

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT  
FINANCIAL STATEMENTS,  
ADDITIONAL INFORMATION  
AND  
REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
JUNE 30, 2009 AND 2008

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT  
FINANCIAL STATEMENTS, ADDITIONAL INFORMATION  
AND  
REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2009 AND 2008

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**CITY OF BRENTWOOD  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2009**

Elected:

Mayor  
Vice Mayor  
Commissioner  
Commissioner  
Commissioner  
Commissioner  
Commissioner

Betsy S. Crossley  
Rhea E. Little, III  
Anne Dunn  
Joe Reagan  
Regina R. Smithson  
Brian J. Sweeney  
Paul L. Webb, CPA

Appointed:

City Manager  
Assistant City Manager  
City Attorney  
City Recorder  
Finance Director  
City Treasurer  
Human Resource Director  
Police Chief  
Fire Chief  
Planning and Codes Director  
Public Works Director  
Engineering Director  
Water and Sewer Director  
Library Director  
Community Relations Director  
Parks and Recreation Director  
Technology Director  
City Judge

Michael W. Walker  
Kirk E. Bednar  
Roger A. Horner  
Deborah Hedgepath  
Carson K. Swinford  
Karen W. Harper  
Michael Worsham  
Ricky V. Watson  
Kenneth V. Lane  
Joseph P. Lassus  
Jeff Donegan  
Mike Harris  
Chris Milton  
Charles A. Sherrill  
Linda Lynch  
David M. Bunt  
John I. Allman, IV  
Laurie Jewett



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying statements of net assets of the Brentwood Emergency Communications District (the "District"), a component unit of the City of Brentwood, Tennessee, as of June 30, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis on pages 3 through 5 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the above-mentioned basic financial statements taken as a whole. The accompanying additional information on pages 20 and 21 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Gregory CPAs PLLC". The signature is written in a cursive, flowing style.

Nashville, Tennessee  
December 18, 2009

## Management's Discussion and Analysis

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, 2009 and 2008. 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 three financial statements: the Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets and the Statements of Cash Flows. The financial statements are prepared on the accrual basis of accounting. The Statements of Net Assets include all the assets and liabilities of the District as of June 30, 2009 and 2008. The difference in the assets and liabilities is the net assets or equity of the District. The Statements of Revenues, Expenses and Changes in Net Assets report all of the revenues and expenses during the years ended June 30, 2009 and 2008. The Statements of Cash Flows report 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.

### Financial Highlights

#### Net Assets

	2009	2008
Current Assets	\$ 1,068,027	\$ 820,213
Capital Assets	168,575	231,293
Total Assets	1,236,602	1,051,506
Current Liabilities	93,396	93,414
Net Assets Invested in Capital Assets	168,575	231,293
Unrestricted Net Assets	974,631	726,799
Net Assets	<u>\$ 1,143,206</u>	<u>\$ 958,092</u>

## Changes in Nets Assets

	2009	2008
Operating Revenues	\$ 641,845	\$ 613,926
Operating Costs and Expenses	898,577	889,135
Operating Income (Loss)	(256,732)	(275,209)
Interest Income	12,443	37,607
Contributions from the primary government	418,700	395,000
Tennessee Emergency Communications Board - grants and reimbursements	10,703	10,000
Change in Net Assets	<u>\$ 185,114</u>	<u>\$ 167,398</u>

### Operating Revenues

The Brentwood Emergency Communications District total operating revenue was \$641,845 for the year ended June 30, 2009 (\$613,926 for the year ended June 30, 2008).

Subscriber fees amounted to \$476,746 and \$455,755, and shared wireless revenue amounted to \$61,019 and \$54,091, for the years ended June 30, 2009 and 2008, respectively.

### Operating Expenses

Operating expenses of the District have remained relatively consistent at \$898,577 for FY 2009 compared with \$889,135 for FY 2008.

### Capital Expenditures

During the fiscal year ended June 30, 2009, the District purchased no capital assets. For the fiscal year ended June 30, 2008, the District purchased assets in the amount of \$108,517, primarily consisting of office and communications equipment.

### **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@brentwood-tn.org](mailto:financedirector@brentwood-tn.org)



BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

STATEMENTS OF NET ASSETS

JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 978,320	\$ 758,126
Accounts receivable	<u>89,707</u>	<u>62,087</u>
TOTAL CURRENT ASSETS	1,068,027	820,213
CAPITAL ASSETS, net of accumulated depreciation - Note 3	<u>168,575</u>	<u>231,293</u>
TOTAL ASSETS	<u>1,236,602</u>	<u>1,051,506</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Accounts payable	5,431	25,802
Accrued expenses	79,099	66,670
Net amount due to primary government	<u>8,866</u>	<u>942</u>
TOTAL CURRENT LIABILITIES	<u>93,396</u>	<u>93,414</u>
COMMITMENTS - Notes 8 and 9		
<b>NET ASSETS</b>		
Invested in capital assets	168,575	231,293
Unrestricted	<u>974,631</u>	<u>726,799</u>
TOTAL NET ASSETS	<u>\$ 1,143,206</u>	<u>\$ 958,092</u>

See accompanying notes to financial statements.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Emergency telephone service charges	\$ 476,746	\$ 455,755
Tennessee Emergency Communications Board - shared wireless charge	61,019	54,091
Tennessee Emergency Communication Board - operational funding	<u>104,080</u>	<u>104,080</u>
TOTAL OPERATING REVENUES	<u>641,845</u>	<u>613,926</u>
OPERATING COSTS AND EXPENSES		
Salaries and wages	477,341	474,531
Employee benefits	195,266	190,769
Contracted services	55,324	47,379
Supplies and materials	103,969	106,693
Other charges	3,959	5,317
Depreciation	<u>62,718</u>	<u>64,446</u>
TOTAL OPERATING COSTS AND EXPENSES	<u>898,577</u>	<u>889,135</u>
OPERATING LOSS	<u>(256,732)</u>	<u>(275,209)</u>
NONOPERATING REVENUES		
Interest income	12,443	37,607
Contributions from primary government	418,700	395,000
Tennessee Emergency Communications Board - grants and reimbursements	<u>10,703</u>	<u>10,000</u>
TOTAL NONOPERATING REVENUES	<u>441,846</u>	<u>442,607</u>
CHANGE IN NET ASSETS	185,114	167,398
NET ASSETS - BEGINNING OF YEAR	<u>958,092</u>	<u>790,694</u>
NET ASSETS - END OF YEAR	<u>\$ 1,143,206</u>	<u>\$ 958,092</u>

See accompanying notes to financial statements.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 614,928	\$ 613,050
Payments to employees	(685,072)	(661,903)
Payments to suppliers	<u>(150,805)</u>	<u>(249,827)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(220,949)</u>	<u>(298,680)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions from primary government	<u>418,700</u>	<u>395,000</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>418,700</u>	<u>395,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	(108,517)
State Emergency Communications Board - grants and reimbursements	<u>10,000</u>	<u>10,000</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>10,000</u>	<u>(98,517)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		
Interest income	<u>12,443</u>	<u>37,607</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	220,194	35,410
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>758,126</u>	<u>722,716</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 978,320</u></u>	<u><u>\$ 758,126</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (256,732)	\$ (275,209)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	62,718	64,446
(Increases) decreases in assets and increases (decreases) in liabilities:		
Accounts receivable	(26,917)	(876)
Accounts payable	(20,371)	(75,821)
Accrued expenses	12,429	3,396
Net amount due to primary government	<u>7,924</u>	<u>(14,616)</u>
TOTAL ADJUSTMENTS	<u>35,783</u>	<u>(23,471)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>\$ (220,949)</u></u>	<u><u>\$ (298,680)</u></u>

See accompanying notes to financial statements.

# BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### General

The Brentwood Emergency Communications District of the City of Brentwood (the "District") was authorized by the Board of Commissioners of the City of Brentwood (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.

The major service supplier for land lines retains a one percent (1%) administrative collection fee for billing and collecting telephone service charges and remittances to the District. A fee not to exceed three percent (3%) is retained by the other service suppliers of land lines. Subscriber fee revenues are reported net of these collection fees.

In addition, 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 2009 and 2008 was \$6,780 and \$6,030, respectively, and is 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.

#### 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.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

The District has elected to apply all Governmental Accounting Standards Board ("GASB") pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposit accounts with financial institutions.

Equipment and Depreciation

Equipment is reported at cost at the date of purchase. The District's policy is to 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 five to seven 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. 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.

Accounts Receivable

Accounts receivable consist primarily of amounts due from service suppliers and the Tennessee Emergency Communications Board for subscriber and wireless fee revenues earned but not collected at year end. Accounts receivable are deemed to be fully collectible by management and no allowance for bad debts is considered necessary at June 30, 2009 and 2008.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Expense Recognition

Subscriber fee revenues and related direct costs are recognized in the period in which monthly subscriber fees are billed by the service supplier. Any subscriber accounts subsequently determined to be uncollectible are charged against revenues at that time. In management's opinion, such reporting does not materially affect the financial statements.

Wireless telephone service providers charge \$1 per line monthly, which is then paid to the Tennessee Emergency Communications Board (the "TECB"). In accordance with T.C.A. §7-86-303(d), the TECB shall disburse 25% of such revenue to emergency communications districts based on the proportion of population of that district according to the most recent census. Shared wireless revenues are recognized by the District in the period the surcharge is assessed by the service provider.

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

In October 2006, the TECB approved the amount of wireless revenues that will be provided annually to local emergency communications districts. The District's allocable share of such revenues amounted to \$104,080 for 2009 and 2008, which has been recognized under operating revenues.

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 and cash equivalents were held by financial institutions that participate 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 government does not have a formalized written policy for custodial risk. As of June 30, 2009, the District's deposits were fully insured or collateralized.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 3 - CAPITAL ASSETS

Schedules of changes in capital assets follow for the years ended June 30:

	2009			End of Year
	Beginning of Year	Increases	Decreases	
<u>Capital assets being depreciated:</u>				
Furniture and fixtures	\$ 5,933	\$ -	\$ -	\$ 5,933
Equipment	521,320	-	-	521,320
Total capital assets being depreciated	527,253	-	-	527,253
<u>Less accumulated depreciation for:</u>				
Furniture and fixtures	(2,788)	(971)	-	(3,759)
Equipment	(293,172)	(61,747)	-	(354,919)
Total accumulated depreciation	(295,960)	(62,718)	-	(358,678)
Capital assets, net	<u>\$ 231,293</u>	<u>\$ (62,718)</u>	<u>\$ -</u>	<u>\$ 168,575</u>

  

	2008			End of Year
	Beginning of Year	Increases	Decreases	
<u>Capital assets being depreciated:</u>				
Furniture and fixtures	\$ 5,933	\$ -	\$ -	\$ 5,933
Equipment	412,803	108,517	-	521,320
Total capital assets being depreciated	418,736	108,517	-	527,253
<u>Less accumulated depreciation for:</u>				
Furniture and fixtures	(1,817)	(971)	-	(2,788)
Equipment	(229,697)	(63,475)	-	(293,172)
Total accumulated depreciation	(231,514)	(64,446)	-	(295,960)
Capital assets, net	<u>\$ 187,222</u>	<u>\$ 44,071</u>	<u>\$ -</u>	<u>\$ 231,293</u>

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

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 income taxes have 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 ("TML Pool"), covering each of those risks of loss. The TML Pool is a cooperative risk sharing arrangement among local government agencies that is similar to 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 and build contingency reserves. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. There have been no claims against the District since its establishment in September 2002.

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the District to concentrations of credit risk consist principally of accounts receivable. Accounts receivable represent concentrations of credit risk to the extent they are receivable from concentrated sources. Receivables consist of unremitted fees paid by telephone service subscribers to telephone service providers.



BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 7 - BUDGETS

Prior to May 15 of each year, the Director submits to the District's Board of Commissioners 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. The budget prepared is consistent with accounting principles generally accepted in the United States of America ("GAAP").

Budgeted amounts shown are those originally adopted, as well as the final budget which reflects amendments by the Board of Commissioners. 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. Budget-to-actual financial statements are provided to the Board on a monthly basis.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Contributions Information

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.

Membership in the plan consisted of the following (District employees are included in the category general government) at January 1, 2009, the date of the latest actuarial valuation:

	<u>General Government</u>	<u>Fire/Police</u>	<u>Total</u>
Active employees	124	114	238
Retired employees	<u>9</u>	<u>-</u>	<u>9</u>
Total	<u>133</u>	<u>114</u>	<u>247</u>
Participating employers			<u>1</u>

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

Employees are fully eligible for postretirement medical and life insurance once they reach the age of 55 with 20 years of service. For employees hired prior to July 1, 2005, the City will pay 100 percent and 50 percent of the total cost of premiums for retirees and dependents, respectively. For employees hired post July 1, 2005, the City will pay the cost of premiums based on years of service at time of retirement, and dependent's cost of premiums will be paid entirely by the retiree. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. For employees who have reached age 65, were hired prior to July 1, 2005 and retired after July 1, 2002, the City reimburses up to 50% of the City's cost for coverage purchased by the employee under the group insurance plan.

Funding Policy

The contribution requirements are established and may be amended by the City 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 prior year 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 2009, the City funded \$515,000 to the OPEB Trust and paid \$39,918 as benefits. All contributions were made by the employer (no contributions by active or retired employees). Employer contributions are calculated at 4.74 percent of covered payroll.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement 45.

The City adopted GASB 45 prospectively for the year ended June 30, 2008, assuming a beginning net OPEB obligation of zero. The net OPEB asset created in 2008 resulted from the City's prefunding of the trust account.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset) for the years ended June 30:

	<u>2009</u>	<u>2008</u>
Annual required contribution	\$ 536,000	\$ 598,000
Interest on net OPEB obligation	(101,280)	-
Adjustment to annual required contribution	<u>59,126</u>	<u>-</u>
Annual OPEB cost (expense)	493,846	598,000
Contributions made	<u>(554,918)</u>	<u>(2,286,006)</u>
Increase (decrease) in net OPEB obligation	(61,072)	(1,688,006)
Net OPEB obligation (asset) - beginning of year	<u>(1,688,006)</u>	<u>-</u>
Net OPEB obligation (asset) - end of year	<u>\$ (1,749,078)</u>	<u>\$ (1,688,006)</u>

The District's portion of the annual required contribution and actual contribution made was \$21,255 each year for the years ended June 30, 2009 and 2008. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and 2009 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/08	\$ 598,000	382 %	\$ (1,688,006)
6/30/09	493,846	112	(1,749,078)

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the plan was 32.3 percent funded. The actuarial accrued liability for benefits was \$7,137,913, and the actuarial value of assets was \$2,300,104, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,837,809. The covered payroll (annual payroll of active employees covered by the plan) was \$11,876,269 and the ratio of the UAAL to the covered payroll was 40.7 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplemental information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Methods and Assumptions

In the January 1, 2009 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6.15 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of nine percent initially, reduced by decrements to an ultimate rate of five percent after eight years. Both rates include a six percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was twenty-eight years.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM AND PLAN

Plan Description

Employees of the District are included with the employees of the City of Brentwood, and are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members who joined prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230, or can be accessed at [www.treasury.state.tn.us/tcrs/PS/](http://www.treasury.state.tn.us/tcrs/PS/).

Funding Policy

The City has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5% of annual covered payroll.

The City is required to contribute at an actuarially determined rate; the rate was 15.63% and 14.80% of annual covered payroll for the years ended June 30, 2009 and 2008, respectively. The contribution requirements of plan members are set by state statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009 AND 2008

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

Annual Pension Cost

For the years ended June 30, 2009 and 2008, the City's annual pension costs to TCRS were equal to the City's required and actual contributions. The District's applicable annual pension costs were \$75,010 in 2009 and \$76,570 in 2008. The required contribution was determined as part of the July 1, 2005 actuarial valuation using the frozen initial liability actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 8 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$2,013,531	100.00%	\$0.00
6/30/08	\$1,834,232	100.00%	\$0.00
6/30/07	\$1,720,555	100.00%	\$0.00

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 79.21% percent funded. The actuarial accrued liability for benefits was \$25.11 million, and the actuarial value of assets was \$19.89 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.22 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11.79 million, and the ratio of the UAAL to the covered payroll was 44.28% percent.

The ARC was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

## ADDITIONAL INFORMATION

BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
OPERATING REVENUES				
Subscriber fees:				
Emergency telephone service charges	\$ 425,000	\$ 425,000	\$ 476,746	\$ 51,746
Tennessee Emergency Communications Board - shared wireless charge	45,000	45,000	61,019	16,019
Tennessee Emergency Communications Board - operational funding	<u>104,080</u>	<u>104,080</u>	<u>104,080</u>	<u>-</u>
TOTAL OPERATING REVENUES	<u>574,080</u>	<u>574,080</u>	<u>641,845</u>	<u>67,765</u>
OPERATING COSTS AND EXPENSES				
Salaries and wages:				
Salaries - dispatchers	462,315	462,315	420,151	(42,164)
Salaries - overtime pay	40,280	44,280	44,201	(79)
Shift differential	11,100	11,100	9,989	(1,111)
Longevity	3,000	3,000	3,000	-
EMT supplement	900	900	-	(900)
Employee benefits:				
Social security	39,595	41,095	40,947	(148)
Medical insurance	53,645	53,645	47,827	(5,818)
Dental insurance	3,000	3,000	960	(2,040)
Retirement contributions	71,325	75,025	75,010	(15)
Other post-employment benefits	21,255	21,255	21,255	-
Supplemental retirement - Section 457 Plan	5,000	7,500	7,461	(39)
Sick leave buy-backs	1,000	1,100	1,056	(44)
Attendance bonus	1,000	1,000	750	(250)
Annual leave buy-backs	1,000	1,000	-	(1,000)
Contracted services:				
Audit services	9,240	9,240	8,500	(740)
Mapping/Database expenses	10,000	10,000	10,000	-
Lease/rental - office equipment	16,000	16,000	14,486	(1,514)
Maintenance and repairs - communications equipment	65,000	45,500	22,238	(23,262)
Other contracted services	1,000	1,000	100	(900)
Supplies and materials:				
Office supplies	2,500	2,500	2,369	(131)
Uniforms and shirts	5,500	5,500	2,815	(2,685)
Utilities - general telephone	92,000	98,600	98,582	(18)
Other supplies and materials	1,800	1,800	203	(1,597)
Other operating expenses:				
Dues and memberships	5,000	5,000	438	(4,562)
Periodical Subscriptions	1,000	1,000	450	(550)
Insurance - workers' compensation	2,600	2,600	986	(1,614)
Insurance - liability	-	1,100	1,095	(5)
Travel expenses	<u>5,000</u>	<u>5,000</u>	<u>990</u>	<u>(4,010)</u>
TOTAL OPERATING COSTS AND EXPENSES	<u>931,055</u>	<u>931,055</u>	<u>835,859</u>	<u>(95,196)</u>
Depreciation	<u>90,000</u>	<u>90,000</u>	<u>62,718</u>	<u>(27,282)</u>
TOTAL EXPENSES	<u>1,021,055</u>	<u>1,021,055</u>	<u>898,577</u>	<u>(122,478)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	25,000	25,000	12,443	(12,557)
Contributions from primary government	418,700	418,700	418,700	-
Tennessee Emergency Communications Board - grants and reimbursements	10,000	10,000	10,703	703
Capital expenditures	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>	<u>3,000</u>
TOTAL NONOPERATING REVENUES	<u>450,700</u>	<u>450,700</u>	<u>441,846</u>	<u>(8,854)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 3,725</u>	<u>\$ 3,725</u>	<u>\$ 185,114</u>	<u>\$ 181,389</u>



BRENTWOOD EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF INFORMATION REQUIRED BY  
TENNESSEE EMERGENCY COMMUNICATIONS BOARD (Unaudited)

JUNE 30, 2009

A.	Number of public safety answering points (PSAP)	1
B.	Address of each PSAP	5211 Maryland Way Brentwood, TN 37027
C.	Type of system/equipment and database used	Cortelco telephone with Positron ANI/ALI equipment BellSouth Telephone database by SCC in Colorado
D.	Director information	Michael W. Walker 5211 Maryland Way Brentwood, TN 37027 Phone: (615) 371-2281, ext 230 Fax: (615) 371-2288
E.	Chairperson information	Mayor Betsy Crossley 5211 Maryland Way Brentwood, TN 37027 Phone: (615) 371-2281, ext. 242 Fax: (615) 507-2764

OTHER REPORT

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
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 the financial statements of the Brentwood Emergency Communications District (the "District"), a component unit of the City of Brentwood, Tennessee, for the year ended June 30, 2009, and have issued our report thereon dated December 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors, management and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Y. H. CPAS P.H.C.", is positioned above the typed text.

Nashville, Tennessee  
December 18, 2009