2,000	2,000	1,427	573
Cable/Internet Charges-Administrative	3,500	-	-	-
Vehicle Expenses-Administrative	2,750	2,750	223	2,527
Vehicle Fuel-Administrative	-	-	1,122	(1,122)
Other Admin Services and Expenses	2,000	2,000	1,368	632
Total Administration	74,700	76,700	24,507	52,193
Buildings and Facilities (Major Category)				
Maintenance and Repairs-Buildings and Facilities	3000	3000	-	3,000
Insurance Building and Contents	0	0	7,262	(7,262)
Supplies and Materials-Building and Facilities	360	360	-	360
Total Building and Facilities	3,360	3,360	7,262	(3,902)
Communications-Operations (Major Category)				
Communications Licenses and Fees	14,000	14,000	-	14,000
Training Expenses-Communications Operations	8,000	8,000	1,256	6,744
Cable/Internet Charges-Communications	-	3,500	3,524	(24)
Equipment-Communications (Not Capitalized)	850	850	807	43
Insurance -Equipment	-	-	1,099	(1,099)
Language Interpreting	50	50	-	50
Maintenance & Warranty Contracts	-	1,113	22,971	(21,858)
Maintenance and Repairs-Communications	3,500	4,178	4,178	-
NCIC / TBI / TIES Expenses	75	75	-	75
Software & Licensing-Communications	9,252	9,252	-	9,252
Uniforms-Communications	1,000	1,582	1,582	-
Telephone Costs (Call Center Lines)	25,000	25,000	19,135	5,865
Total Communications & Operations	61,727	67,600	54,552	13,048
TOTAL CASH BASIS EXPENSES	663,391	685,764	558,910	117,708
CASH BASIS NET INCOME	$ 3,480	$ (10,850)	$ 146,015	$ (147,719)

See Independent Auditors' Report

JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
A Component Unit of Johnson County, Tennessee
Budgetary Comparison Schedule (Cash Basis Budget)
For the Year Ended June 30, 2022

	Budgeted Amounts			
	Original Budget (Cash Basis)	Final Budget (Cash Basis)	Actual (Cash Basis)	Variance Under (Over)
CASH BASIS NET INCOME			$ 146,015	
RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS:				
Depreciation			(51,304)	
Increase in Prepaid Expenses			(9,561)	
Increase in Accounts Payable			(7,728)	
Increase in Accrued Payroll			(4,962)	
Increase in Compensated Absences Payable			(8,341)	
Increase in Other Payroll Liabilities			(586)	
Change in Net Pension Liability, Deferred Outflows, and Deferred Inflows of Resources, net			7,405	
NET RECONCILIATION OF CASH TO ACCRUAL			(75,077)	
INCREASE IN NET POSITION (ACCRUAL)			70,938	
NET POSITION - BEGINNING OF YEAR			1,221,595	
NET POSITION - END OF YEAR			$ 1,292,533	

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

To the Board of Directors
Johnson County Emergency Communications District
Mountain City, Tennessee

We have audited, 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, the financial statements of the business-type activities of the Johnson County Emergency Communications District, a component unit of Johnson County, Tennessee ("the District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 8, 2023.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 *significate 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-02, and 2022-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Item 2022-001.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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, the communication is not suitable for any other purpose.

Kingsport CPA, PC

Kingsport, Tennessee

August 8, 2023

JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT
A Component Unit of Johnson County, Tennessee
Schedule of Prior Year Findings
For the Year Ended June 30, 2022

The auditee is to identify the prior audited fiscal period of this entity.

Audit report dated December 17, 2021, for the period ended June 30, 2021, issued by Kingsport CPA, PC

Prior Year Finding Number	Finding Title	Status
2021-001	Budget	Repeated/2022-001

Federal Award Findings and Questioned Costs

There were no prior year findings reported.

ITEM 2022-001: Budget

CONDITION: Some expenses exceeded the District's legally adopted budget.

CRITERIA: In accordance with *TCA* Section 7-86-120, the District must comply with a legally adopted budget, as properly amended by its Board of Directors.

CAUSE OF CONDITION: Not all expenses were properly classified and communicated to the Board of Directors to allow them to adopt budget amendments as needed.

POTENTIAL EFFECT OF CONDITION: The District is not in compliance with *TCA* Section 7-86-120.

RECOMMENDATION: We recommend that controls be implemented that expenses fall within the legally adopted budgets by line-item classification or be amended as necessary

DISTRICT'S RESPONSE: See Corrective Action Plan.

ITEM 2022-002: Pension Contributions

CONDITION: Contributions were not made on all eligible employee wages.

CRITERIA: The Employee Retirement Income Security Act (ERISA) sets standards of conduct for those who manage employee benefit plans. The law requires that contributions be deposited in the plan as soon as it is reasonably possible to segregate them from the company's assets, but no later than the 15th business day of the month following payday.

CAUSE OF CONDITION: The District participates in the Tennessee Consolidated Retirement System (TCRS). The District prepares its own payroll and reports to TCRS. The District failed to deposit contributions on a portion of the bonuses and other wages paid during the year.

POTENTIAL EFFECT OF CONDITION: Noncompliance with ERISA could expose the District to potential legal liability.

RECOMMENDATION: We recommend that the effected contributions be deposited immediately. Furthermore, procedures should be implemented to ensure that all contributions are deposited in a timely manner and that management work with TCRS to keep abreast of all pension-related developments.

DISTRICT'S RESPONSE: See Corrective Action Plan.

ITEM 2022-003: Monthly and Yearly Close

CONDITION: The District was not able to timely submit the financial statements to the state.

CRITERIA: TCA Section 9-2-102(b) states, "It is the duty of all local governments that are subject to the audit requirements of the comptroller of the treasury and that handle public funds to close their official accounting records and to have those records available for audit no later than two months after the close of their fiscal year."

CAUSE OF CONDITION: Weaknesses in monthly and annual closing procedures that prevented timely closing of the books.

POTENTIAL EFFECT OF CONDITION: Delinquent filing of the yearly audit report with the state.

RECOMMENDATION: We recommend that the District develop and implement internal controls to ensure timely submission of documents to the external accountant and that the District retain competent, trained accounting personnel who can ensure financial records, reports, statements and supporting schedules are ready for audit in a timely manner.

DISTRICT'S RESPONSE: See Corrective Action Plan.

Johnson County Emergency Communications District 911

216 Honeysuckle St. Mountain City, TN 37683

(423)727.7669

Director: Kevin Colson **Assistant Director: Justin Arnold**

Management's Corrective Action Plan

June 30, 2022

Finding 2022-001: Budget

Auditors' Recommendation. Recommend that controls be implemented that expenses fall within the legally adopted budgets by line-item classification or be amended as necessary.

Management's Response and Action Taken. Management concurs with this finding and has begun implementing procedures to ensure that all expenses are properly classified and do not exceed the legally adopted budget.

Name of Contact Person: Kevin Colson, Director

Anticipated Completion Date: Ongoing.

Management's Signature: ______________________

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216 Honeysuckle St. Mountain City, TN 37683
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Management's Corrective Action Plan

June 30, 2022

Finding 2022-002: Pension Contributions

Auditors' Recommendation. that the effected contributions be deposited immediately. Furthermore, procedures should be implemented to ensure that all contributions are deposited in a timely manner and that management work with TCRS to keep abreast of all pension-related developments.

Management's Response and Action Taken. Management concurs with this finding and has begun implementing procedures to ensure that all wages are identified when calculating contribution liability.

Name of Contact Person: Kevin Colson, Director

Anticipated Completion Date: Ongoing.

Management's Signature: ______________________________

Johnson County Emergency Communications District 911
216 Honeysuckle St. Mountain City, TN 37683
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Director: Kevin Colson **Assistant Director: Justin Arnold**

Management's Corrective Action Plan

June 30, 2022

Finding 2022-003: Monthly and Yearly Close

Auditors' Recommendation. Recommend that the District develop and implement internal controls to ensure timely submission of documents to the external accountant and that the District retain competent, trained accounting personnel who can ensure financial records, reports, statements and supporting schedules are ready for audit in a timely manner.

Management's Response and Action Taken. Management concurs with this finding and has begun implementing procedures to ensure that the books are closed in a manner that will permit timely submission of the financial statements to the state of TN.

Name of Contact Person: Kevin Colson, Director

Anticipated Completion Date: Ongoing.

Management's Signature: ____________________