

Hamblen County Emergency Communications District 530 North Jackson Street Morristown, Tennessee 37814 (423) 585-2700

12 February 2025

Amanda Hale, Finance Director Hamblen County Courthouse 511 West Second North Street Morristown, Tennessee 37814

Ms. Hale -

The Board of Directors of the Hamblen County Emergency Communications District will be meeting in regular session on Friday, February 28, 2025. Preliminary FY2025-26 Budget discussions are on the agenda for this meeting. In past years, the Board has held a Budget Workshop following this meeting to have more in-depth conversations regarding our funding mechanisms and long-range planning.

In light of this, we may not be able to meet the March 17 deadline your office has set. I do, however, pledge to keep you in the loop as to the Board's discussion timelines and will provide the final amount being requested at the earliest possible opportunity.

I am providing the information you requested in your letter dated 11 February 2025. Please find the following attached:

- A copy of your document request letter
- Financial Audit for FY Ending 30 June 2024
- FY2024-25 Budget

Under the terms of the Interlocal Cooperation Agreement executed by the ECD, the City of Morristown, and Hamblen County Government, the amount listed on your document request letter – \$259,880 – is the amount that was appropriated by the County for FY2024-25.

If I can provide any other assistance or information, please let me know.

Thank you. S. Eric Carpenter, ENP **Executive Director**

CC: Board of Directors



FINANCE DEPARTMENT

February 11, 2025

Hamblen County Emergency Communications District S. Eric Carpenter, Director 530 North Jackson Street Morristown, TN 37814

We have begun the 2025-2026 budget process. In order to be considered for a contribution from Hamblen County, we are requesting certain information from your organization in accordance with Section 5-9-109, *Tennessee Code Annotated (TCA)*.

This year, we are requesting that your documents be submitted electronically to the Finance Department at the following email addresses:

Amanda Hale – <u>ahale@co.hamblen.tn.us</u> Dennis Fox – <u>dfox@co.hamblen.tn.us</u>

Please provide the following items <u>electronically</u>:

- proof of 501(c)(3), 501(c)(4), or 501(c)(6) IRS tax status,
 Please note this is a letter from the IRS, not a letter of sales tax exemption from the Tennessee Department of Revenue
- 2) your organization's most current audit or annual report detailing all receipts and expenditures, and
- 3) your organization's most current budget.

Please note that in accordance with State law, the above requested information must be submitted and on file. Noncompliance with this request may prevent your organization from receiving funds. Please understand that this letter does not guarantee that you will receive a contribution. Any contribution requires county commission approval. You may be asked to appear before the Budget Committee on Saturday, May 17, 2025, to explain your request. The Finance Department will notify you if the Budget Committee wants to hear from you.

Please return a copy of this letter along with the requested information above to the Hamblen County Mayor's office by Monday, March 17, 2025. If you have any questions, please feel free to contact me.

Sincerely,

amanda Hale

Amanda Hale Hamblen County Finance Director

2024-2025 Contribution:

\$259,880

Amanda Hale, Finance Director

511 West Second North Street • Morristown, TN 37814 • office. 423.586.1931 • fax: 423.585.4699 www.HamblenCountyTN.gov • email. ahale@co.hamblen.tn.us

BUDGET

FY 2024-2025 CURRENT

Acct #	Account Name	Prior Year FY 2022-23		Proposed Year FY 2024-2025	
	g Revenue	XXXXXXXXXX	XXXXXXXXXXX	CXXXXXXXXXXX	
3010	TCA SECTION 7-86-303 Receipts	876,360	876,360	1,456,325	-
3020	TCA SECTION 7-86-130 Receipts	156,090	204,031		
3090	Other Operating Revenues				
3060	Local Government Contracts				
3070	Contracted Services			and the second second	
3080	Sales & Fees				
	Total Operating Revenue	1,032,450	1,080,391	1,456,325	

Operating Expenses

Salaries/Wages and Benefits

Employees of the ECD must be included on a schedule of salaries by position and the numbers of positions. Do not include employees of other local government. See Schedule Below

4000	Salaries and Wages:	XXXXXXXXXX	XXXXXXXXXXX	XXXXXXXXXX	<u>C</u>
4001	Director	71,757	75,196	78,908	Director
4002	Administrative Personnel	50,340	51,667	53,003	Admin Assit.
4003	Assistant Directors	120,920	139,182	143,446	Dir. Tech. Sev. & Dep. Dir.
4004	Telecommunicators	744,282	1,011,221	798,782	Part-Time, Overtime
4005	Dispatch Supervisor Personnel				
4006	Mapping /Address Personnel				
4007	Other Salaries and Wages	54,770	76,202	67,684	Holiday, Bonuses, Education, PA, PD
4011	Training Personnel		9,000	9,000	CTO DIFF
4012	IT Personnel				
4013	Compensated Absences				
4099	Other Payroll Costs				
	Subtotal Salaries and Wages	1,042,069	1,362,468	1,150,823	
4400					
4100	Employee Benefits:	XXXXXXXXXXX	XXXXXXXXXXX	XXXXXXXXXXXX	C
4100	Employee Benefits: Social Security	XXXXXXXXXXX 65,125	XXXXXXXXXXXX 71,049	XXXXXXXXXX 69,538	-
					6.209
4101	Social Security	65,125	71,049	69,538	6.209
4101 4102	Social Security Medicare	65,125 15,232	71,049 16,616	69,538 16,263	6.209
4102 4104	Social Security Medicare Medical Insurance	65,125 15,232 184,984	71,049 16,616 223,693	69,538 16,263 289,946	6.209 1.459
4101 4102 4104 4106	Social Security Medicare Medical Insurance Other Insurance	65,125 15,232 184,984 17,005	71,049 16,616 223,693 18,500	69,538 16,263 289,946 20,448	6.20 1.45
4101 4102 4104 4106 4107	Social Security Medicare Medical Insurance Other Insurance Unemployment Compensation	65,125 15,232 184,984 17,005 5,000	71,049 16,616 223,693 18,500 5,000	69,538 16,263 289,946 20,448 5,000	6.20 1.45 Disability, Life, Dental & Vision
4101 4102 4104 4106 4107 4108	Social Security Medicare Medical Insurance Other Insurance Unemployment Compensation Pension Expense	65,125 15,232 184,984 17,005 5,000 64,876	71,049 16,616 223,693 18,500 5,000 73,409	69,538 16,263 289,946 20,448 5,000 72,671	6.20 1.45 Disability, Life, Dental & Vision
4101 4102 4104 4106 4107 4108 4109	Social Security Medicare Medical Insurance Other Insurance Unemployment Compensation Pension Expense Other Postemployment Benefits	65,125 15,232 184,984 17,005 5,000 64,876 8,000	71,049 16,616 223,693 18,500 5,000 73,409 8,000	69,538 16,263 289,946 20,448 5,000 72,671 8,000	6.209 1.459 Disability, Life, Dental & Vision Retirement Contributions -part time

Other Than Payroll Operating Expenses:

4

4200	Administration (Major Category)	XXXXXXXXXX	XXXXXXXXXXX	XXXXXXXXXX	
4203	Audit Services	6,400	6,400	6,700	
4204	Accounting / Bookkeeping Services				
4208	Contracts with Vendors				
4209	Data Processing Services				
4217	Legal Services	1,000	1,000	1,000	in the second
4218	Maintenance & Warranty Contracts	181,726	187,256	202,000	
4221	Consultants Services	13,874			
4229	Lease/Rental-Admin Equipment/Furniture/Fixtures				
4233	Awards to Employees and Others	1,000	1,000	1,000	
4234	Board Meeting Expenses	200	200	200	
4235	Claims and Judgments				and the second sec
4237	Dues and Memberships - Administrative				
4238	Employee Testing and Exams - Administrative				
4240	Insurance - Liability	4,731	4,731	5,204	
4241	Insurance-Workers Compensation	3,190	3,190	3,509	
4242	Maintenance and Repairs - Administrative		1		
4243	Premiums on Surety/Fidelity Bonds (Insurance)	1,650	1,650	1,815	
4245	Software & Licensing - Administration				
4246	Supplies & Materials - Administration	13,200	13,200	13,200	2.0000pt://0011010101010101010101010101010101010
4247	Training Costs - Administrative				
4248	Travel - Administrative				
4249	Uniforms - Administrative	1,000	1,000	1,000	
4250	Telephone Costs - Administrative				
4251	Telecomm Cell Phones and Pagers - Administrative				
4252	Cable / Internet Charges - Administrative				
4253	Vehicle Expenses - Administrative				
4254	Vehicle Fuel - Administrative				
4299	Other Admin Services and Expenses	2,250	2,250	2,250	

		Prior Year		Proposed Year	Explanation of departures from the
Acct #	Account Name	FY 2022-23	FY 2023-24	FY 2024-2025	current pattern.
4300	Building And Facilities (Major Category)	XXXXXXXXXX	XXXXXXXXXXX	XXXXXXXXXXX	
4305	Equipment - Facilities (Not Capitalized0				
4307	Utilities	16,700	16,700	16,700	
4333	Maintenance and Repairs-Buildings and Facilities	20,320	20,320	20,320	Pest Control Janitorial Serv. & Supp
4337	Building And Facilities Costs				
4338	Insurance-Buildings and Contents	4,005	4,005	4,406	
4339	Maintenance & Warranty Contracts				
4340	Supplies and Materials - Buildings and Faclilities				
4399	Other Building and Facilities Cost	5,000	5,000	5,000	
4400	Communicatins - Operations (Major Category)	xxxxxxxxx	XXXXXXXXXXXXX		
4405	Dues and Memberships - Operations	2,200	2,210	2,245	
4406	Employee Testing and Exams - Operations	800	800	800	Drug Testing
4410	Insurance-Equipment (non-Administrative)				
4413	Communications Licenses and Fees				
4418	Training Expenses - Communications Operations	14,000	14,000	14,000	
4419	Travel Expenses - Communications Operations	23,000	23,000	23,000	
4422	Addressing/Mapping/Database Consultants	25,000	25,000	25,000	
4423	Addressing/Mapping/Database Supplies				
4424	Cable / Internet Charges - Communications	6,500	6,500	6,500	
4426	Certification/Recertifications Fees				
4427	Equipment - Communications (not capitalized)	30,400			
4430	Language Interpreting	600	600	600	
4431	Maintenance and Warranty Contracts	to a long the set of set of the			
4432	Maintenance and Repairs Communications	37,000	10,000	10,000	
4433	NCIC/TBI/TIES Expenses	5,500	5,500	5,500	
4434	Software & Licensing - Communications				
4435	Supplies, Materials & Services - Communications				
4436	Uniforms - Communications				
4437	Telephone Costs (Call Center Lines)	11,400	11,400	11,400	
4439	Vehicle Expenses - Operations	5,100	5,100	5,247	Includes Vehicles Insurance
4440	Vehicle Fuel - Operations	3,000	3,000	3,000	
4499	Communications - Operations Other				
4500	Depreciation: Major Category)				
501	Depreciation:	170,000	170,000	150,000	
601	Amortization:				
	Total Other Than Payroll Operating Expenses	610,746	545,012	541,596	
	Total Operating Expenses	2,014,037	2,324,747	2,175,285	

5000	NON-Operating Revenues (Expenses):	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	
5001	Investment Income				
5002	Interest Income	2,000	2,000	2,000	
5003	Net Increase (Decrease) in the Fair Value of Investments				
5004	Primary Government Subsidies	447,669	502,669	571,292	
5005	Other Governments / Agencies Subsidies	13,450	13,450	13,450	
5006	TECB Subsidies	340,398	340,398		
5007	Federal Government Grants				
5008	Gain (Loss) on Disposal of Property				
5010	Interest Expense				
5012	Rental Income				
5013	Insurance Proceeds				
5015	Impairment Loss				
5017	Local Government Grants				
5018	State Grants				
5099	Other Non-Operating Revenue	1,000	1,000	1,000	

Acct #	Account Name	Prior Year FY 2022-23		Proposed Year FY 2024-2025	Explanation of departures from the current pattern.
1965-987 Maddialoc, 1996-2996	NON-Operating Revenues (Expenses): (continued)	XXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXX	
6000	Capital Contributions				
6001	Primary Government Capital Contributions				
6002	Other Local Governments Capital Contributions				
6003	TECB Capital Contributions				
	Total NON-Operating Revenues and Losses	804,517	859,517	587,742	
	Total Revenues and Losses	1,836,967	1,939,908	2,044,067	
	Total Operating Expenses	2,014,037	2,324,747	2,175,285	
	Change in Net Position	(177,070)	(384,839)	(131,218)	
	Additional Funding Source:			XXXXXXXXXXX	
	Reserves (Fund Balance)			384,839.00	

Total Other Funding 384,839.00

Balanced Budget (Should be Zero or positive) 253,621.00

Acct#	Account Nar	ne	Prior Year FY 20	Current Year FY 20	Proposed Year FY 20	
		pital Projects:	Land the second se	XXXXXXXXXXXXX	XXXXXXXXXXX	
caron	Capital Asse	ts Not Being Depreciated (In Process)		XXXXXXXXXX		
1351		Land				
1352		Construction in Progress				
1353		Other Capital Assets				
	Capital Asse	ts Being Depreciated (In Process)	XXXXXXXXXXX	XXXXXXXXXXX	XXXXXXXXXXX	
1302		Buildings and Improvements				
1304		Furniture and Fixtures				
1306		Office Equipment	_			
1308		Communications Equipment				
1310		Vehicles				
1312		Leasehold Improvements				
1320		Other Capital Assets				
and all		Capital Assets (In Process)	0	0	0	
			XXXXXXXXXXX	XXXXXXXXXXX	XXXXXXXXXXX	
	Capital Asse	ts Not Being Depreciated (Planned)	XXXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXXX	
1351		Land	Γ			
1352		Construction in Progress				
1353		Other Capital Assets				
	Capital Asse	ts Being Depreciated (Planned)	XXXXXXXXXXXX	XXXXXXXXXXX	XXXXXXXXXXX	
1302		Buildings and Improvements	ſ			
1304		Furniture and Fixtures				
1306		Office Equipment				
1308		Communications Equipment				
1310		Vehicles				
1312		Leasehold Improvements				
1320		Other Capital Assets				
1020		Capital Assets (Planned)	0	0	0	
		Total Capital Projects Budget		0	0	
4-4	and of Do	nded and Other Indebtedness				
				0.0000000000000000000000000000000000000		
2203		bleLong-term				
2210	Other Long-	term Liabilities Total Cost of Liabilities	0	0	0	
		Total Cost of Liabilities				
De	ebt Type	Debt Owed To:			Amount	

Total Debt

0

Employee Positions Schedule

	Count vacant positions, as well as empersonnel for which the ECD is the end	ployed personnel, but only inc mployer.	elude	
Number of	Use column at right for detailed listing.	Subtotal will automatically	Number of	
Positions	appear in column at left.		Positions	
1 00110110	Director		summer under versichen zu die seine die s	
0	Administrative Personnel Subtotal		XXXXXXXXXX	
XXXXXXXXX		Administrative Assistant Staff		
XXXXXXXXX		Office Staff		
XXXXXXXXX		Accounting/Bookkeeping Staff		
XXXXXXXXX		Mapping Staff		
XXXXXXXXX		Technology Staff		
XXXXXXXXX		Other		
0	Dispatchers		XXXXXXXXXX	
XXXXXXXXX	-	Shift/Lead Supervisors		
XXXXXXXXX		Full-time		
XXXXXXXX		Part-time		
XXXXXXXXX		Other		
0	Telecommunicators/Calltakers		XXXXXXXXXX	
XXXXXXXXX		Shift/Lead Supervisors		
XXXXXXXXX		Full-time		
XXXXXXXXX		Part-time		
XXXXXXXX		Other		
	Data Processing Personnel		XXXXXXXXXX	
	Custodial Personnel		XXXXXXXXXX	
	Maintenance Personnel		XXXXXXXXXX	
0	Other Established Positions (listed here)			
XXXXXXXX				
XXXXXXXXX				
XXXXXXXXX				

0 Total

AUDIT REPORT

JUNE 30, 2024 AND 2023

Hamblen County Emergency Communications District June 30, 2024

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INTRODUCTORY SECTION

Hamblen County Emergency Communications District <u>Roster of Officials</u> June 30, 2024

Board of Directors:

Robert Laney, Chairman

Danny Houseright, Vice Chairman

Chris Bell, Treasurer

Clark Taylor

Josh Ringley

Chris Wisecarver

Mark Hickman

Kay Senter

Peggy Howell

Bill Brittain, (Ex-Officio)

Executive Director:

Eric Carpenter



Hamblen County Emergency Communications District S. Eric Carpenter, ENP 530 North Jackson Street Morristown, Tennessee 37814 (423) 585-2700 www.hamblen911.org

MANAGEMENTS'S DISCUSSION AND ANALYSIS

As management of the Hamblen County Emergency Communications District, we offer readers of the District's financial statements this narrative overview and analysis of the District's performance during the fiscal year ending June 30, 2024 and June 30, 2023. 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 statement.

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 obligation 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 on page 6.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As can be seen from page 6, (Summarized financial information), the District's net position has increased \$72,145 during the year ended June 30, 2024. Revenues (Emergency Telephone Surcharge) increased by 2.0%. Total expenses increased approximately 11.8%. The administrative staff and employees continue to remain diligent and cost conscious.

For the year ended June 30, 2023, The District's net position increased \$152,066. Revenues (Emergency Telephone Surcharge) increased by 11.1%. Total expenses increased approximately 10.9%.

THE DISTRICT'S NET POSITION

The District completed the year ended June 30, 2024, with a net position of \$4,316,431, which is \$72,145 more than the prior year's ending net position of \$4,244,286.

The District completed the year ended June 30, 2023, with a net position of \$4,244,286, which is \$152,066 more than the prior year's ending net position of \$4,092,220.

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. Hamblen County's Base Funding was set at \$876,360 for June 30, 2024, and \$876,360 for June 30, 2023.

Interest income deposits were above expectations by \$15,242 for the year ended June 30, 2024 and above expectations by \$19,524 for the year ended June 30, 2023.

Total expenditures were \$408,491 less than budgeted with budget categories remaining in line for the year ended June 30, 2024.

Total expenditures were \$282,407 less than budgeted with budget categories remaining in line for the year ended June 30, 2023.

CAPITAL ASSETS

The District's investment in capital assets amounts to \$2,940,134 with accumulated depreciation of \$1,075,622 for year ended June 30, 2024. Capital assets include the building, communications equipment, a vehicle, office furniture and equipment, and construction in progress of a building.

The District's investment in capital assets amounted to \$3,049,230 with accumulated depreciation of \$1,197,058 for year ended June 30, 2023. Capital assets include the building, communications equipment, a vehicle, as well as office furniture and equipment.

ECONOMIC FACTORS AND FUTURE NEEDS

It has been almost a decade since 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 General Assembly passed a Joint Resolution after the State ECB exercised its option to seek a restoration of the state-wide surcharge to \$1.50 for all services and the restored rate went into effect on January 1, 2021. Outside of this funding, the ECD's only other revenue source continues to be the contributions from the local governments and emergency service agencies for which we provide dispatching services; an arrangement governed by our Interlocal Cooperation Agreement.

Continued upgrades and enhancements to the ECD's telephony, dispatching, radio, mapping, and other areas have moved the ECD to the realization of being a next-generation (NG-911) center. While procurement of this infrastructure was completed without taking on any debt and maintaining a healthy General Fund, staff and the Board realize that significant increases to annual maintenance costs, especially as they relate to our dispatching systems, have occurred as a direct result.

The Board's authorized Compensation and Classification Study, conducted in 2022, was attentive to the needs of our recruiting and retention efforts and began the process which increased the starting rate of pay for entry level telecommunicators to bring the District closer to the local market average. This action required an across-the-board equity adjustment for current employees as well as an appropriate percentage spread between job classifications in order to prevent compression and, likewise, significantly increased the budget.

Following the purchase of the Hamblen County Health Department building in 2023, the ECD still awaits construction of the County's new public health facility in order to begin transitioning into our new space. This progress has moved at a pace much slower than the ECD anticipated; however, steps have been taken to expedite the project once the County vacates the property. These include the selection of an architect, the acquisition of the building's original schematics, and the initial review by structural and electrical engineers. While renovations, upgrades, and enhancements to our future home are critically important, staff and the Board – as well as our local governing bodies – understand that this move will have major impacts to the ECD's annual budget, assets, and depreciation going forward.

Once again, the recent budget process, regrettably, failed to enlighten the local funding bodies to the need for additional revenue and attention to critical public safety concerns in spite of the aforementioned technological advancements and long-range planning goals for our community. The ECD's requests are well proportionate to the value local governments are receiving for critical emergency service operations.

Short-term focus will remain on sustaining operations and maintaining, to the best of our ability, the quality of dispatch services the public has come to expect. As new legislation continues to be enacted and Hamblen County's newly constructed jail opens for business, law enforcement and criminal justice needs will continue to add additional workload to the ECD. From accreditation guidelines, to I.S.O. and NFPA standards for our fire departments, to assistance with streamlining the reporting benchmarks required of emergency medical services, we strive to provide a unified approach to our client agencies on a daily basis in order to assist them in maintaining their excellent ratings. With NG-911 capabilities now a reality, and as the ability of more ways to contact 9-1-1 increases, maintaining this quality will be an ever present challenge.

Respectfully submitted,

S. Eric Carpenter, ENP

S. Eric Carpenter, ENI Executive Director

SUMMARIZED FINANCIAL INFORMATION

NET POSITION

	2024		<u>2023</u>		<u>2022</u>
Current Assets	\$ 2,067,925	\$	2,008,022	\$	2,898,295
Capital Assets	1,864,512		1,852,172		829,824
Other Assets	 77,327		168,872		472,854
Total Assets	 4,009,764	-	4,029,066		4,200,973
Deferred Outflow of Resources	464,083		391,144		409,291
Current Liabilities	19,303		32,367		34,520
Noncurrent Liabilities	71,864		60,736		80,390
Total Liabilities	 91,167	-	93,103	-	114,910
Deferred Inflow of Resources	66,249		82,821		403,134
Net Position	4,316,431		4,244,286		4,092,220
Restricted	77,327		168,872		472,854
Unrestricted Net Position	2,374,592		2,223,242		2,789,542
Investment In Capital Assets	1,864,512		1,852,172		829,824

CHANGES IN NET POSITION

Revenues (Em.Tel. Surchg.)	1,080,964	1,059,925	953,989
Operating Expenses	<u>1,936,466</u>	1,731,630	<u>1,561,443</u>
Operating Income	(855,502)	(671,705)	(607,454)
Non-operating revenues (expenses) Interest Income Contributions from primary government State ECB, Grants & Reimbursements Miscellaneous revenue Total	17,252 516,119 393,287 <u>989</u> 927,647	21,524 461,119 340,398 730 823,771	608 461,119 340,398 724 802,849
Increase In Net Position	72,145	152,066	195,395
Net Position, beginning of year	<u>4,244,286</u>	4,092,220	3,896,825
Net Position, end of year	4,316,431	4,244,286	4,092,220

FINANCIAL 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

Board of Directors Hamblen County Emergency Communications District Morristown, Tennessee 37814

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hamblen County Emergency Communications District (the District), a component unit of Hamblen County, Tennessee, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the 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 the District, as of June 30, 2024 and 2023, and the changes in financial position and cash flows thereof for the years 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* (GAS), 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 the 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 condition or events, considered in the aggregate, that raise substantial doubt about the 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 and GAS 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 and GAS, 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 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 the 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, pension data and other post-employment obligation data on pages 2-6 and pages 27-30 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 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 inquires 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 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 accompanying statement of revenue, expenses and changes in net position – actual and budget on pages 31-32, schedule of detailed expenses on pages 33-34, and the schedule of expenditures of state awards on page 35 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statement of revenue, expenses and changes in net position – actual and budget on pages 31-32, schedule of detailed expenses on pages 33-34, and the schedule of expenditures of state awards on page 35 information 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 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, the schedule of detailed expenses, and schedule of expenditures of state awards are 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 financial 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 November 8, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

raine, Thompson & Jones, P.C.

Morristown, Tennessee November 8, 2024

Hamblen County Emergency Communications District <u>Statement of Net Position</u> June 30, 2024 and 2023

June 30, 2024 and 2023	June 30,	
Assets	2024	2023
Current assets:	A	.
Cash and cash equivalents	\$ 2,058,604	\$ 2,008,022
Prepaid expenses	9,321	-
Total current assets	2,067,925	2,008,022
Capital assets (being depreciated):		
Building & improvements	370,531	370,531
Communications equipment	1,345,402	1,422,828
Office equipment	8,390	8,391
Furniture and fixtures	29,920	61,589
Vehicles	47,753	47,753
Sub-total	1,801,996	1,911,092
Less - allowance for depreciation	(1,075,622)	(1,197,058
Capital assets (being depreciated) - net	726,374	714,034
Capital assets (not being depreciated):		
Construction in progress	1,138,138	1,138,138
Total capital assets	1,864,512	1,852,172
Other assets:		
Net pension asset	77,327	168,872
Total assets	4,009,764	4,029,066
Deferred Outflow of Resources	122 504	262 422
Pension related	432,594	362,422
OPEB related	31,489	28,722
Total deferred outflows of resources	464,083	391,14-
Liabilities		
Current liabilities:		
Accounts payable	5,188	14,214
Accrued liabilities	2,603	2,89
Retirement contributions	-	3,11
Compensated absences payable, current	11,512	12,13
Total current liabilities	19,303	32,36
Noncurrent liabilities:		
Compensated absences payable	34,537	36,41
Net OPEB liability	37,327	24,31
Total noncurrent liabilities	71,864	60,73
Total liabilities	91,167	93,10
Deferred Inflow of Resources		
Pension related	38,788	51,17
OPEB related	27,461	31,64
Total deferred inflow of resources	66,249	82,82
Net position		
Restricted	77,327	168,87
Investment in capital assets	1,864,512	1,852,17
Unrestricted	2,374,592	2,223,24
	\$ 4,316,431	\$ 4,244,28
Total net position e accompanying notes are an integral part of these financial statements.		

Hamblen County Emergency Communications District Statement of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2024 and 2023

	June 30,				
	2024	2023			
Operating revenues:					
TCA section 7-86-303 receipts	\$ 876,933	3 \$ 876,360			
TCA section 7-86-130 receipts	204,03	and the second s			
Total operating revenue	1,080,964				
Operating expenses:					
Salaries and wages	1,070,64	3 939,549			
Employee benefits	399,86	6 289,375			
Administration	221,37	8 228,731			
Buildings and facilities	33,46	1 36,621			
Communications - operations	103,81	1 121,564			
Depreciation	107,30	7 115,790			
Total operating expenses	1,936,46	6 1,731,630			
Net operating income (loss)	(855,50	2) (671,705)			
Non-operating revenues (expenses)					
Interest income	17,25	2 21,524			
Primary government subsidies	502,66	9 447,669			
Other local government subsidies	13,45	0 13,450			
TECB subsidies	340,39	8 340,398			
Federal government grant - ARPA	49,03	2 -			
State grants	3,85	7 -			
Other non-operating revenue	98	9 730			
Total non-operating revenues (expenses)	927,64	7 823,771			
Increase in net position	72,14	5 152,066			
Net position, beginning of year	4,244,28	4,092,220			
Net position, end of year	\$ 4,316,43	1 \$ 4,244,286			

Hamblen County Emergency Communications District <u>Statement of Cash Flows</u> <u>Increase (Decrease) in Cash and Cash Equivalents</u> For the Years Ended June 30, 2024 and 2023

	June 30,		
	2024	2023	
Cash flows from operating activities:			
Cash received from surcharges and other revenues	\$ 1,080,964	\$ 1,059,925	
Cash payments to employees	(1,070,643)	(939,549)	
Cash payments for employee benefits	(399,866)	(309,366)	
Cash payments for administrative	(230,601)	(228,731)	
Cash payments for buildings and facilities	(33,461)	(36,621)	
Cash payments for communications - operations	(103,811)	(121,564)	
Net cash provided (used) by operating activities	(757,418)	(575,906)	
Cash flows from capital and related financing activities:			
Additions to fixed assets and construction in progress	(119,647)	(1,138,138)	
Additions to fixed assets and construction in progress		(-,,,	
Net cash provided (used) by capital and			
related financing activities	(119,647)	(1,138,138)	
Cash flows from noncapital financing activities:			
Contributions from primary government	502,669	447,669	
Contributions from other local governments	13,450	13,450	
Reimbursements and/or grants - non-operating	393,287	340,398	
Other non-operating revenue	989	730	
Net cash provided (used) by noncapital financing activities	910,395	802,247	
Cash from investing activities:			
Interest on investments	17,252	21,524	
Net cash from investing activities	17,252	21,524	
Net increase (decrease) in cash and cash equivalents	50,582	(890,273)	
Cash and cash equivalents at beginning of year	2,008,022	2,898,295	
Cash and cash equivalents at end of year	\$ 2,058,604	\$ 2,008,022	

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

Hamblen County Emergency Communications District <u>Statement of Cash Flows</u> <u>Increase (Decrease) in Cash and Cash Equivalents</u>

For the Years Ended June 30, 2024 and 2023

	June 30,				
	2024			2023	
Adjustments to reconcile operating income to net cash					
provided by operating activities:					
Net operating income (loss)	\$	(855,502)	\$	(671,705)	
Depreciation		107,307		115,790	
Changes in operating assets and liabilities:					
Increase/(decrease) in accounts payable		(9,026)		(4,697)	
Increase/(decrease) in accrued liabilities		(293)		(13)	
Increase/(decrease) in retirement contributions		(3,118)		(416)	
Increase/(decrease) in deferred inflows - OPEB		(4,183)		24,288	
Increase/(decrease) in deferred inflows - Pension		(12,389)		(344,601)	
Increase/(decrease) in estimated compensated absences		(2,507)		11,892	
Increase/(decrease) in OPEB liability		13,008		(28,573)	
(Increase)/decrease in prepaid assets		(9,321)		-	
(Increase)/decrease in net pension asset		91,545		303,982	
(Increase)/decrease in deferred outflows - OPEB		(2,767)		11,030	
(Increase)/decrease in deferred outflows - Pension	. <u></u>	(70,172)		7,117	
Net cash provided (used) by operating activities	\$	(757,418)	\$	(575,906)	

Hamblen County Emergency Communications District Notes to Financial Statements June 30, 2024 and 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 Hamblen County, Tennessee. It is managed by a nine (9) member Board of Directors appointed by the Hamblen County Mayor for terms of four (4) years. The District is not fiscally dependent upon the County and has the ability to issue debt at the discretion of the Board. The District's annual base funding for 911 operations is set by a uniform statewide telephone surcharge established by Tennessee statue.

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 considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.
- D. 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 40 years. The District's capitalization threshold is set at \$1,000 per unit cost. Interest costs incurred on financing during the construction or installation period of capital assets are expensed as incurred.
 - 2) Capital assets consist of:

June 30, 2024	eginning Balance	A	dditions	D	is pos als	Ending Balance	 cumulated preciation	et Capital Assets
Capital Assets								
Building	\$ 370,531	\$	-	\$	-	\$ 370,531	\$ 221,973	\$ 148,558
Communications equip	1,422,828		119,647		(197,074)	1,345,401	778,277	567,124
Furniture and fixtures	61,589		-		(31,669)	29,920	24,796	5,124
Office equipment	8,391		-		-	8,391	6,684	1,707
Automobile	47,753		-		-	47,753	43,892	3,861
Construction in Progress	1,138,138		-		-	1,138,138		1,138,138
Total	\$ 3,049,230	\$	119,647	\$	(228,743)	\$ 2,940,134	\$ 1,075,622	\$ 1,864,512

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Capital assets and depreciation (continued):

3) Capital assets consist of:

June 30, 2023	eginning Balance	Additions		Additions		Additions		Disposals		Additions Dis		ditions Disposals		Ending Balance		Accumulated Depreciation		Net Capital Assets	
Capital Assets																			
Building	\$ 370,531	\$	-	\$	-	\$	370,531	\$	212,269	\$	158,262								
Communications equip	1,570,914		-	((148,086)		1,422,828		884,587		538,241								
Furniture and fixtures	61,589		-		-		61,589		54,086		7,503								
Office equipment	9,393		-		(1,002)		8,391		5,788		2,603								
Automobile	47,753		-		-		47,753		40,328		7,425								
Construction in Progress	-	1,1	138,138		*		1,138,138		-		1,138,138								
Total	\$ 2,060,180	\$ 1,1	38,138	\$	(149,088)	\$	3,049,230	\$	1,197,058	\$	1,852,172								

- 4) The straight-line method of depreciation is used, totaling \$107,307 for 2024 and \$115,790 for 2023. Accumulated depreciation was \$1,075,622 as of June 30, 2024, and \$1,197,058 as of June 30, 2023.
- E. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. The useful lives of the capital assets of the District are such estimates.
- F. Measurement focus is a term used to describe "which" transactions are recorded within the financial statements. The proprietary fund is accounted for using the "economic resources' measurement focus. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in total net position.

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

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

Hamblen County Emergency Communications District Notes to Financial Statements June 30, 2024 and 2023

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

G. 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 Hamblen County Emergency Communications District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Hamblen County Emergency Communications District's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

NOTE 3 - DEPOSITS

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

<u>Custodial Credit Risk – Deposits</u> – 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, 2024, and 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 - CONTRIBUTIONS FROM PRIMARY GOVERNMENT

When the District was formed in 1989, the City of Morristown and Hamblen County, Tennessee, each verbally agreed to fund the salaries and benefits of four (4) dispatchers as the District has absorbed these employees. The District invoiced the two entities monthly for these expenses.

With the changes brought about by the passage of the '911 Funding Modernization and IP Transition Act of 2014', the ECD, City of Morristown, and Hamblen County Government renegotiated this arrangement and arrived at a new funding model. The current division is based upon a funding model provided by the University of Tennessee's Municipal Technical Assistance Service (MTAS). Under this model, local funding for dispatch services is divided up based upon population and annual calls-for-service (CFS) data.

NOTE 5 - CONCENTRATION OF CREDIT RISK

Hamblen County Emergency Communications District was established for the purpose of enhancing "911" and selective routing services in Hamblen County. All fees are collected through either Bell South/AT&T who bills every telephone customer in Hamblen County or the State Department of Commerce and Insurance of Tennessee who remits ECB wireless revenue monthly.

NOTE 6 - COMPENSATED ABSENCES

A. Annual leave:

Annual leave cannot be accumulated over 28 days or 224 hours.

Upon termination, employees are reimbursed for their accumulated annual leave. The table below details the changes in the accrued compensated absences for the years ended June 30, 2024 and 2023.

Fiscal Year Ending	Beginn	ing Balance	Inc	crease	(De	crease)	Endir	ng Balance
June 30, 2024								
Current Portion	\$	12,139	\$	9 .	\$	(627)	\$	11,512
Long-term Portion	\$	36,417	\$	-	\$	(1,880)	\$	34,537
June 30, 2023								
Current Portion	\$	9,166	\$	2,973	\$	-	\$	12,139
Long-term Portion	\$	27,498	\$	8,919	\$	-	\$	36,417

NOTE 6 - COMPENSATED ABSENCES (continued)

B. Sick leave:

Sick leave is accumulated at the rate of one day per month without limit. Sick leave may be used to allow an employee early retirement on a day for day basis.

NOTE 7 – PENSION PLAN INFORMATION

General Information about the Pension Plan

Plan Description - Employees of Hamblen 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 TCRS is pentitient, 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 years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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, 2023, the following employees were covered by the benefit terms:

Hamblen County Emergency Communications District Notes to Financial Statements June 30, 2024 and 2023

NOTE 7 - PENSION PLAN INFORMATION (continued)

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	12
Active employees	16
Total	33

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. Hamblen 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, 2024, the employer contributions for Hamblen County Emergency Communications District were \$71,618, based on a rate 6.68 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Hamblen 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)

Hamblen County Emergency Communications District's net pension liability (asset) was measured as of June 30, 2023, 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, 2023, 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, 2023, 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.

Hamblen County Emergency Communications District <u>Notes to Financial Statements</u> June 30, 2024 and 2023

NOTE 7 - 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%
		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 Hamblen 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.

Hamblen County Emergency Communications District Notes to the Financial Statements June 30, 2024 and 2023

NOTE 7 - PENSION PLAN INFORMATION (continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2022	\$ 2,643,456	\$ 2,812,328	\$ (168,872)
Service cost	75,571		75,571
Interest	178,846		178,846
Differences between expected and actual experience	130,603		130,603
Changes in Assumptions	-		19 - 19 - 1 - 1
Contributions-employer		61,111	(61,111)
Contributions-employee		45,742	(45,742)
Net investment income		187,920	(187,920)
Benefit payments, including refunds of employee contributions	(138,903)	(138,903)	
Administrative expense		(1,298)	1,298
Net changes	246,117	154,572	91,545
Balance at June 30, 2023	\$ 2,889,573	\$ 2,966,900	\$ (77,327)

Sensitivity of the net pension liability (asset) to changes in the discount rate - The following presents the net pension liability (asset) of Hamblen 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:

		Decrease 5.75%	rrent Rate 6.75%	1% Increase 7.75%		
Net Pension Liability (Asset)	\$	360,185	\$ (77,327)	\$	(434,321)	

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, 2024, Hamblen County Emergency Communications District recognized pension expense (negative pension expense) of \$84,059.

Hamblen County Emergency Communications District <u>Notes to Financial Statements</u> June 30, 2024 and 2023

NOTE 7 - PENSION PLAN INFORMATION (continued)

Deferred outflows of resources and deferred inflows of resources - For the year ended June 30, 2024, Hamblen County Emergency Communications District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Οι	eferred atflows of esources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$	228,676	\$	38,788	
Net difference between projected and actual earnings on pension plan investments		23,452			
Changes in assumptions		108,848		-	
Contributions subsequent to the measurement date	71,618 (no		(not a	applicable)	
Total	\$	432,594	\$	38,788	

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2023," 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:	
2025	\$ 58,090
2026	43,017
2027	103,046
2028	49,876
2029	43,223
Thereafter	24,936

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, 2024, Hamblen 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, 2024.

NOTE 8 - Other Postemployment Benefits (OPEB) for Retiree Health Insurance

General information about the OPEB plan

Plan description - Employees of Hamblen County Emergency Communications District are provided with pre-65 retiree health insurance benefits through the Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP.

Benefits provided – Hamblen County Emergency Communications District offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LGOP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Hamblen County Emergency Communications District does not directly subsidize and are only subject to the implicit. The LGOP is funded on a pay-as-you-go basis, and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms – At July 1, 2023, the following employees of Hamblen County Emergency Communications District was covered by the benefit terms of the LGOP:

Inactive employees currently receiving benefit payments	
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	17
Total _	17

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2024, Hamblen County Emergency Communications District paid \$1 to the LGOP for OPEB benefits as they came due.

NOTE 8 - Other Postemployment Benefits (OPEB) for Retiree Health Insurance (continued)

Total OPEB Liability

Actuarial assumptions - The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	10.31% for pre-65 in 2023, decreasing annually over an 11 year period to an ultimate rate of 4.50%. 12.44% for post-65 in 2023, decreasing annually over an 11 year period to an ultimate rate of 4.50%
Retiree's share of benefit- related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2022, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled post-retirement mortality, with mortality improvement projected generationally with MP-2021 from 2010. Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

Discount rate - The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Hamblen County Emergency Communications District Notes to Financial Statements June 30, 2024 and 2023

NOTE 8 - Other Postemployment Benefits (OPEB) for Retiree Health Insurance (continued)

Changes in the Total OPEB Liability

		al OPEB .iability (a)
Total OPEB liability - beginning balance		24,319
Changes for the year:		
Service cost		2,312
Interest		942
Changes of benefit terms		-
Differences between expected and actual experience		(270)
Change in assumptions		10,064
Benefit payments		(40)
Net changes		13,008
Total OPEB liability - ending balance	\$	37,327

Changes in assumptions - The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments in initial per capita costs and health trend rates.

Sensitivity of total OPEB liability to changes in the discount rate - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	1% Decrease (2.65%)		Discount Rate (3.65%)		1% Increase (4.65%)	
Total OPEB liability	\$ 40,134	\$	37,327	\$	34,679	

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

			He	althcare Cost Trend	
	(9	1% Decrease 0.31%/11.44% reasing to 3.50%)		Rates (10.31%/12.44% ecreasing to 4.50 %)	1% Increase 1.31%/13.44% reasing to 5.50%)
Total OPEB liability	\$	33,509	\$	37,327	\$ 41,741

NOTE 8 - Other Postemployment Benefits (OPEB) for Retiree Health Insurance (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB expense - For the fiscal year ended June 30, 2024, Hamblen County Emergency Communications District recognized OPEB expense of \$6,059.

Deferred outflows of resources and deferred inflows of resources - For the fiscal year ended June 30, 2024, Hamblen County Emergency Communications District reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	Out	eferred tflows of sources	Deferred Inflows of Resources	
Differences between actual and expected experience	\$	19,813	\$	13,232
Changes of assumptions		11,675		14,229
Employer payments subsequent to the measurement date		1		-
Total	\$	31,489	\$	27,461

The amounts shown above for "Employer payments subsequent to the measurement date" will be recognized as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

For the year ended June 30:	
2025	\$ 2,805
2026	2,805
2027	2,803
2028	931
2029	(2,591)
Thereafter	(2,726)

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

NOTE 9 - 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 is insured through Strate Insurance Group as an ancillary to Hamblen County's insurance. There were no actual or potential claims against the District according to the County Attorney; therefore, no provision has been made. There have been no settlements in excess of insurance coverage in any of the prior three fiscal years.

Hamblen County Emergency Communications District Notes to Financial Statements June 30, 2024 and 2023

NOTE 10 – BUDGETARY INFORMATION

The District must file a budget annually with Hamblen County. The budget is prepared on the accrual basis of accounting. The *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* has established the legal level of control, which is the level at which management loses the ability to reapply budgeted resources from one use to another without special approval, at the line-item level.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date for potential recognition or disclosure though the independent auditors' report date, the date the financial statements were available to be issued. There were no events that required recognition or disclosure in the financial statements.

NOTE 12 – CONSTRUCTION IN PROGRESS

The District purchased land and building at 331 West Main Street, Morristown in June 2023. This property was purchased from Hamblen County and is expected to be the new primary office of the District in a future year after repairs and remodeling are completed. The balance of the construction in progress account as of June 30, 2024, was \$1,138,138.
REQUIRED SUPPLEMENTAL INFORMATION

Hamblen County Emergency Communications District Pension Plan - Supplementary Information

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 Ending June 30

Total Pension Liability	20	23	2022	2021	2020	2019	2018	2017	2016	2015		2014
Service cost	\$ 7	5,571	\$ 70,569	\$ 51,494	\$ 52,674	\$ 51,101	\$ 41,493	\$ 37,620	\$ 40,558	\$ 41,308	\$	38,907
Interest	17	8,846	167,159	159,506	148,478	149,615	130,372	123,629	112,152	106,532		100,993
Changes of benefit terms		-	-	-	-			-	-	-		-
Differences between expected and actual exp	13	0,603	50,221	(17,875)	51,966	(69,862) 212,342	(11,372)	44,365	(43,821)		(47,379)
Changes of assumptions		-	-	164,169	-	-		49,922	-	-		-
Benefit pymts, including refunds of contrib	(13	8,903)	(100,718)	(99,327)	(100,306)	(195,916) (60,877)	(46,770)	(35,447)	(21,225)		(20,911)
Net Change in Total Pension Liability (Asset)	24	6,117	187,231	257,967	152,812	(65,062)) 323,330	153,029	161,628	82,794		71,610
Total Pension Liability (Asset) - beginning	2,64	3,456	2,456,225	2,198,258	2,045,446	2,110,508	1,787,178	1,634,149	1,472,521	1,389,727	1,:	318,117
Total Pension Liability (Asset) - ending (a)	\$2,88	9,573	\$2,643,456	\$2,456,225	\$2,198,258	\$2,045,446	\$2,110,508	\$1,787,178	\$1,634,149	\$1,472,521	\$1,3	389,727
Plan Fiduciary Net Position												
Contributions - employer	\$ 6	1.111	\$ 55,930	\$ 49,894	\$ 47,331	\$ 45,947	\$ 44,214	\$ 43,439	\$ 40,509	\$ 40,452	s	37,641
Contribtuions - employee	4:	5,742	41,864	37,346	35,428	34,391	33,094	32,514	29,582	29,411		29,089
Net investment income	18	7,920	(111,964)	602,066	111,065	159,894	168,501	204,451	45,756	50,325	1	226,117
Benefit pymts, including refunds of contrib	(13	8,903)	(100,718)	(99,327)	(100,306)	(195,916)	(60,877)	(46,770)	(35,447)	(21,225)		(20,911)
Administrative expenses	(1,298)	(1,863)	(1,636)	(1,506)	(1,539)	(1,520)	(1,414)	(1,059)	(711)		(563)
Other		-	-	-	-				-			-
Net Change in Plan Fiduciary Net Position	\$ 154	4,572	\$ (116,751)	\$ 588,343	\$ 92,012	\$ 42,777	\$ 183,412	\$ 232,220	\$ 79,341	\$ 98,252	\$ 2	271,373
Plan Fiduciary Net Position - beginning	2,812	2,328	2,929,079	2,340,736	2,248,724	2,205,947	2,022,535	1,790,315	1,710,974	1,612,722	1,3	341,349
Plan Fiduciary Net Position - ending (b)	\$2,960	6,900	\$2,812,328	\$2,929,079	\$2,340,736	\$2,248,724	\$2,205,947	\$2,022,535	\$1,790,315	\$1,710,974	\$1,6	512,722
Net Pension Liability (Asset) - ending (a)-(b)	\$ (77	7,327)	\$ (168,872)	\$ (472,854)	\$ (142,478)	\$ (203,278)	\$ (95,439)	\$ (235,357)	\$ (156,166)	\$ (238,453)	\$ (2	222,995)
Plan Fiduciary Net Position as a % of												
the Total Pension Liability	102	2.68%	106.39%	119.25%	106.48%	109.94%	104.52%	113.17%	109.56%	116.19%	1	116.05%
Covered-employee payroll	\$914	4,831	\$837,274	\$746,919	\$708,550	\$687,825	\$661,878	\$650,282	\$600,095	\$605,575	\$	581,775
Net Pension Liability (Asset) as a % of												
covered-employee payroll	(8	.45)%	(20.17)%	(63.31)%	(20.11)%	(29.55)%	(14.42)%	(36.19)%	(26.02)%	(39.38)%	(38.33)%

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the 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 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' date, if needed.

Hamblen County Emergency Communications District Pension Plan - Supplementary Information

Schedule of Contributions Based on Participation in the Public Employee Pension Plan TCRS Last Fiscal Year Ending June 30 2024 2023 2022 2021 2020 2019 2018 2017 2016 2015 Actuarilly determined contribution 32,700 \$ 27,902 \$ 20,011 \$ 17,851 \$ 16,934 \$ 11,349 \$ 11,186 \$ 13,786 \$ \$ 40,509 \$ 40,452 Contribution in relation to the actuarially determined contribution 71.618 61,111 55.930 49,894 47,331 45,947 44,214 43,439 40,509 40,452 Contribution deficiency (excess) (38,918) \$ (33,209) \$ (35,919) \$ (32,043) \$ (30,397) \$ (34,598) \$ (33,028) \$ (29,653) \$ \$ \$ -Covered-employee payroll \$ 1,072,128 \$ 914,831 \$ 837,274 \$ 746,919 \$ 708,550 \$ 687,825 \$ 661,878 \$ 650,282 \$ 600,095 \$ 605,575 Contributions as a percentage of covered-employee payroll 6.68% 6.68% 6.68% 6.68% 6.68% 6.68% 6.68% 6.68% 6.75% 6.68%

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.

Hamblen County Emergency Communications District <u>Pension Plan - Supplementary Information</u> June 30, 2024

Notes to Schedule

Valuation date - Actuarially determined contribution rates for the fiscal year 2024 were calculated based on the June 30, 2022, actuarial valuation.

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation method	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 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 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	2.125 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.

Hamblen County Emergency Communications District Other Post Employment Benefits - Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios Year Ended June 30

Measurement Year Ended June 30,		2024	2	2023	2022	2021		2020	2019	2	2018
Total OPEB Liability											
Service Cost	\$	2,312	\$	3,985	\$ 4,150	\$ 3,895	\$	3,225	\$ -	\$	-
Interest		942		1,175	1,312	1,148		1,013	-		-
Changes of benefit terms		-		-	-			-	-		-
Difference between expected and actual experience		(270)		(16,314)	1,898	20,402		(1,484)	23,330		-
Changes in assumptions		10,064		(12,394)	(7,301)	3,481		1,522	1,501		-
Benefits payments		(40)		(5,025)	(4,733)	(318)		(149)	-		-
Net change in total OPEB liability	\$	13,008	\$	(28,573)	\$ (4,674)	\$ 28,608	\$	4,127	\$ 24,831	\$	-
Total OPEB liability - beginning		24,319		52,892	57,566	28,958		24,831	-		-
Total OPEB liability - ending	\$	37,327	\$	24,319	\$ 52,892	\$ 57,566	\$	28,958	\$ 24,831	\$	-
Covered-Employee Payroll	1,	011,445		863,083	722,411	695,373	6	81,314	663,481	66	51,878
Total OPEB Liability as a Percentage of		2 (00/		2 820/	7.220/	0.000/		4.050/	2 7 40 (0.000/
Covered-Employee Payroll		3.69%		2.82%	7.32%	8.28%		4.25%	3.74%		0.00%

Notes to Schedule

There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

SUPPLEMENTAL INFORMATION

Hamblen County Emergency Communications District <u>Statement of Revenue, Expenses, and Changes in Net Position - Actual and Budget</u> Year Ended June 30, 2024

	Original Budget	Revised Budget	Actual	Variance Fav. (Unfav.)
Operating revenues:				
TCA Section 7-86-303 receipts	\$ 876,360	\$ 876,360	\$ 876,933	\$ 573
TCA Section 7-86-130 receipts	204,031	204,031	204,031	
Total operating revenues	1,080,391	1,080,391	1,080,964	573
Operating expenses:	* 5 2			
Director	75,196	76,796	76,701	95
Administrative personnel	51,667	57,867	57,789	78
Assistant director(s)	139,182	139,382	139,322	60
Telecommunicators	1,011,221	962,731	735,716	227,015
Training personnel	9,000	10,500	10,400	100
Other payroll costs - education	10,460	10,460	3,074	7,386
Other payroll costs - holidays	38,351	38,351	34,132	4,219
Other payroll costs - bonuses	2,236	2,336	2,301	35
Other payroll costs - longevity	3,120	3,120	2,880	240
Other payroll costs - prof development stipends	6,000	6,000	4,500	1,500
Other payroll costs - perfect attend & comp	16,035	16,035	3,828	12,207
Social Security	71,049	71,049	63,708	7,341
Medicare	16,616	16,616	14,899	1,717
Medical insurance	243,788	243,788	212,790	30,998
Other insurance - life	5,556	5,606	5,575	31
Other insurance - dental	9,469	9,669	9,637	32
Other insurance - disability	3,590	3,590	3,139	451
Unemployment compensation	5,000	5,000	5,155	5,000
	8,000	8,000	6,059	1,941
Other postemployment benefits			84,059	(10,650)
Pension expense	73,409	73,409	04,039	1,000
Other fringe benefits - tuition	1,000	1,000	6 505	55
Audit services	6,400	6,650	6,595 388	612
Legal services	1,000	1,000		
Maintenance and warranty contracts	187,256	202,256	191,680	10,576
Awards to employees and others	1,000	1,600	1,566	34
Board meeting expense	200	240	220	20
Insurance - liability	4,731	4,731	3,954	777
Insurance - workers compensation	3,190	3,190	2,141	1,049
Premiums on surety bonds	1,650	1,650	1,437	213
Supplies and materials - administrative	11,000	11,000	9,638	1,362
Uniforms - administrative	1,000	1,500	1,375	125
Postage	700	700	333	367
Bank charges	1,500	1,500	1,211	289
Other administrative service and expense	2,250	2,250	840	1,410
Utilities - electric	15,000	15,000	13,006	1,994
Utilities - gas	1,700	1,700	955	745
Maintenance and repairs - building and facilities	5,500	5,500	1,369	4,131

Hamblen County Emergency Communications District <u>Statement of Revenue, Expenses, and Changes in Net Position - Actual and Budget</u> Year Ended June 30, 2024

	Original Budget	Revised Budget	Actual	Variance Fav. (Unfav.)
Maintenance - pest control	320	320	288	32
Maintenance - janitorial	14,500	14,700	13,252	1,448
Insurance - building & contents	4,005	4,005	2,186	1,819
Other building and facilities costs	5,000	5,000	2,405	2,595
Dues and memberships - operations	2,210	2,260	2,245	15
Employee testing and exams - operations	800	800	348	452
Addresssing/mapping/database consultants	25,000	25,000	21,168	3,832
Training expense - communications operations	14,000	14,000	14,000	-
Travel expense - connumications operations	23,000	43,000	33,413	9,587
Cable / internet charges	6,500	6,700	6,646	54
Language interpreting	600	1,100	1,014	86
Maintenance and repairs - communications	10,000	11,000	5,542	5,458
NCIC / TBI / TIES expense	5,500	5,500	2,680	2,820
Telephone costs (call center lines)	11,400	11,400	10,843	557
Vehicle expenses - operations	5,100	5,200	2,788	2,412
Vehicle fuel - operations	3,000	3,200	3,124	76
Depreciation	170,000	170,000	107,307	62,693
Total operating expenses	2,344,957	2,344,957	1,936,466	408,491
Net operating income	(1,264,566)	(1,264,566)	(855,502)	409,064
Non-operating revenues (expenses):				
Interest income	2,000	2,000	17,252	15,252
Primary government subsidies	502,669	502,669	502,669	
Other local governments subsidies	13,450	13,450	13,450	-
TECB subsidies	340,398	340,398	340,398	-
Federal government grant - ARPA	-	_	49,032	49,032
			3,857	3,857
State grants	1,000	1,000	989	(11)
Other non-operating revenue	1,000	1,000		(11)
Total non-operating revenues (expenses)	859,517	859,517	927,647	68,130
Increase (decrease) in net position	\$ (405,049)	\$ (405,049)	\$ 72,145	\$ 477,194

Hamblen County Emergency Communications District <u>Schedule of Detailed Expenses</u> June 30, 2024 and 2023

		2024		2023
Salaries and wages:				51 0 (0
Director	\$	76,701	\$	71,360
Administrative personnel		57,789		50,267
Assistant director		139,322		119,578
Telecommunicators		735,716		654,082
Training personnel		10,400		-
Other payroll costs - education		3,074		2,603
Other payroll costs - holidays		34,132		26,999
Other payroll costs - bonuses		2,301		2,084
Other payroll costs - longevity		2,880		2,880
Other payroll costs - professional development stipends		4,500		-
Other payroll costs- perfect attend & comp absences		3,828		9,696
Total salaries and wages	\$ 1	,070,643	\$	939,549
Employee benefits:				
Social security	\$	63,708	\$	55,312
Medicare		14,899		12,936
Medical insurance		212,790		168,899
Other insurance - life		5,575		4,789
Other insurance - dental		9,637		7,861
Other insurance - disability		3,139		3,084
Other postemployment benefits		6,059		6,785
Pension expense		84,059		29,146
Other fringe benefits - tuition		-		563
Total employee benefits	\$	399,866	\$	289,375
Administration:				
Audit services	\$	6,595	\$	6,395
Legal services	Ψ	388	Ψ	544
Maintenance and warranty contracts		191,680		190,667
Consulting services		-		7,004
Awards to employees and others		1,566		391
Board meeting expenses		220		391
Insurance - liability		3,954		3,905
Insurance - workers compensation		2,141		1,787
		1,437		1,437
Premiums on surety bonds		9,638		11,861
Supplies and materials Uniforms		1,375		1,277
		333		607
Postage Deally shares		1,211		1,168
Bank charges		840		1,103
Other admin services and expenses	•		•	
Total administration	\$	221,378	\$	228,731

Hamblen County Emergency Communications District <u>Schedule of Detailed Expenses</u> June 30, 2024 and 2023

	 2024	it e	2023
Buildings and facilities:			
Utilities - electric	\$ 13,006	\$	14,100
Utilities - gas	955		1,285
Maintenance and repairs - buildings and facilities	1,369		2,570
Maintenance - pest control	288		288
Maintenance - janitorial	13,252		13,612
Insurance - buildings and contents	2,186		2,082
Supplies and materials	2,405		2,684
Total buildings and facilities	\$ 33,461	\$	36,621
U U			
Communications - operations:			
Dues and memberships	\$ 2,245	\$	2,208
Employee testing and exams	348		280
Addressing/mapping/database consultants	21,168		16,673
Training expenses	14,000		12,613
Travel expenses	33,413		28,963
Cable / internet charges	6,646		6,450
Equipment - communications (not capitalized)	-		16,180
Language interpreting	1,014		765
Maintenance and repairs	5,542		15,564
NCIC/TBI/TIES expenses	2,680		2,680
Telephone costs	10,843		11,393
Vehicle expenses	2,788		4,973
Vehicle fuel	3,124		2,822
Total communications - operations	\$ 103,811	\$	121,564
		-	
Depreciation expense	\$ 107,307	\$	115,790

Hamblen County Emergency Communications District Schedule of Expenditures of State Awards

June 30, 2024

Grantor Agency	Program Name	Contract Number	Total Expenditures			
State of Tennessee Commerce and Insurance	Cybersecurity	81291-35	\$	3,857		
Total State Awards			\$	3,857		

This schedule was prepared on the accrual basis of accounting.

INTERNAL CONTROL AND COMPLIANCE SECTION

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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 Hamblen County Emergency Communications District Morristown, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Hamblen County Emergency Communications District (the District), a component unit of Hamblen County, Tennessee, as of and for the year ended June 30, 2024, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 8, 2024.

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 opinion 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

raine, Thompson & Jones, P.C.

Morristown, Tennessee November 8, 2024

Hamblen County Emergency Communications District <u>Schedule of Current Year Audit Findings</u> June 30, 2024 and 2023

There are no current year audit findings.

Hamblen County Emergency Communications District <u>Summary Schedule of Prior Audit Findings</u> June 30, 2024 and 2023

There were no prior year audit findings.