

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011

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INTRODUCTORY SECTION

PAUL L. WEBB
MAYOR
ROD FREEMAN
VICE-MAYOR
MICHAEL W. WALKER
CITY MANAGER



COMMISSIONERS
JILL BURGIN
BETSY CROSSLEY
ANNE DUNN
RHEA E. LITTLE, III
REGINA SMITHSON

City of Brentwood

December 13, 2011

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, 2011 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, 2011.

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, 2011, 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, 2011, 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 required to undergo a single audit for the year ended June 30, 2011 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 requires 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 resident population according to the 2010 U.S. Census of 37,060. 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, fire and rescue, and emergency communications), street maintenance, parks, library, public improvements, planning, codes enforcement 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. Piedmont 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 manger 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 25. The special revenue funds and debt service fund comparison begin on pages 73 and 76, respectively.

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 still feeling the effects of the Great Recession, Brentwood and the Nashville/Middle Tennessee area appear to be weathering the slowdown better than most 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 17th wealthiest county in the United States based on median household income. The most recently available statistics for June 2011 indicates a 6.7 percent unemployment rate for Brentwood compared to a county rate of 7.2 percent, a statewide rate of 9.8 percent and national jobless rate of 9.2 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 37,060 in the 2010 census. The census figures reflect a strong but manageable rate of growth (roughly 5.5% annually) from 1970 to 2010. On average, about 825 new residents moved into the City and 266 new homes were constructed annually for 40 years.

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 2010-2011 fiscal year was \$109,876,047 with 1,095 permits being issued. In fiscal year 2011, Brentwood had a total assessed value of taxable property of \$2,221,091,399 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 9.5% in the Brentwood area. This vacancy rate is very favorable with overall rates in the Nashville office market and across the 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), AT&T (communications), and LifePoint Hospitals (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 the mall on three sides. Since its opening in 1991, the mall has facilitated significant retail development in the Cool Springs area and is now 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 twenty (20) years.

Of the 50 largest cities in Tennessee, Brentwood ranks number two (2) as the most business-friendly community in the State according to a recent study by the Beacon Center of Tennessee. The ranking considered three measures: business taxation; economic vitality measures such as job growth and high median income; and community allure, including crime rates and education.

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.

Long-term financial planning. The Six-Year Capital Improvements Program (CIP) is an essential component of the City's budget process and allows for broader understanding and deliberation on the essential long-term capital needs of a growing city. The program is annually reviewed, updated and adopted by the City Commission.

Funding for the CIP program is generally balanced among local sources (pay-as-you-go), inter-governmental funding and the issuance of General Obligation and Water/Sewer Revenue Bonds. Highlights of the FY 2012-17 CIP include:

- Purchase of Land and Initial Improvements to Smith Park
- Concord Road Improvements (east of Sunset Rd and from Jones Pkwy to Arrowhead Dr)
- Purchase and Removal of Flood-prone Dwellings in Floodway Areas
- Brentwood Sewer System Rehabilitation
- Water System Capacity Improvements

Major Challenges - significant challenges, issues and changes that the City will face in the near future include the following:

- ***Local Revenue Growth Trends.*** The United States is approaching the fourth year of the “Great Recession” with much uncertainty about significant economic growth and recovery during the next five to ten years. Fortunately, the City of Brentwood again ended fiscal year 2010-2011 in excellent financial condition due to conservative financial management. General Fund revenue growth greatly exceeded amended budget estimates by \$2,290,207 while expenditures were under the revised appropriation by \$646,776. After taking into account special year-end appropriations transfers totaling \$6.2M for the initial payment for 320 acres in the new Smith Park and miscellaneous capital improvements, the fund balance (as restated – see note 17) decreased by only \$1,972,284 from the previous fiscal year (from \$27,350,299 to \$25,378,015). This programmed deficit for land and capital investment was possible due to an improving local economy and growing revenue collections. Looking ahead to fiscal year 2011-2012 and beyond, we anticipate revenue growth but at a continued slow rate compared to the “boom years” of 2003-2008 from the key tax sources such as property taxes, local sales taxes and state shared revenues. However, the uncertainty in the national economy could affect the City’s financial position in future years. To continue to meet expenditure obligations in challenging areas such as salaries, health insurance and retirement benefits without a property tax increase or use of reserves to fund on-going operations, the City will continue to focus on controlling expenses and doing “more with less.” From a short-term perspective, the staff is confident that the upcoming fiscal year 2012-2013 General Fund budget can be balanced without a property tax increase and done in a way that does not reduce essential services or affect the quality of life in Brentwood.
- ***Local Housing Market.*** Brentwood continues to be one of the most desirable communities in which to live in the Nashville/Middle Tennessee area. Consistent with national housing trends, there was a dramatic slowdown in new housing starts in calendar years 2009 (68) and 2010 (140) compared to a record high of 635 units in 2004. However, housing starts in calendar year 2011 have increased significantly and are expected to reach 220 by year-end. This level is almost in line with the historic average of 250–275 new homes annually. This growth also reflects a reorientation of most new housing in a more affordable price range of \$500,000 to \$750,000 compared to the \$1 million and above range before the economic slowdown. With continuing concerns nationally about excess housing inventory, foreclosures, and significantly declining real estate values, Brentwood is fortunate that the average housing values have remained relatively stable compared to other fast growing areas in the United States. This was confirmed in the recent reappraisal of assessed values of existing property on the tax roll as determined by the Williamson County Property Assessor. The 2011 reappraisal showed a 10% increase in property values from last appraisal conducted five years ago. While this is very positive news, there are still many unknowns in the future housing trends in the United States that could affect the local housing market.

Relevant financial policies. The City's fund balance policy states that the City maintain a minimum unassigned general fund reserve in excess of forty percent (40%) of annual operating expenses. Such fund balance shall serve cash flow needs, protect against unforeseen emergencies and enhance the credit worthiness of the City. The City exceeded this fiscal policy objective by ending FY 2011 with an unassigned fund balance for the general fund of \$23,215,831, or 65% of FY 2011 general fund expenditures.

In addition, the city will strive to maintain an unallocated fund balance in the Debt Service Fund equal to one (1) year's General Obligation debt service requirement. This policy objective was also met, as the FY 2011 ending fund balance in the Debt Service Fund was \$3,942,590 and budgeted debt service payments for FY 2012 of \$3,433,590.

Major Initiatives for the Year - The significant projects, events and accomplishments during the City's 2010-2011 fiscal year included the following:

- ***Credit Quality*** - 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 reaffirmed by the rating agencies in August, 2011. The City has maintained the highest possible bond rating since January 2000.
- ***Capital Improvements Funded*** - The City Commission responsibly addressed the infrastructure demands of the community through formulation, update, adoption and implementation of the City's six-year capital improvements program for FY 2011-2016, including a financing and debt management plan. In September, 2010, \$10M in 20 year, fixed rate, General Obligation Public Improvement Bonds (backed by water and sewer revenues and included as Water and Sewer Fund debt) were issued at a true interest cost of 2.95%. These bonds are being used to fund the on-going sewer system rehabilitation program and water system capacity improvements to meet projected peak summer water demand from our customers in the future.
- ***Stable Property Tax Rate*** - The City of Brentwood property tax rate that was approved in June 2011 for the new fiscal year beginning July 1, 2011 – June 30, 2012 will be \$.44 per \$100 of assessed value, which represents the same effective tax rate for the 21st year in a row. The actual tax rate was reduced from \$.49 to \$.44 to take into account the 10% increase in assessed value of taxable property as established by the Williamson County Property Assessor in the recently completed reappraisal. 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 \$462,000 being \$508 annually.
- ***Proactive Focus*** - 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 2011-2012 fiscal year.

- ***Productivity Improvement*** - Brentwood is strongly 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). The result is that the number of full-time employees per 1,000 residents for the adopted fiscal year 2011-2012 budget will be 6.61 versus 8.54 in fiscal year 1990-1991 or 22.6% 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 71 additional full-time employees (316 rather than 245) with additional personnel cost to the General Fund of \$5.7 million annually. Funding would have required a 53% increase in the City property taxes, a corresponding \$5.7 million or 18.5% cut in current General Fund services or a combination of tax increases and service reductions.
- ***Purchase of Land for Marcella Vivrette Smith Park*** - With the anticipated build-out of the City in the next 10-15 years and the more favorable cost of land due to the economic slowdown, the City took a significant step to insure the permanent preservation of a significant amount of open space for future generations to enjoy with the purchase of 320 acres of the Ravenswood Farm. The land cost was \$10 million with the initial \$5 million paid in December 2010 from a programmed transfer from the unreserved fund balance in General Fund. The remaining \$5 million will be paid by December 2011 from the proceeds of the August 2011 General Obligation bond issue. Planning for the improvements in the new park were initiated in late spring of 2011 with improvements expected to take about six years to complete subject to the availability of local funding and grants.
- ***Major Renovations to the Municipal Center*** - The first significant renovations to the main building of City government were initiated. While the building was adequately sized when constructed in 1987 to meet the needs of City with 37,000 population, the design and layout of space at the time did not allow for functional incorporation of the new space by the various departments in adjacent work areas. When completed in December 2011, the improvements will better serve our residential and corporate citizens. It also represents a cost effective investment because the City has no debt on the property and the new improvements are being funded through the operating budget.

- ***Addressing Health Insurance Costs*** - In an effort to better control rising employee group health insurance costs, the City shifted from a traditional fully insured program to a high deductible plan with a City funded Health Reimbursement Arrangement (HRA). The plan was adopted as of January 1, 2010 with the City self insuring the first \$4,500 of claims for non-routine services. A separate Health Insurance internal service fund was created in 2010 and initially funded with a special operating transfer from the General Fund, Water and Sewer Fund and Emergency Communications District. The program was further expanded in January 2011 to incorporate a partially self insured approach with stop loss coverage to limit the City's maximum liability for catastrophic claims and total aggregate claims. While there are many uncertainties in the future with group health insurance programs, the City will continue to focus on efforts to control cost better while maintaining health benefits at the level needed to attract and retain excellent employees.
- ***Addressing Pension Funding Obligations*** - With rising costs associated with the City's contribution to the Tennessee Consolidated Retirement System (TCRS), the General Assembly passed a law in June 2009 that allows, by local option, non-contributory jurisdictions to require newly hired, eligible employees to contribute 5% of their salary toward the cost of the defined benefit retirement program. The City Commission adopted this option in September 2009 which became effective with all new eligible employees hired on or after January 1, 2010. While the significant savings from adoption will be in future years, the City is receiving immediate benefit with about 10% of the total eligible employees now contributing into the retirement system. The City is hopeful that TCRS and the General Assembly will provide additional options for consideration in the next year for newly hired employees to further control the future payment obligations for the City.

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, 2010. This was the twenty-fifth consecutive year (fiscal years ended 1986-2010) 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, 2010. This represents the nineteenth 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 KraftCPAs 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, 2010

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.



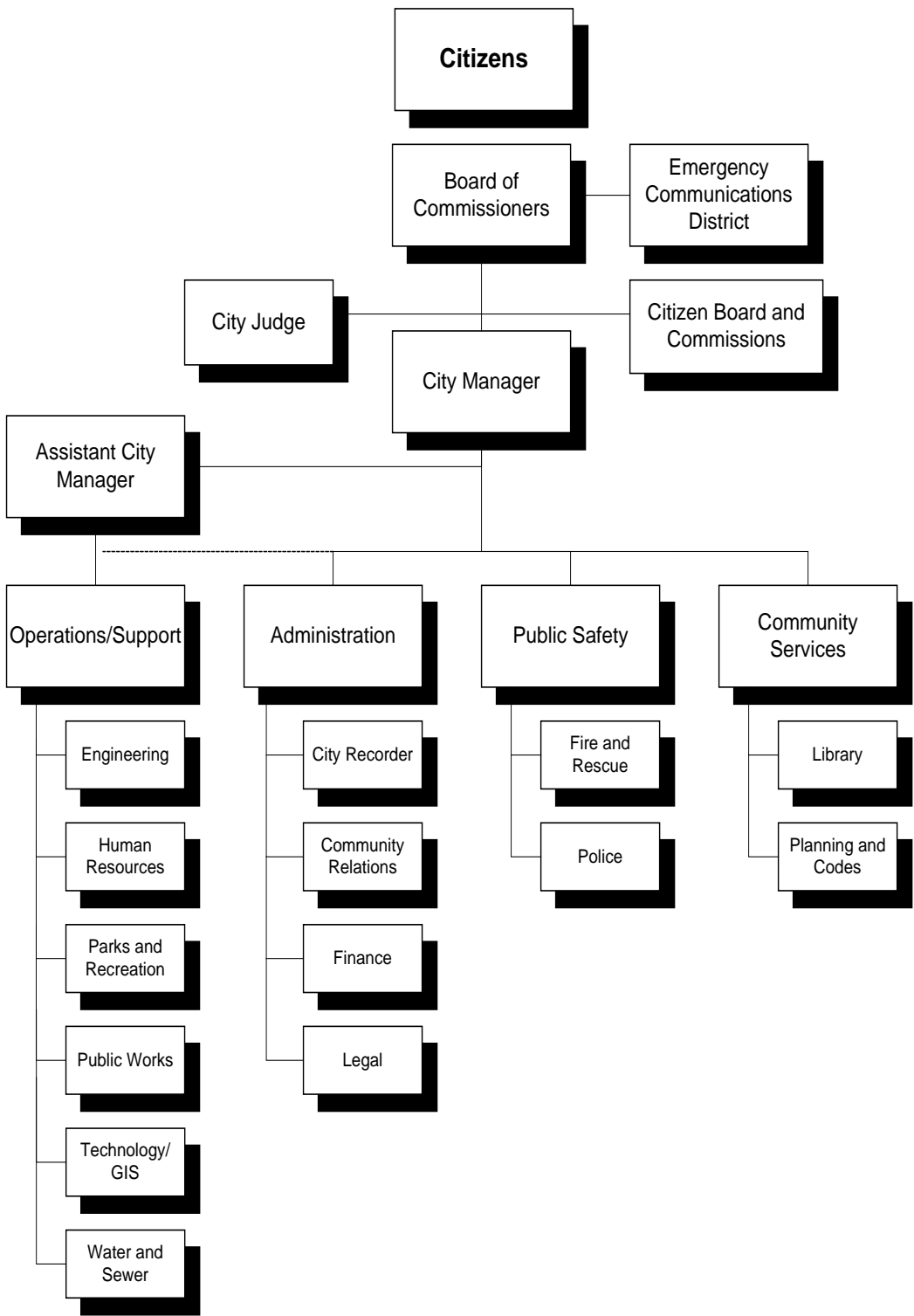
Linda C. Dandison

President

Jeffrey R. Emer

Executive Director

**City of Brentwood
Organization Chart**



**CITY OF BRENTWOOD
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2011**

Elected:

Mayor	Paul L. Webb
Vice Mayor	Rod Freeman
Commissioner	Jill Burgin
Commissioner	Betsy Crossley
Commissioner	Anne Dunn
Commissioner	Rhea E. Little, III
Commissioner	Regina R. Smithson

Appointed:

City Manager	Michael W. Walker
Assistant City Manager	Kirk E. Bednar
City Attorney	Roger A. Horner
City Recorder	Deborah Hedgepath
Finance Director	Carson K. Swinford
City Treasurer	Karen W. Harper
Human Resource Director	Michael Worsham
Police Chief	Ricky V. Watson
Fire Chief	Kenneth V. Lane
Planning and Codes Director	Jeff Dobson
Public Works Director	Jeff Donegan
Engineering Director	Mike Harris
Water and Sewer Director	Chris Milton
Library Director	Susan Earl
Community Relations Director	Linda Lynch
Parks and Recreation Director	David M. Bunt
Technology Director	John I. Allman, IV
City Judge	Laurie Jewett

FINANCIAL SECTION



INDEPENDENT AUDITORS' 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, 2011, which collectively comprise the City's basic financial statements as listed in the Table of Contents, pages 19 through 67 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on internal control over financial reporting. Accordingly, we express no opinion. An audit also includes 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. 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, 2011, 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 13, 2011 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.

Management's Discussion and Analysis on pages 3 through 18, the Schedule of Funding Progress - Political Subdivision Pension Plan on page 68, the Schedule of Funding Progress and Schedule of Employer Contributions - Other Post Employment Benefits on page 69, 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 70 through 76, combining and individual internal service fund statements on pages 77 through 80, the financial schedules on pages 81 through 86, the Schedule of Expenditures of Federal and State Awards on page 87, the financial information on pages 88 and 89 and the statistical sections on pages 90 through 111 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 on pages 70 - 80 and financial schedules on pages 81 - 87 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 on pages i - xiii, financial schedules on pages 88 - 89 and the statistical section on pages 90 - 111 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.

A handwritten signature in black ink that reads "Kray CPAs PLLC". The signature is stylized, with the "K" being particularly large and the "CPAs" and "PLLC" written in a more standard but cursive-like font.

Nashville, Tennessee
December 13, 2011

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, 2011. 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 \$280,973,511 (net assets). Of this amount, \$60,607,933 (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 \$7,119,777 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 \$41,130,169, a decrease of \$5,872,113 in comparison with the prior year. Approximately 56% of this total amount, \$23,215,831, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$23,215,831, or 65% of FY 2011 final budgeted 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 \$6,855,000 during the current fiscal year. The key factor in this increase was the net effect of bond proceeds from a General Obligation Public Improvement Bonds issuance (backed by water and sewer revenues (\$10M) and the payment of principal amounts for existing General Obligation debt (\$2.1M) and Water & Sewer debt (\$1.0M).

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, community support, drug education, facilities maintenance projects and interest on long-term debt. 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 four categories: governmental funds, proprietary funds, internal service 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 reports seven individual governmental funds, a decrease of two funds (Equipment Replacement and Facilities Maintenance Funds) from prior years due to the implementation of GASB Statement No. 54. Further information can be found in Note 1, page 41 and Note 17, page 67 of this report. 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.

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. Conversely, both internal service funds are combined into a single aggregated presentation in the proprietary fund statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

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

Internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among a City's various functions. The City of Brentwood uses internal service funds to account for its fuel purchases and health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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 - 67 of this report.

Other information. Included 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 68 - 69 of this report. The combining statements referred to earlier in connection with the debt service, nonmajor governmental funds and internal service 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 70 - 80 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 \$280,973,511 as of June 30, 2011.

City of Brentwood, Tennessee
Net Assets - Primary Government
June 30, 2011 and 2010
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 59,847	\$ 66,074	\$ 27,713	\$ 17,540	\$ 87,560	\$ 83,614
Capital Assets	203,457	190,612	64,985	63,436	268,442	254,048
Total Assets	<u>263,304</u>	<u>256,686</u>	<u>92,698</u>	<u>80,976</u>	<u>356,002</u>	<u>337,662</u>
Long-term Liabilities Outstanding	29,321	31,400	23,152	14,153	52,473	45,553
Other Liabilities	20,696	16,174	1,860	2,081	22,556	18,255
Total Liabilities	<u>50,017</u>	<u>47,574</u>	<u>25,012</u>	<u>16,234</u>	<u>75,029</u>	<u>63,808</u>
Net Assets:						
Invested in Capital Assets, net of related debt	171,917	161,999	41,833	49,282	213,750	211,281
Restricted	6,615	7,037	-	-	6,615	7,037
Unrestricted	<u>34,755</u>	<u>40,076</u>	<u>25,853</u>	<u>15,460</u>	<u>60,608</u>	<u>55,536</u>
Total Net Assets	<u>\$ 213,287</u>	<u>\$ 209,112</u>	<u>\$ 67,686</u>	<u>\$ 64,742</u>	<u>\$280,973</u>	<u>\$ 273,854</u>

By far the largest portion of the City of Brentwood's net assets (76%) 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 roads and streets (\$397,129), capital projects (\$1,967,705), community development projects (\$2,315,283), other post employment benefits (\$1,749,078) and drug enforcement and education (\$186,549).

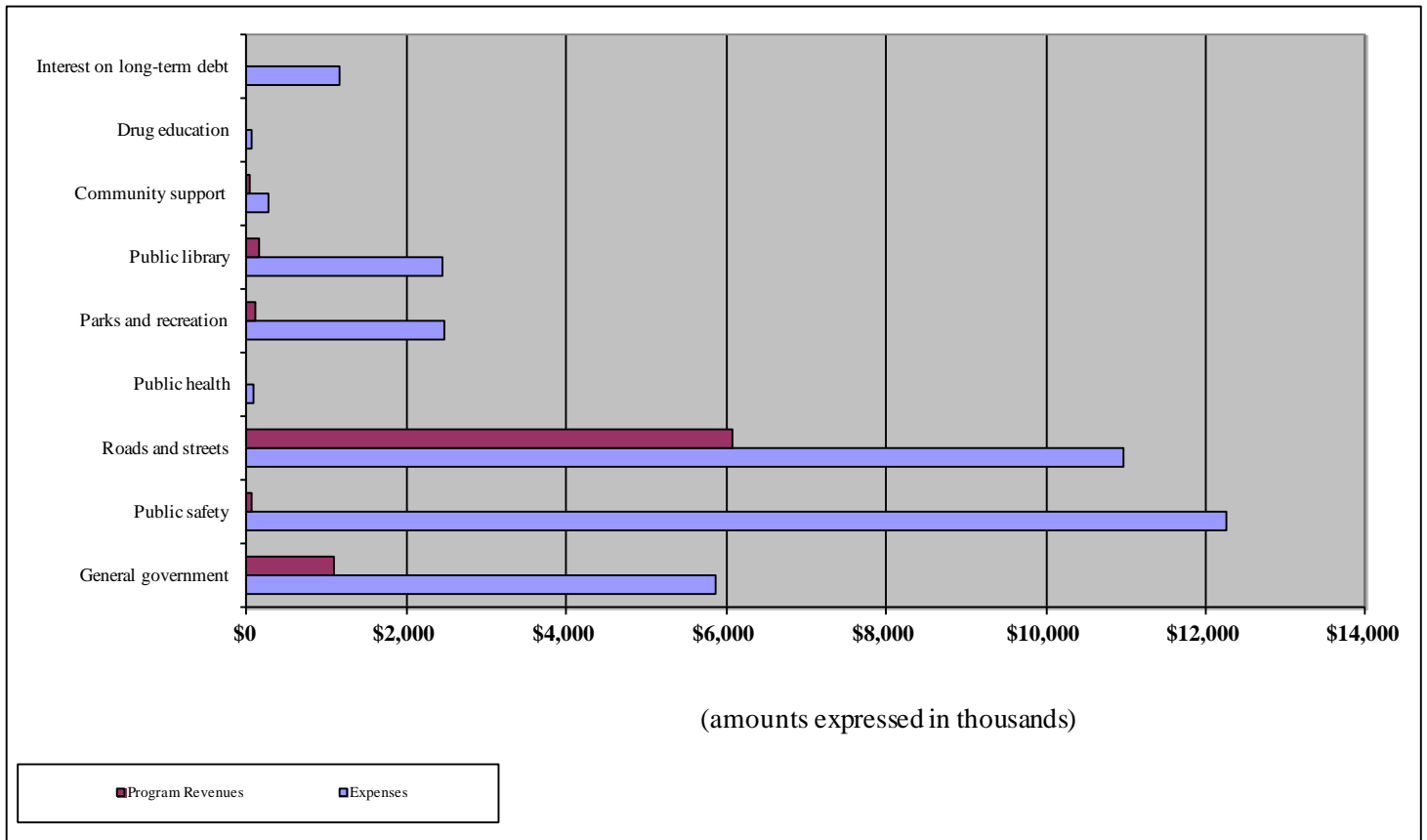
At the end of the current fiscal year, the City of Brentwood is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities increased the City of Brentwood's net assets by \$4,175,153 accounting for 59% of the total growth in the net assets of the City of Brentwood. The primary factor underlying the increase was donated capital assets from developers of \$4,365,659.

The City's Changes in Net Assets
For the year ended June 30, 2011 and 2010
(amounts expressed in thousands)

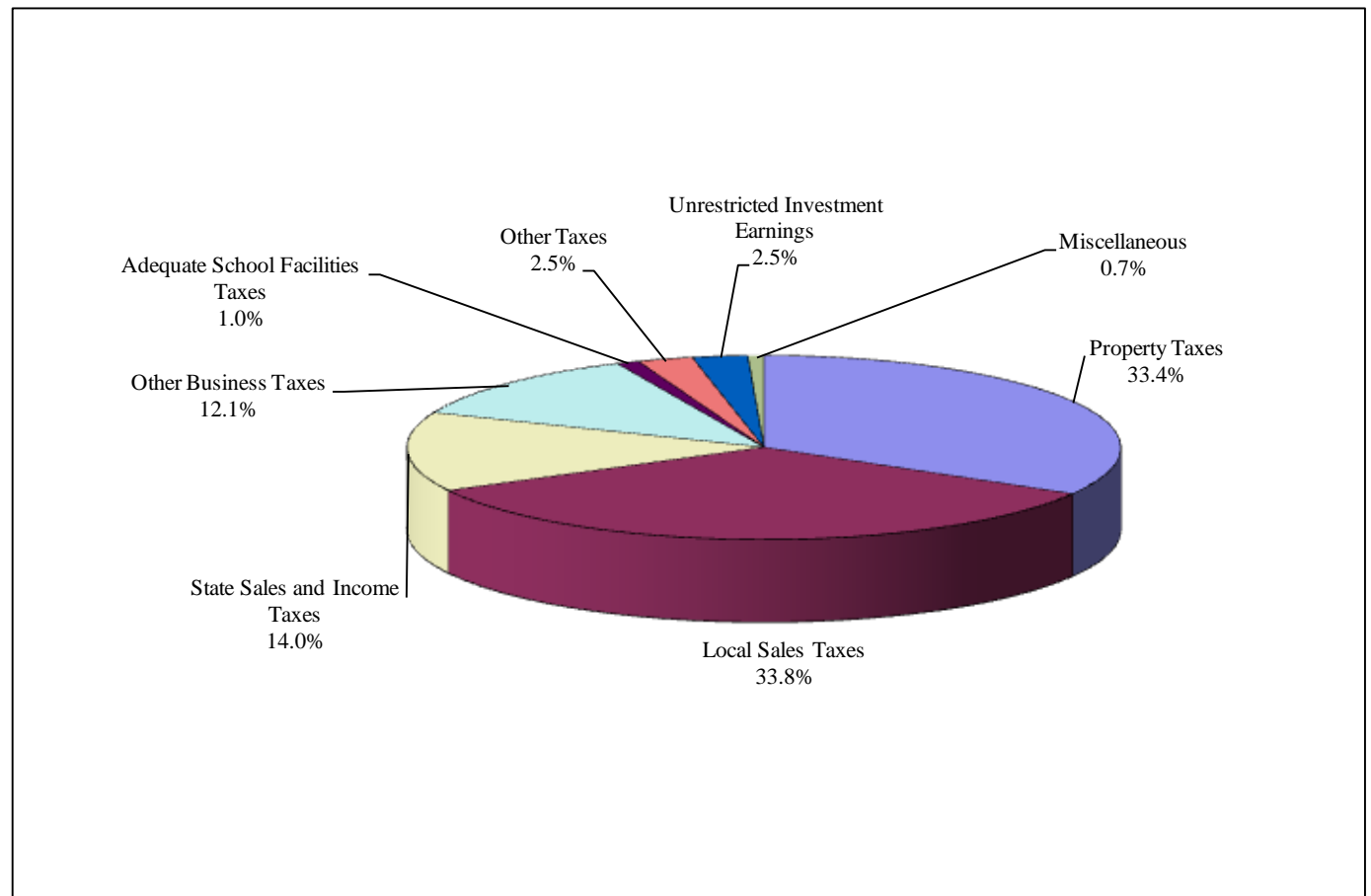
	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Charges for services	\$ 1,615	\$ 1,506	\$ 16,445	\$ 14,673	\$ 18,060	\$ 16,179
Operating grants and contributions	1,424	1,488	189	-	1,613	1,488
Capital grants and contributions	4,508	8,605	363	-	4,871	8,605
General revenues:						
Property taxes	10,911	10,667	-	-	10,911	10,667
Local option sales tax	11,028	10,173	-	-	11,028	10,173
State sales and income taxes	4,553	4,327	-	-	4,553	4,327
Other business taxes	3,945	3,733	-	-	3,945	3,733
Adequate schools facilities taxes	332	219	-	-	332	219
Other taxes	818	767	-	-	818	767
Unrestricted investment earnings	818	731	250	93	1,068	824
Miscellaneous	236	370	-	-	236	370
Total Revenues	<u>40,188</u>	<u>42,586</u>	<u>17,247</u>	<u>14,766</u>	<u>57,435</u>	<u>57,352</u>
Expenses:						
General government	5,875	6,100	-	-	5,875	6,100
Public safety	12,261	11,901	-	-	12,261	11,901
Roads and streets	10,968	9,551	-	-	10,968	9,551
Public health	81	79	-	-	81	79
Parks and recreation	2,476	2,254	-	-	2,476	2,254
Public library	2,448	2,277	-	-	2,448	2,277
Community support	265	258	-	-	265	258
Drug education	67	113	-	-	67	113
Facilities maintenance projects	-	414	-	-	-	414
Interest on long-term debt	1,153	1,145	-	-	1,153	1,145
Water and sewer	-	-	13,092	12,151	13,092	12,151
Rental facilities	-	-	565	516	565	516
Emergency Communications	-	-	1,065	922	1,065	922
Total expenses	<u>35,594</u>	<u>34,092</u>	<u>14,722</u>	<u>13,589</u>	<u>50,316</u>	<u>47,681</u>
Increase in net assets before transfers	4,594	8,494	2,525	1,177	7,119	9,671
Transfers	<u>(419)</u>	<u>(1,419)</u>	<u>419</u>	<u>1,419</u>	<u>-</u>	<u>-</u>
Increase in net assets	4,175	7,075	2,944	2,596	7,119	9,671
Net assets - beginning	<u>209,112</u>	<u>202,037</u>	<u>64,742</u>	<u>62,146</u>	<u>273,854</u>	<u>264,183</u>
Net assets - ending	<u>\$213,287</u>	<u>\$209,112</u>	<u>\$ 67,686</u>	<u>\$ 64,742</u>	<u>\$280,973</u>	<u>\$273,854</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 were also a substantial activity. For the most part, expenses closely paralleled inflation and growth in the demand for services.

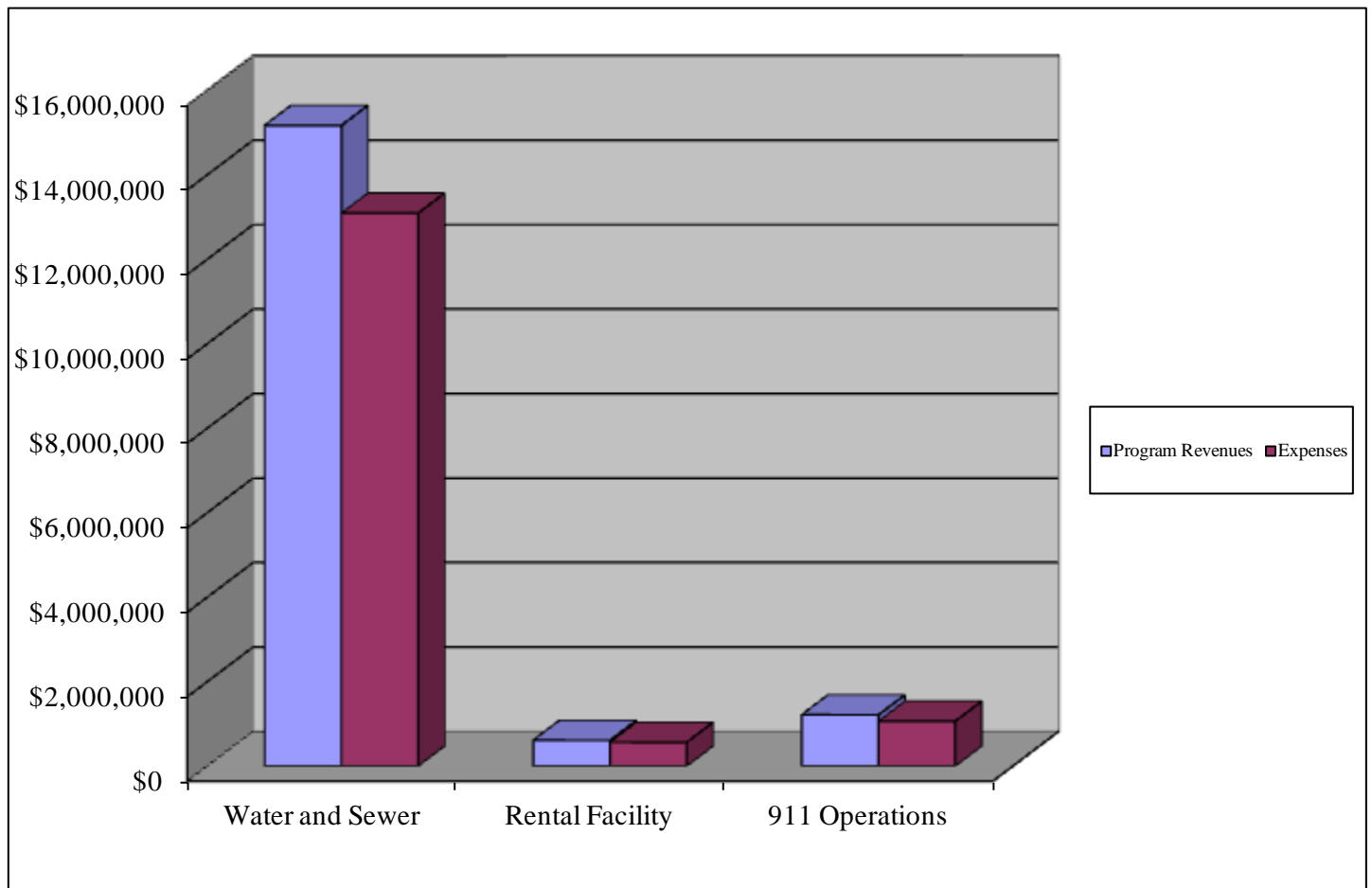
Revenue by Source - Governmental Activities



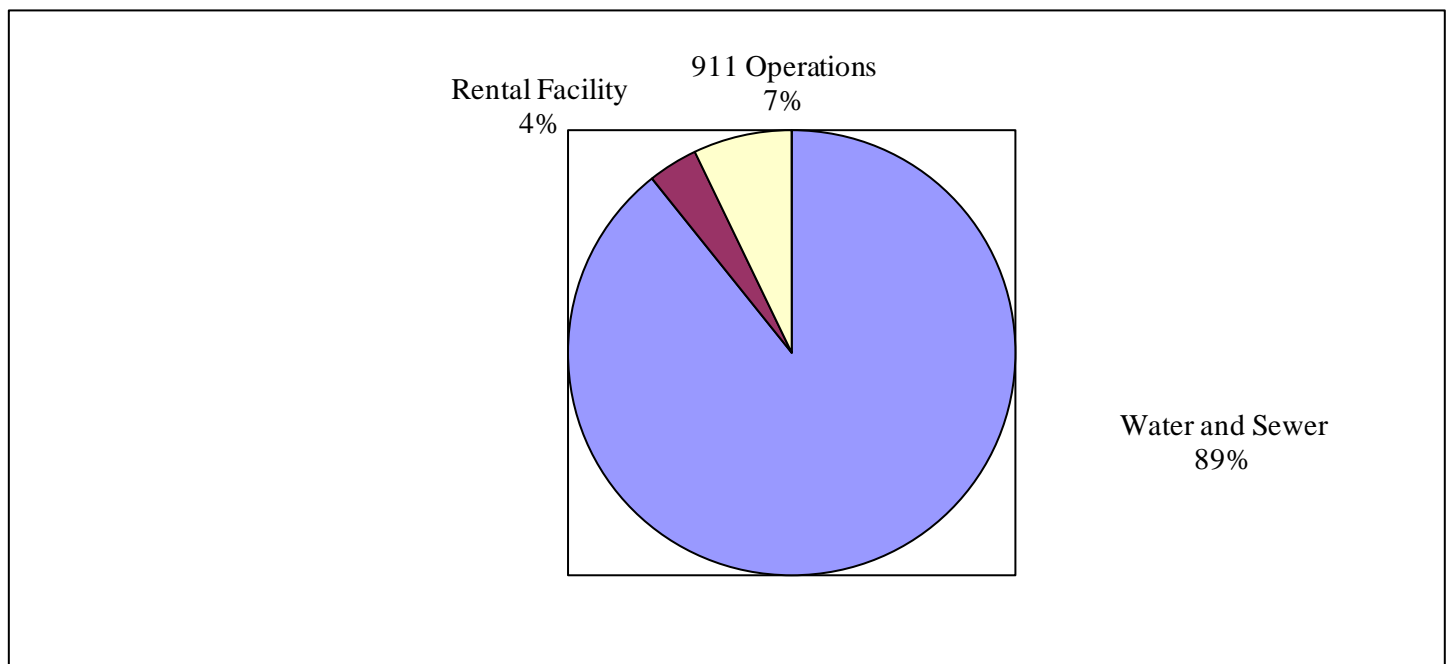
Business-type activities. Business-type activities increased the City of Brentwood's net assets by \$2,944,624 accounting for 41% of the total growth in the government's net assets. Key elements of this increase are as follows:

- The City's Water and Sewer Fund accounts for 78% of the increase in business-type net assets, with a net income of \$2,276,935 for the year. This reflects an increase of \$968,811 from the prior year, primarily due to an increase in total water sales (\$980,197) due to a dry summer in 2010 (FY 2011) resulting in more water usage/irrigation.
- The City's Municipal Center Fund accounts for 2% of the increase in business-type net assets, and recorded net income of \$68,380 for the year, a decrease of \$978,233 from the previous year. The decrease was due mainly to a special appropriation and transfer in FY 2010 from the General Fund to the Municipal Center Fund of \$1,000,000 to systematically fund future improvements to the 23 year-old facility over the next 10 years. This year's net income falls more in line with historical trends.
- The Emergency Communications District (ECD) recorded net income of \$576,226, an increase of \$456,425 from the previous year and primarily due to 1) an increase in monthly 911 service fees for residential lines (\$.65 to \$1.50) and commercial lines (\$2.00 to \$3.00) authorized in May 2010 and 2) a reimbursement of \$363,077 from the Tennessee Emergency Communication Board (TECB) for Next Generation 911 Controller and adjunct equipment (Radio Console Equipment). The fee increase allows the City to undertake facility improvements and purchase equipment (total cost \$1,115,000) to meet next generation communication standards mandated by the TECB.
- The allocation of the internal service fund net assets to the business type activities resulted in an additional \$23,083 increase in net assets at an entity-wide level.

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, unassigned 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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Total assets	<u>\$ 56,809,528</u>	<u>\$ 63,492,181</u>
Total liabilities	<u>\$ 15,679,359</u>	<u>\$ 16,489,899</u>
Fund balances:		
Nonspendable	106,295	39,434
Restricted	2,551,383	1,861,248
Committed	15,256,660	19,757,071
Unassigned	<u>23,215,831</u>	<u>25,383,963</u>
Total fund balances	<u>41,130,169</u>	<u>47,002,282</u>
Total liabilities and fund balances	<u>\$ 56,809,528</u>	<u>\$ 63,492,181</u>

As of the end of the current fiscal year, the City of Brentwood's governmental funds reported combined ending fund balances of \$41,130,169, a decrease of \$5,872,113 in comparison with the prior year. Approximately 56% of this total amount (\$23,215,831) constitutes unassigned fund balance, which is available for spending at the government's discretion. Per the City's Fund Balance Policy and pursuant to GASB Statement No. 54, the remainder of fund balance is classified as to nonspendable (\$106,295), restricted for a specific purpose per enabling legislation (street repairs - \$397,129, drug enforcement and education - \$186,549 and capital projects - \$1,967,705) and committed for a specific purpose per action by the Board of Commissioners (capital projects - \$9,258,181, debt service - \$3,942,590, equipment replacement - \$1,176,695 and facilities maintenance - \$879,194).

The general fund is the chief operating fund of the City of Brentwood. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$23,215,831. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unreserved fund balance represents 65% of total fiscal year 2011 general fund expenditures (including transfers).

Changes in Fund Balances of Governmental Funds
For the year ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Taxes	\$ 25,884,203	\$ 24,572,917
Licenses and permits	1,000,864	843,301
Fines and fees	277,949	378,878
Charges for services	335,962	284,184
Intergovernmental	7,338,849	6,501,066
Uses of money and property	806,996	729,251
Other	<u>236,284</u>	<u>370,192</u>
TOTAL REVENUES	<u>35,881,107</u>	<u>33,679,789</u>
EXPENDITURES		
Current:		
General government	5,380,604	5,306,980
Public safety	12,387,195	11,477,366
Roads and streets	5,129,091	4,478,022
Public health	81,248	78,519
Parks and recreation	1,737,854	1,615,046
Public library	2,020,271	1,974,656
Community support	265,068	258,112
Drug education	16,861	25,278
Facilities maintenance projects	-	413,745
Capital outlay	11,060,955	6,043,040
Debt service	<u>3,255,373</u>	<u>3,065,423</u>
TOTAL EXPENDITURES	<u>41,334,520</u>	<u>34,736,187</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,453,413)</u>	<u>(1,056,398)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in/out (net)	(418,700)	(1,918,700)
Proceeds of general obligation bonds	-	4,760,000
Bond premium/discount (net)	<u>-</u>	<u>168,943</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(418,700)</u>	<u>3,010,243</u>
NET CHANGES IN FUND BALANCES	(5,872,113)	1,953,845
FUND BALANCE, BEGINNING OF YEAR	<u>47,002,282</u>	<u>45,048,437</u>
FUND BALANCE, END OF YEAR	<u>\$ 41,130,169</u>	<u>\$ 47,002,282</u>

The fund balance of the City of Brentwood's general fund decreased by \$1,972,284 during the current fiscal year. Note the change in fund balance includes a reclassification of two funds previously reported as special revenue funds that are now required to be reported in the General Fund per GASB Statement 54 (see Note 17- Prior Period Adjustment). This fund decrease includes two special year-end appropriation transfers from the General Fund to other City funds totaling \$6.2M that is explained in detail in the General Fund Budgetary Highlights Section below. Key highlights in this fund for 2011 include:

- Total revenues exceeded budgetary projections by \$2,290,207
- The general fund departments demonstrated fiscal responsibility by under-spending the appropriated budget by \$646,776.

The debt service fund has a total fund balance of \$3,942,590, 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 \$36,473. Principal payments decreased \$136,263 and interest payments decreased \$26,739 over FY 2011 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 \$9,258,181, all of which is committed for the funding of major capital improvements of the City. The current year net decrease of \$4,553,491 is mainly attributable to the \$5 million initial payment for the purchase of 320 acres of the Ravenswood Farm for the new Marcella Vivrette Smith Park.

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 \$22,961,573, for the Municipal Center Fund, \$1,536,448 and for the Emergency Communications District, \$1,210,294. The total increase in net assets for the funds was \$2,276,935, \$68,380 and \$576,226, 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 (\$1,200,000 increase in revenues and \$6,200,000 in current year appropriations) can be summarized as follows:

Revenues

Increases were made to the following accounts for higher than budgeted collections due to improvement in local retail sales and new housing starts:

Local Sales Tax	\$ 900,000
Building Permits	165,000
State Sales Taxes	<u>135,000</u>
Total Change in Budgeted Revenues	<u>\$1,200,000</u>

The following increases to current year appropriations were made:

Appropriations

1. A special appropriation transfer of \$5,000,000 from the unreserved fund balance in the General Fund to the Capital Projects Fund for the initial payment made in December 2010 for the new 320 acre Marcella Vivrette Smith Park. The initial payment for the park was previously approved by the City Commission at the December 13, 2010 meeting and will be funded from surplus reserves in the fund balance of the General Fund.
2. A Special FY 2011 year-end appropriation transfer of \$1,200,000 from the General Fund to the Capital Projects Fund funded through projected excess revenue collections in the current year (see details above) to pay for certain proposed FY 2012 capital projects. These projects include Marcella Vivrette Smith Park planning/engineering costs (\$200,000), floodway open space acquisition (\$100,000), a new salt storage building located at safety center east (\$185,000), replacement of the Library's current operating system (\$150,000) and other miscellaneous projects.

The General Fund unassigned fund balance at June 30, 2011 is \$23,215,831. 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.

Significant differences (greater than \$100K) between the final amended budget and actual amounts can be summarized as follows:

1. Local Sales tax was \$152,909 more than budgeted projections due to an improvement in local retail sales.
2. Hotel/Motel taxes were \$197,629 more than budgeted projections and reflect an improving travel market, particularly with business travelers to our employment centers.
3. Other Taxes were \$183,584 more than budget estimates and due to an improving economy, resulting in higher actual to budget collections for wholesale beer tax (\$44,572), wholesale liquor tax (\$65,698), CATV franchise fee (\$36,066) and other taxes (\$37,238).
4. Fines and fees were \$162,051 less than budget estimates and is primarily due to lower municipal court fines and court costs.
5. State income tax collections exceeded budgeted projections by \$1,304,396 and is due to conservative budgeting and higher investment market returns.

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, 2011, amounts to \$263,442,058 (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:

- Initial cash payment of \$5,054,934 and accrual of final \$5,000,000 payment for the purchase of 320 acres of the Ravenswood Farm for Marcella Vivrette Smith Park;
- The acceptance of 10 streets (or sections of streets) within the city limits as public streets, with a valuation (including right-of way and easements) of \$3,662,307;
- Dedication from developer of approximately 29 acres of parkland valued at \$703,352;
- Substantial improvements to Split Log Road (Phase Two);
- Purchase of Rescue Pumper Fire Truck;
- Improvements to Bluff Road bridge;
- Lighting for Crockett Park sports field # 3;
- Energy efficiency improvements – lighting;
- Improvements to the Public Library;
- Traffic signal upgrades
- Various building and system additions and improvements were completed in the Water and Sewer Fund at a cost of \$2,036,902.

**City of Brentwood Capital Assets
(net of depreciation)
June 30, 2011 and 2010
(amounts expressed in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 95,610	\$ 83,519	\$ 1,092	\$ 1,058	\$ 96,702	\$ 84,577
Buildings and improvements	17,586	18,014	1,863	1,905	19,449	19,919
Utility plant in service	-	-	58,350	58,968	58,350	58,968
Improvements other than buildings	4,182	4,513	945	452	5,127	4,965
Machinery and equipment	5,637	5,385	1,021	716	6,658	6,101
Infrastructure	79,807	78,127	-	-	79,807	78,127
Construction in progress	635	1,054	1,714	337	2,349	1,391
Total Assets	<u>\$203,457</u>	<u>\$ 190,612</u>	<u>\$ 64,985</u>	<u>\$ 63,436</u>	<u>\$268,442</u>	<u>\$ 254,048</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 \$50,025,000. Of this amount, \$26,800,000 comprises debt backed by the full faith and credit of the City and \$23,225,000 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, 2011 and 2010
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 26,800	\$ 28,915	\$ 10,000	\$ -	\$ 36,800	\$ 28,915
Revenue and tax bonds	<u>-</u>	<u>-</u>	<u>13,225</u>	<u>14,255</u>	<u>13,225</u>	<u>14,255</u>
Total	<u><u>\$ 26,800</u></u>	<u><u>\$ 28,915</u></u>	<u><u>\$ 23,225</u></u>	<u><u>\$ 14,255</u></u>	<u><u>\$ 50,025</u></u>	<u><u>\$ 43,170</u></u>

The City of Brentwood's total long-term debt increased by \$6,855,000 (14%) during the current fiscal year. The key factor in this increase was the net effect of bond proceeds from a General Obligation Public Improvement Bonds issuance (backed by water and sewer revenues) (\$10M) and the payment of principal amounts for existing General Obligation debt (\$2.1M) and Water & Sewer debt (\$1.0M).

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 \$50,025,000 translates to approximately \$1,350 per capita using the 2010 US Bureau 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 City of Brentwood is currently 6.7%, an increase from 6.1% a year ago. This compares favorably to the county's rate of 7.2%, the state's average unemployment rate of 9.8% and the national average rate of 9.2%.
- The office space vacancy rate of the City of Brentwood's central business district was 9.5% for 2011.
- 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 2012 fiscal year.

During the current fiscal year, the total unassigned fund balance in the general fund decreased to \$23,215,831. The City of Brentwood has not appropriated any of this amount for spending in the 2012 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, 2011

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
Cash and cash equivalents	\$ 32,316,754	\$ 14,038,608	\$ 46,355,362
Property tax receivable	10,698,730	-	10,698,730
Sales tax receivable	907,674	-	907,674
Intergovernmental revenue receivable	4,027,370	-	4,027,370
Accounts receivable	675,171	2,172,290	2,847,461
Internal balances	(224,350)	224,350	-
Inventories	33,178	249,643	282,821
Prepaid expenses	104,672	1,200	105,872
Investments	7,000,000	2,000,000	9,000,000
Restricted assets:			
Cash	2,315,283	8,828,166	11,143,449
Capital assets:			
Utility plant in service	-	89,416,981	89,416,981
Land	95,609,715	1,092,013	96,701,728
Buildings and structures	22,240,861	4,050,319	26,291,180
Improvements other than buildings	11,649,309	1,531,621	13,180,930
Furniture, machinery and equipment	16,164,200	3,347,565	19,511,765
Infrastructure	179,505,145	-	179,505,145
Construction in progress	635,056	1,713,952	2,349,008
Accumulated depreciation	(122,347,191)	(36,167,488)	(158,514,679)
Other post employment benefits asset	1,749,078	-	1,749,078
Other noncurrent assets	243,118	199,178	442,296
Total assets	<u>263,303,773</u>	<u>92,698,398</u>	<u>356,002,171</u>
LIABILITIES			
Accounts payable	1,711,632	1,123,503	2,835,135
Claims payable	106,860	-	106,860
Accrued salaries and benefits	406,213	337,691	743,904
Accrued interest	356,169	261,040	617,209
Other payables	5,246,414	56,461	5,302,875
Liabilities payable from restricted assets	1,374,712	81,611	1,456,323
Unearned revenue	11,493,439	-	11,493,439
Long-term liabilities:			
Due within one year	3,215,000	1,480,000	4,695,000
Due in more than one year	26,106,069	21,671,846	47,777,915
Total liabilities	<u>50,016,508</u>	<u>25,012,152</u>	<u>75,028,660</u>
NET ASSETS			
Invested in capital assets, net of related debt	171,916,717	41,833,117	213,749,834
Restricted for:			
Roads and streets	397,129	-	397,129
Capital projects	1,967,705	-	1,967,705
Drug enforcement and education	186,549	-	186,549
Community development projects	2,315,283	-	2,315,283
Other post employment benefits	1,749,078	-	1,749,078
Unrestricted	34,754,804	25,853,129	60,607,933
Total net assets	<u>\$ 213,287,265</u>	<u>\$ 67,686,246</u>	<u>\$ 280,973,511</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

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		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Primary Government:							
Governmental Activities:							
General government	\$ 5,875,080	\$ 951,096	\$ -	\$ 142,806	\$ (4,781,178)	\$ -	\$ (4,781,178)
Public safety	12,260,875	-	64,388	-	(12,196,487)	-	(12,196,487)
Roads and streets	10,968,394	360,927	1,359,633	4,365,659	(4,882,175)	-	(4,882,175)
Public health	81,248	-	-	-	(81,248)	-	(81,248)
Parks and recreation	2,475,591	116,950	-	-	(2,358,641)	-	(2,358,641)
Public library	2,447,976	156,372	-	-	(2,291,604)	-	(2,291,604)
Community support	265,068	29,430	-	-	(235,638)	-	(235,638)
Drug education	66,972	-	-	-	(66,972)	-	(66,972)
Interest on long-term debt	1,152,676	-	-	-	(1,152,676)	-	(1,152,676)
Total governmental activities	35,593,880	1,614,775	1,424,021	4,508,465	(28,046,619)	-	(28,046,619)
Business-type activities:							
Water and Sewer	13,092,399	15,170,037	-	-	-	2,077,638	2,077,638
Rental facilities	564,841	611,567	-	-	-	46,726	46,726
911 operations	1,064,637	663,715	189,153	363,077	-	151,308	151,308
Total business-type activities	14,721,877	16,445,319	189,153	363,077	-	2,275,672	2,275,672
Total primary government	\$ 50,315,757	\$ 18,060,094	\$ 1,613,174	\$ 4,871,542	(28,046,619)	2,275,672	(25,770,947)
General Revenues:							
Taxes:							
Property taxes					10,910,998	-	10,910,998
Local option sales tax					11,027,909	-	11,027,909
Other business taxes					3,945,296	-	3,945,296
Adequate schools facilities taxes					332,178	-	332,178
Other taxes					817,978	-	817,978
Unrestricted intergovernmental revenues - state sales and income taxes					4,552,428	-	4,552,428
Unrestricted investment earnings					817,401	250,252	1,067,653
Miscellaneous					236,284	-	236,284
Transfers					(418,700)	418,700	-
Total general revenues and transfers					32,221,772	668,952	32,890,724
Change in net assets					4,175,153	2,944,624	7,119,777
Net Assets - beginning					209,112,112	64,741,622	273,853,734
Net Assets - ending					\$ 213,287,265	\$ 67,686,246	\$ 280,973,511

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2011

ASSETS	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 20,682,986	\$ 1,975,590	\$ 6,186,816	\$ 2,240,002	\$ 31,085,394
Receivables:					
Property tax	10,698,730	-	-	-	10,698,730
Sales tax	907,674	-	-	-	907,674
Intergovernmental	3,825,450	-	-	201,920	4,027,370
Accounts	627,840	-	28,623	-	656,463
Miscellaneous	-	-	-	92	92
Due from other funds:					
Municipal Center	-	-	193	-	193
Emergency Communications District	10,284	-	-	-	10,284
General Fund	-	-	1,750	-	1,750
Prepaid expenses	104,672	-	-	-	104,672
Inventories of supplies	1,623	-	-	-	1,623
Investments	3,000,000	2,000,000	2,000,000	-	7,000,000
Restricted assets:					
Cash and cash equivalents	-	-	2,128,826	186,457	2,315,283
TOTAL ASSETS	\$ 39,859,259	\$ 3,975,590	\$ 10,346,208	\$ 2,628,471	\$ 56,809,528
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 717,797	\$ -	\$ 901,121	\$ 77,088	\$ 1,696,006
Accrued salaries	406,213	-	-	-	406,213
Due to other funds:					
Water and Sewer Fund	-	33,000	-	-	33,000
Capital Projects Fund	1,750	-	-	-	1,750
Fuel Fund	29,965	-	-	-	29,965
Other payables	246,414	-	-	-	246,414
Retainage payable	1,187,806	-	186,906	-	1,374,712
Unearned revenues	11,891,299	-	-	-	11,891,299
TOTAL LIABILITIES	14,481,244	33,000	1,088,027	77,088	15,679,359
COMMITMENTS AND CONTINGENCIES					
FUND BALANCES:					
Fund balance:					
Nonspendable	106,295	-	-	-	106,295
Restricted for street repairs	-	-	-	397,129	397,129
Restricted for drug enforcement and education	-	-	-	186,549	186,549
Restricted for capital projects	-	-	-	1,967,705	1,967,705
Committed to capital projects	-	-	9,258,181	-	9,258,181
Committed to debt service	-	3,942,590	-	-	3,942,590
Committed to equipment replacement	1,176,695	-	-	-	1,176,695
Committed to facilities maintenance	879,194	-	-	-	879,194
Unassigned	23,215,831	-	-	-	23,215,831
TOTAL FUND BALANCES	25,378,015	3,942,590	9,258,181	2,551,383	41,130,169
TOTAL LIABILITIES AND FUND BALANCES	\$ 39,859,259	\$ 3,975,590	\$ 10,346,208	\$ 2,628,471	\$ 56,809,528

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

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

JUNE 30, 2011

Total Governmental Funds Balances	\$ 41,130,169
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	203,457,095
Payment due on land purchase financed from bonds issued after year end	(5,000,000)
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	(356,169)
Interfund payable, not due and payable from current financial resources and therefore not reported in governmental funds	(60,720)
The internal service funds are used by management to charge the cost of fuel supplies and health insurance premiums to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets	1,047,903
Grant receivable earned in the current period was not received within 60 days therefore not earned in governmental funds	397,860
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	(26,800,000)
Less deferred charges on refunding bonds	298,128
Less bond discount	117,766
Add bond premium	(156,272)
Less bond issuance costs	243,118
Compensated absences	<u>(2,780,691)</u>
	<u>(29,077,951)</u>
Net Assets of Governmental Activities	<u>\$213,287,265</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, 2011

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 25,884,203	\$ -	\$ -	\$ -	\$ 25,884,203
Licenses and permits	699,016	-	-	301,848	1,000,864
Fines and fees	277,949	-	-	-	277,949
Charges for services	335,962	-	-	-	335,962
Intergovernmental	5,902,092	-	142,806	1,293,951	7,338,849
Uses of money and property	601,631	56,100	125,766	23,499	806,996
Other	147,561	-	-	88,723	236,284
TOTAL REVENUES	<u>33,848,414</u>	<u>56,100</u>	<u>268,572</u>	<u>1,708,021</u>	<u>35,881,107</u>
EXPENDITURES					
Current:					
General government	5,376,904	3,700	-	-	5,380,604
Public safety	12,387,195	-	-	-	12,387,195
Roads and streets	4,166,958	-	-	962,133	5,129,091
Public health	81,248	-	-	-	81,248
Parks and recreation	1,737,854	-	-	-	1,737,854
Public library	2,020,271	-	-	-	2,020,271
Community support	265,068	-	-	-	265,068
Drug education	-	-	-	16,861	16,861
Capital outlay	-	-	11,022,063	38,892	11,060,955
Debt service	-	3,255,373	-	-	3,255,373
TOTAL EXPENDITURES	<u>26,035,498</u>	<u>3,259,073</u>	<u>11,022,063</u>	<u>1,017,886</u>	<u>41,334,520</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,812,916</u>	<u>(3,202,973)</u>	<u>(10,753,491)</u>	<u>690,135</u>	<u>(5,453,413)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,166,500	6,200,000	-	9,366,500
Transfers out	<u>(9,785,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,785,200)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,785,200)</u>	<u>3,166,500</u>	<u>6,200,000</u>	<u>-</u>	<u>(418,700)</u>
NET CHANGE IN FUND BALANCE	<u>(1,972,284)</u>	<u>(36,473)</u>	<u>(4,553,491)</u>	<u>690,135</u>	<u>(5,872,113)</u>
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED - SEE NOTE 17	<u>27,350,299</u>	<u>3,979,063</u>	<u>13,811,672</u>	<u>1,861,248</u>	<u>47,002,282</u>
FUND BALANCE, END OF YEAR	<u>\$ 25,378,015</u>	<u>\$ 3,942,590</u>	<u>\$ 9,258,181</u>	<u>\$ 2,551,383</u>	<u>\$ 41,130,169</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, 2011

Net Change in Fund Balance - Governmental Funds \$ (5,872,113)

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	11,916,800
Donated capital assets from developers and State	4,365,659
Depreciation expense	(8,437,060)

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities	2,115,000
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Repayment of interfund borrowing is an expenditure in the governmental funds, but reduces internal balances in governmental activities	147,928
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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, 2011	(356,169)
Accrued interest on debt obligations at June 30, 2010	378,301

Grants earned in the current period was not received within 60 days therefore not earned in governmental funds

Grants receivable at June 30, 2011	397,860
Grants receivable at June 30, 2010	(467,298)

The internal service funds are used by management to charge the cost of fuel supplies and health insurance premiums to the individual funds. The changes in net assets of the internal service funds are reported with governmental activities in the Statement of Activities	39,662
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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	(60,632)
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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	7,215
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Change in Net Assets of Governmental Activities	<u><u>\$ 4,175,153</u></u>
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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, 2011

	<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>
REVENUES				
Taxes:				
Local sales tax	\$ 9,975,000	\$ 10,875,000	\$ 11,027,909	\$ 152,909
Real and personal property	10,300,000	10,300,000	10,383,445	83,445
Public utility property tax	450,000	450,000	527,553	77,553
Business	1,196,500	1,196,500	1,274,083	77,583
Hotel/Motel taxes	820,000	820,000	1,017,629	197,629
Other	1,470,000	1,470,000	1,653,584	183,584
Licenses and permits	440,200	605,200	699,016	93,816
Fines and fees	440,000	440,000	277,949	(162,051)
Charges for services	274,000	274,000	335,962	61,962
Intergovernmental:				
State sales tax	2,200,000	2,335,000	2,348,032	13,032
State income tax	900,000	900,000	2,204,396	1,304,396
Other	828,825	828,825	844,909	16,084
Uses of money and property				
Interest earnings	150,000	150,000	234,581	84,581
Other	279,000	279,000	293,623	14,623
Other	56,500	56,500	147,561	91,061
TOTAL REVENUES	29,780,025	30,980,025	33,270,232	2,290,207
EXPENDITURES				
Current:				
General government:				
City Commission:				
Personnel services	129,305	129,305	129,241	(64)
Other costs	31,500	31,500	24,361	(7,139)
City Court:				
Personnel services	26,900	27,200	27,192	(8)
Other costs	500	200	-	(200)
City Manager's office:				
Personnel services	388,435	388,435	385,961	(2,474)
Other costs	10,130	10,130	8,418	(1,712)
Elections:				
Board of commission	40,000	40,000	39,134	(866)

(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, 2011

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Finance:				
Personnel services	\$ 651,770	\$ 593,770	\$ 567,422	\$ (26,348)
Other costs	176,500	176,500	129,754	(46,746)
City recorder:				
Personnel services	88,940	88,940	85,901	(3,039)
Other costs	23,950	23,950	20,789	(3,161)
Legal services:				
Personnel services	173,315	173,315	172,667	(648)
Other costs	31,500	31,500	19,657	(11,843)
Information/technology:				
Personnel services	407,905	401,405	400,562	(843)
Other costs	96,350	108,850	108,821	(29)
Capital outlay	371,000	365,000	364,372	(628)
GIS				
Personnel services	242,095	242,095	230,887	(11,208)
Other costs	40,170	40,170	33,919	(6,251)
Human resources:				
Personnel services	243,345	243,545	243,521	(24)
Other costs	103,535	103,335	100,914	(2,421)
Community relations:				
Personnel services	114,550	114,550	111,739	(2,811)
Other costs	151,850	151,850	115,240	(36,610)
Planning and development:				
Personnel services	282,060	282,060	278,136	(3,924)
Other costs	71,050	71,050	46,617	(24,433)
Codes enforcement:				
Personnel services	702,605	702,605	668,756	(33,849)
Other costs	47,700	47,700	30,970	(16,730)
Municipal Center:				
Rent expense	453,400	453,400	453,400	-
Insurance/other benefits:				
Personnel	774,860	774,860	723,132	(51,728)
Other	41,000	41,000	37,062	(3,938)
Total general government	<u>5,916,220</u>	<u>5,858,220</u>	<u>5,558,545</u>	<u>(299,675)</u>

(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, 2011

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL	ACTUAL	
Public safety:				
Police department:				
Personnel services	\$ 4,947,300	\$ 4,923,300	\$ 4,915,468	\$ (7,832)
Other costs	634,500	602,500	577,667	(24,833)
Capital outlay	390,500	406,500	406,394	(106)
Fire and Rescue department:				
Personnel services	5,301,040	5,399,040	5,398,538	(502)
Other costs	454,800	453,500	405,224	(48,276)
Capital outlay	269,000	270,300	270,282	(18)
Brentwood Safety Center East:				
Other costs	70,370	70,370	68,546	(1,824)
Total public safety	12,067,510	12,125,510	12,042,119	(83,391)
Roads and streets:				
Public works:				
Personnel	1,177,960	1,177,960	1,169,152	(8,808)
Other	994,100	994,100	979,051	(15,049)
Capital outlay	206,000	206,000	203,997	(2,003)
Storm drainage:				
Capital outlay	50,000	50,000	49,014	(986)
Street lighting/traffic signals:				
Utilities	445,000	445,000	444,598	(402)
Personnel services	108,095	108,095	94,125	(13,970)
Other	101,100	101,100	67,868	(33,232)
Capital outlay	16,500	16,500	15,465	(1,035)
Service center:				
Personnel services	98,160	98,160	82,527	(15,633)
Other costs	169,100	169,100	163,558	(5,542)
Engineering services:				
Personnel services	467,740	467,740	463,371	(4,369)
Other costs	41,000	41,000	16,244	(24,756)
Total roads and streets	3,874,755	3,874,755	3,748,970	(125,785)

(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, 2011

	<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>
Public health:				
Co. Health Dept. Contract	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Co. Animal Control Contract	<u>68,000</u>	<u>68,000</u>	<u>66,248</u>	<u>(1,752)</u>
Total public health	<u>83,000</u>	<u>83,000</u>	<u>81,248</u>	<u>(1,752)</u>
Parks and recreation:				
Personnel services	901,750	901,750	896,402	(5,348)
Other costs	787,500	787,500	702,014	(85,486)
Capital outlay	<u>34,000</u>	<u>34,000</u>	<u>32,232</u>	<u>(1,768)</u>
Total parks and recreation	<u>1,723,250</u>	<u>1,723,250</u>	<u>1,630,648</u>	<u>(92,602)</u>
Public library:				
Personnel services	1,152,010	1,152,010	1,138,547	(13,463)
Other costs	892,800	892,800	880,467	(12,333)
Capital outlay	<u>15,500</u>	<u>15,500</u>	<u>1,257</u>	<u>(14,243)</u>
Total public library	<u>2,060,310</u>	<u>2,060,310</u>	<u>2,020,271</u>	<u>(40,039)</u>
Community support:				
Education	225,000	225,000	225,000	-
Chamber of Commerce	10,000	10,000	10,000	-
Crockett Historic Center	<u>33,600</u>	<u>33,600</u>	<u>30,068</u>	<u>(3,532)</u>
Total community support	<u>268,600</u>	<u>268,600</u>	<u>265,068</u>	<u>(3,532)</u>
TOTAL EXPENDITURES	<u>25,993,645</u>	<u>25,993,645</u>	<u>25,346,869</u>	<u>(646,776)</u>
EXCESS OF REVENUES OVER				
EXPENDITURES	<u>3,786,380</u>	<u>4,986,380</u>	<u>7,923,363</u>	<u>2,936,983</u>

(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, 2011

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
OTHER FINANCING USES				
Transfers to Debt Service Fund	\$ (3,166,500)	\$ (3,166,500)	\$ (3,166,500)	\$ -
Transfers to Emergency Communication Fund	(418,700)	(418,700)	(418,700)	-
Transfers to Capital Projects Fund	-	(6,200,000)	(6,200,000)	-
Transfers to Committed - Facilities Maintenance	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>(3,785,200)</u>	<u>(9,985,200)</u>	<u>(9,985,200)</u>	<u>-</u>
CHANGE IN FUND BALANCE - GENERAL				
FUND - AS BUDGETED	<u>1,180</u>	<u>(4,998,820)</u>	<u>(2,061,837)</u>	<u>2,936,983</u>
COMMITTED ACTIVITY BUDGETED SEPARATELY				
Equipment replacement:				
Transfers from other departments	1,060,500	1,060,500	1,060,500	-
Interest income	5,000	5,000	17,679	12,679
Other income	-	-	11,142	11,142
Equipment expenditures	<u>(1,115,000)</u>	<u>(1,230,000)</u>	<u>(1,126,043)</u>	<u>(103,957)</u>
Net change - equipment replacement	<u>(49,500)</u>	<u>(164,500)</u>	<u>(36,722)</u>	<u>(80,136)</u>
Facilities maintenance:				
Intergovernmental revenues	1,950,000	1,950,000	504,755	1,445,245
Transfers from General Fund	200,000	200,000	200,000	-
Other income	-	-	38,306	(38,306)
Interest income	3,000	-	6,300	(6,300)
Maintenance expenditures	<u>(2,370,000)</u>	<u>(2,370,000)</u>	<u>(623,086)</u>	<u>(1,746,914)</u>
Net change - facilities maintenance	<u>(217,000)</u>	<u>(220,000)</u>	<u>126,275</u>	<u>(346,275)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (265,320)</u>	<u>\$ (5,383,320)</u>	<u>(1,972,284)</u>	<u>\$ 3,411,036</u>
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED - SEE NOTE 17			<u>27,350,299</u>	
FUND BALANCE, END OF YEAR			<u>\$ 25,378,015</u>	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2011

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>
	<u>WATER AND SEWER FUND</u>	<u>MUNICIPAL CENTER FUND</u>	<u>EMERGENCY COMMUNICATIONS DISTRICT</u>	<u>TOTAL</u>	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 11,187,524	\$ 1,604,091	\$ 1,246,993	\$ 14,038,608	\$ 1,231,360
Receivables:					
Accounts	914,391	-	106,462	1,020,853	18,616
Due from other funds:					
General Fund	-	-	-	-	29,965
Debt Service	33,000	-	-	33,000	-
Water and Sewer	-	-	-	-	3,707
Emergency Communications District	-	2,650	-	2,650	-
Unbilled utility revenue	1,151,437	-	-	1,151,437	-
Inventories of supplies	249,643	-	-	249,643	31,555
Prepaid expenses	320	880	-	1,200	-
Investments	2,000,000	-	-	2,000,000	-
Restricted cash and cash equivalents	8,828,166	-	-	8,828,166	-
Total Current Assets	<u>24,364,481</u>	<u>1,607,621</u>	<u>1,353,455</u>	<u>27,325,557</u>	<u>1,315,203</u>
Noncurrent Assets:					
Property, plant and equipment, net of accumulated depreciation	61,450,603	2,905,421	628,939	64,984,963	-
Bond issue costs and discounts, net of amortization	199,178	-	-	199,178	-
Due from governmental activities	60,720	-	-	60,720	-
Total Noncurrent Assets	<u>61,710,501</u>	<u>2,905,421</u>	<u>628,939</u>	<u>65,244,861</u>	<u>-</u>
Total Assets	<u>86,074,982</u>	<u>4,513,042</u>	<u>1,982,394</u>	<u>92,570,418</u>	<u>1,315,203</u>
LIABILITIES					
Current Liabilities (payable from current assets):					
Current maturities of long-term debt	1,480,000	-	-	1,480,000	-
Accounts payable	1,025,932	70,980	26,591	1,123,503	15,626
Claims payable	-	-	-	-	106,860
Accrued salaries	33,497	-	15,104	48,601	-
Accrued interest	261,040	-	-	261,040	-
Due from other funds:					
Due to General Fund	-	-	10,284	10,284	-
Due to Capital Projects Fund	-	193	-	193	-
Due to Fuel Fund	3,707	-	-	3,707	-
Due to Municipal Center	-	-	2,650	2,650	-
Other payables	54,901	-	1,560	56,461	-
Compensated absences payable	202,118	-	86,972	289,090	-
Current liabilities (payable from restricted assets):					
Retainage payable	81,611	-	-	81,611	-
Total Current Liabilities (payable from current assets)	<u>3,142,806</u>	<u>71,173</u>	<u>143,161</u>	<u>3,357,140</u>	<u>122,486</u>
Noncurrent Liabilities:					
Long-term debt, net of current maturities	21,671,846	-	-	21,671,846	-
Total Noncurrent Liabilities	<u>21,671,846</u>	<u>-</u>	<u>-</u>	<u>21,671,846</u>	<u>-</u>
Total Liabilities	<u>24,814,652</u>	<u>71,173</u>	<u>143,161</u>	<u>25,028,986</u>	<u>122,486</u>
NET ASSETS					
Invested in capital assets, net of related debt	38,298,757	2,905,421	628,939	41,833,117	-
Unrestricted	22,961,573	1,536,448	1,210,294	25,708,315	1,192,717
TOTAL NET ASSETS	<u>\$ 61,260,330</u>	<u>\$ 4,441,869</u>	<u>\$ 1,839,233</u>	<u>67,541,432</u>	<u>\$ 1,192,717</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>144,814</u>	
Net assets of business-type activities				<u>\$ 67,686,246</u>	

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, 2011

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL</u>
	<u>WATER AND SEWER</u>	<u>MUNICIPAL</u>	<u>EMERGENCY</u>		<u>ACTIVITIES -</u>
	<u>FUND</u>	<u>CENTER</u>	<u>COMMUNICATIONS</u>		<u>INTERNAL SERVICE</u>
		<u>FUND</u>	<u>DISTRICT</u>	<u>TOTAL</u>	<u>FUNDS</u>
OPERATING REVENUES					
Water sales, pledged as security on revenue bonds	\$ 6,976,998	\$ -	\$ -	\$ 6,976,998	\$ -
Sewer service charges, pledged as security on revenue bonds	6,134,641	-	-	6,134,641	-
Rental income	-	611,567	-	611,567	-
911 Fees	-	-	663,715	663,715	-
Internal charges	-	-	-	-	2,389,835
Other	2,058,398	-	552,230	2,610,628	18,616
TOTAL OPERATING REVENUES	15,170,037	611,567	1,215,945	16,997,549	2,408,451
OPERATING EXPENSES					
Water purchased	3,972,284	-	-	3,972,284	-
Depreciation and amortization	2,409,185	196,904	58,285	2,664,374	-
Materials and supplies	-	-	120,385	120,385	353,676
Sewerage treatment charges	2,651,687	-	-	2,651,687	-
Salaries and benefits	1,720,369	-	770,425	2,490,794	1,880,704
Maintenance	697,994	140,567	-	838,561	-
Utilities	276,125	156,728	-	432,853	-
Professional services	83,709	27,542	111,087	222,338	-
Communications	-	29,057	-	29,057	-
Other	565,733	14,043	10,033	589,809	-
TOTAL OPERATING EXPENSES	12,377,086	564,841	1,070,215	14,012,142	2,234,380
OPERATING INCOME	2,792,951	46,726	145,730	2,985,407	174,071
NONOPERATING REVENUES (EXPENSES)					
Interest income	216,802	21,654	11,796	250,252	10,405
Interest expense	(732,818)	-	-	(732,818)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(516,016)	21,654	11,796	(482,566)	10,405
TRANSFERS IN	-	-	418,700	418,700	-
CHANGE IN NET ASSETS	2,276,935	68,380	576,226	2,921,541	184,476
TOTAL NET ASSETS, BEGINNING OF YEAR	58,983,395	4,373,489	1,263,007		1,008,241
TOTAL NET ASSETS, END OF YEAR	\$ 61,260,330	\$ 4,441,869	\$ 1,839,233		\$ 1,192,717
Adjustment to reflect the consolidation of internal service funds related to enterprise funds				23,083	
Change in net assets of business-type activities				\$ 2,944,624	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>
	<u>WATER AND SEWER FUND</u>	<u>MUNICIPAL CENTER FUND</u>	<u>EMERGENCY COMMUNICATIONS DISTRICT</u>	<u>TOTAL ENTERPRISE FUNDS</u>	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 14,940,865	\$ 622,772	\$ 1,179,670	\$ 16,743,307	\$ -
Receipts from internal services provided	-	-	-	-	2,524,931
Payments to suppliers	(8,616,837)	(322,569)	(222,335)	(9,161,741)	(2,164,627)
Payments to employees	(1,702,555)	-	(753,240)	(2,455,795)	-
Net cash provided by operating activities	<u>4,621,473</u>	<u>300,203</u>	<u>204,095</u>	<u>5,125,771</u>	<u>360,304</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts on interfund borrowing	26,197	-	-	26,197	-
Contribution (transfer) from general fund	-	-	418,700	418,700	-
Net cash provided by (used in) noncapital financing activities	<u>26,197</u>	<u>-</u>	<u>418,700</u>	<u>444,897</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(2,965,309)	(698,275)	(579,485)	(4,243,069)	-
Purchase of investments	3,000,000	1,000,000	-	4,000,000	-
Proceeds from bond issue	10,000,000	-	-	10,000,000	-
Payment of bond issue costs	(16,629)	-	-	(16,629)	-
Principal paid on long-term debt	(1,030,000)	-	-	(1,030,000)	-
Interest paid on long-term debt	<u>(667,762)</u>	<u>-</u>	<u>-</u>	<u>(667,762)</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>8,320,300</u>	<u>301,725</u>	<u>(579,485)</u>	<u>8,042,540</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	<u>216,802</u>	<u>21,654</u>	<u>11,796</u>	<u>250,252</u>	<u>10,405</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,184,772	623,582	55,106	13,863,460	370,709
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,830,918</u>	<u>980,509</u>	<u>1,191,887</u>	<u>9,003,314</u>	<u>860,651</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 20,015,690</u>	<u>\$ 1,604,091</u>	<u>\$ 1,246,993</u>	<u>\$ 22,866,774</u>	<u>\$ 1,231,360</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 2,792,951	\$ 46,726	\$ 145,730	\$ 2,985,407	\$ 174,071
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	2,409,185	196,904	58,285	2,664,374	-
(Increase) decrease in:					
Accounts receivable	(263,083)	2,205	(36,875)	(297,753)	(18,616)
Due from general fund	-	-	-	-	119,343
Unbilled utility revenue	33,911	-	-	33,911	-
Inventories of supplies	(37,139)	-	-	(37,139)	12,680
Prepaid expenses	(120)	9,000	600	9,480	-
Increase (decrease) in:					
Accounts payable	(93,844)	45,792	11,085	(36,967)	10,432
Due to (from) other funds	(12,326)	(424)	7,897	(4,853)	(17,302)
Accrued expenses	<u>(208,062)</u>	<u>-</u>	<u>17,373</u>	<u>(190,689)</u>	<u>79,696</u>
TOTAL ADJUSTMENTS	<u>1,828,522</u>	<u>253,477</u>	<u>58,365</u>	<u>2,140,364</u>	<u>186,233</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,621,473</u>	<u>\$ 300,203</u>	<u>\$ 204,095</u>	<u>\$ 5,125,771</u>	<u>\$ 360,304</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Capitalized interest	<u>\$ 30,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,396</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY AND PLAN NET ASSETS

JUNE 30, 2011

	POST EMPLOYMENT BENEFITS FIDUCIARY FUND	POST EMPLOYMENT BENEFITS TRUST	DONATIONS HELD IN TRUST	TOTAL
ASSETS				
Cash and cash equivalents	\$ 632,464	\$ -	\$ 180,554	\$ 813,018
Accounts receivable	-	-	3,799	3,799
Investments held in trust, at fair value:				
Mutual funds - balanced funds	-	4,325,132	-	4,325,132
TOTAL ASSETS	632,464	4,325,132	184,353	5,141,949
LIABILITIES				
Accounts payable	1,379	-	6,436	7,815
TOTAL LIABILITIES	1,379	-	6,436	7,815
NET ASSETS HELD IN TRUST				
Net assets reserved for employee's post employment benefits	631,085	-	-	631,085
Net assets held in trust for other post employment benefits	-	4,325,132	-	4,325,132
Net assets held in trust for donations	-	-	177,917	177,917
TOTAL NET ASSETS	\$ 631,085	\$ 4,325,132	\$ 177,917	\$ 5,134,134

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, 2011

	POST EMPLOYMENT BENEFITS FIDUCIARY FUND	POST EMPLOYMENT BENEFITS TRUST	DONATIONS HELD IN TRUST	TOTAL
ADDITIONS				
Contributions:				
Employer	\$ 160,322	\$ -	\$ -	\$ 160,322
Annual required contribution to other post employment benefits trust	-	587,978	-	587,978
Outside sources	-	-	128,048	128,048
Investment earnings:				
Net appreciation (depreciation) in value of investments	-	498,328	-	498,328
Interest	8,454	-	-	8,454
Total Additions	168,776	1,086,306	128,048	1,383,130
DEDUCTIONS				
Benefits	26,941	-	-	26,941
Administrative expense	11,500	-	-	11,500
Donations expense	-	-	124,973	124,973
Total Deductions	38,441	-	124,973	163,414
Change in Net Assets	130,335	1,086,306	3,075	1,219,716
NET ASSETS HELD IN TRUST				
Beginning of year	500,750	3,238,826	174,842	3,914,418
End of year	\$ 631,085	\$ 4,325,132	\$ 177,917	\$ 5,134,134

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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, 2011 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, 2011 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, 2011

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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the health insurance and fuel costs. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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.

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 12).

The *Donations Held in Trust Fund* accumulates and maintains certain accounts funded through private donations, which include the Employee Assistance Trust, the Public Safety Employees Trust, Friends of the Library, the Historic Trust, and Concert Series, each of which are not used for City planned operations.

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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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”.

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 and the capital projects fund and 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, \$30,396 of capitalized interest was recorded.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations (Continued)

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.

Governmental Fund Equity Classification

In the governmental fund financial statements, the City has established and will maintain reservations of fund balance, as defined herein, in accordance with Governmental Accounting and Financial Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB-54). The main objectives of this standard are to improve, including the understandability, the usefulness of fund balance information by providing clear fund balance classifications, and clarify the definition of existing governmental fund types. This policy shall only apply to the City's governmental funds. Fund balance shall be composed of the following fund types:

- *Non-spendable* - Amounts that cannot be spent because they are either in a (a) non-spendable form, including items not expected to be converted to cash (i.e. inventories, prepaid amounts, long-term portion of loans and notes receivable and property acquired for resale), or (b) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).
- *Restricted* - Amounts constrained to be used for a specific purpose as per external parties, constitutional provision, or enabling legislation.
- *Committed* - Amounts constrained to be used for a specific purpose as per action by the Board of Commissioners. Amounts classified as committed are not subject to legal enforceability like restricted resources; however, they cannot be used for any other purpose unless the Board of Commissioners remove or change the commitment by taking the same action it employed to impose the commitment.
- *Assigned* - Amounts intended to be used by the City for a specific purpose, but are neither restricted nor committed. The intent shall be expressed by the Board of Commissioners or a designee authorized by the Board of Commissioners for a specific purpose in accordance with policy established by the Board of Commissioners. The nature of the actions necessary to remove or modify an assignment is not as rigid as required under a committed fund balance classification.
- *Unassigned* - Amounts available for any purpose (amounts that are not non-spendable, restricted, committed, or assigned) in the General Fund.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Equity Classification (Continued)

The restricted fund balances consist of the following:

- *State Street Aid Fund* - This fund is restricted by State law for use in construction and maintenance of city streets and certain related street expenditures. Streets are defined as streets, highways, avenues, boulevards, public owned right-of-ways, bridges, tunnels, public parking areas, and other public ways dedicated to public use.
- *Drug Fund* - This fund is restricted under State law for the enforcement of the drug laws, drug education programs, drug treatment and non-recurring general law enforcement expenditures.
- *Public Works Fund* - This fund was established by the Tennessee General Assembly in 1987 by a Private Act and is restricted for use in construction of transportation infrastructure associated with the demands from new development.
- *Adequate School Facilities* - This fund was established by the Tennessee General Assembly in 1987 by a Private Act and is restricted for the purpose of providing public facilities and related capital improvements associated with new residential development. The tax is collected by Williamson County and distributed to the cities in the county on a per capita basis.

Fund balances classified as committed are as follows:

- *Debt Service Fund* - This fund is committed by the Board of Commissioners as set forth in the annual budget (and any amendments thereto) for the payment of the general obligation debt service of the City other than Water and Sewer debt. The City also strives to maintain a fund balance in the Debt Service Fund equal to one year's general obligation debt service requirement.
- *Capital Projects Fund* - This fund is committed by the Board of Commissioners as set forth in the annual budget (and any amendments thereto) for expenditures associated with the acquisition, design, and construction of the major capital improvements and other long range projects other than improvements financed by the proprietary funds such as the Water and Sewer Fund.

The City does not report or anticipate reporting an assigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to use the restricted amounts first as permitted under the law. When the expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City to use the committed amounts first, followed by the assigned amounts and then unassigned amounts.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Equity Classification (Continued)

The City will maintain a minimum unassigned fund balance for the General Fund in excess of forty percent (40%) of annual operating expenses for this fund. Such fund balance shall serve cash flow needs, protect against unforeseen emergencies and enhance the credit worthiness of the City.

Compliance with the provisions of this policy shall be reviewed as part of the closing of the financial records at year-end (June 30) and the amounts of restricted, committed, assigned, and non-spendable fund balance will be determined. Any residual general fund balance amounts will be classified as unassigned.

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, home belt, forest and farm property	25%

Taxes were levied at the rate of \$.49 per \$100 of assessed valuation for the year ended June 30, 2011.

Payments may be made during the period from October 1 through February 28 and are delinquent on March 1. Current tax collections of \$10,199,718 were reported as revenue for the year ended June 30, 2011, and were approximately 98.5% of the tax levy.

Of the \$10,698,730 property taxes receivable, \$10,440,845 represents the estimated 2011 property taxes to be billed October 2011. This receivable is reported in the Balance Sheet - Governmental Funds with offsetting deferred revenue for the amounts not available at June 30, 2011. Amounts available at June 30, 2011 have been recorded as revenue in the governmental fund statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS

The City's cash and cash equivalents and investments at June 30, 2011 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. The City minimizes this risk by requiring full collateralization on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit, except when the institution issuing the certificate of deposit belongs to the State of Tennessee Bank collateral Pool. As of June 30, 2011, the City's deposits were fully insured or collateralized.

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

Carrying amount of deposits	\$ 66,492,288
Deposits in State of Tennessee Local Government Investment Pool	4,977
Cash on hand	<u>1,546</u>
Total	<u>\$ 66,498,811</u>
Cash and cash equivalents	\$ 46,355,362
Cash and cash equivalents - restricted	11,143,449
Investments	<u>9,000,000</u>
Total	<u>\$ 66,498,811</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

A summary of the City's policies for interest rate risk and credit risk are as follows:

Credit Risk - The City will minimize credit risk, which is the risk of loss due to the failure of the investment issuer or backer, by:

- Limiting the portfolio to the types of investments pursuant to TCA 6-56-106.
- Pre-qualifying the financial institutions with which the City will do business.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Interest Rate Risk - The City will minimize interest rate risk, which is the risk that the market value of investments in the portfolio will fall due to changes in market interest rates, by:

- Structuring the portfolio to meet the cash requirements of ongoing operations, thereby mitigating the need to liquidate investments at a loss prior to maturity;
- Investing operating funds primarily in shorter-term investments, money market mutual funds, CDs or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

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-two days at June 30, 2011. The Pool does not have a credit rating.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011, 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	\$ 83,519,063	\$ 12,090,652	\$ -	\$ 95,609,715
Construction in progress	<u>1,053,871</u>	<u>622,137</u>	<u>(1,040,952)</u>	<u>635,056</u>
Total capital assets not being depreciated	<u>84,572,934</u>	<u>12,712,789</u>	<u>(1,040,952)</u>	<u>96,244,771</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	22,167,329	73,532	-	22,240,861
Improvements other than buildings	11,431,362	217,947	-	11,649,309
Machinery and equipment	15,480,057	2,024,109	(1,339,966)	16,164,200
Infrastructure	<u>172,210,111</u>	<u>7,295,034</u>	<u>-</u>	<u>179,505,145</u>
Total capital assets being depreciated:	<u>221,288,859</u>	<u>9,610,622</u>	<u>(1,339,966)</u>	<u>229,559,515</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(4,153,714)	(500,742)	-	(4,654,456)
Improvements other than buildings	(6,918,089)	(549,624)	-	(7,467,713)
Machinery and equipment	(10,094,248)	(1,771,457)	1,339,966	(10,525,739)
Infrastructure	<u>(94,084,046)</u>	<u>(5,615,237)</u>	<u>-</u>	<u>(99,699,283)</u>
Total accumulated depreciation	<u>(115,250,097)</u>	<u>(8,437,060)</u>	<u>1,339,966</u>	<u>(122,347,191)</u>
Governmental activities capital assets, net	<u>\$190,611,696</u>	<u>\$ 13,886,351</u>	<u>\$ (1,040,952)</u>	<u>\$203,457,095</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 1,058,421	\$ 33,592	\$ -	\$ 1,092,013
Construction in progress	<u>336,553</u>	<u>3,113,032</u>	<u>(1,735,633)</u>	<u>1,713,952</u>
Total capital assets not being depreciated	<u>1,394,974</u>	<u>3,146,624</u>	<u>(1,735,633)</u>	<u>2,805,965</u>
 <u>Capital assets being depreciated:</u>				
Utility plant in service	87,876,654	1,638,313	(97,986)	89,416,981
Buildings, structures and improvements	3,988,476	61,843	-	4,050,319
Improvements other than buildings	983,012	566,273	(17,664)	1,531,621
Machinery, equipment and vehicles	<u>3,053,183</u>	<u>520,668</u>	<u>(226,286)</u>	<u>3,347,565</u>
Total capital assets being depreciated:	<u>95,901,325</u>	<u>2,787,097</u>	<u>(341,936)</u>	<u>98,346,486</u>
 <u>Less accumulated depreciation for:</u>				
Utility plant in service	(28,908,345)	(2,256,987)	97,986	(31,067,346)
Buildings, structures and improvements	(2,083,570)	(103,558)	-	(2,187,128)
Improvements other than buildings	(531,355)	(73,129)	17,664	(586,820)
Machinery, equipment and vehicles	<u>(2,337,276)</u>	<u>(215,204)</u>	<u>226,286</u>	<u>(2,326,194)</u>
Total accumulated depreciation	<u>(33,860,546)</u>	<u>(2,648,878)</u>	<u>341,936</u>	<u>(36,167,488)</u>
 Business-type activities capital assets, net	<u>\$ 63,435,753</u>	<u>\$ 3,284,843</u>	<u>\$ (1,735,633)</u>	<u>\$ 64,984,963</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to function/programs for the year ended June 30, 2011, as follows:

Governmental activities:

General government	\$ 317,156
Public safety	913,160
Roads and streets	5,913,713
Parks and recreation	820,846
Public library	435,358
Drug education	<u>36,827</u>

Total depreciation expense - governmental activities	<u>\$ 8,437,060</u>
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Business-type activities:

Municipal center	\$ 196,904
Water and sewer	2,393,689
Emergency Communications District	<u>58,285</u>

Total depreciation expense - business-type activities	<u>\$ 2,648,878</u>
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CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 5 - INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to charges between funds that are outstanding as of June 30, 2011, and are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 10,284	\$ 31,715
Debt service fund	-	33,000
Capital projects fund	1,943	-
 Water and sewer fund	 93,720	 3,707
Municipal center fund	2,650	193
Emergency Communications District	-	12,934
Internal service funds	<u>33,672</u>	<u>-</u>
	142,269	81,549
 Government wide statements (governmental activities)	 -	 60,720
Internal receivable (payable) created by internal service fund elimination	<u>82,081</u>	<u>82,081</u>
 Total interfund receivables (payables)	<u>\$ 224,350</u>	<u>\$ 224,350</u>

Interfund transfers for the year ended June 30, 2011 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	<u>Transfer In:</u>			<u>Totals</u>
	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Emergency Communications District</u>	
Transfer Out:				
General Fund	<u>\$ 3,166,500</u>	<u>\$ 6,200,000</u>	<u>\$ 418,700</u>	<u>\$ 9,785,200</u>
 Total Transfers	<u>\$ 3,166,500</u>	<u>\$ 6,200,000</u>	<u>\$ 418,700</u>	<u>\$ 9,785,200</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 5 - INTERFUND TRANSACTIONS (CONTINUED)

Interfund revenues and expenses for the year ended June 30, 2011, 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 and Emergency Communications District also paid the municipal center enterprise fund rents totaling \$453,400 and \$31,800, respectively, for the year ended June 30, 2011 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 \$125,000 and \$138,000 for its space at the City's Service Center and GIS Mapping Fee, respectively, for the year ended June 30, 2011. 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 \$648,300 (\$567,045, \$60,000 and \$21,255, respectively), to the Post Employment Benefits Fiduciary Fund for retiree benefits for the year ended June 30, 2011. These amounts are included in expenditures for the respective funds. Additionally, the General Fund contributed \$100,000 to the Post Employment Benefits Fiduciary Fund to fund future retiree leave payouts. The Post Employment Benefits Fiduciary Fund transferred \$587,978 from the current year contributions to the Post Employment Benefits Trust for the year ended June 30, 2011 (see Note 12).

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 6 - LONG-TERM LIABILITIES

Changes in Long-Term Liabilities:

During the year ended June 30, 2011, the changes in long-term liabilities were as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due within</u> <u>one year</u>
Government Activities:					
General obligation bonds	\$ 28,915,000	\$ -	\$ 2,115,000	\$ 26,800,000	\$ 2,215,000
Less: Unamortized deferred charge on advance refunding	<u>(302,626)</u>	<u>-</u>	<u>(43,004)</u>	<u>(259,622)</u>	<u>-</u>
Total bonds	28,612,374	-	2,071,996	26,540,378	2,215,000
Compensated absences	<u>2,787,906</u>	<u>1,167,621</u>	<u>1,174,836</u>	<u>2,780,691</u>	<u>1,000,000</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 31,400,280</u>	<u>\$ 1,167,621</u>	<u>\$ 3,246,832</u>	<u>\$ 29,321,069</u>	<u>\$ 3,215,000</u>
Business-type Activities:					
Revenue and tax bonds	\$ 14,255,000	\$ -	\$ 1,030,000	\$ 13,225,000	\$ 1,055,000
General obligation bonds	<u>-</u>	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>	<u>425,000</u>
Total bonds	14,255,000	10,000,000	1,030,000	23,225,000	1,480,000
Less: Unamortized deferred charge on advance refunding	<u>(101,689)</u>	<u>-</u>	<u>(28,535)</u>	<u>(73,154)</u>	<u>-</u>
Total Business-type Activities					
Long-term Liabilities	<u>\$ 14,153,311</u>	<u>\$ 10,000,000</u>	<u>\$ 1,001,465</u>	<u>\$ 23,151,846</u>	<u>\$ 1,480,000</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Description of Long-Term Liabilities:

Amounts payable at June 30, 2011, were as follows:

Governmental Activities:

\$1,955,000 1999 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2013, at varying rates of interest from 4.30% to 4.40%	\$ 560,000
\$5,525,000 2002 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2019, at varying rates of interest from 4.25% to 4.80%	4,820,000
\$4,425,000 2002 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2014, at varying rates of interest from 4.10% to 4.35%	675,000
\$6,300,000 2003 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2017, at varying rates of interest from 3.50% to 4.10%	2,430,000
\$3,685,000 2004 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2024, at varying rates of interest from 3.00% to 4.45%	2,810,000
\$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%	4,050,000
\$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

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of Long-Term Liabilities (Continued)

Governmental Activities (Continued):

\$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%	\$ 4,435,000
\$4,760,000 2009 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2030, at varying rates of interest from 2.50 % to 4.50%	<u>4,590,000</u>
Total General Obligation Debt	26,800,000
Unamortized charge on advance refunding	<u>(259,622)</u>
Total General Obligation Bonds, net of unamortized charge	<u><u>\$26,540,378</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 4.30% to 4.40%	\$ 400,000
\$3,000,000 2001 Water Revenue and Tax Bonds due in increasing annual installments through March 1, 2012, at varying rates of interest from 4.20% to 4.75%	150,000
\$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 3.50% to 4.10%	1,620,000

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CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of Long-Term Liabilities (Continued)

Business-type activities debt (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%	9,280,000
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\$10,000,000 2010 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2031, at varying rates of interest from 2.00% to 4.00%	<u>10,000,000</u>
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Total business-type activities debt	23,225,000
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Unamortized charge on advance refunding	<u>(73,154)</u>
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Total Business-type Activities Debt, net of unamortized charge	<u>\$23,151,846</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.

The Water and Sewer department issues revenue and tax bonds, which are collateralized by the revenues of the department. The department has also issued general obligation bonds to provide funds for the acquisition and construction of major water and sewer related capital projects. General obligation bonds are direct obligations of the City; however water and sewer revenues have been pledged as payment on the obligation.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

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, 2011, are as follows:

Year	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>Bonds</u>		<u>Bonds</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 2,215,000	\$1,028,431	\$ 1,480,000	\$ 773,258	\$ 3,695,000	\$ 1,801,689
2013	2,110,000	946,592	1,300,000	723,883	3,410,000	1,670,475
2014	2,185,000	857,592	1,325,000	680,364	3,510,000	1,537,956
2015	2,085,000	764,409	1,220,000	643,041	3,305,000	1,407,450
2016	2,165,000	681,286	1,250,000	606,476	3,415,000	1,287,762
2017-2021	8,385,000	2,296,044	6,155,000	2,438,638	14,540,000	4,734,682
2022-2026	5,720,000	965,008	5,465,000	1,520,775	11,185,000	2,485,783
2027-2031	<u>1,935,000</u>	<u>167,040</u>	<u>5,030,000</u>	<u>507,446</u>	<u>6,965,000</u>	<u>674,486</u>
Totals	<u>\$ 26,800,000</u>	<u>\$7,706,402</u>	<u>\$ 23,225,000</u>	<u>\$7,893,881</u>	<u>\$50,025,000</u>	<u>\$ 15,600,283</u>

NOTE 7 - UNEARNED REVENUES

Unearned revenues consist of the following at June 30, 2011:

Property taxes:

Delinquent taxes	\$ 257,885
2011 estimated levy	10,335,554
Estimated 2011 Hall Income tax	<u>900,000</u>
	<u>\$ 11,493,439</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

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.

Beginning with calendar 2010, the City modified its fully insured employee group health insurance plan to include a high-deductible and high max out-of-pocket plan coupled with a City-funded Health Reimbursement Arrangement (HRA). The HRA was implemented to effectively limit the employee deductible and max out-of-pocket to \$1,000 (\$2,000 for dependent coverage). The City established the Health Insurance Fund, which functions as an internal service fund, to account and finance its HRA claims obligations and insurance premiums related to employee health and vision insurance coverage.

Effective January 1, 2011, the City terminated its fully insured employee group health insurance plan, and commenced a partially self-funded insurance plan with a city funded HRA. Under the partially self-funded insurance plan, which is administered by Blue Cross Blue Shield of Tennessee, the City is liable through the HRA for up to \$5,500 of the first \$6,500 of individual employee claims with the employee being liable for up to \$1,000 out of pocket. To help mitigate claims loss beyond the HRA funded amount, the City purchased insurance plans for Specific Stop Loss and Aggregate Stop Loss coverage. Specific Stop Loss coverage limits the City's potential liability for a single catastrophic claim by covering all costs for an individual member once those costs exceed \$60,000 over and above the HRA funded amount. Aggregate stop loss coverage caps the City's liability for all claims in the entire plan at an agreed upon dollar amount. In 2011, the aggregate stop loss threshold is \$1.54 million.

Revenues of the fund include budgeted amounts from each City fund with personnel assigned to it, as well as employee payroll deductions from those employees who elect to cover dependents under the city's plan. Expenses of the fund include premium costs of the City's stop-loss and fully insured health and vision plans, HRA claims expenses, and medical claim expenses from the partially self-funded health plan. The HRA and partially self-funded plans are administered by Blue Cross/Blue Shield and the City is invoiced weekly for such claims. HRA Liabilities also include an amount for claims that have been incurred prior to June 30, 2011, but not reported (IBNRs).

A change in the balances of claims liabilities during the fiscal year is as follows:

Unpaid claims, beginning of fiscal year	\$ 27,164
Incurred claims	947,209
Claim payments	<u>(867,513)</u>
 Unpaid claims, end of fiscal year	 <u>\$ 106,860</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 8 - RISK MANAGEMENT (CONTINUED)

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

NOTE 9 - RECONCILIATION OF BUDGETARY EXPENDITURES PER GENERAL FUND TO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS

For the budget ordinance, the City budgets separately for two funds previously reported as special revenue funds, but no longer meet the definition of special revenue funds for financial reporting under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following schedule presents a summary of the differences in the Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Funds and Statement of Revenues, Expenditures and Change in Fund Balance - Budget to Actual General Fund, to show how the two statements agree in total change in fund balance:

	Governmental Funds	General Fund Budget to Actual	
	(p. 23)	(p. 25 - 29)	Difference
REVENUES			
Intergovernmental	\$ 5,902,092	\$ 5,397,337	\$ 504,755
Uses of money and property	\$ 601,631	\$ 528,204	73,427
EXPENDITURES			
General government	\$ 5,376,904	\$ 5,558,545	(181,641)
Public Safety	\$ 12,387,195	\$ 12,042,119	345,076
Roads and Streets	\$ 4,166,958	\$ 3,748,970	417,988
Parks and Recreation	\$ 1,737,854	\$ 1,630,648	107,206
Public library	\$ 2,020,271	\$ 2,020,271	-
OTHER FINANCING USES			
Transfers out	\$ 9,785,200	\$ 9,985,200	(200,000)
COMMITTED ACTIVITY BUDGETED SEPARATELY			
Net change - equipment replacement	\$ -	\$ (36,722)	36,722
Net change - facilities maintenance	\$ -	\$ 126,275	(126,275)
NET CHANGE IN FUND BALANCE	\$ (1,972,284)	\$ (1,972,284)	\$ -

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 10 - CONTINGENT LIABILITIES (CONTINUED)

The City is a defendant in various 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. No other provision for any liability resulting from such litigation has been made in the accompanying financial statements.

NOTE 11 - 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, 2011 totaled \$277,269.

NOTE 12 - 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, 2011, the date of the latest actuarial valuation:

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description and Contributions Information

	<u>General Government</u>	<u>Fire/Police</u>	<u>Total</u>
Active employees	126	113	239
Retired employees	<u>9</u>	<u>1</u>	<u>10</u>
Total	<u>135</u>	<u>114</u>	<u>249</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, 2011

NOTE 12 - 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 2011, the City contributed \$587,978 to the Trust and paid benefits of \$25,563. 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 5.04 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	\$ 659,800
Interest on net OPEB obligation	(107,568)
Adjustment to annual required contribution	<u>61,309</u>
Annual OPEB cost (expense)	613,541
Contributions made	<u>(613,541)</u>
Increase in net OPEB obligation	-
Net OPEB obligation (asset) - beginning of year	<u>(1,749,078)</u>
Net OPEB obligation (asset) - end of year	<u>\$ (1,749,078)</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 12 - 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 2011 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)
6/30/10	590,607	100	(1,749,078)
6/30/11	613,541	100	(1,749,078)

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the plan was 39.0 percent funded. The actuarial accrued liability for benefits was \$8,405,507, and the actuarial value of assets was \$3,406,762 resulting in an unfunded actuarial accrued liability (UAAL) of \$4,998,745. The covered payroll (annual payroll of active employees covered by the plan) was \$13,095,851 and the ratio of the UAAL to the covered payroll was 38.2 percent.

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

Actuarial Methods and Assumptions

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

In the January 1, 2011 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, 2011 was twenty-six years.

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

NOTE 13 - 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.tn.gov/tcrs/PS/.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

Funding Policy

For eligible employees hired before January 1, 2010, the City adopted a noncontributory retirement plan by assuming employee contributions up to 5% of annual covered payroll.

For eligible employees hired after January 1, 2010, the City adopted a new Tennessee Consolidated Retirement System program that requires a 5% employee payroll contribution toward the cost of the retirement system.

The City is required to contribute at an actuarially determined rate; the rate for the year ending June 30, 2011 was an aggregate 16.68% of annual covered payroll, which includes public safety employees at 18.39% and all other employees at 14.89%. 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.

Annual Pension Cost

For the year ended June 30, 2011, the City's annual pension cost of \$2,164,396 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2009 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 3.0 percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 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 ten-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, 2009 was five years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	\$2,164,396	100.00%	\$0.00
6/30/10	\$1,977,054	100.00%	\$0.00
6/30/09	\$2,013,531	100.00%	\$0.00

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 73.61% percent funded. The actuarial accrued liability for benefits was \$32.8 million, and the actuarial value of assets was \$24.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$8.6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$13.0 million, and the ratio of the UAAL to the covered payroll was 66.74%.

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.

(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, 2009	\$ 24,111	\$ 32,755	\$ 8,644	73.61%	\$ 12,952	66.74%
July 1, 2007	\$ 19,892	\$ 25,114	\$ 5,222	79.21%	\$ 11,794	44.28%

NOTE 14 - COMMITMENTS AND SUBSEQUENT EVENTS

Construction commitments amounting to approximately \$6,800,000 were outstanding as of June 30, 2011.

On August 30, 2011, the City issued \$4,845,000 of General Obligation Public Improvement Bonds, Series 2011. Interest will be payable semi-annually on March 1 and September 1, and the bonds are due on September 1, 2031.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 14 - COMMITMENTS AND SUBSEQUENT EVENTS (CONTINUED)

On August 30, 2011, the City issued \$7,385,000 of General Obligation Public Improvement Refunding Bonds, Series 2011 for the purpose of providing funds to refinance the Municipality's outstanding General Obligation Refunding Bonds, Series 1999, dated January 1, 1999, maturing September 1, 2012 and September 1, 2013; General Obligation Public Improvement Refunding Bonds, Series 2002, dated January 15, 2002, maturing September 1, 2012 through September 1, 2019, inclusive; General Obligation Public Improvement Bonds, Series 2002, dated February 1, 2002, maturing March 1, 2013 and March 1, 2014; and General Obligation Public Improvement Bonds, Series 2004, dated December 15, 2003, maturing September 1, 2014 through September 1, 2024. Interest will be payable semi-annually at rates ranging from 2 percent to 3 percent annually, on March 1 and September 1, and the bonds are due on September 1, 2024.

In connection with the purchase of the Ravenswood Farm for the Marcella Vivrette Smith Park, the City has accrued the final \$5,000,000 payment, due in December 2011, as an other payable at June 30, 2011 on the governmental activities statement of net assets.

NOTE 15 - 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 16 - NEW PRONOUNCEMENTS

The GASB has issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statements is intended to amend Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* by allowing agent employers that have an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method. The requirements of this statement are effective for financial periods beginning after June 15, 2011.

The GASB has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement is intended to provide reporting guidance for deferred outflows and inflows of resources, and introduce and define those elements as a consumption and acquisition of net assets by the government that is applicable to a future reporting period. The requirements of this statement are effective for financial periods beginning after December 15, 2011.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE 17 - PRIOR PERIOD ADJUSTMENT

During 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which required the Equipment Replacement Fund and the Facilities Maintenance Fund to be reported within in the General Fund as committed fund balance as they do not meet the definition of special revenue funds. As such, the opening fund balances have been reclassified as follows:

	<u>General Fund</u>	<u>Non-major Governmental Funds</u>
Net assets/fund balance, beginning of year, as previously presented	\$ 25,383,963	\$ 3,827,584
Reclassification of funds not meeting the definition of special revenue funds to the General Fund	<u>1,966,336</u>	<u>(1,966,336)</u>
Net assets/fund balance, beginning of year - as restated	<u>\$ 27,350,299</u>	<u>\$ 1,861,248</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FUNDING PROGRESS

POLITICAL SUBDIVISION PENSION PLAN
SUPPLEMENTARY INFORMATION (Unaudited)

JUNE 30, 2011

(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, 2009	\$ 24,111	\$ 32,755	\$ 8,644	73.61%	\$ 12,952	66.74%
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 2007 actuarial valuation date, therefore only the two most recent valuations are 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, 2011

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%
07/01/08	\$2,300,104	\$ 7,137,913	\$ 4,837,809	32.2%	\$ 11,876,269	40.7%
07/01/09	\$2,776,979	\$ 7,535,684	\$ 4,758,705	36.9%	\$ 12,792,110	37.2%
07/01/10	\$3,406,762	\$ 8,405,507	\$ 4,998,745	40.5%	\$ 13,095,851	38.2%
07/01/11	\$4,179,023	\$ 8,260,634	\$ 4,081,611	50.6%	\$ 12,472,750	32.7%

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
2010	590,607	100
2011	613,541	TBD

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

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.

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.

CITY OF BRENTWOOD, TENNESSEE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

	<u>SPECIAL REVENUE</u>				<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<u>ASSETS AND OTHER DEBITS</u>	<u>STATE STREET AID</u>	<u>DRUG</u>	<u>PUBLIC WORKS PROJECT</u>	<u>ADEQUATE SCHOOL FACILITIES</u>	
ASSETS:					
Cash and cash equivalents	\$ 304,262	\$ -	\$ 861,392	\$ 1,074,348	\$ 2,240,002
Receivables:					
Taxes	169,955	-	-	31,965	201,920
Miscellaneous	-	92	-	-	92
Restricted assets:					
Cash and cash equivalents	-	186,457	-	-	186,457
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 474,217</u>	<u>\$ 186,549</u>	<u>\$ 861,392</u>	<u>\$ 1,106,313</u>	<u>\$ 2,628,471</u>
LIABILITIES:					
Accounts payable	<u>\$ 77,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,088</u>
TOTAL LIABILITIES	<u>77,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,088</u>
COMMITMENTS AND CONTINGENCIES					
EQUITY AND OTHER CREDITS					
Fund balance:					
Restricted for capital projects	-	-	861,392	1,106,313	1,967,705
Restricted for street repairs	397,129	-	-	-	397,129
Restricted for drug enforcement and education	-	186,549	-	-	186,549
TOTAL EQUITY AND OTHER CREDITS	<u>397,129</u>	<u>186,549</u>	<u>861,392</u>	<u>1,106,313</u>	<u>2,551,383</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 474,217</u>	<u>\$ 186,549</u>	<u>\$ 861,392</u>	<u>\$ 1,106,313</u>	<u>\$ 2,628,471</u>

CITY OF BRENTWOOD, TENNESSEE

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>SPECIAL REVENUE</u>				<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>STATE STREET AID</u>	<u>DRUG</u>	<u>PUBLIC WORKS PROJECT</u>	<u>ADEQUATE SCHOOL FACILITIES</u>	
REVENUES					
Licenses and permits	\$ -	\$ -	\$ 301,848	\$ -	\$ 301,848
Intergovernmental	961,773	-	-	332,178	1,293,951
Uses of money and property	5,275	1,768	7,169	9,287	23,499
Other	<u>-</u>	<u>88,723</u>	<u>-</u>	<u>-</u>	<u>88,723</u>
 TOTAL REVENUES	<u>967,048</u>	<u>90,491</u>	<u>309,017</u>	<u>341,465</u>	<u>1,708,021</u>
 EXPENDITURES					
Current:					
Roads and streets	962,133	-	-	-	962,133
Drug education	-	16,861	-	-	16,861
Capital outlay	<u>-</u>	<u>38,892</u>	<u>-</u>	<u>-</u>	<u>38,892</u>
 TOTAL EXPENDITURES	<u>962,133</u>	<u>55,753</u>	<u>-</u>	<u>-</u>	<u>1,017,886</u>
 EXCESS OF REVENUES OVER EXPENDITURES	<u>4,915</u>	<u>34,738</u>	<u>309,017</u>	<u>341,465</u>	<u>690,135</u>
 NET CHANGE IN FUND BALANCE	4,915	34,738	309,017	341,465	690,135
 FUND BALANCE, BEGINNING OF YEAR, AS RESTATED - NOTE 17	<u>392,214</u>	<u>151,811</u>	<u>552,375</u>	<u>764,848</u>	<u>1,861,248</u>
 FUND BALANCE, END OF YEAR	<u>\$ 397,129</u>	<u>\$ 186,549</u>	<u>\$ 861,392</u>	<u>\$ 1,106,313</u>	<u>\$ 2,551,383</u>

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, 2011

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:							
State fuel taxes	938,000	961,773	23,773	-	-	-	-
Adequate school facilities tax	-	-	-	-	-	-	-
Uses of money and property:							
Interest earnings	2,000	5,275	3,275	500	500	1,768	1,268
Other:							
Drug related fines and contributions	-	-	-	15,000	58,000	88,723	30,723
TOTAL REVENUES	940,000	967,048	27,048	15,500	58,500	90,491	31,991
EXPENDITURES							
Current:							
Roads and streets - street repairs	1,040,000	962,133	(77,867)	-	-	-	-
Drug education	-	-	-	15,000	16,900	16,861	(39)
Capital outlay	-	-	-	-	41,100	38,892	(2,208)
TOTAL EXPENDITURES	1,040,000	962,133	(77,867)	15,000	58,000	55,753	(2,247)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(100,000)	4,915	104,915	500	500	34,738	34,238
NET CHANGE IN FUND BALANCE	\$ (100,000)	4,915	\$ 104,915	\$ 500	\$ 500	34,738	\$ 34,238
FUND BALANCE, BEGINNING OF YEAR		392,214				151,811	
FUND BALANCE, END OF YEAR		\$ 397,129				\$ 186,549	

(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, 2011

	<u>PUBLIC WORKS PROJECT FUND</u>			<u>ADEQUATE SCHOOL FACILITIES FUND</u>		
	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
REVENUES						
Licenses and permits:						
Public works project fees	\$ 45,000	\$ 301,848	\$ 256,848	\$ -	\$ -	\$ -
Intergovernmental:						
State fuel taxes	-	-	-	-	-	-
Adequate school facilities tax	-	-	-	190,000	332,178	142,178
Uses of money and property:						
Interest earnings	2,000	7,169	5,169	3,000	9,287	6,287
Other:						
Drug related fines and contributions	-	-	-	-	-	-
TOTAL REVENUES	<u>47,000</u>	<u>309,017</u>	<u>262,017</u>	<u>193,000</u>	<u>341,465</u>	<u>148,465</u>
EXPENDITURES						
Current:						
Roads and streets - street repairs	-	-	-	-	-	-
Drug education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF						
REVENUES OVER (UNDER)						
EXPENDITURES	<u>47,000</u>	<u>309,017</u>	<u>262,017</u>	<u>193,000</u>	<u>341,465</u>	<u>148,465</u>
NET CHANGE IN FUND BALANCE	<u>\$ 47,000</u>	<u>309,017</u>	<u>\$ 262,017</u>	<u>\$ 193,000</u>	<u>341,465</u>	<u>\$ 148,465</u>
FUND BALANCE, BEGINNING OF YEAR		<u>552,375</u>			<u>764,848</u>	
FUND BALANCE, END OF YEAR		<u>\$ 861,392</u>			<u>\$ 1,106,313</u>	

(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, 2011

	<u>TOTALS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
	<u>BUDGETED</u>	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>OVER</u>
	<u>AMOUNTS</u>	<u>AMOUNTS</u>		<u>(UNDER)</u>
REVENUES				
Licenses and permits:				
Public works project fees	\$ 45,000	\$ 45,000	\$ 301,848	\$ 256,848
Intergovernmental:				
State fuel taxes	938,000	938,000	961,773	23,773
Adequate school facilities tax	190,000	190,000	332,178	142,178
Uses of money and property:				
Interest earnings	7,500	7,500	23,499	15,999
Other:				
Drug related fines and contributions	15,000	58,000	88,723	30,723
TOTAL REVENUES	<u>1,195,500</u>	<u>1,238,500</u>	<u>1,708,021</u>	<u>469,521</u>
EXPENDITURES				
Current:				
Roads and streets - street repairs	1,040,000	1,040,000	962,133	(77,867)
Drug education	15,000	16,900	16,861	(39)
Capital outlay	-	41,100	38,892	(2,208)
TOTAL EXPENDITURES	<u>1,055,000</u>	<u>1,098,000</u>	<u>1,017,886</u>	<u>(80,114)</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES	<u>140,500</u>	<u>140,500</u>	<u>690,135</u>	<u>549,635</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 140,500</u>	690,135	<u>\$ 549,635</u>
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED - NOTE 17			<u>1,861,248</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,551,383</u>	

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, 2011

	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES			
Uses of money and property:			
Interest earnings	\$ 22,500	\$ 56,100	\$ 33,600
EXPENDITURES			
Debt service:			
Principal	2,141,200	2,141,197	(3)
Interest	1,114,185	1,114,176	(9)
Other:			
Bank service charges	6,000	3,700	(2,300)
TOTAL EXPENDITURES	3,261,385	3,259,073	(2,312)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,238,885)	(3,202,973)	35,912
OTHER FINANCING SOURCES (USES)			
Transfers from Historic Commission	16,500	16,500	-
Transfers from General Fund	3,150,000	3,150,000	-
TOTAL OTHER FINANCING SOURCES (USES)	3,166,500	3,166,500	-
NET CHANGE IN FUND BALANCE	\$ (72,385)	(36,473)	\$ 35,912
FUND BALANCE, BEGINNING OF YEAR		3,979,063	
FUND BALANCE, END OF YEAR		\$ 3,942,590	

INTERNAL SERVICE FUNDS

Internal Service Funds

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.

Health Insurance Fund - This fund was created effective January 1, 2010 to centralize the payment of all health insurance related expenditures including group insurance premiums and the health reimbursement arrangement (HRA) account. The goal of the fund is to eliminate the double digit growth in the cost of the group health insurance program that was prevalent under the traditional health insurance program through better management of claims and by assuming a calculated risk for direct reimbursement of claims cost through a partially self-insured program.

CITY OF BRENTWOOD, TENNESSEE

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

JUNE 30, 2011

	<u>FUEL</u>	<u>HEALTH INSURANCE</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 200,163	\$ 1,031,197	\$ 1,231,360
Receivables:			
Accounts	-	18,616	18,616
Due From General Fund	29,965	-	29,965
Due From Water and Sewer Fund	3,707	-	3,707
Inventory	<u>31,555</u>	<u>-</u>	<u>31,555</u>
Total Assets	<u>265,390</u>	<u>1,049,813</u>	<u>1,315,203</u>
LIABILITIES			
Accounts payable	15,626	-	15,626
Claims payable	<u>-</u>	<u>106,860</u>	<u>106,860</u>
Total Liabilities	<u>15,626</u>	<u>106,860</u>	<u>122,486</u>
NET ASSETS			
Unrestricted	<u>249,764</u>	<u>942,953</u>	<u>1,192,717</u>
TOTAL NET ASSETS	<u>\$ 249,764</u>	<u>\$ 942,953</u>	<u>\$ 1,192,717</u>

CITY OF BRENTWOOD, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS -
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>FUEL</u>	<u>HEALTH INSURANCE</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for sales and services	\$ 370,642	\$ 2,019,193	\$ 2,389,835
Other	<u>-</u>	<u>18,616</u>	<u>18,616</u>
TOTAL OPERATING REVENUES	<u>370,642</u>	<u>2,037,809</u>	<u>2,408,451</u>
OPERATING EXPENSES			
Costs of sales and services	<u>353,676</u>	<u>1,880,704</u>	<u>2,234,380</u>
TOTAL OPERATING EXPENSES	<u>353,676</u>	<u>1,880,704</u>	<u>2,234,380</u>
OPERATING INCOME	<u>16,966</u>	<u>157,105</u>	<u>174,071</u>
NONOPERATING REVENUES			
Investment earnings	<u>2,041</u>	<u>8,364</u>	<u>10,405</u>
TOTAL NONOPERATING REVENUES	<u>2,041</u>	<u>8,364</u>	<u>10,405</u>
CHANGE IN NET ASSETS	19,007	165,469	184,476
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>230,757</u>	<u>777,484</u>	<u>1,008,241</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 249,764</u>	<u>\$ 942,953</u>	<u>\$ 1,192,717</u>

CITY OF BRENTWOOD, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>FUEL</u>	<u>HEALTH INSURANCE</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 371,850	\$ 2,153,081	\$ 2,524,931
Payments to suppliers	<u>(363,619)</u>	<u>(1,801,008)</u>	<u>(2,164,627)</u>
Net cash provided by operating activities	<u>8,231</u>	<u>352,073</u>	<u>360,304</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>2,041</u>	<u>8,364</u>	<u>10,405</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,272	360,437	370,709
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>189,891</u>	<u>670,760</u>	<u>860,651</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 200,163</u>	<u>\$ 1,031,197</u>	<u>\$ 1,231,360</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	<u>\$ 16,966</u>	<u>\$ 157,105</u>	<u>\$ 174,071</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
(Increase) decrease in:			
Accounts receivable	-	(18,616)	(18,616)
Due from General Fund	464	118,879	119,343
Due from Water and Sewer Fund	744	12,005	12,749
Due from Emergency Communications District	-	3,004	3,004
Inventories of supplies	12,680	-	12,680
Increase (decrease) in:			
Accounts payable	10,432	-	10,432
Due to General Fund	(33,055)	-	(33,055)
Accrued expenses	<u>-</u>	<u>79,696</u>	<u>79,696</u>
TOTAL ADJUSTMENTS	<u>(8,735)</u>	<u>194,968</u>	<u>186,233</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 8,231</u>	<u>\$ 352,073</u>	<u>\$ 360,304</u>

CITY OF BRENTWOOD, TENNESSEE

CAPITAL ASSETS USED IN THE OPERATION OF THE GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2011

<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	\$ -	\$ -	\$ -	\$ 361,193	\$ -	\$ 19,039	\$ 380,232
Planning and development	-	-	-	417,430	-	-	417,430
Other - unclassified	<u>10,600</u>	<u>298,860</u>	<u>233,289</u>	<u>2,510,008</u>	<u>195,356</u>	<u>512,372</u>	<u>3,760,485</u>
Total General Government	<u>10,600</u>	<u>298,860</u>	<u>233,289</u>	<u>3,288,631</u>	<u>195,356</u>	<u>531,411</u>	<u>4,558,147</u>
Public Safety:							
Police	-	7,500	-	2,641,429	-	-	2,648,929
Fire	<u>501,573</u>	<u>4,237,668</u>	<u>47,425</u>	<u>4,558,601</u>	<u>-</u>	<u>8,535</u>	<u>9,353,802</u>
Total Public Safety	<u>501,573</u>	<u>4,245,168</u>	<u>47,425</u>	<u>7,200,030</u>	<u>-</u>	<u>8,535</u>	<u>12,002,731</u>
Roads and Streets:							
Public works	81,271,112	1,475,589	-	2,018,541	175,439,804	1,267	260,206,313
Other	<u>411,162</u>	<u>1,242,209</u>	<u>9,040</u>	<u>501,770</u>	<u>305,354</u>	<u>-</u>	<u>2,469,535</u>
Total Roads and Streets	<u>81,682,274</u>	<u>2,717,798</u>	<u>9,040</u>	<u>2,520,311</u>	<u>175,745,158</u>	<u>1,267</u>	<u>262,675,848</u>
Parks and Recreation	<u>13,415,268</u>	<u>2,968,996</u>	<u>10,982,971</u>	<u>1,498,705</u>	<u>3,564,631</u>	<u>93,843</u>	<u>32,524,414</u>
Public Library	<u>-</u>	<u>12,010,039</u>	<u>376,584</u>	<u>1,313,613</u>	<u>-</u>	<u>-</u>	<u>13,700,236</u>
Drug Special Revenue Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>342,910</u>	<u>-</u>	<u>-</u>	<u>342,910</u>
Total governmental funds capital assets	<u>\$ 95,609,715</u>	<u>\$ 22,240,861</u>	<u>\$ 11,649,309</u>	<u>\$ 16,164,200</u>	<u>\$ 179,505,145</u>	<u>\$ 635,056</u>	<u>\$ 325,804,286</u>

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, 2011

<u>FUNCTION AND ACTIVITY</u>	<u>BALANCE</u>				<u>BALANCE</u>
	<u>JULY 1, 2010</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>TRANSFERS</u>	<u>JUNE 30, 2011</u>
General government:					
Finance and administration	\$ 353,926	\$ 6,120	\$ (32,254)	\$ 52,440	\$ 380,232
Planning and development	495,406	-	(8,000)	(69,976)	417,430
Other - unclassified	3,334,141	575,346	(151,011)	2,009	3,760,485
Public safety:					
Police department	3,164,120	377,571	(724,582)	(168,180)	2,648,929
Fire department	8,941,588	587,674	(311,893)	136,433	9,353,802
Roads and streets	254,930,389	9,554,424	(1,083,871)	(725,093)	262,675,849
Parks and recreation	20,682,583	11,103,309	(33,845)	772,367	32,524,414
Public library	13,633,113	102,584	(35,462)	-	13,700,235
Drug special revenue fund	<u>326,527</u>	<u>16,383</u>	<u>-</u>	<u>-</u>	<u>342,910</u>
Total governmental funds capital assets	<u>\$ 305,861,793</u>	<u>\$ 22,323,411</u>	<u>\$ (2,380,918)</u>	<u>\$ -</u>	<u>\$ 325,804,286</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS

JUNE 30, 2011

	<u>Amount</u>
<u>MAJOR GOVERNMENTAL FUNDS</u>	
<u>General Fund</u>	
Pinnacle - demand deposits	\$ 20,681,440
Pinnacle - Certificate of Deposit	3,000,000
Cash on hand	<u>1,546</u>
Total General Fund	<u>23,682,986</u>
<u>Debt Service Fund</u>	
Pinnacle - demand deposits	1,975,590
Pinnacle - Certificate of Deposit	<u>2,000,000</u>
Total Debt Service Fund	<u>3,975,590</u>
<u>Capital Projects Fund</u>	
Pinnacle - demand deposits	8,310,665
Pinnacle - Certificate of Deposit	2,000,000
Local Government Investment Pool	<u>4,977</u>
Total Capital Projects Fund	<u>10,315,642</u>
<u>NONMAJOR GOVERNMENTAL FUNDS</u>	
<u>State Street Aid</u>	
Pinnacle - demand deposits	304,262
<u>Drug Fund</u>	
Pinnacle - demand deposits	186,457
<u>Public Works Project Fund</u>	
Pinnacle - demand deposits	861,392
<u>Adequate School Facilities Fund</u>	
Pinnacle - demand deposits	<u>1,074,348</u>
Total Nonmajor Governmental Funds	<u>2,426,459</u>
<u>MAJOR PROPRIETARY FUNDS</u>	
<u>Water and Sewer Fund</u>	
Pinnacle - demand deposits	20,015,690
Pinnacle - Certificate of Deposit	<u>2,000,000</u>
Total Water and Sewer Fund	<u>22,015,690</u>
<u>Municipal Center Fund</u>	
Pinnacle - demand deposits	<u>1,604,091</u>
<u>Emergency Communications District</u>	
Pinnacle - demand deposits	<u>1,246,993</u>
<u>INTERNAL SERVICE FUNDS</u>	
<u>Fuel Fund</u>	
Pinnacle - demand deposits	200,163
<u>Health Insurance Fund</u>	
Pinnacle - demand deposits	<u>1,031,197</u>
Total Internal Service Funds	<u>1,231,360</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 66,498,811</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2011

<u>Fiscal</u> <u>Year</u>	<u>BALANCE</u> <u>JUNE 30, 2010</u>	<u>LEVY</u>	<u>COLLECTIONS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2011</u>
2011	\$ -	\$ 10,356,406	\$ (10,098,663)	\$ -	\$ 257,743
2010	278,657	-	(222,969)	-	55,688
2009	53,978	-	(45,081)	-	8,897
2008	5,310	-	(648)	-	4,662
2007	3,103	-	(304)	-	2,799
2006	3,609	-	(44)	-	3,565
2005	1,615	-	(63)	-	1,552
2004	5,196	-	(7)	-	5,189
2003	12,020	-	(139)	-	11,881
2002	11,254	-	(54)	-	11,200
2001	<u>35,751</u>	<u>-</u>	<u>-</u>	<u>(35,751)</u>	<u>-</u>
Total	<u>\$ 410,493</u>	<u>\$ 10,356,406</u>	<u>\$ (10,367,972)</u>	<u>\$ (35,751)</u>	<u>\$ 363,176</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, 2011

Year	1999 G.O. Refunding Bonds		2002 G.O. Public Improvement Refunding Bonds		2002 G.O. Public Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
	<u>\$ 560,000</u>	<u>\$ 37,392</u>	<u>\$ 4,820,000</u>	<u>\$ 889,157</u>	<u>\$ 675,000</u>	<u>\$ 58,608</u>

Year	2006 G.O. Public Improvement Bonds		2006 G.O. Refunding Bonds		2007 G.O. Public Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 205,000	\$ 152,366	\$ 10,000	\$ 91,555	\$ 190,000	\$ 169,860
2013	215,000	144,491	10,000	91,086	200,000	162,583
2014	220,000	136,335	15,000	85,836	205,000	154,923
2015	230,000	127,898	265,000	75,805	215,000	147,072
2016	240,000	119,085	270,000	65,493	220,000	138,837
2017	245,000	109,991	280,000	54,711	230,000	130,412
2018	255,000	100,616	295,000	43,461	235,000	121,603
2019	265,000	90,866	305,000	31,758	245,000	112,602
2020	275,000	80,673	315,000	19,516	255,000	103,219
2021	285,000	69,961	325,000	6,630	265,000	93,452
2022	300,000	58,625	340,000	-	275,000	83,303
2023	310,000	46,575	-	-	285,000	72,770
2024	320,000	33,975	-	-	300,000	61,855
2025	335,000	20,875	-	-	310,000	50,365
2026	350,000	7,088	-	-	320,000	38,492
2027	-	-	-	-	335,000	26,235
2028	-	-	-	-	350,000	13,405
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
	<u>\$ 4,050,000</u>	<u>\$ 1,299,420</u>	<u>\$ 2,430,000</u>	<u>\$ 565,851</u>	<u>\$ 4,435,000</u>	<u>\$ 1,680,988</u>

2003 G. O. Refunding Bonds		2004 G.O. Public Improvement Bonds	
Principal	Interest	Principal	Interest
\$ 475,000	\$ 83,705	\$ 155,000	\$ 105,810
295,000	70,230	160,000	100,925
305,000	59,501	165,000	95,642
320,000	47,855	175,000	89,945
330,000	35,340	180,000	83,820
345,000	21,833	185,000	77,340
360,000	7,380	190,000	70,495
-	-	205,000	63,085
-	-	210,000	54,990
-	-	220,000	46,280
-	-	230,000	36,940
-	-	235,000	27,058
-	-	245,000	16,676
-	-	255,000	5,674
<u>\$ 2,430,000</u>	<u>\$ 325,844</u>	<u>\$ 2,810,000</u>	<u>\$ 874,680</u>

2009 G.O. Public Improvement Bonds		Totals Bonds	
Principal	Interest	Principal	Interest
\$ 175,000	\$ 170,419	\$ 2,215,000	\$ 1,028,431
185,000	166,044	2,110,000	946,592
185,000	160,494	2,185,000	857,592
190,000	155,869	2,085,000	764,409
200,000	151,118	2,165,000	681,286
200,000	142,119	1,835,000	599,186
210,000	136,119	1,910,000	525,739
220,000	129,819	1,625,000	456,474
230,000	120,193	1,685,000	388,191
235,000	110,131	1,330,000	326,454
245,000	100,731	1,390,000	279,599
255,000	89,706	1,085,000	236,109
260,000	81,100	1,125,000	193,606
270,000	72,000	1,170,000	148,914
280,000	61,200	950,000	106,780
295,000	50,000	630,000	76,235
305,000	38,200	655,000	51,605
320,000	26,000	320,000	26,000
330,000	13,200	330,000	13,200
<u>\$ 4,590,000</u>	<u>\$ 1,974,462</u>	<u>\$ 26,800,000</u>	<u>\$ 7,706,402</u>

CITY OF BRENTWOOD, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS - BUSINESS-TYPE ACTIVITIES DEBT
JUNE 30, 2011

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
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
	<u>\$ 400,000</u>	<u>\$ 26,896</u>	<u>\$ 150,000</u>	<u>\$ 6,300</u>	<u>\$ 1,620,000</u>	<u>\$ 202,270</u>

Year	2006 Water Revenue and Tax Refunding Bonds		2008 Water and Sewer Revenue and Tax Bonds		2010 G.O. Public Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ -	\$ 66,903	\$ 370,000	\$ 349,439	\$ 425,000	\$ 282,281
2013	170,000	63,715	385,000	338,339	425,000	269,531
2014	175,000	57,246	395,000	326,789	425,000	256,781
2015	185,000	50,496	410,000	314,939	430,000	248,281
2016	185,000	43,559	425,000	301,614	435,000	239,681
2017	195,000	36,434	440,000	287,801	440,000	230,981
2018	205,000	28,934	455,000	272,401	450,000	217,781
2019	210,000	21,153	470,000	255,339	460,000	208,781
2020	220,000	13,035	490,000	237,714	465,000	199,006
2021	230,000	4,428	510,000	218,849	480,000	187,963
2022	-	-	530,000	199,214	490,000	175,963
2023	-	-	555,000	178,279	500,000	163,100
2024	-	-	575,000	156,356	515,000	149,350
2025	-	-	600,000	133,356	530,000	135,188
2026	-	-	625,000	109,356	545,000	120,613
2027	-	-	655,000	84,356	560,000	104,263
2028	-	-	680,000	57,338	580,000	87,463
2029	-	-	710,000	29,288	595,000	69,338
2030	-	-	-	-	615,000	50,000
2031	-	-	-	-	635,000	25,400
	<u>\$ 1,775,000</u>	<u>\$ 385,903</u>	<u>\$ 9,280,000</u>	<u>\$ 3,850,767</u>	<u>\$ 10,000,000</u>	<u>\$ 3,421,745</u>

Total Debt Requirements			
	Principal		Interest
\$	1,480,000	\$	773,258
	1,300,000		723,883
	1,325,000		680,364
	1,220,000		643,041
	1,250,000		606,476
	1,285,000		568,641
	1,335,000		523,729
	1,140,000		485,273
	1,175,000		449,755
	1,220,000		411,240
	1,020,000		375,177
	1,055,000		341,379
	1,090,000		305,706
	1,130,000		268,544
	1,170,000		229,969
	1,215,000		188,619
	1,260,000		144,801
	1,305,000		98,626
	615,000		50,000
	635,000		25,400
\$	<u>23,225,000</u>	\$	<u>7,893,881</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2011

Grant Description	Federal CFDA#	Grant Number	Grant Period	Federal Grant Amount	State Grant Amount	Accrued (Deferred) 7/1/2010	Other Adjustments	Federal Receipts	State Receipts	Expenditures	Accrued (Deferred) 6/30/2011
FEDERAL AWARDS:											
FEDERAL EMERGENCY MANAGEMENT AGENCY											
Passed through the Tennessee Emergency Management Agency:											
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	*	N/A	N/A	N/A	\$ 467,298	\$ -	\$ 504,755	\$ -	\$ 435,317	\$ 397,860
SAFER	97.044	EMW-2008-FF-00639	03/19/09 - 03/18/14	\$ 216,760		(2,171)	2,171	52,013	-	62,848	10,835
TOTAL FEDERAL EMERGENCY MANAGEMENT						465,127	2,171	556,768	-	498,165	408,695
BUREAU OF JUSTICE ASSISTANCE											
Bulletproof Vest Grant	16.607	N/A	07/01/02 - 06/30/11	\$ 3,839		-	-	3,839	-	3,839	-
TOTAL BUREAU OF JUSTICE ASSISTANCE						-	-	3,839	-	3,839	-
DEPARTMENT OF ENERGY											
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0001714	08/28/09 - 12/31/10	\$ 164,500		-	-	114,183	-	142,806	28,623
TOTAL EXPENDITURES OF FEDERAL AWARDS						<u>\$ 465,127</u>	<u>\$ 2,171</u>	<u>\$ 674,790</u>	<u>\$ -</u>	<u>\$ 644,810</u>	<u>\$ 437,318</u>
STATE AWARDS:											
State of Tennessee											
GIS Mapping Maintenance Grant	N/A	N/A	01/15/08 - 06/30/12		\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -
NG911 Controller and/or Adjunct Equipment	N/A	N/A	07/01/10 - 06/30/11		\$ 376,955	-	-	-	363,077	363,077	-
TOTAL EXPENDITURES OF STATE AWARDS						<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373,077</u>	<u>\$ 373,077</u>	<u>\$ -</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS						<u>\$ 465,127</u>	<u>\$ 2,171</u>	<u>\$ 674,790</u>	<u>\$ 373,077</u>	<u>\$ 1,017,887</u>	<u>\$ 437,318</u>

*Denotes major program.

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. This schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Not-For-Profit Organizations*.

CITY OF BRENTWOOD, TENNESSEE

UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Number of Customers</u>		
Water	8,465		
Sewer	10,058		
	<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	
Water Surcharge	0.29	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	
Commercial office, institutional and certain other commercial customers			
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	
Commercial retail customers - Minimum bill, per unit or tenant space	\$ 18.16	(minimum bill)	
Up to 10,000 gallons total usage, per 1,000 gallons	6.36	per 1,000 gallons	
Over 10,000 gallons, 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	
Commercial office, institutional and certain other commercial customers			
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	
Commercial retail customers (sewer only); 105% institutional			
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	0.86	per 1,000 gallons	

CITY OF BRENTWOOD

SCHEDULE OF UNACCOUNTED FOR WATER (UNAUDITED)

JUNE 30, 2011

	<u>(in gallons)</u>	
A Water Treated and Purchased		
B Water Pumped (potable)	<u>0</u>	
C Water Purchased	<u>2,005,026,786</u>	
D Total Water Treated and Purchased		<u>2,005,026,786</u>
E Accounted for Water:		
F Water Sold	<u>1,460,037,900</u>	
G Metered for Consumption (in house usage)	<u>0</u>	
H Fire Department(s) Usage	<u>14,000,000</u>	
I Flushing	<u>14,000,000</u>	
J Tank Cleaning/Filling	<u>0</u>	
K Street Cleaning	<u>0</u>	
L Bulk Sales	<u>0</u>	
M Water Bill Adjustments (+/-)	<u>199,599,100</u>	
N Total Accounted for Water		<u>1,687,637,000</u>
O Unaccounted for Water		<u>317,389,786</u>
P Percent Unaccounted for Water		<u>15.830%</u>
Q Other (explain)		

All amounts included in this schedule are supported by documentation on file at the water system.
If no support is on file for a line item or if the line item is not applicable, a "0" is shown.

CITY OF BRENTWOOD, TENNESSEE

NET ASSETS BY COMPONENT (UNAUDITED)

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 161,999,322	\$ 176,916,717
Restricted	1,779,755	2,146,192	2,584,725	2,774,389	2,621,325	1,238,048	3,230,842 ⁽²⁾	3,447,290	7,036,941	6,615,744
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>	<u>40,075,849</u>	<u>29,754,804</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>	<u>\$ 209,112,112</u>	<u>\$ 213,287,265</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	\$ 49,282,442	\$ 41,833,117
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>	<u>15,459,180</u>	<u>25,853,129</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>	<u>\$ 64,741,622</u>	<u>\$ 67,686,246</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	\$ 211,281,764	\$ 218,749,834
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	7,036,941	6,615,744
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>	<u>55,535,029</u>	<u>55,607,933</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>	<u>\$ 273,853,734</u>	<u>\$ 280,973,511</u>

⁽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 2008 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 TEN FISCAL YEARS

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 6,100,293	\$ 5,875,080
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	11,901,013	12,260,875
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	9,550,587	10,968,394
Public health	50,407	51,481	61,668	71,764	63,753	76,310	80,890	80,858	78,519	81,248
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	2,253,977	2,475,591
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	2,277,395	2,447,976
Community support	192,150	273,959	259,765	239,793	261,678	264,226	259,756	256,220	258,112	265,068
Drug education	16,282	17,174	17,051	14,837	108,669	58,279	63,604	60,117	113,392	66,972
Facilities maintenance projects	-	-	-	-	-	-	131,616	134,359	413,745	-
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	1,145,000	1,152,676
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	34,092,033	35,593,880
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	12,150,791	13,092,399
Rental facilities	414,450	445,070	447,752	422,084	463,648	475,793	507,356	584,900	515,425	564,841
911 operations	-	-	673,869	681,704	788,595	842,061	889,135	898,577	922,375	1,064,637
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	13,588,591	14,721,877
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	\$ 47,680,624	\$ 50,315,757
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 (1)	\$ 826,573	\$ 951,096
Roads and streets	27,000	33,669	46,124	43,697	55,324	64,741	35,646	41,210 (1)	409,300	360,927
Parks and recreation	22,551	12,515	22,764	27,275	29,101	67,650	90,933	92,498	98,336	116,950
Public library	81,087	85,458	95,863	93,996	125,556	138,322	137,032	136,250	147,013	156,372
Community support	20,231	19,081	21,973	24,877	24,341	23,841	24,325	22,686	25,141	29,430
Operating grants and contributions	663,100	747,889	762,606	1,046,504	1,039,004	915,641	1,026,577	1,007,259	1,487,877	1,424,021
Capital grants and contributions	-	4,233,595	4,050,713	3,339,186	-	17,294,640	6,909,990	13,452,200 (1)	8,604,638	4,508,465
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	11,598,878	7,547,261
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	13,468,593	15,170,037
Rental facilities	389,208	448,253	437,162	449,008	490,188	478,347	496,971	509,673	556,317	611,567
911 operations	-	279,944	431,622	451,578	538,212	620,309	623,926	652,548	648,731	663,715
Operating grants and contributions	-	-	-	-	-	-	-	-	-	189,153
Capital grants and contributions	-	-	-	-	-	-	-	-	-	363,077
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	14,673,641	16,997,549
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	\$ 26,272,519	\$ 24,544,810

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN NET ASSETS (UNAUDITED) (CONTINUED)

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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)	\$ (22,493,155)	\$ (28,046,619)
Business-type activities	<u>2,473,284</u>	<u>2,011,674</u>	<u>1,706,492</u>	<u>2,437,886</u>	<u>3,090,304</u>	<u>4,578,668</u>	<u>1,607,817</u>	<u>2,173,583</u>	<u>1,085,050</u>	<u>2,275,672</u>
TOTAL PRIMARY GOVERNMENT NET EXPENSE	<u>\$ (18,253,642)</u>	<u>\$ (17,390,157)</u>	<u>\$ (17,490,970)</u>	<u>\$ (18,497,410)</u>	<u>\$ (22,596,720)</u>	<u>\$ (5,563,237)</u>	<u>\$ (21,438,909)</u>	<u>\$ (16,816,766)</u>	<u>\$ (21,408,105)</u>	<u>\$ (25,770,947)</u>
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	\$ 10,666,669	\$ 10,910,998
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	10,173,406	11,027,909
State sales and income taxes	-	-	-	-	-	-	-	- (1)	4,326,647	4,552,428
Other business taxes	-	-	-	-	-	-	-	- (1)	3,732,842	3,945,296
Adequate schools facilities taxes	-	-	-	-	-	-	-	- (1)	218,990	332,178
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 (1)	-	-
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 (1)	767,240	817,978
Sate 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 (1)	-	-
Unrestricted earnings	786,729	499,447	436,363	731,403	1,287,069	2,129,264	1,883,205	1,099,457	731,313	817,401
Miscellaneous	98,843	429,150	64,603	106,310	532,213	512,712	1,548,023	724,916	370,192	236,284
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)	(1,418,700)	(418,700)
Total government activities	<u>22,457,437</u>	<u>22,815,890</u>	<u>23,190,837</u>	<u>25,482,475</u>	<u>29,384,555</u>	<u>32,373,403</u>	<u>35,798,271</u>	<u>33,138,192</u>	<u>29,568,599</u>	<u>32,221,772</u>
Business-type activities										
Unrestricted investment earnings	209,876	59,689	78,954	129,629	307,198	511,043	452,359	157,106	92,519	250,252
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	1,418,700	418,700
Total business-type activities	<u>209,876</u>	<u>309,689</u>	<u>395,990</u>	<u>379,629</u>	<u>510,598</u>	<u>783,043</u>	<u>847,359</u>	<u>570,106</u>	<u>1,511,219</u>	<u>668,952</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 22,667,313</u>	<u>\$ 23,125,579</u>	<u>\$ 23,586,827</u>	<u>\$ 25,862,104</u>	<u>\$ 29,895,153</u>	<u>\$ 33,156,446</u>	<u>\$ 36,645,630</u>	<u>\$ 33,708,298</u>	<u>\$ 31,079,818</u>	<u>\$ 32,890,724</u>
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	\$ 7,075,444	\$ 4,175,153
Business-type activities	<u>2,683,160</u>	<u>2,321,363</u>	<u>2,102,482</u>	<u>2,817,515</u>	<u>3,600,902</u>	<u>5,361,711</u>	<u>2,455,176</u>	<u>2,743,689</u>	<u>2,596,269</u>	<u>2,944,624</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 4,413,671</u>	<u>\$ 5,735,422</u>	<u>\$ 6,095,857</u>	<u>\$ 7,364,694</u>	<u>\$ 7,298,433</u>	<u>\$ 35,207,396</u>	<u>\$ 15,206,721</u>	<u>\$ 16,891,532</u>	<u>\$ 9,671,713</u>	<u>\$ 7,119,777</u>

(1) In fiscal year 2009, management modified the presentation of certain accounts to better reflect revenues between general revenues and program revenues.

CITY OF BRENTWOOD, TENNESSEE

FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	17,038,588	14,080,418	14,682,705	16,508,469	18,477,195	18,511,792	23,074,729	24,948,669	25,383,963	-
Nonspendable	-	-	-	-	-	-	-	-	-	106,295 (1)
Committed	-	-	-	-	-	-	-	-	-	2,055,889 (1)
Unassigned	-	-	-	-	-	-	-	-	-	23,215,831 (1)
Total general fund	<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>	<u>\$ 25,383,963</u>	<u>\$ 25,378,015</u>
All Other Governmental Funds										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved										
Reserved for debt services	2,896,376	2,927,189	2,954,569	2,952,006	3,023,388	3,537,262	4,192,274	3,732,563	3,979,063	-
Reserved for capital projects	5,854,488	9,277,744	12,459,881	9,539,741	14,618,603	16,734,749	21,627,739	15,400,265	16,342,312	-
Reserved for facilities repairs	-	-	-	-	-	-	176,603	363,318	752,919	-
Reserved for street repairs	411,206	426,405	436,285	568,726	561,571	581,731	589,004	485,175	392,214	-
Reserved for drug enforcement and education	63,541	80,621	110,618	94,649	142,077	104,779	49,439	118,447	151,811	-
Restricted										
Restricted for street repairs	-	-	-	-	-	-	-	-	-	397,129 (1)
Restricted for drug enforcement and education	-	-	-	-	-	-	-	-	-	186,549 (1)
Restricted for capital projects	-	-	-	-	-	-	-	-	-	1,967,705 (1)
Committed										
Committed to capital projects	-	-	-	-	-	-	-	-	-	9,258,181 (1)
Committed to debt service	-	-	-	-	-	-	-	-	-	3,942,590 (1)
Total all other governmental funds	<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>\$ 20,099,768</u>	<u>\$ 21,618,319</u>	<u>\$ 15,752,154</u>

(1) In fiscal year 2011, the City implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
REVENUES										
Taxes	\$ 16,012,683	\$ 16,888,286	\$ 17,740,061	\$ 20,059,577	\$ 22,344,048	\$ 23,586,822	\$ 24,871,016	\$ 24,482,463	\$ 24,572,917	\$ 25,884,203
Licenses and permits	1,432,356	1,595,673	1,990,455	1,709,803	1,930,755	1,680,610	1,146,517	631,364	843,301	1,000,864
Fines and fees	193,582	233,958	230,690	226,857	392,005	457,610	631,595	572,763	378,878	277,949
Charges for services	150,869	150,722	186,724	189,845	234,322	294,554	287,936	292,644	284,184	335,962
Intergovernmental	4,443,128	4,321,853	3,843,845	4,471,886	5,209,874	6,416,334	7,771,087	7,620,251	6,501,066	7,338,849
Uses of money and property	786,729	499,447	436,363	731,403	1,287,069	2,129,264	1,883,205	1,099,457	729,251	806,996
Other revenues	<u>98,843</u>	<u>429,151</u>	<u>64,603</u>	<u>106,310</u>	<u>532,213</u>	<u>512,712</u>	<u>1,548,023</u>	<u>663,844</u>	<u>370,192</u>	<u>236,284</u>
TOTAL REVENUES	<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>	<u>33,679,789</u>	<u>35,881,107</u>
EXPENDITURES										
General government	3,166,656	3,533,496	3,917,644	4,220,253	4,457,292	4,727,232	5,175,337	5,527,562	5,306,980	5,380,604
Public safety	7,727,574	8,216,680	8,050,701	8,713,433	9,405,597	10,009,079	10,863,119	11,379,395	11,477,366	12,387,195
Roads and streets	2,523,168	3,157,457	3,188,370	3,180,765	3,676,825	3,822,056	4,317,743	4,437,408	4,478,022	5,129,091
Public health	50,407	51,481	61,668	71,764	63,753	76,310	80,890	80,858	78,519	81,248
Parks and recreation	938,071	1,033,789	1,083,375	1,125,016	1,284,465	1,458,493	1,582,625	1,640,627	1,615,046	1,737,854
Public library	1,241,578	1,429,472	1,464,382	1,518,773	1,645,071	1,755,700	1,845,720	1,982,039	1,974,656	2,020,271
Community support	174,410	254,373	238,031	239,793	241,243	264,226	259,756	256,220	258,112	265,068
Drug education	15,931	12,965	12,842	10,628	31,593	22,414	33,962	25,418	25,278	16,861
Facility maintenance	-	-	-	-	-	-	131,616	134,359	413,745	-
Other	3,626	5,160	4,920	-	5,395	-	-	-	-	-
Capital outlay	6,103,653	2,909,224	3,024,562	5,800,950	4,692,511	6,435,501	5,349,986	10,251,368	6,043,040	11,060,955
Contribution to Post Employment Benefits Fund	-	-	-	300,000	617,000	620,000	- *	-	-	-
Debt service										
Interest	1,047,671	1,142,662	992,536	1,073,377	967,277	1,098,161	2,055,795	2,277,460	1,919,256	2,141,197
Principal	<u>1,516,235</u>	<u>1,594,153</u>	<u>1,885,285</u>	<u>1,971,459</u>	<u>2,182,830</u>	<u>1,809,255</u>	<u>1,070,861</u>	<u>1,140,915</u>	<u>1,146,167</u>	<u>1,114,176</u>
Total expenditures	<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>	<u>34,736,187</u>	<u>41,334,520</u>
Excess of revenues over (under) expenditures	<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>	<u>(1,056,398)</u>	<u>(5,453,413)</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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 5,455,000	\$ 5,550,000	\$ 7,891,000	\$ 5,722,750	\$ 7,267,668	\$ 11,922,523	\$ 5,842,792	\$ 6,652,545	\$ 5,142,275	\$ 9,366,500
Transfers out	(5,455,000)	(5,800,000)	(8,241,500)	(5,972,750)	(7,531,068)	(12,254,523)	(6,237,792)	(7,065,545)	(7,060,975)	(9,785,200)
Proceeds of general obligation bonds	4,425,000	-	3,685,000	-	4,800,000	-	4,935,000	-	4,760,000	-
Proceeds of refunding bonds	5,525,000	6,300,000	-	-	2,430,000	-	-	-	-	-
Payment of refunded bond escrow agent	(5,442,996)	(6,213,361)	-	-	(2,398,471)	-	-	-	-	-
Bond discount	(154,009)	(86,639)	(51,181)	-	(68,320)	-	-	-	-	-
Bond premium	-	-	-	-	-	-	-	-	168,943	-
Total other financing sources (uses)	<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>	<u>3,010,243</u>	<u>(418,700)</u>
Net Change in Fund Balance	<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>	<u>\$ 1,953,845</u>	<u>\$ (5,872,113)</u>
Debt service as a percentage of noncapital expenditures	<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>	<u>10.7 %</u>	<u>10.8 %</u>

CITY OF BRENTWOOD, TENNESSEE

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY (UNAUDITED)

LAST TEN FISCAL YEARS

FISCAL YEAR *	COMMERCIAL	RESIDENTIAL	FARM	PERSONAL PROPERTY	TOTAL TAXABLE ASSESSED VALUE	TAX RATE	ESTIMATED ACTUAL TAXABLE VALUE	TAXABLE ASSESSED VALUE AS A PERCENTAGE OF ACTUAL TAXABLE VALUE
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 %
2010	503,735,572	1,497,246,346	21,369,957	81,415,649	2,103,767,524	0.49	7,599,886,397	27.68 %
2011	503,799,096	1,513,661,397	21,053,881	78,964,295	2,117,478,669	0.49	7,654,188,725	27.66 %

* The fiscal year listed corresponds to the preceding tax year levy (2011 fiscal year would represent the 2010 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
	CITY OF BRENTWOOD	RATE * WILLIAMSON COUNTY
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
2010	.49 / 100	2.26 / 100
2011	.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 (2011 fiscal year would represent the 2010 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 2011			FY 2002		
	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value
Duke Realty	\$ 56,093,120	1	2.53 %	\$ 11,556,960	5	1.02 %
Heritage Retirement Facility	53,755,100	2	2.42	-		-
Bellsouth Telecommunication	49,343,632	3	2.22	82,319,280	1	7.26
A T & T Mobility LLC	41,230,649	4	1.86	-		-
PEM Cool Springs	31,928,200	5	1.44	-		-
Highwoods/Tenn Holdings LP	30,361,500	6	1.37	24,746,680	2	2.18
Brentwood Place Holding	25,250,200	7	1.14	-		-
Wells Fargo XII-Reit Joint	23,360,000	8	1.05	-		-
Gateway Kentfield Inc	22,680,400	9	1.02	8,627,640	9	0.76
UCM/Proventure-Synergy Bus	14,580,500	10	0.66	-		-
Williams, W. Fred, Trustee	-		-	20,178,360	3	1.78
SBP Nashville, LLC	-		-	17,718,960	4	1.56
Service Merchandise	-		-	10,400,473	6	0.92
Brentwood Retail LP	-		-	9,317,760	7	0.82
Northwestern Mutual	-		-	8,798,360	8	0.78
Developers Diversified	-		-	8,375,960	10	0.74
Total	<u>\$ 348,583,301</u>		<u>15.69 %</u>	<u>\$ 202,040,433</u>		<u>17.82 %</u>
Total Assessment	<u>\$ 2,221,091,399</u>	**		<u>\$ 1,133,631,244</u>	***	

* Source: - 2002 and 2011 Williamson County Assessment

** Total Assessment Value for Tax Year 2010 (includes public utilities assessment)

*** Comptroller of the Treasury Office of Assessed Properties (does not include public utility assessment)

CITY OF BRENTWOOD

PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)

LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY			TOTAL COLLECTIONS TO DATE		
		AMOUNT	PERCENTAGE OF LEVY	COLLECTIONS IN SUBSEQUENT YEARS	AMOUNT	PERCENTAGE OF LEVY	
2002	\$ 7,288,260	\$ 7,111,642	97.6%	\$ 165,364	\$ 7,276,962	99.8%	
2003	7,359,856	7,252,397	98.5%	95,439	7,347,173	99.8%	
2004	7,545,119	7,419,009	98.3%	120,914	7,539,883	99.9%	
2005	7,935,424	7,802,864	98.3%	130,945	7,933,801	100.0%	
2006	8,448,015	8,153,723	96.5%	290,683	8,443,639	99.9%	
2007	8,885,916	8,761,268	98.6%	121,545	8,882,023	100.0%	
2008	9,497,764	9,329,872	98.2%	162,426	9,473,670	99.7%	
2009	10,034,692	9,835,526	98.0%	145,188	9,835,526	98.0%	
2010	10,262,147	9,983,488	97.3%	222,969	9,983,488	97.3%	
2011	10,356,406	10,098,663	97.5%	-	10,098,663	97.5%	

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 (2011 fiscal year would represent the 2010 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>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>	<u>2010</u>
Apparel stores	\$ 18,737,690	\$ 21,632,712	\$ 24,338,837	\$ 28,153,688	\$ 33,176,460	\$ 36,457,952	\$ 36,942,894	\$ 34,207,950	\$ 35,603,335	\$ 36,013,679
General merchandise	47,309,337	53,182,206	59,671,979	69,488,049	79,666,952	93,660,949	96,290,678	102,124,500	103,554,734	106,921,963
Food stores	70,510,655	63,603,432	72,234,838	84,458,519	105,320,600	115,270,158	122,697,493	124,903,787	121,282,425	123,553,923
Eating and drinking establishments	50,275,927	45,522,175	46,851,981	51,765,342	59,831,570	65,246,260	66,842,320	64,457,291	62,775,480	64,343,637
Home furnishings and appliances	113,639,490	112,718,865	116,455,912	128,593,275	136,363,416	132,412,981	129,993,697	105,808,265	85,532,460	89,849,605
Building materials and farm tools	40,537,254	41,154,270	45,042,058	53,174,769	58,575,236	62,970,713	59,187,537	49,994,620	42,657,486	43,699,002
Auto dealers, supplies, and service stations	20,683,524	21,817,433	24,583,902	26,465,210	27,832,270	26,828,090	28,238,061	26,832,050	25,803,112	27,350,488
Other retail stores	53,700,244	64,228,381	62,715,173	68,611,909	89,553,218	102,239,437	123,263,920	125,312,656	117,903,304	127,358,523
All other outlets	<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>	<u>179,316,885</u>	<u>201,036,325</u>
 Total	 <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>	 <u>\$ 774,429,221</u>	 <u>\$ 820,127,145</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>
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
2010	1.125	1.125	7.00
2011	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 2002 AND 2011

Sector	2002				2011			
	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	475	48.03 %	\$ 9,317,328	73.82 %	624	47.60 %	\$ 14,244,475	74.57 %
2 Services	325	32.86	2,082,851	16.50	395	30.12	2,991,737	15.66
3 Manufacturing	51	5.16	480,484	3.81	59	4.50	362,100	1.90
4 Wholesale Trade	66	6.67	232,262	1.84	103	7.86	575,248	3.01
5 Construction	24	2.43	191,511	1.52	20	1.53	146,154	0.77
6 Finance Insurance Real Estate	10	1.01	2,150	0.02	13	0.99	62,371	0.33
7 Transportation and Utilities	9	0.91	144,290	1.14	13	0.99	400,669	2.10
8 Agriculture	11	1.11	25,671	0.20	12	0.92	21,081	0.11
9 Other, Non Classified	18	1.82	144,613	1.15	72	5.49	295,725	1.55
Total	989	100 %	\$ 12,621,160	100 %	1,311	100 %	\$ 19,099,560	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>TOTAL PRIMARY GOVERNMENT</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>				
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
2010		28,915,000		14,255,000		-		43,170,000	52.80 1,224
2011		26,800,000		23,225,000		-		50,025,000	46.53 1,350

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

*Calculated information provided on page 104 (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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General bonded debt outstanding general obligation bonds	<u>\$ 25,790</u>	<u>\$ 24,565</u>	<u>\$ 26,380</u>	<u>\$ 24,430</u>	<u>\$ 27,195</u>	<u>\$ 25,405</u>	<u>\$ 28,305</u>	<u>\$ 26,050</u>	<u>\$ 28,915</u>	<u>\$ 26,800</u>
Percentage of estimated actual property value**	2.27%	1.97%	2.06%	1.81%	1.89%	1.41%	1.46%	1.27%	1.37%	1.27%
Per capita***	964.36	918.56	861.61	797.92	888.23	720.46	802.71	738.76	820.00	723.15
Less: Amounts set aside to repay general debt	<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>	<u>3,979</u>	<u>3,732</u>
Total net debt applicable to debt limit	<u>\$ 22,894</u>	<u>\$ 21,638</u>	<u>\$ 23,425</u>	<u>\$ 21,478</u>	<u>\$ 24,172</u>	<u>\$ 21,868</u>	<u>\$ 24,440</u>	<u>\$ 22,318</u>	<u>\$ 24,936</u>	<u>\$ 23,068</u>
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 93 (Assessed and Estimated Actual Value of Property)

***Per capita information calculated with information obtained on page 100 (Demographic and Economic Statistics).

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)

AS OF JUNE 30, 2011

<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	\$ 26,800	100.0%	\$ 26,800
Overlapping:			
Williamson County	<u>510,717</u>	29.8%	<u>152,260</u>
Total	<u>\$ 537,517</u>		<u>\$ 179,060</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 6/30/2011.

(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	
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
2010	13,549,064	9,367,100	4,181,964	995,000	423,732	1,418,732	2.95
2011	15,386,840	9,967,900	5,418,940	1,030,000	732,818	1,762,818	3.07

*Includes nonoperating revenues (includes water and sewer tap fees beginning in 2002).

**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
2002	26,743	³	\$ 1,371,056	N/A	40.2	6,731	2.5%
2003	26,743	³	1,386,705	51,853	41.2	7,112	2.6%
2004	30,617	⁴	1,747,527	57,077	42.0	7,768	2.3%
2005	30,617	⁴	1,747,527	N/A	42.3	8,528	3.9%
2006	30,617	⁴	1,732,953	56,601	42.9	8,872	3.9%
2007	35,262	⁵	1,938,705	54,980	43.3	9,512	3.4%
2008	35,262	⁵	1,938,705	54,980	43.3	10,422	5.0%
2009	35,262	⁵	2,046,959	58,050	43.7	10,136	7.1%
2010	35,262	⁵	2,279,265	64,638	44.0	10,896	6.1%
2011	37,060	⁶	2,327,553	62,805	44.0	11,292	6.7%

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

⁶ Based on 2010 US Bureau of the 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

	<u>2011</u>			<u>2002</u>		
EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Comdata	869	1	5.05 %	763	1	6.28 %
Tractor Supply Company	552	2	3.21	-		-
AT&T	500	3	2.90	-		-
DaVita	450	4	2.61	500	2	4.12
LifePoint Hospitals Inc	400	5	2.32	-		-
The Lampo Group (Dave Ramsey)	335	6	1.95	-		-
Brookdale Senior Living	300	7	1.74	-		-
Lattimore Black Morgan & Cain	270	8	1.57	187	11	1.54
City of Brentwood	243	9	1.41	-		-
Corizon	200	10	1.16	-		-
Delek (Mapco Express)	157	11	0.91	-		-
Bellsouth Mobility	-		-	375	3	3.09
Cingular Wireless	-		-	350	4	2.88
TCS Management	-		-	338	5	2.78
Private Business	-		-	330	6	2.72
Gambro Healthcare	-		-	320	7	2.63
EMI Christian Music Group	-		-	280	8	2.31
Brentwood Family YMCA	-		-	275	9	2.26
Quorum	-		-	268	10	2.21
Total	<u>4,276</u>		<u>24.84 %</u>	<u>3,986</u>		<u>32.82 %</u>
Total employment	<u>17,216</u>	*		<u>12,146</u>	*	

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

<u>FUNCTION/PROGRAM</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>	<u>2010</u>	<u>2011</u>
GENERAL GOVT.										
City Manager	1	1	1	1	1	2	2	2	2	2
Administration	3	3	3	3	3	3	3	3	3	3
Finance	7	7	7	7	7	8	7	7	7	7.5
Human Resources	2	2	2	2	2	1	3	3	3	3
Information Technology	3	3	3	3	4	4	4.5	4.5	4.5	4.5
Planning and Development	4	4	4	4	4	4	4	4	3	3
Codes	7	8	7	9	9	8	9.5	9.5	9.0	9.5
GIS	-	-	-	-	-	2	4	3.5	4.5	4.5
	<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>	<u>36.0</u>	<u>37.0</u>
POLICE										
Officers	53	55	55	55	54	62	58	58	55.0	55.0
Civilians	11	12	13	13	13	10	12	13	13.5	14.0
FIRE										
Firefighters & Officers	55	55	55	57	57	57	58	61	61	63
Civilians	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Engineering	2	2	3	4	4	4	5	4	4	4
Public Works - Streets	21	21	21	20	22	19	22	22.5	22.5	22.0
UTILITIES										
Water	11	11	11	12	11	11	12	13	13	12
Wastewater	10	11	10	12	12	12	13	13	12	12
PARKS & RECREATION	10	15	15	16	19	17	17	18	19	18
LIBRARY	<u>11</u>	<u>21</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>28</u>	<u>26</u>
TOTAL REGULAR FULL-TIME	<u>212</u>	<u>232</u>	<u>234</u>	<u>242</u>	<u>246</u>	<u>251</u>	<u>261</u>	<u>266</u>	<u>265</u>	<u>264</u>

Source: City of Brentwood Personnel Department

CITY OF BRENTWOOD

OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

<u>FUNCTION/PROGRAM</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>	<u>2010</u>	<u>2011</u>
General Government										
Building permits issued	1,171	1,706	1,807	1,337	1,629	1,410	1,160	795	909	968
Building inspections conducted	12,002	14,421	17,824	18,184	17,332	15,960	16,049	11,834	13,767	16,990
Police										
Physical arrests	807	809	728	740	812	965	1,234	1,251	964	1,082
Parking violations	104	104	65	62	58	36	178	122	44	73
Traffic violations	3,827	5,954	5,094	7,407	8,464	11,002	11,068	8,805	6,632	5,963
Fire										
Emergency responses	2,074	2,178	2,261	2,232	2,408	2,467	2,441	2,455	2,473	2,622
Fires extinguished	103	89	78	87	123	112	78	86	67	102
Inspections (Commercial)	289	347	421	434	453	470	482	488	492	494
Public Works										
Street resurfacing (miles)	19.68	22.23	23.01	19.28	25.35	17.68	18.76	21.98	18.85	20.60
Potholes repaired	292	379	326	367	258	228	244	471	723	352
Library										
Volumes in collection	97,954	103,220	109,977	119,317	124,866	133,778	143,822	150,610	155,541	165,714
Total volumes borrowed	459,065	506,633	542,802	550,593	458,589	480,268	523,914	566,798	624,000	678,533
Water										
New connections	181	173	162	148	128	111	326	80	77	144
Water main breaks	7	6	7	9	9	13	27	11	15	15
Monthly average daily flow	104,666,500	104,666,500	104,666,500	105,000,000	105,000,000	153,305,000	162,000,000	159,000,000	142,754,333	147,709,000
Wastewater										
Average daily sewage treatment (thousands of gallons)	6,056.46	6,340.26	7,018.00	5,851.00	6,137.00	5,589.00	5,900.00	5,380.00	5,385.00	4,540.00

Source: Various City Departments

CITY OF BRENTWOOD

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

<u>FUNCTION/PROGRAM</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>	<u>2010</u>	<u>2011</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	54	61	59	59	64	65	70	66	67	67
Fire Stations	4	4	4	4	4	4	4	4	4	4
Public Works										
Streets (miles)	342	351	351	417	417	417	422	424	456	459
Streetlights	2,165	2,565	2,565	2,600	2,607	3,249	3,289	3,354	3,401	3,422
Traffic signals	35	35	35	35	39	40	42	42	43	44
Parks and Recreation										
Acreage	379	379	397	455	560	580	580	580	610	862
Playgrounds	3	3	3	3	3	4	4	4	4	4
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	12	12	15	15	15	15	15	15	15	15
Water										
Water mains (miles) *	194	208	216	216	216	235	198	220	205	206
Fire hydrants	1,671	1,671	1,912	2,100	2,045	2,100	2,231	2,290	2,320	2,339
Storage capacity (thousand of gallons)	10,300	12,288	14,000	14,000	14,000	14,790	14,790	14,790	14,520	14,020
Wastewater										
Sanitary sewers (miles)	204	220	235	240	245	260	260	260	269	269

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.

OTHER REPORTS SECTION

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

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

We have audited the accompanying financial statements of the City of Brentwood, Tennessee (the "City"), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 13, 2011. 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

Management of the City is responsible for establishing and maintaining effective 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Handwritten signature in black ink, appearing to read "Y. Gray".

Nashville, Tennessee
December 13, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the City of Brentwood, Tennessee's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City of Brentwood, Tennessee's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Brentwood, Tennessee's management. Our responsibility is to express an opinion on the City of Brentwood, Tennessee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Brentwood, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Brentwood, Tennessee's compliance with those requirements.

In our opinion, the City of Brentwood, Tennessee complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City of Brentwood, Tennessee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Brentwood Tennessee's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the City Commissioners, management and the City's regulatory agencies and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Kray CPAs PLLC". The signature is stylized, with the "K" being particularly large and the letters "CPAs" and "PLLC" following in a cursive-like font.

Nashville, Tennessee
December 13, 2011

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

_____ yes X no

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

_____ yes X no