

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
GILES COUNTY E-911 COMMUNICATIONS DISTRICT
PULASKI, TENNESSEE

June 30, 2023

GILES COUNTY E-911 COMMUNICATIONS DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Giles County E-911 Communications District
Pulaski, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Giles County E-911 Communications District ("the District"), a component unit of Giles County, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Giles County E-911 Communications District as of June 30, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in OPEB liability on page 16 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of Giles County E-911 Communications District. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of Giles County E-911 Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Giles County E-911 Communications 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 Giles County E-911 Communications District's internal control over financial reporting and compliance.

Putman & Hancock

Fayetteville, Tennessee
November 30, 2023

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,367,789
Investments	1,028,517
Accrued interest receivable	3,428
Accounts receivable	4,550
Prepaid expense	<u>24,812</u>
Total Current Assets	<u>3,429,096</u>

NONCURRENT ASSETS

Property and equipment, net	76,781
Utility deposits	<u>85</u>
	<u>76,866</u>

TOTAL ASSETS	<u>3,505,962</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to OPEB	<u>14,302</u>
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LIABILITIES

Accounts payable	5,294
Accrued payroll	8,121
Accrued payroll expenses	5,146
Unearned revenue	1,375
Other postemployment benefits obligation	16,435
Accumulated compensated absences	<u>26,344</u>
TOTAL LIABILITIES	<u>62,715</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to OPEB	<u>21,780</u>
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NET POSITION

Investment in capital assets	76,781
Unrestricted	<u>3,358,988</u>
TOTAL NET POSITION	<u>\$ 3,435,769</u>

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

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2023

OPERATING REVENUES:

TECB distribution of 911 surcharges (base amount)	\$ 527,358
TECB subsidies	204,516
TECB distribution of excess revenue	<u>110,290</u>
Total Operating Revenues	842,164

OPERATING EXPENSES:

Salaries - director	55,715
Salaries - dispatch & mapping	420,379
Employee benefits	133,624
Maintenance contracts	34,344
Other contracted services	2,317
Repairs - building and facilities	18,854
Accounting services	15,700
Audit services	6,858
Legal fees	558
Insurance	22,437
NCIC charge	2,240
Depreciation	17,749
Travel	818
Fees paid to service providers	6,347
Administrative telephone	26,259
Supplies and materials	6,460
Utilities	14,048
Other charges	<u>2,190</u>
Total Operating Expenses	786,897
Income from Operations	<u>55,267</u>

NONOPERATING REVENUES (EXPENSES):

Interest income	44,397
Loss on disposal of assets	<u>(2,740)</u>
Total Nonoperating Revenues	41,657

Income Before Contributions:	96,924
Contributions from primary government	113,700
Contributions from other governments and agencies	<u>130,200</u>

CHANGE IN NET POSITION	340,824
Net position, beginning of year	<u>3,094,945</u>
Net position, end of year	<u>\$ 3,435,769</u>

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

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from service charges and other revenues	\$ 842,164
Cash paid to suppliers for goods and services	(305,353)
Cash paid to employees	(474,455)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>62,356</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contributions from primary government	113,700
Contributions from other governments and agencies	127,484
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>241,184</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to property and equipment	(36,568)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(36,568)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of U.S. Treasury investment	(1,000,000)
Interest income received	13,205
NET CASH USED BY INVESTING ACTIVITIES	<u>(986,795)</u>
DECREASE IN CASH - NET	(719,823)
CASH AND CASH EQUIVALENTS, beginning of year	3,087,612
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,367,789</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from operations	\$ 55,267
Adjustments to reconcile operating income to net cash -	
Depreciation	17,749
Changes in operating assets and liabilities:	
Prepaid expenses	(13,708)
Accounts payable	5,294
Other postemployment benefits	(5,912)
Accrued payroll	2,263
Accrued payroll expenses	(3,885)
Accumulated compensated absences	5,288
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 62,356</u>

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

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note A - SUMMARY OF ACCOUNTING POLICIES

The accounting policies and the reporting requirements of the Giles County 911 Communications District ("the District") conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting standards. The GASB's *Codification of Governmental Accounting and Financial Reporting Standards* document these principles.

Reporting Entity

The Giles County 911 Communications District ("the District") was authorized by state statute subject to the "Emergency Communications District Law", Tennessee Code Annotated, Chapter 86, for the purpose of establishing a uniform emergency number to shorten the time required for a citizen to request and receive emergency aid in Giles County, Tennessee. The legislative body of Giles County, by resolution, created the E-911 District to operate within the boundaries of Giles County. The District represents a legal entity separate and apart from Giles County, Tennessee ("the County" and "Primary Government"). The District is a component unit of the County and its financial statements are reported as a discretely presented component unit of the Primary Government. The governing body is comprised of eight directors initially appointed by the Giles County Board of Commissioners. Vacancies on the Board are appointed by a majority vote of the Board of Directors. The Board of Directors appoints a chairman and hires employees and consultants as necessary. The Board has the power to do all things necessary to conduct the business of the District. The District is restricted as to the type of debt it can incur without the approval of Giles County, Tennessee.

Revenue Recognition

The accompanying statements are prepared on the accrual basis of accounting using the economic resources measurement focus utilizing generally accepted accounting principles applicable to Tennessee emergency communications districts. Revenues are recognized when earned (operating revenues as described in Note D are recognized when received from TECB). Operating revenues and expenses generally result from service charges collected by service providers under the Emergency Communications District Law and emergency operational funding. Operating expenses include the cost of personnel and contractual services, supplies, repairs and depreciation on all capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Risk Management

The District is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains and pays the premiums for commercial insurance coverage for each of these risks of losses. Settled claims in the past three years have not exceeded the insurance coverage. There were no reductions in insurance coverage compared to the prior year.

Property and Equipment

Property and equipment are stated at cost. Depreciation expense is calculated on the straight-line method. It is the policy of The District to depreciate assets purchased for \$1,000 or more. The depreciation method and rates are designed to amortize the cost of the assets over their estimated useful lives. The useful life for the building is 40 years and equipment is 5 to 10 years. Maintenance and repairs are charged to expense as incurred.

Statement of Cash Flows - Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

State statutes authorize the District to invest in: (1) U.S. government securities and obligations guaranteed by the U.S. government; (2) deposit accounts at state and federal chartered banks and savings and loan associations; (3) the Local Government Investment Pool of the State of Tennessee; and (4) obligations of the United States or its agencies under repurchase agreements with certain restrictions.

Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

The District has not adopted formal deposit or investment policies for exposure to various forms of risks associated with its deposit and investment practices, other than to follow State statutes as described above.

Accounts Receivable

Accounts receivable, if any, represents fees or other amounts that are due to the District as of year end. Uncollectible fees/revenues are accounted for as a reduction of revenues based upon a periodic review of accounts receivable. As of June 30, 2023, in the opinion of management there were no uncollectible accounts receivable.

Income Taxes

The District is exempt from federal and state income taxes.

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences

The costs of vacation leave benefits granted to employees are recorded as expenditures when earned.

Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has one item that qualifies for reporting in this category. It is deferred outflows related to OPEB reported in the statement of net position. Deferred outflows related to OPEB are employer contributions subsequent to the actuarial measurement date, differences between expected and actual experience, and changes in assumptions, as detailed in Note G.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. It is deferred inflows related to OPEB reported in the statement of net position. Deferred inflows related to OPEB are due to differences between expected and actual experience and changes in actuarial assumptions.

Net Position

Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets represent capital assets reduced by accumulated depreciation. Unrestricted net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets.

Other Postemployment Benefits (OPEB)

The District's OPEB liability is based on an actuarial valuation with the amounts attributable to the reporting period recognized in expense. A liability is recognized in accounts payable for the difference, if any, at the end of the reporting period between contributions required and contributions made.

Note B - CASH

The District's cash and cash equivalents consists of demand and time deposits in financial institutions with bank balances of \$2,370,723 and carrying amounts of \$2,367,789. All of the District's deposits were covered by federal depository insurance or by the bank collateral pool administered by the Treasurer of the State of Tennessee, as of June 30, 2023.

Note C - INVESTMENTS

As of June 30, 2023, the District had one investment in a U.S. Treasury bill in the amount of \$1,028,517. This investment is considered a short-term obligation of the U.S. government and matures in September 2023. U.S. Treasury bills are backed by the full faith and credit of the U.S. government.

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note C - INVESTMENTS (CONTINUED)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's U.S. Treasury bill is held in an outside brokerage account in the District's name. The District does not have a deposit policy for custodial credit risk.

Note D - PROPERTY AND EQUIPMENT

Capital asset activity for the year ended June 30, 2023 was as follows:

Capital assets being depreciated:	COST			
	Balance			Balance
	<u>6/30/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2023</u>
Building	\$ 124,488	\$ 3,950	\$ 2,950	\$ 125,488
Equipment	385,690	-	24,417	361,273
Furniture & fixtures	10,303	1,496	1,366	10,433
	<u>\$ 520,481</u>	<u>\$ 5,446</u>	<u>\$ 28,733</u>	<u>\$ 497,194</u>

The related activity for accumulated depreciation for the year ended June 30, 2023 was as follows:

	ACCUMULATED DEPRECIATION			
	Balance			Balance
	<u>6/30/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2023</u>
Building	\$ 87,016	\$ 4,162	\$ 2,950	\$ 88,228
Equipment	332,839	13,035	21,676	324,198
Furniture & fixtures	8,801	552	1,366	7,987
	<u>\$ 428,656</u>	<u>\$ 17,749</u>	<u>\$ 25,992</u>	<u>\$ 420,413</u>

Depreciation for the year ended June 30, 2023 totaled \$17,749.

Note E - OPERATIONS

In accordance with Tennessee Code Annotated 7-86-128 and 7-86-130, the District receives operating revenues from the Tennessee Emergency Communications Board (TECB) in the form of base 911 surcharges, subsidies, and excess revenues.

The District, through the TECB, has contracted with AT&T for the use and maintenance of lines and equipment, as described in Note I.

Note F - RETIREMENT BENEFITS

Effective January 1, 2019, the District has a deferred compensation retirement plan (administered through John Hancock), under section 457 of the Internal Revenue Code, covering all employees.

Benefit terms, including contribution requirements, for the plan are established and may be amended by the District Board within the parameters of Section 457 of the Internal Revenue Code. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. The District matches employee contributions up to 5% of the employees' base pay. For the year ended June

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note F - RETIREMENT BENEFITS (CONTINUED)

30, 2023, employee contributions totaled \$16,154 and the District recognized retirement expense of \$16,154. At June 30, 2023, the District reported a liability of \$914 for the outstanding amount of contributions to its defined contribution plan at June 30, 2023, which is included in accrued payroll expenses on the Statement of Net Position.

Contributions by the employees, employer, and earnings on contributions are immediately vested under the plan. As a result, there are no forfeitures to be recognized in pension expense.

Note G - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

LOCAL GOVERNMENT OPEB PLAN

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan description - Employees of the 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 - The 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 healthsavings 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. The District does not directly subsidize the Plan and is only subject to the implicit subsidy for retiree premiums. 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, 2022, the following employees of the District were covered by the benefit terms of the LGOP:

Inactive employees currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	8
Total	<u>9</u>

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note G – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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, 2023, the District paid \$6,106 to the LGOP for OPEB benefits as they came due.

TOTAL OPEB LIABILITY

Actuarial assumptions - The total OPEB liability in the June 30, 2022 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	8.37% for pre-65 in 2022, decreasing annually over a 7 year period to an ultimate rate of 4.50%. 8.99% for post-65 in 2022, decreasing annually over an 8 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, 2022 valuations were the same as those employed in the July 1, 2021 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 pre-retirement mortality, with mortality improvement projected generationally with MP-2020 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-2020. 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-2020.

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note G - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Discount rate - The discount rate used to measure the total OPEB liability was 3.54 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.

CHANGES IN THE TOTAL OPEB LIABILITY

LGOP - (expressed in thousands)

	Total OPEB Liability (a)
Total OPEB liability - beginning balance	\$ 22.539
Changes for the year:	
Service cost	1.948
Interest	0.527
Changes of benefit terms	-
Differences between expected and actual experience	(2.463)
Change in assumptions	(5.945)
Benefit payments	(0.171)
Net changes	(6.104)
Total OPEB liability - ending balance	\$ 16.435

Changes in assumptions - The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to 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. (expressed in thousands)

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 17.896	\$ 16.435	\$ 15.118

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. (expressed in thousands)

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note G – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

	1% Decrease (7.37%/7.99% decreasing to 3.50%)	Healthcare Cost Trend Rates (8.37%/8.99% decreasing to 4.50%)	1% Increase (9.37%/9.99% decreasing to 5.50%)
Total OPEB liability	\$ 14.748	\$ 16.435	\$ 18.482

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

OPEB expense - For the fiscal year ended June, 30, 2023, the District recognized OPEB expense of \$194.

Deferred outflows of resources and deferred inflows of resources - For the fiscal year ended June, 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

LGOP - (expressed in thousands)

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	\$ 4.860	\$ 9.687
Changes of assumptions	3.336	12.093
Employer payments subsequent to the measurement date	6.106	-
Total	\$ 14.302	\$ 21.780

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:

LGOP - (expressed in thousands)

For the year ended June 30:

2024	\$ (2.281)
2025	(2.281)
2026	(2.281)
2027	(2.279)
2028	(2.139)
Thereafter	(2.323)

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

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note H - BUDGETS

The District prepares an annual budget in accordance with the requirements of section 7-86-120, Tennessee Code Annotated. The budget reflects all expected revenues and expenditures of the District for the ensuing fiscal year. Expenses are budgeted at the legal level of control which is at the line item level. The approved budget is integrated into the accounting system and employed as a management control device during the year.

The budget is prepared on the cash basis, which differs from generally accepted accounting principles (GAAP) pertaining to proprietary funds, in that expenses are budgeted on a cash basis rather than on the accrual basis. Depreciation expense is not budgeted, which is also not in accordance with GAAP. Once approved, the budget can be amended only by a majority vote of the Board of Directors. All annual appropriations lapse at fiscal yearend. The budget is presented on a cash basis and the budgetary comparison schedule on page 17 reconciles to the accrual basis.

Note I - COMMITMENTS

In a prior year, the District entered into an agreement to establish Call Handling As A Service (CHAAS) and to withhold emergency communications base funding for this service. Pursuant to this agreement, the State of Tennessee Emergency Communications Board (TECB) remitted a one-time cost of \$230,400 to the vendor for this service (AT&T), representing \$57,600 for each of the District's four call taking positions. The agreement establishes an annual cost of \$8,000 for each of the call taking positions, of which 50% will be subsidized by the TECB. This results in an annual cost to the District of \$16,000, which is withheld from its bimonthly TECB funding and is reported net in the Statement of Revenues, Expenses and Changes in Net Position. The District's commitment is for a two-year period beginning on the contract execution date of June 4, 2018 and continues until cancelled.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN GILES COUNTY E-911 COMMUNICATIONS DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
(dollar amounts in thousands)

LGOP

	2019	2020	2021	2022	2023
Total OPEB Liability					
Service cost	\$ 1.573	\$ 1.858	\$ 1.662	\$ 2.822	\$ 1.948
Interest	0.759	1.060	0.741	0.686	0.527
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	4.909	(11.959)	3.121	(0.518)	(2.463)
Changes of assumptions	0.547	1.201	3.454	(8.540)	(5.945)
Benefit payments	(0.074)	(0.150)	(0.155)	(0.248)	(0.171)
Net change in total OPEB liability	\$ 7.714	\$ (7.990)	\$ 8.823	\$ (5.798)	\$ (6.104)
Total OPEB liability - beginning	19.790	27.504	19.514	28.337	22.539
Total OPEB liability - ending	<u>\$ 27.504</u>	<u>\$ 19.514</u>	<u>\$ 28.337</u>	<u>\$ 22.539</u>	<u>\$ 16.435</u>

Covered-employee payroll	\$ 396	\$ 359	\$ 474	\$ 460	\$ 469
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Total OPEB liability as a percentage of covered-employee payroll	6.95%	5.44%	5.98%	4.90%	3.50%
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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.

SUPPLEMENTARY INFORMATION

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE (CASH BASIS BUDGET)

Year Ended June 30, 2023

	Budget (Cash Basis)	Actual (Cash Basis)	Variance Favorable (Unfavorable)
REVENUES:			
TECB distribution of 911 surcharges (base amount)	\$ 527,358	\$ 527,358	\$ -
TECB subsidies	-	204,516	204,516
TECB distribution of excess revenue	251,157	110,290	(140,867)
Interest income	8,800	41,722	32,922
Contributions from primary governments	113,700	113,700	-
Contributions from other governments and agencies	130,200	130,200	-
Total Revenues (Cash Basis)	1,031,215	1,127,786	96,571
EXPENSES:			
Salaries - director	53,025	52,885	140
Salaries, wages and benefits - dispatch	520,200	415,658	104,542
Employee benefits	182,700	143,420	39,280
Maintenance contracts	53,762	47,886	5,876
Other contracted services	1,800	2,317	(517)
Repairs - buildings and facilities	7,180	18,854	(11,674)
Accounting services	13,200	15,700	(2,500)
Audit services	7,776	6,858	918
Legal services	475	558	(83)
Insurance	14,540	22,603	(8,063)
NCIC charge	7,510	2,240	5,270
Travel	7,500	818	6,682
Training	2,600	-	2,600
Fees paid to service providers	-	6,347	(6,347)
Administrative telephone	21,060	26,259	(5,199)
Supplies and materials	7,080	6,460	620
Utilities	16,080	14,048	2,032
Other charges	6,590	2,190	4,400
Total Expenses (Cash Basis)	923,078	785,101	137,977
Net Income (Loss) (Cash Basis)	108,137	342,685	234,548
RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS:			
Depreciation		(17,749)	
Loss on disposal of assets		(2,740)	
Change in net OPEB related items		5,912	
Increase in accrued payroll		(2,263)	
Increase in accrued compensated absences		(5,288)	
Decrease in accrued payroll expenses		3,884	
Increase in prepaid expenses		13,708	
Increase in accrued interest receivable		2,675	
Net reconciliation cash to accrual		(1,861)	
Increase in net position (accrual basis)		340,824	
NET POSITION, beginning of year		3,094,945	
NET POSITION, end of year		\$ 3,435,769	

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
SCHEDULE OF INSURANCE
June 30, 2023

	Coverage <u>Amount</u>
Property coverage:	
Real property	\$ 320,413
Tower property	220,757
Software	250,000
Earthquake	320,413
Flood	320,413
General liability:	
Aggregate limit	10,000,000
Each occurrence	1,000,000
Personal injury	1,000,000
Medical expense	10,000
Automobile liability:	1,000,000
Workmen's compensation	500,000
Fidelity bond:	
Chairman	45,000
Treasurer	45,000
Director	45,000
Board Member	100,000
Money & Securities	30,000

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
ROSTER OF OFFICIALS
June 30, 2023

BOARD

Bill Myers, Chairman
Roy Griggs, Vice Chairman
Josh Young, Treasurer/Secretary
Kenneth Bass
Joe Purvis
Matthew Wysock
Tracy Wilburn
Elizabeth Louie

DIRECTOR

Gwen Gracy

PUTMAN & HANCOCK
Certified Public Accountants

219 East College Street
P.O. Box 722
Fayetteville, Tennessee 37334

(931) 433-1040
Fax (931) 433-9290
www.putmanandhancock.com

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

Board of Directors
Giles County E-911 Communications District
Pulaski, 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 Giles County E-911 Communications District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-002, 2023-003, and 2023-004 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-001.

Giles County E911 Communications District Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Giles County E911 Communication District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Putman & Hancock

Fayetteville, Tennessee
November 30, 2023

GILES COUNTY E-911 COMMUNICATIONS DISTRICT
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
June 30, 2023

FINDING NUMBER 2023-001:

Condition and Criteria:

Although total operating expenditures were below budget, we noted the District had actual expenditures in excess of budgeted expenditures for several line items.

Cause:

Due to high turnover at the District, the Director had to spend extra time filling in for dispatchers. This prevented her from being able to monitor budgets appropriately.

Effect:

Actual expenditures in excess of budgeted expenditures are in violation of Tennessee Code Annotated 7-86-120.

Auditors' Recommendations:

Budgets should be monitored and amended as necessary to reflect authorization of the Board to incur expenditures.

Management Response:

We concur with the finding. Budgets will be amended in the future as required.

FINDING NUMBER 2023-002:

Condition and Criteria:

Certain collections of contributions from other governments were not closely monitored during the year, resulting in several of the smaller government contributors getting behind in making their agreed-upon contributions.

Cause:

Due to high turnover at the District, the Director had to spend extra time filling in for dispatchers. This prevented her from being able to monitor these revenues appropriately.

Effect:

The absence of proper monitoring of the District's revenues enhances the possibility that all revenues due to the District may not be collected.

Auditors' Recommendations:

Contact should be made with these governments who are behind in their contributions to encourage them to get current with their payments and stay current. These revenue streams should be monitored closely in the future to ensure that the District collects the revenues that it is due.

Management Response:

We concur with the finding. Procedures will be put into place to monitor the District's revenues and ensure that collections are more timely.

FINDING NUMBER 2023-003:

Condition and Criteria:

While reviewing cash reconciliations, it was noted that two large deposits that were over one month old were still listed as outstanding. In addition, numerous large EFTs were listed as outstanding, but needed to be voided due to being replaced with another entry in the accounting system.

Cause:

Due to high staff turnover, the Director did not have time to appropriately monitor long-outstanding items.

Effect:

The absence of a proper cash reconciliation that can be agreed back to the general ledger increases the possibility that the financial statements may be materially misstated and not corrected in a timely manner.

Auditors' Recommendations:

Cash reconciliations should be performed in a timely manner after all entries for the month are posted. In addition, when it is necessary to record a corrected entry for a previous payment or deposit, the incorrect entry should be voided.

Management Response:

Reconciliations will continue to be performed on a timely basis. We will verify that all transactions have been posted for the month prior to reconciling the bank account and no changes be made after reconciliation. We will also monitor correcting entries and ensure that previous entries for the same transaction are properly voided.

FINDING NUMBER 2023-004:

Condition and Criteria:

We noted instances where original source documents to support selected credit card disbursements could not be located. Original source documents must be retained for future reference and audit purposes.

Cause:

This was an oversight by the Director; these receipts were misplaced.

Effect:

The absence of accurate, complete, and properly approved source documentation increases the possibility of financial statement misstatement as well as misappropriation of assets:

Auditors' Recommendations:

We recommend that all disbursements be supported by appropriate source documents. We further recommend that the documentation be retained for future reference and audit purposes.

Management Response:

We concur with the recommendation and will insure supporting documents are retained.

Giles County

E-911

131 S CEDAR LN
P.O. BOX 307
PULASKI TN 38478

MANAGEMENT'S CORRECTIVE ACTION PLAN June 30, 2023

Giles County E-911 Communications District respectfully submits the following corrective action plan for the year ended June 30, 2023.

FINDING NUMBER 2023-001:

Condition and Criteria:

Although total operating expenditures were below budget, we noted the District had actual expenditures in excess of budgeted expenditures for several line items.

Recommendation:

Budgets should be monitored and amended as necessary to reflect authorization of the Board to incur expenditures.

Planned Corrective Action:

Actual expenditures versus budget will be monitored. Budgets will be amended by the board to reflect its authorization to incur expenditures.

FINDING NUMBER 2023-002:

Condition and Criteria:

Certain collections of contributions from other governments were not closely monitored during the year, resulting in several of the smaller government contributors getting behind in making their agreed-upon contributions.

Recommendation:

Contact should be made with these governments who are behind in their contributions to encourage them to get current with their payments and stay current. These revenue streams should be monitored closely in the future to ensure that the District collects the revenues that it is due.

Planned Corrective Action:

Contact will be made with these governments to get them caught up in their contributions and procedures will be put into place to monitor the District's revenues and ensure that collections are more timely.

FINDING NUMBER 2023-003:

Condition and Criteria:

While reviewing cash reconciliations, it was noted that two large deposits that were over one month old were still listed as outstanding. In addition, numerous large EFTs were listed as outstanding, but needed to be voided due to being replaced with another entry in the accounting system.

Recommendation:

Cash reconciliations should be performed in a timely manner after all entries for the month are posted. In addition, when it is necessary to record a corrected entry for a previous payment or deposit, the incorrect entry should be voided.

Planned Corrective Action:

Reconciliations will continue to be performed on a timely basis. We will verify that all transactions have been posted for the month prior to reconciling the bank account and no changes be made after reconciliation. We will also monitor correcting entries and ensure that previous entries for the same transaction are properly voided.

FINDING NUMBER 2023-004:

Condition and Criteria:

We noted instances where original source documents to support selected credit card disbursements could not be located. Original source documents must be retained for future reference and audit purposes.

Recommendation:

We recommend that all disbursements be supported by appropriate source documents. We further recommend that the documentation be retained for future reference and audit purposes.

Planned Corrective Action:

The District will exercise increased diligence in the filing of source documents.

Responsible Person:

Director, Gwen Gracy

Anticipated Completion Date:

Corrective action will be implemented immediately at the beginning of subsequent fiscal year.

If the Tennessee Emergency Communications Board has questions regarding this plan, please call Gwen Gracy at (931) 363-6810.


Gwen Gracy, Director 11/30/23

**GILES COUNTY E-911 COMMUNICATIONS DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
For the Fiscal Year Ended June 30, 2023**

Financial Statement Findings

Finding Number	Finding Title	Status
2022-001	Budgets	Repeated
2022-002	Retirement Contributions	Corrected
2022-003	Bank Reconciliations	Repeated