

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

PREPARED BY:

DEPARTMENT OF FINANCE
CARSON K. SWINFORD, DIRECTOR OF FINANCE

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

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INTRODUCTORY SECTION

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BETSY S. CROSSLEY
MAYOR

RHEA E. LITTLE, III
VICE-MAYOR

MICHAEL W. WALKER
CITY MANAGER



COMMISSIONERS
ANNE DUNN
JOE REAGAN
REGINA R. SMITHSON
BRIAN J. SWEENEY
PAUL L. WEBB, CPA

City of Brentwood

December 18, 2009

The Honorable Mayor, City Commissioners and Citizens of the City of Brentwood, Tennessee:

The Comprehensive Annual Financial Report of the City of Brentwood, Tennessee (the "City" or "City of Brentwood") for the fiscal year ending June 30, 2009 is hereby submitted as required by state statutes. These statutes require that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Brentwood for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by KraftCPAs, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Brentwood for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Brentwood's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City was not required to undergo a single audit for the year ended June 30, 2009 as prescribed by the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Brentwood's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Brentwood is located in middle Tennessee in the northern part of Williamson County, adjacent to the southern border of Metropolitan Nashville-Davidson County. Since the mid-1990's, Middle Tennessee and specifically Williamson County has been the top growth area of the state, and one of the top growth areas in the country. The City of Brentwood currently occupies a land area of 41.3 square miles and has a certified resident population of 35,262. The City of Brentwood is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation into the officially designated urban growth area, when deemed appropriate from a long term planning perspective.

The City was incorporated on May 13, 1969 pursuant to the uniform City Manager- Commission Charter, Title 6, Chapter 18, *Tennessee Code Annotated* as supplemented and amended. The governing body of the City is the Board of Commissioners which consists of seven (7) members who serve four-year terms of office. Non-partisan elections for Commissioners are held on a staggered basis in early May every other odd year on the calendar. Commissioners are elected at-large, rather than by district. Following each regular biennial City election, the Commission elects two of its members to serve for a two-year period as Mayor and Vice Mayor, respectively. The Mayor is the presiding officer of the Commission. The Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing a City Manager, who is chief executive officer of the City. The City Manager is responsible for carrying out the policies and ordinances of the commission, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The City provides a wide range of services characteristic of similar jurisdictions in the State, including public safety (police and fire protection), street maintenance, parks, library, public improvements, planning and zoning and general administrative services. The City also provides water distribution and sewer collection services through the Water and Sewer Fund, a business-type activities fund that has been included as an integral part of the City of Brentwood's financial statements. Electric power is provided by the Nashville Electric Service (NES) and the Middle Tennessee Electric Cooperative. The Nashville Gas Company and Atmos Energy Corporation provide natural gas service in the City.

The annual budget serves as the foundation for the City of Brentwood's financial planning and control. The budget preparation process begins in late fall when City departments begin preparation of six-year Capital Improvements Program requests. During December, the staff initiates the review and evaluation of each request in light of available revenues and in accordance with the City's overall goals and objectives. In early March, the Finance Department compiles a draft six-year Capital Improvements Plan which is submitted to the City Manager for

review, refinement and approval. After initial review of the draft capital program budget with the City Commission in late March, the program is finalized and submitted to the City Commission for formal consideration beginning in May. The program, as may be modified by the City Commission during the formal review, is adopted by resolution in June.

In early January, City departments begin assessing resource needs for the coming year relative to capital equipment, including fleet; maintenance requirements; technology; and, proposed new or expended work programs. By late January, a work session is held with the City Commission to review initial revenue projections and receive initial policy guidance on appropriate service levels and personnel policies. Budget requests and supporting documentation are then prepared by individual departments and submitted in February for the Finance Department and the City Manager's review.

During February, the Finance Department staff reviews initial budget submissions and prepares information for the budget review sessions with the City Manager. Generally, the last half of February is set aside for the City Manager's budget review sessions with department heads. Departmental objectives, measures of performance and operating budgets are refined for consolidation in the Proposed Budget document during the month of April. Expenditure and revenue projections for the current fiscal year and estimates for the proposed fiscal year and thereafter are updated with the latest available data. Final adjustments are then made to routine operating expenditures and new and expanded programs for inclusion in the Proposed Budget.

The City Manager's proposed operating budget for the upcoming fiscal year is presented to the City Commission by early May for initial review. Budget work sessions are held with the City Commission by mid May to review the budget and proposed nonroutine work plan. This session provides the opportunity for the City Commission to ask questions about proposed budget and to request additional information or modifications as needed.

After the budget work session, three public hearings are held on the Proposed Budget during and prior to final reading of the Appropriations and Tax Levy Ordinances. The hearings provide formal citizen input to the City Commission on decisions and issues related to the Budget. The first reading of the Appropriations and Tax Levy Ordinances is typically held at the second regular Board meeting in May. The ordinances are subject to formal consideration and amendments as deemed necessary and adoption on first reading. With the late-June approval on second and final readings of the Ordinances, the Commission officially adopts the Budget for the new fiscal year beginning July 1, and sets the tax rate for the upcoming year.

Amendments may be made to the original appropriations ordinance at any time during a current fiscal year. Except for emergency expenditures, however, increased appropriations may be made only after the City Manager has certified in writing that sufficient unappropriated revenue will be available to cover the additional expenditures.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison begins on page 50. The debt service fund comparison is on page 62.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Brentwood operates.

Local economy. While the local economy is clearly feeling the effects of the slowdown in the national economy, Brentwood and the Nashville/Middle Tennessee area in total appear to be weathering the slowdown better than most other communities and regions across the USA. The City of Brentwood and Williamson County benefit from the highest per capita income and the lowest unemployment rates in the State of Tennessee and United States. Williamson County is the 11th wealthiest county in the United States based on average wages and salaries. The most recently available statistics for June 2009 indicates an 8.3 percent unemployment rate in the county compared to a statewide rate of 11.1 percent and national jobless rate of 9.7 percent.

The City's official population has steadily increased from 4,099 in 1970; to 9,433 in 1980, to 16,392 in 1990, to 23,445 in 2000, and to 35,262 in the most recent special census conducted in 2006. The census figures reflect a strong but manageable rate of growth (roughly 4% annually) from 1970 to 2007. During this period, about 1,500 new residents moved into the City annually.

The strength of the Brentwood economy is reflected in the growth in the tax base. The total valuation for new building permits issued during the 2008-2009 fiscal year was \$91,382,145 with 795 permits being issued. In fiscal year 2009, Brentwood had a total assessed value of taxable property of \$2,047,435,371 which ranks among the highest of any city in the State of Tennessee regardless of size and population.

The Brentwood area has one of the largest concentrations of suburban office space in the Nashville Metropolitan area with 6.3 million square feet of rentable office space. Over 20,000 people are employed in the office complexes in Brentwood. The latest market survey revealed a vacancy rate of 9.6% in the Brentwood area, an increase of 1.6% from last year's vacancy rate of 8.0%. This vacancy rate is very favorable with overall rates in the Nashville office market and similar sized metropolitan areas in the Southeastern United States.

Many companies locate their national or regional corporate headquarters or offices in Brentwood. The diversity of employment opportunities in the community is significant with the City not dependent on a single, large employer. As employers, they represent diverse economic sectors that include health, retail, telecommunications and financial services. Tractor Supply (retail), Comdata (financial services), BellSouth and Aspect Communications (communications), Renal Advantage Inc. and American HomePatient (healthcare management) are examples of companies who have chosen to locate their national or regional offices in Brentwood.

The Cool Springs Galleria is located adjacent to the City's southern limits with Brentwood's City limits surrounding mall on three sides. Since its opening in 1991, the mall has facilitated significant retail development to the point that the Cool Springs area now has the largest concentration of retail development in the State of Tennessee. This includes significant retail development inside the adjacent Brentwood area resulting in subsequent growth in local sales tax

collections. Additional retail development has also occurred in the northern commercial area of the City to serve the office and resident population. The growth in local sales tax collections in the past ten years has allowed the City to maintain a balanced revenue/tax structure and not be heavily dependent on the property tax to fund municipal services. It has also allowed the City to maintain the same effective property tax rate for the past eighteen (18) years.

The Brentwood/Williamson County community is firmly committed to providing a quality public education system second to none in the United States. Local students are routinely admitted to the highest ranked colleges and universities across the nation. Roughly 95% of Brentwood and Ravenwood High Schools seniors going on to institutions of higher learning after graduation. Williamson County provides first class facilities and has been very responsive in meeting the growth in student enrollment by constructing new schools as needed.

MAJOR ACCOMPLISHMENTS - For the Year. The significant projects, events and accomplishments during the City's 2008-2009 fiscal year included the following:

- The City of Brentwood's financial position remains exceptionally strong with an Aaa bond rating from Moody's Investors Services and an AAA rating from Standard and Poor's, both assigned in September 2008. The City has maintained the highest possible bond rating since January 2000. In addition, both Williamson County and the adjoining City of Franklin also have Aaa bond ratings from Moody's, reflecting an overall strong tax base and healthy financial position.
- The City Commission continued to focus staff efforts on identifying and addressing the long-term needs of the City through formal adoption of a non-routine work plan setting goals and objectives for all City departments for the 2008-2009 fiscal year.
- The City Commission responsibly addressed the infrastructure demands of a growing community through formulation, update, adoption and implementation of the City's six-year capital improvements program for FY 2009-2014, including a financing and debt management plan. In September 2008, \$10,000,000 in 20 year, fixed rate, water and sewer revenue bonds (with General Obligation backing) were issued at a true interest cost of 3.946%. Because of our strong financial position, the City was also able to make a special operating transfer of \$1.83 million from the General Fund to the Capital Projects Fund to help fund road projects. This transfer was possible due to excess revenue collections in the current year over original budget estimates and the lack of need to increase further the amount in the unreserved fund balance that currently exceeds the minimum 40% (of the annual General Fund budget) targeted in the fiscal policies of the City. Such transfers reduce the amount of long-term debt that would otherwise be needed to fund capital needs.
- The City of Brentwood property tax rate that was approved in June 2009 for the new fiscal year beginning July 1, 2009 – June 30, 2010 will be \$.49 per \$100 of assessed value, which represents the same effective tax rate for the nineteenth (19) year in a row. Brentwood continues to have one of the lowest tax rates in the State of Tennessee for any full service municipality with the City property tax bill for the average home valued at \$420,000 being \$515 annually.

- Well in advance of the fiscal year 2008-2009 requirement from the Governmental Accounting Standards Board (GASB 45) to expense post employment benefit obligations for retiree health and life insurance coverage, the City undertook an actuarial study in fiscal year 2004-2005 to determine the future financial obligations to the City. In a fiscally responsible manner, the Board of Commissioners moved immediately rather than delaying three years to begin appropriating funds annually in the fiscal year 2005-2006 to meet this commitment. Also during fiscal year 2005-2006, the City Commission modified the City's post employment benefit program to reduce the City's future financial obligations for eligible employees hired after July 1, 2005. The City worked with the State of Tennessee to provide a legal mechanism for establishment of an irrevocable trust to ensure a financially sound program according to GASB standards. Establishment of this trust was completed in fiscal year 2007-2008 with associated prior and current funding officially transferred to this trust to cover the cost of retiree health obligations, which will increase significantly beginning in the year 2016.
- Brentwood is committed to improving the productivity and responsiveness of City departments through the effective use of new technology and equipment in daily operations. This on-going focus has kept the overall growth in City staffing levels low while enabling the City to be responsive to expanding service demands (police, fire, parks, public works, library, inspections, etc) from a growing population and service area. The result is that the number of full-time employees per 1,000 residents for the adopted fiscal year 2009-2010 budget will be 6.75 versus 8.54 in fiscal year 1990-1991 or 21% less. To put this productivity gain in perspective, if the City were operating at the same per capita staffing levels today as in FY 1991, the City would have 65 additional full-time employees (310 rather than 245) with an additional cost to the General Fund of \$5.2 million annually. Funding would have required a 51% increase in the City property taxes, a corresponding \$5.2 million cut in current General Fund services or a combination of tax increases and service reductions.
- In December 2007, the City entered into an agreed order with the Tennessee Department of Environment and Conservation and the Metropolitan Government of Nashville and Davidson County to undertake over the next six years a comprehensive assessment of City owned and mutually used sewer lines and other facilities to identify locations for repair and upgrades. Certain sewer trunk lines built prior to 1985 were poorly constructed using substandard materials (compared to today's pipe materials) and were located within and/or close to streams. This allowed for storm water infiltration during significant rainfall events and subsequent discharges and line overflows into those streams. This multi-year program was initiated in Fiscal Year 2007-2008 with an initial investment of \$10 million to identify and rehabilitate existing trunk line sections with major infiltration problems, primarily through slip line technology. The City expects to spend as much as \$30 million over the next six years with funding provided through a 25% increase in sewer rates and increases in sewer tap fees that were authorized in April 2008. Significant progress was made during Fiscal Year 2008-2009 to repair lines with the most significant problems and reduce infiltration and overflows. Compliance with the agreed order will serve our long term interests by creating a more reliable collection system to serve the community for the next 30 years. Such improvements also lower future wastewater treatment expenses by reducing the amount of

metered storm water that must be treated by Metro Nashville at their wastewater treatment facilities on the Cumberland River.

- The City continued to make investments in upgrading substandard roads and extending the bikeway network to facilitate safer traffic movement and to provide alternative transportation systems. The projects underway include right-of-way acquisition for improvements to Concord Road (from Edmondson Pike to Sunset Road) and Split Log Road (from Wilson Pike to Ragsdale Road); initial construction of improvements to Edmondson Pike (from Smithson Lane to the Davidson County line); and design for future improvements to Franklin Road (from Concord Road to Moores Lane).

MAJOR CHALLENGES - For the Future. The significant challenges, issues and changes that the City will face in the near future include the following:

- ***Local Housing Market.*** Brentwood continues to be one of the most desirable communities in which to live in the Nashville/Middle Tennessee area. However, consistent with the economic recession and national housing trends, there has been a dramatic slowdown in new housing starts. In calendar year 2008, the City had 107 new housing starts compared to a record high of 635 in 2004. Housing starts in calendar year 2009 are expected to decline to about 60 units annually based on permits issued in the first six months of the year. With continuing concerns nationally about excess housing inventory, foreclosures, declining real estate values, and tightening credit markets, Brentwood is fortunate that the values in the housing market has remained relatively stable compared to other fast growing areas in the United States. While there has been a decline in the median and average value of homes compared to sales of existing homes a year ago, the average housing prices are still 11% higher than for sales in calendar year 2005. While no one can predict accurately the future value of homes and credit market trends in this uncertain national economy, new housing starts are not expected to return to the historic average of 250-300 units annually for several years. Fortunately, the City of Brentwood budget was not reliant on the collection of fees associated with new development, so the slowdown has not significantly impacted overall funding of basic operations. In addition, the assessed values of existing property on the tax roll as determined by the Williamson County Property Assessor every four years are traditionally established at a lower amount than actual market value; accordingly, when the next reappraisal is completed in 2011 for fiscal year 2011-2012, the City does not anticipate the same level of challenge facing communities in other states with significantly declining assessed property values in the tax base.
- ***Local Revenue Growth Trends.*** The City of Brentwood again ended fiscal year 2008-2009 in excellent financial condition. General Fund revenue growth greatly exceeded amended budget estimates by \$2,746,783 while expenditures were under the revised appropriation by \$985,652. The unreserved fund balance increased from the previous fiscal year by \$1,873,940 (from \$23,074,729 to \$24,948,669). In light of the continuing economic uncertainty and declining revenue collections in certain key areas such as local sales tax collections, the City was very conservative in preparing revenue estimates for the new fiscal year 2009-2010. Accordingly, the City expects to balance the new budget at year-end (current year revenue collections versus actual expenditures), but without the exceptional level of surplus achieved in the previous two years. In addition, the staff does not anticipate

the need to undertake mid-year service reductions or expenditure deferrals to achieve a balanced budget. Looking ahead to fiscal year 2010-2011 with a continuation of the economic slowdown, the anticipated decline in the growth of property tax resulting from fewer housing starts combined with no growth in local sales tax collections and state shared revenues will pose a greater challenge in covering uncontrollable expenditure increases within current revenue collections. However, the staff is confident that the fiscal year 2010-2011 budget will be balanced without a property tax increase and can be done in a way that does not reduce essential services or affect the quality of life in Brentwood.

- ***Metro Nashville Lawsuit/Wastewater Treatment Rates.*** A lawsuit was filed by Metro Nashville against the Cities of Brentwood, Laverne and Millersville in 2007, alleging the three cities owe for past due billings for sewage treatment charges, as well as capital cost allocations alleged to have been incurred by Metro on the three cities' behalf. The complaint against Brentwood claims that the City owed \$1,049,505, at the time the lawsuit was filed, for unpaid billings which had accumulated since a rate increase was implemented by Metro in 2006. In addition, Metro claimed that Brentwood owed \$2,578,178 in capital costs for improvements to Metro's sewer system which it alleged were chargeable to Brentwood. The City of Brentwood and the other defendant cities have disputed the basis for the cost increase and strongly contested the merits of the lawsuit. In addition, Brentwood and nine other wholesale customers formed an association to respond to the efforts by Metro Nashville Water and Sewer Services to unilaterally force a significantly higher rate adjustment for sewer trunk and treatment services. With a change in administration in Nashville, the City made significant progress in fiscal year 2008-2009 in negotiating a settlement to the current lawsuit and establishing an acceptable rate for trunk and treatment services. An agreement implementing the negotiated rate was approved by the Brentwood Board of Commissioners in August 2009, and by the Metro Council in November 2009. The additional cost for trunk and treatment services will be funded through a wastewater treatment surcharge that was added to the customer sewer bills due on or after July 7, 2009. The agreement also provided for Brentwood to make a lump sum payment for services rendered since July 1, 2007, beyond the amounts already paid by Brentwood. This payment was made from accumulated accruals which had been held by the City in anticipation of a settlement.

Debt Administration.

The City's total outstanding bonded debt of \$34,978,768 is rated Aaa by Moody's Investors Service, the highest rating possible. The rating confirms the City's commitment to sound financial management and the City's strong and diverse economic base.

Cash management. Cash not required for current operations was invested in savings accounts and short-term (less than one year) certificates of deposits. Deferred compensation funds are invested by the agents with whom they are deposited and are not included in the City's investment activities. All investments were in accordance with the City's Fiscal Management Policies.

Risk management. The City's risk management program includes various risk control techniques, including employee accident prevention training. The City maintains insurance

coverage through the Tennessee Municipal League Risk Management Pool, and meets the Pool's guidelines and complies with its rules and regulations. Additional information on the City of Brentwood's risk management activity can be found in Note 8 of the notes to the financial statements.

Pension and other postemployment benefits. The City participates in the Tennessee Consolidated Retirement System (TCRS). The plan is non-contributory, meaning the employees do not make direct contributions to the plan. The City makes contributions to the TCRS on the employee's behalf. Employees become vested after five (5) years of full-time employment and shall be eligible for benefits upon retirement, based on their age, their number of years of employment, and the average of the member's five (5) highest consecutive years of salary.

The City of Brentwood also provides postretirement health care and life insurance benefits for certain retirees who meet the City's eligibility requirements. For detailed information on the City's pension and postemployment benefits, please refer to notes 11 and 12 of the financial statements.

Awards and Acknowledgements

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brentwood for its comprehensive annual financial report for the year ended June 30, 2008. This was the twenty-third consecutive year (fiscal years ended 1986-2008) that the government has achieved this award. The Certificate of Achievement is a prestigious national award that recognizes our conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

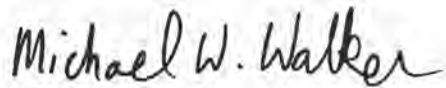
Distinguished Budget Presentation Award. The City has been recognized by the Government Finance Officers Association of the United States and Canada (GFOA) with the Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2008. This represents the sixteenth consecutive year the City has met or exceeded the program's requirements. This award represents the highest recognition possible in governmental budgeting.

The award program critiques the budget document on its proficiency as a policy document, a financial plan, an operations guide and as a communications device. The award is valid for a period of one year. Management will continue to improve the City's budget based on comments and suggestions from the review and will conform to program requirements and changes.

Acknowledgments. The efforts of the members of the Finance Department office staff and the cooperation of each of the City's departments were essential in the preparation of this report. Specific appreciation is expressed to City Treasurer Karen Harper on her preparation and thoroughness throughout the audit process.

Also, the City is indebted to the staff of Kraft CPAs, PLLC for its valuable guidance and assistance. Credit also must be given to the Mayor and the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Brentwood's finances.

Respectfully submitted,



Michael W. Walker
City Manager



Carson K. Swinford
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Brentwood
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

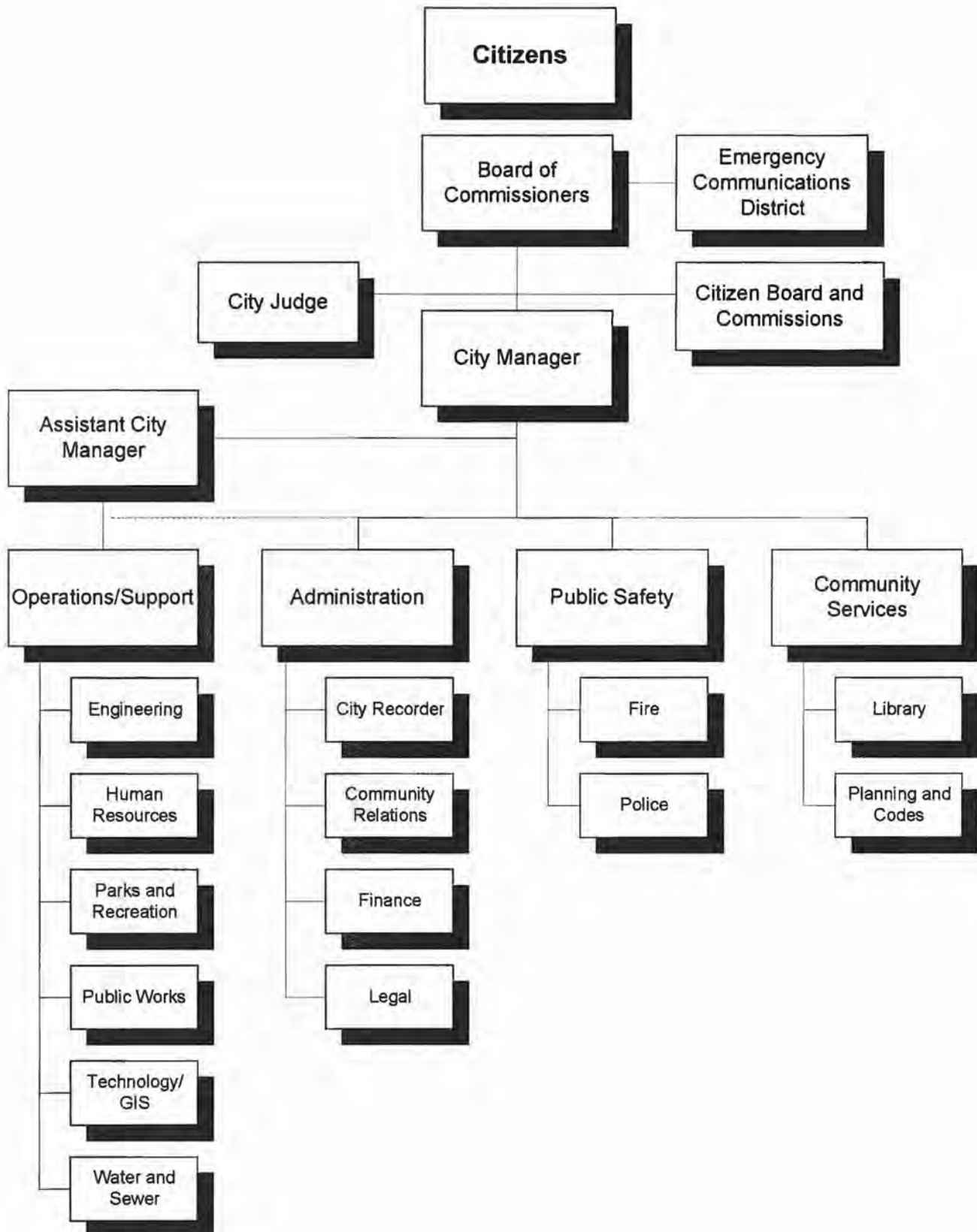


President

Executive Director

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City of Brentwood Organization Chart



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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

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Board of Commissioners
City of Brentwood
Brentwood, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, Tennessee (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents, pages 19 through 60 inclusive. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, Tennessee, as of June 30, 2009, and the respective changes in financial position, cash flows and major fund budget to actual comparisons, where applicable, thereof for the year 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 City'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 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 audit.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Management's Discussion and Analysis on pages 3 through 18, the Schedule of Funding Progress - Political Subdivision Pension Plan on page 61, the Schedule of Funding Progress and Schedule of Employer Contributions - Other Post Employment Benefits on page 62, the financial information on pages 78 and 79 and the statistical sections on pages 80 through 101 are not a required part of the basic financial statements but are 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brentwood's basic financial statements. The accompanying financial information listed in the introductory information on pages i through xiii, combining and individual nonmajor fund statements on pages 64 through 70 and the financial schedules on pages 71 through 77 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KraftCPAs PLLC

Nashville, Tennessee
December 18, 2009

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Management's Discussion and Analysis

As management of the City of Brentwood, Tennessee (the "City" or the "City of Brentwood"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with our Letter of Transmittal (page i) and the City's financial statements (beginning on page 19).

Financial Highlights

- The assets of the City of Brentwood exceeded its liabilities at the close of the most recent fiscal year by \$264,182,021 (net assets). Of this amount, \$57,354,725 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$16,891,532 compared to prior year.
- As of the close of the current fiscal year, the City of Brentwood's governmental funds reported combined ending fund balances of \$45,198,439, a decrease of \$4,183,843 in comparison with the prior year. Approximately 55% of this total amount, \$24,948,669, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$24,948,669, or 83% of FY 2010 budgeted operating general fund expenditures. This demonstrates the City's fiscal discipline and places the City in a strong financial position to meet unexpected emergencies, uncertainties at the State level or the current slowdown in the economy.
- The City of Brentwood's total debt increased by \$6,501,002 during the current fiscal year. The key factor in this increase was the net effect of bond proceeds from a Water & Sewer Revenue and Tax Bond issuance (\$10M) and the payment of principal amounts for existing General Obligation debt (\$2.3M) and Water & Sewer debt (\$1.2M).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction of the City of Brentwood's basic financial statements. The City of Brentwood's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Brentwood's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Brentwood's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Brentwood is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Brentwood that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Brentwood include general government, public safety, roads and streets, public health, parks and recreation, public library, and community support. The business-type activities of the City of Brentwood include the Water and Sewer Fund, Municipal Center Fund and Emergency Communications District.

The government-wide financial statements can be found on pages 19 - 20 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Brentwood, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Brentwood can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Brentwood maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and the capital projects fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 21 - 24 of this report.

Budget to Actual Comparisons - General Fund. The City of Brentwood adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. Budget to actual comparisons for the General Fund can be found on pages 25 - 29 of this report.

Proprietary funds. There are two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Brentwood uses enterprise funds to account for activities in its Water and Sewer Fund, Municipal Center Fund and Emergency Communications District. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a City's various functions. The City of Brentwood does not use internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Municipal Center Fund and Emergency Communications District.

The basic proprietary fund financial statements can be found on pages 30 - 32 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support a City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Brentwood maintains three fiduciary funds: (1) the Post Employment Benefits Fund, (2) the Post Employment Benefits Trust and (3) the Donations Held in Trust Fund.

The basic fiduciary fund financial statements can be found on pages 33 - 34 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 - 60 of this report.

Other information. Include in Required Supplementary Information, the City of Brentwood's progress in funding its obligation to provide pension benefits and other post employment benefits to its employees is presented, which can be found on pages 61 - 62. The combining statements referred to earlier in connection with the debt service and nonmajor governmental funds are presented immediately following the required supplementary information on pensions and other post employment benefits. Combining and individual fund statements can be found on pages 63 - 70 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Brentwood, assets exceeded liabilities by \$264,182,021 as of June 30, 2009.

City of Brentwood, Tennessee
Net Assets - Primary Government
June 30, 2009 and 2008
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$ 61,236	\$ 64,093	\$ 19,504	\$ 11,867	\$ 80,740	\$ 75,960
Capital Assets	<u>183,780</u>	<u>167,655</u>	<u>60,877</u>	<u>56,598</u>	<u>244,657</u>	<u>224,253</u>
Total Assets	<u>245,016</u>	<u>231,748</u>	<u>80,381</u>	<u>68,465</u>	<u>325,397</u>	<u>300,213</u>
Long-term Liabilities Outstanding	28,414	30,493	15,295	6,501	43,709	36,994
Other Liabilities	<u>14,565</u>	<u>13,366</u>	<u>2,940</u>	<u>2,562</u>	<u>17,505</u>	<u>15,928</u>
Total Liabilities	<u>42,979</u>	<u>43,859</u>	<u>18,235</u>	<u>9,063</u>	<u>61,214</u>	<u>52,922</u>
Net Assets:						
Invested in Capital Assets, net of related debt	157,619	139,217	45,582	50,098	203,201	189,315
Restricted	3,447	3,231	180	270	3,627	3,501
Unrestricted	<u>40,971</u>	<u>45,441</u>	<u>16,384</u>	<u>9,034</u>	<u>57,355</u>	<u>54,475</u>
Total Net Assets	<u>\$ 202,037</u>	<u>\$ 187,889</u>	<u>\$ 62,146</u>	<u>\$ 59,402</u>	<u>\$ 264,183</u>	<u>\$ 247,291</u>

By far the largest portion of the City of Brentwood's net assets (78%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Brentwood uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Brentwood's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets represents resources that are subject to restrictions as to how they may be used. These include net assets restricted for capital projects (\$342,734), roads and streets (\$485,175), community development projects (\$238,536), facilities maintenance projects (\$363,318), other post employment benefits (\$1,749,078), debt retirement (\$179,823) and other purposes (\$268,449).

At the end of the current fiscal year, the City of Brentwood is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

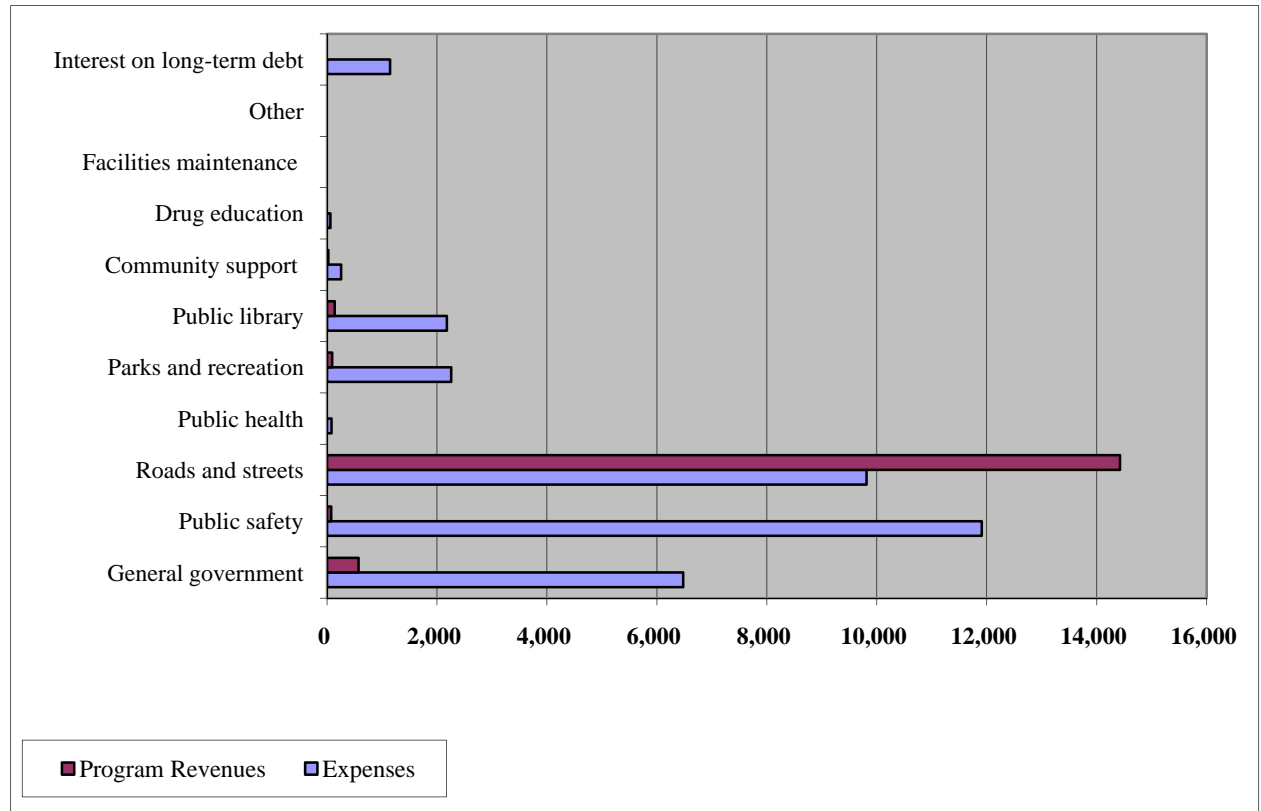
Governmental activities. Governmental activities increased the City of Brentwood's net assets by \$14,147,843, accounting for 84% of the total growth in the net assets of the City of Brentwood. Key elements of this increase are as follows:

- Property taxes of \$10,349,458 were received in FY 2009, an increase of \$401,108 (4%) over the previous year, a result of the increase in the property tax base.
- State Income Tax of \$3,307,732, an increase of \$210,402 (7%) over prior year collections, a result of increased investment market returns.
- Donated capital assets from developers and State amounted to \$13,452,200 primarily from the valuation of streets accepted by the City of Brentwood in fiscal year 2009.

The City's Changes in Net Assets
For the year ended June 30, 2009 and 2008
(amounts expressed in thousands)

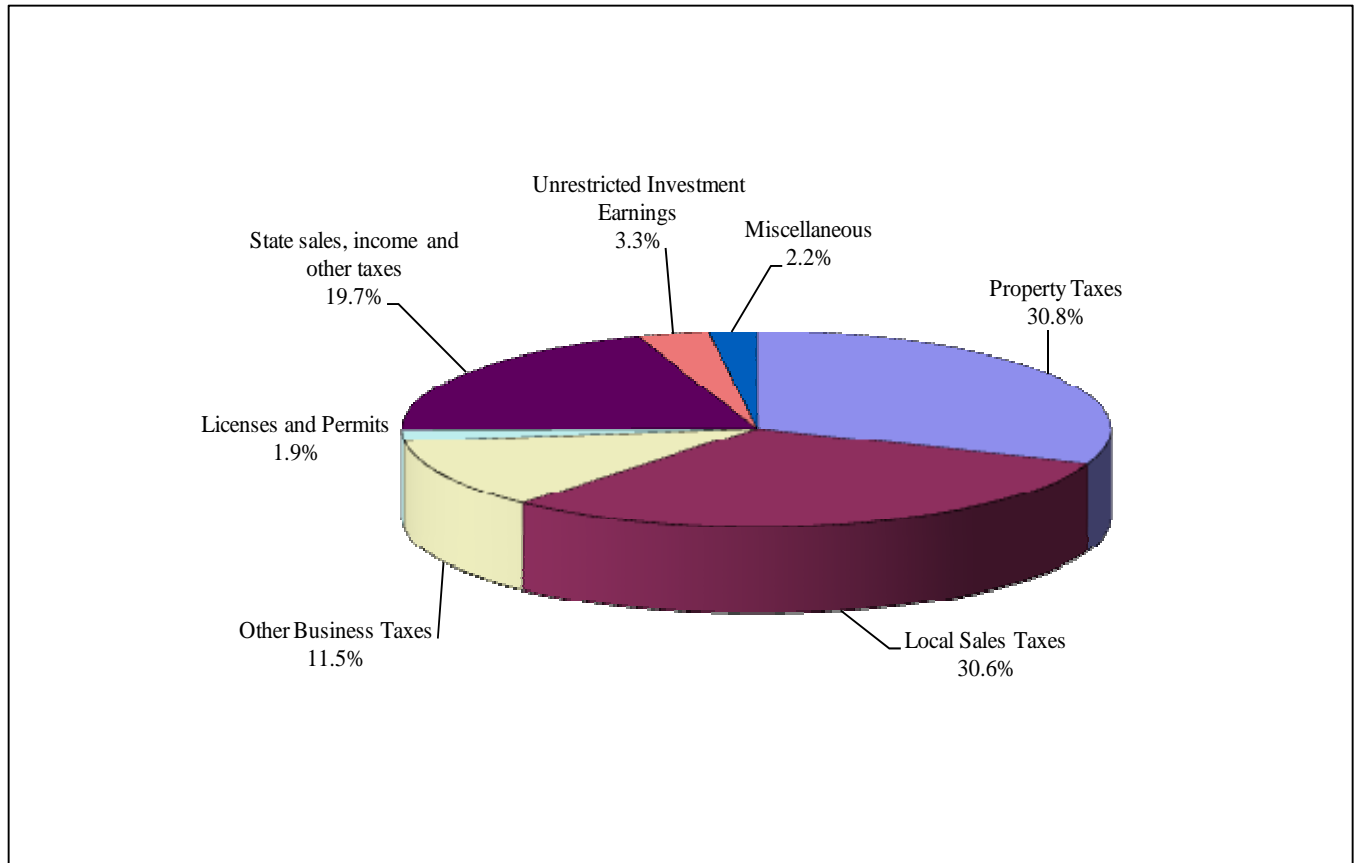
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Charges for services	\$ 866	\$ 920	\$ 15,329	\$ 14,555	\$ 16,195	\$ 15,475
Operating grants and contributions	1,007	1,026	-	-	1,007	1,026
Capital grants and contributions	13,452	6,910	-	-	13,452	6,910
General revenues:						
Property taxes	10,350	9,948	-	-	10,350	9,948
Local option sales tax	10,262	10,898	-	-	10,262	10,898
Other business taxes	3,871	4,025	-	-	3,871	4,025
Licenses and permits	631	1,146	-	-	631	1,146
State sales tax, income tax, other taxes and contributions not restricted to specific programs	6,613	6,745	-	-	6,613	6,745
Unrestricted investment earnings	1,099	1,883	157	452	1,256	2,335
Miscellaneous	725	1,548	-	-	725	1,548
Total Revenues	48,876	45,049	15,486	15,007	64,362	60,056
Expenses:						
General government	6,477	5,671	-	-	6,477	5,671
Public safety	11,907	11,582	-	-	11,907	11,582
Roads and streets	9,814	8,608	-	-	9,814	8,608
Public health	81	81	-	-	81	81
Parks and recreation	2,258	2,214	-	-	2,258	2,214
Public library	2,180	2,060	-	-	2,180	2,060
Community support	256	260	-	-	256	260
Drug education	60	64	-	-	60	64
Facilities maintenance projects	134	132	-	-	134	132
Interest on long-term debt	1,148	1,230	-	-	1,148	1,230
Water and sewer	-	-	11,672	11,551	11,672	11,551
Rental facilities	-	-	585	507	585	507
Emergency Communications	-	-	898	889	898	889
Total expenses	34,315	31,902	13,155	12,947	47,470	44,849
Increase in net assets before transfers	14,561	13,147	2,331	2,060	16,892	15,207
Transfers	(413)	(395)	413	395	-	-
Increase in net assets	14,148	12,752	2,744	2,455	16,892	15,207
Net assets - beginning	187,889	175,137	59,402	56,947	247,291	232,084
Net assets - ending	<u>\$202,037</u>	<u>\$187,889</u>	<u>\$ 62,146</u>	<u>\$ 59,402</u>	<u>\$264,183</u>	<u>\$247,291</u>

Expenses and Program Revenues – Governmental Activities



As the above graph shows, Public Safety expenditures represent the largest activity, reflecting the City's commitment to a safe community. Roads and Streets expenditures was also a substantial activity. For the most part, expenses closely paralleled inflation and growth in the demand for services.

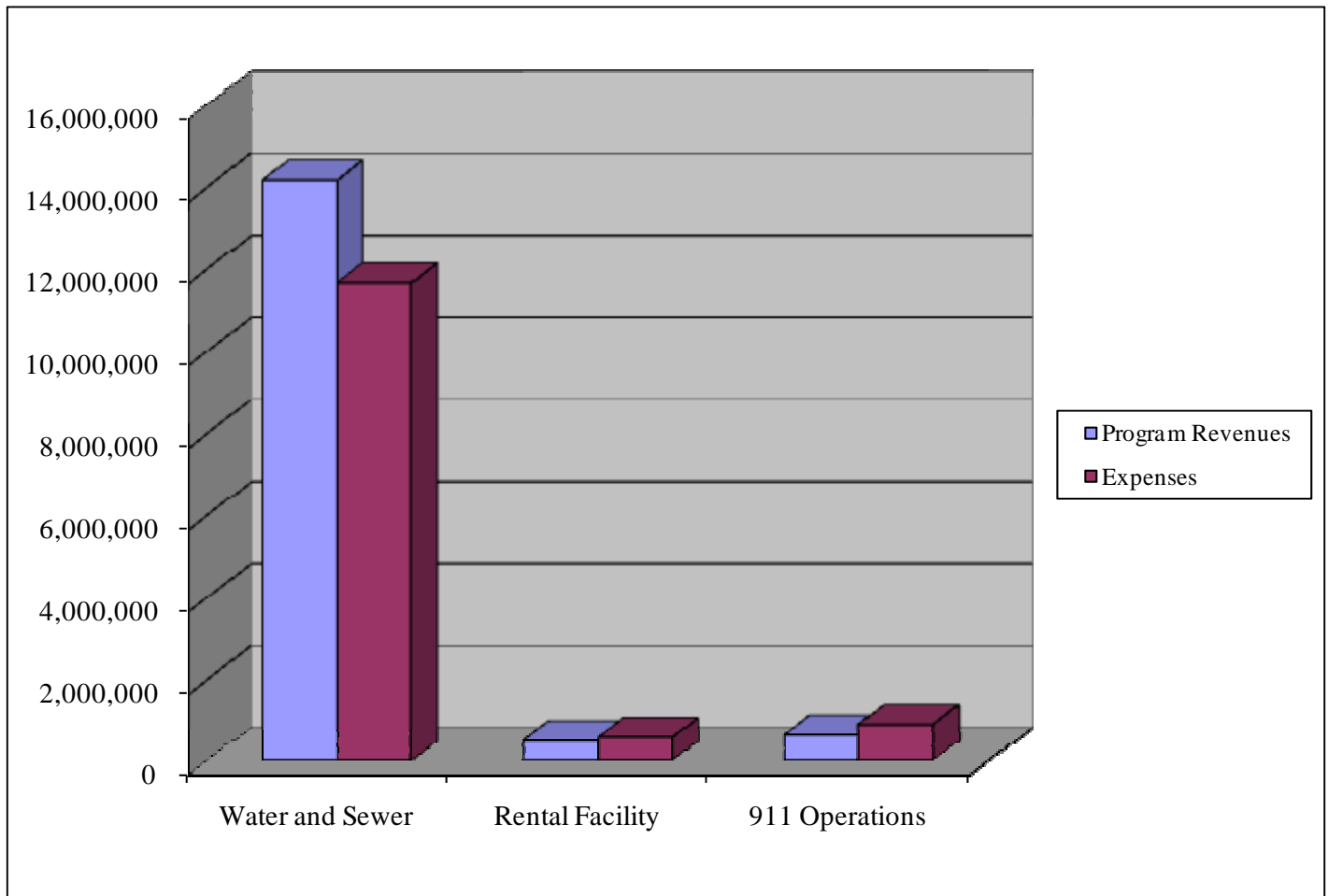
Revenue by Source – Governmental Activities



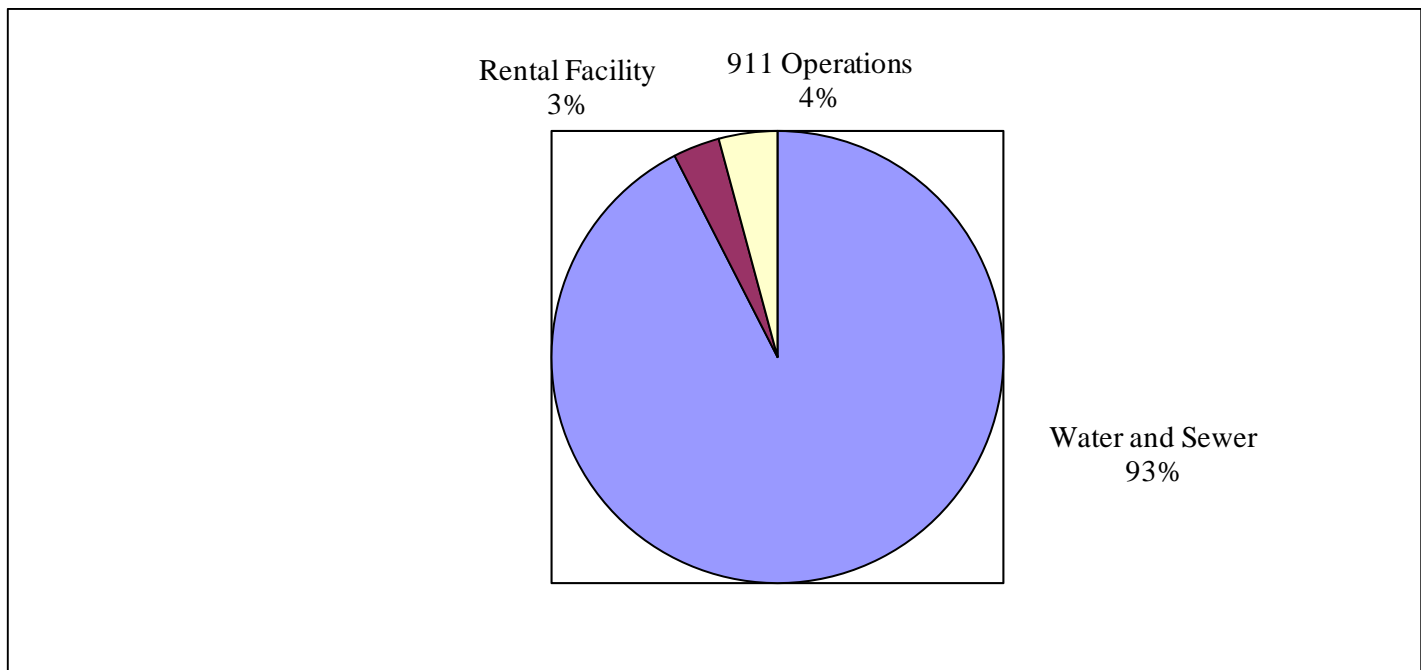
Business-type activities. Business-type activities increased the City of Brentwood's net assets by \$2,733,709, accounting for 16% of the total growth in the government's net assets. Key elements of this increase are as follows:

- The City's Water and Sewer Fund accounts for the majority (96%) of the increase in business-type net assets, with a net income of \$2,621,001 for the year. This is an increase of \$361,100 from the prior year, primarily due to the 25% sewer rate increase effective late FY 2008.
- The City's Municipal Center Fund recorded a net loss of \$62,426 for the year, a decrease of \$90,303 from the previous year. The increase was due mainly to increased maintenance, utilities and professional services of \$59,779.
- The Emergency Communications District (ECD) recorded net income of \$185,114, an increase of \$17,716 from the previous year.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of Brentwood uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Brentwood's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Brentwood's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Asset, Liabilities, and Fund Balances Total Governmental Funds June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Total assets	<u>\$ 59,540,471</u>	<u>\$ 62,441,253</u>
Total liabilities	<u>\$ 14,342,032</u>	<u>\$ 13,058,971</u>
Fund balances:		
Reserved	20,249,770	26,307,553
Unreserved	<u>24,948,669</u>	<u>23,074,729</u>
Total fund balances	<u>45,198,439</u>	<u>49,382,282</u>
Total liabilities and fund balances	<u>\$ 59,540,471</u>	<u>\$ 62,441,253</u>

As of the end of the current fiscal year, the City of Brentwood's governmental funds reported combined ending fund balances of \$45,198,439, a decrease of \$4,183,843 in comparison with the prior year. Approximately 55% of this total amount (\$24,948,669) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for future debt service obligations (\$3,732,563), capital projects (\$15,400,265), roads and streets (\$485,175), facilities repairs (\$363,318), fuel purchases (\$150,002) and drug enforcement and education (\$118,447).

The general fund is the chief operating fund of the City of Brentwood. At the end of the current fiscal year, unreserved fund balance of the general fund was \$24,948,669. A measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 80% of total fiscal year 2009 general fund expenditures (including transfers).

Changes in Fund Balances of Governmental Funds
For the year ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
REVENUES		
Taxes	\$ 24,482,463	\$ 24,871,016
Licenses and permits	631,364	1,146,517
Fines and fees	572,763	631,595
Charges for services	292,644	287,936
Intergovernmental	7,620,251	7,771,087
Uses of money and property	1,099,457	1,883,205
Other	<u>663,844</u>	<u>1,548,023</u>
TOTAL REVENUES	<u>35,362,786</u>	<u>38,139,379</u>
EXPENDITURES		
Current:		
General government	5,527,562	5,175,337
Public safety	11,379,395	10,863,119
Roads and streets	4,437,408	4,317,743
Public health	80,858	80,890
Parks and recreation	1,640,627	1,582,625
Public library	1,982,039	1,845,720
Community support	256,220	259,756
Drug education	25,418	33,962
Facilities maintenance projects	134,359	131,616
Capital outlay	10,251,368	5,349,986
Debt service	<u>3,418,375</u>	<u>3,126,656</u>
TOTAL EXPENDITURES	<u>39,133,629</u>	<u>32,767,410</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,770,843)</u>	<u>5,371,969</u>
OTHER FINANCING SOURCES (USES)		
Transfers in/out (net)	(413,000)	(395,000)
Proceeds of general obligation bonds	<u>-</u>	<u>4,935,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(413,000)</u>	<u>4,540,000</u>
NET CHANGES IN FUND BALANCES	(4,183,843)	9,911,969
FUND BALANCE, BEGINNING OF YEAR	<u>49,382,282</u>	<u>39,470,313</u>
FUND BALANCE, END OF YEAR	<u>\$ 45,198,439</u>	<u>\$ 49,382,282</u>

The fund balance of the City of Brentwood's general fund increased by \$1,873,940 during the current fiscal year. Key factors in this fund for 2009 are mentioned previously and include:

- Residential and commercial property tax collections increased by \$401,108 (4%) over the previous year, a result of the increase in the property tax base.
- State Income Tax (Hall Tax) increased by \$210,402 (7%) over FY 2008 due to higher investment market returns.
- FY 2009 business tax collections exceeded budgeted projections by \$195,774.
- The general fund departments demonstrated fiscal responsibility by under-spending the appropriated budget by \$985,652.

The debt service fund has a total fund balance of \$3,732,563, all of which is reserved for the future payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$132,205. Principal payments increased \$221,665 and interest payments increased \$155,791 over FY 2008 amounts. Please see Note 6 for additional information on the City's long-term liabilities.

The capital projects fund has a total fund balance of \$13,560,744 all of which is reserved for the funding of major capital improvements of the City. The current year net decrease of \$5,651,943 is mainly attributable to FY 2009 expenditures for several capital projects including improvements and extraordinary repairs to the Brentwood Library, ROW acquisition pertaining to the Concord Road East Improvements Road Project, Split Log Road improvements and other capital projects addressed in the Capital Asset Administration Section of this letter.

Proprietary funds. The City of Brentwood's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$14,560,639, for the Municipal Center Fund, \$848,738 and for the Emergency Communications District, \$974,631. The total increase (decrease) in net assets for the funds was \$2,621,001, \$(62,426) and \$185,114, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Brentwood's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and final amended budget (\$67,410 increase in revenues and \$1,937,410 in current year appropriations) can be summarized as follows:

Revenues

Increases were made to the following accounts due to grant revenue received:

FEMA Grant - Fire	\$47,768
SAFER Grant - Fire	<u>19,642</u>
Total Change in Budgeted Revenues	<u>\$67,410</u>

The following increases to current year appropriations were made:

Appropriations

- A special appropriation and fund balance transfer from the unreserved fund balance in the General Fund to the Capital Projects Fund of \$1,830,000 to fund the following future projects:
 1. A \$1,000,000 commitment for a systematic expansion of the annual street resurfacing program over the next four (4) years; and
 2. \$830,000 to leverage \$3 million in available federal funds for improvements to a section of Concord Road from Arrowhead Drive to Jones Parkway.

This systematic transfer from the fund balance for one-time, non-reoccurring projects is possible due to the City's strong reserve position.

- Increasing the transfer from the Fire and Rescue Department to the Equipment Replacement Fund by \$40,000. Funding is available through FY 2009 budgetary savings within the department and will be used to purchase a Shift Commander Truck from the Equipment Replacement Fund in FY 2011.
- Increasing the appropriation for the Fire activity by \$47,768 for MagneGrip Group Air Filtration Systems in the vehicle bay areas of fire stations 1, 2 and 3. This purchase was previously approved by the City Commission in April 2009. The total purchase costs were \$53,076. 90% of the total cost (\$47,768) has been reimbursed by a FEMA Grant. The balance of \$5,307 (\$53,076-\$47,768) will be paid from savings in the Fire Department's operating budget.
- Increasing the appropriation for the Fire and Rescue activity by \$19,642 for the salary and benefits (March-June 2009) for two (2) new firefighters positions that were previously approved through the successful grant application for federal funding under the SAFER program, with funding provided by the grant proceeds.

The General Fund unrestricted fund balance at June 30, 2009, after factoring in the fund balance transfer referenced above is \$24,948,669. Even with this reduction due to the appropriation amendment, the fund balance exceeds the stated budget policy objective of maintaining a minimum of 40% reserves (based on the amount of the annual budget appropriation) for future needs and emergencies.

Capital Asset and Debt Administration

Capital assets. The City of Brentwood's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$244,656,353 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements, machinery and equipment, park facilities, roads and bridges.

Major capital asset events during the current fiscal year included the following:

- The acceptance of 30 streets (or sections of streets) within the city limits as public streets, with a valuation (including right-of way) of \$12,652,200.
- Improvements and extraordinary repairs to the Brentwood Library,
- Substantial completion of improvements to Split Log Road,
- Acquisition of a Sutphen ladder truck for the Fire Department,
- Completion of widening and structural improvements to Waller Road,
- Update and expansion of the City's radio communication system,
- Bikeway improvements from Wilson Pike tunnel to Split Log Road,
- Improvements to Crockett and Primm Parks,
- Acquisition of a Freightliner Truck for the Public Works Department,
- A 600 square foot addition to Fire Station #2,
- Acquisition of an air compressor for Fire Station #1,
- Various building and system additions and improvements were completed in the Water and Sewer Fund at a cost of \$873,941.

City of Brentwood Capital Assets
(net of depreciation)
June 30, 2009 and 2008
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 79,732	\$ 74,012	\$ 743	\$ 743	\$ 80,475	\$ 74,755
Buildings and improvements	13,286	13,554	1,765	1,863	15,051	15,417
Utility plant in service	-	-	49,241	50,355	49,241	50,355
Improvements other than buildings	4,969	5,260	435	436	5,404	5,696
Machinery and equipment	5,358	4,645	843	969	6,201	5,614
Infrastructure	69,463	64,672	-	-	69,463	64,672
Construction in progress	<u>10,972</u>	<u>5,512</u>	<u>7,850</u>	<u>2,232</u>	<u>18,822</u>	<u>7,744</u>
Total Assets	<u>\$ 183,780</u>	<u>\$ 167,655</u>	<u>\$ 60,877</u>	<u>\$ 56,598</u>	<u>\$ 244,657</u>	<u>\$ 224,253</u>

Additional information on the City of Brentwood's capital assets can be found in Note 4 of this report.

Long-term bonded debt. At the end of the current fiscal year, the City of Brentwood had total long-term bonded debt outstanding of \$41,479,770. Of this amount, \$26,050,000 comprises debt backed by the full faith and credit of the City and \$15,429,770 comprises bonds secured solely by specified revenue sources (i.e. revenue bonds). All debt is through the issuance of bonds for periods not exceeding 20 years at fixed interest rates.

**City of Brentwood Outstanding Debt
General Obligation and Revenue Bonds
June 30, 2009 and 2008
(amounts expressed in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General obligation bonds	\$ 26,050	\$ 28,305	\$ -	\$ -	\$ 26,050	\$ 28,305
Revenue and tax bonds	-	-	15,250	6,230	15,250	6,230
State of Tennessee loan revenue bonds	-	-	180	444	180	444
Total	<u>\$ 26,050</u>	<u>\$ 28,305</u>	<u>\$ 15,430</u>	<u>\$ 6,674</u>	<u>\$ 41,480</u>	<u>\$ 34,979</u>

The City of Brentwood's total long-term debt increased by \$6,501,002 (19%) during the current fiscal year. The key factor in this increase was the net effect of bond proceeds from a Series 2008 Water and Sewer Revenue and Tax Bond issuance (\$10M) and the payment of principal amounts for existing General Obligation debt (\$2.3M) and Water /Sewer debt (\$1.2M).

The City of Brentwood maintains an Aaa rating from Moody's Investors Service and an AAA rating from Standard and Poor's for its general obligation and revenue and tax bonds debt. This is the highest bond rating possible and permits the City to receive the most favorable interest rates on our bonds.

State statutes set no limit for the amount of general obligation debt a governmental entity may issue. The total long-term bonded debt outstanding for the City of Brentwood of \$41,479,770 translates to approximately \$1,176 per capita using the 2007 special census population.

Additional information on the City of Brentwood's long-term debt can be found in Note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Williamson County is currently 8.3%, an increase from a rate of 3.6% a year ago. This compares favorably to the state's average unemployment rate of 11.1% and the national average rate of 9.7%.
- The office space occupancy rate of the City of Brentwood's central business district was 90% for 2009.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Brentwood's budget for the 2009 fiscal year.

During the current fiscal year, the total fund balance in the general fund increased to \$24,948,669. The City of Brentwood has not appropriated any of this amount for spending in the 2010 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Brentwood's finances for all those with an interest in the government'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
PO Box 788
Brentwood, Tennessee 37024-0788
E-mail: financedirector@brentwood-tn.org

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET ASSETS

JUNE 30, 2009

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 30,709,421	\$ 16,647,857	\$ 47,357,278
Property tax receivable	10,577,633	-	10,577,633
Sales tax receivable	1,184,401	-	1,184,401
Intergovernmental revenue receivable	4,464,294	-	4,464,294
Accounts receivable	224,877	1,906,522	2,131,399
Internal balances	(133,483)	133,483	-
Inventories	34,458	124,024	158,482
Investments	12,000,000	-	12,000,000
Restricted assets:			
Cash	238,536	309,613	548,149
Capital assets:			
Utility plant in service	-	76,069,488	76,069,488
Land	79,731,690	742,738	80,474,428
Buildings and structures	17,007,125	3,748,476	20,755,601
Improvements other than buildings	11,321,253	902,046	12,223,299
Furniture, machinery and equipment	14,447,379	2,941,209	17,388,588
Infrastructure	157,963,793	-	157,963,793
Construction in progress	10,971,778	7,850,576	18,822,354
Accumulated depreciation	(107,663,184)	(31,378,014)	(139,041,198)
Other post employment benefits asset	1,749,078	-	1,749,078
Other noncurrent assets	186,321	382,678	568,999
Total assets	<u>245,015,370</u>	<u>80,380,696</u>	<u>325,396,066</u>
LIABILITIES			
Accounts payable	1,923,228	1,214,184	3,137,412
Accrued salaries and benefits	320,281	281,474	601,755
Accrued interest	352,269	189,548	541,817
Other payables	165,676	999,246	1,164,922
Liabilities payable from restricted assets	353,522	255,894	609,416
Unearned revenue and other funds held	11,450,164	-	11,450,164
Long-term liabilities:			
Due within one year	2,895,000	1,174,770	4,069,770
Due in more than one year	<u>25,518,562</u>	<u>14,120,227</u>	<u>39,638,789</u>
Total liabilities	<u>42,978,702</u>	<u>18,235,343</u>	<u>61,214,045</u>
NET ASSETS			
Invested in capital assets, net of related debt	157,618,661	45,581,522	203,200,183
Restricted for:			
Roads and streets	485,175	-	485,175
Capital projects	342,734	-	342,734
Facilities maintenance projects	363,318	-	363,318
Debt retirement	-	179,823	179,823
Community development projects	238,536	-	238,536
Other purposes	268,449	-	268,449
Other post employment benefits	1,749,078	-	1,749,078
Unrestricted	<u>40,970,717</u>	<u>16,384,008</u>	<u>57,354,725</u>
Total net assets	<u>\$ 202,036,668</u>	<u>\$ 62,145,353</u>	<u>\$ 264,182,021</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government:							
Governmental Activities:							
General government	\$ 6,477,468	\$ 572,763	\$ -	\$ -	\$ (5,904,705)	\$ -	\$ (5,904,705)
Public safety	11,906,523	-	76,114	-	(11,830,409)	-	(11,830,409)
Roads and streets	9,813,754	41,210	928,645	13,452,200	4,608,301	-	4,608,301
Public health	80,858	-	-	-	(80,858)	-	(80,858)
Parks and recreation	2,257,828	92,498	-	-	(2,165,330)	-	(2,165,330)
Public library	2,179,852	136,250	2,500	-	(2,041,102)	-	(2,041,102)
Community support	256,220	22,686	-	-	(233,534)	-	(233,534)
Drug education	60,117	-	-	-	(60,117)	-	(60,117)
Facilities maintenance projects	134,359	-	-	-	(134,359)	-	(134,359)
Interest on long-term debt	1,148,236	-	-	-	(1,148,236)	-	(1,148,236)
Total governmental activities	34,315,215	865,407	1,007,259	13,452,200	(18,990,349)	-	(18,990,349)
Business-type activities:							
Water and Sewer	11,671,952	14,166,791	-	-	-	2,494,839	2,494,839
Rental facilities	584,900	509,673	-	-	-	(75,227)	(75,227)
911 operations	898,577	652,548	-	-	-	(246,029)	(246,029)
Total business-type activities	13,155,429	15,329,012	-	-	-	2,173,583	2,173,583
Total primary government	\$ 47,470,644	\$ 16,194,419	\$ 1,007,259	\$ 13,452,200	(18,990,349)	2,173,583	(16,816,766)
General Revenues:							
Taxes:							
Property taxes					10,349,458	-	10,349,458
Local option sales tax					10,261,708	-	10,261,708
Other business taxes					3,871,297	-	3,871,297
Licenses and permits					631,364	-	631,364
Intergovernmental					6,612,992	-	6,612,992
Unrestricted investment earnings					1,099,457	157,106	1,256,563
Miscellaneous					724,916	-	724,916
Transfers					(413,000)	413,000	-
Total general revenues and transfers					33,138,192	570,106	33,708,298
Change in net assets					14,147,843	2,743,689	16,891,532
Net Assets - beginning					187,888,825	59,401,664	247,290,489
Net Assets - ending					\$ 202,036,668	\$ 62,145,353	\$ 264,182,021

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2009

ASSETS	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 14,724,841	\$ 1,765,563	\$ 11,533,998	\$ 2,685,019	\$ 30,709,421
Receivables:					
Property tax	10,577,633	-	-	-	10,577,633
Sales tax	1,184,401	-	-	-	1,184,401
Intergovernmental	4,278,155	-	-	186,139	4,464,294
Accounts	222,221	-	697	-	222,918
Miscellaneous	-	-	-	1,959	1,959
Due from other funds:					
Water and Sewer	2,809	-	-	-	2,809
Emergency Communications District	8,866	-	-	-	8,866
General Fund	-	-	-	93,385	93,385
Equipment Replacement Fund	1,718	-	-	-	1,718
Facilities Maintenance Fund	-	-	73	-	73
Inventories of supplies	34,458	-	-	-	34,458
Investments	7,000,000	2,000,000	3,000,000	-	12,000,000
Restricted assets:					
Cash and cash equivalents	-	-	167,533	71,003	238,536
TOTAL ASSETS	\$ 38,035,102	\$ 3,765,563	\$ 14,702,301	\$ 3,037,505	\$ 59,540,471
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 865,004	\$ -	\$ 978,973	\$ 79,251	\$ 1,923,228
Accrued salaries	320,281	-	-	-	320,281
Due to other funds:					
General Fund	-	-	-	1,718	1,718
Water and Sewer Fund	985	33,000	-	-	33,985
Capital Projects Fund	-	-	-	73	73
State Street Aid Fund	93,385	-	-	-	93,385
Other payables	165,676	-	-	-	165,676
Retainage payable	190,938	-	162,584	-	353,522
Unearned revenues and other funds held	11,450,164	-	-	-	11,450,164
TOTAL LIABILITIES	13,086,433	33,000	1,141,557	81,042	14,342,032
COMMITMENTS AND CONTINGENCIES					
FUND BALANCES:					
Fund balance:					
Reserved for debt service	-	3,732,563	-	-	3,732,563
Reserved for capital projects	-	-	13,560,744	1,839,521	15,400,265
Reserved for facilities repairs	-	-	-	363,318	363,318
Reserved for street repairs	-	-	-	485,175	485,175
Reserved for drug enforcement and education	-	-	-	118,447	118,447
Reserved for fuel purchases	-	-	-	150,002	150,002
Unreserved	24,948,669	-	-	-	24,948,669
TOTAL FUND BALANCES	24,948,669	3,732,563	13,560,744	2,956,463	45,198,439
TOTAL LIABILITIES AND FUND BALANCES	\$ 38,035,102	\$ 3,765,563	\$ 14,702,301	\$ 3,037,505	\$ 59,540,471

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

RECONCILIATION OF BALANCE SHEET TO STATEMENT OF
NET ASSETS OF GOVERNMENTAL ACTIVITIES

JUNE 30, 2009

Total Governmental Funds Balances		\$ 45,198,439
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		183,779,834
Net other post employment benefits asset in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet		1,749,078
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due		(352,269)
Interfund payable, not due and payable in current period and therefore not reported in governmental funds		(111,173)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds:		
Bonds payable	(26,050,000)	
Less deferred charges on refunding bonds	375,149	
Less bond discount	143,646	
Less bond issuance costs	186,321	
Compensated absences	<u>(2,882,357)</u>	
		<u>(28,227,241)</u>
Net Assets of Governmental Activities		<u>\$ 202,036,668</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES					
Taxes	\$ 24,482,463	\$ -	\$ -	\$ -	\$ 24,482,463
Licenses and permits	491,249	-	-	140,115	631,364
Fines and fees	572,763	-	-	-	572,763
Charges for services	292,644	-	-	-	292,644
Intergovernmental	6,482,555	-	17,284	1,120,412	7,620,251
Uses of money and property	631,809	123,350	299,735	44,563	1,099,457
Other	21,155	-	525,882	116,807	663,844
TOTAL REVENUES	<u>32,974,638</u>	<u>123,350</u>	<u>842,901</u>	<u>1,421,897</u>	<u>35,362,786</u>
EXPENDITURES					
Current:					
General government	5,523,337	4,225	-	-	5,527,562
Public safety	11,379,395	-	-	-	11,379,395
Roads and streets	3,397,677	-	-	1,039,731	4,437,408
Public health	80,858	-	-	-	80,858
Parks and recreation	1,640,627	-	-	-	1,640,627
Public library	1,982,039	-	-	-	1,982,039
Community support	256,220	-	-	-	256,220
Drug education	-	-	-	25,418	25,418
Facilities maintenance projects	-	-	-	134,359	134,359
Capital outlay	-	-	8,549,844	1,701,524	10,251,368
Debt service	-	3,418,375	-	-	3,418,375
TOTAL EXPENDITURES	<u>24,260,153</u>	<u>3,422,600</u>	<u>8,549,844</u>	<u>2,901,032</u>	<u>39,133,629</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,714,485</u>	<u>(3,299,250)</u>	<u>(7,706,943)</u>	<u>(1,479,135)</u>	<u>(3,770,843)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,167,045	2,055,000	1,430,500	6,652,545
Transfers out	(6,840,545)	-	-	(225,000)	(7,065,545)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,840,545)</u>	<u>3,167,045</u>	<u>2,055,000</u>	<u>1,205,500</u>	<u>(413,000)</u>
NET CHANGE IN FUND BALANCE	<u>1,873,940</u>	<u>(132,205)</u>	<u>(5,651,943)</u>	<u>(273,635)</u>	<u>(4,183,843)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>23,074,729</u>	<u>3,864,768</u>	<u>19,212,687</u>	<u>3,230,098</u>	<u>49,382,282</u>
FUND BALANCE, END OF YEAR	<u>\$ 24,948,669</u>	<u>\$ 3,732,563</u>	<u>\$ 13,560,744</u>	<u>\$ 2,956,463</u>	<u>\$ 45,198,439</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

Net Change in Fund Balance - Governmental Funds **\$ (4,183,843)**

Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities:

Acquisition of capital assets	10,382,568
Donated capital assets from developers and State	13,452,200
Loss on disposal of assets	(423,643)
Depreciation expense	(7,286,686)

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities	2,255,000
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Repayment of interfund borrowing is an expenditure in the governmental funds, but reduces internal balances in governmental activities	22,460
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Interest is accrued on the outstanding bonds in the Statement of Activities, whereas in the governmental funds, an interest expenditure is reported when due:

Accrued interest on debt obligations at June 30, 2009	(352,269)
Accrued interest on debt obligations at June 30, 2008	409,537

Governmental funds report all payments to other post employment benefits as expenditures. However, in the government-wide statement of activities only the actuarial annual required contribution is considered an expense. Any excess payment is recorded as an asset.	61,072
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Governmental funds report the effects of bond issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities:

Amortization of bond related costs	(64,589)
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Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Change in accrual for compensated absences	(123,964)
--	-----------

Change in Net Assets of Governmental Activities **\$ 14,147,843**

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Taxes:				
Local sales tax	\$ 10,565,000	\$ 10,565,000	\$ 10,261,708	\$ (303,292)
Real and personal property	9,500,000	9,500,000	9,961,134	461,134
Public utility property tax	417,000	417,000	388,324	(28,676)
Business	1,167,800	1,167,800	1,363,574	195,774
Hotel/Motel taxes	1,000,000	1,000,000	1,033,436	33,436
Other	1,354,000	1,354,000	1,474,287	120,287
Licenses and permits	643,750	643,750	491,249	(152,501)
Fines and fees	440,000	440,000	572,763	132,763
Charges for services	227,000	227,000	292,644	65,644
Intergovernmental:				
State sales tax	2,450,000	2,450,000	2,309,064	(140,936)
State income tax	900,000	900,000	3,307,732	2,407,732
Other	782,695	850,105	865,759	15,654
Uses of money and property				
Interest earnings	450,000	450,000	343,314	(106,686)
Other	247,200	247,200	288,495	41,295
Other	16,000	16,000	21,155	5,155
TOTAL REVENUES	<u>30,160,445</u>	<u>30,227,855</u>	<u>32,974,638</u>	<u>2,746,783</u>
EXPENDITURES				
Current:				
General government:				
City Commission:				
Personnel services	132,500	130,400	121,732	(8,668)
Other costs	36,200	34,250	29,925	(4,325)
Capital outlay	1,000	1,000	158	(842)
City Court:				
Personnel services	26,835	27,235	27,197	(38)
Other costs	600	2,150	2,127	(23)
City Manager's office:				
Personnel services	374,610	374,610	374,414	(196)
Other costs	11,720	9,746	9,667	(79)
Capital outlay	500	500	-	(500)

(Continued on next page)

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED) -
BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>OVER</u>
				<u>(UNDER)</u>
Elections:				
Board of commission	\$ 35,000	\$ 37,100	\$ 37,019	\$ (81)
Finance:				
Personnel services	643,395	643,395	606,664	(36,731)
Other costs	181,300	181,300	149,756	(31,544)
Capital outlay	6,100	6,100	1,771	(4,329)
City recorder:				
Personnel services	89,255	89,255	86,157	(3,098)
Other costs	17,700	17,700	15,806	(1,894)
Legal services:				
Personnel services	173,165	173,165	172,624	(541)
Other costs	73,500	73,500	27,345	(46,155)
Information/technology:				
Personnel services	404,450	404,450	389,215	(15,235)
Other costs	129,200	128,803	105,375	(23,428)
Capital outlay	45,500	72,600	72,561	(39)
GIS				
Personnel services	257,270	257,270	245,214	(12,056)
Other costs	45,050	44,738	31,571	(13,167)
Capital outlay	10,000	10,000	9,702	(298)
Human resources:				
Personnel services	238,915	238,915	236,264	(2,651)
Other costs	131,770	131,770	118,456	(13,314)
Capital outlay	4,000	4,000	2,733	(1,267)
Community relations:				
Personnel services	114,810	114,810	112,775	(2,035)
Other costs	174,400	174,400	134,584	(39,816)
Planning and development:				
Personnel services	405,820	405,820	392,932	(12,888)
Other costs	85,720	85,720	67,046	(18,674)
Capital outlay	1,520	1,520	-	(1,520)

(Continued on next page)

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED) -
BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>OVER</u>
				<u>(UNDER)</u>
Codes enforcement:				
Personnel services	\$ 697,330	\$ 697,330	\$ 687,395	\$ (9,935)
Other costs	62,700	58,200	43,789	(14,411)
Capital outlay	26,140	26,140	21,654	(4,486)
Municipal Center:				
Rent expense	390,000	390,000	390,000	-
Insurance/other benefits:				
Personnel	808,740	808,740	765,387	(43,353)
Other	45,200	45,200	34,322	(10,878)
Total general government	5,881,915	5,901,832	5,523,337	(378,495)
Public safety:				
Police department:				
Personnel services	5,037,775	5,037,775	4,979,059	(58,716)
Other costs	667,400	578,020	553,289	(24,731)
Capital outlay	139,220	139,220	127,126	(12,094)
Fire department:				
Personnel services	5,168,105	5,187,747	5,112,049	(75,698)
Other costs	444,335	428,325	425,055	(3,270)
Capital outlay	49,250	124,018	123,266	(752)
Brentwood Safety Center East:				
Other costs	60,920	60,920	58,089	(2,831)
Capital outlay	-	1,500	1,462	(38)
Total public safety	11,567,005	11,557,525	11,379,395	(178,130)
Roads and streets:				
Public works:				
Personnel	1,145,895	1,145,895	1,137,889	(8,006)
Other	986,900	935,272	833,163	(102,109)
Capital outlay	35,500	35,500	30,759	(4,741)

(Continued on next page)

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED) -
BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>OVER</u>
				<u>(UNDER)</u>
Storm drainage:				
Other costs	\$ -	\$ 12,300	\$ 12,249	\$ (51)
Capital outlay	50,000	37,700	2,344	(35,356)
Street lighting/traffic signals:				
Utilities	405,000	432,200	432,115	(85)
Personnel services	105,975	105,975	99,975	(6,000)
Other	112,200	111,635	74,361	(37,274)
Capital outlay	10,000	10,000	-	(10,000)
Service center:				
Personnel services	93,120	93,120	90,664	(2,456)
Other costs	168,160	168,160	162,036	(6,124)
Engineering services:				
Personnel services	525,150	525,150	483,128	(42,022)
Other costs	67,000	42,411	19,756	(22,655)
Capital outlay	24,500	24,500	19,238	(5,262)
Total roads and streets	3,729,400	3,679,818	3,397,677	(282,141)
Public health:				
Co. Health Dept. Contract	15,000	15,000	15,000	-
Co. Animal Control Contract	63,500	65,900	65,858	(42)
Total public health	78,500	80,900	80,858	(42)
Parks and recreation:				
Personnel services	874,845	874,845	843,657	(31,188)
Other costs	786,385	746,240	739,001	(7,239)
Capital outlay	65,000	65,000	57,969	(7,031)
Total parks and recreation	1,726,230	1,686,085	1,640,627	(45,458)

(Continued on next page)

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED) -
BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Public library:				
Personnel services	\$ 1,209,890	\$ 1,209,890	\$ 1,134,882	\$ (75,008)
Other costs	844,300	844,300	844,092	(208)
Capital outlay	18,600	18,600	3,065	(15,535)
Total public library	2,072,790	2,072,790	1,982,039	(90,751)
Community support:				
Education	225,000	225,000	225,000	-
Economic development	10,000	10,000	10,000	-
Crockett Historic Center	29,855	29,855	19,904	(9,951)
Tree committee	2,000	2,000	1,316	(684)
Total community support	266,855	266,855	256,220	(10,635)
TOTAL EXPENDITURES	25,322,695	25,245,805	24,260,153	(985,652)
EXCESS OF REVENUES OVER EXPENDITURES	4,837,750	4,982,050	8,714,485	3,732,435
OTHER FINANCING USES				
Transfers to Debt Service Fund	(3,167,045)	(3,167,045)	(3,167,045)	-
Transfers to Emergency Communication Fund	(418,700)	(418,700)	(418,700)	-
Transfers to Capital Projects Fund	-	(1,830,000)	(1,830,000)	-
Transfers to Facility Maintenance Fund	(300,000)	(300,000)	(300,000)	-
Transfers to Fuel Fund	-	(144,300)	(144,300)	-
Transfers to Equipment Replacement Fund	(950,500)	(990,500)	(980,500)	10,000
TOTAL OTHER FINANCING USES	(4,836,245)	(6,850,545)	(6,840,545)	10,000
NET CHANGE IN FUND BALANCE	\$ 1,505	\$ (1,868,495)	1,873,940	\$ 3,742,435
FUND BALANCE, BEGINNING OF YEAR			23,074,729	
FUND BALANCE, END OF YEAR			\$ 24,948,669	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2009

	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 14,802,380	\$ 867,157	\$ 978,320	\$ 16,647,857
Receivables:				
Accounts	669,081	-	89,707	758,788
Due from other funds:				
General Fund	985	-	-	985
Debt service	33,000	-	-	33,000
Unbilled utility revenue	1,147,734	-	-	1,147,734
Inventories of supplies	124,024	-	-	124,024
Restricted cash and cash equivalents	309,613	-	-	309,613
Total Current Assets	17,086,817	867,157	1,068,027	19,022,001
Noncurrent Assets:				
Debt service escrow (state loan)	179,823	-	-	179,823
Property, plant and equipment, net of accumulated depreciation	58,229,806	2,478,138	168,575	60,876,519
Bond issue costs and discounts, net of amortization	202,855	-	-	202,855
Due from governmental activities	111,173	-	-	111,173
Total Noncurrent Assets	58,723,657	2,478,138	168,575	61,370,370
Total Assets	75,810,474	3,345,295	1,236,602	80,392,371
LIABILITIES				
Current Liabilities (payable from current assets):				
Current maturities of long-term debt	1,174,770	-	-	1,174,770
Accounts payable	1,190,334	18,419	5,431	1,214,184
Accrued salaries	31,986	-	13,225	45,211
Accrued interest	189,548	-	-	189,548
Due to General Fund	2,809	-	8,866	11,675
Other payables	997,927	-	1,319	999,246
Compensated absences payable	171,708	-	64,555	236,263
Current liabilities (payable from restricted assets):				
Retainage payable	255,894	-	-	255,894
Total Current Liabilities (payable from current assets)	4,014,976	18,419	93,396	4,126,791
Noncurrent Liabilities:				
Long-term debt, net of current maturities	14,120,227	-	-	14,120,227
Total Noncurrent Liabilities	14,120,227	-	-	14,120,227
Total Liabilities	18,135,203	18,419	93,396	18,247,018
NET ASSETS				
Invested in capital assets, net of related debt	42,934,809	2,478,138	168,575	45,581,522
Restricted for debt service	179,823	-	-	179,823
Unrestricted	14,560,639	848,738	974,631	16,384,008
TOTAL NET ASSETS	\$ 57,675,271	\$ 3,326,876	\$ 1,143,206	\$ 62,145,353

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>WATER AND SEWER FUND</u>	<u>MUNICIPAL CENTER FUND</u>	<u>EMERGENCY COMMUNICATIONS DISTRICT</u>	<u>TOTAL</u>
OPERATING REVENUES				
Water sales, pledged as security on revenue bonds	\$ 6,965,172	\$ -	\$ -	\$ 6,965,172
Sewer service charges, pledged as security on revenue bonds	5,697,003	-	-	5,697,003
Rental income	-	509,673	-	509,673
911 Fees	-	-	537,765	537,765
Other	<u>1,504,616</u>	<u>-</u>	<u>114,783</u>	<u>1,619,399</u>
TOTAL OPERATING REVENUES	<u>14,166,791</u>	<u>509,673</u>	<u>652,548</u>	<u>15,329,012</u>
OPERATING EXPENSES				
Water purchased	3,990,430	-	-	3,990,430
Depreciation and amortization	2,073,257	175,958	62,718	2,311,933
Sewerage treatment charges	1,664,918	-	-	1,664,918
Salaries and benefits	1,701,766	-	673,593	2,375,359
Maintenance	852,665	165,513	22,238	1,040,416
Utilities	290,352	142,206	-	432,558
Professional services	275,027	34,887	18,600	328,514
Communications	-	56,350	98,582	154,932
Other	<u>507,910</u>	<u>9,986</u>	<u>22,846</u>	<u>540,742</u>
TOTAL OPERATING EXPENSES	<u>11,356,325</u>	<u>584,900</u>	<u>898,577</u>	<u>12,839,802</u>
OPERATING INCOME (LOSS)	<u>2,810,466</u>	<u>(75,227)</u>	<u>(246,029)</u>	<u>2,489,210</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	131,862	12,801	12,443	157,106
Interest expense	<u>(315,627)</u>	<u>-</u>	<u>-</u>	<u>(315,627)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(183,765)</u>	<u>12,801</u>	<u>12,443</u>	<u>(158,521)</u>
TRANSFERS IN	-	-	418,700	418,700
TRANSFERS OUT	<u>(5,700)</u>	<u>-</u>	<u>-</u>	<u>(5,700)</u>
CHANGE IN NET ASSETS	2,621,001	(62,426)	185,114	2,743,689
TOTAL NET ASSETS, BEGINNING OF YEAR	<u>55,054,270</u>	<u>3,389,302</u>	<u>958,092</u>	<u>59,401,664</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 57,675,271</u>	<u>\$ 3,326,876</u>	<u>\$ 1,143,206</u>	<u>\$ 62,145,353</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

BUSINESS -TYPE ACTIVITIES -
ENTERPRISE FUNDS

	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 14,266,072	\$ 509,673	\$ 624,928	\$ 15,400,673
Payments to suppliers	(7,488,715)	(409,314)	(173,981)	(8,072,010)
Payments to employees	(1,665,739)	-	(661,896)	(2,327,635)
Net cash provided by (used in) operating activities	5,111,618	100,359	(210,949)	5,001,028
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net receipts (payments) on interfund borrowing	22,460	-	-	22,460
Transfer to fuel fund	(5,700)	-	-	(5,700)
Contribution (transfer) from general fund	-	-	418,700	418,700
Net cash provided by (used in) noncapital financing activities	16,760	-	418,700	435,460
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(6,123,587)	(79,820)	-	(6,203,407)
Proceeds from bond issue	10,000,000	-	-	10,000,000
Payment of bond issue costs	(138,326)	-	-	(138,326)
Principal paid on long-term debt	(1,154,113)	-	-	(1,154,113)
Interest paid on long-term debt	(408,692)	-	-	(408,692)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	2,175,282	(79,820)	-	2,095,462
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	131,862	12,801	12,443	157,106
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,435,522	33,340	220,194	7,689,056
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,676,471	833,817	758,126	9,268,414
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 15,111,993	\$ 867,157	\$ 978,320	\$ 16,957,470
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 2,810,466	\$ (75,227)	\$ (246,029)	\$ 2,489,210
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	2,073,257	175,958	62,718	2,311,933
(Increase) decrease in:				
Accounts receivable	(30,615)	-	(27,620)	(58,235)
Due from general fund	-	-	-	-
Unbilled utility revenue	129,896	-	-	129,896
Inventories of supplies	(8,722)	-	-	(8,722)
Increase (decrease) in:				
Accounts payable	(324,300)	(372)	(19,639)	(344,311)
Due to (from) other funds	(10,336)	-	7,924	(2,412)
Accrued expenses	471,972	-	11,697	483,669
TOTAL ADJUSTMENTS	2,301,152	175,586	35,080	2,511,818
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 5,111,618	\$ 100,359	\$ (210,949)	\$ 5,001,028
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Capitalized interest	\$ 245,562	\$ -	\$ -	\$ 245,562

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY AND PLAN NET ASSETS

JUNE 30, 2009

	POST EMPLOYMENT BENEFITS FIDUCIARY FUND	POST EMPLOYMENT BENEFITS TRUST	DONATIONS HELD IN TRUST	TOTAL
ASSETS				
Cash and cash equivalents	\$ 324,152	\$ -	\$ 218,483	\$ 542,635
Investments held in trust, at fair value:				
Mutual funds - balanced funds	-	2,430,997	-	2,430,997
Due from City of Brentwood General Fund	<u>388</u>	<u>-</u>	<u>665</u>	<u>1,053</u>
TOTAL ASSETS	<u>324,540</u>	<u>2,430,997</u>	<u>219,148</u>	<u>2,974,685</u>
LIABILITIES				
Accounts payable	<u>-</u>	<u>-</u>	<u>5,835</u>	<u>5,835</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>5,835</u>	<u>5,835</u>
NET ASSETS HELD IN TRUST FOR BENEFITS				
Net assets reserved for employee's post employment benefits	324,540	-	-	324,540
Net assets held in trust for other post employment benefits	-	2,430,997	-	2,430,997
Net assets held in trust for donations	<u>-</u>	<u>-</u>	<u>213,313</u>	<u>213,313</u>
TOTAL NET ASSETS	<u>\$ 324,540</u>	<u>\$ 2,430,997</u>	<u>\$ 213,313</u>	<u>\$ 2,968,850</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY AND PLAN NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	POST EMPLOYMENT BENEFITS FIDUCIARY FUND	POST EMPLOYMENT BENEFITS TRUST	DONATIONS HELD IN TRUST	TOTAL
ADDITIONS				
Contributions:				
Employer	\$ 247,155	515,000	\$ -	\$ 762,155
Outside sources	-	-	220,641	220,641
Investment earnings:				
Net appreciation (depreciation) in value of investments	-	(257,392)	-	(257,392)
Interest	3,815	-	-	3,815
Total Additions	250,970	257,608	220,641	729,219
DEDUCTIONS				
Benefits	27,979	-	-	27,979
Administrative expense	7,500	-	-	7,500
Donations expense	-	-	211,701	211,701
Total Deductions	35,479	-	211,701	247,180
Change in Net Assets	215,491	257,608	8,940	482,039
NET ASSETS HELD IN TRUST				
Beginning of year	109,049	2,173,389	-	2,282,438
Transfers from City of Brentwood General Fund to Donations Held in Trust	-	-	204,373	204,373
End of year	\$ 324,540	\$ 2,430,997	\$ 213,313	\$ 2,968,850

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

The City of Brentwood (the "City"), located in Williamson County, Tennessee, was incorporated May 13, 1969. The City operates under a City Manager-Commission form of government and provides the following services and facilities, as authorized by its charter: general administrative services, public safety (police and fire protection), roads and streets, parks and recreation, public library, community support, water and sewer utility services and emergency communications services.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies:

Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The Brentwood Emergency Communications District was established in September 2002 and, in accordance with § 24-52 of the *Brentwood Municipal Code*, the Board of Commissioners of the City of Brentwood, Tennessee shall act as the Board of Directors for the District. Due to the "shared governing body" with the primary government, the Emergency Communications District is presented as a blended component unit within the proprietary funds of the June 30, 2009 Comprehensive Annual Financial Report. A separately audited financial statement is prepared for the Emergency Communications District and may be obtained by contacting the Director of Finance (see page 18 for information). Each discretely presented component unit, if any, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. As of June 30, 2009 and for the year then ended, the City had no discretely presented component units which were required to be included in these financial statements.

Government-wide and fund financial statements

The government-wide financial statements, the statement of net assets and the statement of changes in net assets, report information on all of the nonfiduciary activities of the City. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year for which the City has legal title to the money. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government, at which time it is recognized as revenue.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The *capital projects fund* accounts for the acquisition, design and construction of the major capital improvement projects of the City other than improvements financed by the proprietary funds.

The City reports the following major proprietary funds:

The *Water and Sewer Fund* accounts for the activities of the water and sewer department, which operates and maintains a water distribution and a sewer collection system for residents and businesses on a user charge basis. All activities necessary to provide these services are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

The *Municipal Center Fund* accounts for the rental operations of the Municipal Center.

The *Brentwood Emergency Communication District* provides for operation, maintenance, funding and enhancement of the City's existing emergency communications system.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The fiduciary fund accounts for assets held by the City in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under terms of a formal trust agreement. The City reports the following fiduciary funds:

The *Post Employment Benefits Fund* accumulates funds for the payment of current year post employment life and health insurance benefits for qualified employees and accumulates reserve funds for the payment of retirement leave benefits. Additionally, the annual required contribution into the Post Employment Benefits Trust (see below) is transferred from this fund.

The *Post Employment Benefits Trust* was established in 2008 to accumulate and fund other post employment benefits (predominantly retiree health and life insurance) for qualified employees based on minimum age and years of service as actuarially determined (see Note 11).

The *Donations Held in Trust Fund* accumulates and maintains certain accounts funded through private donations, which include the Public Safety Employees Trust, the Library Gifts and Donations, the Historic Trust, and Concert Series Accounts.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in the various functions concerned.

Amounts reported as program revenues include 1) charges to the customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary water and sewer and the municipal center funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. The principal operating revenues of the emergency communications district are emergency telephone service charges levied on residential and business service users. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost and consist primarily of demand deposits, short-term (original maturities of three months or less) certificates of deposit and investments in the Local Government Investment Pool of the State of Tennessee. The debt service escrow (state loan), funds held by the State of Tennessee, is not considered to be a cash equivalent by management of the City.

Statutes authorize the City 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. During the current fiscal year, the City invested funds that were not immediately needed in savings accounts and short-term certificates of deposit. Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

The State of Tennessee Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Investments

Investments consist primarily of certificates of deposit and are stated at cost, which approximates fair value.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts.

Interfund Receivables/Payables

During the year, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if any, are classified as "due to/from other funds". Other activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories of Supplies and Prepaid Items

Inventories of supplies are valued at cost using the first-in first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Assets

Certain assets of the general fund, the drug special revenue fund, the capital projects fund and the water and sewer enterprise fund are classified as restricted assets because their use is limited by applicable debt or other agreements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, \$245,562 of capitalized interest was recorded.

Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 - 50 years
Improvements other than buildings	10 - 20 years
Utility plant in service	33 - 50 years
Machinery, equipment and vehicles	5 - 20 years
Computer equipment and software	3 - 5 years
Road system infrastructure	10 - 45 years
Sidewalks	30 years
Bridges	60 years

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The City's 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.

All annual leave is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations or retirements. The liability will be liquidated from the general fund, the water and sewer fund and the emergency communications district.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside third-party for specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

The City's property tax is levied for the current fiscal year each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City's legal boundaries. Property taxes are secured by a statutory lien effective as of the original assessment date of January 1 and as such an enforceable legal claim to the subsequent fiscal year levy exists at year end.

Assessed values are established by the State of Tennessee at the following rates of appraised market value:

Public utility property	55%
Industrial and commercial property:	
Real	40%
Personal	30%
Residential, agricultural, homebelt, forest and farm property	25%

Taxes were levied at the rate of \$.49 per \$100 of assessed valuation for the year ended June 30, 2009.

Payments may be made during the period from October 1 through February 28 and are delinquent on March 1. Current tax collections of \$9,835,526 were reported as revenue for the year ended June 30, 2009, and were approximately 98.0% of the tax levy.

Of the \$10,577,633 property taxes receivable, \$10,262,702 represents the estimated 2009 property taxes to be billed October 2009. This receivable is reported in the Balance Sheet - Governmental Funds with offsetting deferred revenue for the amounts not available at June 30, 2009. Amounts available at June 30, 2009 have been recorded as revenue in the governmental fund statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Prior to May 15 of each year, the City Manager formally submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are conducted by the Board of Commissioners to obtain citizen comments on the budget. Prior to June 30, the budget is legally enacted through passage of an ordinance. Annual appropriated budgets for the general fund, special revenue and debt service funds are adopted on a basis 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 budgets which reflect amendments by the Board of Commissioners.

Total expenditures for each of these funds may not exceed the total amount appropriated in the budget ordinance. The City Manager is authorized to transfer budgeted amounts between departments within an individual fund; any revisions that alter the total appropriations for any fund must be approved through the passage of an ordinance by the Board of Commissioners. All annual appropriations lapse at year end.

Excess Expenditures

There were no expenditures exceeding the budgeted level of appropriations. Additionally, total expenditures of the general fund did not exceed appropriated expenditures.

NOTE 3 - DEPOSITS AND INVESTMENTS

The City's cash and cash equivalents and investments at June 30, 2009 were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks determine the aggregate balance of their public fund accounts for the City. The amount of collateral required to secure these public deposits must be equal to 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

Custodial risk is the risk that in the event of a bank failing, the City'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 City's deposits were fully insured or collateralized.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

A reconciliation of cash and cash equivalents as shown on the statement of net assets follows:

Carrying amount of deposits	\$ 59,898,858
Deposits in State of Tennessee Local Government Investment Pool	4,949
Cash on hand	<u>1,620</u>
Total	<u>\$ 59,905,427</u>
Cash and cash equivalents	\$ 47,357,278
Cash and cash equivalents - restricted	548,149
Investments	<u>12,000,000</u>
Total	<u>\$ 59,905,427</u>

The City does not have formal written policies for interest rate risk or credit risk of investments. For purposes of disclosing interest rate risk on the deposits held by the Local Government Investment Pool (the "Pool"), interest rate risk is based on the average maturity of the pool's investments, which was eighty-five days at June 30, 2009. The Pool does not have a credit rating.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 74,011,390	\$ 5,720,300	\$ -	\$ 79,731,690
Construction in progress	<u>5,512,130</u>	<u>6,243,003</u>	<u>(783,355)</u>	<u>10,971,778</u>
Total capital assets not being depreciated	<u>79,523,520</u>	<u>11,963,303</u>	<u>(783,355)</u>	<u>90,703,468</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	16,912,701	94,424	-	17,007,125
Improvements other than buildings	11,044,968	276,285	-	11,321,253
Machinery and equipment	13,336,575	2,218,450	(1,107,646)	14,447,379
Infrastructure	<u>147,898,132</u>	<u>10,065,661</u>	<u>-</u>	<u>157,963,793</u>
Total capital assets being depreciated:	<u>189,192,376</u>	<u>12,654,820</u>	<u>(1,107,646)</u>	<u>200,739,550</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(3,358,305)	(363,122)	-	(3,721,427)
Improvements other than buildings	(5,784,586)	(567,907)	-	(6,352,493)
Machinery and equipment	(8,691,745)	(1,081,084)	684,003	(9,088,826)
Infrastructure	<u>(83,225,865)</u>	<u>(5,274,573)</u>	<u>-</u>	<u>(88,500,438)</u>
Total accumulated depreciation	<u>(101,060,501)</u>	<u>(7,286,686)</u>	<u>684,003</u>	<u>(107,663,184)</u>
Governmental activities capital assets, net	<u>\$167,655,395</u>	<u>\$17,331,437</u>	<u>\$ (1,206,998)</u>	<u>\$ 183,779,834</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Business-type activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 742,738	\$ -	\$ -	\$ 742,738
Construction in progress	<u>2,231,695</u>	<u>6,218,101</u>	<u>(599,220)</u>	<u>7,850,576</u>
Total capital assets not being depreciated	<u>2,974,433</u>	<u>6,218,101</u>	<u>(599,220)</u>	<u>8,593,314</u>
<u>Capital assets being depreciated:</u>				
Utility plant in service	75,262,314	807,174	-	76,069,488
Buildings, structures and improvements	3,748,476	-	-	3,748,476
Improvements other than buildings	844,114	57,932	-	902,046
Machinery, equipment and vehicles	<u>3,065,164</u>	<u>88,653</u>	<u>(212,608)</u>	<u>2,941,209</u>
Total capital assets being depreciated:	<u>82,920,068</u>	<u>953,759</u>	<u>(212,608)</u>	<u>83,661,219</u>
<u>Less accumulated depreciation for:</u>				
Utility plant in service	(24,906,864)	(1,921,756)	-	(26,828,620)
Buildings, structures and improvements	(1,885,710)	(97,730)	-	(1,983,440)
Improvements other than buildings	(407,708)	(59,808)	-	(467,516)
Machinery, equipment and vehicles	<u>(2,095,856)</u>	<u>(215,190)</u>	<u>212,608</u>	<u>(2,098,438)</u>
Total accumulated depreciation	<u>(29,296,138)</u>	<u>(2,294,484)</u>	<u>212,608</u>	<u>(31,378,014)</u>
Business-type activities capital assets, net	<u>\$ 56,598,363</u>	<u>\$ 4,877,376</u>	<u>\$ (599,220)</u>	<u>\$ 60,876,519</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to function/programs for the year ended June 30, 2009, as follows:

Governmental activities:

General government	\$ 269,818
Public safety	660,810
Roads and streets	5,371,758
Parks and recreation	758,612
Public library	190,989
Drug education	<u>34,699</u>

Total depreciation expense - governmental activities \$ 7,286,686

Business-type activities:

Municipal center	\$ 175,959
Water and sewer	2,055,807
Emergency Communications District	<u>62,718</u>

Total depreciation expense - business-type activities \$ 2,294,484

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 5 - INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to charges between funds that are outstanding as of June 30, 2009, and are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 13,393	\$ 94,370
Debt service fund	-	33,000
Capital projects fund	73	-
Nonmajor funds	93,385	1,791
Water and sewer fund	145,158	2,809
Emergency communications	<u>-</u>	<u>8,866</u>
	252,009	140,836
Government wide statements (governmental activities)	<u>-</u>	<u>111,173</u>
Total interfund receivables (payables)	<u>\$ 252,009</u>	<u>\$ 252,009</u>

Interfund transfers for the year ended June 30, 2009 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	<u>Transfer In:</u>				
	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental	Emergency Communications	Totals
Transfer Out:					
General Fund	\$3,167,045	\$ 1,830,000	\$ 1,424,800	\$ 418,700	\$ 6,840,545
Nonmajor Governmental Funds	-	225,000	-	-	225,000
Water and Sewer Fund	<u>-</u>	<u>-</u>	<u>5,700</u>	<u>-</u>	<u>5,700</u>
Total Transfers	<u>\$3,167,045</u>	<u>\$ 2,055,000</u>	<u>\$ 1,430,500</u>	<u>\$ 418,700</u>	<u>\$ 7,071,245</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 5 - INTERFUND TRANSACTIONS (CONTINUED)

Interfund revenues and expenses for the year ended June 30, 2009, included the payment of rental fees for fire hydrant usage totaling \$100,000 by the general fund to the water and sewer enterprise fund. Such amount is included in public safety expenditures reported by the general fund and other operating revenues reported by the water and sewer enterprise fund for the year. The general fund also paid the municipal center enterprise fund rents totaling \$390,000 for the year ended June 30, 2009 for its use of the Municipal Center Building. Such amounts are included in the general government expenditures reported by the general fund and operating revenues reported by the municipal center enterprise fund for the year. In addition, the water and sewer enterprise fund paid the general fund \$100,000 and \$138,000 for its space at the City's Service Center and GIS Mapping Fee, respectively, for the year ended June 30, 2009. Such amount is included in uses of money and property reported by the general fund and in other operating expenses reported by the water and sewer enterprise fund for the year. The general fund, water and sewer fund and Emergency Communications District contributed a total of \$644,075 (\$562,820, \$60,000 and \$21,255, respectively), to the Post Employment Benefits Fiduciary Fund for retiree benefits for the year ended June 30, 2009. These amounts are included in expenditures for the respective funds. Additionally, the General Fund contributed \$118,080 to the Post Employment Benefits Fiduciary Fund to fund future retiree leave payouts. The Post Employment Benefits Fiduciary Fund transferred \$515,000 from the current year contributions to the Post Employment Benefits Trust for the year ended June 30, 2009 (see Note 11).

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 6 - LONG-TERM LIABILITIES

Changes in Long-Term Liabilities:

During the year ended June 30, 2009, the changes in long-term liabilities were as follows:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due within</u> <u>one year</u>
Government Activities:					
General obligation bonds	\$ 28,305,000	\$ -	\$ 2,255,000	\$ 26,050,000	\$ 1,895,000
Less: Unamortized deferred charge on advance refunding	<u>(570,246)</u>	<u>-</u>	<u>(51,450)</u>	<u>(518,796)</u>	<u>-</u>
Total bonds	27,734,754	-	2,203,550	25,531,204	1,895,000
Compensated absences	<u>2,758,393</u>	<u>1,309,641</u>	<u>1,185,677</u>	<u>2,882,357</u>	<u>1,000,000</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 30,493,147</u>	<u>\$ 1,309,641</u>	<u>\$ 3,389,227</u>	<u>\$ 28,413,561</u>	<u>\$ 2,895,000</u>
Business-type Activities:					
Revenue and tax bonds	\$ 6,230,000	\$ 10,000,000	\$ 980,000	\$ 15,250,000	\$ 995,000
State of Tennessee loan program	<u>443,768</u>	<u>-</u>	<u>263,998</u>	<u>179,770</u>	<u>179,770</u>
	6,673,768	10,000,000	1,243,998	15,429,770	1,174,770
Less: Unamortized deferred charge on advance refunding	<u>(173,246)</u>	<u>-</u>	<u>(38,473)</u>	<u>(134,773)</u>	<u>-</u>
Total Business-type Activities					
Long-term Liabilities	<u>\$ 6,500,522</u>	<u>\$ 10,000,000</u>	<u>\$ 1,205,525</u>	<u>\$ 15,294,997</u>	<u>\$ 1,174,770</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Description of Long-Term Liabilities:

Amounts payable at June 30, 2009, were as follows:

\$1,955,000 1999 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2013, at varying rates of interest from 4.20% to 4.40%	\$ 900,000
\$5,525,000 2002 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2019, at varying rates of interest from 4.00% to 4.80%	5,370,000
\$4,425,000 2002 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2022, at varying rates of interest from 3.90% to 4.85%	1,080,000
\$6,300,000 2003 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2017, at varying rates of interest from 3.00% to 4.10%	3,915,000
\$3,685,000 2004 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2024, at varying rates of interest from 2.75% to 4.45%	3,115,000
\$4,800,000 2006 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2025, at varying rates of interest from 3.75% to 4.05%	4,440,000

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CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of Long-Term Liabilities (Continued)

\$2,430,000 2006 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2021, at varying rates of interest from 3.75% to 3.90%	\$ 2,430,000
\$4,935,000 2007 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2028, at a fixed rate of interest of 3.83%	<u>4,800,000</u>
Total General Obligation Debt	26,050,000
Unamortized charge on advance refunding	<u>(518,796)</u>
Total General Obligation Bonds, net of unamortized charge	<u><u>\$25,531,204</u></u>

Business-type activities debt:

Revenue and Tax Bonds:

\$1,200,000 1999 Sewer Revenue and Tax Refunding Bonds due in increasing annual installments through September 1, 2013, at varying rates of interest from 4.20% to 4.40%	\$ 645,000
\$3,000,000 2001 Water Revenue and Tax Bonds due in increasing annual installments through March 1, 2012, at varying rates of interest from 4.00% to 4.75%	435,000
\$3,620,000 2003 Sewer Revenue and Tax Refunding Bonds due in increasing annual installments through September 1, 2017, at varying rates of interest from 3.00% to 4.10%	2,395,000

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of Long-Term Liabilities (Continued)

Business-type activities debt (continued):

Revenue and Tax Bonds (Continued):

\$1,775,000 2006 Water Revenue and Tax Refunding Bonds due in increasing annual installments through September 1, 2020, at varying rates of interest from 3.75% to 3.85%	\$ 1,775,000
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\$10,000,000 2008 Water and Sewer Revenue and Tax Bonds due in increasing annual installments through March 1, 2029, at varying rates of interest from 3.00% to 4.125%	<u>10,000,000</u>
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Total Revenue and Tax Bonds	<u>15,250,000</u>
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Tennessee Loan Program:

\$2,990,906 State Loan Program Revenue Bonds, payable in monthly installments through February 1, 2010, at an interest rate of approximately 3.3%.	<u>179,770</u>
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Total Business-type Activities Debt	<u>\$ 15,429,770</u>
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The City issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. General obligation bonds and notes payable are direct obligations of the City for which the full faith and credit are pledged. These obligations are payable from the assessment of ad valorem taxes.

All bonds of the Water and Sewer fund are collateralized by the revenues of the department.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Debt Service Requirements

The annual debt service requirements to maturity for all long-term obligations outstanding as of June 30, 2009, are as follows:

<u>Governmental Activities</u>		
<u>Year</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,895,000	\$ 908,432
2011	1,955,000	932,515
2012	2,040,000	858,012
2013	1,930,000	780,548
2014	2,250,000	697,098
2015-2019	8,650,000	2,312,050
2020-2024	5,075,000	922,098
2025-2028	<u>2,255,000</u>	<u>162,134</u>
Totals	<u>\$ 26,050,000</u>	<u>\$7,572,887</u>

<u>Business-type Activities</u>						
<u>Year</u>	<u>Bonds</u>		<u>State Loan Program</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 995,000	\$ 560,424	\$ 179,770	\$ 5,841	\$ 1,174,770	\$ 566,265
2011	1,030,000	526,810	-	-	1,030,000	526,810
2012	1,055,000	490,977	-	-	1,055,000	490,977
2013	875,000	454,352	-	-	875,000	454,352
2014	900,000	423,583	-	-	900,000	423,583
2015-2019	4,015,000	1,681,655	-	-	4,015,000	1,681,655
2020-2024	3,110,000	1,007,875	-	-	3,110,000	1,007,875
2025-2029	<u>3,270,000</u>	<u>413,694</u>	<u>-</u>	<u>-</u>	<u>3,270,000</u>	<u>413,694</u>
Totals	<u>\$ 15,250,000</u>	<u>\$5,559,370</u>	<u>\$ 179,770</u>	<u>\$ 5,841</u>	<u>\$ 15,429,770</u>	<u>\$ 5,565,211</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 7 - UNEARNED REVENUES AND OTHER FUNDS HELD

Unearned revenues consist of the following at June 30, 2009:

Property taxes:

Delinquent taxes	\$ 287,462
2009 estimated levy	10,262,702
Estimated 2009 Hall Income tax	<u>900,000</u>
	<u>\$ 11,450,164</u>

NOTE 8 - RISK MANAGEMENT

The City 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 City maintains insurance coverage through the Tennessee Municipal League Risk Management 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 City pays a premium, receives coverage, and can make claims against that coverage. The City 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 City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 - CONTINGENT LIABILITIES

The City is currently a defendant in a lawsuit filed in July 2007 in which The Metropolitan Government of Nashville and Davidson County, Tennessee ("Metro") is asserting that the City owes approximately \$2.6 million for sewer plant upgrades, plus approximately \$1.05 million in incremental sewer treatment fees billed by Metro, but unpaid by the City for the period from August 2006 through June 30, 2007. On November 17, 2009, the Metro Council approved a ten-year agreement which effectively settles the lawsuit, and the City is responsible for a retroactive payment of \$1.36 million, consisting of: (1) \$858,640 for wholesale sewer treatment services rendered to the City from July 1, 2007 through July 1, 2009 at a rate of \$.83 per 1,000 of gallons of flow and (2) \$501,455 for wholesale sewer treatment service rendered to the City from July 1, 2009 to the effective date of the agreement at the rate of \$1.17 per hundred cubic feet of flow. This payment is the result of the difference between what the City has paid Metro (the last stated contract rate, which expired in 2000) for sewer treatment fees and the interim rate. The full amount due under the agreement relating to fiscal years 2009 and prior has been accrued as of June 30, 2009.

The City is also a defendant in various other lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the City's financial position. Accordingly, no provision for any liability resulting from such litigation has been made in the accompanying financial statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 10 - DEFERRED COMPENSATION PLANS

The City of Brentwood offers its employees 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. The City's match for the year ended June 30, 2009 totaled \$269,328.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Contributions Information

The City's post retirement benefit plan 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 at January 1, 2009, the date of the latest actuarial valuation:

	<u>General</u>		
	<u>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>

Benefits Provided

Employees are fully eligible for postretirement medical and life insurance once they reach the age of 55 with 20 years of service with the City. For employees hired prior to July 1, 2005, the City will pay 100 percent and 50 percent of total cost of premiums for retirees and dependents, respectively. For employees hired post July 1, 2005, the City will pay a portion of 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 retirees who have reached age 65, were hired prior to July 1, 2005 and retired after July 1, 2002, the City reimburses the cost of a Medicare supplement up to 50% of the City's cost for employee coverage under the group insurance plan.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

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. For fiscal year 2009, the city funded \$536,000, less amounts paid as premium benefits. The prefunding will reduce the annual required contribution in future years. All contributions were made by the employer (no contributions by active or retired employees). Employer contributions are calculated as 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 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 for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset):

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 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 (Asset)</u>
6/30/08	\$ 598,000	382 %	\$ (1,688,006)
6/30/09	493,846	112	(1,749,078)

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 to 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.

In the January 1, 2009 actuarial valuation, the entry age normal 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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The OPEB Plan does not issue separate financial statements, and as such, all required disclosures and supplementary information are included as part City's annual financial report.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEM AND PLAN

Plan Description

Employees of the City 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 5 (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 5 (five) years of service and members joining prior to July 1, 1979 were vested after 4 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, 10th Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at 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 for the year ending June 30, 2009 was an aggregate 15.63% of annual covered payroll, which includes public safety employees at 17.36% and all other employees at 13.86%. The contribution requirement of plan members is set by state statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 12 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

Annual Pension Cost

For the year ended June 30, 2009, the City's annual pension cost of \$2,013,531 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age 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 Ending</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 \$12 million, and the ratio of the UAAL to the covered payroll was 44.28% percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

NOTE 12 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

(dollar amounts in thousands)						
Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$ 19,892	\$ 25,114	\$ 5,222	79.21%	\$ 11,794	44.28%

NOTE 13 - COMMITMENTS AND SUBSEQUENT EVENTS

Construction commitments amounting to approximately \$7,800,000 were outstanding as of June 30, 2009.

On November 24, 2009, the City issued \$4,760,000 of General Obligation Improvement Bonds, Series 2009. Interest will be payable semi-annually on March 1 and September 1, and the bonds are due March 1, 2025.

NOTE 14 - ECONOMIC DEPENDENCY

The City, through its water and sewer enterprise fund, purchases water from the Metropolitan Government of Nashville and Davidson County and Harpeth Valley Utilities District. All of its sewage is treated by the Metropolitan Government of Nashville and Davidson County.

NOTE 15 - NEW PRONOUNCEMENTS

The GASB has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

The GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement is intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The requirements of this statement are effective for financial periods beginning after June 15, 2010.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FUNDING PROGRESS

POLITICAL SUBDIVISION PENSION PLAN
SUPPLEMENTARY INFORMATION (Unaudited)

JUNE 30, 2009

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$ 19,892	\$ 25,114	\$ 5,222	79.21%	\$ 11,794	44.28%

The Governmental Accounting Standards Board ("GASB") requires the plan to prepare a Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method change was made during the year of the most recent actuarial valuation date, therefore only the most current year is presented.

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FUNDING PROGRESS
AND
SCHEDULE OF EMPLOYER CONTRIBUTIONS

OTHER POST EMPLOYMENT BENEFITS
SUPPLEMENTAL INFORMATION (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Unit Credit</u>	<u>Unfunded Aal (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
01/01/07	\$ -	\$ 5,544,000	\$ 5,544,000	0.0%	\$ 11,302,574	49.1%
01/01/09	\$ 2,300,104	\$ 7,137,913	\$ 4,837,809	32.2%	\$ 11,876,269	40.7%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Employer Contributions</u>		
<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed *</u>
2008	\$ 598,000	382.3 %
2009	493,846	112.4

* Includes projected employer payment for retiree benefits in total contribution.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

State Street Aid Fund – This fund accounts for all revenue and expenditures from the City’s share of state gasoline taxes. Tennessee state law requires these receipts be kept in a separate fund and used for the construction and maintenance of city streets and certain related street expenditures.

Drug Fund – This fund accounts for funds received directly from the enforcement of laws associated with illegal drug activity. Under state law, the funds are to be used only for the enforcement of the drug laws and for the drug education programs of the Police Department.

Public Works Project Fund – This fund accounts for the collection and disbursement of funds for road improvements needed to meet the traffic demands created by growth in population and business. The funds are disbursed as available to pay for eligible road projects in the Capital Projects Fund.

Equipment Replacement Fund – This fund accounts for the systematic accumulation of funds needed to purchase large vehicles and equipment (generally greater than \$40,000) without the issuance of capital outlay notes or general obligation bonds. Funding is provided through annual transfers from the General Fund.

Facilities Maintenance Fund – This fund accounts for the accumulation of funds over multiple fiscal years for extraordinary maintenance and repairs of non-enterprise, City owned facilities. Funding is provided through annual transfers from the General Fund.

Adequate Schools Facility Fund – This fund accounts for all revenue and expenditures from the City’s share of Williamson County’s Adequate Schools Facilities Tax collections. The funds are to be used to provide public facilities associated with new development. Williamson County has requested that the funds provided to cities under this private act be committed for public school improvements or used for City infrastructure improvements related to schools rather than for general municipal facilities.

Fuel Fund – This fund accounts for all purchases of gasoline and diesel fuel used by the City. The funds are to be used to purchase fuel at market rates and allow the City’s departments to purchase fuel at a set rate established at the beginning of each fiscal year. The purpose of the fund is to mitigate significant budgetary challenges that occur with rapid fluctuations in fuel costs.

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FINANCIAL SCHEDULE SECTION

CITY OF BRENTWOOD, TENNESSEE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

<u>ASSETS AND OTHER DEBITS</u>	<u>SPECIAL REVENUE</u>							<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>STATE STREET AID</u>	<u>DRUG</u>	<u>PUBLIC WORKS PROJECT</u>	<u>EQUIPMENT REPLACEMENT</u>	<u>FACILITIES MAINTENANCE</u>	<u>ADEQUATE SCHOOL FACILITIES</u>	<u>FUEL</u>	
ASSETS:								
Cash and cash equivalents	\$ 223,081	\$ 46,428	\$ 353,804	\$ 983,999	\$ 402,454	\$ 525,251	\$ 150,002	\$ 2,685,019
Receivables:								
Taxes	168,709	-	-	-	-	17,430	-	186,139
Due From General Fund	93,385	-	-	-	-	-	-	93,385
Miscellaneous	-	1,959	-	-	-	-	-	1,959
Restricted assets:								
Cash and cash equivalents	-	71,003	-	-	-	-	-	71,003
TOTAL ASSETS AND OTHER DEBITS	\$ 485,175	\$ 119,390	\$ 353,804	\$ 983,999	\$ 402,454	\$ 542,681	\$ 150,002	\$ 3,037,505
LIABILITIES:								
Accounts payable	\$ -	\$ 943	\$ 11,070	\$ 28,175	\$ 39,063	\$ -	\$ -	\$ 79,251
Due to General Fund	-	-	-	1,718	-	-	-	1,718
Due to Capital Projects Fund	-	-	-	-	73	-	-	73
TOTAL LIABILITIES	-	943	11,070	29,893	39,136	-	-	81,042
COMMITMENTS AND CONTINGENCIES								
EQUITY AND OTHER CREDITS								
Fund balance:								
Reserved for capital projects	-	-	342,734	954,106	-	542,681	-	1,839,521
Reserved for maintenance projects	-	-	-	-	363,318	-	-	363,318
Reserved for street repairs	485,175	-	-	-	-	-	-	485,175
Reserved for fuel purchases	-	-	-	-	-	-	150,002	150,002
Reserved for drug enforcement and education	-	118,447	-	-	-	-	-	118,447
TOTAL EQUITY AND OTHER CREDITS	485,175	118,447	342,734	954,106	363,318	542,681	150,002	2,956,463
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 485,175	\$ 119,390	\$ 353,804	\$ 983,999	\$ 402,454	\$ 542,681	\$ 150,002	\$ 3,037,505

CITY OF BRENTWOOD, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE							TOTAL NONMAJOR GOVERNMENTAL FUNDS
	STATE STREET AID	DRUG	PUBLIC WORKS PROJECT	EQUIPMENT REPLACEMENT	FACILITIES MAINTENANCE	ADEQUATE SCHOOL FACILITIES	FUEL	
REVENUES								
Licenses and permits	\$ -	\$ -	\$ 140,115	\$ -	\$ -	\$ -	\$ -	\$ 140,115
Intergovernmental	928,645	-	-	-	-	191,767	-	1,120,412
Uses of money and property	7,257	597	3,098	23,890	5,023	4,696	2	44,563
Other	-	93,829	-	6,927	16,051	-	-	116,807
TOTAL REVENUES	935,902	94,426	143,213	30,817	21,074	196,463	2	1,421,897
EXPENDITURES								
Current:								
Roads and streets	1,039,731	-	-	-	-	-	-	1,039,731
Drug education	-	25,418	-	-	-	-	-	25,418
Facilities maintenance projects	-	-	-	-	134,359	-	-	134,359
Capital outlay	-	-	-	1,701,524	-	-	-	1,701,524
TOTAL EXPENDITURES	1,039,731	25,418	-	1,701,524	134,359	-	-	2,901,032
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(103,829)	69,008	143,213	(1,670,707)	(113,285)	196,463	2	(1,479,135)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	980,500	300,000	-	150,000	1,430,500
Transfers out	-	-	(225,000)	-	-	-	-	(225,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(225,000)	980,500	300,000	-	150,000	1,205,500
NET CHANGE IN FUND BALANCE	(103,829)	69,008	(81,787)	(690,207)	186,715	196,463	150,002	(273,635)
FUND BALANCE, BEGINNING OF YEAR	589,004	49,439	424,521	1,644,313	176,603	346,218	-	3,230,098
FUND BALANCE, END OF YEAR	\$ 485,175	\$ 118,447	\$ 342,734	\$ 954,106	\$ 363,318	\$ 542,681	\$ 150,002	\$ 2,956,463

CITY OF BRENTWOOD, TENNESSEE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	STATE STREET AID FUND			DRUG FUND			
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNT	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES							
Licenses and permits:							
Public works project fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Edmondson Branch fees	-	-	-	-	-	-	-
Intergovernmental:							
State fuel taxes	1,000,000	928,645	(71,355)	-	-	-	-
Adequate school facilities tax	-	-	-	-	-	-	-
Uses of money and property:							
Interest earnings	10,000	7,257	(2,743)	2,000	2,000	597	(1,403)
Other:							
Gain on sale of equipment	-	-	-	-	-	-	-
Drug related fines and contributions	-	-	-	25,000	25,000	93,829	68,829
Other	-	-	-	-	-	-	-
TOTAL REVENUES	1,010,000	935,902	(74,098)	27,000	27,000	94,426	67,426
EXPENDITURES							
Current:							
Roads and streets - street repairs	1,040,000	1,039,731	(269)	-	-	-	-
Drug education	-	-	-	20,000	32,000	25,418	(6,582)
Facilities maintenance projects	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,040,000	1,039,731	(269)	20,000	32,000	25,418	(6,582)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,000)	(103,829)	(73,829)	7,000	(5,000)	69,008	74,008
OTHER FINANCING SOURCES (USES)							
Transfers from General Fund	-	-	-	-	-	-	-
Transfers from Water & Sewer Fund	-	-	-	-	-	-	-
Transfers to Capital Projects Fund	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ (30,000)	(103,829)	\$ (73,829)	\$ 7,000	\$ (5,000)	69,008	\$ 74,008
FUND BALANCE, BEGINNING OF YEAR		589,004				49,439	
FUND BALANCE, END OF YEAR		\$ 485,175				\$ 118,447	

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED) -

BUDGET (GAAP BASIS) AND ACTUAL

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	PUBLIC WORKS PROJECT FUND			EQUIPMENT REPLACEMENT FUND			
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNT	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES							
Licenses and permits:							
Public works project fees	\$ 1,015,080	\$ 140,115	\$ (874,965)	\$ -	\$ -	\$ -	\$ -
Edmondson Branch fees	-	-	-	-	-	-	-
Intergovernmental:							
State fuel taxes	-	-	-	-	-	-	-
Adequate school facilities tax	-	-	-	-	-	-	-
Uses of money and property:							
Interest earnings	8,000	3,098	(4,902)	35,000	35,000	23,890	(11,110)
Other:							
Gain on sale of equipment	-	-	-	-	-	6,927	6,927
Drug related fines and contributions	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL REVENUES	1,023,080	143,213	(879,867)	35,000	35,000	30,817	(4,183)
EXPENDITURES							
Current:							
Roads and streets - street repairs	-	-	-	-	-	-	-
Drug education	-	-	-	-	-	-	-
Projects	-	-	-	-	-	-	-
Capital outlay	-	-	-	1,818,500	1,818,500	1,701,524	(116,976)
TOTAL EXPENDITURES	-	-	-	1,818,500	1,818,500	1,701,524	(116,976)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,023,080	143,213	(879,867)	(1,783,500)	(1,783,500)	(1,670,707)	112,793
OTHER FINANCING SOURCES (USES)							
Transfers from General Fund	-	-	-	950,500	990,500	980,500	(10,000)
Transfers from Water & Sewer Fund	-	-	-	-	-	-	-
Transfers to Capital Projects Fund	(225,000)	(225,000)	-	-	-	-	-
Total Other Financing Sources (Uses)	(225,000)	(225,000)	-	950,500	990,500	980,500	(10,000)
NET CHANGE IN FUND BALANCE	\$ 798,080	(81,787)	\$ (879,867)	\$ (833,000)	\$ (793,000)	(690,207)	\$ 142,793
FUND BALANCE, BEGINNING OF YEAR		424,521				1,644,313	
FUND BALANCE, END OF YEAR		\$ 342,734				\$ 954,106	

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED) -
BUDGET (GAAP BASIS) AND ACTUAL

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	FACILITIES MAINTENANCE FUND			ADEQUATE SCHOOL FACILITIES FUND		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES						
Licenses and permits:						
Public works project fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Edmondson Branch fees	-	-	-	-	-	-
Intergovernmental:						
State fuel taxes	-	-	-	-	-	-
Adequate school facilities tax	-	-	-	300,000	191,767	(108,233)
Uses of money and property:						
Interest earnings	4,000	5,023	1,023	7,000	4,696	(2,304)
Other:						
Gain on sale of equipment	-	-	-	-	-	-
Drug related fines and contributions	-	-	-	-	-	-
Other	-	16,051	16,051	-	-	-
TOTAL REVENUES	4,000	21,074	17,074	307,000	196,463	(110,537)
EXPENDITURES						
Current:						
Roads and streets - street repairs	-	-	-	-	-	-
Drug education	-	-	-	-	-	-
Facilities maintenance projects	185,000	134,359	(50,641)	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	185,000	134,359	(50,641)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(181,000)	(113,285)	67,715	307,000	196,463	(110,537)
OTHER FINANCING SOURCES (USES)						
Transfers from General Fund	300,000	300,000	-	-	-	-
Transfers from Water & Sewer Fund	-	-	-	-	-	-
Transfers to Capital Projects Fund	-	-	-	-	-	-
Total Other Financing Sources (Uses)	300,000	300,000	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ 119,000	186,715	\$ 67,715	\$ 307,000	196,463	\$ (110,537)
FUND BALANCE, BEGINNING OF YEAR		176,603			346,218	
FUND BALANCE, END OF YEAR		\$ 363,318			\$ 542,681	

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED) -
BUDGET (GAAP BASIS) AND ACTUAL

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	FUEL FUND				TOTALS			
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES								
Licenses and permits:								
Public works project fees	\$ -	\$ -	\$ -	\$ -	\$ 1,015,080	\$ 1,015,080	\$ 140,115	\$ (874,965)
Edmondson Branch fees	-	-	-	-	-	-	-	-
Intergovernmental:								
State fuel taxes	-	-	-	-	1,000,000	1,000,000	928,645	(71,355)
Adequate school facilities tax	-	-	-	-	300,000	300,000	191,767	(108,233)
Uses of money and property:								
Interest earnings	-	-	2	2	66,000	66,000	44,563	(21,437)
Other:								
Gain on sale of equipment	-	-	-	-	-	-	6,927	6,927
Drug related fines and contributions	-	-	-	-	25,000	25,000	93,829	68,829
Other	-	-	-	-	-	-	16,051	16,051
TOTAL REVENUES	-	-	2	2	2,406,080	2,406,080	1,421,897	(984,183)
EXPENDITURES								
Current:								
Roads and streets - street repairs	-	-	-	-	1,040,000	1,040,000	1,039,731	(269)
Drug education	-	-	-	-	20,000	32,000	25,418	(6,582)
Facilities maintenance projects	-	-	-	-	185,000	185,000	134,359	(50,641)
Capital outlay	-	-	-	-	1,818,500	1,818,500	1,701,524	(116,976)
TOTAL EXPENDITURES	-	-	-	-	3,063,500	3,075,500	2,901,032	(174,468)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	2	2	(657,420)	(669,420)	(1,479,135)	(809,715)
OTHER FINANCING SOURCES (USES)								
Operating transfers from General Fund	-	144,300	144,300	-	1,250,500	1,434,800	1,424,800	(10,000)
Operating transfers from Water & Sewer Fund	-	5,700	5,700	-	-	5,700	5,700	-
Operating transfers to Capital Projects Fund	-	-	-	-	(225,000)	(225,000)	(225,000)	-
Total Other Financing Sources (Uses)	-	150,000	150,000	-	1,025,500	1,215,500	1,205,500	(10,000)
NET CHANGE IN FUND BALANCE	\$ -	\$ 150,000	150,002	\$ 2	\$ 368,080	\$ 546,080	(273,635)	\$ (819,715)
FUND BALANCE, BEGINNING OF YEAR			-				3,230,098	
FUND BALANCE, END OF YEAR			\$ 150,002				\$ 2,956,463	

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CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2009

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Uses of money and property:				
Interest earnings	\$ 75,000	\$ 75,000	\$ 123,350	\$ 48,350
EXPENDITURES				
Debt service:				
Principal	2,277,460	2,277,460	2,277,460	-
Interest	1,140,928	1,140,928	1,140,915	(13)
Issuance costs	25,000	25,000	-	(25,000)
Other:				
Bank service charges	6,000	6,000	4,225	(1,775)
TOTAL EXPENDITURES	3,449,388	3,449,388	3,422,600	(26,788)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,374,388)	(3,374,388)	(3,299,250)	75,138
OTHER FINANCING SOURCES (USES)				
Transfers from Historic Commission	17,045	17,045	17,045	-
Transfers from General Fund	3,150,000	3,150,000	3,150,000	-
TOTAL OTHER FINANCING SOURCES (USES)	3,167,045	3,167,045	3,167,045	-
NET CHANGE IN FUND BALANCE	\$ (207,343)	\$ (207,343)	(132,205)	\$ 75,138
FUND BALANCE, BEGINNING OF YEAR			3,864,768	
FUND BALANCE, END OF YEAR			\$ 3,732,563	

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FINANCIAL SCHEDULE SECTION

CITY OF BRENTWOOD, TENNESSEE

CAPITAL ASSETS USED IN THE OPERATION OF THE GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2009

<u>FUNCTION AND ACTIVITY</u>	<u>LAND</u>	<u>BUILDINGS AND STRUCTURES</u>	<u>IMPROVEMENTS OTHER THAN BUILDINGS</u>	<u>EQUIPMENT</u>	<u>INFRASTRUCTURE</u>	<u>CONSTRUCTION IN PROGRESS</u>	<u>TOTALS</u>
General government:							
Finance/administration	\$ -	\$ -	\$ -	\$ 341,007	\$ -	\$ 12,919	\$ 353,926
Planning and development	-	-	-	460,055	-	-	460,055
Other - unclassified	10,600	298,860	233,289	2,471,603	106,285	31,623	3,152,260
Total General Government	10,600	298,860	233,289	3,272,665	106,285	44,542	3,966,241
Public Safety:							
Police	-	7,500	-	3,243,810	-	-	3,251,310
Fire	501,573	4,237,668	47,425	4,139,327	-	-	8,925,993
Total Public Safety	501,573	4,245,168	47,425	7,383,137	-	-	12,177,303
Roads and Streets:							
Public works	75,474,737	1,475,589	-	1,837,185	154,802,174	6,559,214	240,148,899
Other	411,162	767,003	9,040	404,545	199,080	104,193	1,895,023
Total Roads and Streets	75,885,899	2,242,592	9,040	2,241,730	155,001,254	6,663,407	242,043,922
Parks and Recreation	3,333,618	2,968,996	10,654,915	757,909	2,856,254	-	20,571,692
Public Library	-	7,251,509	376,584	624,063	-	4,263,829	12,515,985
Drug Special Revenue Fund	-	-	-	167,875	-	-	167,875
Total governmental funds capital assets	\$ 79,731,690	\$ 17,007,125	\$ 11,321,253	\$ 14,447,379	\$ 157,963,793	\$ 10,971,778	\$ 291,443,018

CITY OF BRENTWOOD, TENNESSEE

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2009

<u>FUNCTION AND ACTIVITY</u>	<u>BALANCE</u> <u>JULY 1, 2008</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>TRANSFERS</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>
General government:					
Finance and administration	\$ 342,159	\$ 11,767	\$ -	\$ -	\$ 353,926
Planning and development	568,740	20,872	(19,917)	(109,640)	460,055
Other - unclassified	2,411,534	702,576	(71,490)	109,640	3,152,260
Public safety:					
Police department	3,323,139	428,842	(482,216)	(18,455)	3,251,310
Fire department	8,185,469	969,487	(247,418)	18,455	8,925,993
Roads and streets	226,011,542	17,019,045	(929,459)	(57,206)	242,043,922
Parks and recreation	19,319,601	1,300,394	(105,509)	57,206	20,571,692
Public library	8,385,837	4,165,140	(34,992)	-	12,515,985
Drug special revenue fund	167,875	-	-	-	167,875
Total governmental funds capital assets	<u>\$ 268,715,896</u>	<u>\$ 24,618,123</u>	<u>\$ (1,891,001)</u>	<u>\$ -</u>	<u>\$ 291,443,018</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS

JUNE 30, 2009

	<u>Amount</u>
<u>MAJOR GOVERNMENTAL FUNDS</u>	
<u>General Fund</u>	
Pinnacle - demand deposits	\$ 14,723,221
Pinnacle - Certificate of Deposit	7,000,000
Cash on hand	<u>1,620</u>
Total General Fund	<u>21,724,841</u>
<u>Debt Service Fund</u>	
Pinnacle - demand deposits	1,765,563
Pinnacle - Certificate of Deposit	<u>2,000,000</u>
Total Debt Service Fund	<u>3,765,563</u>
Pinnacle - demand deposits	11,533,998
Regions - demand deposits	152,584
Tennessee Commerce Bank - demand deposits	10,000
Pinnacle - Certificate of Deposit	3,000,000
Local Government Investment Pool	<u>4,949</u>
Total Capital Projects Fund	<u>14,701,531</u>
<u>NONMAJOR GOVERNMENTAL FUNDS</u>	
<u>State Street Aid</u>	
Pinnacle - demand deposits	223,081
<u>Drug Fund</u>	
Pinnacle - demand deposits	117,431
<u>Public Works Project Fund</u>	
Pinnacle - demand deposits	353,804
<u>Equipment Replacement Fund</u>	
Pinnacle - demand deposits	983,999
<u>Facilities Maintenance Fund</u>	
Pinnacle - demand deposits	402,454
<u>Adequate School Facilities Fund</u>	
Pinnacle - demand deposits	525,251
<u>Fuel Fund</u>	
Pinnacle - demand deposits	<u>150,002</u>
Total Nonmajor Governmental Funds	<u>2,756,022</u>
<u>MAJOR PROPRIETARY FUNDS</u>	
<u>Water and Sewer Fund</u>	
Pinnacle - demand deposits	<u>15,111,993</u>
<u>Municipal Center Fund</u>	
Pinnacle - demand deposits	<u>867,157</u>
<u>Emergency Communications District</u>	
Pinnacle - demand deposits	<u>978,320</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 59,905,427</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

<u>Fiscal</u> <u>Year</u>	<u>BALANCE</u> <u>JUNE 30, 2008</u>	<u>LEVY</u>	<u>COLLECTIONS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>
2009	\$ -	\$10,034,692	\$ (9,835,526)	\$ -	\$ 199,166
2008	167,892	-	(143,798)	-	24,094
2007	21,897	-	(18,004)	-	3,893
2006	6,400	-	(2,024)	-	4,376
2005	5,680	-	(4,057)	-	1,623
2004	5,635	-	(399)	-	5,236
2003	14,577	-	(1,894)	-	12,683
2002	12,690	-	(1,392)	-	11,298
2001	36,025	-	(274)	-	35,751
2000	16,838	-	(27)	-	16,811
1999	<u>10,164</u>	<u>-</u>	<u>-</u>	<u>(10,164)</u>	<u>-</u>
Total	<u>\$ 297,798</u>	<u>\$10,034,692</u>	<u>\$ (10,007,395)</u>	<u>\$ (10,164)</u>	<u>\$ 314,931</u>

All uncollected delinquent taxes have been filed, as required, with Williamson County's Clerk and Master.

CITY OF BRENTWOOD, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS - GENERAL OBLIGATION BONDS
JUNE 30, 2009

Year	1999 G.O. Refunding Bonds		2002 G.O. Refunding Bonds		2002 G.O. Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 170,000	\$ 35,163	\$ 270,000	\$ 235,600	\$ 200,000	\$ 44,600
2011	170,000	27,979	280,000	224,390	205,000	36,800
2012	180,000	20,498	610,000	205,618	215,000	28,600
2013	185,000	12,604	635,000	178,844	225,000	19,785
2014	195,000	4,290	660,000	150,348	235,000	10,223
2015	-	-	690,000	119,965	-	-
2016	-	-	725,000	87,593	-	-
2017	-	-	350,000	62,780	-	-
2018	-	-	365,000	46,065	-	-
2019	-	-	385,000	28,344	-	-
2020	-	-	400,000	9,600	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
	<u>\$ 900,000</u>	<u>\$ 100,534</u>	<u>\$ 5,370,000</u>	<u>\$ 1,349,147</u>	<u>\$ 1,080,000</u>	<u>\$ 140,008</u>

Year	2004 G.O. Public Improvement Bonds		2006 G.O. Public Improvement Bonds		2006 G.O. Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 150,000	\$ 114,538	\$ 190,000	\$ 167,273	\$ -	\$ -
2011	155,000	110,305	200,000	159,960	10,000	91,930
2012	155,000	105,810	205,000	152,366	10,000	91,555
2013	160,000	100,925	215,000	144,491	15,000	91,086
2014	165,000	95,642	220,000	136,335	265,000	85,836
2015	175,000	89,945	230,000	127,898	270,000	75,805
2016	180,000	83,820	240,000	119,085	280,000	65,493
2017	185,000	77,340	245,000	109,991	295,000	54,711
2018	190,000	70,495	255,000	100,616	305,000	43,461
2019	205,000	63,085	265,000	90,866	315,000	31,758
2020	210,000	54,990	275,000	80,673	325,000	19,516
2021	220,000	46,280	285,000	69,961	340,000	6,630
2022	230,000	36,940	300,000	58,625	-	-
2023	235,000	27,058	310,000	46,575	-	-
2024	245,000	16,676	320,000	33,975	-	-
2025	255,000	5,674	335,000	20,875	-	-
2026	-	-	350,000	7,088	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
	<u>\$ 3,115,000</u>	<u>\$ 1,099,523</u>	<u>\$ 4,440,000</u>	<u>\$ 1,626,653</u>	<u>\$ 2,430,000</u>	<u>\$ 657,781</u>

2003 G. O.
Refunding Bonds

Principal	Interest
\$ 735,000	\$ 127,418
750,000	104,205
475,000	83,705
295,000	70,230
305,000	59,501
320,000	47,855
330,000	35,340
345,000	21,833
360,000	7,380
-	-
-	-
-	-
-	-
<u>\$ 3,915,000</u>	<u>\$ 557,467</u>

2007 G.O.

Public Improvement Bonds		Totals Bonds	
Principal	Interest	Principal	Interest
\$ 180,000	\$ 183,840	\$ 1,895,000	\$ 908,432
185,000	176,946	1,955,000	932,515
190,000	169,860	2,040,000	858,012
200,000	162,583	1,930,000	780,548
205,000	154,923	2,250,000	697,098
215,000	147,072	1,900,000	608,540
220,000	138,837	1,975,000	530,168
230,000	130,412	1,650,000	457,067
235,000	121,603	1,710,000	389,620
245,000	112,602	1,415,000	326,655
255,000	103,219	1,465,000	267,998
265,000	93,452	1,110,000	216,323
275,000	83,303	805,000	178,868
285,000	72,770	830,000	146,403
300,000	61,855	865,000	112,506
310,000	50,365	900,000	76,914
320,000	38,492	670,000	45,580
335,000	26,235	335,000	26,235
350,000	13,405	350,000	13,405
<u>\$ 4,800,000</u>	<u>\$ 2,041,774</u>	<u>\$ 26,050,000</u>	<u>\$ 7,572,887</u>

CITY OF BRENTWOOD, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS - BUSINESS-TYPE ACTIVITIES DEBT
JUNE 30, 2009

Year	1999 Sewer Revenue and Tax Refunding Bonds		2001 Water Revenue and Tax Bonds		2003 Sewer Revenue and Tax Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 120,000	\$ 25,240	\$ 140,000	\$ 17,915	\$ 380,000	\$ 79,327
2011	125,000	20,064	145,000	12,245	395,000	67,209
2012	125,000	14,720	150,000	6,300	410,000	53,615
2013	135,000	9,096	-	-	185,000	43,202
2014	140,000	3,080	-	-	190,000	36,468
2015	-	-	-	-	195,000	29,325
2016	-	-	-	-	205,000	21,622
2017	-	-	-	-	210,000	13,425
2018	-	-	-	-	225,000	4,613
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
	<u>\$ 645,000</u>	<u>\$ 72,200</u>	<u>\$ 435,000</u>	<u>\$ 36,460</u>	<u>\$ 2,395,000</u>	<u>\$ 348,806</u>

Year	2008 Water and Sewer Revenue and Tax Bonds		Total Bonds		State Loan Program Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 355,000	\$ 371,039	\$ 995,000	\$ 560,424	\$ 179,770	\$ 5,841
2011	365,000	360,389	1,030,000	526,810	-	-
2012	370,000	349,439	1,055,000	490,977	-	-
2013	385,000	338,339	875,000	454,352	-	-
2014	395,000	326,789	900,000	423,583	-	-
2015	410,000	314,939	790,000	394,760	-	-
2016	425,000	301,614	815,000	366,795	-	-
2017	440,000	287,801	845,000	337,660	-	-
2018	455,000	272,401	885,000	305,948	-	-
2019	470,000	255,339	680,000	276,492	-	-
2020	490,000	237,714	710,000	250,749	-	-
2021	510,000	218,849	740,000	223,277	-	-
2022	530,000	199,214	530,000	199,214	-	-
2023	555,000	178,279	555,000	178,279	-	-
2024	575,000	156,356	575,000	156,356	-	-
2025	600,000	133,356	600,000	133,356	-	-
2026	625,000	109,356	625,000	109,356	-	-
2027	655,000	84,356	655,000	84,356	-	-
2028	680,000	57,338	680,000	57,338	-	-
2029	710,000	29,288	710,000	29,288	-	-
	<u>\$ 10,000,000</u>	<u>\$ 4,582,195</u>	<u>\$ 15,250,000</u>	<u>\$ 5,559,370</u>	<u>\$ 179,770</u>	<u>\$ 5,841</u>

2006 Water Revenue and Tax Refunding Bonds	
Principal	Interest
\$ -	\$ 66,903
-	66,903
-	66,903
170,000	63,715
175,000	57,246
185,000	50,496
185,000	43,559
195,000	36,434
205,000	28,934
210,000	21,153
220,000	13,035
230,000	4,428
-	-
-	-
-	-
-	-
-	-
-	-
-	-
1,775,000	519,709

Total Debt Requirements	
Principal	Interest
\$ 1,174,770	\$ 566,265
1,030,000	526,810
1,055,000	490,977
875,000	454,352
900,000	423,583
790,000	394,760
815,000	366,795
845,000	337,660
885,000	305,948
680,000	276,492
710,000	250,749
740,000	223,277
530,000	199,214
555,000	178,279
575,000	156,356
600,000	133,356
625,000	109,356
655,000	84,356
680,000	57,338
710,000	29,288
15,429,770	5,565,211

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2009

Grant Description	Federal CFDA#	Grant Number	Grant Period	Federal Grant Amount	State Grant Amount	Accrued (Deferred) 7/1/2008	Other Adjustments	Federal Receipts	State Receipts	Expenditures	Accrued (Deferred) 6/30/2009
FEDERAL AWARDS:											
FEDERAL EMERGENCY MANAGEMENT AGENCY											
Passed through the Tennessee Emergency Management Agency:											
Disaster Assistance	97.088	HSFEEM-05-P-5142	N/A	\$ 98,414	\$ -	\$ 4,574	\$ -	\$ -	\$ -	\$ -	\$ 4,574
SAFER	97.044	EMW-2008-FF-00639	3/19/09-03/18/14	\$ 216,760		-	-	-	-	19,508	(19,508)
Operation and Safety Grant - Exhaust System	97.044	EMW-2008-FO-11022	11/03/08-11/02/09	\$ 52,187		-	-	52,187	-	52,187	-
TOTAL FEDERAL EMERGENCY MANAGEMENT						4,574	-	52,187	-	71,695	24,082
BUREAU OF JUSTICE ASSISTANCE											
Bulletproof Vest Grant	16.607	N/A	7/01/2002 - 9/30/09	\$ 2,419		-	-	2,419	-	2,419	-
TOTAL BUREAU OF JUSTICE ASSISTANCE						-	-	2,419	-	2,419	-
TOTAL EXPENDITURES OF FEDERAL AWARDS						\$ 4,574	\$ -	\$ 54,606	\$ -	\$ 74,114	\$ 24,082
STATE AWARDS:											
State of Tennessee											
Department of State, Tennessee State											
Library and Archives Technology Grant	N/A	Z-09-217802	4/1/09 - 8/31/09		N/A	\$ -	\$ -	\$ -	\$ 2,500	\$ 2,500	\$ -
Emergency Communications Board	N/A	N/A	7/1/08 - 6/30/09		N/A	-	-	-	703	703	-
GIS Mapping Maintenance Grant	N/A	Z-03-016965	7/1/08 - 1/14/08		N/A	-	-	-	5,425	5,425	-
GIS Mapping Maintenance Grant	N/A	Z-08-211908	1/15/08 - 6/30/12		N/A	-	-	-	4,575	4,575	-
TOTAL EXPENDITURES OF STATE AWARDS						\$ -	\$ -	\$ -	\$ 13,203	\$ 13,203	\$ -
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS						\$ 4,574	\$ -	\$ 54,606	\$ 13,203	\$ 87,317	\$ 24,082

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal and State Awards includes the grant activity of the City of Brentwood, Tennessee and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements.

CITY OF BRENTWOOD, TENNESSEE

UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Number of Customers</u>		
Water	8,205		
Sewer	9,711		
	<u>Rate Structure</u>		
Water			
<i>Residential, institutional, retail, and certain other commercial customers:</i>			
First 2,000 gallons	\$	11.62	(minimum bill)
Next 8,000 gallons		4.07	per 1,000 gallons
Thereafter		4.65	per 1,000 gallons
<i>Commercial office customers:</i>			
Gallons equivalent to total square footage of building space	\$	0.005814	(approx. per ft ²)
Usage exceeding 1 gallon per square foot (up to 10,000 gallons)		4.07	per 1,000 gallons
Thereafter		4.65	per 1,000 gallons
Sewer			
<i>In City Limits:</i>			
Residential customers - First 2,000 gallons	\$	14.53	(minimum bill)
Next 8,000 gallons		5.09	per 1,000 gallons
Over 10,000 gallons		5.81	per 1,000 gallons
<i>Commercial office, institutional and certain other commercial customers</i>			
Minimum bill, per square foot of building	\$	0.009084	(approx. per ft ²)
Up to 10,000 gallons total usage, per 1,000		6.36	per 1,000 gallons
Over 10,000 gallons, per 1,000 gallons		7.26	per 1,000 gallons
<i>Commercial retail customers - Minimum bill, per unit or tenant space</i>			
Up to 10,000 gallons total usage, per 1,000 gallons	\$	18.16	(minimum bill)
Over 10,000 gallons, per 1,000 gallons		6.36	per 1,000 gallons
		7.26	per 1,000 gallons
<i>Outside City Limits (Sewer Only customers):</i>			
Residential customers - First 2,000 gallons	\$	15.29	(minimum bill)
Next 8,000 gallons		5.35	per 1,000 gallons
Over 10,000 gallons		6.11	per 1,000 gallons
<i>Commercial office, institutional and certain other commercial customers</i>			
Minimum bill, per square foot of building	\$	0.009538	(approx. per ft ²)
Up to 10,000 gallons total usage, per 1,000		6.69	per 1,000 gallons
Over 10,000 gallons, per 1,000 gallons		7.63	per 1,000 gallons
<i>Commercial retail customers (sewer only); 105% institutional</i>			
Minimum bill, per unit or tenant space	\$	19.08	(minimum bill)
Up to 10,000 gallons total usage, per 1,000 gallons		6.69	per 1,000 gallons
Over 10,000 gallons, per 1,000 gallons		7.63	per 1,000 gallons
Wastewater treatment surcharge for all Brentwood Sewer customers		0.73	per 1,000 gallons

CITY OF BRENTWOOD

SCHEDULE OF UNACCOUNTED FOR WATER (UNAUDITED)

JUNE 30, 2009

Water Treated and Purchased

Water Pumped (potable)	<u>0</u>	
Water Purchased	<u>2,147,695,297</u>	
Total Water Treated and Purchased		<u>2,147,695,297</u>

Accounted for Water:

Water Sold	<u>1,462,605,200</u>	
Metered for Consumption (in house usage)	<u>0</u>	
Fire Department(s) Usage	<u>14,000,000</u>	
Flushing	<u>14,000,000</u>	
Tank Cleaning/Filling	<u>0</u>	
Street Cleaning	<u>0</u>	
Bulk Sales	<u>0</u>	
Water Bill Adjustments	<u>(+/-) 147,979,967</u>	

Total Accounted for Water 1,638,585,167

Unaccounted for Water 509,110,130

Percent Unaccounted for Water 23.705%

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STATISTICAL SECTION

(Not Covered by Report of Independent Certified Public Accountants)

STATISTICAL SECTION

(Not Covered by Report of Independent Certified Public Accountants)

This part of the City of Brentwood's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS

	<u>Page</u>
<u>Financial Trends</u>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	80 - 85
<u>Revenue Capacity</u>	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	86 - 92
<u>Debt Capacity</u>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	93 - 96
<u>Demographic and Economic Information</u>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	97 - 98
<u>Operating Information</u>	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	99 - 101

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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CITY OF BRENTWOOD, TENNESSEE

NET ASSETS BY COMPONENT (UNAUDITED)

LAST EIGHT FISCAL YEARS

	FISCAL YEAR							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities								
Invested in capital assets, net of related debt	\$ 111,507,818	\$ 114,258,066	\$ 115,634,124	\$ 119,610,848	\$ 119,009,889	\$ 135,812,978	\$ 139,216,762	\$ 157,618,661
Restricted	1,779,755	2,146,192	2,584,725	2,774,389	2,621,325	1,238,048	3,230,842 ^G	3,447,290
Unrestricted	<u>26,245,771</u>	<u>26,543,145</u>	<u>28,721,929</u>	<u>25,135,008</u> ⁽¹⁾	<u>29,586,562</u>	<u>36,398,248</u>	<u>45,441,221</u>	<u>40,970,717</u>
Total governmental activities net assets	<u>\$ 139,533,344</u>	<u>\$ 142,947,403</u>	<u>\$ 146,940,778</u>	<u>\$ 147,520,245</u>	<u>\$ 151,217,776</u>	<u>\$ 173,449,274</u>	<u>\$ 187,888,825</u>	<u>\$ 202,036,668</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 35,705,366	\$ 38,641,105	\$ 39,366,472	\$ 41,920,206	\$ 45,220,609	\$ 46,036,765	\$ 50,097,841	\$ 45,581,522
Restricted	269,708	269,708	269,708	269,708	269,708	269,708	269,708	179,823
Unrestricted	<u>4,767,441</u>	<u>4,153,065</u>	<u>5,530,180</u>	<u>5,793,961</u>	<u>6,094,460</u>	<u>10,640,015</u>	<u>9,034,115</u>	<u>16,384,008</u>
Total business-type activities net assets	<u>\$ 40,742,515</u>	<u>\$ 43,063,878</u>	<u>\$ 45,166,360</u>	<u>\$ 47,983,875</u>	<u>\$ 51,584,777</u>	<u>\$ 56,946,488</u>	<u>\$ 59,401,664</u>	<u>\$ 62,145,353</u>
Primary government								
Invested in capital assets, net of related debt	\$ 147,213,184	\$ 152,899,171	\$ 155,000,596	\$ 161,531,054	\$ 164,230,498	\$ 181,849,743	\$ 189,314,603	\$ 203,200,183
Restricted	2,049,463	2,415,900	2,854,433	3,044,097	2,891,033	1,507,756	3,500,550	3,627,113
Unrestricted	<u>31,013,212</u>	<u>30,696,210</u>	<u>34,252,109</u>	<u>30,928,969</u>	<u>35,681,022</u>	<u>47,038,263</u>	<u>54,475,336</u>	<u>57,354,725</u>
Total primary government net assets	<u>\$ 180,275,859</u>	<u>\$ 186,011,281</u>	<u>\$ 192,107,138</u>	<u>\$ 195,504,120</u> ⁽¹⁾	<u>\$ 202,802,553</u>	<u>\$ 230,395,762</u>	<u>\$ 247,290,489</u>	<u>\$ 264,182,021</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

⁽¹⁾ A prior period adjustment was posted to unrestricted governmental net assets in the 2005 CAFR in the amount of \$3,967,712 relating to property tax reporting under GASB Statements 33, 34 and 36 as interpreted by the State of Tennessee Comptrollers office.

⁽²⁾ A prior period adjustment was posted to restricted governmental net assets in the current year in connection with the adoption of GASB Statement 45 for amounts previously transferred from governmental funds to Post Employment Benefits Fund resulting in overfunding upon implementation.

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN NET ASSETS (UNAUDITED)

LAST EIGHT FISCAL YEARS

	FISCAL YEAR							
	2002	2003	2004	2005	2006	2007	2008	2009
EXPENSES								
Governmental Activities:								
General government	\$ 3,316,423	\$ 3,698,287	\$ 4,000,165	\$ 4,507,895	\$ 5,364,225	\$ 5,179,031	\$ 5,671,314	\$ 6,477,468
Public safety	7,912,829	8,749,676	8,208,457	9,212,802	10,043,600	10,354,861	11,582,486	11,906,523
Roads and streets	6,255,259	7,126,358	7,605,857	7,051,097	6,134,385	7,999,238	8,608,854	9,813,754
Public health	50,407	51,481	61,668	71,764	63,753	76,310	80,890	80,858
Parks and recreation	1,435,002	2,097,688	1,636,532	1,805,863	2,535,784	2,113,051	2,214,424	2,257,828
Public library	1,437,096	1,624,828	1,612,919	1,705,640	1,828,744	1,917,705	2,059,858	2,179,852
Community support	192,150	273,959	259,765	239,793	261,678	264,226	259,756	256,220
Drug education	16,282	17,174	17,051	14,837	108,669	58,279	63,604	60,117
Facilities maintenance projects	-	-	-	-	-	-	131,616	134,359
Other	3,626	5,160	15,012	19,553	10,368	-	-	-
Interest on long-term debt	1,115,403	1,123,385	1,010,769	1,108,444	1,001,149	1,141,649	1,230,022	1,148,236
Total governmental activities	21,734,477	24,767,996	24,428,195	25,737,688	27,352,355	29,104,350	31,902,824	34,315,215
Business-type activities:								
Water and Sewer	7,782,407	8,766,131	8,946,321	9,032,664	9,751,321	10,105,203	11,551,025	11,671,952
Rental facilities	414,450	445,070	447,752	422,084	463,648	475,793	507,356	584,900
911 operations	-	-	673,869	681,704	788,595	842,061	889,135	898,577
Total business-type activities	8,196,857	9,211,201	10,067,942	10,136,452	11,003,564	11,423,057	12,947,516	13,155,429
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 29,931,334	\$ 33,979,197	\$ 34,496,137	\$ 35,874,140	\$ 38,355,919	\$ 40,527,407	\$ 44,850,340	\$ 47,470,644
PROGRAM REVENUES								
Governmental Activities:								
Charges for services:								
General government	\$ 193,582	\$ 233,958	\$ 230,690	\$ 226,857	\$ 392,005	\$ 457,610	\$ 631,595	\$ 572,763
Roads and streets	27,000	33,669	46,124	43,697	55,324	64,741	35,646	41,210
Parks and recreation	22,551	12,515	22,764	27,275	29,101	67,650	90,933	92,498
Public library	81,087	85,458	95,863	93,996	125,556	138,322	137,032	136,250
Community support	20,231	19,081	21,973	24,877	24,341	23,841	24,325	22,686
Operating grants and contributions	663,100	747,889	762,606	1,046,504	1,039,004	915,641	1,026,577	1,007,259
Capital grants and contributions	-	4,233,595	4,050,713	3,339,186	-	17,294,640	6,909,990	13,452,200
Total governmental activities and program revenues	1,007,551	5,366,165	5,230,733	4,802,392	1,665,331	18,962,445	8,856,098	15,324,866
Business-type activities:								
Charges for services:								
Water and Sewer	10,280,933	10,494,678	10,905,650	11,673,752	13,065,468	14,903,069	13,434,436	14,166,791
Rental facilities	389,208	448,253	437,162	449,008	490,188	478,347	496,971	509,673
911 operations	-	279,944	431,622	451,578	538,212	620,309	623,926	652,548
Total business-type activities program revenues	10,670,141	11,222,875	11,774,434	12,574,338	14,093,868	16,001,725	14,555,333	15,329,012
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 11,677,692	\$ 16,589,040	\$ 17,005,167	\$ 17,376,730	\$ 15,759,199	\$ 34,964,170	\$ 23,411,431	\$ 30,653,878

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN NET ASSETS (UNAUDITED) (CONTINUED)

LAST EIGHT FISCAL YEARS

	FISCAL YEAR							
	2002	2003	2004	2005	2006	2007	2008	2009
NET (EXPENSE)/REVENUE								
Governmental activities	\$ (20,726,926)	\$ (19,401,831)	\$ (19,197,462)	\$ (20,935,296)	\$ (25,687,024)	\$ (10,141,905)	\$ (23,046,726)	\$ (18,990,349)
Business-type activities	2,473,284	2,011,674	1,706,492	2,437,886	3,090,304	4,578,668	1,607,817	2,173,583
TOTAL PRIMARY GOVERNMENT NET EXPENSE	\$ (18,253,642)	\$ (17,390,157)	\$ (17,490,970)	\$ (18,497,410)	\$ (22,596,720)	\$ (5,563,237)	\$ (21,438,909)	\$ (16,816,766)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS								
Governmental activities:								
Taxes								
Property taxes	\$ 7,648,716	\$ 8,109,218	\$ 8,218,733	\$ 8,473,452	\$ 8,929,991	\$ 9,305,843	\$ 9,948,350	\$ 10,349,458
Local option taxes	7,644,789	7,765,996	7,882,242	8,691,778	10,098,176	10,510,078	10,897,522	10,261,708
Licenses and permits	1,432,356	1,595,673	1,990,455	1,709,803	3,315,881	3,770,901	4,025,144	3,871,297
Other taxes	1,065,976	1,094,616	1,834,238	2,894,347	1,930,755	1,680,610	1,146,517	631,364
State sales, income, and other taxes	3,780,028	3,573,964	3,081,239	3,425,382	4,170,870	5,500,693	6,744,510	6,612,992
Unrestricted earnings	786,729	499,447	436,363	731,403	1,287,069	2,129,264	1,883,205	1,099,457
Miscellaneous	98,843	429,150	64,603	106,310	532,213	512,712	1,548,023	724,916
Loss on disposal of capital assets	-	(2,174)	-	-	-	(84,698)	-	-
Contributions to Post Employment Benefit Fund	-	-	-	(300,000)	(617,000)	(620,000)	-	-
Transfers	-	(250,000)	(317,036)	(250,000)	(263,400)	(332,000)	(395,000)	(413,000)
Total government activities	22,457,437	22,815,890	23,190,837	25,482,475	29,384,555	32,373,403	35,798,271	33,138,192
Business-type activities								
Unrestricted investment earnings	209,876	59,689	78,954	129,629	307,198	511,043	452,359	157,106
Contributions to Post Employment Benefit Fund	-	-	-	-	(60,000)	(60,000)	-	-
Transfers	-	250,000	317,036	250,000	263,400	332,000	395,000	413,000
Total business-type activities	209,876	309,689	395,990	379,629	510,598	783,043	847,359	570,106
TOTAL PRIMARY GOVERNMENT	\$ 22,667,313	\$ 23,125,579	\$ 23,586,827	\$ 25,862,104	\$ 29,895,153	\$ 33,156,446	\$ 36,645,630	\$ 33,708,298
CHANGE IN NET ASSETS								
Governmental activities	\$ 1,730,511	\$ 3,414,059	\$ 3,993,375	\$ 4,547,179	\$ 3,697,531	\$ 29,845,685	\$ 12,751,545	\$ 14,147,843
Business-type activities	2,683,160	2,321,363	2,102,482	2,817,515	3,600,902	5,361,711	2,455,176	2,743,689
TOTAL PRIMARY GOVERNMENT	\$ 4,413,671	\$ 5,735,422	\$ 6,095,857	\$ 7,364,694	\$ 7,298,433	\$ 35,207,396	\$ 15,206,721	\$ 16,891,532

CITY OF BRENTWOOD, TENNESSEE

FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>11,452,090</u>	<u>14,187,576</u>	<u>17,038,588</u>	<u>14,080,418</u>	<u>14,682,705</u>	<u>16,508,469</u>	<u>18,477,195</u>	<u>18,511,792</u>	<u>23,074,729</u>	<u>24,948,669</u>
Total general fund	<u>\$ 11,452,090</u>	<u>\$ 14,187,576</u>	<u>\$ 17,038,588</u>	<u>\$ 14,080,418</u>	<u>\$ 14,682,705</u>	<u>\$ 16,508,469</u>	<u>\$ 18,477,195</u>	<u>\$ 18,511,792</u>	<u>\$ 23,074,729</u>	<u>\$ 24,948,669</u>
All Other Governmental Funds										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved										
Reserved for debt services	2,499,952	2,777,528	2,896,376	2,927,189	2,954,569	2,952,006	3,023,388	3,537,262	4,192,274	3,732,563
Reserved for capital projects	10,490,459	3,747,077	5,854,488	9,277,744	12,459,881	9,539,741	14,618,603	16,734,749	21,627,739	15,400,265
Reserved for facilities repairs	-	-	-	-	-	-	-	-	176,603	363,318
Reserved for street repairs	332,709	391,458	411,206	426,405	436,285	568,726	561,571	581,731	589,004	485,175
Reserved for drug enforcement and education	19,633	50,715	63,541	80,621	110,618	94,649	142,077	104,779	49,439	118,447
Reserved for fuel purchases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,002</u>
Total all other governmental funds	<u>\$ 13,342,753</u>	<u>\$ 6,966,778</u>	<u>\$ 9,225,611</u>	<u>\$ 12,711,959</u>	<u>\$ 15,961,353</u>	<u>\$ 13,155,122</u>	<u>\$ 18,345,639</u>	<u>\$ 20,958,521</u>	<u>\$ 26,635,059</u>	<u>\$ 20,249,770</u>

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
REVENUES										
Taxes	\$ 15,556,655	\$ 16,467,521	\$ 16,012,683	\$ 16,888,286	\$ 17,740,061	\$ 20,059,577	\$ 22,344,048	\$ 23,586,822	\$ 24,871,016	\$ 24,482,463
Licenses and permits	530,945	745,512	1,432,356	1,595,673	1,990,455	1,709,803	1,930,755	1,680,610	1,146,517	631,364
Fines and fees	191,895	209,596	193,582	233,958	230,690	226,857	392,005	457,610	631,595	572,763
Charges for services	139,830	126,134	150,869	150,722	186,724	189,845	234,322	294,554	287,936	292,644
Intergovernmental	4,020,980	4,430,779	4,443,128	4,321,853	3,843,845	4,471,886	5,209,874	6,416,334	7,771,087	7,620,251
Uses of money and property	1,528,044	1,609,349	786,729	499,447	436,363	731,403	1,287,069	2,129,264	1,883,205	1,099,457
Other revenues	65,377	63,393	98,843	429,151	64,603	106,310	532,213	512,712	1,548,023	663,844
TOTAL REVENUES	<u>22,033,726</u>	<u>23,652,284</u>	<u>23,118,190</u>	<u>24,119,090</u>	<u>24,492,741</u>	<u>27,495,681</u>	<u>31,930,286</u>	<u>35,077,906</u>	<u>38,139,379</u>	<u>35,362,786</u>
EXPENDITURES										
General government	2,518,629	2,852,441	3,166,656	3,533,496	3,917,644	4,220,253	4,457,292	4,727,232	5,175,337	5,527,562
Public safety	5,753,262	6,106,661	7,727,574	8,216,680	8,050,701	8,713,433	9,405,597	10,009,079	10,863,119	11,379,395
Roads and streets	2,016,888	2,328,418	2,523,168	3,157,457	3,188,370	3,180,765	3,676,825	3,822,056	4,317,743	4,437,408
Public health	59,820	47,955	50,407	51,481	61,668	71,764	63,753	76,310	80,890	80,858
Parks and recreation	858,316	860,067	938,071	1,033,789	1,083,375	1,125,016	1,284,465	1,458,493	1,582,625	1,640,627
Public library	1,026,194	1,119,074	1,241,578	1,429,472	1,464,382	1,518,773	1,645,071	1,755,700	1,845,720	1,982,039
Community support	180,940	160,703	174,410	254,373	238,031	239,793	241,243	264,226	259,756	256,220
Drug education	22,130	13,195	15,931	12,965	12,842	10,628	31,593	22,414	33,962	25,418
Facility maintenance	-	-	-	-	-	-	-	-	131,616	134,359
Other	32,178	34,443	3,626	5,160	4,920	-	5,395	-	-	-
Capital outlay	3,767,882	11,525,319	6,103,653	2,909,224	3,024,562	5,800,950	4,692,511	6,435,501	5,349,986	10,251,368
Contribution to Post Employment Benefits Fund	-	-	-	-	-	300,000	617,000	620,000	- *	-
Debt service										
Interest	923,707	1,132,089	1,047,671	1,142,662	992,536	1,073,377	967,277	1,098,161	2,055,795	2,277,460
Principal	1,236,235	1,312,134	1,516,235	1,594,153	1,885,285	1,971,459	2,182,830	1,809,255	1,070,861	1,140,915
Total expenditures	<u>18,396,181</u>	<u>27,492,499</u>	<u>24,508,980</u>	<u>23,340,912</u>	<u>23,924,316</u>	<u>28,226,211</u>	<u>29,270,852</u>	<u>32,098,427</u>	<u>32,767,410</u>	<u>39,133,629</u>
Excess of revenues over (under) expenditures	<u>3,637,545</u>	<u>(3,840,215)</u>	<u>(1,390,790)</u>	<u>778,178</u>	<u>568,425</u>	<u>(730,530)</u>	<u>2,659,434</u>	<u>2,979,479</u>	<u>5,371,969</u>	<u>(3,770,843)</u>

*Beginning in 2008 with the adoption of GASB 45, the City expensed OPEB amounts within the personnel line item of each respective department.

(continued on following page)

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED) (UNAUDITED)

LAST TEN FISCAL YEARS

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 5,345,000	\$ 4,500,000	\$ 5,455,000	\$ 5,550,000	\$ 7,891,000	\$ 5,722,750	\$ 7,267,668	\$ 11,922,523	\$ 5,842,792	\$ 6,652,545
Transfers out	(5,345,000)	(4,500,000)	(5,455,000)	(5,800,000)	(8,241,500)	(5,972,750)	(7,531,068)	(12,254,523)	(6,237,792)	(7,065,545)
Proceeds of general obligation bonds	5,000,000	-	4,425,000	-	3,685,000	-	4,800,000	-	4,935,000	-
Proceeds of refunding bonds	-	3,032,399	5,525,000	6,300,000	-	-	2,430,000	-	-	-
Payment of refunded bond escrow agent	-	(3,018,280)	(5,442,996)	(6,213,361)	-	-	(2,398,471)	-	-	-
Bond discount	(66,795)	(11,314)	(154,009)	(86,639)	(51,181)	-	(68,320)	-	-	-
Total other financing sources (uses)	<u>4,933,205</u>	<u>2,805</u>	<u>4,352,995</u>	<u>(250,000)</u>	<u>3,283,319</u>	<u>(250,000)</u>	<u>4,499,809</u>	<u>(332,000)</u>	<u>4,540,000</u>	<u>(413,000)</u>
Net Change in Fund Balance	<u>\$ 8,570,750</u>	<u>\$ (3,837,410)</u>	<u>\$ 2,962,205</u>	<u>\$ 528,178</u>	<u>\$ 3,851,744</u>	<u>\$ (980,530)</u>	<u>\$ 7,159,243</u>	<u>\$ 5,039,969</u>	<u>\$ 9,911,969</u>	<u>\$ (4,183,843)</u>
Debt service as a percentage of noncapital expenditures	<u>14.8 %</u>	<u>15.3 %</u>	<u>13.9 %</u>	<u>13.4 %</u>	<u>13.8 %</u>	<u>13.6 %</u>	<u>12.8 %</u>	<u>11.4 %</u>	<u>11.4 %</u>	<u>11.8 %</u>

CITY OF BRENTWOOD, TENNESSEE

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY (UNAUDITED)

LAST TEN YEARS

<u>FISCAL YEAR *</u>	<u>COMMERCIAL</u>	<u>RESIDENTIAL</u>	<u>FARM</u>	<u>PERSONAL PROPERTY</u>	<u>TOTAL TAXABLE ASSESSED VALUE</u>	<u>TAX RATE</u>	<u>ESTIMATED ACTUAL TAXABLE VALUE</u>	<u>TAXABLE ASSESSED VALUE AS A PERCENTAGE OF ACTUAL TAXABLE VALUE</u>
2000	\$ 265,147,440	\$ 536,013,825	\$ 10,292,500	\$ 51,577,205	\$ 863,030,970	0.73	\$ 3,019,310,362	28.58 %
2001	273,909,440	561,516,575	12,413,225	57,086,665	904,925,905	0.59	3,170,090,586	28.55 %
2002	369,548,600	687,874,675	18,279,225	57,928,744	1,133,631,244	0.59	3,940,595,768	28.77 %
2003	374,386,880	792,314,650	21,657,400	59,050,023	1,247,408,953	0.59	4,388,056,313	28.43 %
2004	364,462,800	843,183,500	20,731,675	52,582,710	1,280,960,685	0.59	4,541,525,809	28.21 %
2005	363,673,680	909,352,450	18,717,150	55,414,120	1,347,157,400	0.59	4,803,732,363	28.04 %
2006	366,105,640	990,004,350	19,816,550	60,646,436	1,436,572,976	0.59	5,153,907,817	27.87 %
2007	442,380,280	1,274,199,450	23,068,300	63,428,258	1,803,046,288	0.49	6,543,443,179	27.56 %
2008	468,298,840	1,372,673,625	26,790,150	70,199,061	1,937,961,676	0.49	6,999,453,884	27.69 %
2009	498,379,173	1,457,432,287	22,325,822	69,298,089	2,047,435,371	0.49	7,362,074,632	27.81 %

* The fiscal year listed corresponds to the preceding tax year levy (2009 fiscal year would represent the 2008 tax levy)

This represents the period for which the taxes were levied.

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING PROPERTY TAX RATES (UNAUDITED)

LAST TEN FISCAL YEARS

FISCAL YEAR **	DIRECT RATE		OVERLAPPING RATE *	
		CITY OF BRENTWOOD		WILLIAMSON COUNTY
2000	\$.73 / 100	\$	2.91 / 100
2001		.73 / 100		2.91 / 100
2002		.59 / 100		2.57 / 100
2003		.59 / 100		2.57 / 100
2004		.59 / 100		2.79 / 100
2005		.59 / 100		2.79 / 100
2006		.59 / 100		2.79 / 100
2007		.49 / 100		2.26 / 100
2008		.49 / 100		2.26 / 100
2009		.49 / 100		2.26 / 100

* Overlapping rates are those of local and county governments that apply to property owners within the City of Brentwood.

** The fiscal year listed corresponds to the preceding tax year levy (2009 fiscal year would represent the 2008 tax levy). This represents the period for which the taxes were levied.

CITY OF BRENTWOOD, TENNESSEE
PRINCIPAL PROPERTY TAX PAYERS (UNAUDITED)
CURRENT YEAR AND NINE YEARS AGO

TAXPAYER	FY 2009			FY 2000		
	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value
Bellsouth Telecommunication	\$ 57,098,207	1	2.69 %	\$ 63,814,944	1	7.39 %
SBP Nashville LP	20,720,040	2	0.98	-	-	-
Highwoods/Tenn Holdings LP	31,029,080	3	1.46	15,073,760	2	1.75
Kirkland Properties	13,258,520	4	0.62	-	-	-
Duke Realty	12,315,880	5	0.58	-	-	-
Brentwood Retail II Corp	10,641,480	6	0.50	-	-	-
Wells Fund XII-Reit Joint	9,344,000	7	0.44	-	-	-
Gateway Kentfield Inc	9,072,160	8	0.43	-	-	-
DDR MDT Cool Springs	8,860,280	9	0.42	-	-	-
Highwoods/Forsyth LP	8,142,440	10	0.38	5,343,240	10	0.62
Brentwood Place Holding	-	-	-	7,648,560	6	0.89
Service Merchandise Company, Inc.	-	-	-	10,511,698	5	1.22
Williams, W. Fred, Trustee	-	-	-	13,563,520	3	1.57
Koger Office Parks	-	-	-	10,821,760	4	1.25
Northwestern Mutual	-	-	-	5,770,600	8	0.67
Service-Hendon Coll Springs	-	-	-	5,354,000	9	0.62
Springvest Associates LP	-	-	-	6,819,480	7	0.79
Total	\$ 180,482,087		8.50 %	\$ 144,721,562		16.77 %
Total Assessment	\$ 2,124,003,335	**		\$ 863,043,555	***	

* Source: - 2000 and 2009 Williamson County Assessment

** Total Assessment Value for Tax Year 2009

*** Comptroller of the Treasury Office of Assessed Properties

CITY OF BRENTWOOD

PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)

LAST TEN YEARS

<u>FISCAL YEAR ENDED</u> <u>JUNE 30,</u>	<u>TAXES LEVIED</u> <u>FOR THE FISCAL</u> <u>YEAR</u>	<u>COLLECTED WITHIN THE FISCAL</u>		<u>COLLECTIONS IN</u> <u>SUBSEQUENT</u> <u>YEARS</u>	<u>TOTAL COLLECTIONS TO DATE</u>	
		<u>AMOUNT</u>	<u>PERCENTAGE</u> <u>OF LEVY</u>		<u>AMOUNT</u>	<u>PERCENTAGE</u> <u>OF LEVY</u>
2000	\$ 6,847,053	\$ 6,734,519	98.4%	\$ 95,723	\$ 6,830,242	99.8%
2001	6,998,153	6,788,687	97.0%	173,715	6,962,402	99.5%
2002	7,288,260	7,111,642	97.6%	165,320	7,276,962	99.8%
2003	7,359,856	7,252,397	98.5%	94,776	7,347,173	99.8%
2004	7,545,119	7,419,009	98.3%	120,874	7,539,883	99.9%
2005	7,935,424	7,802,864	98.3%	130,937	7,933,801	100.0%
2006	8,448,015	8,153,723	96.5%	289,916	8,443,639	99.9%
2007	8,885,916	8,761,268	98.6%	120,755	8,882,023	100.0%
2008	9,497,764	9,329,872	98.2%	143,798	9,473,670	99.7%
2009	10,034,692	9,835,526	98.0%	-	9,835,526	98.0%

Taxes are assessed as of January 1 and are due October 1 of each year. Taxes become delinquent after February 28 of the following year and a penalty of 2% accrues on the first day of each month that taxes remain delinquent up to a maximum of 24%.

* The fiscal year listed corresponds to the preceding tax year levy (2009 fiscal year would represent the 2008 tax levy).
This represents the period for which the taxes were levied.

CITY OF BRENTWOOD, TENNESSEE

TAXABLE SALES BY CATEGORY (UNAUDITED)

LAST TEN CALENDAR YEARS

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Apparel stores	\$ 23,723,225	\$ 21,359,004	\$ 18,737,690	\$ 21,632,712	\$ 24,338,837	\$ 28,153,688	\$ 33,176,460	\$ 36,457,952	\$ 36,942,894	\$ 34,207,950
General merchandise	28,830,839	46,236,814	47,309,337	53,182,206	59,671,979	69,488,049	79,666,952	93,660,949	96,290,678	102,124,500
Food stores	80,202,622	74,524,758	70,510,655	63,603,432	72,234,838	84,458,519	105,320,600	115,270,158	122,697,493	124,903,787
Eating and drinking establishments	43,449,080	50,713,596	50,275,927	45,522,175	46,851,981	51,765,342	59,831,570	65,246,260	66,842,320	64,457,291
Home furnishings and appliances	103,231,405	115,476,309	113,639,490	112,718,865	116,455,912	128,593,275	136,363,416	132,412,981	129,993,697	105,808,265
Building materials and farm tools	55,443,658	50,354,021	40,537,254	41,154,270	45,042,058	53,174,769	58,575,236	62,970,713	59,187,537	49,994,620
Auto dealers, supplies, and service stations	14,986,422	18,309,588	20,683,524	21,817,433	24,583,902	26,465,210	27,832,270	26,828,090	28,238,061	26,832,050
Other retail stores	50,724,012	54,307,251	53,700,244	64,228,381	62,715,173	68,611,909	89,553,218	102,239,437	123,263,920	125,312,656
All other outlets	<u>155,862,809</u>	<u>184,965,178</u>	<u>188,895,364</u>	<u>157,129,029</u>	<u>142,956,303</u>	<u>150,830,862</u>	<u>168,440,298</u>	<u>186,754,941</u>	<u>189,557,442</u>	<u>198,143,158</u>
 Total	 <u>\$ 556,454,072</u>	 <u>\$ 616,246,519</u>	 <u>\$ 604,289,485</u>	 <u>\$ 580,988,503</u>	 <u>\$ 594,850,983</u>	 <u>\$ 661,541,623</u>	 <u>\$ 758,760,020</u>	 <u>\$ 821,841,481</u>	 <u>\$ 853,014,042</u>	 <u>\$ 831,784,277</u>
 City/County direct sales tax	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%

Source: Tennessee Department of Revenue, Research Division.

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING SALES TAX RATES (UNAUDITED)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Williamson County</u>	<u>State of Tennessee</u>
2000	1.125 %	1.125 %	6.00 %
2001	1.125	1.125	6.00
2002	1.125	1.125	6.00
2003	1.125	1.125	7.00
2004	1.125	1.125	7.00
2005	1.125	1.125	7.00
2006	1.125	1.125	7.00
2007	1.125	1.125	7.00
2008	1.125	1.125	7.00
2009	1.125	1.125	7.00

Note: The total local option sales tax of 2.25% consists of the City's rate of 1.125% and County rate of 1.125%, earmarked entirely for Williamson County schools. The local option tax can be increased by a maximum of .50% to 1.175% by a referendum vote of the citizens.

CITY OF BRENTWOOD, TENNESSEE

SALES TAX REVENUE PAYERS BY INDUSTRY (UNAUDITED)

FISCAL YEARS 2000 AND 2009

Sector	2000				2009			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	488	48 %	\$ 9,496,391	75 %	605	50 %	\$ 13,614,777	76 %
2 Services	314	31	1,894,059	15	370	30	2,731,872	15
3 Manufacturing	50	5	337,174	3	66	5	444,774	2
4 Wholesale Trade	67	7	243,463	2	102	8	320,521	2
5 Construction	22	2	195,307	2	22	2	126,815	1
6 Finance Insurance Real Estate	19	2	19,527	-	12	1	95,638	1
7 Transportation and Utilities	26	3	330,553	3	14	1	371,270	2
8 Agriculture	14	1	26,601	-	13	1	27,611	-
9 Other, Non Classified	13	1	191,345	2	52	4	152,788	1
Total	1,013	100 %	\$ 12,734,420	102 %	1,204	102 %	\$ 17,886,066	100

Source: Tennessee Department of Revenue, Research Division.

Notes:

1. Figures subject to revision due to amended taxpayer returns.
2. Figures represent local sales tax collected by merchants during the period, not disbursements from the Department of Revenue.
3. Changes in local telecommunications sourcing rules in 2003 reduced the number of taxpayers reporting in the Transportation and Utilities sector.
4. Does not include Brentwood's share of county clerk or out-of-state taxpayer amounts.

CITY OF BRENTWOOD, TENNESSEE

RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>GOVERNMENT ACTIVITIES</u>		<u>BUSINESS TYPE ACTIVITIES</u>			<u>PERCENTAGE OF PERSONAL INCOME *</u>		<u>PER CAPITA *</u>	
	<u>GENERAL OBLIGATION BONDS</u>		<u>WATER & SEWER REVENUE BONDS</u>	<u>STATE/TML WATER LOANS</u>	<u>TOTAL PRIMARY GOVERNMENT</u>				
2000	\$ 23,775,000	\$	12,355,000	\$ 2,095,217	\$ 38,225,217	31.16	%	\$	1,630
2001	22,535,000		14,170,000	1,954,186	38,659,186	35.47			1,445
2002	25,790,000		12,970,000	1,809,196	40,569,196	33.80			1,517
2003	24,565,000		12,000,000	1,644,258	38,209,258	36.29			1,429
2004	26,380,000		10,720,000	1,419,262	38,519,262	45.37			1,258
2005	24,430,000		9,385,000	1,186,957	35,001,957	49.93			1,143
2006	27,195,000		8,065,000	947,104	36,207,104	47.86			1,183
2007	25,405,000		7,170,000	699,459	33,274,459	58.26			944
2008	28,305,000		6,230,000	443,768	34,978,768	55.43			992
2009	26,050,000		15,250,000	179,770	41,479,770	49.35			1,176

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

*Calculated information provided on page 97 (Demographic and Economic Statistics).

CITY OF BRENTWOOD

RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN (UNAUDITED)

LAST TEN FISCAL YEARS

<i>(dollars in thousands, except per capita)</i>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General bonded debt outstanding general obligation bonds	\$ 23,775	\$ 22,535	\$ 25,790	\$ 24,565	\$ 26,380	\$ 24,430	\$ 27,195	\$ 25,405	\$ 28,305	\$ 26,050
Percentage of estimated actual property value**	2.75%	2.49%	2.27%	1.97%	2.06%	1.81%	1.89%	1.41%	1.46%	1.28%
Per capita***	1,014.08	842.59	964.36	918.56	861.61	797.92	888.23	720.46	802.71	738.76
Less: Amounts set aside to repay general debt	<u>2,500</u>	<u>2,778</u>	<u>2,896</u>	<u>2,927</u>	<u>2,955</u>	<u>2,952</u>	<u>3,023</u>	<u>3,537</u>	<u>3,865</u>	<u>3,732</u>
Total net debt applicable to debt limit	\$ 21,275	\$ 19,757	\$ 22,894	\$ 21,638	\$ 23,425	\$ 21,478	\$ 24,172	\$ 21,868	\$ 24,440	\$ 22,318
Legal debt limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legal debt margin as a percentage of the debt limit*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* The City has no legal debt margin set by ordinance.

** Property value obtained from page 86 (Assessed and Estimated Actual Value of Property)

***Per capita information calculated with information obtained on page 97 (Demographic and Economic Statistics).

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)

AS OF JUNE 30, 2009

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING (IN THOUSANDS)</u>	<u>ESTIMATED PERCENTAGE APPLICABLE (1)</u>	<u>ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT (2)</u>
Direct:			
City of Brentwood	\$ 26,050	100.0%	\$ 26,050
Overlapping:			
Williamson County	<u>425,017</u>	30.5%	<u>129,642</u>
Total	<u>\$ 451,067</u>		<u>\$ 155,692</u>

(1) Determined by ratio of assessed valuation of property subject to taxation in City of Brentwood to valuation of property subject to taxation in Williamson County as of 6/30/2009.

(2) Amount in debt outstanding column multiplied by percentage applicable.

CITY OF BRENTWOOD, TENNESSEE

PLEDGED REVENUE COVERAGE (UNAUDITED)

LAST TEN FISCAL YEARS

FISCAL YEAR	WATER & SEWER REVENUE BONDS			DEBT SERVICE REQUIREMENTS***			COVERAGE
	UTILITY SERVICE CHARGES*	LESS: OPERATING EXPENSES**	NET AVAILABLE REVENUE	PRINCIPAL	INTEREST	TOTAL	
2000	\$ 8,196,249	\$ 4,658,988	\$ 3,537,261	\$ 1,165,002	\$ 614,839	\$ 1,779,841	1.99
2001	10,220,200	5,169,932	5,050,268	1,225,001	555,813	1,780,814	2.84
2002	10,481,682	5,513,158	4,968,524	1,200,000	652,953	1,852,953	2.68
2003	10,547,074	6,441,834	4,105,240	1,185,000	582,659	1,767,659	2.32
2004	10,971,029	6,654,397	4,316,632	1,280,000	468,904	1,748,904	2.47
2005	11,781,930	6,771,726	5,010,204	1,335,000	415,304	1,750,304	2.86
2006	13,320,702	7,551,700	5,769,002	1,365,000	321,380	1,686,380	3.42
2007	15,333,635	7,824,784	7,508,851	895,000	327,361	1,222,361	6.14
2008	13,810,926	9,287,489	4,523,437	940,000	235,022	1,175,022	3.85
2009	14,298,653	9,283,068	5,015,585	980,000	304,130	1,284,130	3.91

*Includes nonoperating revenues (includes water and sewer tap fees beginning in 2001).

**Does not include depreciation and amortization.

***Does not include payments on State loans.

CITY OF BRENTWOOD, TENNESSEE
DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)
LAST TEN CALENDAR YEARS

CALENDAR YEAR	POPULATION	PERSONAL INCOME (IN THOUSANDS OF DOLLARS) ^a	PER CAPITA PERSONAL INCOME ^a	MEDIAN AGE ^a	SCHOOL ENROLLMENT ^b	UNEMPLOYMENT RATE ^c
2000	23,445 ²	\$ 1,191,217	\$ 50,809	38.4	6,101	1.9%
2001	26,745 ¹	1,371,056	51,264	38.3	6,135	2.1%
2002	26,743 ³	1,371,056	N/A	40.2	6,731	2.4%
2003	26,743 ³	1,386,705	51,853	41.2	7,112	2.7%
2004	30,617 ⁴	1,747,527	57,077	42.0	7,768	2.8%
2005	30,617 ⁴	1,747,527	N/A	36.9	8,528	4.2%
2006	30,617 ⁴	1,732,953	56,601	42.9	8,872	3.1%
2007	35,262 ⁵	1,938,705	54,980	43.3	9,512	3.3%
2008	35,262 ⁵	1,938,705	54,980	43.3	10,422	4.7%
2009	35,262 ⁵	2,046,959	58,050	43.7	10,136	8.3%

¹ Based on City Planning Department estimate.

² Based on 2000 US Bureau of the Census report

³ Based on 2002 special census report

⁴ Based on 2004 special census report

⁵ Based on 2006 special census report

^a Source - Williamson Economic Development Council

^b Williamson County Public Schools located in Brentwood

^c Tennessee Dept. of Employment Security. Represents Williamson County as a whole (no data for Brentwood individually)

CITY OF BRENTWOOD, TENNESSEE
PRINCIPAL EMPLOYERS (UNAUDITED)
CURRENT YEAR AND NINE YEARS AGO

EMPLOYER	2009			2000		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Comdata	864	1	5.49 %	850	2	7.15 %
AT&T	800	2	5.08	-		-
Tractor Supply Company	600	3	3.81	-		-
City of Brentwood	294	4	1.87	187	10	1.57
Publix	268	5	1.70	-		-
Lattimore Black Morgan & Cain	250	6	1.59	-		-
The Lampo Group (Dave Ramsey)	226	7	1.44	-		-
LifePoint Hospitals Inc	200	8	1.27	-		-
Costco	185	9	1.18	-		-
Brookdale Senior Living	180	10	1.14	-		-
Service Merchandise Holdings, Inc	-		-	1,200	1	10.09
BellSouth Telecommunications	-		-	378	3	3.18
BellSouth Mobility	-		-	375	4	3.15
FISI-Madison Financial	-		-	375	5	3.15
TSC Management Group	-		-	338	6	2.84
EMI Christian Music Management	-		-	280	7	2.35
Brentwood YMCA	-		-	275	8	2.31
Quorum	-		-	268	9	2.25
Total	3,867		24.57 %	4,526		38.06 %
Total employment	15,736 *			11,893 *		

Source:

* Total employment numbers from US Department of Labor, Bureau of Labor Statistics

CITY OF BRENTWOOD

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	FULL-TIME EQUIVALENT EMPLOYEES AS OF JUNE 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GENERAL GOVT.										
City Manager	1	1	1	1	1	1	1	2	2	2
Administration	3	3	3	3	3	3	3	3	3	3
Finance	5	6	7	7	7	7	7	8	7	7
Human Resources	2	2	2	2	2	2	2	1	3	3
Information Technology	2	2	3	3	3	3	4	4	4.5	4.5
Planning and Development	4	4	4	4	4	4	4	4	4	4
Codes	5	7	7	8	7	9	9	8	9.5	9.5
GIS	-	-	-	-	-	-	-	2	4	3.5
	<u>22</u>	<u>25</u>	<u>27</u>	<u>28</u>	<u>27</u>	<u>29</u>	<u>30</u>	<u>32</u>	<u>37</u>	<u>36.5</u>
POLICE										
Officers	52	51	53	55	55	55	54	62	58	58
Civilians	10	10	11	12	13	13	13	10	12	13
FIRE										
Firefighters & Officers	41	41	55	55	55	57	57	57	58	61
Civilians	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Engineering	2	2	2	2	3	4	4	4	5	4
Public Works - Streets	17	18	21	21	21	20	22	19	22	22.5
UTILITIES										
Water	11	11	11	11	11	12	11	11	12	13
Wastewater	10	11	10	11	10	12	12	12	13	13
PARKS & RECREATION	9	11	10	15	15	16	19	17	17	18
LIBRARY	11	11	11	21	23	23	23	26	26	26
TOTAL REGULAR FULL-TIME	<u>186</u>	<u>192</u>	<u>212</u>	<u>232</u>	<u>234</u>	<u>242</u>	<u>246</u>	<u>251</u>	<u>261</u>	<u>266</u>

Source: City of Brentwood Personnel Department

CITY OF BRENTWOOD

OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Building permits issued	748	717	1,171	1,706	1,807	1,337	1,629	1,410	1,160	795
Building inspections conducted	5,196	8,226	12,002	14,421	17,824	18,184	17,332	15,960	16,049	11,834
Police										
Physical arrests	820	814	807	809	728	740	812	965	1,234	1,251
Parking Violations	133	85	104	104	65	62	58	36	178	122
Traffic Violations	4,475	3,425	3,827	5,954	5,094	7,407	8,464	11,002	11,068	8,805
Fire										
Emergency responses	1,842	2,111	2,074	2,178	2,261	2,232	2,408	2,467	2,441	2,455
Fires extinguished	146	144	103	89	78	87	123	112	78	86
Inspections (Commercial)	253	319	289	347	421	434	453	470	482	488
Public Works										
Street resurfacing (miles)	16.95	19.10	19.68	22.23	23.01	19.28	25.35	17.68	18.76	21.98
Potholes repaired	104	201	292	379	326	367	258	228	244	471
Library										
Volumes in collection	92,296	95,694	97,954	103,220	109,977	119,317	124,866	133,778	143,822	150,610
Total volumes borrowed	419,501	432,424	459,065	506,633	542,802	550,593	458,589	480,268	523,914	566,798
Water										
New connections	112	135	181	173	162	148	128	111	326	80
Water main breaks	11	6	7	6	7	9	9	13	27	11
Monthly average daily flow	93,000,000	93,000,000	104,666,500	104,666,500	104,666,500	105,000,000	105,000,000	153,305,000	162,000,000	159,000,000
Wastewater										
Average daily sewage treatment (thousands of gallons)	4,396.16	4,682.73	6,056.46	6,340.26	7,018.00	5,851.00	6,137.00	5,589.00	5,900.00	5,380.00

Source: Various City Departments

CITY OF BRENTWOOD

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	48	54	54	61	59	59	64	65	70	66
Fire Stations	3	3	4	4	4	4	4	4	4	4
Public Works										
Streets (miles)	317	317	342	351	351	417	417	417	422	424
Streetlights	2,025	2,110	2,165	2,565	2,565	2,600	2,607	3,249	3,289	3,354
Traffic signals	35	35	35	35	35	35	39	40	42	42
Parks and Recreation										
Acreage	379	379	379	379	397	455	560	580	580	580
Playgrounds	3	3	3	3	3	3	3	4	4	4
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	10	10	12	12	15	15	15	15	15	15
Water										
Water mains (miles) *	181	194	194	208	216	216	216	235	198	220
Fire hydrants	1,321	1,511	1,671	1,671	1,912	2,100	2,045	2,100	2,231	2,290
Storage capacity (thousand of gallons)	10,300	10,300	10,300	12,288	14,000	14,000	14,000	14,790	14,790	14,790
Wastewater										
Sanitary sewers (miles)	187	204	204	220	235	240	245	260	260	260

Source: Various City Departments

*Previously, number of water main miles were based on manual estimates. Due to recently completed GIS survey work, the 2008 and subsequent information is more accurate.

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OTHER REPORT SECTION

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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
City of Brentwood
Brentwood, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, Tennessee (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements 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 City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 results 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.

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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 City'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 City Commissioners, management and the City's regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

KraftCPAs PLLC

Nashville, Tennessee
December 18, 2009