

CITY OF BRENTWOOD, TENNESSEE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012

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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 20, 2012

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, 2012 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, 2012.

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, 2012, 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, 2012, 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, 2012 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 nonmajor governmental funds and debt service fund comparison begin on pages 76 and 79, 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.** The local economy in Brentwood and the Nashville/Middle Tennessee area as a whole appears to be recovering well from the Great Recession compared to many communities and regions across the USA. The City of Brentwood and Williamson County benefit from having the highest per capita income and the lowest unemployment rates in the State of Tennessee. Williamson County is also the 17<sup>th</sup> wealthiest county in the United States based on median household income. The most recently available statistics for June 2012 indicates a 5.7 percent unemployment rate for Brentwood compared to a county rate of 5.9 percent, a statewide rate of 8.1 percent and national jobless rate of 8.2 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 2010. 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 2011-2012 fiscal year was \$144,197,917 with 979 permits being issued. In fiscal year 2012, Brentwood had a total assessed value of taxable property of \$2,348,717,920 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 as of June 30, 2012 revealed a direct vacancy rate of 5% in the Brentwood area. This vacancy rate is very favorable with overall rates in the Nashville office market and across the United States United States.

Many companies locate their national or regional corporate headquarters or offices in Brentwood. The diversity of employment opportunities in the community is significant with the City not dependent on a single, large employer. As employers, they represent diverse economic sectors that include health, retail, telecommunications and financial services. Tractor Supply (retail), Comdata (financial services), BellSouth (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 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-one (21) 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 School seniors go 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 2013-18 CIP include:

- Improvements to Smith Park
- Concord Road Improvements (east of Sunset Rd and from Jones Pkwy to Arrowhead Dr)
- Franklin Road Improvements (from Concord Rd to Moores Lane)
- 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 fifth year of the "Great Recession" with continued uncertainty about significant economic growth during the next five to ten years. Fortunately, the City of Brentwood again ended fiscal year 2011-2012 in excellent financial condition due to conservative financial management. General Fund revenue growth greatly exceeded amended budget estimates by \$2,342,954 while expenditures were under the revised appropriation by \$914,280. Even after taking into account a special year-end appropriations transfer to the Capital Projects Fund totaling \$1.56M for funding various capital improvements in fiscal year 2013, the fund balance (as restated - see note 17) increased by \$4,418,974 from the previous fiscal year (from

\$26,009,100 to \$30,428,074). This positive increase was possible due to an improving local economy and growing revenue collections. Looking ahead to fiscal year 2012-2013 and beyond, we anticipate steady revenue growth 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 fiscal year 2013-2014 General Fund budget will 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. After the dramatic slowdown in new housing starts in calendar years 2009 (68) and 2010 (140) associated with the Great Recession, starts have returned to the historic annual average and are expected to exceed 250 in calendar year 2012. Most new housing is more affordable in the \$500,000 to \$750,000 price range compared to the \$1 million and above range before the economic slowdown. Brentwood is fortunate that the median and average housing values have remained relatively stable in the last five years compared to other fast growing areas in the country that faced significant foreclosures and declining real estate values. Artificially low interest rates due to the monetary policies of the Federal Reserve Bank are helping to stimulate demand for housing in America today. While this is positive for the country short term, there are still many unknowns in the future for housing that could adversely affect our 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 2012 with an unassigned fund balance for the general fund of \$26,545,794, or 82% of FY 2012 general fund expenditures.

In addition, the city strives 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 2012 ending fund balance in the Debt Service Fund was \$3,793,311 compared to new debt service payments for FY 2013 of \$3,374,330.

**Major Initiatives for the Year** - The significant projects, events and accomplishments during the City's 2011-2012 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 April, 2012. 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 2012-2017, including a realistic financing and debt management plan. In May, 2012, \$6.56M in 20 year, fixed rate, Water/Sewer Public Improvement Bonds were issued at a true interest cost of 2.115%. 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 2012 for the new fiscal year beginning July 1, 2012 - June 30, 2013 will be \$.44 per \$100 of assessed value, which represents the same effective tax rate for the 22<sup>nd</sup> year in a row. Brentwood continues to have one of the lowest tax rates in the State of Tennessee for any full service municipality with the City property tax bill for the average home valued at \$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 2012-2013 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 2012-2013 budget will be 6.41 versus 8.54 in fiscal year 1990-1991 or 25% 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 81 additional full-time employees (326 rather than 245) with additional personnel cost to the General Fund of \$6.7 million annually. Funding would have required a 59% increase in the City property taxes, a corresponding \$6.7 million or 21% cut in current General Fund services or a combination of tax increases and service reductions.
- ***Purchase of Land/Development of 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 undertook 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 and the remaining \$5 million paid in December 2011 from the proceeds of the August 2011 General Obligation bond issue. The City has initiated design work for phase one improvements with construction expected to begin in early calendar year 2013. In addition, the City has an option to purchase by December 31, 2013 an additional 80 acres adjacent to the new park for \$2.9 million subject to the availability of federal, state, private and local funding.

- ***Major Renovations to the Municipal Center*** - The first significant renovations to the main building of City government were completed in the spring of 2012. While the building was adequately sized when constructed in 1987 to meet the needs of the City today 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. The recently completed improvements will allow for better service delivery in the years ahead for our residential and corporate citizens. This renovation work was also cost effective because it was funded through the annual operating budget with no debt obligation.
- ***Tractor Supply Company (TSC) Corporate Headquarters*** - In the spring of 2012, the City initiated an effort to secure the construction of a new corporate headquarters for this major national retailer in Brentwood consisting of two connected buildings totaling 260,000 square feet. To keep the company from relocating outside Williamson County, the City with the County authorized a 40% property tax abatement to the company totaling \$2,375,000 over ten years with the City's share being \$375,000 or \$37,500 annually. Continuation of the abatement after the fifth year will be subject to TSC increasing the minimum number of full-time employees from 700 to 1,000. These will be high paying jobs with a projected annual salary of \$65,000 and 80% of the new employees making in excess of \$56,000 annually. Significant additional business and sales taxes will be generated by the company and employees when the facility is completed in late spring of 2014. The agreement was formally approved by the Board of Commissioners in September 2012.

## **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, 2011. This was the twenty-sixth consecutive year (fiscal years ended 1986-2011) 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, 2011. This represents the twentieth 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, 2011

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.



*Christopher P. Moynell*

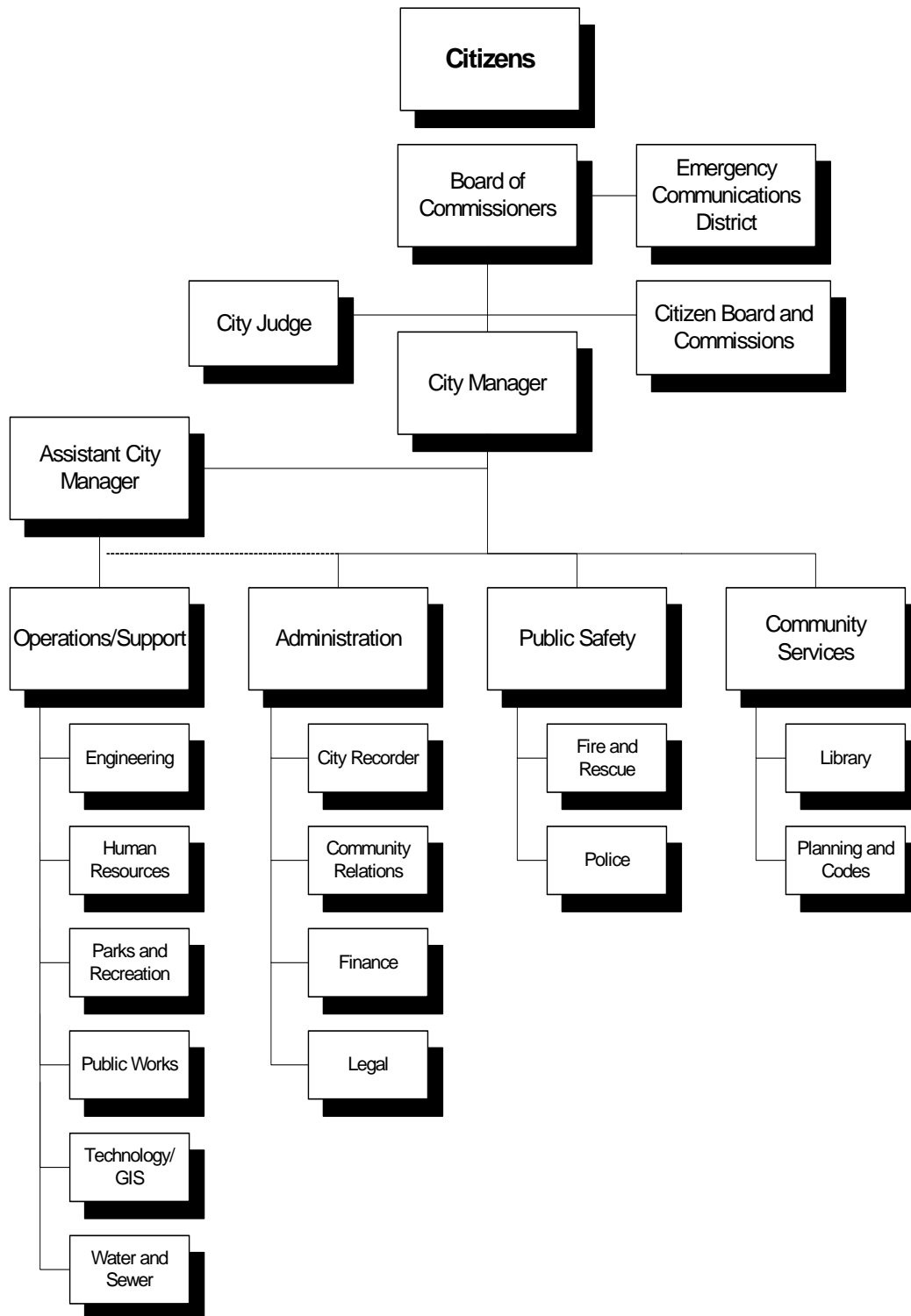
President

*Jeffrey R. Enen*

Executive Director



# City of Brentwood Organization Chart



**CITY OF BRENTWOOD  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2012**

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	Jeff Hughes
Fire Chief	Brian Goss
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, 2012, which collectively comprise the City's basic financial statements as listed in the Table of Contents. 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, 2012, 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 20, 2012 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.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 18, the Schedule of Funding Progress - Political Subdivision Pension Plan on page 71, and the Schedule of Funding Progress and Schedule of Employer Contributions - Other Post Employment Benefits on page 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brentwood's financial statements. The combining and individual nonmajor fund statements on pages 73 through 79, combining and individual internal service fund statements on pages 80 through 83, the and the financial schedules on pages 84 through 93 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statement, the combining and individual internal service fund financial statements and the financial schedules (including the schedule of expenditures of federal and state awards) are fairly stated in all material respects in relation to the financial statements as a whole.

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 introductory section on pages i through xiii and the statistical section on pages 94 through 115 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

Nashville, Tennessee  
December 20, 2012

## **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, 2012. 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 \$297,452,331 (net assets). Of this amount, \$61,152,334 (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 \$15,847,735 compared to prior year.
- As of the close of the current fiscal year, the City of Brentwood's governmental funds reported combined ending fund balances of \$45,702,329, an increase of \$3,941,075 in comparison with the prior year. Approximately 58% of this total amount, \$26,545,794 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 \$26,545,794, or 82% of FY 2012 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 \$8,025,000 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 (\$6.60M), bond proceeds from a General Obligation Public Improvement Bonds (\$4.85M) and the payment of principal amounts for existing General Obligation debt (\$2.2M) and Water & Sewer debt (\$1.5M).

## 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. 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 - 31 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 32 - 34 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 two fiduciary funds: (1) the Post Employment Benefits Trust and (2) the Donations Held in Trust Fund.

The basic fiduciary fund financial statements can be found on pages 35 - 36 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 37-70 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 71-72 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 73 - 83 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 \$297,452,331 as of June 30, 2012.

**City of Brentwood, Tennessee**  
**Net Assets - Primary Government**  
**June 30, 2012 and 2011**  
(amounts expressed in thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Current and Other Assets	\$ 64,494	\$ 60,479	\$ 35,940	\$ 27,670	\$100,434	\$ 88,149
Capital Assets	<u>208,085</u>	<u>203,457</u>	<u>67,524</u>	<u>64,985</u>	<u>275,609</u>	<u>268,442</u>
Total Assets	<u>272,579</u>	<u>263,936</u>	<u>103,464</u>	<u>92,655</u>	<u>376,043</u>	<u>356,591</u>
Long-term Liabilities Outstanding	32,338	29,321	28,318	23,108	60,656	52,429
Other Liabilities	<u>15,596</u>	<u>20,697</u>	<u>2,339</u>	<u>1,860</u>	<u>17,935</u>	<u>22,557</u>
Total Liabilities	<u>47,934</u>	<u>50,018</u>	<u>30,657</u>	<u>24,968</u>	<u>78,591</u>	<u>74,986</u>
Net Assets:						
Invested in Capital Assets, net of related debt	179,652	171,917	51,006	50,523	230,658	222,440
Restricted	5,522	6,615	120	-	5,642	6,615
Unrestricted	<u>39,471</u>	<u>35,386</u>	<u>21,681</u>	<u>17,164</u>	<u>61,152</u>	<u>52,550</u>
Total Net Assets	<u>\$ 224,645</u>	<u>\$ 213,918</u>	<u>\$ 72,807</u>	<u>\$ 67,687</u>	<u>\$297,452</u>	<u>\$ 281,605</u>

By far the largest portion of the City of Brentwood's net assets (77%) 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 (\$358,999), capital projects (\$2,237,084), community development projects (\$1,011,959), other post employment benefits (\$1,749,078) and drug enforcement and education (\$284,486).

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.

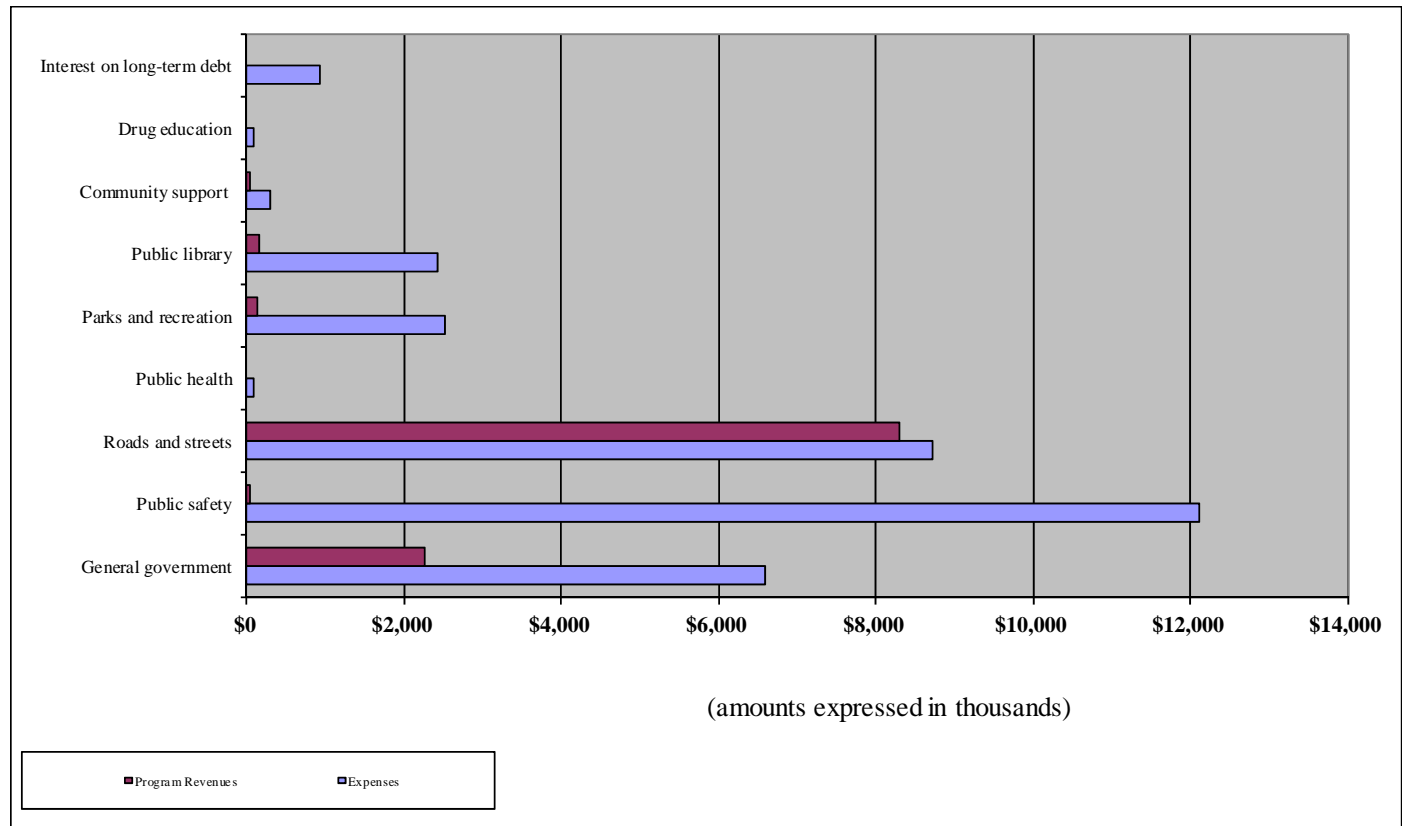
**Governmental activities.** Governmental activities increased the City of Brentwood's net assets by \$10,726,365 accounting for 68% of the total growth in the net assets of the City of Brentwood. The primary factors underlying this increase include:

- Donated capital assets from developers were \$7,067,781, primarily from the valuation of streets accepted by the City of Brentwood in FY 2012.
- State Income Tax (Hall Tax) net collections were \$2,284,851, \$1,384,851 higher than conservative budget estimates of \$900,000.
- Local sales tax collections were \$12,005,650, a \$977,741 (8.87%) increase over last year's collections and were \$1,330,650 (12.47%) higher than FY 2012 original budget estimates.
- Total actual General Fund expenditures were approximately \$914,344 less than the amended budget amount of \$32,459,252.

**The City's Changes in Net Assets**  
**For the year ended June 30, 2012 and 2011**  
(amounts expressed in thousands)

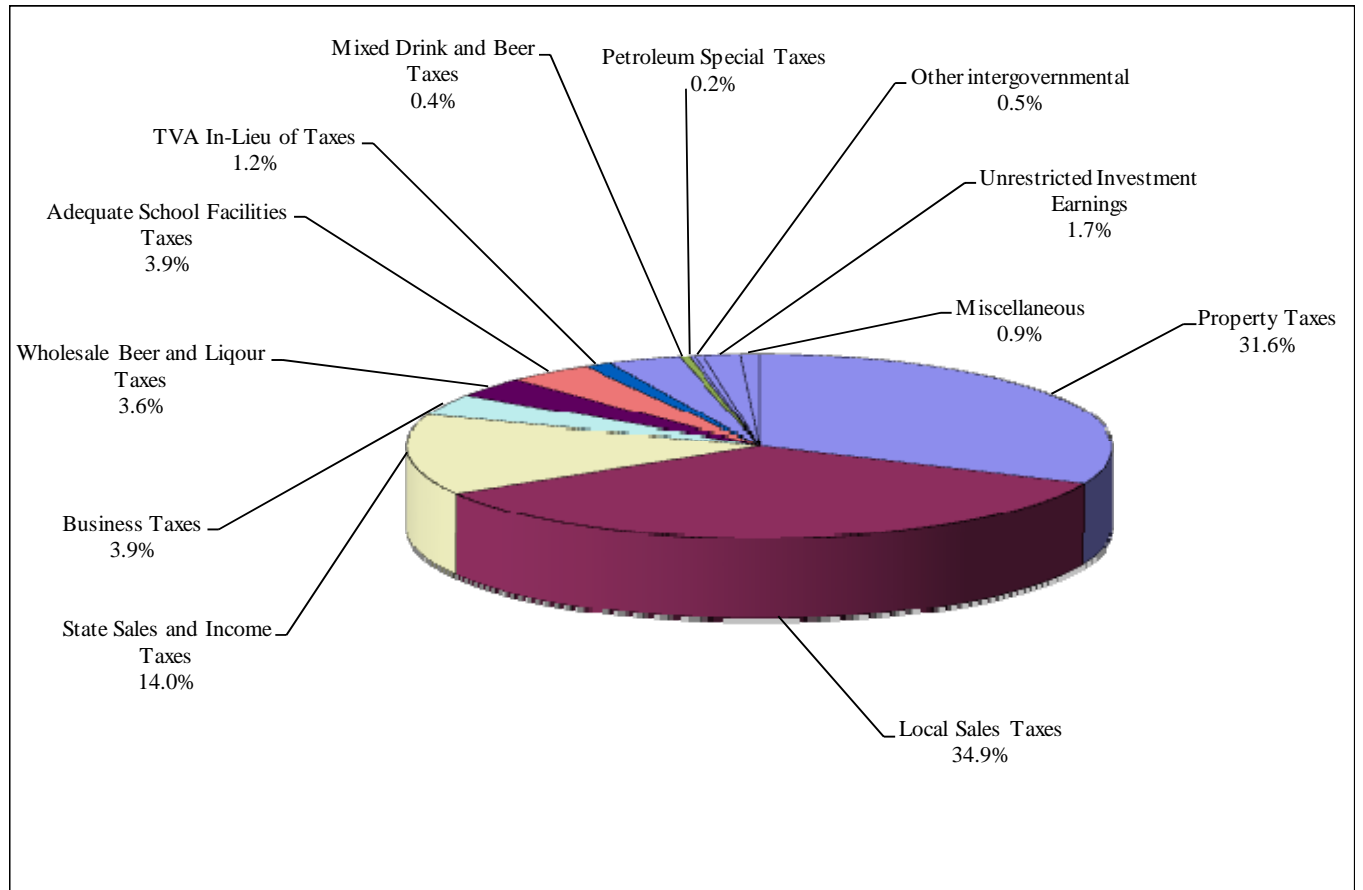
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Revenues:						
Charges for services	\$ 2,195	\$ 1,615	\$ 15,876	\$ 16,446	\$ 18,071	\$ 18,061
Operating grants and contributions	1,007	1,424	207	189	1,214	1,613
Capital grants and contributions	7,711	4,508	3,164	363	10,875	4,871
General revenues:						
Property taxes	10,857	10,911	-	-	10,857	10,911
Local option sales tax	12,006	11,028	-	-	12,006	11,028
Hotel/motel taxes	1,144	1,018	-	-	1,144	1,018
Wholesale beer and liquor taxes	1,231	1,155	-	-	1,231	1,155
Adequate schools facilities taxes	412	332	-	-	412	332
Other taxes	537	538	-	-	537	538
State sales tax	2,514	2,348	-	-	2,514	2,348
State income tax	2,285	2,204	-	-	2,285	2,204
Business tax	1,339	1,407	-	-	1,339	1,407
TVA in-lieu of tax	428	397	-	-	428	397
Mixed drink and beer tax	152	142	-	-	152	142
Petroleum special tax	76	76	-	-	76	76
Corporate excise tax	12	24	-	-	12	24
Telecommunications tax	2	2	-	-	2	2
Other intergovernmental	142	138	-	-	142	138
Unrestricted investment earnings	579	826	156	250	735	1,076
Miscellaneous	294	104	196	-	490	104
Total Revenues	<u>44,923</u>	<u>40,197</u>	<u>19,599</u>	<u>17,248</u>	<u>64,522</u>	<u>57,445</u>
Expenses:						
General government	6,597	5,875	-	-	6,597	5,875
Public safety	12,123	12,140	-	-	12,123	12,140
Roads and streets	8,725	10,968	-	-	8,725	10,968
Public health	80	81	-	-	80	81
Parks and recreation	2,527	2,476	-	-	2,527	2,476
Public library	2,423	2,448	-	-	2,423	2,448
Community support	294	265	-	-	294	265
Drug education	74	67	-	-	74	67
Interest on long-term debt	930	1,153	-	-	930	1,153
Water and sewer	-	-	13,140	13,092	13,140	13,092
Rental facilities	-	-	613	565	613	565
Emergency Communications	-	-	1,149	1,065	1,149	1,065
Total expenses	<u>33,773</u>	<u>35,473</u>	<u>14,902</u>	<u>14,722</u>	<u>48,675</u>	<u>50,195</u>
Increase in net assets before transfers	11,150	4,724	4,697	2,526	15,847	7,250
Transfers	<u>(423)</u>	<u>(419)</u>	<u>423</u>	<u>419</u>	<u>-</u>	<u>-</u>
Increase in net assets	10,727	4,305	5,120	2,945	15,847	7,250
Net assets - beginning	<u>213,918</u>	<u>209,613</u>	<u>67,687</u>	<u>64,742</u>	<u>281,605</u>	<u>274,355</u>
Net assets - ending	<u>\$224,645</u>	<u>\$213,918</u>	<u>\$ 72,807</u>	<u>\$ 67,687</u>	<u>\$297,452</u>	<u>\$281,605</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.

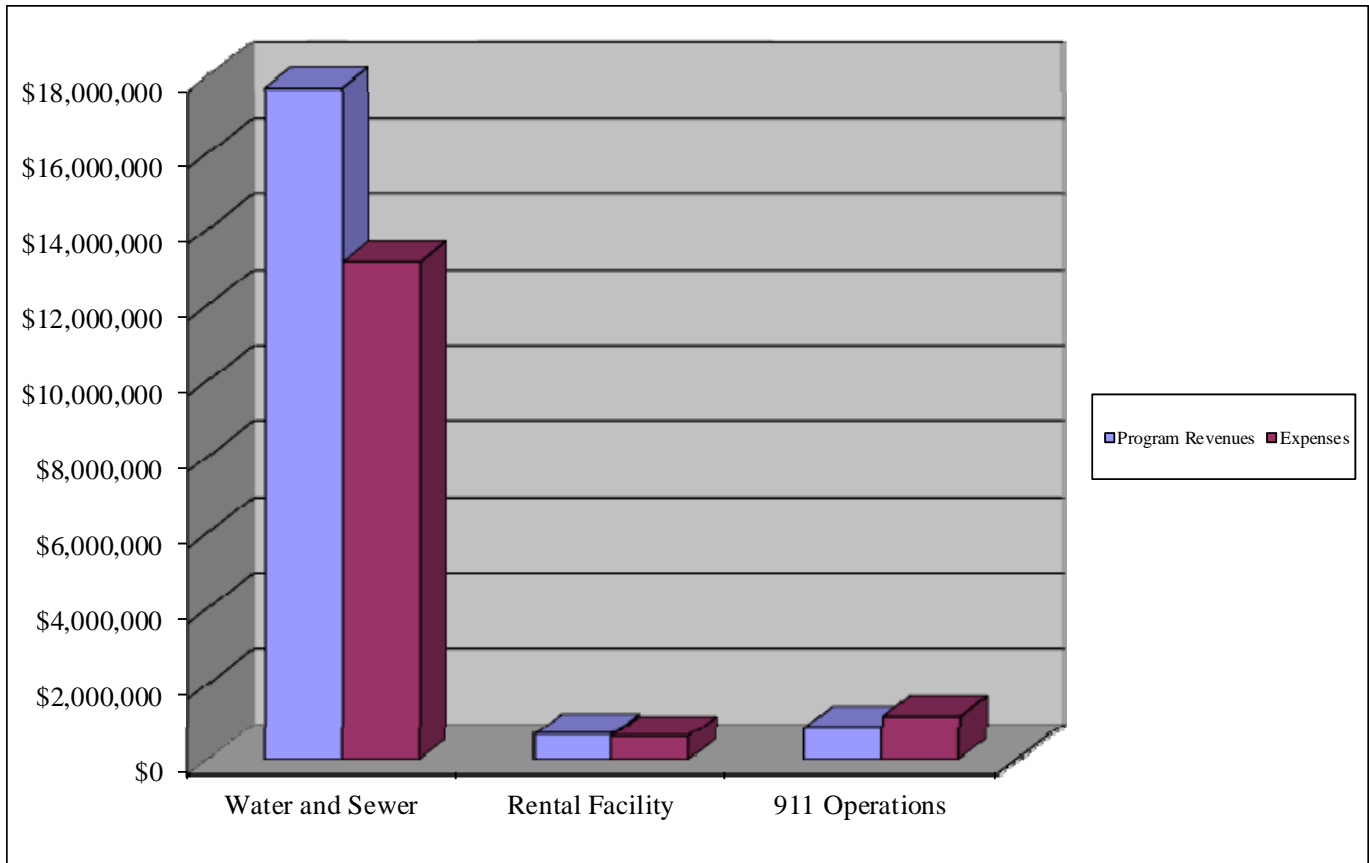
## Revenue by Source - Governmental Activities



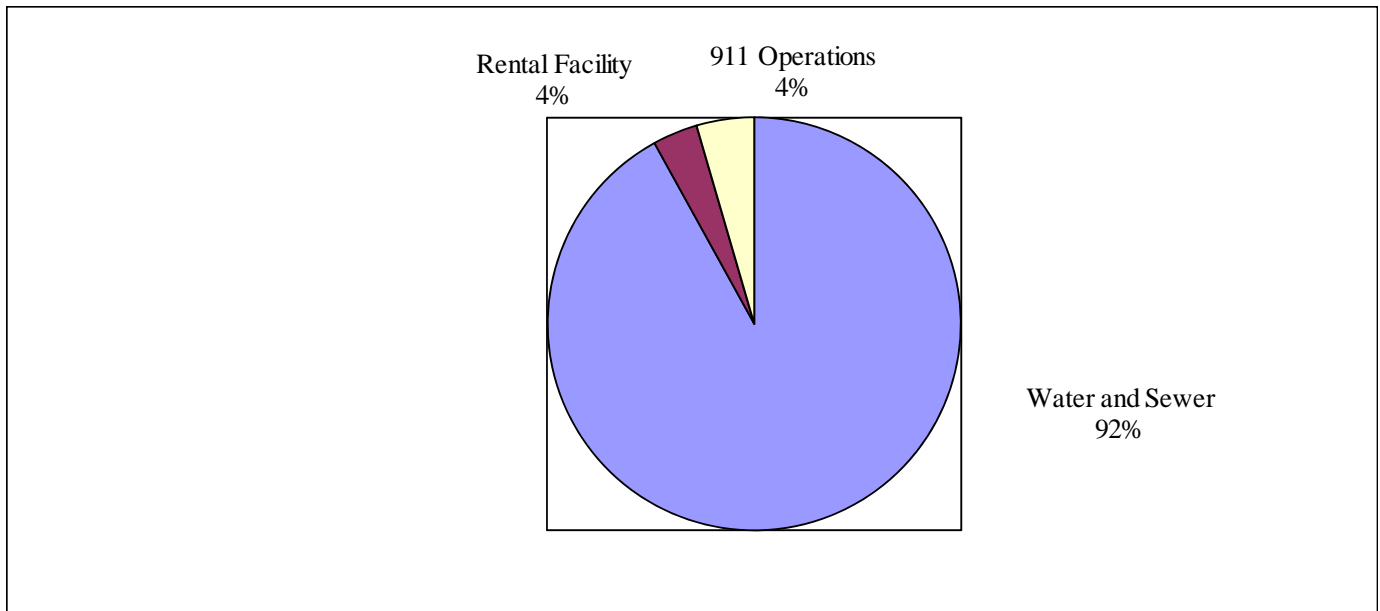
**Business-type activities.** Business-type activities increased the City of Brentwood's net assets by \$5,121,370 accounting for 32% of the total growth in the government's net assets. Key elements of this increase are as follows:

- The City's Water and Sewer Fund accounts for 91% of the increase in business-type net assets, with a net income of \$4,654,977 for the year. This reflects an increase of \$2,378,042 from the prior year, primarily due to an increase in total water/sewer tap fees of \$1,873,067 from the Bristol and Morning Pointe projects.
- The City's Municipal Center Fund accounts for 2% of the increase in business-type net assets, and recorded net income of \$96,920 for the year, an increase of \$30,540 from the previous year.
- The Emergency Communications District (ECD) recorded net income of \$321,533, a decrease of \$254,693 from the previous year and primarily due to 1) collection of lawsuit settlement proceeds for improper E-911 surcharge fees of \$196,348 from the district's major phone vendor, (2) an increase in operational funding from the TECB of \$40,760 and 3) a FY 2011 reimbursement of \$363,077 from the Tennessee Emergency Communication Board (TECB) for Next Generation 911 Controller and adjunct equipment (Radio Console Equipment) which was a one-time reimbursement.
- The allocation of the internal service fund net assets to the business type activities resulted in an additional \$192,754 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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Total assets	<u>\$ 61,012,169</u>	<u>\$ 57,441,992</u>
Total liabilities	<u>\$ 15,309,840</u>	<u>\$ 15,680,738</u>
Fund balances:		
Nonspendable	40,995	106,295
Restricted	2,880,569	2,551,383
Committed	16,234,971	15,887,745
Unassigned	<u>26,545,794</u>	<u>23,215,831</u>
Total fund balances	<u>45,702,329</u>	<u>41,761,254</u>
Total liabilities and fund balances	<u>\$ 61,012,169</u>	<u>\$ 57,441,992</u>

As of the end of the current fiscal year, the City of Brentwood's governmental funds reported combined ending fund balances of \$45,702,329, an increase of \$3,941,075 in comparison with the prior year restated amount (see note 17). Approximately 58% of this total amount (\$26,545,794) 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 (\$40,995), restricted for a specific purpose per enabling legislation (street repairs - \$358,999, drug enforcement and education - \$284,486 and capital projects - \$2,237,084) and committed for a specific purpose per action by the Board of Commissioners (capital projects - \$8,600,375, debt service - \$3,793,311 equipment replacement - \$1,743,972, facilities maintenance - \$3,378,861 and post-employment benefits - \$718,452).

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 \$26,545,794. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 86% of total fiscal year 2012 general fund expenditures (including transfers).

**Changes in Fund Balances of Governmental Funds**  
**For the year ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>REVENUES</b>		
Taxes	\$ 25,774,520	\$ 25,884,203
Licenses and permits	1,448,508	1,000,864
Fines and fees	373,100	277,949
Charges for services	372,913	335,962
Intergovernmental	9,411,861	7,338,849
Uses of money and property	571,595	815,450
Other	<u>293,655</u>	<u>236,284</u>
<b>TOTAL REVENUES</b>	<u>38,246,152</u>	<u>35,889,561</u>
<b>EXPENDITURES</b>		
Current:		
General government	5,710,028	5,380,604
Public safety	11,859,078	12,265,314
Roads and streets	4,739,856	5,129,091
Public health	79,638	81,248
Parks and recreation	1,794,215	1,737,854
Public library	2,001,510	2,020,271
Community support	294,259	265,068
Drug education	14,935	16,861
Facilities maintenance projects	-	-
Capital outlay	8,914,483	11,060,955
Debt service	<u>3,463,226</u>	<u>3,255,373</u>
<b>TOTAL EXPENDITURES</b>	<u>38,871,228</u>	<u>41,212,639</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(625,076)</u>	<u>(5,323,078)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in/out (net)	(572,950)	(418,700)
Proceeds of general obligation bonds	4,845,000	-
Proceeds of refunding bonds	10,635,000	-
Payment to refunded bond escrow agent	(10,924,444)	-
Bond premium/discount (net)	<u>583,545</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>4,566,151</u>	<u>(418,700)</u>
<b>NET CHANGES IN FUND BALANCES</b>	3,941,075	(5,741,778)
<b>FUND BALANCE, BEGINNING OF YEAR, as restated</b>	<u>41,761,254</u>	<u>47,503,032</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 45,702,329</u>	<u>\$ 41,761,254</u>



The fund balance of the City of Brentwood's general fund (including committed activity budgeted separately) increased by \$4,418,974 during the current fiscal year. Note the change in fund balance includes a reclassification of the Post Employment Benefits Fund not transferred into the OPEB trust, which was previously reported as a fiduciary fund (now reported as a committed amount within the General Fund). This fund increase includes special year-end appropriation increases from the General Fund to other City funds totaling \$1.79M. This is explained in detail in the General Fund Budgetary Highlights Section below. Key highlights in this fund for 2012 include:

- Total revenues exceeded budgetary projections by \$2,342,954.
- Local sales tax collections were \$12,005,650, a \$977,741 (8.87%) increase over last year's collections and were \$1,330,650 (12.47%) higher than FY 2012 original budget estimates.
- State Income Tax (Hall Tax) net collections were \$2,284,851, \$1,384,851 higher than conservative budget estimates of \$900,000.
- The general fund departments demonstrated fiscal responsibility by under-spending the appropriated budget by \$914,280.

The debt service fund has a total fund balance of \$3,793,311, all of which is committed for the future payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$149,279. Principal payments increased \$102,095 and interest payments decreased \$92,320 over FY 2012 amounts, primarily the result of two bond refinancing's. Please see Note 6 for additional information on the City's long-term liabilities.

The capital projects fund has a total fund balance of \$8,600,375, all of which is committed for the funding of major capital improvements of the City. The current year net decrease of \$657,806 includes General Obligation bond proceeds of \$4.8M. Additional details of major capital expenditures are addressed on page 16 of this narrative overview.

**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 \$19,693,135, for the Municipal Center Fund, \$1,069,352 and for the Emergency Communications District, \$845,952. The total increase in net assets for the funds was \$4,654,977, \$96,920 and \$321,533, 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 (\$1,787,750 increase in revenues and 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	\$1,175,000
Building Permits	250,000
State Sales Taxes	175,000
Hotel Taxes	85,000
CATV Franchise Fee	31,750
Transfer from Committed - Post Employment Benefits	<u>71,000</u>
Total Change in Budgeted Revenues	<u>\$1,787,750</u>

The following increases to current year appropriations were made:

### **Appropriations**

1. A special FY 2012 year-end appropriation transfer of \$1,560,000 from the General Fund to the Capital Projects Fund (\$1,355,000) and amounts committed for equipment replacement (\$205,000) funded through projected excess revenue collections in the current year to pay for certain proposed FY 2013 capital projects and equipment. The projects include implementation of a disaster recovery system (\$350,000), Marcella Vivrette Smith Park Phase 1 improvements (\$275,000), traffic signal system enhancements (\$225,000), a new mini pumper unit for the Fire Department (\$205,000), Wilson Pike/Split Log turn lanes (\$200,000) and other miscellaneous projects.
2. A special FY 2012 year-end appropriation transfer of \$150,000 to the Health Insurance Fund is proposed from the General Fund (\$129,250), Water and Sewer Fund (\$19,310) and Emergency Communications Fund (\$1,440) for establishment of the new partially self-insured, worker's compensation program.
3. An appropriation increase in the General Fund of \$27,500 for transfer to the Capital Projects Fund for the City portion of unanticipated rollback property taxes received from the Smith Park property sale. The taxes were reimbursed to the seller by an equivalent increase in purchase price for the property.
4. An appropriation increase in the Police activity of \$57,000 and \$14,000 in the Fire Activity for accrued terminal leave payments for retirees in FY 2012 as referenced earlier, from amounts committed for other post employment benefits.

The General Fund unassigned fund balance at June 30, 2012 is \$26,545,794. 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 \$155,650 more than budgeted projections due to an improvement in local retail sales.
2. Real and Personal Property Tax was \$122,151 more than budgeted projections due to conservative budgeting.
3. State income tax collections exceeded budgeted projections by \$1,384,851 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, 2012 amounts to \$275,609,088 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements, machinery and equipment, park facilities, roads and bridges.

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

- The acceptance of 14 streets (or sections of streets) within the city limits as public streets, with a valuation (including right-of way and easements) of \$7,067,781;
- Substantial improvements to Split Log Road (Phase Two);
- Upgrades and expansion of the City's radio communication system;
- Construction of new salt storage building located at Safety Center East;
- Purchase of mobile data/GPS equipment;
- Replacement of the City's 20-year old telephone system;
- Construction of a chipper storage and transfer facility;
- Purchase of two new outdoor warning sirens;
- GIS mapping system upgrade;
- Various building and system additions and improvements were completed in the Water and Sewer Fund at a cost of \$4,395,551.

**City of Brentwood Capital Assets**  
(net of depreciation)  
**June 30, 2012 and 2011**  
(amounts expressed in thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Land	\$ 98,102	\$ 95,610	\$ 1,100	\$ 1,092	\$ 99,202	\$ 96,702
Buildings and improvements	17,225	17,586	2,005	1,863	19,230	19,449
Utility plant in service	-	-	60,258	58,350	60,258	58,350
Improvements other than buildings	3,641	4,182	1,501	945	5,142	5,127
Machinery and equipment	6,392	5,637	1,995	1,021	8,387	6,658
Infrastructure	80,970	79,807	-	-	80,970	79,807
Construction in progress	1,755	635	665	1,714	2,420	2,349
Total Assets	<u>\$208,085</u>	<u>\$ 203,457</u>	<u>\$ 67,524</u>	<u>\$ 64,985</u>	<u>\$275,609</u>	<u>\$ 268,442</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 \$58,050,000. Of this amount, \$29,745,000 comprises debt backed by the full faith and credit of the City and \$28,305,000 comprises bonds secured 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, 2012 and 2011**  
**(amounts expressed in thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>
General obligation bonds	\$ 29,745	\$ 26,800	\$ 16,135	\$ 10,000	\$ 45,880	\$ 36,800
Revenue and tax bonds	<u>-</u>	<u>-</u>	<u>12,170</u>	<u>13,225</u>	<u>12,170</u>	<u>13,225</u>
Total	<u><u>\$ 29,745</u></u>	<u><u>\$ 26,800</u></u>	<u><u>\$ 28,305</u></u>	<u><u>\$ 23,225</u></u>	<u><u>\$ 58,050</u></u>	<u><u>\$ 50,025</u></u>

The City of Brentwood's total long-term debt increased by \$8,025,000 (16%) 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 (\$6.56M), bond proceeds from a General Obligation Public Improvement Bonds (\$4.85M) and reduced by the payment of principal amounts for existing General Obligation debt (\$2.2M) and Water & Sewer debt (\$1.5M).

In addition, the City issued two General Obligation Public Improvement Refunding Bonds during the fiscal year for the purpose of refinancing existing debt for interest rate savings. The first issuance, dated August 30, 2011, refinanced \$7.4 million of the City's outstanding General Obligation debt with a TIC (true interest cost) of 1.606%. This refinancing will save the taxpayers of Brentwood \$764,610 in gross aggregate interest costs over the remaining 12 years of the bonds (\$54,615 annually) with a net present value savings of \$657,322.

The second issuance, dated April 23, 2012, refinanced \$3.25 million of the City's outstanding General Obligation debt with a TIC (true interest cost) of 1.712%. This refinancing will save the taxpayers of Brentwood \$206,014 in gross aggregate interest costs over the remaining 13 years of the bonds with a net present value savings of \$179,627.

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 \$58,050,000 translates to approximately \$1,566 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 5.9%, a decrease from 6.7% a year ago. This compares favorably to the county's rate of 5.9%, the state's average unemployment rate of 8.1% and the national average rate of 8.2%.
- The direct office space vacancy rate of the City of Brentwood's central business district was 5.0% for 2012.
- 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 2013 fiscal year.

During the current fiscal year, the total unassigned fund balance in the general fund increased to \$26,545,794. The City of Brentwood has not appropriated any of this amount for spending in the 2013 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](mailto:financedirector@brentwood-tn.org)  
[www.brentwood-tn.org](http://www.brentwood-tn.org)

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET ASSETS

JUNE 30, 2012

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 44,966,336	\$ 20,427,502	\$ 65,393,838
Property tax receivable	10,699,999	-	10,699,999
Sales tax receivable	1,019,688	-	1,019,688
Intergovernmental revenue receivable	3,989,969	-	3,989,969
Accounts receivable	664,922	2,780,137	3,445,059
Internal balances	(200,781)	200,781	-
Inventories	38,402	266,638	305,040
Prepaid expenses	38,227	2,255	40,482
Restricted assets:			
Cash	1,296,445	11,920,128	13,216,573
Capital assets:			
Utility plant in service	-	93,585,689	93,585,689
Land	98,102,274	1,100,013	99,202,287
Buildings and structures	22,383,331	4,309,777	26,693,108
Improvements other than buildings	11,649,309	2,208,191	13,857,500
Furniture, machinery and equipment	18,046,673	4,430,571	22,477,244
Infrastructure	186,298,001	-	186,298,001
Construction in progress	1,755,391	664,674	2,420,065
Accumulated depreciation	(130,149,769)	(38,775,037)	(168,924,806)
Other post employment benefits asset	1,629,078	120,000	1,749,078
Other noncurrent assets	350,912	222,721	573,633
	<u>272,578,407</u>	<u>103,464,040</u>	<u>376,042,447</u>
<b>LIABILITIES</b>			
Accounts payable	1,270,027	1,494,171	2,764,198
Claims payable	86,327	-	86,327
Accrued salaries and benefits	435,842	344,136	779,978
Accrued interest	202,908	289,109	492,017
Other payables	2,110,450	94,813	2,205,263
Liabilities payable from restricted assets	-	115,777	115,777
Unearned revenue	11,490,293	-	11,490,293
Long-term liabilities:			
Due within one year	3,435,000	1,300,000	4,735,000
Due in more than one year	28,902,845	27,018,418	55,921,263
	<u>47,933,692</u>	<u>30,656,424</u>	<u>78,590,116</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	179,651,968	51,006,423	230,658,391
Restricted for:			
Roads and streets	358,999	-	358,999
Capital projects	2,237,084	-	2,237,084
Drug enforcement and education	284,486	-	284,486
Community development projects	1,011,959	-	1,011,959
Other post employment benefits	1,629,078	120,000	1,749,078
Unrestricted	39,471,141	21,681,193	61,152,334
Total net assets	<u>\$ 224,644,715</u>	<u>\$ 72,807,616</u>	<u>\$ 297,452,331</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

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	\$ 6,597,201	\$ 1,206,745	\$ 1,106	\$ 1,041,560	\$ (4,347,790)	\$ -	\$ (4,347,790)
Public safety	12,123,456	-	42,127	-	(12,081,329)	-	(12,081,329)
Roads and streets	8,724,793	676,355	960,766	6,669,921	(417,751)	-	(417,751)
Public health	79,638	-	-	-	(79,638)	-	(79,638)
Parks and recreation	2,527,115	125,154	-	-	(2,401,961)	-	(2,401,961)
Public library	2,422,613	156,636	3,000	-	(2,262,977)	-	(2,262,977)
Community support	294,259	29,631	-	-	(264,628)	-	(264,628)
Drug education	74,485	-	-	-	(74,485)	-	(74,485)
Interest on long-term debt	930,474	-	-	-	(930,474)	-	(930,474)
Total governmental activities	33,774,034	2,194,521	1,006,999	7,711,481	(22,861,033)	-	(22,861,033)
Business-type activities:							
Water and Sewer	13,140,446	14,539,927	-	3,163,900	-	4,563,381	4,563,381
Rental facilities	613,469	676,488	-	-	-	63,019	63,019
911 operations	1,149,062	660,316	207,911	-	-	(280,835)	(280,835)
Total business-type activities	14,902,977	15,876,731	207,911	3,163,900	-	4,345,565	4,345,565
Total primary government	<u>\$ 48,677,011</u>	<u>\$ 18,071,252</u>	<u>\$ 1,214,910</u>	<u>\$ 10,875,381</u>	<u>(22,861,033)</u>	<u>4,345,565</u>	<u>(18,515,468)</u>
General Revenues:							
Taxes:							
Property taxes					10,857,220	-	10,857,220
Local option sales tax					12,005,650	-	12,005,650
Hotel/motel taxes					1,144,406	-	1,144,406
Wholesale beer and liquor taxes					1,230,697	-	1,230,697
Adequate schools facilities taxes					412,451	-	412,451
Other taxes					536,547	-	536,547
Unrestricted intergovernmental taxes:							
State sales tax					2,513,971	-	2,513,971
State income tax					2,284,851	-	2,284,851
Business tax					1,339,121	-	1,339,121
TVA in-lieu tax					428,175	-	428,175
Mixed drink and beer tax					152,273	-	152,273
Petroleum special tax					76,063	-	76,063
Corporate excise tax					11,633	-	11,633
Telecommunications tax					2,301	-	2,301
Other intergovernmental					142,463	-	142,463
Unrestricted investment earnings					578,871	156,503	735,374
Miscellaneous					293,655	196,352	490,007
Transfers					(422,950)	422,950	-
Total general revenues and transfers					33,587,398	775,805	34,363,203
Change in net assets					10,726,365	5,121,370	15,847,735
Net Assets - beginning, as restated					213,918,350	67,686,246	281,604,596
Net Assets - ending					<u>\$ 224,644,715</u>	<u>\$ 72,807,616</u>	<u>\$ 297,452,331</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2012

ASSETS	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 28,809,807	\$ 3,791,866	\$ 7,937,134	\$ 2,736,935	\$ 43,275,742
Receivables:					
Property tax	10,699,999	-	-	-	10,699,999
Sales tax	1,019,688	-	-	-	1,019,688
Intergovernmental	3,774,106	-	-	215,863	3,989,969
Accounts	642,788	-	17,991	-	660,779
Miscellaneous	-	1,445	-	1,781	3,226
Due from other funds:					
Water and Sewer	4,203	-	-	-	4,203
Emergency Communications District	18,834	-	-	-	18,834
Capital Projects Fund	2,289	-	-	-	2,289
Prepaid expenses	38,227	-	-	-	38,227
Inventories of supplies	2,768	-	-	-	2,768
Restricted assets:					
Cash and cash equivalents	-	-	1,007,815	288,630	1,296,445
<b>TOTAL ASSETS</b>	<b>\$ 45,012,709</b>	<b>\$ 3,793,311</b>	<b>\$ 8,962,940</b>	<b>\$ 3,243,209</b>	<b>\$ 61,012,169</b>
<b>LIABILITIES AND FUND BALANCES</b>					
LIABILITIES:					
Accounts payable	\$ 517,871	\$ -	\$ 360,276	\$ 362,640	\$ 1,240,787
Accrued salaries	435,842	-	-	-	435,842
Due to other funds:					
General Fund	-	-	2,289	-	2,289
Water and Sewer Fund	2,500	-	-	-	2,500
Fuel Fund	27,679	-	-	-	27,679
Other payables	2,110,450	-	-	-	2,110,450
Unearned revenues	11,490,293	-	-	-	11,490,293
<b>TOTAL LIABILITIES</b>	<b>14,584,635</b>	<b>-</b>	<b>362,565</b>	<b>362,640</b>	<b>15,309,840</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
FUND BALANCES:					
Fund balance:					
Nonspendable	40,995	-	-	-	40,995
Restricted for street repairs	-	-	-	358,999	358,999
Restricted for drug enforcement and education	-	-	-	284,486	284,486
Restricted for capital projects	-	-	-	2,237,084	2,237,084
Committed to capital projects	-	-	8,600,375	-	8,600,375
Committed to debt service	-	3,793,311	-	-	3,793,311
Committed to equipment replacement	1,743,972	-	-	-	1,743,972
Committed to facilities maintenance	1,378,861	-	-	-	1,378,861
Committed to funding post employment benefits	718,452	-	-	-	718,452
Unassigned	26,545,794	-	-	-	26,545,794
<b>TOTAL FUND BALANCES</b>	<b>30,428,074</b>	<b>3,793,311</b>	<b>8,600,375</b>	<b>2,880,569</b>	<b>45,702,329</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 45,012,709</b>	<b>\$ 3,793,311</b>	<b>\$ 8,962,940</b>	<b>\$ 3,243,209</b>	<b>\$ 61,012,169</b>

See accompanying notes to financial statements.



CITY OF BRENTWOOD, TENNESSEE

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

JUNE 30, 2012

<b>Total Governmental Funds Balances</b>	\$ 45,702,329
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	208,085,210
Net other post employment benefits asset in governmental activities is not a current financial resource and therefore are not reported in the governmental funds Balance Sheet	1,629,078
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due	(202,908)
Interfund payable, not due and payable from current financial resources and therefore not reported in governmental funds	(32,428)
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	1,450,367
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	(29,745,000)
Less deferred charges on refunding bonds	971,707
Less bond discount	29,473
Add bond premium	(692,254)
Less bond issuance costs	350,912
Compensated absences	<u>(2,901,771)</u>
	<u>(31,986,933)</u>
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 224,644,715</u></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, 2012

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES					
Taxes	\$ 25,774,520	\$ -	\$ -	\$ -	\$ 25,774,520
Licenses and permits	850,613	-	-	597,895	1,448,508
Fines and fees	373,100	-	-	-	373,100
Charges for services	372,913	-	-	-	372,913
Intergovernmental	7,354,066	-	684,578	1,373,217	9,411,861
Uses of money and property	463,465	32,461	61,928	13,741	571,595
Other	82,717	-	50,000	160,938	293,655
TOTAL REVENUES	<u>35,271,394</u>	<u>32,461</u>	<u>796,506</u>	<u>2,145,791</u>	<u>38,246,152</u>
EXPENDITURES					
Current:					
General government	5,705,757	4,271	-	-	5,710,028
Public safety	11,859,078	-	-	-	11,859,078
Roads and streets	3,737,577	-	-	1,002,279	4,739,856
Public health	79,638	-	-	-	79,638
Parks and recreation	1,794,215	-	-	-	1,794,215
Public library	2,001,510	-	-	-	2,001,510
Community support	294,259	-	-	-	294,259
Drug education	-	-	-	14,935	14,935
Capital outlay	-	-	8,865,092	49,391	8,914,483
Debt service	-	3,463,226	-	-	3,463,226
TOTAL EXPENDITURES	<u>25,472,034</u>	<u>3,467,497</u>	<u>8,865,092</u>	<u>1,066,605</u>	<u>38,871,228</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,799,360</u>	<u>(3,435,036)</u>	<u>(8,068,586)</u>	<u>1,079,186</u>	<u>(625,076)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,150,000	2,432,436	-	5,582,436
Transfers out	(5,380,386)	-	(25,000)	(750,000)	(6,155,386)
Issuance of refunding bonds	-	10,635,000	-	-	10,635,000
Payment to refunded bond escrow agent	-	(10,924,444)	-	-	(10,924,444)
Bond premium	-	425,201	158,344	-	583,545
Issuance of general obligation bonds	-	-	4,845,000	-	4,845,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,380,386)</u>	<u>3,285,757</u>	<u>7,410,780</u>	<u>(750,000)</u>	<u>4,566,151</u>
NET CHANGE IN FUND BALANCE	4,418,974	(149,279)	(657,806)	329,186	3,941,075
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED - SEE NOTE 17	<u>26,009,100</u>	<u>3,942,590</u>	<u>9,258,181</u>	<u>2,551,383</u>	<u>41,761,254</u>
FUND BALANCE, END OF YEAR	<u>\$ 30,428,074</u>	<u>\$ 3,793,311</u>	<u>\$ 8,600,375</u>	<u>\$ 2,880,569</u>	<u>\$ 45,702,329</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, 2012

<b>Net Change in Fund Balance - Governmental Funds</b>	<b>\$ 3,941,075</b>
Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Statement of Revenues, Expenditures and Changes in Fund Balances because:	
Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities:	
Acquisition of capital assets	10,472,285
Donated capital assets from developers and State	7,067,781
Depreciation expense	(7,911,951)
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities	2,215,000
Repayment of interfund borrowing is an expenditure in the governmental funds, but reduces internal balances in governmental activities	173,106
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, 2012	(202,908)
Accrued interest on debt obligations at June 30, 2011	356,169
Grants revenue in the governmental funds was recognized in the current period when available but was accrued in governmental activities in the previous period	(397,860)
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	257,650
Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term obligations for governmental activities.	(15,480,000)
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	
Payments to refunded bond escrow agent	10,924,444
Bond premium	(583,545)
Bond issue costs	198,078
Amortization of bond related costs	(61,879)
Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:	
Allocation of business-type activities portion of other post employment benefits asset	(120,000)
Change in accrual for compensated absences	(121,080)
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 10,726,365</u></b>

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, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes:				
Local sales tax	\$ 10,675,000	\$ 11,850,000	\$ 12,005,650	\$ 155,650
Real and personal property	10,340,000	10,340,000	10,462,151	122,151
Public utility property tax	450,000	450,000	395,069	(54,931)
Hotel/motel taxes	1,000,000	1,085,000	1,144,406	59,406
Wholesale beer tax	580,000	580,000	643,769	63,769
Wholesale liquor tax	500,000	500,000	586,928	86,928
Television franchise tax	375,000	406,750	430,785	24,035
Other	70,500	70,500	105,762	35,262
Licenses and permits	516,700	764,700	850,613	85,913
Fines and fees	290,000	290,000	373,100	83,100
Charges for services	323,100	325,100	372,913	47,813
Intergovernmental:				
State sales tax	2,285,000	2,460,000	2,513,971	53,971
State income tax	900,000	900,000	2,284,851	1,384,851
Business tax	1,265,000	1,265,000	1,339,121	74,121
TVA in-lieu of tax	385,000	385,000	428,175	43,175
Mixed drink tax	105,000	105,000	134,081	29,081
Beer tax	18,000	18,000	18,192	192
Petroleum special tax	75,000	75,000	76,063	1,063
Corporate excise tax	40,000	40,000	11,633	(28,367)
Telecommunications tax	3,000	3,000	2,301	(699)
Other	109,400	109,400	188,696	79,296
Uses of money and property				
Interest earnings	160,000	160,000	127,018	(32,982)
Other	279,000	279,000	290,545	11,545
Other	<u>5,500</u>	<u>5,500</u>	<u>24,111</u>	<u>18,611</u>
TOTAL REVENUES	<u>30,750,200</u>	<u>32,466,950</u>	<u>34,809,904</u>	<u>2,342,954</u>
EXPENDITURES				
Current:				
General government:				
City Commission:				
Personnel services	135,905	135,905	133,127	(2,778)
Professional services	16,500	16,500	11,500	(5,000)
Other costs	15,000	15,000	11,263	(3,737)

(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, 2012

	<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>
City Court:				
Personnel services	\$ 26,900	\$ 27,315	\$ 27,312	\$ (3)
Other costs	500	85	-	(85)
City Manager's office:				
Personnel services	390,905	392,735	392,732	(3)
Supplies and materials	3,000	3,000	2,848	(152)
Professional services	4,000	4,000	3,500	(500)
Other costs	2,960	2,960	1,799	(1,161)
Finance:				
Personnel services	606,540	587,710	569,383	(18,327)
Supplies and materials	53,500	53,500	38,476	(15,024)
Professional services	70,000	52,000	45,714	(6,286)
Repairs and maintenance	42,500	42,500	41,281	(1,219)
Other costs	13,750	13,750	5,941	(7,809)
City recorder:				
Personnel services	91,060	91,060	90,437	(623)
Supplies and materials	1,500	1,500	1,204	(296)
Professional services	7,000	7,000	3,777	(3,223)
Repairs and maintenance	11,500	11,500	10,637	(863)
Other costs	5,200	5,200	3,421	(1,779)
Legal services:				
Personnel services	175,845	175,845	174,714	(1,131)
Supplies and materials	11,300	13,785	13,783	(2)
Professional services	20,000	82,335	82,335	-
Other costs	500	500	425	(75)
Information/technology:				
Personnel services	457,335	418,605	407,345	(11,260)
Supplies and materials	7,000	8,905	8,901	(4)
Professional services	15,000	20,740	20,739	(1)
Repairs and maintenance	62,000	56,260	51,266	(4,994)
Other costs	63,500	61,595	60,294	(1,301)
Capital outlay	398,000	398,000	357,886	(40,114)

(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, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
GIS:				
Personnel services	\$ 240,420	\$ 240,290	\$ 235,401	\$ (4,889)
Supplies and materials	3,700	3,700	3,214	(486)
Professional services	2,500	2,500	913	(1,587)
Repairs and maintenance	27,320	27,320	27,158	(162)
Other costs	-	130	129	(1)
Capital outlay	16,000	16,000	15,034	(966)
Human resources:				
Personnel services	249,160	249,160	248,877	(283)
Supplies and materials	5,300	5,300	2,775	(2,525)
Professional services	59,935	59,935	47,275	(12,660)
Other costs	39,350	39,350	36,775	(2,575)
Community relations:				
Personnel services	115,980	115,980	113,757	(2,223)
Supplies and materials	30,250	30,250	19,708	(10,542)
Professional services	25,000	25,000	19,405	(5,595)
Repairs and maintenance	43,000	43,000	37,143	(5,857)
Other costs	59,500	59,500	48,071	(11,429)
Planning and development:				
Personnel services	292,945	292,945	292,786	(159)
Supplies and materials	13,850	13,180	7,760	(5,420)
Professional services	13,000	11,810	10,610	(1,200)
Repairs and maintenance	36,200	38,060	38,057	(3)
Other costs	5,250	5,250	4,433	(817)
Capital outlay	25,000	25,000	17,500	(7,500)
Codes enforcement:				
Personnel services	692,920	692,920	683,566	(9,354)
Supplies and materials	23,700	23,700	19,560	(4,140)
Professional services	5,000	5,525	5,523	(2)
Repairs and maintenance	6,200	5,100	5,052	(48)
Other costs	10,300	9,775	6,796	(2,979)
Capital outlay	-	1,100	1,100	-
Municipal Center:				
Rent expense	558,135	558,135	558,135	-
Insurance/other benefits:				
Personnel	736,650	726,430	683,154	(43,276)
Other	41,000	51,220	51,218	(2)
Total general government	<u>6,086,265</u>	<u>6,077,355</u>	<u>5,812,925</u>	<u>(264,430)</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, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Public safety:				
Police department:				
Personnel services	\$ 4,923,630	\$ 4,980,630	\$ 4,937,234	\$ (43,396)
Supplies and materials	335,500	319,990	314,555	(5,435)
Professional services	39,000	54,510	54,507	(3)
Repairs and maintenance	192,650	192,650	183,552	(9,098)
Other costs	146,000	146,000	128,203	(17,797)
Capital outlay	373,000	373,000	364,245	(8,755)
Fire and Rescue department:				
Personnel services	5,323,445	5,390,545	5,390,545	-
Supplies and materials	109,300	109,300	105,386	(3,914)
Professional services	15,000	250	205	(45)
Repairs and maintenance	99,500	79,060	76,627	(2,433)
Other costs	261,750	252,750	252,680	(70)
Capital outlay	291,000	291,000	289,979	(1,021)
Brentwood Safety Center East:				
Supplies and materials	8,500	8,500	8,459	(41)
Professional services	1,000	1,000	705	(295)
Repairs and maintenance	15,500	15,500	15,263	(237)
Other costs	50,220	50,220	47,010	(3,210)
Total public safety	<u>12,184,995</u>	<u>12,264,905</u>	<u>12,169,155</u>	<u>(95,750)</u>
Roads and streets:				
Public works:				
Personnel	1,196,630	1,196,630	1,172,366	(24,264)
Supplies and materials	275,000	275,000	270,472	(4,528)
Professional services	5,000	5,000	3,410	(1,590)
Repairs and maintenance	700,000	700,000	636,547	(63,453)
Other	83,100	83,100	57,169	(25,931)
Capital outlay	240,500	240,500	237,494	(3,006)
Storm drainage:				
Capital outlay	50,000	50,000	34,722	(15,278)

(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, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Traffic Signalization:				
Street lighting	\$ 445,000	\$ 443,205	\$ 443,129	\$ (76)
Personnel services	91,895	93,690	93,687	(3)
Supplies and materials	19,500	27,280	27,275	(5)
Professional services	25,000	17,220	16,942	(278)
Repairs and maintenance	37,000	19,835	12,916	(6,919)
Other	20,100	24,295	24,295	-
Capital outlay	16,500	29,470	29,470	-
Service center:				
Personnel services	86,070	86,070	85,176	(894)
Supplies and materials	21,500	21,500	12,458	(9,042)
Professional services	9,000	9,000	4,305	(4,695)
Repairs and maintenance	65,750	65,750	70,742	4,992
Other costs	76,100	76,100	62,702	(13,398)
Engineering services:				
Personnel services	479,760	479,760	411,660	(68,100)
Supplies and materials	9,500	9,500	6,808	(2,692)
Professional services	15,000	15,000	2,992	(12,008)
Repairs and maintenance	2,000	2,000	1,476	(524)
Other costs	15,000	15,000	8,693	(6,307)
Total roads and streets	<u>3,984,905</u>	<u>3,984,905</u>	<u>3,726,906</u>	<u>(257,999)</u>
Public health:				
Co. Health Dept. Contract	15,000	15,000	15,000	-
Co. Animal Control Contract	<u>70,000</u>	<u>70,000</u>	<u>64,638</u>	<u>(5,362)</u>
Total public health	<u>85,000</u>	<u>85,000</u>	<u>79,638</u>	<u>(5,362)</u>
Parks and recreation:				
Personnel services	981,730	981,730	960,138	(21,592)
Supplies and materials	99,100	99,100	89,874	(9,226)
Professional services	1,000	1,000	-	(1,000)
Repairs and maintenance	397,500	397,500	373,283	(24,217)
Other costs	346,750	346,750	277,954	(68,796)
Capital outlay	<u>49,000</u>	<u>49,000</u>	<u>45,213</u>	<u>(3,787)</u>
Total parks and recreation	<u>1,875,080</u>	<u>1,875,080</u>	<u>1,746,462</u>	<u>(128,618)</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, 2012

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Public library:				
Personnel services	\$ 1,187,940	\$ 1,187,940	\$ 1,184,106	\$ (3,834)
Supplies and materials	423,000	421,805	338,945	(82,860)
Professional services	50,000	50,390	50,390	-
Repairs and maintenance	232,650	232,650	209,333	(23,317)
Other costs	250,950	250,950	212,934	(38,016)
Capital outlay	<u>5,000</u>	<u>5,805</u>	<u>5,802</u>	<u>(3)</u>
Total public library	<u>2,149,540</u>	<u>2,149,540</u>	<u>2,001,510</u>	<u>(148,030)</u>
Community support:				
Education	225,000	225,000	225,000	-
Chamber of Commerce	10,000	10,000	10,000	-
Crockett Historic Center	<u>73,350</u>	<u>73,350</u>	<u>59,259</u>	<u>(14,091)</u>
Total community support	<u>308,350</u>	<u>308,350</u>	<u>294,259</u>	<u>(14,091)</u>
TOTAL EXPENDITURES	<u>26,674,135</u>	<u>26,745,135</u>	<u>25,830,855</u>	<u>(914,280)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,076,065</u>	<u>5,721,815</u>	<u>8,979,049</u>	<u>3,257,234</u>
OTHER FINANCING USES				
Transfers from Committed - Post Employment Benefits	-	71,000	71,000	-
Transfers to Debt Service Fund	(3,150,000)	(3,150,000)	(3,150,000)	-
Transfers to Emergency Communication District	(418,700)	(418,700)	(418,700)	-
Transfers to Capital Projects Fund	(300,000)	(1,682,500)	(1,682,436)	(64)
Transfers to Committed - Facilities Maintenance	(200,000)	(200,000)	(200,000)	-
Transfers to Committed - Equipment Replacement	-	(205,000)	(205,000)	-
Transfers to Health Insurance Fund	<u>-</u>	<u>(129,250)</u>	<u>(129,250)</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>(4,068,700)</u>	<u>(5,714,450)</u>	<u>(5,714,386)</u>	<u>(64)</u>
CHANGE IN FUND BALANCE - GENERAL FUND - AS BUDGETED	<u>7,365</u>	<u>7,365</u>	<u>3,264,663</u>	<u>3,257,170</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, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
COMMITTED ACTIVITY BUDGETED SEPARATELY				
Equipment replacement:				
Transfers from other departments	\$ 1,100,500	\$ 1,305,500	\$ 1,305,500	\$ -
Interest income	7,500	7,500	11,361	3,861
Other income	7,500	7,500	28,863	21,363
Equipment expenditures	<u>(1,000,500)</u>	<u>(1,000,500)</u>	<u>(778,447)</u>	<u>(222,053)</u>
Net change - equipment replacement	<u>115,000</u>	<u>320,000</u>	<u>567,277</u>	<u>(196,829)</u>
Facilities maintenance:				
Intergovernmental revenues	-	-	356,982	(356,982)
Committed transfer from General Fund	200,000	200,000	200,000	-
Interest income	4,000	4,000	5,917	(1,917)
Maintenance expenditures	<u>(175,000)</u>	<u>(175,000)</u>	<u>(63,232)</u>	<u>(111,768)</u>
Net change - facilities maintenance	<u>29,000</u>	<u>29,000</u>	<u>499,667</u>	<u>(470,667)</u>
Post employment benefits:				
Transfers from other departments	727,465	727,465	727,465	-
Interest income	2,000	2,000	5,191	(3,191)
Other income	-	-	7,921	(7,921)
Contributions to OPEB trust fund	(582,210)	(582,210)	(582,210)	-
Transfers to other departments	<u>-</u>	<u>(71,000)</u>	<u>(71,000)</u>	<u>-</u>
Net change - post employment benefits	<u>147,255</u>	<u>76,255</u>	<u>87,367</u>	<u>(11,112)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 151,365</u>	<u>\$ 356,365</u>	4,418,974	<u>\$ 4,062,609</u>
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED - SEE NOTE 17			<u>26,009,100</u>	
FUND BALANCE, END OF YEAR			<u>\$ 30,428,074</u>	

See accompanying notes to financial statements.

## CITY OF BRENTWOOD, TENNESSEE

## STATEMENT OF NET ASSETS

## PROPRIETARY FUNDS

JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL	
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 18,441,262	\$ 1,105,172	\$ 881,068	\$ 20,427,502	\$ 1,690,594
Receivables:					
Accounts	1,312,959	-	115,410	1,428,369	917
Due from other funds:					
General Fund	2,500	-	-	2,500	27,679
Water and Sewer	-	-	-	-	3,864
Emergency Communications District	-	11,946	-	11,946	-
Unbilled utility revenue	1,351,768	-	-	1,351,768	-
Inventories of supplies	266,638	-	-	266,638	35,634
Prepaid expenses	1,375	880	-	2,255	-
Restricted cash and cash equivalents	11,920,128	-	-	11,920,128	-
Total Current Assets	33,296,630	1,117,998	996,478	35,411,106	1,758,688
Noncurrent Assets:					
Property, plant and equipment, net of accumulated depreciation	62,739,627	3,469,437	1,314,814	67,523,878	-
Bond issue costs and discounts, net of amortization	222,721	-	-	222,721	-
Other post employment benefits asset	120,000	-	-	120,000	-
Due from governmental activities	32,428	-	-	32,428	-
Total Noncurrent Assets	63,114,776	3,469,437	1,314,814	67,899,027	-
Total Assets	96,411,406	4,587,435	2,311,292	103,310,133	1,758,688
<b>LIABILITIES</b>					
Current Liabilities (payable from current assets):					
Current maturities of long-term debt	1,300,000	-	-	1,300,000	-
Accounts payable	1,437,905	48,646	7,620	1,494,171	29,240
Claims payable	-	-	-	-	86,327
Accrued salaries	43,780	-	17,915	61,695	-
Accrued interest	289,109	-	-	289,109	-
Due to other funds:					
Due to General Fund	4,203	-	18,834	23,037	-
Due to Fuel Fund	3,864	-	-	3,864	-
Due to Municipal Center	-	-	11,946	11,946	-
Other payables	92,939	-	1,874	94,813	-
Compensated absences payable	190,104	-	92,337	282,441	-
Current liabilities (payable from restricted assets):					
Retainage payable	115,777	-	-	115,777	-
Total Current Liabilities (payable from current assets)	3,477,681	48,646	150,526	3,676,853	115,567
Noncurrent Liabilities:					
Long-term debt, net of current maturities	27,018,418	-	-	27,018,418	-
Total Noncurrent Liabilities	27,018,418	-	-	27,018,418	-
Total Liabilities	30,496,099	48,646	150,526	30,695,271	115,567
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	46,222,172	3,469,437	1,314,814	51,006,423	-
Unrestricted	19,693,135	1,069,352	845,952	21,608,439	1,643,121
<b>TOTAL NET ASSETS</b>	<u>\$ 65,915,307</u>	<u>\$ 4,538,789</u>	<u>\$ 2,160,766</u>	72,614,862	<u>\$ 1,643,121</u>
<b>Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds</b>				192,754	
<b>Net assets of business-type activities</b>				<u>\$ 72,807,616</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, 2012

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL</u>
	<u>WATER AND SEWER</u>	<u>MUNICIPAL</u>	<u>EMERGENCY</u>	<u>TOTAL</u>	<u>ACTIVITIES -</u>
	<u>FUND</u>	<u>CENTER</u>	<u>COMMUNICATIONS</u>		<u>INTERNAL SERVICE</u>
		<u>FUND</u>	<u>DISTRICT</u>		<u>FUNDS</u>
OPERATING REVENUES					
Water sales, pledged as security on revenue bonds	\$ 7,013,623	\$ -	\$ -	\$ 7,013,623	\$ -
Sewer service charges, pledged as security on revenue bonds	6,345,639	-	-	6,345,639	-
Rental income	-	670,488	-	670,488	-
911 Fees	-	-	660,316	660,316	-
Internal charges	-	-	-	-	2,528,680
Other	1,180,665	6,000	207,911	1,394,576	1,066
TOTAL OPERATING REVENUES	14,539,927	676,488	868,227	16,084,642	2,529,746
OPERATING EXPENSES					
Water purchased	4,066,069	-	-	4,066,069	-
Depreciation and amortization	2,556,287	261,373	138,216	2,955,876	-
Materials and supplies	-	-	101,615	101,615	444,554
Sewerage treatment charges	2,653,214	-	-	2,653,214	-
Salaries and benefits	1,593,109	-	829,199	2,422,308	1,792,064
Maintenance	618,637	152,925	-	771,562	-
Utilities	263,300	147,195	-	410,495	-
Professional services	71,086	24,284	86,264	181,634	-
Communications	-	18,672	-	18,672	-
Other	552,801	9,020	12,119	573,940	-
TOTAL OPERATING EXPENSES	12,374,503	613,469	1,167,413	14,155,385	2,236,618
OPERATING INCOME	2,165,424	63,019	(299,186)	1,929,257	293,128
NONOPERATING REVENUES (EXPENSES)					
Interest income	140,495	8,901	7,107	156,503	7,276
Interest expense	(795,532)	-	-	(795,532)	-
Tap fees	3,163,900	-	-	3,163,900	-
Other revenue	-	-	196,352	196,352	-
TOTAL NONOPERATING REVENUES (EXPENSES)	2,508,863	8,901	203,459	2,721,223	7,276
TRANSFERS IN	-	25,000	418,700	443,700	150,000
TRANSFERS OUT	(19,310)	-	(1,440)	(20,750)	-
CHANGE IN NET ASSETS	4,654,977	96,920	321,533	5,073,430	450,404
TOTAL NET ASSETS, BEGINNING OF YEAR	61,260,330	4,441,869	1,839,233		1,192,717
TOTAL NET ASSETS, END OF YEAR	\$ 65,915,307	\$ 4,538,789	\$ 2,160,766		\$ 1,643,121
Adjustment to reflect the consolidation of internal service funds related to enterprise funds				47,940	
Change in net assets of business-type activities				\$ 5,121,370	

See accompanying notes to financial statements.

## CITY OF BRENTWOOD, TENNESSEE

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL ENTERPRISE FUNDS	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 13,941,028	\$ 676,488	\$ 859,279	\$ 15,476,795	\$ -
Receipts from internal services provided	-	-	-	-	2,549,574
Payments to suppliers	(7,758,286)	(383,919)	(200,809)	(8,343,014)	(442,894)
Payments to employees	(1,594,840)	-	(821,023)	(2,415,863)	-
Net cash provided by (used in) operating activities	4,587,902	292,569	(162,553)	4,717,918	2,106,680
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Receipts on interfund borrowing	28,292	-	-	28,292	-
Transfers from general fund	-	25,000	-	25,000	-
Transfer of post employment benefits asset	(120,000)	-	-	(120,000)	-
Transfer to health insurance fund	(19,310)	-	(1,440)	(20,750)	-
Receipt of non-operating revenue	-	-	196,352	196,352	-
Contribution/transfer from general fund	-	-	418,700	418,700	-
Net cash provided by (used in) noncapital financing activities	(111,018)	25,000	613,612	527,594	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(3,756,464)	(825,389)	(824,091)	(5,405,944)	-
Proceeds from water and sewer tap fees	3,163,900	-	-	3,163,900	-
Proceeds from bond issue	6,560,000	-	-	6,560,000	-
Proceeds on Premium on bond issue	73,843	-	-	73,843	-
Payment of bond issue costs	(59,700)	-	-	(59,700)	-
Principal paid on long-term debt	(1,480,000)	-	-	(1,480,000)	-
Interest paid on long-term debt	(773,258)	-	-	(773,258)	-
Net cash provided by (used in) capital and related financing activities	3,728,321	(825,389)	(824,091)	2,078,841	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale of investments	2,000,000	-	-	2,000,000	-
Interest received	140,495	8,901	7,107	156,503	7,276
Net cash provided by investing activities	2,140,495	8,901	7,107	2,156,503	7,276
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	10,345,700	(498,919)	(365,925)	9,480,856	2,113,956
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	20,015,690	1,604,091	1,246,993	22,866,774	1,231,360
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 30,361,390</u>	<u>\$ 1,105,172</u>	<u>\$ 881,068</u>	<u>\$ 32,347,630</u>	<u>\$ 3,345,316</u>
Reconciliation of operating income to net cash provided by (used in) operating activities					
Operating income	\$ 2,165,424	\$ 63,019	\$ (299,186)	\$ 1,929,257	\$ 293,128
Adjustments to reconcile operating income to net cash provided by (used in) operating activities					
Depreciation and amortization	2,556,287	261,373	138,216	2,955,876	-
(Increase) decrease in:					
Accounts receivable	(398,568)	-	(8,948)	(407,516)	17,699
Due from general fund	-	-	-	-	2,286
Unbilled utility revenue	(200,331)	-	-	(200,331)	-
Inventories of supplies	(16,995)	-	-	(16,995)	(4,079)
Prepaid expenses	(1,055)	-	-	(1,055)	-
Increase (decrease) in:					
Accounts payable	411,973	(22,334)	(18,971)	370,668	5,739
Due to (from) other funds	34,860	(9,489)	17,846	43,217	(157)
Accrued expenses	36,307	-	8,490	44,797	(12,658)
<b>TOTAL ADJUSTMENTS</b>	2,422,478	229,550	136,633	2,788,661	8,830
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 4,587,902</u>	<u>\$ 292,569</u>	<u>\$ (162,553)</u>	<u>\$ 4,717,918</u>	<u>\$ 301,958</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Capitalized interest	\$ 29,308	\$ -	\$ -	\$ 29,308	\$ -

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY AND PLAN NET ASSETS

JUNE 30, 2012

	POST EMPLOYMENT BENEFITS TRUST	DONATIONS HELD IN TRUST
ASSETS		
Cash and cash equivalents	\$ -	\$ 238,159
Accounts receivable	-	525
Investments held in trust, at fair value:		
Mutual funds - balanced funds	4,942,314	-
Due from City of Brentwood General Fund	-	915
Prepaid expenses	-	202
TOTAL ASSETS	4,942,314	239,801
LIABILITIES		
Accounts payable	-	9,437
TOTAL LIABILITIES	-	9,437
NET ASSETS HELD IN TRUST		
Net assets held in trust for other post employment benefits	4,942,314	-
Net assets held in trust for donations	-	230,364
TOTAL NET ASSETS	\$ 4,942,314	\$ 230,364

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, 2012

	POST EMPLOYMENT BENEFITS TRUST	DONATIONS HELD IN TRUST
ADDITIONS		
Contributions:		
Other post employment benefits	\$ 582,210	\$ -
Outside sources	-	158,133
Investment earnings:		
Net appreciation (depreciation) in value of investments	89,972	-
Total Additions	672,182	158,133
DEDUCTIONS		
Benefits	55,000	-
Donations expense	-	105,686
Total Deductions	55,000	105,686
Change in Net Assets	617,182	52,447
NET ASSETS HELD IN TRUST		
Beginning of year, as restated - See Note 17	4,325,132	177,917
End of year	\$ 4,942,314	\$ 230,364

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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 ("GAAP") 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, 2012 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, 2012 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, 2012

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, 2012

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 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, 2012

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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

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. Additionally unspent bond proceeds are included in this classification.

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, \$29,308 of capitalized interest was recorded.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

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, 2012

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 through the approval of the City's budget or other ordinance. 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, such as the City Manager or Finance Director, for a specific purpose in accordance with the fund balance 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, 2012

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, 2012

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 \$.44 per \$100 of assessed valuation for the year ended June 30, 2012.

Payments may be made during the period from October 1 through February 28 and are delinquent on March 1. Current tax collections of \$10,202,734 were reported as revenue for the year ended June 30, 2012, and were approximately 98.7% of the tax levy.

Of the \$10,699,999 property taxes receivable, \$10,453,923 represents the estimated 2012 property taxes to be billed October 2012. This receivable is reported in the Balance Sheet - Governmental Funds with offsetting deferred revenue for the amounts not available at June 30, 2012. Amounts available at June 30, 2012 have been recorded as revenue in the governmental fund statements.



CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the City's Consolidated Annual Financial Report ("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, non-major capital projects funds from restricted resources and debt service funds are adopted on a basis consistent with 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, 2012

NOTE 3 - DEPOSITS

The City's cash and cash equivalents at June 30, 2012 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, 2012, 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	\$ 78,604,324
Deposits in State of Tennessee Local Government Investment Pool	4,983
Cash on hand	<u>1,104</u>
Total	<u>\$ 78,610,411</u>
Cash and cash equivalents	\$ 65,393,838
Cash and cash equivalents - restricted	<u>13,216,573</u>
Total	<u>\$ 78,610,411</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 3 - DEPOSITS (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 one hundred twenty-four days at June 30, 2012. The Pool does not have a credit rating.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land	\$ 95,609,715	\$ 2,555,007	\$ (62,448)	\$ 98,102,274
Construction in progress	<u>635,056</u>	<u>1,661,548</u>	<u>(541,213)</u>	<u>1,755,391</u>
Total capital assets not being depreciated	<u>96,244,771</u>	<u>4,216,555</u>	<u>(603,661)</u>	<u>99,857,665</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	22,240,861	142,470	-	22,383,331
Improvements other than buildings	11,649,309	-	-	11,649,309
Machinery and equipment	16,164,200	1,990,073	(107,600)	18,046,673
Infrastructure	<u>179,505,145</u>	<u>6,860,238</u>	<u>(67,382)</u>	<u>186,298,001</u>
Total capital assets being depreciated:	<u>229,559,515</u>	<u>8,992,781</u>	<u>(174,982)</u>	<u>238,377,314</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(4,654,456)	(503,490)	-	(5,157,946)
Improvements other than buildings	(7,467,713)	(540,948)	-	(8,008,661)
Machinery and equipment	(10,525,739)	(1,235,644)	107,600	(11,653,783)
Infrastructure	<u>(99,699,283)</u>	<u>(5,631,869)</u>	<u>1,773</u>	<u>(105,329,379)</u>
Total accumulated depreciation	<u>(122,347,191)</u>	<u>(7,911,951)</u>	<u>109,373</u>	<u>(130,149,769)</u>
Governmental activities capital assets, net	<u>\$ 203,457,095</u>	<u>\$ 5,297,385</u>	<u>\$ (669,270)</u>	<u>\$ 208,085,210</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land	\$ 1,092,013	\$ 8,000	\$ -	\$ 1,100,013
Construction in progress	<u>1,713,952</u>	<u>4,100,596</u>	<u>(5,149,874)</u>	<u>664,674</u>
Total capital assets not being depreciated	<u>2,805,965</u>	<u>4,108,596</u>	<u>(5,149,874)</u>	<u>1,764,687</u>
 <u>Capital assets being depreciated:</u>				
Utility plant in service	89,416,981	4,243,708	(75,000)	93,585,689
Buildings, structures and improvements	4,050,319	259,458	-	4,309,777
Improvements other than buildings	1,531,621	676,570	-	2,208,191
Machinery, equipment and vehicles	<u>3,347,565</u>	<u>1,351,266</u>	<u>(268,260)</u>	<u>4,430,571</u>
Total capital assets being depreciated:	<u>98,346,486</u>	<u>6,531,002</u>	<u>(343,260)</u>	<u>104,534,228</u>
 <u>Less accumulated depreciation for:</u>				
Utility plant in service	(31,067,346)	(2,316,928)	57,014	(33,327,260)
Buildings, structures and improvements	(2,187,128)	(117,288)	-	(2,304,416)
Improvements other than buildings	(586,820)	(120,730)	-	(707,550)
Machinery, equipment and vehicles	<u>(2,326,194)</u>	<u>(375,560)</u>	<u>265,943</u>	<u>(2,435,811)</u>
Total accumulated depreciation	<u>(36,167,488)</u>	<u>(2,930,506)</u>	<u>322,957</u>	<u>(38,775,037)</u>
 Business-type activities capital assets, net	<u>\$ 64,984,963</u>	<u>\$ 7,709,092</u>	<u>\$ (5,170,177)</u>	<u>\$ 67,523,878</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to function/programs for the year ended June 30, 2012, as follows:

Governmental activities:

General government	\$ 353,591
Public safety	642,494
Roads and streets	5,669,802
Parks and recreation	789,832
Public library	432,633
Drug education	<u>23,599</u>

Total depreciation expense - governmental activities	<u>\$ 7,911,951</u>
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Business-type activities:

Municipal center	\$ 261,373
Water and sewer	2,530,917
Emergency Communications District	<u>138,216</u>

Total depreciation expense - business-type activities	<u>\$ 2,930,506</u>
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CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 5 - INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to charges between funds that are outstanding as of June 30, 2012, and are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 25,326	\$ 30,179
Capital projects fund	-	2,289
Water and sewer fund	34,928	8,067
Municipal center fund	11,946	-
Emergency Communications District	-	30,780
Internal service funds	<u>31,543</u>	<u>-</u>
	103,743	71,315
Government wide statements (governmental activities)	-	32,428
Internal receivable (payable) created by internal service fund elimination	<u>97,038</u>	<u>97,038</u>
Total interfund receivables (payables)	<u><u>\$ 200,781</u></u>	<u><u>\$ 200,781</u></u>

Interfund transfers for the year ended June 30, 2012 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

Transfer Out:	<u>Transfer In:</u>					<u>Totals</u>
	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Municipal Center</u>	<u>Emergency Communications District</u>	<u>Internal Service Funds</u>	
General Fund	\$ 3,150,000	\$ 1,682,436	\$ -	\$ 418,700	\$ 129,250	\$ 5,380,386
Capital Projects Fund	-	-	25,000	-	-	25,000
Nonmajor Governmental Funds	-	750,000	-	-	-	750,000
Water and Sewer Fund	-	-	-	-	19,310	19,310
Emergency Communications District	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,440</u>	<u>1,440</u>
Total Transfers	<u><u>\$ 3,150,000</u></u>	<u><u>\$ 2,432,436</u></u>	<u><u>\$ 25,000</u></u>	<u><u>\$ 418,700</u></u>	<u><u>\$ 150,000</u></u>	<u><u>\$ 6,176,136</u></u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 5 - INTERFUND TRANSACTIONS (CONTINUED)

Interfund revenues and expenses for the year ended June 30, 2012, 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 \$558,135 and \$31,800, respectively, for the year ended June 30, 2012 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, 2012. 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 water and sewer fund and Emergency Communications District contributed a total of \$81,255 (\$60,000 and \$21,255, respectively), to the Post Employment Benefits Trust Fund for retiree benefits for the year ended June 30, 2012. These amounts are included in expenditures for the respective funds. The General Fund transferred \$582,210 from the current year contributions to the Post Employment Benefits Trust for the year ended June 30, 2012 (see Note 12).



CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 6 - LONG-TERM LIABILITIES

Changes in Long-Term Liabilities:

During the year ended June 30, 2012, the changes in long-term liabilities were as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due within</u> <u>one year</u>
<b>Government Activities:</b>					
General obligation bonds	\$ 26,800,000	\$ 15,480,000	\$ 12,535,000	\$ 29,745,000	\$ 2,435,000
Less: deferred amounts					
On refunding	(298,128)	(891,372)	(217,793)	(971,707)	-
On issuance (discount) premium	38,506	583,545	(40,730)	662,781	-
Total bonds	26,540,378	15,172,173	12,276,477	29,436,074	2,435,000
Compensated absences	2,780,691	1,178,294	1,057,214	2,901,771	1,000,000
<b>Total Governmental Activities</b>					
<b>Long-term Liabilities</b>	<u>\$ 29,321,069</u>	<u>\$ 16,350,467</u>	<u>\$ 13,333,691</u>	<u>\$ 32,337,845</u>	<u>\$ 3,435,000</u>
<b>Business-type Activities:</b>					
Revenue and tax bonds	\$ 13,225,000	\$ -	\$ 1,055,000	\$ 12,170,000	\$ 875,000
General obligation bonds	10,000,000	6,560,000	425,000	16,135,000	425,000
Total bonds	23,225,000	6,560,000	1,480,000	28,305,000	1,300,000
Less: deferred amounts					
On refunding	(73,154)	-	(23,512)	(49,642)	-
On issuance (discount) premium	(43,406)	96,984	(9,481)	63,059	-
<b>Total Business-type Activities</b>					
<b>Long-term Liabilities</b>	<u>\$ 23,108,440</u>	<u>\$ 6,656,984</u>	<u>\$ 1,447,007</u>	<u>\$ 28,318,417</u>	<u>\$ 1,300,000</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Description of Long-Term Liabilities:

Amounts payable at June 30, 2012, were as follows:

**Governmental Activities:**

\$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%	\$ 1,955,000
\$3,685,000 2004 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2013, at varying rates of interest from 3.20% to 3.30%	325,000
\$4,800,000 2006 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2015, at varying rates of interest from 3.75% to 3.90%	905,000
\$2,430,000 2006 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2015, at varying rates of interest from 3.75% to 3.90%	2,420,000
\$4,935,000 2007 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2028, at a fixed rate of interest of 3.83%	4,245,000
\$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%	4,415,000
\$7,385,000 2011 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2024, at varying rates of interest from 2.00% to 3.00%	7,385,000

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of Long-Term Liabilities (Continued)

**Governmental Activities (Continued):**

\$4,845,000 2011 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2031, at varying rates of interest from 2.00% to 3.625%	\$ 4,845,000
\$3,250,000 2012 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2025, at a fixed rate of interest of 2.00%	<u>3,250,000</u>
Total General Obligation Debt	29,745,000
Unamortized premium (discount)	662,781
Unamortized charge on advance refunding	<u>(971,707)</u>
Total General Obligation Bonds, net of unamortized charge	<u>\$29,436,074</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 4.35% to 4.40%	\$ 275,000
\$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%	1,210,000
\$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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CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of Long-Term Liabilities (Continued)

**Business-type activities debt (continued):**

\$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%	\$ 8,910,000
\$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%	9,575,000
\$6,560,000 2012 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2031, at varying rates of interest from 2.00% to 2.63%	<u>6,560,000</u>
Total business-type activities debt	28,305,000
Unamortized premium (discount)	63,059
Unamortized charge on advance refunding	<u>(49,642)</u>
Total Business-type Activities Debt, net of unamortized charge	<u>\$28,318,417</u>

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, 2012

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Advance Refunding

The City issued \$10,635,000 in general obligation public improvement refunding bonds with interest rates ranging from 2.0% to 3.0%. The proceeds were used to advance refund \$10,320,000 of outstanding 1999 and 2002 public improvement refunding bonds and 2002, 2004, and 2006 public improvement bonds, which had interest rates ranging from 3.0% to 4.8%. The net proceeds of \$10,924,444 (including a \$425,201 premium and after payment of \$107,856 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 1999 and 2002 public improvement refunding bonds and the 2002, 2004, and 2006 public improvement bonds are considered defeased and the liability for those bonds have been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$632,345. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the 1999 and 2002 public improvement refunding bonds and the 2002, 2004, and 2006 public improvement bonds to reduce its total debt service payments by \$965,569 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$836,949.

Debt Service Requirements

The annual debt service requirements to maturity for all long-term obligations outstanding as of June 30, 2012, 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>
2013	\$ 2,435,000	\$ 885,892	\$ 1,300,000	\$ 840,404	\$ 3,735,000	\$ 1,726,296
2014	2,475,000	827,139	1,610,000	818,752	4,085,000	1,645,891
2015	2,365,000	755,576	1,510,000	775,679	3,875,000	1,531,255
2016	2,425,000	685,876	1,545,000	733,264	3,970,000	1,419,139
2017	2,075,000	615,838	1,590,000	689,629	3,665,000	1,305,466
2018-2022	9,060,000	2,156,436	7,500,000	2,754,662	16,560,000	4,911,097
2023-2027	6,105,000	1,039,742	7,820,000	1,719,373	13,925,000	2,759,115
2028-2032	<u>2,805,000</u>	<u>225,524</u>	<u>5,430,000</u>	<u>403,765</u>	<u>8,235,000</u>	<u>629,288</u>
Totals	<u>\$ 29,745,000</u>	<u>\$7,192,021</u>	<u>\$ 28,305,000</u>	<u>\$8,735,525</u>	<u>\$58,050,000</u>	<u>\$ 15,927,546</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 7 - UNEARNED REVENUES

Unearned revenues consist of the following at June 30, 2012:

Property taxes:

Delinquent taxes	\$ 136,370
2012 estimated levy	10,453,923
Estimated 2012 Hall Income tax	<u>900,000</u>
	<u>\$ 11,490,293</u>

NOTE 8 - RISK MANAGEMENT

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

Beginning with calendar 2010, the City modified its fully insured employee group health insurance plan to include a high-deductible (\$5,000) and high max out-of-pocket (\$6,500) plan coupled with a City-funded Health Reimbursement Arrangement (HRA). The HRA was implemented to effectively limit the employee deductible and max out-of-pocket to \$1,000 (\$2,000 for dependent coverage). The City established the 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 established a partially self-funded insurance plan coupled with a the existing city funded HRA. Under the partially self-funded insurance plan, which is administered by Blue Cross Blue Shield of Tennessee, the City is liable through the HRA for up to \$5,500 of the first \$6,500 of individual employee claims with the employee being liable for up to \$1,000 out of pocket. The City then assumes liability for additional individual medical claims up to \$60,000. To help mitigate losses from high-dollar medical claims beyond the HRA combined City and employee liability of \$65,500 and the employee's out of pocket maximum of \$1,000 (total of \$66,500 funded amount), the City purchased catastrophic insurance coverage plans for Specific Stop Loss and Aggregate Stop Loss coverage. Specific Stop Loss coverage limits the City's potential liability for 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 and employee out of pocket maximum. Aggregate stop loss coverage caps the City's liability for all claims in the entire plan at an agreed upon dollar amount. In calendar year 2012, the aggregate stop loss threshold is \$1.73 million.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 8 - RISK MANAGEMENT (CONTINUED)

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 for the City's stop-loss coverage, administrative fees charged by Blue Cross Blue Shield, HRA claims expenses, and medical claim expenses from the partially self-funded health plans and fully insured vision plans. 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, 2012, but not reported (IBNRs).

A change in the balances of claims liabilities during the current and prior fiscal years are as follows:

	<u>2012</u>	<u>2011</u>
Unpaid claims, beginning of fiscal year	\$ 106,860	\$ 27,164
Incurred claims	1,386,998	947,209
Claim payments	<u>(1,407,531)</u>	<u>(867,513)</u>
Unpaid claims, end of fiscal year	<u>\$ 86,327</u>	<u>\$ 106,860</u>

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

**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:

	General Fund		
	Governmental Funds	Budget to Actual	
	(p. 23)	(p. 25 - 31)	Difference
REVENUES			
Intergovernmental	\$ 7,354,066	\$ 6,997,084	\$ 356,982
Uses of money and property	\$ 463,465	\$ 417,563	\$ 45,902
Other	\$ 82,717	\$ 24,111	\$ 58,606
EXPENDITURES			
General government	\$ 5,705,757	\$ 5,812,925	\$ (107,168)
Public safety	\$ 11,859,078	\$ 12,169,155	\$ (310,077)
Roads and streets	\$ 3,737,577	\$ 3,726,906	\$ 10,671
Parks and recreation	\$ 1,794,215	\$ 1,746,462	\$ 47,753
OTHER FINANCING USES			
Transfers in			
Transfers out	\$ 5,380,386	\$ 5,714,386	\$ (334,000)
COMMITTED ACTIVITY BUDGETED SEPARATELY			
Net change - equipment replacement	\$ -	\$ 567,277	\$ (567,277)
Net change - facilities maintenance	\$ -	\$ 499,667	\$ (499,667)
Net change - post employment benefits	\$ -	\$ 87,367	\$ (87,367)
NET CHANGE IN FUND BALANCE	\$ 4,418,974	\$ 4,418,974	\$ -



CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 10 - CONTINGENT LIABILITIES

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, 2012 totaled \$268,254.

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, 2012

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 post retirement 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.

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 2012, the City contributed \$582,210 to the Trust and withdrew \$55,000 to pay benefits. The prefunding will reduce the annual required contribution in future years. All contributions were made by the employer (no contributions by active or retired employees). Employer contributions are calculated as 4.98% percent of covered payroll.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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	\$ 621,571
Interest on net OPEB obligation	(107,568)
Adjustment to annual required contribution	<u>68,207</u>
Annual OPEB cost (expense)	582,210
Contributions made	<u>(582,210)</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, 2012

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 2012, and the two preceding years were as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
2010	\$ 590,607	100 %	\$ (1,749,078)
2011	613,541	100	(1,749,078)
2012	582,210	100	(1,749,078)

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the plan was 50.6 percent funded. The actuarial accrued liability for benefits was \$8,260,634, and the actuarial value of assets was \$4,179,023 resulting in an unfunded actuarial accrued liability (UAAL) of \$4,081,611. The covered payroll (annual payroll of active employees covered by the plan) was \$12,472,750 and the ratio of the UAAL to the covered payroll was 32.7 percent.

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

Actuarial Methods and Assumptions

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

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, 2012 was twenty-five 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, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs.PS/](http://www.tn.gov/treasury/tcrs.PS/).

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

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, 2012 was an aggregate 16.66% 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, 2012, the City's annual pension cost of \$2,152,535 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, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$2,152,535	100.00%	\$0.00
2011	\$1,977,054	100.00%	\$0.00
2010	\$2,164,396	100.00%	\$0.00

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 96.68% percent funded. The actuarial accrued liability for benefits was \$34.14 million, and the actuarial value of assets was \$33.00 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.13 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12.82 million, and the ratio of the UAAL to the covered payroll was 8.85%.

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, 2011	\$ 33,003	\$ 34,138	\$ 1,135	96.68%	\$ 12,818	8.85%
July 1, 2009	\$ 24,111	\$ 25,877	\$ 1,766	93.18%	\$ 12,952	13.63%
July 1, 2007	\$ 19,892	\$ 22,095	\$ 2,203	90.03%	\$ 11,794	18.68%

NOTE 14 - COMMITMENTS

Construction commitments amounting to approximately \$5,500,000 were outstanding as of June 30, 2012.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

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. 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.

The GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this statement are effective for financial periods beginning after December 15, 2012.

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from the comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this statement are effective for financial periods beginning after June 15, 2014.



CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE 17 - PRIOR PERIOD ADJUSTMENT

During 2012, the City re-evaluated the fund type of the Post Employment Benefits Funds, previously reported as a fiduciary fund. The Post Employment Benefit Fund accumulates reserve funds for the payment of retirement leave benefits. Due to the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City has reported this fund balance within the General Fund as a committed fund balance as it does not meet the definition of a special revenue or fiduciary fund. As such, the opening fund balances have been reclassified as follows:

	Government-Wide	
	Statement of	
	<u>Activities</u>	<u>General Fund</u>
Net assets/fund balance, beginning of year, as previously presented	\$ 213,287,265	\$ 25,378,015
Reclassification of fund not meeting the definition of fiduciary fund back into the General Fund as a committed fund balance	<u>631,085</u>	<u>631,085</u>
Net assets/fund balance, beginning of year - as restated	<u>\$ 213,918,350</u>	<u>\$ 26,009,100</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FUNDING PROGRESS

POLITICAL SUBDIVISION PENSION PLAN  
SUPPLEMENTARY INFORMATION (Unaudited)

JUNE 30, 2012

(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, 2011	\$ 33,003	\$ 34,138	\$ 1,135	96.68%	\$ 12,818	8.85%
July 1, 2009	\$ 24,111	\$ 25,877	\$ 1,766	93.18%	\$ 12,952	13.63%
July 1, 2007	\$ 19,892	\$ 22,095	\$ 2,203	90.03%	\$ 11,794	18.68%

The Governmental Accounting Standards Board ("GASB") requires the plan to prepare a Schedule of Funding Progress using the entry age actuarial cost method.

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, 2012

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Unit Credit</u>	<u>Unfunded Aal (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
01/01/07	\$ -	\$ 5,544,000	\$ 5,544,000	0.0%	\$ 11,302,574	49.1%
01/01/09	\$ 2,776,979	\$ 7,535,684	\$ 4,758,705	36.9%	\$ 12,792,110	37.2%
01/01/11	\$ 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>
2010	\$ 590,607	100 %
2011	613,541	100
2012	582,210	100

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

## 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.

### **Non Major Capital Projects Funds**

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, 2012

	<u>SPECIAL REVENUE</u>		<u>CAPITAL PROJECTS</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>	
<u>ASSETS AND OTHER DEBITS</u>					
ASSETS:					
Cash and cash equivalents	\$ 545,144	\$ -	\$ 1,465,496	\$ 726,295	\$ 2,736,935
Receivables:					
Taxes	170,570	-	-	45,293	215,863
Miscellaneous	-	1,781	-	-	1,781
Restricted assets:					
Cash and cash equivalents	-	288,630	-	-	288,630
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 715,714</u>	<u>\$ 290,411</u>	<u>\$ 1,465,496</u>	<u>\$ 771,588</u>	<u>\$ 3,243,209</u>
LIABILITIES:					
Accounts payable	<u>\$ 356,715</u>	<u>\$ 5,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 362,640</u>
TOTAL LIABILITIES	<u>356,715</u>	<u>5,925</u>	<u>-</u>	<u>-</u>	<u>362,640</u>
COMMITMENTS AND CONTINGENCIES					
EQUITY AND OTHER CREDITS					
Fund balance:					
Restricted for capital projects	-	-	1,465,496	771,588	2,237,084
Restricted for street repairs	358,999	-	-	-	358,999
Restricted for drug enforcement and education	-	284,486	-	-	284,486
TOTAL EQUITY AND OTHER CREDITS	<u>358,999</u>	<u>284,486</u>	<u>1,465,496</u>	<u>771,588</u>	<u>2,880,569</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 715,714</u>	<u>\$ 290,411</u>	<u>\$ 1,465,496</u>	<u>\$ 771,588</u>	<u>\$ 3,243,209</u>

CITY OF BRENTWOOD, TENNESSEE

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>SPECIAL REVENUE</u>		<u>CAPITAL PROJECTS</u>		<u>TOTAL</u>
	<u>STATE</u>		<u>PUBLIC WORKS</u>	<u>ADEQUATE</u>	<u>NONMAJOR</u>
	<u>STREET AID</u>	<u>DRUG</u>	<u>PROJECT</u>	<u>SCHOOL</u>	<u>GOVERNMENTAL</u>
				<u>FACILITIES</u>	<u>FUNDS</u>
REVENUES					
Licenses and permits	\$ -	\$ -	\$ 597,895	\$ -	\$ 597,895
Intergovernmental:					
Gasoline and motor fuel tax	657,719	-	-	-	657,719
Three cent tax	196,939	-	-	-	196,939
Gas 1989 tax	106,108	-	-	-	106,108
Adequate schools facilities tax	-	-	-	412,451	412,451
Uses of money and property	3,383	1,325	6,209	2,824	13,741
Other	-	160,938	-	-	160,938
TOTAL REVENUES	<u>964,149</u>	<u>162,263</u>	<u>604,104</u>	<u>415,275</u>	<u>2,145,791</u>
EXPENDITURES					
Current:					
Roads and streets	1,002,279	-	-	-	1,002,279
Drug education	-	14,935	-	-	14,935
Capital outlay	-	49,391	-	-	49,391
TOTAL EXPENDITURES	<u>1,002,279</u>	<u>64,326</u>	<u>-</u>	<u>-</u>	<u>1,066,605</u>
EXCESS OF REVENUES					
OVER (UNDER) EXPENDITURES	<u>(38,130)</u>	<u>97,937</u>	<u>604,104</u>	<u>415,275</u>	<u>1,079,186</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	(750,000)	(750,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(750,000)</u>	<u>(750,000)</u>
NET CHANGE IN FUND BALANCE	(38,130)	97,937	604,104	(334,725)	329,186
FUND BALANCE, BEGINNING OF YEAR	<u>397,129</u>	<u>186,549</u>	<u>861,392</u>	<u>1,106,313</u>	<u>2,551,383</u>
FUND BALANCE, END OF YEAR	<u>\$ 358,999</u>	<u>\$ 284,486</u>	<u>\$ 1,465,496</u>	<u>\$ 771,588</u>	<u>\$ 2,880,569</u>



## CITY OF BRENTWOOD, TENNESSEE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS							
	STATE STREET AID FUND				DRUG FUND			
	ORIGINAL BUDGETED AMOUNTS	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:								
Gasoline and motor fuel tax	955,000	655,000	657,719	2,719	-	-	-	-
Three cent tax	-	200,000	196,939	(3,061)	-	-	-	-
Gas 1989 tax	-	100,000	106,108	6,108	-	-	-	-
Adequate school facilities tax	-	-	-	-	-	-	-	-
Uses of money and property:								
Interest earnings	2,000	2,000	3,383	1,383	1,000	1,000	1,325	325
Other:								
Drug related fines and contributions	-	-	-	-	20,000	70,000	160,938	90,938
TOTAL REVENUES	957,000	957,000	964,149	7,149	21,000	71,000	162,263	91,263
EXPENDITURES								
Current:								
Roads and streets - street repairs	1,040,000	1,040,000	1,002,279	(37,721)	-	-	-	-
Drug education	-	-	-	-	20,000	20,000	14,935	(5,065)
Capital outlay	-	-	-	-	-	50,000	49,391	(609)
TOTAL EXPENDITURES	1,040,000	1,040,000	1,002,279	(37,721)	20,000	70,000	64,326	(5,674)
EXCESS (DEFICIENCY) OF								
REVENUES OVER (UNDER)								
EXPENDITURES	(83,000)	(83,000)	(38,130)	44,870	1,000	1,000	97,937	96,937
OTHER FINANCING SOURCES (USES)								
Transfers to Capital Projects Fund	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ (83,000)	\$ (83,000)	(38,130)	\$ 44,870	\$ 1,000	\$ 1,000	97,937	\$ 96,937
FUND BALANCE, BEGINNING OF YEAR			397,129				186,549	
FUND BALANCE, END OF YEAR			\$ 358,999				\$ 284,486	

(Continued on next page)

## CITY OF BRENTWOOD, TENNESSEE

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

## BUDGET (GAAP BASIS) AND ACTUAL

## NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	CAPITAL PROJECTS FUNDS					
	PUBLIC WORKS PROJECT FUND			ADEQUATE SCHOOL FACILITIES FUND		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES						
Licenses and permits:						
Public works project fees	\$ 300,000	\$ 597,895	\$ 297,895	\$ -	\$ -	\$ -
Intergovernmental:						
Gasoline and motor fuel tax	-	-	-	-	-	-
Three cent tax	-	-	-	-	-	-
Gas 1989 tax	-	-	-	-	-	-
Adequate school facilities tax	-	-	-	225,000	412,451	187,451
Uses of money and property:						
Interest earnings	5,000	6,209	1,209	3,500	2,824	(676)
Other:						
Drug related fines and contributions	-	-	-	-	-	-
TOTAL REVENUES	<u>305,000</u>	<u>604,104</u>	<u>299,104</u>	<u>228,500</u>	<u>415,275</u>	<u>186,775</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>305,000</u>	<u>604,104</u>	<u>299,104</u>	<u>228,500</u>	<u>415,275</u>	<u>186,775</u>
OTHER FINANCING SOURCES (USES)						
Transfers to Capital Projects Fund	-	-	-	(750,000)	(750,000)	-
Total Other Financing Sources (Uses)	-	-	-	(750,000)	(750,000)	-
NET CHANGE IN FUND BALANCE	<u>\$ 305,000</u>	<u>604,104</u>	<u>\$ 299,104</u>	<u>\$ (521,500)</u>	<u>(334,725)</u>	<u>\$ 186,775</u>
FUND BALANCE, BEGINNING OF YEAR		<u>861,392</u>			<u>1,106,313</u>	
FUND BALANCE, END OF YEAR		<u>\$ 1,465,496</u>			<u>\$ 771,588</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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	TOTALS			
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES				
Licenses and permits:				
Public works project fees	\$ 300,000	\$ 300,000	\$ 597,895	\$ 297,895
Intergovernmental:				
Gasoline and motor fuel tax	955,000	655,000	657,719	2,719
Three cent tax	-	200,000	196,939	(3,061)
Gas 1989 tax	-	100,000	106,108	6,108
Adequate school facilities tax	225,000	225,000	412,451	187,451
Uses of money and property:				
Interest earnings	11,500	11,500	13,741	2,241
Other:				
Drug related fines and contributions	20,000	70,000	160,938	90,938
TOTAL REVENUES	<u>1,511,500</u>	<u>1,561,500</u>	<u>2,145,791</u>	<u>584,291</u>
EXPENDITURES				
Current:				
Roads and streets - street repairs	1,040,000	1,040,000	1,002,279	(37,721)
Drug education	20,000	20,000	14,935	(5,065)
Capital outlay	-	50,000	49,391	(609)
TOTAL EXPENDITURES	<u>1,060,000</u>	<u>1,110,000</u>	<u>1,066,605</u>	<u>(43,395)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>451,500</u>	<u>451,500</u>	<u>1,079,186</u>	<u>627,686</u>
OTHER FINANCING SOURCES (USES)				
Transfers to Capital Projects Fund	<u>(750,000)</u>	<u>(750,000)</u>	<u>(750,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(750,000)</u>	<u>(750,000)</u>	<u>(750,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (298,500)</u>	<u>\$ (298,500)</u>	329,186	<u>\$ 627,686</u>
FUND BALANCE, BEGINNING OF YEAR			<u>2,551,383</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,880,569</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, 2012

	<u>ORIGINAL AMOUNTS</u>	<u>FINAL AMOUNTS</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
REVENUES				
Uses of money and property:				
Interest earnings	<u>\$      25,000</u>	<u>\$      25,000</u>	<u>\$      32,461</u>	<u>\$        7,461</u>
EXPENDITURES				
Debt service:				
Principal	2,243,300	2,243,300	2,243,292	(8)
Interest	1,124,290	1,124,290	1,021,856	(102,434)
Issuance costs	60,000	258,120	198,078	(60,042)
Other:				
Bank service charges	<u>6,000</u>	<u>6,000</u>	<u>4,271</u>	<u>(1,729)</u>
TOTAL EXPENDITURES	<u>3,433,590</u>	<u>3,631,710</u>	<u>3,467,497</u>	<u>(164,213)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(3,408,590)</u>	<u>(3,606,710)</u>	<u>(3,435,036)</u>	<u>(171,674)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Historic Commission	16,210	16,210	-	(16,210)
Transfers from General Fund	3,150,000	3,150,000	3,150,000	-
Proceeds of refunding bonds	-	10,635,000	10,635,000	-
Bond premium	-	425,250	425,201	(49)
Payment to refunded bond escrow agent	<u>-</u>	<u>(10,924,480)</u>	<u>(10,924,444)</u>	<u>(36)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,166,210</u>	<u>3,301,980</u>	<u>3,285,757</u>	<u>(16,295)</u>
NET CHANGE IN FUND BALANCE	<u>\$  (242,380)</u>	<u>\$  (304,730)</u>	<u>(149,279)</u>	<u>\$  155,451</u>
FUND BALANCE, BEGINNING OF YEAR			<u>3,942,590</u>	
FUND BALANCE, END OF YEAR			<u><u>\$  3,793,311</u></u>	

## 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, 2012

	<u>FUEL</u>	<u>HEALTH INSURANCE</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 116,293	\$ 1,574,301	\$ 1,690,594
Receivables:			
Accounts	-	917	917
Due From General Fund	27,679	-	27,679
Due From Water and Sewer Fund	3,864	-	3,864
Inventory	<u>35,634</u>	<u>-</u>	<u>35,634</u>
Total Assets	<u>183,470</u>	<u>1,575,218</u>	<u>1,758,688</u>
LIABILITIES			
Accounts payable	21,365	7,875	29,240
Claims payable	<u>-</u>	<u>86,327</u>	<u>86,327</u>
Total Liabilities	<u>21,365</u>	<u>94,202</u>	<u>115,567</u>
NET ASSETS			
Unrestricted	<u>162,105</u>	<u>1,481,016</u>	<u>1,643,121</u>
TOTAL NET ASSETS	<u>\$ 162,105</u>	<u>\$ 1,481,016</u>	<u>\$ 1,643,121</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, 2012

	<u>FUEL</u>	<u>HEALTH INSURANCE</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for sales and services	\$ 356,125	\$ 2,172,555	\$ 2,528,680
Other	<u>-</u>	<u>1,066</u>	<u>1,066</u>
TOTAL OPERATING REVENUES	<u>356,125</u>	<u>2,173,621</u>	<u>2,529,746</u>
OPERATING EXPENSES			
Costs of sales and services	<u>444,554</u>	<u>1,792,064</u>	<u>2,236,618</u>
TOTAL OPERATING EXPENSES	<u>444,554</u>	<u>1,792,064</u>	<u>2,236,618</u>
OPERATING INCOME	<u>(88,429)</u>	<u>381,557</u>	<u>293,128</u>
NONOPERATING REVENUES			
Investment earnings	770	6,506	7,276
Transfers in	<u>-</u>	<u>150,000</u>	<u>150,000</u>
TOTAL NONOPERATING REVENUES	<u>770</u>	<u>156,506</u>	<u>157,276</u>
CHANGE IN NET ASSETS	(87,659)	538,063	450,404
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>249,764</u>	<u>942,953</u>	<u>1,192,717</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 162,105</u>	<u>\$ 1,481,016</u>	<u>\$ 1,643,121</u>

CITY OF BRENTWOOD, TENNESSEE  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>FUEL</u>	<u>HEALTH INSURANCE</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 358,254	\$ 2,191,320	\$ 2,549,574
Payments to suppliers	(442,894)	-	(442,894)
Payments to employees	-	(1,804,722)	(1,804,722)
Net cash provided by (used in) operating activities	<u>(84,640)</u>	<u>386,598</u>	<u>301,958</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from General Fund	-	150,000	150,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>150,000</u>	<u>150,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>770</u>	<u>6,506</u>	<u>7,276</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(83,870)	543,104	459,234
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>200,163</u>	<u>1,031,197</u>	<u>1,231,360</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 116,293</u>	<u>\$ 1,574,301</u>	<u>\$ 1,690,594</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	<u>\$ (88,429)</u>	<u>\$ 381,557</u>	<u>\$ 293,128</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
(Increase) decrease in:			
Accounts receivable	-	17,699	17,699
Due from General Fund	2,286	-	2,286
Due from Water and Sewer Fund	(157)	-	(157)
Inventory	(4,079)	-	(4,079)
Increase (decrease) in:			
Accounts payable	5,739	-	5,739
Claims payable	<u>-</u>	<u>(12,658)</u>	<u>(12,658)</u>
TOTAL ADJUSTMENTS	<u>3,789</u>	<u>5,041</u>	<u>8,830</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (84,640)</u>	<u>\$ 386,598</u>	<u>\$ 301,958</u>



**FINANCIAL SCHEDULE SECTION**

CITY OF BRENTWOOD, TENNESSEE

CAPITAL ASSETS USED IN THE OPERATION OF THE GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2012

<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	\$ -	\$ -	\$ -	\$ 369,960	\$ -	\$ -	\$ 369,960
Planning and development	-	-	-	434,930	-	-	434,930
Other - unclassified	<u>10,600</u>	<u>298,860</u>	<u>233,289</u>	<u>3,469,027</u>	<u>195,356</u>	<u>19,669</u>	<u>4,226,801</u>
Total General Government	<u>10,600</u>	<u>298,860</u>	<u>233,289</u>	<u>4,273,917</u>	<u>195,356</u>	<u>19,669</u>	<u>5,031,691</u>
Public Safety:							
Police	-	7,500	-	2,895,641	-	-	2,903,141
Fire	<u>501,573</u>	<u>4,237,668</u>	<u>47,425</u>	<u>4,587,841</u>	<u>-</u>	<u>-</u>	<u>9,374,507</u>
Total Public Safety	<u>501,573</u>	<u>4,245,168</u>	<u>47,425</u>	<u>7,483,482</u>	<u>-</u>	<u>-</u>	<u>12,277,648</u>
Roads and Streets:							
Public works	83,763,671	1,475,589	-	2,566,069	182,206,029	317,708	270,329,066
Other	<u>411,162</u>	<u>1,384,679</u>	<u>9,040</u>	<u>524,740</u>	<u>305,354</u>	<u>-</u>	<u>2,634,975</u>
Total Roads and Streets	<u>84,174,833</u>	<u>2,860,268</u>	<u>9,040</u>	<u>3,090,809</u>	<u>182,511,383</u>	<u>317,708</u>	<u>272,964,041</u>
Parks and Recreation	<u>13,415,268</u>	<u>2,968,996</u>	<u>10,982,971</u>	<u>1,536,140</u>	<u>3,591,262</u>	<u>1,418,014</u>	<u>33,912,651</u>
Public Library	<u>-</u>	<u>12,010,039</u>	<u>376,584</u>	<u>1,319,415</u>	<u>-</u>	<u>-</u>	<u>13,706,038</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>\$ 98,102,274</u>	<u>\$ 22,383,331</u>	<u>\$ 11,649,309</u>	<u>\$ 18,046,673</u>	<u>\$ 186,298,001</u>	<u>\$ 1,755,391</u>	<u>\$ 338,234,979</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, 2012

<u>FUNCTION AND ACTIVITY</u>	<u>BALANCE JULY 1, 2011</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>TRANSFERS</u>	<u>BALANCE JUNE 30, 2012</u>
General government:					
Finance and administration	\$ 380,232	\$ 24,500	\$ (34,772)	\$ -	\$ 369,960
Planning and development	417,430	17,500	-	-	434,930
Other - unclassified	3,760,485	978,688	(512,372)	-	4,226,801
Public safety:					
Police department	2,648,929	270,791	(16,579)	-	2,903,141
Fire department	9,353,802	49,979	(20,739)	(8,535)	9,374,507
Roads and streets	262,675,849	10,458,421	(178,764)	8,535	272,964,041
Parks and recreation	32,524,414	1,403,655	(15,418)	-	33,912,651
Public library	13,700,235	5,803	-	-	13,706,038
Drug special revenue fund	<u>342,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>342,910</u>
Total governmental funds capital assets	<u>\$ 325,804,286</u>	<u>\$ 13,209,337</u>	<u>\$ (778,644)</u>	<u>\$ -</u>	<u>\$ 338,234,979</u>

CITY OF BRENTWOOD, TENNESSEE  
SCHEDULE OF CASH AND CASH EQUIVALENTS

JUNE 30, 2012

	<u>Amount</u>
<u>MAJOR GOVERNMENTAL FUNDS</u>	
<u>General Fund</u>	
Pinnacle - demand deposits	\$ 28,808,703
Cash on hand	<u>1,104</u>
Total General Fund	<u>28,809,807</u>
<u>Debt Service Fund</u>	
Pinnacle - demand deposits	<u>3,791,866</u>
Total Debt Service Fund	<u>3,791,866</u>
<u>Capital Projects Fund</u>	
Pinnacle - demand deposits	8,939,966
Local Government Investment Pool	<u>4,983</u>
Total Capital Projects Fund	<u>8,944,949</u>
<u>NONMAJOR GOVERNMENTAL FUNDS</u>	
<u>State Street Aid</u>	
Pinnacle - demand deposits	545,144
<u>Drug Fund</u>	
Pinnacle - demand deposits	288,630
<u>Public Works Project Fund</u>	
Pinnacle - demand deposits	1,465,496
<u>Adequate School Facilities Fund</u>	
Pinnacle - demand deposits	<u>726,295</u>
Total Nonmajor Governmental Funds	<u>3,025,565</u>
<u>MAJOR PROPRIETARY FUNDS</u>	
<u>Water and Sewer Fund</u>	
Pinnacle - demand deposits	<u>30,361,390</u>
Total Water and Sewer Fund	<u>30,361,390</u>
<u>Municipal Center Fund</u>	
Pinnacle - demand deposits	<u>1,105,172</u>
<u>Emergency Communications District</u>	
Pinnacle - demand deposits	<u>881,068</u>
<u>INTERNAL SERVICE FUNDS</u>	
<u>Fuel Fund</u>	
Pinnacle - demand deposits	116,293
<u>Health Insurance Fund</u>	
Pinnacle - demand deposits	<u>1,574,301</u>
Total Internal Service Funds	<u>1,690,594</u>
TOTAL CASH AND CASH EQUIVALENTS	<u><u>\$ 78,610,411</u></u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2012

<u>Fiscal Year</u>	<u>BALANCE JUNE 30, 2011</u>	<u>LEVY</u>	<u>COLLECTIONS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE JUNE 30, 2012</u>
2012	\$ -	\$ 10,335,554	\$ (10,202,734)	\$ -	\$ 132,820
2011	257,743	-	(221,396)	-	36,347
2010	55,688	-	(46,284)	-	9,404
2009	8,897	-	(1,569)	-	7,328
2008	4,662	-	(600)	-	4,062
2007	2,799	-	(133)	-	2,666
2006	3,565	-	(346)	-	3,219
2005	1,552	-	(168)	-	1,384
2004	5,189	-	(404)	-	4,785
2003	11,881	-	(160)	-	11,721
2002	<u>11,200</u>	<u>-</u>	<u>-</u>	<u>(11,200)</u>	<u>-</u>
Total	<u>\$ 363,176</u>	<u>\$ 10,335,554</u>	<u>\$ (10,473,794)</u>	<u>\$ (11,200)</u>	<u>\$ 213,736</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, 2012

Year	2003 G.O. Refunding Bonds		2004 G.O. Public Improvement Bonds		2006 G.O. Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 295,000	\$ 70,230	\$ 160,000	\$ 8,005	\$ 10,000	\$ 91,086
2014	305,000	59,501	165,000	2,723	15,000	85,836
2015	320,000	47,855	-	-	265,000	75,805
2016	330,000	35,340	-	-	270,000	65,493
2017	345,000	21,833	-	-	280,000	54,711
2018	360,000	7,380	-	-	295,000	43,461
2019	-	-	-	-	305,000	31,758
2020	-	-	-	-	315,000	19,516
2021	-	-	-	-	325,000	6,630
2022	-	-	-	-	340,000	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
	<u>\$ 1,955,000</u>	<u>\$ 242,139</u>	<u>\$ 325,000</u>	<u>\$ 10,728</u>	<u>\$ 2,420,000</u>	<u>\$ 474,296</u>

Year	2009 G.O. Public Improvement Bonds		2011 G.O. Refunding Bonds		2011 G.O. Public Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 185,000	\$ 166,044	\$ 1,140,000	\$ 158,263	\$ 185,000	\$ 146,600
2014	185,000	160,494	1,160,000	135,263	185,000	142,900
2015	190,000	155,869	910,000	114,563	200,000	138,050
2016	200,000	151,118	930,000	96,163	195,000	132,125
2017	200,000	142,119	540,000	81,463	200,000	126,200
2018	210,000	136,119	550,000	67,813	205,000	120,125
2019	220,000	129,819	580,000	50,863	215,000	113,825
2020	230,000	120,193	590,000	33,313	220,000	107,300
2021	235,000	110,131	190,000	22,563	225,000	100,625
2022	245,000	100,731	195,000	18,469	235,000	93,725
2023	255,000	89,706	195,000	13,838	240,000	86,600
2024	260,000	81,100	200,000	8,775	250,000	79,250
2025	270,000	72,000	205,000	3,075	255,000	71,675
2026	280,000	61,200	-	-	265,000	63,875
2027	295,000	50,000	-	-	270,000	55,681
2028	305,000	38,200	-	-	280,000	46,913
2029	320,000	26,000	-	-	290,000	37,469
2030	330,000	13,200	-	-	300,000	27,513
2031	-	-	-	-	310,000	17,025
2032	-	-	-	-	320,000	5,800
	<u>\$ 4,415,000</u>	<u>\$ 1,804,043</u>	<u>\$ 7,385,000</u>	<u>\$ 804,419</u>	<u>\$ 4,845,000</u>	<u>\$ 1,713,275</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF DEBT SERVICE REQUIREMENTS - GENERAL OBLIGATION BONDS (CONTINUED)

JUNE 30, 2012

<u>Year</u>	2006 G. O. Public Improvement Bonds		2007 G.O. Public Improvement Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 215,000	\$ 29,906	\$ 200,000	\$ 162,583
2014	220,000	21,750	205,000	154,923
2015	230,000	13,313	215,000	147,072
2016	240,000	4,500	220,000	138,837
2017	-	-	230,000	130,412
2018	-	-	235,000	121,603
2019	-	-	245,000	112,602
2020	-	-	255,000	103,219
2021	-	-	265,000	93,452
2022	-	-	275,000	83,303
2023	-	-	285,000	72,770
2024	-	-	300,000	61,855
2025	-	-	310,000	50,365
2026	-	-	320,000	38,492
2027	-	-	335,000	26,235
2028	-	-	350,000	13,405
	<u>\$ 905,000</u>	<u>\$ 69,469</u>	<u>\$ 4,245,000</u>	<u>\$ 1,511,128</u>

<u>Year</u>	2012 G.O. Refunding Bonds		Totals Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 45,000	\$ 53,175	\$ 2,435,000	\$ 885,892
2014	35,000	63,750	2,475,000	827,139
2015	35,000	63,050	2,365,000	755,576
2016	40,000	62,300	2,425,000	685,876
2017	280,000	59,100	2,075,000	615,838
2018	285,000	53,450	2,140,000	549,951
2019	295,000	47,650	1,860,000	486,517
2020	300,000	41,700	1,910,000	425,241
2021	305,000	35,650	1,545,000	369,051
2022	315,000	29,450	1,605,000	325,678
2023	320,000	23,100	1,295,000	286,014
2024	325,000	16,650	1,335,000	247,630
2025	330,000	10,100	1,370,000	207,215
2026	340,000	3,400	1,205,000	166,967
2027	-	-	900,000	131,916
2028	-	-	935,000	98,518
2029	-	-	610,000	63,469
2030	-	-	630,000	40,713
2031	-	-	310,000	17,025
2032	-	-	320,000	5,800
	<u>\$ 3,250,000</u>	<u>\$ 562,525</u>	<u>\$ 29,745,000</u>	<u>\$ 7,192,021</u>

CITY OF BRENTWOOD, TENNESSEE  
SCHEDULE OF DEBT SERVICE REQUIREMENTS - BUSINESS-TYPE ACTIVITIES DEBT  
JUNE 30, 2012

Year	1999 Sewer Revenue and Tax Refunding Bonds		2003 Water Revenue and Tax Refunding Bonds		2006 Sewer Revenue and Tax Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 135,000	\$ 9,096	\$ 185,000	\$ 43,202	\$ 170,000	\$ 63,715
2014	140,000	3,080	190,000	36,468	175,000	57,246
2015	-	-	195,000	29,325	185,000	50,496
2016	-	-	205,000	21,622	185,000	43,559
2017	-	-	210,000	13,625	195,000	36,434
2018	-	-	225,000	4,613	205,000	28,934
2019	-	-	-	-	210,000	21,153
2020	-	-	-	-	220,000	13,035
2021	-	-	-	-	230,000	4,428
	<u>\$ 275,000</u>	<u>\$ 12,176</u>	<u>\$ 1,210,000</u>	<u>\$ 148,855</u>	<u>\$ 1,775,000</u>	<u>\$ 319,000</u>

Year	2008 Water and Sewer Revenue and Tax Bonds		2010 G.O. Public Improvement Bonds		2012 G.O. Public Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 385,000	\$ 338,339	\$ 425,000	\$ 269,531	\$ -	\$ 116,521
2014	395,000	326,789	425,000	256,781	285,000	138,388
2015	410,000	314,939	430,000	248,281	290,000	132,638
2016	425,000	301,614	435,000	239,681	295,000	126,788
2017	440,000	287,801	440,000	230,981	305,000	120,788
2018	455,000	272,401	450,000	217,781	310,000	114,638
2019	470,000	255,339	460,000	208,781	315,000	108,388
2020	490,000	237,714	465,000	199,006	320,000	102,038
2021	510,000	218,849	480,000	187,963	330,000	95,538
2022	530,000	199,214	490,000	175,963	335,000	88,888
2023	555,000	178,279	500,000	163,100	340,000	82,138
2024	575,000	156,356	515,000	149,350	705,000	75,238
2025	600,000	133,356	530,000	135,188	365,000	68,188
2026	625,000	109,356	545,000	120,613	370,000	60,988
2027	655,000	84,356	560,000	104,263	380,000	98,606
2028	680,000	57,338	580,000	87,463	390,000	36,294
2029	710,000	29,288	595,000	69,338	395,000	26,725
2030	-	-	615,000	50,000	410,000	16,406
2031	-	-	635,000	25,400	420,000	5,513
	<u>\$ 8,910,000</u>	<u>\$ 3,501,328</u>	<u>\$ 9,575,000</u>	<u>\$ 3,139,464</u>	<u>\$ 6,560,000</u>	<u>\$ 1,614,702</u>



CITY OF BRENTWOOD, TENNESSEE  
SCHEDULE OF DEBT SERVICE REQUIREMENTS - BUSINESS-TYPE ACTIVITIES DEBT (CONTINUED)  
JUNE 30, 2012

<u>Year</u>	<u>Total Debt Requirements</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,300,000	\$ 840,404
2014	1,610,000	818,752
2015	1,510,000	775,679
2016	1,545,000	733,264
2017	1,590,000	689,629
2018	1,645,000	638,367
2019	1,455,000	593,661
2020	1,495,000	551,793
2021	1,550,000	506,778
2022	1,355,000	464,065
2023	1,395,000	423,517
2024	1,795,000	380,944
2025	1,495,000	336,732
2026	1,540,000	290,957
2027	1,595,000	287,225
2028	1,650,000	181,095
2029	1,700,000	125,351
2030	1,025,000	66,406
2031	<u>1,055,000</u>	<u>30,913</u>
	<u>\$ 28,305,000</u>	<u>\$ 8,735,525</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Grant Description	Federal CFDA#	Grant Number	Grant Period	Federal Grant Amount	State Grant Amount	Accrued (Deferred) 7/1/2011	Other Adjustments	Federal Receipts	State Receipts	Expenditures	Accrued (Deferred) 6/30/2012	
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	\$ 816,382	\$ 45,355	\$ 397,860	\$ (40,879)	\$ -	\$ -	\$ -	\$ 356,981	
Hazard Mitigation	97.039	*	HMGP-1909-0006	7/13/11-7/12/14	\$ 641,930	\$ 106,989	-	-	573,578	95,596	683,624	14,450
Passed through Williamson County, Tennessee: Interoperable Emergency Communications	97.055		GG1033801	6/1/10-5/31/13	\$ 1,106	\$ -	-	1,106	-	1,106	-	
SAFER	97.044		EMW-2008-FF-00639	3/19/09-03/18/14	\$ 216,760	\$ 10,835	10,836	-	43,341	-	39,015	6,510
TOTAL FEDERAL EMERGENCY MANAGEMENT						408,696	(40,879)	618,025	95,596	723,745	377,941	
BUREAU OF JUSTICE ASSISTANCE												
Bulletproof Vest Grant	16.607		N/A	07/01/02 - 06/30/12	\$ 540	-	-	540	-	540	-	
TOTAL BUREAU OF JUSTICE ASSISTANCE						-	-	540	-	540	-	
DEPARTMENT OF ENERGY												
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128		DE-EE0001714	08/28/09 - 12/31/12	\$ 164,500	28,623	-	29,577	-	954	-	
TOTAL EXPENDITURES OF FEDERAL AWARDS						\$ 437,319	\$ (40,879)	\$ 648,142	\$ 95,596	\$ 725,239	\$ 377,941	
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	\$ -	
TOTAL EXPENDITURES OF STATE AWARDS						\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -	
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS						\$ 437,319	\$ (40,879)	\$ 648,142	\$ 105,596	\$ 735,239	\$ 377,941	

\*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

FOR THE YEAR ENDED JUNE 30, 2012

	<b><u>Number of</u></b>		
	<b><u>Customers</u></b>		
<b>Water</b>	<b>8,649</b>		
<b>Sewer</b>	<b>10,283</b>		
	<b><u>Rate Structure</u></b>		
<b>Water</b>			
<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 <sup>2</sup> )
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		0.47	per 1,000 gallons
<b>Sewer</b>			
<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 <sup>2</sup> )
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 <sup>2</sup> )
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		0.93	per 1,000 gallons

CITY OF BRENTWOOD

SCHEDULE OF UNACCOUNTED FOR WATER

JUNE 30, 2012

		(in gallons)	
<b>A</b>	<b>Water Treated and Purchased</b>		
<b>B</b>	Water Pumped (potable)	0	
<b>C</b>	Water Purchased	1,936,112,457	
<b>D</b>	<b>Total Water Treated and Purchased</b>		1,936,112,457
<b>E</b>	<b>Accounted for Water:</b>		
<b>F</b>	Water Sold	1,449,734,400	
<b>G</b>	Metered for Consumption (in house usage)		
<b>H</b>	Fire Department(s) Usage	14,000,000	
<b>I</b>	Flushing	14,000,000	
<b>J</b>	Tank Cleaning/Filling	0	
<b>K</b>	Street Cleaning	0	
<b>L</b>	Bulk Sales	0	
<b>M</b>	Water Bill Adjustments (+/-)	112,983,100	
<b>N</b>	<b>Total Accounted for Water</b>		1,590,717,500
<b>O</b>	<b>Unaccounted for Water</b>		345,394,957
<b>P</b>	<b>Percent Unaccounted for Water</b>		17.840%
<b>Q</b>	<b>Other (explain)</b>		0
	Explain Other	0	

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**  
**LIST OF PRINCIPAL OFFICIALS AND BONDED AMOUNTS**  
**JUNE 30, 2012**

**Elected:**

		<b><u>Blanket Bond Amount</u></b>
Mayor	Paul L. Webb	\$500,000
Vice Mayor	Rod Freeman	\$500,000
Commissioner	Jill Burgin	\$500,000
Commissioner	Betsy Crossley	\$500,000
Commissioner	Anne Dunn	\$500,000
Commissioner	Rhea E. Little, III	\$500,000
Commissioner	Regina R. Smithson	\$500,000

**Appointed:**

City Manager	Michael W. Walker	\$500,000
Assistant City Manager	Kirk E. Bednar	\$500,000
City Attorney	Roger A. Horner	\$500,000
City Recorder	Deborah Hedgepath	\$500,000
Finance Director	Carson K. Swinford	\$500,000
City Treasurer	Karen W. Harper	\$500,000
Human Resource Director	Michael Worsham	\$500,000
Police Chief	Jeff Hughes	\$500,000
Fire Chief	Brian Goss	\$500,000
Planning and Codes Director	Jeff Dobson	\$500,000
Public Works Director	Jeff Donegan	\$500,000
Engineering Director	Mike Harris	\$500,000
Water and Sewer Director	Chris Milton	\$500,000
Library Director	Susan Earl	\$500,000
Community Relations Director	Linda Lynch	\$500,000
Parks and Recreation Director	David M. Bunt	\$500,000
Technology Director	John I. Allman, IV	\$500,000
City Judge	Laurie Jewett	\$500,000

## **STATISTICAL SECTION**

(Not Covered by Report of Independent Certified Public Accountants)

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

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<b><u>Financial Trends</u></b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	94 - 99
<b><u>Revenue Capacity</u></b>	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	100 - 106
<b><u>Debt Capacity</u></b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	107 - 110
<b><u>Demographic and Economic Information</u></b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	111 - 112
<b><u>Operating Information</u></b>	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	113 - 115

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

CITY OF BRENTWOOD, TENNESSEE

NET ASSETS BY COMPONENT (UNAUDITED)

LAST TEN FISCAL YEARS

	<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>	<u>2012</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 114,258,066	\$ 115,634,124	\$ 119,610,848	\$ 119,009,889	\$ 135,812,978	\$ 139,216,762	\$ 157,618,661	\$ 161,999,322	\$ 171,916,717	\$ 179,651,968
Restricted	2,146,192	2,584,725	2,774,389	2,621,325	1,238,048	3,230,842 <sup>(2)</sup>	3,447,290	7,036,941	6,615,744	5,521,606
Unrestricted	<u>26,543,145</u>	<u>28,721,929</u>	<u>25,135,008</u> <sup>(1)</sup>	<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>34,754,804</u>	<u>39,471,141</u>
Total governmental activities net assets	<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>	<u>\$ 224,644,715</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 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	\$ 51,006,423
Restricted	269,708	269,708	269,708	269,708	269,708	269,708	179,823	-	-	120,000
Unrestricted	<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>	<u>21,681,193</u>
Total business-type activities net assets	<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>	<u>\$ 72,807,616</u>
Primary government										
Invested in capital assets, net of related debt	\$ 152,899,171	\$ 155,000,596	\$ 161,531,054	\$ 164,230,498	\$ 181,849,743	\$ 189,314,603	\$ 203,200,183	\$ 211,281,764	\$ 213,749,834	\$ 230,658,391
Restricted	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	5,641,606
Unrestricted	<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>60,607,933</u>	<u>61,152,334</u>
Total primary government net assets	<u>\$ 186,011,281</u>	<u>\$ 192,107,138</u>	<u>\$ 195,504,120</u> <sup>(1)</sup>	<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>	<u>\$ 297,452,331</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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

	<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>	<u>2012</u>
<b>EXPENSES</b>										
Governmental Activities:										
General government	\$ 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	\$ 6,597,201
Public safety	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	12,123,456
Roads and streets	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	8,724,793
Public health	51,481	61,668	71,764	63,753	76,310	80,890	80,858	78,519	81,248	79,638
Parks and recreation	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	2,527,115
Public library	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	2,422,613
Community support	273,959	259,765	239,793	261,678	264,226	259,756	256,220	258,112	265,068	294,259
Drug education	17,174	17,051	14,837	108,669	58,279	63,604	60,117	113,392	66,972	74,485
Facilities maintenance projects	-	-	-	-	-	131,616	134,359	413,745	-	-
Other	5,160	15,012	19,553	10,368	-	-	-	-	-	-
Interest on long-term debt	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	930,474
Total governmental activities	<u>24,767,996</u>	<u>24,428,195</u>	<u>25,737,688</u>	<u>27,352,355</u>	<u>29,104,350</u>	<u>31,902,824</u>	<u>34,315,215</u>	<u>34,092,033</u>	<u>35,593,880</u>	<u>33,774,034</u>
Business-type activities:										
Water and Sewer	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	13,140,446
Rental facilities	445,070	447,752	422,084	463,648	475,793	507,356	584,900	515,425	564,841	613,469
911 operations	-	673,869	681,704	788,595	842,061	889,135	898,577	922,375	1,064,637	1,149,062
Total business-type activities	<u>9,211,201</u>	<u>10,067,942</u>	<u>10,136,452</u>	<u>11,003,564</u>	<u>11,423,057</u>	<u>12,947,516</u>	<u>13,155,429</u>	<u>13,588,591</u>	<u>14,721,877</u>	<u>14,902,977</u>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<u>\$ 33,979,197</u>	<u>\$ 34,496,137</u>	<u>\$ 35,874,140</u>	<u>\$ 38,355,919</u>	<u>\$ 40,527,407</u>	<u>\$ 44,850,340</u>	<u>\$ 47,470,644</u>	<u>\$ 47,680,624</u>	<u>\$ 50,315,757</u>	<u>\$ 48,677,011</u>
<b>PROGRAM REVENUES</b>										
Governmental Activities:										
Charges for services:										
General government	\$ 233,958	\$ 230,690	\$ 226,857	\$ 392,005	\$ 457,610	\$ 631,595	\$ 572,763 <sup>(1)</sup>	\$ 826,573	\$ 951,096	\$ 1,206,745
Roads and streets	33,669	46,124	43,697	55,324	64,741	35,646	41,210 <sup>(1)</sup>	409,300	360,927	676,355
Parks and recreation	12,515	22,764	27,275	29,101	67,650	90,933	92,498	98,336	116,950	125,154
Public library	85,458	95,863	93,996	125,556	138,322	137,032	136,250	147,013	156,372	156,636
Community support	19,081	21,973	24,877	24,341	23,841	24,325	22,686	25,141	29,430	29,631
Operating grants and contributions	747,889	762,606	1,046,504	1,039,004	915,641	1,026,577	1,007,259	1,487,877	1,424,021	1,006,999
Capital grants and contributions	4,233,595	4,050,713	3,339,186	-	17,294,640	6,909,990	13,452,200 <sup>(1)</sup>	8,604,638	4,508,465	7,711,481
Total governmental activities and program revenues	<u>5,366,165</u>	<u>5,230,733</u>	<u>4,802,392</u>	<u>1,665,331</u>	<u>18,962,445</u>	<u>8,856,098</u>	<u>15,324,866</u>	<u>11,598,878</u>	<u>7,547,261</u>	<u>10,913,001</u>
Business-type activities:										
Charges for services:										
Water and Sewer	9,341,989	9,270,040	9,763,637	10,580,466	11,452,036	12,484,931	13,209,778	12,658,635	13,879,189	14,539,927
Rental facilities	448,253	437,162	449,008	490,188	478,347	496,971	509,673	556,317	611,567	676,488
911 operations	279,944	431,622	451,578	538,212	620,309	623,926	652,548	648,731	663,715	660,316
Operating grants and contributions	-	-	-	-	-	-	-	-	189,153	207,911
Capital grants and contributions	1,152,689	1,635,610	1,910,115	2,485,002	3,451,033	949,505	957,013	809,958	1,653,925	3,163,900
Total business-type activities program revenues	<u>11,222,875</u>	<u>11,774,434</u>	<u>12,574,338</u>	<u>14,093,868</u>	<u>16,001,725</u>	<u>14,555,333</u>	<u>15,329,012</u>	<u>14,673,641</u>	<u>16,997,549</u>	<u>19,248,542</u>
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<u>\$ 16,589,040</u>	<u>\$ 17,005,167</u>	<u>\$ 17,376,730</u>	<u>\$ 15,759,199</u>	<u>\$ 34,964,170</u>	<u>\$ 23,411,431</u>	<u>\$ 30,653,878</u>	<u>\$ 26,272,519</u>	<u>\$ 24,544,810</u>	<u>\$ 30,161,543</u>
<b>NET (EXPENSE)/REVENUE</b>										
Governmental activities	\$ (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)	\$ (22,861,033)
Business-type activities	<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>	<u>4,345,565</u>
<b>TOTAL PRIMARY GOVERNMENT NET EXPENSE</b>	<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>	<u>\$ (18,515,468)</u>



CITY OF BRENTWOOD, TENNESSEE

CHANGES IN NET ASSETS (UNAUDITED) (CONTINUED)

LAST TEN FISCAL YEARS

	<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>	<u>2012</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 10,857,220
Local option taxes	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	12,005,650
Hotel/Motel taxes	-	-	-	-	-	-	-	-	-	1,144,406 <sup>(2)</sup>
Wholesale beer and liquor taxes	-	-	-	-	-	-	-	-	-	1,230,697 <sup>(2)</sup>
State sales and income taxes	-	-	-	-	-	-	- <sup>(1)</sup>	4,326,647	4,552,428	- <sup>(2)</sup>
Other business taxes	-	-	-	-	-	-	- <sup>(1)</sup>	3,732,842	3,945,296	- <sup>(2)</sup>
Adequate schools facilities taxes	-	-	-	-	-	-	- <sup>(1)</sup>	218,990	332,178	412,451
Licenses and permits	1,595,673	1,990,455	1,709,803	3,315,881	3,770,901	4,025,144	3,871,297 <sup>(1)</sup>	-	-	-
Other taxes	1,094,616	1,834,238	2,894,347	1,930,755	1,680,610	1,146,517	631,364 <sup>(1)</sup>	767,240	817,978	536,547 <sup>(2)</sup>
State sales, income, and other taxes	3,573,964	3,081,239	3,425,382	4,170,870	5,500,693	6,744,510	6,612,992 <sup>(1)</sup>	-	-	-
Unrestricted intergovernmental taxes:										
State sales	-	-	-	-	-	-	-	-	-	2,513,971 <sup>(2)</sup>
Income	-	-	-	-	-	-	-	-	-	2,284,851 <sup>(2)</sup>
Business	-	-	-	-	-	-	-	-	-	1,339,121 <sup>(2)</sup>
TVA in-lieu	-	-	-	-	-	-	-	-	-	428,175 <sup>(2)</sup>
Mixed drink and beer	-	-	-	-	-	-	-	-	-	152,273 <sup>(2)</sup>
Petroleum special	-	-	-	-	-	-	-	-	-	76,063 <sup>(2)</sup>
Corporate excise	-	-	-	-	-	-	-	-	-	11,633 <sup>(2)</sup>
Telecommunications	-	-	-	-	-	-	-	-	-	2,301 <sup>(2)</sup>
Other intergovernmental	-	-	-	-	-	-	-	-	-	142,463 <sup>(2)</sup>
Unrestricted earnings	499,447	436,363	731,403	1,287,069	2,129,264	1,883,205	1,099,457	731,313	817,401	578,871
Miscellaneous	429,150	64,603	106,310	532,213	512,712	1,548,023	724,916	370,192	236,284	293,655
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)	(422,950)
Total government activities	<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>	<u>33,587,398</u>
<b>Business-type activities</b>										
Unrestricted investment earnings	59,689	78,954	129,629	307,198	511,043	452,359	157,106	92,519	250,252	156,503
Contributions to Post Employment Benefit Fund	-	-	-	(60,000)	(60,000)	-	-	196,352	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	196,352
Transfers	250,000	317,036	250,000	263,400	332,000	395,000	413,000	1,418,700	418,700	422,950
Total business-type activities	<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>1,707,571</u>	<u>668,952</u>	<u>775,805</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<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>\$ 31,276,170</u>	<u>\$ 32,890,724</u>	<u>\$ 34,363,203</u>
<b>CHANGE IN NET ASSETS</b>										
Governmental activities	\$ 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	\$ 10,726,365
Business-type activities	2,321,363	2,102,482	2,817,515	3,600,902	5,361,711	2,455,176	2,743,689	2,792,621	2,944,624	5,121,370
<b>TOTAL PRIMARY GOVERNMENT</b>	<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>\$ 9,868,065</u>	<u>\$ 7,119,777</u>	<u>\$ 15,847,735</u>

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

(2) In fiscal year 2012, 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>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>	<u>2012</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	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)	40,995
Committed	-	-	-	-	-	-	-	-	2,055,889 (1)	3,841,285
Unassigned	-	-	-	-	-	-	-	-	23,215,831 (1)	26,545,794
Total general fund	<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>	<u>\$ 30,428,074</u>
All Other Governmental Funds										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved										
Reserved for debt services	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	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	426,405	436,285	568,726	561,571	581,731	589,004	485,175	392,214	-	-
Reserved for drug enforcement and education	80,621	110,618	94,649	142,077	104,779	49,439	118,447	151,811	-	-
Restricted										
Restricted for street repairs	-	-	-	-	-	-	-	-	397,129 (1)	358,999
Restricted for drug enforcement and education	-	-	-	-	-	-	-	-	186,549 (1)	284,486
Restricted for capital projects	-	-	-	-	-	-	-	-	1,967,705 (1)	2,237,084
Committed										
Committed to capital projects	-	-	-	-	-	-	-	-	9,258,181 (1)	8,600,375
Committed to debt service	-	-	-	-	-	-	-	-	3,942,590 (1)	3,793,311
Total all other governmental funds	<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>\$ 22,336,771</u>	<u>\$ 15,752,154</u>	<u>\$ 15,274,255</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>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>	<u>2012</u>
<b>REVENUES</b>										
Taxes	\$ 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	\$ 25,774,520
Licenses and permits	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	1,448,508
Fines and fees	233,958	230,690	226,857	392,005	457,610	631,595	572,763	378,878	277,949	373,100
Charges for services	150,722	186,724	189,845	234,322	294,554	287,936	292,644	284,184	335,962	372,913
Intergovernmental	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	9,411,861
Uses of money and property	499,447	436,363	731,403	1,287,069	2,129,264	1,883,205	1,099,457	729,251	806,996	571,595
Other revenues	<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>	<u>293,655</u>
<b>TOTAL REVENUES</b>	<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>	<u>38,246,152</u>
<b>EXPENDITURES</b>										
General government	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	5,710,028
Public safety	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	11,859,078
Roads and streets	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	4,739,856
Public health	51,481	61,668	71,764	63,753	76,310	80,890	80,858	78,519	81,248	79,638
Parks and recreation	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	1,794,215
Public library	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	2,001,510
Community support	254,373	238,031	239,793	241,243	264,226	259,756	256,220	258,112	265,068	294,259
Drug education	12,965	12,842	10,628	31,593	22,414	33,962	25,418	25,278	16,861	14,935
Facility maintenance	-	-	-	-	-	131,616	134,359	413,745	-	-
Other	5,160	4,920	-	5,395	-	-	-	-	-	-
Capital outlay	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	8,914,483
Contribution to Post Employment Benefits Fund	-	-	300,000	617,000	620,000	- *	-	-	-	-
Debt service										
Interest	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	2,243,292
Principal	1,594,153	1,885,285	1,971,459	2,182,830	1,809,255	1,070,861	1,140,915	1,146,167	1,114,176	1,021,856
Bond issue costs	-	-	-	-	-	-	-	-	-	198,078
<b>Total expenditures</b>	<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>	<u>38,871,228</u>
Excess of revenues over (under) expenditures	<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>	<u>(625,076)</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>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>	<u>2012</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 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	\$ 5,582,436
Transfers out	(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)	(6,155,386)
Proceeds of general obligation bonds	-	3,685,000	-	4,800,000	-	4,935,000	-	4,760,000	-	4,845,000
Proceeds of refunding bonds	6,300,000	-	-	2,430,000	-	-	-	-	-	10,635,000
Payment of refunded bond escrow agent	(6,213,361)	-	-	(2,398,471)	-	-	-	-	-	(10,924,444)
Bond discount	(86,639)	(51,181)	-	(68,320)	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-	-	168,943	-	583,545
Total other financing sources (uses)	<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>	<u>4,566,151</u>
Net Change in Fund Balance	<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>	<u>\$ 3,941,075</u>
Debt service as a percentage of noncapital expenditures	<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>	<u>10.9 %</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
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 %
2012	624,223,809	1,626,787,010	19,035,100	78,672,001	2,348,717,920	0.44	8,408,400,132	27.93 %

\* The fiscal year listed corresponds to the preceding tax year levy (2012 fiscal year would represent the 2011 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
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
2012	.44 / 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 (2012 fiscal year would represent the 2011 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 2012				FY 2003			
	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value	
Highwoods/Tenn Holdings LP	\$ 54,053,612	1	% 2.20	%	\$ 22,869,160	2	1.79	%
Bellsouth Telecommunication	44,006,672	2	1.79		78,930,058	1	6.16	
A T & T Mobility LLC	28,875,712	3	1.17				-	
Duke Realty	28,155,880	4	1.14		11,556,960	5	0.90	
Brentwood Place Holding	23,487,672	5	0.95				-	
Heritage Retirement Facility	18,802,037	6	0.76				-	
PEM Cool Springs	16,385,360	7	0.67				-	
DDR MDT Cool Springs Point	12,072,160	8	0.49					
Gateway Kentfield Inc	11,257,680	9	0.46		8,627,640	7	0.67	
Wells Fargo XII-Reit Joint	10,986,680	10	0.45		8,627,640	8	0.67	
Williams, W. Fred, Trustee	-		-		20,566,240	3	1.61	
SBP Nashville, LLC	-		-		14,942,520	4	1.17	
Brentwood Retail LP	-		-		9,314,760	6	0.73	
Developers Diversified	-		-		8,375,960	9	0.65	
The Prudential Mutal Life	-		-		7,954,560	10	0.62	
Total	<u>\$ 248,083,465</u>		<u>10.07</u>	%	<u>\$ 191,765,498</u>		<u>14.97</u>	%
Total Assessment	<u>\$ 2,462,373,524</u>	**			<u>\$ 1,280,964,465</u>	***		

\* Source: - 2003 and 2012 Williamson County Assessment

\*\* Total Assessment Value for Tax Year 2011 (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	
2003	\$ 7,359,856	\$ 7,252,397	98.5%	\$ 95,738	\$ 7,348,135	99.8%	
2004	7,545,119	7,419,009	98.3%	121,325	7,540,334	99.9%	
2005	7,935,424	7,802,864	98.3%	131,176	7,934,040	100.0%	
2006	8,448,015	8,153,723	96.5%	291,073	8,444,796	100.0%	
2007	8,885,916	8,761,268	98.6%	121,982	8,883,250	100.0%	
2008	9,497,764	9,329,872	98.2%	163,830	9,493,702	100.0%	
2009	10,034,692	9,835,526	98.0%	191,838	10,027,364	99.9%	
2010	10,262,147	9,983,488	97.3%	269,255	10,252,743	99.9%	
2011	10,356,406	10,098,663	97.5%	221,396	10,320,059	99.6%	
2012	10,335,554	10,224,371	98.9%	-	10,224,371	98.9%	

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 (2012 fiscal year would represent the 2011 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>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>
Apparel stores	\$ 20,819,792	\$ 23,439,403	\$ 27,990,504	\$ 33,110,402	\$ 36,340,515	\$ 36,791,744	\$ 34,207,950	\$ 35,603,335	\$ 36,114,319	\$ 42,427,613
General merchandise	53,182,206	59,671,979	69,488,049	79,666,952	93,667,544	96,290,678	102,124,500	103,554,734	106,921,963	112,677,316
Food stores	62,628,611	72,234,838	83,882,703	105,320,600	112,792,481	122,265,370	124,903,787	121,282,425	123,553,923	129,922,134
Eating and drinking establishments	44,245,795	48,026,941	52,467,863	58,916,383	66,998,444	66,639,721	64,569,999	62,775,480	64,343,637	69,334,673
Home furnishings and appliances	112,511,141	116,068,176	125,675,063	136,502,232	147,860,607	131,089,288	106,871,146	84,004,301	90,529,601	94,945,616
Building materials and farm tools	41,163,196	45,042,058	53,168,017	58,559,976	62,973,618	58,975,759	49,997,120	42,539,665	43,710,523	45,774,258
Auto dealers, supplies, and service stations	23,443,551	25,670,042	26,592,639	27,793,354	26,815,554	28,528,779	26,832,050	25,803,112	27,350,488	29,259,568
Other retail stores	58,734,036	57,511,029	64,033,330	84,433,478	96,168,837	117,943,420	126,217,685	117,718,051	126,609,819	125,523,865
All other outlets	<u>155,169,116</u>	<u>141,506,199</u>	<u>148,750,965</u>	<u>170,248,876</u>	<u>183,311,997</u>	<u>188,341,509</u>	<u>197,290,451</u>	<u>179,229,331</u>	<u>201,138,559</u>	<u>228,224,596</u>
 Total	 <u>\$ 571,897,444</u>	 <u>\$ 589,170,665</u>	 <u>\$ 652,049,133</u>	 <u>\$ 754,552,253</u>	 <u>\$ 826,929,597</u>	 <u>\$ 846,866,268</u>	 <u>\$ 833,014,688</u>	 <u>\$ 772,510,434</u>	 <u>\$ 820,272,832</u>	 <u>\$ 878,089,639</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 Section

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>
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
2012	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 2003 AND 2012

Sector	2003				2012			
	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	504	48.79 %	\$ 9,493,301	74.28 %	623	48.00 %	\$ 15,136,846	72.36 %
2 Services	322	31.17	2,027,445	15.86	403	31.05	3,693,379	17.66
3 Manufacturing	50	4.84	463,343	3.63	54	4.16	317,120	1.52
4 Wholesale Trade	65	6.29	205,184	1.61	93	7.16	754,717	3.61
5 Construction	27	2.61	214,793	1.68	16	1.23	148,920	0.71
6 Finance Insurance Real Estate	11	1.06	11,555	0.09	16	1.23	66,810	0.32
7 Transportation and Utilities	31	3.00	221,546	1.73	12	0.92	393,162	1.88
8 Agriculture	10	0.97	25,853	0.20	13	1.00	18,682	0.09
9 Other, Non Classified	13	1.26	116,888	0.91	68	5.24	389,750	1.86
Total	<u>1,033</u>	<u>100 %</u>	<u>\$ 12,779,908</u>	<u>100 %</u>	<u>1,298</u>	<u>100 %</u>	<u>\$ 20,919,386</u>	<u>100 %</u>

**Source:** Tennessee Department of Revenue, Research Section.

**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. Thus, amounts presented above do not match to amounts reflected within the financial report.
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

FISCAL YEAR	GOVERNMENT ACTIVITIES		BUSINESS TYPE ACTIVITIES			PERCENTAGE OF PERSONAL INCOME *		PER CAPITA *
	GENERAL OBLIGATION BONDS	WATER & SEWER REVENUE BONDS	STATE/TML WATER LOANS	TOTAL PRIMARY GOVERNMENT				
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	
2012	29,745,000	28,305,000	-	58,050,000	41.00		1,566	

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

\*Calculated information provided from 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>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>	<u>2012</u>
General bonded debt outstanding general obligation bonds	\$ 24,565	\$ 26,380	\$ 24,430	\$ 27,195	\$ 25,405	\$ 28,305	\$ 26,050	\$ 28,915	\$ 26,800	\$ 29,745
Percentage of estimated actual property value**	1.97%	2.06%	1.81%	1.89%	1.41%	1.46%	1.27%	1.37%	1.27%	1.27%
Per capita***	918.56	861.61	797.92	888.23	720.46	802.71	738.76	820.00	723.15	802.62
Less: Amounts set aside to repay general debt	<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>3,943</u>	<u>3,793</u>
Total net debt applicable to debt limit	\$ 21,638	\$ 23,425	\$ 21,478	\$ 24,172	\$ 21,868	\$ 24,440	\$ 22,318	\$ 24,936	\$ 22,857	\$ 25,952
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 Assessed and Estimated Actual Value of Property

\*\*\*Per capita information calculated with information from Demographic and Economic Statistics.

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)

AS OF JUNE 30, 2012

<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	\$ 29,745	100.0%	\$ 29,745
Overlapping:			
Williamson County	<u>486,544</u>	29.6%	<u>143,858</u>
Total	<u>\$ 516,289</u>		<u>\$ 173,603</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 6/30/2012.

(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	
2003	\$ 9,394,385	\$ 6,441,834	\$ 2,952,551	\$ 1,185,000	\$ 582,659	\$ 1,767,659	1.67 %
2004	9,335,419	6,654,397	2,681,022	1,280,000	468,904	1,748,904	1.53
2005	9,871,815	6,771,726	3,100,089	1,335,000	415,304	1,750,304	1.77
2006	10,835,700	7,551,700	3,284,000	1,365,000	321,380	1,686,380	1.95
2007	11,882,602	7,824,784	4,057,818	895,000	327,361	1,222,361	3.32
2008	12,861,421	9,287,489	3,573,932	940,000	235,022	1,175,022	3.04
2009	13,341,640	9,283,068	4,058,572	980,000	304,130	1,284,130	3.16
2010	12,739,106	9,367,100	4,181,964	995,000	423,732	1,418,732	2.95
2011	14,095,992	9,967,900	4,128,092	1,030,000	732,818	1,762,818	2.34
2012	14,680,423	9,834,663	4,845,760	1,480,000	795,532	2,275,532	2.13

\*Does not include depreciation and amortization.

CITY OF BRENTWOOD, TENNESSEE

DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>POPULATION</u>		<u>PERSONAL INCOME (IN THOUSANDS OF DOLLARS) <sup>a</sup></u>	<u>PER CAPITA PERSONAL INCOME <sup>a</sup></u>	<u>MEDIAN AGE <sup>a</sup></u>	<u>SCHOOL ENROLLMENT <sup>b</sup></u>	<u>UNEMPLOYMENT RATE <sup>c</sup></u>
2003	26,743	<sup>1</sup>	\$ 1,386,705	\$ 51,853	41.2	7,112	2.6%
2004	30,617	<sup>2</sup>	1,747,527	57,077	42.0	7,768	2.3%
2005	30,617	<sup>2</sup>	1,747,527	N/A	42.3	8,528	3.9%
2006	30,617	<sup>2</sup>	1,732,953	56,601	42.9	8,872	3.9%
2007	35,262	<sup>3</sup>	1,938,705	54,980	43.3	9,512	3.3%
2008	35,262	<sup>3</sup>	1,938,705	54,980	43.3	10,422	5.0%
2009	35,262	<sup>3</sup>	2,046,959	58,050	43.7	10,136	7.0%
2010	35,262	<sup>3</sup>	2,279,265	64,638	44.0	10,896	5.8%
2011	37,060	<sup>4</sup>	2,327,553	62,805	44.0	11,292	6.7%
2012	37,060	<sup>4</sup>	2,380,030	64,221	36.3	11,155	5.7%

<sup>1</sup> Based on 2002 special census report

<sup>2</sup> Based on 2004 special census report

<sup>3</sup> Based on 2006 special census report

<sup>4</sup> Based on 2010 US Bureau of the Census report

<sup>a</sup> Source - Williamson Economic Development Council

<sup>b</sup> Williamson County Public Schools with Brentwood Student enrollment

<sup>c</sup> U.S. Department of Labor, Bureau of Labor Statistics



CITY OF BRENTWOOD, TENNESSEE

PRINCIPAL EMPLOYERS (UNAUDITED)

CURRENT YEAR AND NINE YEARS AGO

EMPLOYER	2012			2003		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Comdata	890	1	5.13 %	706	1	5.61 %
Tractor Supply Company	664	2	3.83	-		-
AT&T	500	3	2.88	450	2	3.57
DaVita	455	4	2.62	-		-
Brookdale Senior Living	450	5	2.59	-		-
LifePoint Hospitals Inc	415	6	2.39	-		-
The Lampo Group (Dave Ramsey)	340	7	1.96	-		-
Lattimore Black Morgan & Cain	270	8	1.56	179	11	1.42
City of Brentwood	244	9	1.41	225	7	1.79
Corizon	200	10	1.15	-		-
Bellsouth Mobility	-		-	-		-
Cingular Wireless	-		-	330	3	2.62
Gambro Healthcare	-		-	325	4	2.58
EMI Christian Music Group	-		-	300	5	2.38
Community Health Systems	-		-	260	6	2.06
Doane Pet Care	-		-	200	8	1.59
Private Business	-		-	196	9	1.56
Aspect Communications	-		-	180	10	1.43
Total	<u>4,428</u>		<u>25.52 %</u>	<u>3,351</u>		<u>26.61 %</u>
Total employment	<u>17,350</u>	*		<u>12,594</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

FUNCTION/PROGRAM	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>GENERAL GOVT.</b>										
City Manager	1	1	1	1	2	2	2	2	2	2
Administration	3	3	3	3	3	3	3	3	3	3
Finance	7	7	7	7	8	7	7	7	7.5	7.5
Human Resources	2	2	2	2	1	3	3	3	3	3
Information Technology	3	3	3	4	4	4.5	4.5	4.5	4.5	5.5
Planning and Development	4	4	4	4	4	4	4	3	3	3
Codes	8	7	9	9	8	9.5	9.5	9.0	9.5	8.5
GIS	-	-	-	-	2	4	3.5	4.5	4.5	3.0
	<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>	<u>35.5</u>
<b>POLICE</b>										
Officers	55	55	55	54	62	58	58	55.0	55.0	56.0
Civilians	12	13	13	13	10	12	13	13.5	14.0	15.0
<b>FIRE</b>										
Firefighters & Officers	55	55	57	57	57	58	61	61	63	61
Civilians	1	1	1	1	1	1	1	1	1	1
<b>PUBLIC WORKS</b>										
Engineering	2	3	4	4	4	5	4	4	4	4
Public Works - Streets	21	21	20	22	19	22	22.5	22.5	22	22
<b>UTILITIES</b>										
Water	11	11	12	11	11	12	13	13	12	13
Wastewater	11	10	12	12	12	13	13	12	12	13
<b>PARKS &amp; RECREATION</b>	15	15	16	19	17	17	18	19	18	17
<b>LIBRARY</b>	<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>	<u>28.5</u>
<b>TOTAL REGULAR FULL-TIME</b>	<u><b>232</b></u>	<u><b>234</b></u>	<u><b>242</b></u>	<u><b>246</b></u>	<u><b>251</b></u>	<u><b>261</b></u>	<u><b>266</b></u>	<u><b>265</b></u>	<u><b>264</b></u>	<u><b>266</b></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>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>	<u>2012</u>
General Government										
Building permits issued	1,706	1,807	1,337	1,629	1,410	1,160	795	909	968	979
Building related inspections	14,421	9,575	16,962	16,078	14,035	14,299	12,320	8,908	9,778	10,318
Police										
Physical arrests	809	728	740	812	965	1,234	1,251	964	1,082	1,244
Parking violations	104	65	62	58	36	178	122	44	73	70
Traffic violations	5,954	5,094	7,407	8,464	11,002	11,068	8,805	6,632	5,963	6,282
Fire										
Emergency responses	2,178	2,261	2,232	2,408	2,467	2,441	2,455	2,473	2,622	2,742
Fires extinguished	89	78	87	123	112	78	86	67	102	92
Inspections (Commercial)	347	421	434	453	470	482	488	492	494	495
Public Works										
Street resurfacing (miles)	22.23	23.01	19.28	25.35	17.68	18.76	21.98	18.85	20.60	18.06
Potholes repaired	379	326	367	258	228	244	471	723	352	389
Library										
Volumes in collection	103,220	109,977	119,317	124,866	133,778	143,822	150,610	155,541	165,714	226,180
Total volumes borrowed	506,633	542,802	550,593	458,589	480,268	523,914	566,798	624,000	678,533	653,297
Water										
New connections	173	162	148	128	111	326	80	77	144	172
Water main breaks	6	7	9	9	13	27	11	15	15	12
Monthly average daily flow	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	153,415,000
Wastewater										
Average daily sewage treatment (thousands of gallons)	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	4,400.00

*Source: Various City Departments*

CITY OF BRENTWOOD

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

<u>FUNCTION/PROGRAM</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>	<u>2012</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	61	59	59	64	65	70	66	67	67	66
Fire Stations	4	4	4	4	4	4	4	4	4	4
Public Works										
Streets (miles)	351	351	417	417	417	422	424	456	459	461
Streetlights	2,565	2,565	2,600	2,607	3,249	3,289	3,354	3,401	3,422	3,439
Traffic signals	35	35	35	39	40	42	42	43	44	46
Parks and Recreation										
Acreage	379	397	455	560	580	580	580	610	862	862
Playgrounds	3	3	3	3	4	4	4	4	4	4
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	12	15	15	15	15	15	15	15	15	15
Water										
Water mains (miles) *	208	216	216	216	235	198	220	205	206	206
Fire hydrants	1,671	1,912	2,100	2,045	2,100	2,231	2,290	2,320	2,339	2,036
Storage capacity (thousand of gallons)	12,288	14,000	14,000	14,000	14,790	14,790	14,790	14,520	14,020	14,020
Wastewater										
Sanitary sewers (miles)	220	235	240	245	260	260	260	269	269	268

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, 2012, and have issued our report thereon dated December 20, 2012. 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 of Y. Kraft in black ink, followed by the text "CPAs PLLC".

Nashville, Tennessee  
December 20, 2012

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, 2012. 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, 2012.



### 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 "Y. H. CPAs PLLC". The signature is stylized, with the "Y" and "H" being particularly prominent and connected.

Nashville, Tennessee  
December 20, 2012

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2012

**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

97.039      Hazard Mitigation

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

\$300,000

Auditee qualified as low-risk auditee?

  X   yes      \_\_\_\_\_ no