

# ECD Director 101

# What is an ECD?

- An ECD is an independent governmental entity, a “municipality” or “public corporation in perpetuity” and a “body politic and corporate with power of perpetual succession” but without the power to tax. - Tenn. Code Ann. § 7-86-106.
- There are 100 ECDs in Tennessee.
- ECDs are governed by their boards of directors, usually appointed by the County Executive.

# What is an ECD?

- An ECD can be considered a “component unit” of local city or county government under government accounting standards, but it is still legally it’s own entity.
- This does not mean the local government has any authority over the management of the ECD, only that the ECD’s accounts may be presented in the local government audited financial statements.

# What is an ECD?

- The ECD board has authority to employ such employees, experts and consultants as the board may deem necessary to assist the board in the discharge of its responsibilities to the extent that funds are made available.
- Surety bond required for any board member, executive committee member, employee, officer, or any other authorized person of an ECD, who receives public funds, has authority to make expenditures from public funds, or has access to any public funds, as provided for in Tenn. Code Ann. § 7-86-119.

# Purpose of an ECD?

- Intent of law is to provide a simplified means of securing emergency services, which will result in saving of life, a reduction in the destruction of property, quicker apprehension of criminals and, ultimately, the saving of money
- The funds received by the district are to be used to obtain emergency services for law enforcement and other public service efforts requiring emergency notification of public service personnel, and the funds received from all sources shall be used exclusively in the operation of the district.

# Response to 911 Calls

- 99 ECDs have elected to dispatch 911 calls. Some perform this function with their own staff and resources. The remainder have delegated local governments to act as the district's agent in performing this function.
- Each ECD specifically tailors its intergovernmental arrangements to meet the local needs of its citizens.
- This should be memorialized in writing in an interlocal agreement and signed and authorized by all participating authorities. A copy should be filed with TECB.

# Conducting ECD Business: Public Records

- The Public Records Act provides that all state, county and municipal records shall be open for personal inspection by any citizen of Tennessee and those in charge of such records shall not refuse such right of inspection to any citizen, unless otherwise provided by state law.
- Certain records are deemed confidential under state law – T.C.A. 10-7-504 – Unlisted phone numbers are “confidential” and should be redacted.

# Conducting ECD Business: Open Records Request Response

- Access to records must be granted to any citizen of Tennessee during business hours.
- The custodian may take up to 7 business days to:
  - Provide access to record
  - Deny in writing access to record with explanation of basis of denial or
  - Indicate additional time necessary to produce the record
- The custodian may require the requestor to produce photo identification with an address in order to inspect or to receive copies.

# Ethics

- The Comprehensive Governmental Ethics Reform Act of 2006 made numerous changes to the law regarding ethics, and it created the Ethics Commission.
- The Ethics Act requires all governmental entities adopt ethical standards for all officials and employees of such entity and submit their ethical standards to the Ethics Commission.

# Ethics Policies

- Ethical standards are required to include rules and regulations on:
  - Disclosure by officials and employees of any personal interests that impact or appear to impact their discretion;  
AND
  - Acceptance of gifts and other things of value received by an official that impact or appear to impact their discretion
- ECDs can either:
  - Adopt a model ethics policy created by MTAS or CTAS
  - Adopt their own policy or
  - Determine they are covered by a policy adopted by the county or municipality

# ECD Revenue

- A district may receive funds from federal, state and local government sources, as well as funds from private sources, including funds from the issuance of bonds.
- All funds received by the district are public funds and are limited to purposes for the furtherance of the 911 system. The funds received by the district shall be used exclusively in the operation of the emergency communications district -TCA § 7-86-102(d).

# ECD Revenue

- In order to provide a safe temporary medium for the investment of idle funds, districts shall deposit and invest idle funds according to Tenn. Code Ann. § 5-8-301.
- All funds deposited with a bank or other financial institution shall be secured by collateral in the same manner and under the same conditions as state deposits under title 9, chapter 4, parts 1 and 4, or as provided in a collateral pool created under title 9, chapter 4, part 5.
- If a district authorizes debt, a debt management policy must be adopted. The policy should address financing needs and the role debt will play in the overall financial management strategy. The policy needs only to address the particular types of debt that the entity plans to use.

# ECD Revenue

- The Emergency Communications District Law, TCA § 7-86-101, went into effect on January 1, 2015
  - ECD's funding is guaranteed at a base amount from TECB. (copy of schedule is available)
- The new law also provides that at least 50% of TECB excess revenue over expenditures for each year be distributed to ECDs.
  - TECB action established a 75% minimum to be distributed before December 31 of each year, based on the same ratio as base funding distributions.

# ECD Revenue

- The only additional ECD revenue from TECB will be up to:
  - \$300,000 for costs of ECD consolidation
  - \$100,000 temporary loans for catastrophic losses
  - \$450,000 for essential equipment
  - Allocated amounts for NG911 PSAP equipment
  - ANI/ALI trunk line cost reimbursements
- Essential equipment and NG911 equipment balances are available until each ECD has received all of its allocation.

# ECD Revenue

- To be able to check the status of state payments in process, go to <https://supplier.edison.tn.gov> to Register as a Sourcing Bidder (link on the left side of the screen). The instructions are in the Registration section at the bottom right corner of the screen as “eSupplier Registration Steps (Basic)”.
- Bidder Services at [bidder.registration@tn.gov](mailto:bidder.registration@tn.gov), or phone number 615-741-6875 may also provide assistance.

# Revenue Standards

- 911 funds should only be spent for allowable purposes.
  - TCA 7-86-306(a)(10) authorizes the TECB to establish operating standards concerning acceptable uses of revenue for ECDs and periodically review and revise these standards
  - The TECB has established Revenue Standards that govern how ECDs expend 911 revenue. Currently, there are six required, 30 permissible, and eight prohibited uses
  - All contracted CPA auditors to ECDs are required to publish in their annual audit, all findings that would indicate any violation of the Revenue Standards
- The Revenue Standards are located on the TECB website (<http://tn.gov/commerce/section/e911>).

# Purchasing

- TCA § 7-86-121(b) states that all ECD revenues must be expended according to the provisions of the County Purchasing Law of 1983.
- The ECD board is deemed to be the governing body within the context of this law and is authorized to adopt regulations and procedures for compliance.
- Use local governments as a resource for establishing regulations and procedures.
- The ECD shall be exempt from all taxation in Tennessee.

# Purchasing

- No member of the board shall have control or custody of the financial assets of an ECD.
- No member of the board, on such member's sole authority, may authorize the disbursement, transfer, withdrawal or investment of any financial assets belonging to ECD.
- The board shall adopt comprehensive travel regulations applicable to all officers and employees. Such regulations shall determine what and how expenses will be reimbursed. Travel regulations shall be open for public inspection and kept on file in the district office.

# Purchasing

- ECD board policies should address authorizations and processes for requesting, approving and paying for purchases and documentation required:
  - Dollar value or other criteria of items to be purchased to determine processes to be followed.
  - Advertising and bidding requirements, exceptions, and documentation.
  - Use of lease or lease-purchase in lieu of purchase.
  - Applicable exemptions for perishable items, fuel, public notices, freight charges, meeting expenses, emergency items, single source and proprietary items, and statewide, GSA or other ECD contracts, when applicable.

# Purchasing

- All purchases shall be made only after public advertisement and competitive bid, except:
  - Purchases costing less than \$10,000 **do not require public advertisement, but do require competitive bids whenever possible (TCA § 5-14-205).**
  - Purchases from a single source of supply or a proprietary product.
  - Purchases requiring immediate delivery in actual emergencies.
  - Purchases off of statewide or GSA federal contracts or other ECD contracts.

# Purchasing

- Any goods or services not procured by competitive means shall have a record of such purchases made by the person or body authorizing such purchases. The record specifies:
  - the amount paid.
  - the item(s) purchased .
  - from whom the purchases were made.
  - justification for not obtaining competitive bids.
- A report of such purchases shall be made as soon as possible to the ECD board and shall include all items of information as required in the record.

# Depreciation

- An asset's useful life must be determined and based on expectations and historical knowledge of similar items.
- The Accounting and Financial Reporting Manual sets recommended upper limits for useful lives:
  - office furniture and fixtures – 10 yrs.
  - equipment – 10 yrs.
  - vehicles – 5 yrs.
  - buildings & improvements – 40 yrs.
- Depreciation enables an ECD to accumulate resources to replace equipment as it wears out or becomes obsolete.
- An ECD has the option of recording depreciation in its budget. It is not a cash expenditure, but will be recorded in financial statements and affect the change in net position for the year being reported.

# Budget Requirements

- The law requires the board of each ECD to adopt an annual budget.
- ECDs are restricted to making purchases and expenditures under the constraints of approved budget line-item limitations.
- Budgets may be amended during the course of the fiscal year, but not after the fiscal year has ended.

# Budget Requirements

- Components of Budget/Fiscal Plan:
  - Estimates of proposed expenditures
  - Statement of bonded and other debts
  - Estimates of anticipated revenues
  - Schedule of salaries by position
  - Statement of estimated balance or deficit
  - Statement of pending/new capital projects
  - Any supporting schedules deemed necessary
- TECB provides a form on its website which contains all of these elements.

# Budget Requirements

- Budgets should be presented to and adopted by ECD boards before July 1 of the budget year, or expenditures are not legally authorized.
  - Prior to adoption, a copy of the budget shall be filed with the chief administrative officer and the clerk or recorder of the appropriate county or municipality.
  - Within thirty (30) days after the budget's adoption, a copy shall be filed with the chief administrative officer and the clerk or recorder of the appropriate county or municipality.
  - A copy of the approved budget shall also be filed with the TECB no later than 45 days after July 1st.

# Financial Distress

- TCA § 7-86-304 - A financially distressed district is one that:
  - Has a negative change in net position for 3 consecutive years.
  - Has deficit total net position; or.
  - Is in default on any indebtedness.
- An ECD may be deemed financially distressed if:
  - It is the subject of a lien filed by the IRS.
  - It cannot satisfy financial obligations to the extent that the operation of the district is at risk.
- A financially distressed district shall be supervised and evaluated by the TECB (See TECB Policy No. 06).

# FINANCIAL REPORTING

- An ECD must comply with accountability standards for finances.
  - TCA § 7-86-304 directs the Comptroller of the Treasury to develop a uniform financial accounting system conforming to generally accepted accounting principles for use by all ECDs.
  - The Accounting and Financial Reporting Manual for Emergency Communications Districts (July 1, 2015 edition) is located at:

<http://www.comptroller.tn.gov/la/pdf/20150626TNECDManual2015.pdf>

# FINANCIAL REPORTING

- All ECDs are required to adopt the uniform chart of accounts prepared by the Comptroller of the Treasury and presented in the Accounting and Financial Reporting Manual.
- Any deviations from the uniform chart of accounts must be with the written approval of the Office of the Comptroller of the Treasury, Division of County Audit.

# FINANCIAL REPORTING

- ECD boards are to be presented with financial reports at every regularly scheduled board meeting in accordance with guidelines written in the Accounting and Financial Reporting Manual. Required financial reports shall:
  - Contain information from the month prior to the month of meeting.
  - Include a balance sheet reflecting the financial position of the district.
  - Contain a statement of operations (total revenues compared to total expenditures).
  - Include a budget variance statement which compares budgeted expenses with actual expenses for the year to date. (also required by GASB 34 & 41)
  - Include a summary of investment activity which includes a listing of all investments accounts.

# Audit

- TCA § 7-86-113 states that the board of directors of each district shall cause an annual audit to be made of the books and records of the district.
- These audits shall be prepared only by certified public accountants (CPAs) or certified public accounting firms licensed by the Tennessee State Board of Accountancy or by the Comptroller of the Treasury, but in all cases will be reviewed by the Comptroller of the Treasury, Division of County Audit.

# Audit

- Audit contracts are not to be awarded based upon competitive bids but on the basis of recognized competence and integrity.
- A "Contract to Audit Accounts" should be executed through the web based application known as Contract and Report System (CARS), which is located on the Comptroller's website at [https://www.comptroller.tn.gov/RA Upload/](https://www.comptroller.tn.gov/RA_Upload/). This process may be initiated by the auditor or the ECD.
- A copy of the audit report must be filed with the clerk or recorder of the appropriate county or municipality and the chief administrative officer of the appropriate county or municipality.
- Generally the auditor files the audit with the Comptroller of the Treasury and TECB obtains the audit from the Comptroller.

# Backup Plans

- Required by TECB Policy No. 9
- Re-routing of 911 calls from disabled or evacuated PSAP
- Written contingency plan
- Annual testing of the contingency plan
- TECB must be notified for outages exceeding 30 minutes

# Dispatcher Course of Study Requirements

- TECB Rule 0780-06-02.03 requires that all emergency call takers or public safety dispatchers who receive an initial or transferred 911 call complete:
  - No less than 40 hours of supervised on-the-job training
  - No less than 45 hours of public safety communications coursework with 5 hours for missing or exploited children.
  - Continuing education of no less than 10 additional hours of public safety coursework every 2 years with 2 hours of continuing education involving missing or exploited children.
- These requirements apply to ALL call takers no matter who they work for.
- The State Regulations set a MINIMUM for training. The TECB encourages ECDs to provide more.

# CMCP

## Center Manager Certification Program (CMCP) NENA training offered by TECB

- Designed for PSAP and 911 Authority Managers and Supervisors
- Class is a 40 hour, 5 consecutive day course
- Next class in Jackson, TN on 1/11
- 3 more classes to be scheduled in 2016

# ?? QUESTIONS ??

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