

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

**FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS**

JUNE 30, 2018 AND 2017

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

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INTRODUCTORY SECTION

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
LIST OF PRINCIPAL OFFICIALS
CITY OF BRENTWOOD, TENNESSEE
JUNE 30, 2018

Elected:

Mayor	Jill Burgin
Vice Mayor	Mark Gorman
Commissioner	Betsy Crossley
Commissioner	Anne Dunn
Commissioner	Rhea Little, III
Commissioner	Regina Smithson
Commissioner	Ken Travis

Appointed:

City Manager	Kirk Bednar
Assistant City Manager	Jay Evans
City Attorney	Kristen Corn
City Recorder	Holly Earls
Finance Director	Richard Parker
City Treasurer	Karen Harper
Human Resource Director	Michael Worsham
Police Chief	Jeff Hughes
Fire Chief	Brian Goss
Planning and Codes Director	Jeff Dobson
Public Works Director	Todd Hoppenstedt
Engineering Director	Mike Harris
Water and Sewer Director	Chris Milton
Library Director	Susan Earl
Community Relations Director	Deanna Lambert
Parks and Recreation Director	David Bunt
Technology Director	John Allman
City Judge	Laurie Jewett

FINANCIAL SECTION



Independent Auditor's Report

The Honorable Mayor and
Board of Commissioners
Brentwood Emergency Communications District
Brentwood, Tennessee

We have audited the accompanying financial statements of the Brentwood Emergency Communications District (a component unit of the City of Brentwood, Tennessee) (the "District"), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



The Honorable Mayor and
Board of Commissioners
Brentwood Emergency Communications District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Brentwood Emergency Communications District, as of June 30, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, in fiscal year 2018, the District adopted Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 5 - 8, the Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios - Pension Plan on page 30, the Schedule of Employer Contributions - Pension Plan on page 31, the Schedule of Changes in the District’s Proportionate Share of the Net OPEB Liability and Related Ratios - OPEB Plan on page 32, the Schedule of District Contributions - OPEB Plan on page 33, and the Schedule of Investment Returns - OPEB Plan on page 34, be presented to supplement the basic financial statements. Such 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. 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District’s basic financial statements. The introductory section on page 1, the Schedule of Revenues and Expenses - Budget and Actual on page 35 and the Schedule of Detailed Expenses on page 36 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Revenues and Expenses - Budget and Actual and Schedule of Detailed Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenses - Budget and Actual and Schedule of Detailed Expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The Honorable Mayor and
Board of Commissioners
Brentwood Emergency Communications District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018, 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.

Crosslin, PLLC

Nashville, Tennessee
December 31, 2018

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Brentwood Emergency Communications District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal years ended June 30, 2018 and 2017. This section should be read in conjunction with the financial statements and accompanying notes, which follow this section.

The Brentwood Emergency Communications District is presented as a blended component unit within the proprietary funds of the City of Brentwood (the "City" or "primary government"), located in Williamson County, Tennessee. The District was authorized in September 2002 in accordance with §24-52 of the *Brentwood Municipal Code*, the Board of Commissioners of the City of Brentwood and pursuant to the Tennessee Emergency Communications District Law. The District provides for operation, maintenance, funding and enhancement of the City's existing emergency communications system. The costs of these services are funded by monthly telephone subscriber service fees.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's financial statements. The financial report includes financial statements, notes to the financial statements and other supplementary information. The statement of net position presents information on the assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of revenues, expenses and changes in net position presents information on the revenues and expenses of the District. The statement of cash flows presents the cash provided and used by operating activities as well as other cash sources and cash payments such as investment income, capital additions and transfers to or from the City.

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred.

**BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED (UNAUDITED)**

The following tables present a summary of the District's net position as of June 30, 2018, 2017, and 2016 and changes in net position for the years then ended.

District's Net Position

	<u>2018</u>	<u>2017 (as restated)</u>	<u>2016</u>
Current Assets	\$ 1,942,896	\$ 1,682,147	\$ 2,187,358
Capital Assets	448,180	595,352	727,050
Net Pension Asset	<u>38,683</u>	<u>9,180</u>	<u>36,978</u>
Total Assets	<u>2,429,759</u>	<u>2,286,679</u>	<u>2,951,386</u>
Deferred Outflows of Resources	<u>258,446</u>	<u>155,258</u>	<u>85,099</u>
Current Liabilities	157,634	134,176	229,222
Other Postretirement Benefits Liability	<u>159,192</u>	<u>151,954</u>	<u>-</u>
Total Liabilities	<u>316,826</u>	<u>286,130</u>	<u>229,222</u>
Deferred Inflows of Resources	<u>1,370</u>	<u>32,510</u>	<u>52,532</u>
Investment in Capital Assets	448,180	595,352	727,050
Restricted	38,683	9,180	36,978
Unrestricted Net Position	<u>1,883,146</u>	<u>1,518,765</u>	<u>1,990,703</u>
Net Position	<u>\$ 2,370,009</u>	<u>\$ 2,123,297</u>	<u>\$ 2,754,731</u>

District's Changes in Net Position

	<u>2018</u>	<u>2017 (as restated)</u>	<u>2016</u>
Operating Revenues	\$ 913,910	\$ 972,979	\$ 880,775
Operating Costs and Expenses	<u>1,186,228</u>	<u>1,208,410</u>	<u>1,192,066</u>
Operating Loss	(272,318)	(235,431)	(311,291)
Interest Income	34,330	21,251	11,535
Contributions from the primary government	484,700	484,700	418,700
Contributions to the primary government	<u>-</u>	<u>(750,000)</u>	<u>-</u>
Change in Net Position	246,712	(479,480)	118,944
Net Position, Beginning of Year	2,123,297	2,754,731	2,635,787
GASB No. 75 Restatement	<u>-</u>	<u>(151,954)</u>	<u>-</u>
Net Position, End of Year	<u>\$ 2,370,009</u>	<u>\$ 2,123,297</u>	<u>\$ 2,754,731</u>

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED (UNAUDITED)

Operating and Nonoperating Revenues

The Brentwood Emergency Communications District total operating revenue was \$913,910, \$972,979 and \$880,775 for the years ended June 30, 2018, 2017, and 2016, respectively.

Beginning January 1, 2015, the service fee formula for funding 911 services in Tennessee changed to a uniform statewide fee for all communication devices capable of contacting the 911 system. This new fee of \$1.16 per month is collected by the state and returned to local districts. The funding distribution model includes a minimum amount for each district based on the three year average of recurring revenue for the district between fiscal years 2010 - 2012 or the recurring revenue amount from fiscal year 2012, whichever is greater. For Brentwood, minimum distribution is based on the fiscal year 2012 amount of approximately \$864,000. This minimum distribution will provide some much needed stability given the continuing decrease in landline fees being experienced by most districts over the past several years.

With the change in the collection of service fees, no fees were collected directly by the District in fiscal years 2016, 2017, or 2018. Funding received through the Tennessee Emergency Communications Board decreased to \$913,910 in fiscal year 2018 from \$972,979 in fiscal year 2017, compared with \$880,775 in fiscal year 2016.

Due to the changes in collection methods, the categories of operating revenues have changed in the past three fiscal years; however, total operating revenue has decreased 6.1% in fiscal year 2018, and increased 10.5% and 5.8% in fiscal years 2017 and 2016, respectively.

During 2018, 2017, and 2016, the District had non-operating revenue, excluding contributions from the primary government, of \$34,330, \$21,251, and \$11,535, respectively, resulting primarily from interest income.

Operating Expenses

Operating expenses of the District decreased to \$1,186,228, for fiscal year 2018 compared with \$1,208,410 for fiscal year 2017, due primarily to a decrease in employee benefits. Operating expenses increased to \$1,208,410 for fiscal year 2017 compared with \$1,192,066 for fiscal year 2016, due primarily to salaries and wages.

GASB Statement No. 75

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“OPEB”), for the year ended June 30, 2018. The Statement establishes accounting and financial reporting requirements that, among other things, require the City to recognize a liability equal to the total OPEB liability. The impact on the financial statements was a decrease to net position for fiscal 2017, as disclosed in Note 1. Amounts in this MD&A have been presented accordingly.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED (UNAUDITED)

Contributions to and from the City

The District received budgeted contributions from the City of \$484,700 in both fiscal years 2018 and 2017, and \$418,700 in fiscal year 2016.

During fiscal year 2017, the District entered into an Interlocal Agreement with the City which provides for funding of equipment, programs and projects by the City and ECD that are in furtherance of ECD's purpose. The Interlocal Agreement allows either party to transfer funds to the other for purchasing equipment, employing personnel or carrying out programs or projects that will assist the ECD in fulfilling its purpose. Under the Interlocal Agreement, during fiscal year 2017, the District contributed \$750,000 to the City's Capital Projects Fund for the purchase of new computer-aided dispatch software. The City and District consulted with the State ECD Board regarding the Interlocal Agreement and transfer.

Capital Expenditures

The District added \$2,358, \$27,720, and \$78,825 in communications equipment in 2018, 2017, and 2016 respectively. Depreciation of capital assets totaled \$149,530, \$159,418, and \$169,329 for 2018, 2017, and 2016, respectively.

Further information regarding capital assets can be found in Note 3 to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Brentwood
Attn: Finance Director
P. O. Box 788
Brentwood, Tennessee 37024-0788
E-mail: financedirector@brentwoodtn.org

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

STATEMENTS OF NET POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017 (as restated)</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,936,410	\$ 1,677,984
Receivables	-	2,531
Prepaid expense	<u>6,486</u>	<u>1,632</u>
TOTAL CURRENT ASSETS	<u>1,942,896</u>	<u>1,682,147</u>
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	448,180	595,352
Net pension asset	<u>38,683</u>	<u>9,180</u>
TOTAL NONCURRENT ASSETS	<u>486,863</u>	<u>604,532</u>
TOTAL ASSETS	<u>2,429,759</u>	<u>2,286,679</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	228,986	155,258
Other postretirement benefits	<u>29,460</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>258,446</u>	<u>155,258</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts and other payables	25,156	21,766
Accrued expenses	103,134	108,752
Net amount due to primary government	<u>29,344</u>	<u>3,658</u>
TOTAL CURRENT LIABILITIES	<u>157,634</u>	<u>134,176</u>
NONCURRENT LIABILITIES		
Other postretirement benefits	<u>159,192</u>	<u>151,954</u>
TOTAL LIABILITIES	<u>316,826</u>	<u>286,130</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	<u>1,370</u>	<u>32,510</u>
NET POSITION		
Investment in capital assets	448,180	595,352
Restricted	38,683	9,180
Unrestricted	<u>1,883,146</u>	<u>1,518,765</u>
TOTAL NET POSITION	<u>\$ 2,370,009</u>	<u>\$ 2,123,297</u>

See accompanying notes to financial statements.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017 (as restated)</u>
OPERATING REVENUES		
Tennessee Emergency Communications Board - operational funding	\$ 913,910	\$ 972,979
OPERATING COSTS AND EXPENSES		
Salaries and wages	602,649	567,041
Employee benefits	171,953	249,074
Contracted services	148,715	116,000
Supplies and materials	90,974	93,270
Other charges	22,407	23,607
Depreciation	<u>149,530</u>	<u>159,418</u>
TOTAL OPERATING COSTS AND EXPENSES	<u>1,186,228</u>	<u>1,208,410</u>
OPERATING LOSS	<u>(272,318)</u>	<u>(235,431)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	34,330	21,251
Contributions from primary government - general fund	484,700	484,700
Contributions to primary government - capital projects fund	<u>-</u>	<u>(750,000)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>519,030</u>	<u>(244,049)</u>
CHANGE IN NET POSITION	246,712	(479,480)
NET POSITION - BEGINNING OF YEAR	2,123,297	2,754,731
Restatement for GASB 75, see Note 1	<u>-</u>	<u>(151,954)</u>
NET POSITION - END OF YEAR	<u>\$ 2,370,009</u>	<u>\$ 2,123,297</u>

See accompanying notes to financial statements.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017 (as restated)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operational funding	\$ 916,441	\$ 970,448
Payments to or on behalf of employees	(949,110)	(973,177)
Payments to suppliers	<u>(249,883)</u>	<u>(226,164)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(282,552)</u>	<u>(228,893)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions and other support from primary government - general fund	<u>509,006</u>	<u>484,700</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>509,006</u>	<u>484,700</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(2,358)	(27,720)
Contributions to primary government - capital projects fund	<u>-</u>	<u>(750,000)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,358)</u>	<u>(777,720)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>34,330</u>	<u>21,251</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>34,330</u>	<u>21,251</u>
NET INCREASE (DECREASE) IN CASH	258,426	(500,662)
CASH - BEGINNING OF YEAR	<u>1,677,984</u>	<u>2,178,646</u>
CASH - END OF YEAR	<u><u>\$ 1,936,410</u></u>	<u><u>\$ 1,677,984</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (272,318)	\$ (235,431)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	149,530	159,418
Pension expense (negative expense)	(134,371)	(62,383)
OPEB expense (negative expense)	(22,222)	-
(Increases) decreases in assets and increases (decreases) in liabilities:		
Accounts receivable	2,531	(2,531)
Prepaid expenses	(4,854)	7,080
Accounts and other payables	3,390	(1,375)
Accrued expenses	(5,618)	(94,679)
Net amount due to the funds, other than the General Fund, of the primary government	<u>1,380</u>	<u>1,008</u>
TOTAL ADJUSTMENTS	<u>(10,234)</u>	<u>6,538</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>\$ (282,552)</u></u>	<u><u>\$ (228,893)</u></u>

See accompanying notes to financial statements.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Brentwood Emergency Communications District (the “District”) was authorized by the Board of Commissioners of the City of Brentwood, Tennessee (the “City”) on September 10, 2002, in accordance with §24-52 of the *Brentwood Municipal Code*, and the Tennessee Emergency Communications District Law. This authorization occurred after the citizens of the City of Brentwood approved by a majority vote in August 2002, the creation of a Brentwood Emergency Communications District. The purpose of the District is to provide for public health, safety and welfare through effective and efficient emergency communications services which will result in saving lives, preventing and mitigating injuries, reducing the destruction of property, and facilitating faster apprehension of criminals. Prior to authorization of the District, the City of Brentwood’s General Fund reported all related costs for emergency communications activities and expenditures.

During fiscal year 2015, the Tennessee Emergency Communication Board began the roll out of the Next Generation 9-1-1 (NG911), and the City of Brentwood was connected to the state’s new IP network. This network is how the 9-1-1 calls are currently delivered.

Organization

The accompanying financial statements encompass the financial activities of the District, a component unit of the City of Brentwood, Tennessee, which is the principal reporting entity and primary government. Pursuant to T.C.A. §7-86-105(b)(7), the Board of Commissioners of the City of Brentwood is designated as the board of directors for the District, and all duly elected members of the Board of Commissioners serve as members of the District’s board of directors, unless any member is removed pursuant to state law.

The terms of the members of the Board of Commissioners run concurrently with their terms as members of the District’s board of directors. Unless otherwise decided by majority vote of the members of the board of directors, the mayor shall serve as chairman and the vice-mayor as vice-chairman of the board of directors.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District’s financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflow of resources associated with operations are included in the statement of net position. Net position is separated between investment in capital assets, restricted and unrestricted components.

The District’s net position classifications are as follows:

- Investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and, when applicable, is presented “net” of outstanding balances of any debt and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets. The District had no such debt or deferred inflows of resources at June 30, 2018 or 2017.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- Restricted - This component consists of net position restricted by grantors, contributors, or laws and regulations of other governments and restrictions imposed by law or through constitutional provisions or enabling legislation, reduced by liabilities related to those assets. The District's restricted net position relates to its net pension asset at June 30, 2018 and 2017.
- Unrestricted - This component consists of net position that do not meet the definition of "restricted" or "investment in capital assets."

When both restricted and unrestricted assets are available, it is the District's policy to expend restricted resources prior to expending unrestricted resources.

Operating and Non-operating Revenues and Expenses

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's ongoing operations. The principal operating revenues of the District are emergency telephone charges levied on residential and business service users. Operating expenses include the cost of providing these services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash

Cash consists of demand deposit accounts with a financial institution.

Capital Assets and Depreciation

Building improvements, furniture and fixtures and equipment are reported at cost at the date of purchase. The District's policy is to generally capitalize purchases of \$500 or more and an expected useful life greater than one year. Depreciation is calculated by the straight-line method over estimated useful lives of 3 to 20 years. When depreciable assets are sold, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is recognized. Costs of maintenance and repairs are charged to expense as incurred.

Compensated Absences

The District's employees are considered employees of the City of Brentwood. The City's personnel policy permits employees to accumulate earned but unused annual (vacation) leave and sick days. Annual leave days may accumulate to a maximum of 30 days for employees with up to 5 years of service, 45 days for employees with up to 20 years of service, and 60 days for employees with 20 or more years of service. There is no maximum number of sick days which may be accumulated. Upon termination, employees receive payment for accumulated annual leave days. Employees who leave employment with at least 20 years of service and are at least age 55 are paid a portion of the accumulated sick days depending on their date of hire. In addition, the City Manager has the authority to pay employees who resign from employment of the City up to 50% of the accrued sick days up to a maximum payment of 30 days. A liability for accumulated compensated absences is accrued when incurred.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue and Expense Recognition

On April 25, 2014, the Tennessee General Assembly passed the 911 Funding Modernization and IP Transition Act of 2014 (the "Act"). The Act, which was effective January 1, 2015, updates the model for 911 funding to account for changes in technology and consumer choice.

The resulting service fee formula for funding 911 services in Tennessee is based on a uniform statewide fee for all communication devices capable of contacting the 911 system. This fee of \$1.16 per month is collected by the state and returned to local districts. The funding distribution model includes a minimum amount for each district based on the three year average of recurring revenue for the district between fiscal years 2010 - 2012 or the recurring revenue amount from fiscal year 2012, whichever is greater. For Brentwood, minimum distribution is based on the fiscal year 2012 amount of approximately \$864,000.

Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

The City of Brentwood paid a communication service charge on behalf of the District to the service suppliers at a flat monthly recurring rate for one-party residence and business exchange access service within the geographic area. The monthly rate for 2018 was \$6,890 and for 2017 was \$6,723. Both the 2018 and 2017 rates are based on a charge of \$130 per one thousand access lines for the major service provider and \$110 per one thousand access lines for the other service suppliers.

Pensions

The District participates with the City of Brentwood in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System ("TCRS"). For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District and City's participation in the Public Employee Retirement Plan of the TCRS and additions to/deductions from the District and City'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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

At June 30, 2018 and 2017, the District's deferred outflows and inflows of resources relate to its participation in the City's pension and other postretirement benefit plans. The District reports deferred outflows of resources relating to contributions made after the measurement date, and when applicable reports deferred outflows and inflows of resources relating to differences between actual and expected experience and differences between actual and projected investment earnings related to the plans.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

The preparation of the District's financial statements in conformity with GAAP 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.

Restatement of Net Position

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("OPEB"), for the year ended June 30, 2018. The Statement establishes accounting and financial reporting requirements that, among other things, require the City to recognize a liability equal to the total OPEB liability. The impact on the financial statements was a decrease to beginning net position as follows:

Net position - beginning of the year, as previously reported	\$ 2,275,251
Adjustment to report OPEB liability	<u>(151,954)</u>
Net position - beginning of the year, as restated	<u>\$ 2,123,297</u>

NOTE 2 - CUSTODIAL CREDIT RISK - DEPOSITS

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; and (3) the Local Government Investment Pool of the State of Tennessee. The District's cash is held by a financial institution that participates in the bank collateral pool administered by the Treasurer of the State of Tennessee. 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.

Custodial risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The City, which includes the District, minimizes this risk by requiring full collateralization on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit, except when the institution issuing the certificate of deposit belongs to the State of Tennessee bank collateral pool. As of June 30, 2018, the District's deposits were fully insured or collateralized.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 3 - CAPITAL ASSETS

Schedules of changes in capital assets follow for the years ended June 30, 2018 and 2017:

	2018			
	Beginning of Year	Increases	Decreases / Adjustments	End of Year
Capital assets being depreciated:				
Building improvements	\$ 320,072	\$ -	\$ -	\$ 320,072
Furniture and fixtures	81,211	-	(950)	80,261
Equipment	1,650,593	2,358	-	1,652,951
Total capital assets being depreciated	2,051,876	2,358	(950)	2,053,284
Less accumulated depreciation for:				
Building and improvements	(135,856)	(20,872)	-	(156,728)
Furniture and fixtures	(64,260)	(10,782)	-	(75,042)
Equipment	(1,256,408)	(117,876)	950	(1,373,334)
Total accumulated depreciation	(1,456,524)	(149,530)	950	(1,605,104)
Capital assets, net	\$ 595,352	\$ (147,172)	\$ -	\$ 448,180

	2017			
	Beginning of Year	Increases	Decreases / Adjustments	End of Year
Capital assets being depreciated:				
Building improvements	\$ 320,072	\$ -	\$ -	\$ 320,072
Furniture and fixtures	81,194	-	17	81,211
Equipment	1,622,873	27,720	-	1,650,593
Total capital assets being depreciated	2,024,139	27,720	17	2,051,876
Less accumulated depreciation for:				
Building and improvements	(112,724)	(23,132)	-	(135,856)
Furniture and fixtures	(53,478)	(10,782)	-	(64,260)
Equipment	(1,130,887)	(125,504)	(17)	(1,256,408)
Total accumulated depreciation	(1,297,089)	(159,418)	(17)	(1,456,524)
Capital assets, net	\$ 727,050	\$ (131,698)	\$ -	\$ 595,352

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4 - TAX-EXEMPT STATUS

The District is exempt from federal and state taxation as it is deemed to be a government entity. Accordingly, no provision for income taxes has been provided.

NOTE 5 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains insurance coverage through the Tennessee Municipal League Risk Management Pool (the "TML Pool"), covering each of those risks of loss. The TML Pool is a cooperative risk sharing arrangement between local government agencies that works in many ways like a traditional insurer. The District pays a premium, receives coverage, and can make claims against that coverage. The District meets the TML Pool's guidelines and complies with its rules and regulations, including loss control requirements as well as its underwriting standards. Rates of the TML Pool are actuarially projected to provide adequate funding to cover loss reserves and expenses, as well as building contingency reserves. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Beginning with calendar year 2010, the City (which includes the District's employees) modified its fully insured employee group health insurance plan to include a high-deductible (\$5,000) and high max out-of-pocket (\$6,500) plan coupled with a City-funded Health Reimbursement Arrangement ("HRA"). The HRA was implemented to effectively limit the employee deductible and max out-of-pocket to \$1,000 (\$2,000 for dependent coverage). The City established the Insurance Fund, which functions as an internal service fund, to account and finance its HRA claims obligations and insurance premiums related to employee health and vision insurance coverage. Effective January 1, 2011, the City terminated its fully insured employee group health insurance plan, and established a partially self-funded insurance plan coupled with the existing City-funded HRA. Under the partially self-funded insurance plan, which is administered by Blue Cross Blue Shield of Tennessee, the City is liable through the HRA for up to \$5,500 of the first \$6,500 of individual employee claims with the employee being liable for up to \$1,000 out-of-pocket. The City then assumes liability for additional individual medical claims up to \$75,000. To help mitigate losses from high-dollar medical claims beyond the HRA combined City and employee liability of \$80,500 and the employee's out of pocket maximum of \$1,000 (total of \$81,500 funded amount), the City purchased catastrophic insurance coverage plans for Specific Stop Loss and Aggregate Stop Loss coverage. Specific Stop Loss coverage limits the City's potential liability for an individual catastrophic claim by covering all costs for an individual member once those costs exceed \$75,000 over and above the HRA funded amount and employee out of pocket maximum. Aggregate stop loss coverage caps the City's liability for all claims in the entire plan at an agreed upon dollar amount. In calendar year 2018, the aggregate stop loss threshold is approximately \$3.66 million.

The City continues to carry commercial insurance for other risks of loss, including general liability, property and casualty, and workers' compensation. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 6 - BUDGETS

Prior to May 15 of each year, the Director submits a proposed operating budget for the fiscal year commencing the following July 1. Prior to June 30, the budget is legally enacted through passage of an ordinance by the City's Board of Commissioners. The budget prepared is consistent with accounting principles generally accepted in the United States of America.

The Director is authorized to transfer budgeted amounts between categories within the District; any revisions that alter the total appropriations for the District must be approved through the passage of an ordinance by the Board of Commissioners. The Accounting and Reporting Manual for Tennessee Emergency Communications Districts requires the legal level of control to be at the line item level. Budget-to-actual financial statements are provided to the Board of Commissioners on a monthly basis.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

Employees of the District are included with the employees of the City of Brentwood in the City's post retirement benefit plan, which is a single-employer defined benefit plan (the "OPEB Plan"). The OPEB Plan provides medical and life insurance benefits to eligible retirees and their spouses. The benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City.

Plan and Employer Reporting

The City issues a publicly available Comprehensive Annual Financial Report ("CAFR") that includes the financial statements and certain required supplementary information of the OPEB Plan. That report may be obtained by writing to the City of Brentwood, Attn: Finance Director, P.O. Box 788, Brentwood, Tennessee 37024-0788, email: financedirector@brentwoodtn.org.

The City has adopted the provisions of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the OPEB Plan within the City's CAFR. All information presented in this note is based on the District's proportionate share of the OPEB Plan.

District membership in the plan consisted of the following at January 1, 2017, the date of the latest actuarial evaluation:

Active employees	11
Retired employees	<u>1</u>
Total	<u>12</u>

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS - Continued

Benefits Provided

Employees are fully eligible for post-retirement medical and life insurance once they reach the minimum age of 55 with 20 years of service with the City. For eligible employees hired prior to July 1, 2005 who are not eligible for health insurance coverage from or through another employer, the City pays the total cost for group health insurance coverage for the retired employee. The cost for health insurance coverage for the retired employee's eligible dependents, if any, who are themselves not yet age sixty-five (65) is the same as the cost for dependent coverage for active employees under the City's group health insurance plan. For eligible employees hired post July 1, 2005, who are not eligible for health insurance coverage from or through another employer, the City pays a share of the cost for group health insurance coverage for the retired employee based upon years of full-time service at the time of retirement. If the retiree elects to cover their eligible dependents, the retiree will be required to pay 100% of the additional cost for this dependent coverage. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. For eligible retirees who have reached age 65, and were hired prior to July 1, 2005, the City reimburses the cost of a Medicare supplement plan for the retiree. For those eligible retirees who have reached age 65, were hired prior to July 1, 2005 and retired after July 1, 2002, the City's reimbursement of the cost of a Medicare supplement plan is limited to the actual cost of the supplemental policy or 40% of the established monthly COBRA rate for employee only group health insurance coverage under the lowest priced group plan for current employees, whichever amount is less.

Funding Policy and Contributions

The contribution requirements are established and may be amended by the Board of Commissioners. The required contribution is based on an actuarial valuation utilizing the entry age normal method. During 2008, the City prefunded a trust account, administered by ICMA Retirement Corporation, in the amount of \$2,260,000, which included the 2008 annual required contribution of \$598,000, less amounts paid as premium benefits. The prefunding will reduce the annual required contribution in future years. For fiscal year 2018, the District contributed \$31,240 to the Trust and withdrew \$17,659 to pay benefits. For fiscal year 2017, the District contributed \$23,878 to the Trust and withdrew \$15,962 to pay benefits. All contributions were made by the employer (no contributions by active or retired employees). Employer contributions are calculated at 7.07% and 5.57% of covered payroll for 2018 and 2017, respectively.

Investments

Investment Policy

The City's policy in regard to the allocation of invested assets is established and may be amended by the City Commission. The Commission has established an Investment Policy and Investment Allocation for the City's Other Postemployment Benefits Trust through Resolution 2006-72. Management and administrative responsibility for the investment program has been delegated by the Commission to the OPEB Investment Committee, consisting of the City Manager, Assistant City Manager, Finance Director, and City Treasurer.

In accordance with the Investment Policy, the City shall pursue an investment strategy to provide sufficient return to meet the current and future OPEB benefit cash flow demands, while conforming to all state statutes governing the OPEB dedicated trust funds. Additionally, the primary objective, in order of priority, shall be: 1) Legality - conformance to the federal, state, and other legal requirements; 2) Safety - preservation of capital and protection of investment principal; and 3) yield - attainment of market rates of return.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS - Continued

The following is the adopted asset allocation policies for the OPEB Trust:

	<u>Target Allocation</u>	<u>Investment Mix</u>
Saving Oriented Portfolio	30%	75% bonds; 25% stocks
Conservative Growth Portfolio	40%	60% bonds; 40% stocks
Traditional Portfolio	30%	40% bonds; 60% stocks

The City, through ICMA Retirement Corporation invests in four exchange traded funds which in turn invest in a broad - range of underlying investments.

Rate of Return

For the year ended June 30, 2018, the annual money - weighted rate of return on investments, net of investment expense, was 6.75%. The money - weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all parties included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	4.0% per annum, average, including inflation
Investment rate of return	6.75%, net of expenses, including inflation
Healthcare cost trend rate	8.0% to grade uniformly to 5.0% over a 10 year period

Mortality rates were based on the RP - 2014 Total Dataset Mortality Table, with adjustments back to 2006 with improvement Scale MP-2014 and then projected forward generationally with Scale MP-2016.

There has not been an experience study performed for the OPEB Plan.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS - Continued

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 (see the discussion of the OPEB investment policy) are summarized in the following table:

Asset Class	Investment Mix			Long-Term Expected Real Rate of Return
Core Bond Index	96% bonds,	0% stocks,	4% other	4.50%
Milestone Retirement	69% bonds,	26% stocks,	5% other	5.50%
Conservative Growth	60% bonds,	40% stocks,	0% other	6.15%
Traditional Growth	40% bonds,	60% stocks,	0% other	6.80%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS - Continued

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/17	\$ 436,527	\$ 284,573	\$ 151,954
Changes for the year:			
Service cost	13,705	-	13,705
Interest	29,794	-	29,794
Differences between expected and actual experience	8,822	-	8,822
Contributions-employer	-	31,240	(31,240)
Net investment income	-	14,149	(14,149)
Benefit payments, including refunds of employee contributions	(17,659)	(17,659)	-
Administrative expenses	-	(306)	306
Net changes	34,662	27,424	7,238
Balances at 6/30/18	\$ 471,189	\$ 311,997	\$ 159,192

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	\$ 228,514	\$ 159,192	\$ 94,305

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7% decreasing to 4%) or 1-percentage-point higher (9% decreasing to 6%) over 10 years than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (7% decreasing to 4% over 10 years)	Trend Rates (8% decreasing to 5% over 10 years)	1% Increase (9% decreasing to 6% over 10 years)
Net OPEB liability	\$ 78,249	\$ 159,192	\$ 251,057

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS - Continued

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$7,238. At June 30, 2018, the District reported deferred outflows of resources of \$29,460, for contributions made subsequent to the measurement date, and no deferred inflows of resources related to OPEB.

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN

General Information about the Pension Plans

Plan Description

Employees of the District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.state.tn.us/tcrs.

The City has two plans through the Public Employee Retirement Plan, one for employees of the Emergency Communications District, and one for all other employees of the City. During fiscal 2018, a plan was created for District employees. Prior to fiscal 2018, the District employees participated in the City plan, for which there is a deferred outflow of resources on the District's statement of net position to record the change in proportion. For information about the City's Plan and the District's portion of the plan in 2017, see the City's fiscal 2018 and 2017 CAFR as described in Note 7. The contributions made by the District to the City's Plan were not transferred to the stand-alone plan upon creation.

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.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN - Continued

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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>11</u>
	<u>11</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The District had previously adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5% of annual covered payroll. As of January 1, 2010, the District has elected to discontinue the non-contributory provision for all future hires. This will require all new hires to contribute 5% of eligible compensation. Employees who were employed prior to January 1, 2010 will continue to be eligible for noncontributory provision. The 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, 2018, employer contributions for the District were \$119,046 based on a rate of 15.78% of covered payroll. The actuarially determined contribution rates for fiscal year 2018 were 10.42% for public safety and 6.92% for general government; however, the District elected to contribute at the higher rates. By law, employer contributions are required to be paid. The TCRS may intercept the District’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution (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.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN - Continued

Net Pension Liability (Asset)

The District's net pension liability (asset) was measured as of June 30, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	Graded salary ranges from 8.72% to 3.46% based on age, including inflation, averaging 4.0%
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.25%, if provided

Mortality rates were based on actual experience from the June 30, 2016 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of assumptions

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN - 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, 2016 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 2.5 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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	<u>1%</u>
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25% based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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 the 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.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN - Continued

Changes in the Net Pension Liability (Asset)

The net pension asset as of June 30, 2017 was \$9,180, which represented the District's proportionate share in the City's Plan, prior to the creation of the District's Plan during fiscal 2018. The changes in the net pension liability (asset) of the District's Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/16, measurement date	\$ -	\$ -	\$ -
Changes for the year:			
Changes of benefit items	55,869	-	55,869
Contributions-employer	-	68,554	(68,554)
Contributions-employee	-	21,722	(21,722)
Net investment income	-	5,069	(5,069)
Administrative expenses	-	(793)	793
Net changes	55,869	94,552	(38,683)
Balances at 6/30/17, measurement date	\$ 55,869	\$ 94,552	\$ (38,683)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the District calculated using the discount rate of 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ (25,387)	\$ (38,683)	\$ (48,906)

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

Pension Expense

For the year ended June 30, 2018, the District recognized a negative pension expense (\$15,325) on the plan.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN - Continued

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in proportion between Government-wide and Business-type Activities	\$ 109,940	\$ -
Net difference between projected and actual earnings □□ on pension plan investments	-	1,370
Contributions subsequent to the measurement date of June 30, 2017	119,046	-
Total	<u>\$ 228,986</u>	<u>\$ 1,370</u>

The District's employer contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in fiscal year 2018. Other amounts reported as deferred outflows of resources related to pensions for the District will be recognized in pension expense as follows:

Year Ended June 30,	
2019	\$ 21,645
2020	21,645
2021	21,645
2022	21,645
2023	21,990

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, 2018, the District had no payables relating to contributions to the Plan.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 9 - DEFERRED COMPENSATION PLANS

Employees of the District are included with the employees of the City of Brentwood in the City's deferred compensation plans created in accordance with Internal Revenue Code Section 457 and 401(a). The plans, available to all full-time City employees at their option, permit participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. The plan's investments are held in trust by ICMA Retirement Corporation and Nationwide Retirement Services.

Upon two years of full-time service, the City matches, on a dollar for dollar basis, a maximum of up to 3% of the employee's base salary into the 401(a) plan. Participants receiving the District matching contribution are immediately and fully vested in the matched funds. As a result no policy regarding forfeiture is required. The District's match for the years ended June 30, 2018 and 2017 totaled \$7,185 and \$6,550, respectively.

NOTE 10 - CONTRIBUTIONS TO AND FROM THE CITY

District received budgeted contributions from the City's general fund of \$484,700 in each of fiscal years 2018 and 2017.

During fiscal year 2017, the District entered into an Interlocal Agreement with the City which provides for funding of equipment, programs and projects by the City and ECD that are in furtherance of ECD's purpose. The Interlocal Agreement, allows either party to transfer funds to the other for purchasing equipment, employing personnel or carrying out programs or projects that will assist the ECD in fulfilling its purpose. Under the Interlocal Agreement, during fiscal year 2017, the District contributed \$750,000 to the City's Capital Projects Fund for the purchase of new computer-aided dispatch software.

REQUIRED SUPPLEMENTARY INFORMATION

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
PENSION PLAN
(Unaudited)

	Fiscal Year June 30, 2018
Total pension liability	
Service cost	\$ -
Interest	-
Changes of benefit items	55,869
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	-
Net change in total pension liability	55,869
Total pension liability-beginning	-
Total pension liability-ending (a)	<u>\$ 55,869</u>
Plan fiduciary net position	
Contributions-employer	\$ 68,554
Contributions-employee	21,722
Net investment income	5,069
Benefit payments, including refunds of employee contributions	-
Administrative expenses	(793)
Net change in plan fiduciary net position	94,552
Plan fiduciary net position-beginning	-
Plan fiduciary net position-ending (b)	<u>\$ 94,552</u>
 Net pension liability (asset)-ending (a) - (b)	 <u>\$ (38,683)</u>
 Plan fiduciary net position as a percentage of the total pension liability	 169.24%
 Covered payroll	 \$ 434,433
 Net pension liability (asset) as a percentage of covered payroll	 (8.90%)

This schedule is presented to illustrate information for 10 years; however the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available. This schedule only discloses information available for the District's plan. As of June 30, 2017, the District's proportionate share of the City's net pension asset was \$9,180. Further information on the City's Plan can be requested as described in Note 8.

Information in this schedule is presented for the fiscal year. The measurement year is the prior period (i.e. the measurement date for fiscal year 2018 is June 30, 2017).

Information regarding the Plan's annual money-weighted rate of return can be obtained in the separate TCRS report at www.treasury.state.tn.us/tcrs.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT PENSION PLAN
(Unaudited)

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Actuarially determined contribution	\$ 119,046	\$ 68,554
Contributions in relation to the actuarially determine contribution	<u>119,046</u>	<u>68,554</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 1,595,791	\$ 434,433
Contributions as a percentage of covered payroll	7.46%	15.78%

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2018 were calculated based on the June 30, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Various
Asset valuation method	10-year smoothed within a 20% corridor to market value
Inflation rate	3.0%
Salary increases	Graded salary ranges from 8.97% to 3.71% based on age, including inflation, averaging 4.25%
Investment rate of return	7.5%, 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	2.5%, if provided

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future fiscal years until 10 years of information is available. This schedule only discloses information available for the District's plan. Further information on the City's Plan can be requested as described in Note 8.
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BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY AND RELATED RATIOS - OPEB PLAN
(Unaudited)

	2018	2017
Total OPEB liability		
Service cost	\$ 13,705	\$ 13,052
Interest	29,794	26,777
Changes of benefit items	-	-
Differences between expected and actual experience	8,822	8,264
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(17,659)	(15,962)
Net change in total OPEB liability	34,662	32,131
Total OPEB liability-beginning	436,527	404,396
Total OPEB liability-ending (a)	<u>\$ 471,189</u>	<u>\$ 436,527</u>
Plan fiduciary net position		
Contributions-employer	\$ 31,240	\$ 23,878
Contributions-employee	-	-
Net investment income	14,149	21,122
Benefit payments, including refunds of employee contributions	(17,659)	(15,962)
Administrative expenses	(306)	-
Net change in plan fiduciary net position	27,424	29,038
Plan fiduciary net position-beginning	284,573	255,535
Plan fiduciary net position-ending (b)	<u>\$ 311,997</u>	<u>\$ 284,573</u>
 Net OPEB liability -ending (a) - (b)	 <u>\$ 159,192</u>	 <u>\$ 151,954</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 66.21%	 65.19%
 Covered payroll	 \$ 441,618	 \$ 428,756
 Net OPEB liability as a percentage of covered payroll	 36.05%	 35.44%
 The District's proportion of the City's total OPEB liability	 3.23%	 3.23%

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

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS -
OPEB PLAN
(Unaudited)

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 31,240	\$ 23,878
Contributions in relation to the actuarially determined contribution	<u>31,240</u>	<u>23,878</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 441,618	\$ 428,756
Contributions as a percentage of covered payroll	7.07%	5.57%

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2018 were calculated based on the January 1, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	3-year smoothed market
Inflation rate	3.0%
Healthcare cost trend rate	8.0% initially, graded to 5.0% after six years
Salary increases	4.0% average annually, including inflation
Investment rate of return	6.75%, net of investment expense, including inflation
Retirement age	Vary by age from 10% at age 55 to 100% at age 65 (50% at age 55 to 100% at age 60 for Fire / Police)
Mortality	RP 2000 Table Fully Generational, with projected improvements under Scale AA

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

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS -
OPEB PLAN
(Unaudited)

	<u>2018</u>	<u>2017</u>
Annual money - weighted rate of return, net of investment expense	6.75%	7.80%

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

ADDITIONAL INFORMATION

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER)
	ORIGINAL	FINAL		
OPERATING REVENUES				
Subscriber fees:				
TECB - operational funding, base amount	\$ 864,126	\$ 864,126	\$ 864,126	\$ -
TECB - operational funding, excess amount	16,649	16,649	49,784	33,135
TOTAL OPERATING REVENUES	880,775	880,775	913,910	33,135
OPERATING COSTS AND EXPENSES				
Salaries and wages:				
Salaries - dispatchers	559,965	559,965	491,537	(68,428)
Salaries - overtime pay	46,775	46,775	92,055	45,280
Salaries - part time	-	-	4,846	4,846
Shift differential	11,100	11,100	9,751	(1,349)
Longevity	4,460	4,460	4,460	-
Employee benefits:				
Social security	48,195	48,195	53,676	5,481
Life insurance	2,070	2,070	1,886	(184)
Medical insurance	123,040	123,040	123,040	-
Dental insurance	2,000	2,000	1,751	(249)
Retirement	86,565	86,565	(25,580)	(112,145)
Other post-employment benefits	29,465	29,465	7,238	(22,227)
Supplemental retirement	8,000	8,000	7,185	(815)
Sick leave buy-backs	2,000	2,000	2,357	357
Attendance bonus	1,000	1,000	400	(600)
Annual leave buy-backs	1,000	1,000	-	(1,000)
Contracted services:				
Audit services	8,300	8,300	8,300	-
Mapping/database expenses	10,000	10,000	10,000	-
Lease/rental - building and facilities	31,800	31,800	31,800	-
Lease/rental - office equipment	2,500	2,500	3,240	740
Maintenance and repairs - communications equipment	114,200	114,200	94,523	(19,677)
Other contracted services	7,500	7,500	852	(6,648)
Supplies and materials:				
Office supplies	2,000	2,000	1,575	(425)
Uniforms and shirts	5,500	5,500	3,074	(2,426)
Utilities - general telephone	75,000	75,000	82,681	7,681
Other supplies and materials	2,000	2,000	3,644	1,644
Other charges:				
Dues and memberships	6,000	6,000	3,510	(2,490)
Insurance - workers' compensation	2,830	2,830	2,830	-
Insurance - liability	2,600	2,600	1,902	(698)
Premiums on surety bonds	1,700	1,700	2,185	485
Travel expenses	5,000	5,000	2,717	(2,283)
Other charges - miscellaneous	9,740	9,740	9,263	(477)
TOTAL OPERATING COSTS AND EXPENSES	1,212,305	1,212,305	1,036,698	(175,607)
Depreciation	172,500	172,500	149,530	(22,970)
TOTAL EXPENSES	1,384,805	1,384,805	1,186,228	(198,577)
NONOPERATING REVENUES (EXPENSES)				
Interest income	20,000	20,000	34,330	14,330
Contributions from primary government - general fund	484,700	484,700	484,700	-
TOTAL NONOPERATING REVENUES (EXPENSES)	504,700	504,700	519,030	14,330
CHANGE IN NET POSITION	\$ 670	\$ 670	\$ 246,712	\$ 246,042

See independent auditor's report.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

SCHEDULE OF DETAILED EXPENSES

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
OPERATING COSTS AND EXPENSES		
Salaries and wages:		
Salaries - dispatchers	\$ 491,537	\$ 496,815
Salaries - overtime pay	92,055	55,045
Salaries - part time	4,846	-
Shift differential	9,751	10,981
Longevity	4,460	4,200
	<u>602,649</u>	<u>567,041</u>
Employee benefits:		
Social security	53,676	52,331
Life insurance	1,886	2,070
Medical insurance	123,040	111,805
Dental insurance	1,751	2,108
Retirement	(25,580)	46,404
Other post-employment benefits	7,238	24,875
Supplemental retirement	7,185	6,550
Sick leave buy-backs	2,357	2,431
Attendance bonus	400	500
	<u>171,953</u>	<u>249,074</u>
Contracted services:		
Audit services	8,300	8,100
Mapping/database expenses	10,000	10,000
Lease/rental - building and facilities	31,800	31,800
Lease/rental - office equipment	3,240	2,240
Maintenance and repairs - communications equipment	94,523	63,730
Other contracted services	852	130
	<u>148,715</u>	<u>116,000</u>
Supplies and materials:		
Office supplies	1,575	3,231
Uniforms and shirts	3,074	6,357
Utilities - general telephone	82,681	80,681
Other supplies and materials	3,644	3,001
	<u>90,974</u>	<u>93,270</u>
Other charges:		
Dues and memberships	3,510	3,431
Insurance - workers' compensation	2,830	3,145
Insurance - liability	1,902	1,957
Premiums on surety bonds	2,185	-
Travel expenses	2,717	8,136
Other charges - miscellaneous	9,263	6,938
	<u>22,407</u>	<u>23,607</u>
Depreciation	<u>149,530</u>	<u>159,418</u>
TOTAL OPERATING COSTS AND EXPENSES	<u>\$ 1,186,228</u>	<u>\$ 1,208,410</u>

See independent auditor's report.

OTHER REPORT



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*

The Honorable Mayor and
Board of Commissioners
Brentwood Emergency Communications District
Brentwood, 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 Brentwood Emergency Communications District (a component unit of the City of Brentwood, Tennessee) (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2018.

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) to determine the 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 operations 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 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.



The Honorable Mayor and
Board of Commissioners
Brentwood Emergency Communications District

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 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

This 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.

Crosslin, PLLC

Nashville, Tennessee
December 31, 2018

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018

Brentwood Emergency Communications District did not have any audit findings for the year ended June 30, 2017.