

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013

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INTRODUCTORY SECTION

BETSY CROSSLEY
MAYOR

JILL BURGIN
VICE-MAYOR

KIRK BEDNAR
CITY MANAGER



COMMISSIONERS
ANNE DUNN
ROD FREEMAN
MARK W. GORMAN
RHEA E. LITTLE, III
REGINA SMITHSON

City of Brentwood

December 19, 2013

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, 2013 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, 2013.

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, 2013, 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 unmodified opinion that the City of Brentwood's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City was not required to undergo a single audit for the year ended June 30, 2013 as prescribed by the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*.



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

Profile of the Government

The City of Brentwood is located in middle Tennessee in the northern part of Williamson County, adjacent to the southern border of Metropolitan Nashville-Davidson County. Since the mid-1990's, Middle Tennessee and specifically Williamson County has been the top growth area of the state, and one of the top growth areas in the country. The City of Brentwood currently occupies a land area of 41.3 square miles and has a 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 City Manager's Office compiles a draft six-year Capital Improvements Plan. 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 expanded 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 departmental 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. A budget work session is 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 the 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 prior to final reading of the Appropriations and Tax Levy Ordinances. The hearings provide formal citizen input to the City Commission on decisions and issues related to the Budget. The first reading of the Appropriations and Tax Levy Ordinances is typically held at the second regular Board meeting in May. The ordinances are subject to formal consideration and amendments as deemed necessary and adoption on first reading. With the late-June approval on second and final readings of the Ordinances, the Commission officially adopts the Budget for the new fiscal year beginning July 1, and sets the tax rate for the upcoming year.

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison begins on page 25. The special revenue funds and debt service fund comparison begin on pages 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 17th wealthiest county in the United States based on median household income. The most recently available statistics for June 2013 indicates a 6.2 percent unemployment rate for Brentwood compared to a county rate of 6.1 percent, a statewide rate of 8.5 percent and national jobless rate of 7.6 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 6.0% 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 related permits issued during the 2012-2013 fiscal year was \$157,570,083 with 974 permits being issued. In fiscal year 2013, Brentwood had a total assessed value of taxable property of \$2,462,267,779 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, 2013 revealed a direct vacancy rate of 3.7% 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), AT&T (communications), Brookdale Senior Living (senior residences management) and LifePoint Hospitals (healthcare management) are examples of companies who have chosen to locate their national or regional offices in Brentwood.

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

the adjacent Brentwood area resulting in subsequent growth in local sales tax collections. Additional retail development has also occurred in the northern commercial area of the City to serve the office and resident population. The growth in local sales tax collections in the past ten years has allowed the City to maintain a balanced revenue/tax structure and not be heavily dependent on the property tax to fund municipal services. It has also allowed the City to maintain the same effective property tax rate for the past twenty-two (22) years through FY 2013.

Of the 50 largest cities in Tennessee, Brentwood ranks number one (1) as the most business-friendly community in the State according to a recent study by the Beacon Center of Tennessee. The ranking considered three measures: business taxation; economic vitality measures such as job growth and high median income; and community allure, including crime rates and education.

The Brentwood/Williamson County community is firmly committed to providing a quality public education system second to none in the United States. Local students are routinely admitted to the highest ranked colleges and universities across the nation. Roughly 95% of Brentwood and Ravenwood High Schools seniors 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 2014-19 CIP include:

- Improvements to Smith Park and Flagpole 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.*** As the United States continues its slow recovery from the "Great Recession", there remains a degree of uncertainty about significant economic growth during the next five years. Fortunately, the City of Brentwood again ended fiscal year 2012-2013 in excellent financial condition due to conservative financial management. General Fund revenue growth greatly exceeded amended budget estimates by \$3,128,718 while expenditures were under the revised appropriation by \$868,823. Even after taking into account special year-end appropriations transfers from the General Fund to the Capital Projects Fund (\$2,640,000) and Equipment Replacement Fund (\$45,000) for funding various capital improvements and Phase I improvements at Smith Park in fiscal year 2014, the fund

balance increased by \$3,607,765 from the previous fiscal year (from \$30,428,074 to \$34,035,839). This positive increase was possible due to an improving local economy and growing revenue collections. Looking ahead to fiscal year 2013-2014 and beyond, we anticipate continued 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 and current sentiment in the state legislature toward future elimination of the Hall Income Tax 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 2014-2015 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 totaled 255 in fiscal year 2013. 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 2013 with an unassigned fund balance for the general fund of \$29,560,931, or 88% of FY 2013 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 2013 ending fund balance in the Debt Service Fund was \$3,712,435 compared to new debt service payments for FY 2014 of \$3,403,395.

Major Initiatives for the Year - The significant projects, events and accomplishments during the City's 2012-2013 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 July, 2013. 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 2013-2018, including a realistic financing and debt management plan.
- ***Stable Property Tax Rate*** - The City of Brentwood property tax rate that was approved in June 2013 for the new fiscal year beginning July 1, 2013 – June 30, 2014 will be \$.44 per \$100 of assessed value, which represents the same effective tax rate for the 23rd 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 2013-2014 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 2013-2014 budget will be 6.54 versus 8.54 in fiscal year 1990-1991 or 23% 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 76 additional full-time employees (326 rather than 250) with additional personnel cost to the General Fund of \$6.1 million annually. Funding would have required a 56% increase in the City property taxes, a corresponding \$6.1 million or 19% cut in current General Fund services or a combination of tax increases and service reductions.
- ***Development and Expansion 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. Construction on Phase I improvements to the park and renovation of the historic Ravenswood home began in spring 2013 with an anticipated park opening in spring 2014.

In addition, the City Commission voted in October 2013 to exercise an option to purchase an additional 80 acres adjacent to the new park for \$2.9 million.

- ***New Commercial Development Activity*** – Several significant commercial development projects were initiated during FY 2013. Construction of the new corporate headquarters for Tractor Supply Company began in early 2013 and is expected to be complete by mid-2014. This project consists of two connected buildings totaling 260,000 square feet. The Mallory Park commercial development continued to experience strong demand highlighted by the development of three new car dealerships for Porsche, Audi, and Mini Cooper. Finally, the owners of the Synergy Office Park received approval for redevelopment plans that include a new 125 room hotel and over 60,000 square feet of new retail space.

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, 2012. This was the twenty-seventh consecutive year (fiscal years ended 1986-2012) 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, 2012. This represents the twenty-first 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,



Kirk Bednar
City Manager



Carson K. Swinford
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

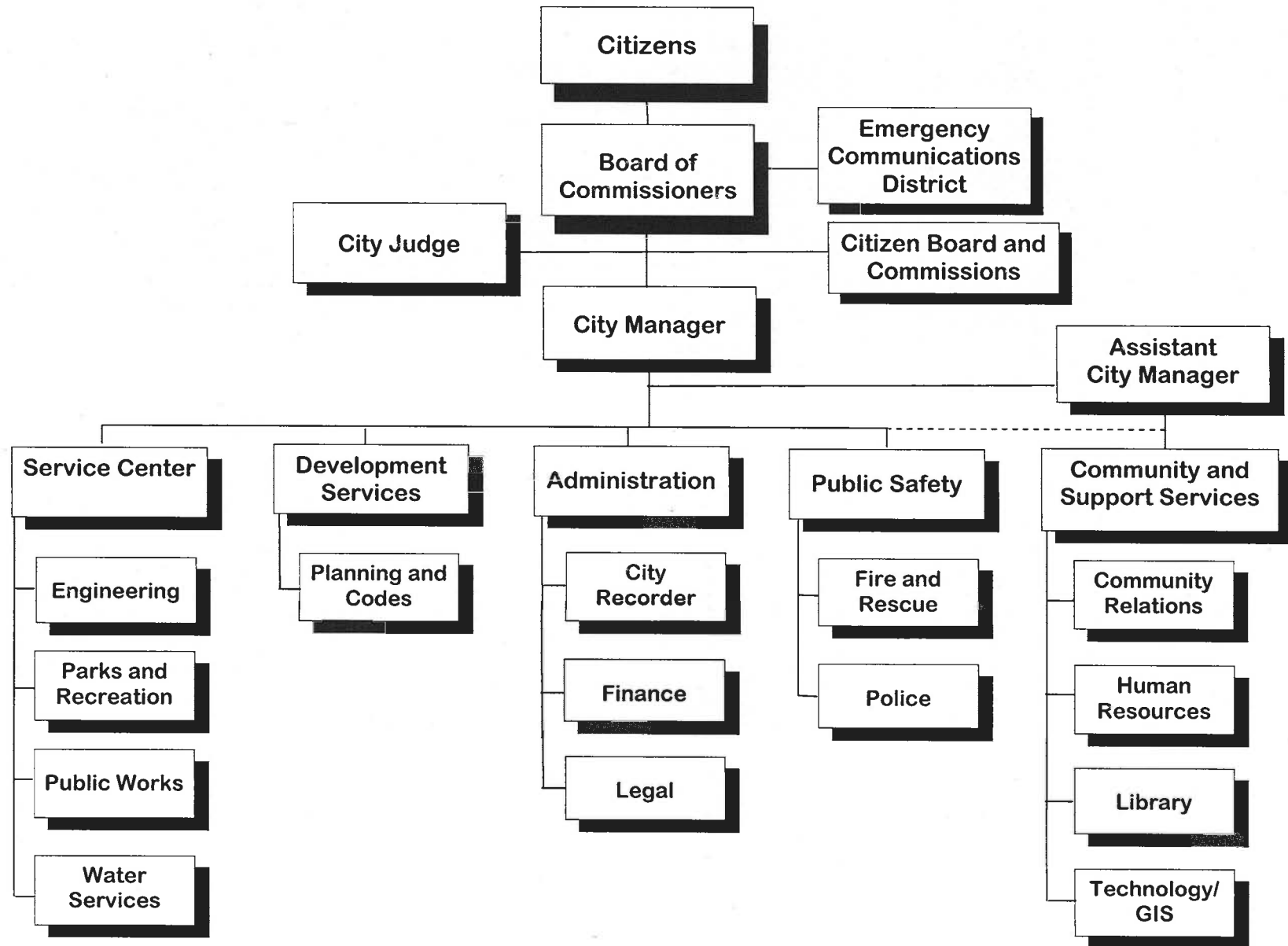
**City of Brentwood
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of Brentwood Organizational Chart



**CITY OF BRENTWOOD
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2013**

Elected:

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

Appointed:

City Manager	Kirk E. Bednar
Assistant City Manager	Jay Evans
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 AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

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, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2013, and the respective changes in financial position, budgetary comparison information for the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brentwood, Tennessee's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules on pages 73 through 79, the combining and individual internal service fund statements on pages 80 through 83 and the financial schedules on pages 84 through 93 and the statistical section on pages 94 through 115 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the combining and individual internal service fund statements and the financial schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the combining and individual internal service fund statements and the financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages i to xii and the statistical section on pages 94 - 115 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013 on our consideration of the City of Brentwood, Tennessee'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Brentwood, Tennessee's internal control over financial reporting and compliance.

 Y. Gray CPAs PLLC

Nashville, Tennessee
December 19, 2013

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, 2013. 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 and deferred outflows of the City of Brentwood exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$312,469,815 (net position). Of this amount, \$70,158,531 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$15,591,117 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 \$51,111,591, an increase of \$5,409,262 in comparison with the prior year. Approximately 58% of this total amount, \$29,560,931 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 \$29,560,931, or 88% of FY 2013 final 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 decreased by \$3,735,000 during the current fiscal year. The key factor in this increase was the payment of principal amounts for existing General Obligation debt (\$2.4M) and Water & Sewer debt (\$1.3M).

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 position may serve over time as a useful indicator of a government's financial position. In the case of the City of Brentwood, assets and deferred outflows exceeded liabilities and deferred inflows by \$312,469,815 as of June 30, 2013.

City of Brentwood, Tennessee
Net Position - Primary Government
June 30, 2013 and 2012
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 71,263	\$ 64,494	\$ 34,997	\$ 35,940	\$106,260	\$ 100,434
Capital Assets	212,910	208,085	70,387	67,524	283,297	275,609
Total Assets	284,173	272,579	105,384	103,464	389,557	376,043
Deferred Outflows of Resources	878	-	36	-	914	-
Long-term Liabilities Outstanding	30,902	32,338	27,068	28,318	57,970	60,656
Other Liabilities	5,298	15,596	2,988	2,339	8,286	17,935
Total Liabilities	36,200	47,934	30,056	30,657	66,256	78,591
Deferred Inflows of Resources	11,745	-	-	-	11,745	-
Net Position:						
Invested in Capital Assets, net of Related Debt	185,861	179,652	51,490	51,006	237,351	230,658
Restricted	4,960	3,893	-	-	4,960	3,893
Unrestricted	46,285	41,100	23,873	21,801	70,158	62,901
Total Net Position	<u>\$ 237,106</u>	<u>\$ 224,645</u>	<u>\$ 75,363</u>	<u>\$ 72,807</u>	<u>\$312,469</u>	<u>\$ 297,452</u>

By far the largest portion of the City of Brentwood's net position (76%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Brentwood uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Brentwood's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position represents resources that are subject to restrictions as to how they may be used. These include net position restricted for roads and streets (\$461,649), capital projects (\$3,161,408), community development projects (\$984,414) and drug enforcement and education (\$352,764).

At the end of the current fiscal year, the City of Brentwood is able to report positive balances in all three categories of net position, 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 position by \$12,812,412 accounting for 82% of the total growth in the net assets of the City of Brentwood. The primary factors underlying this increase include:

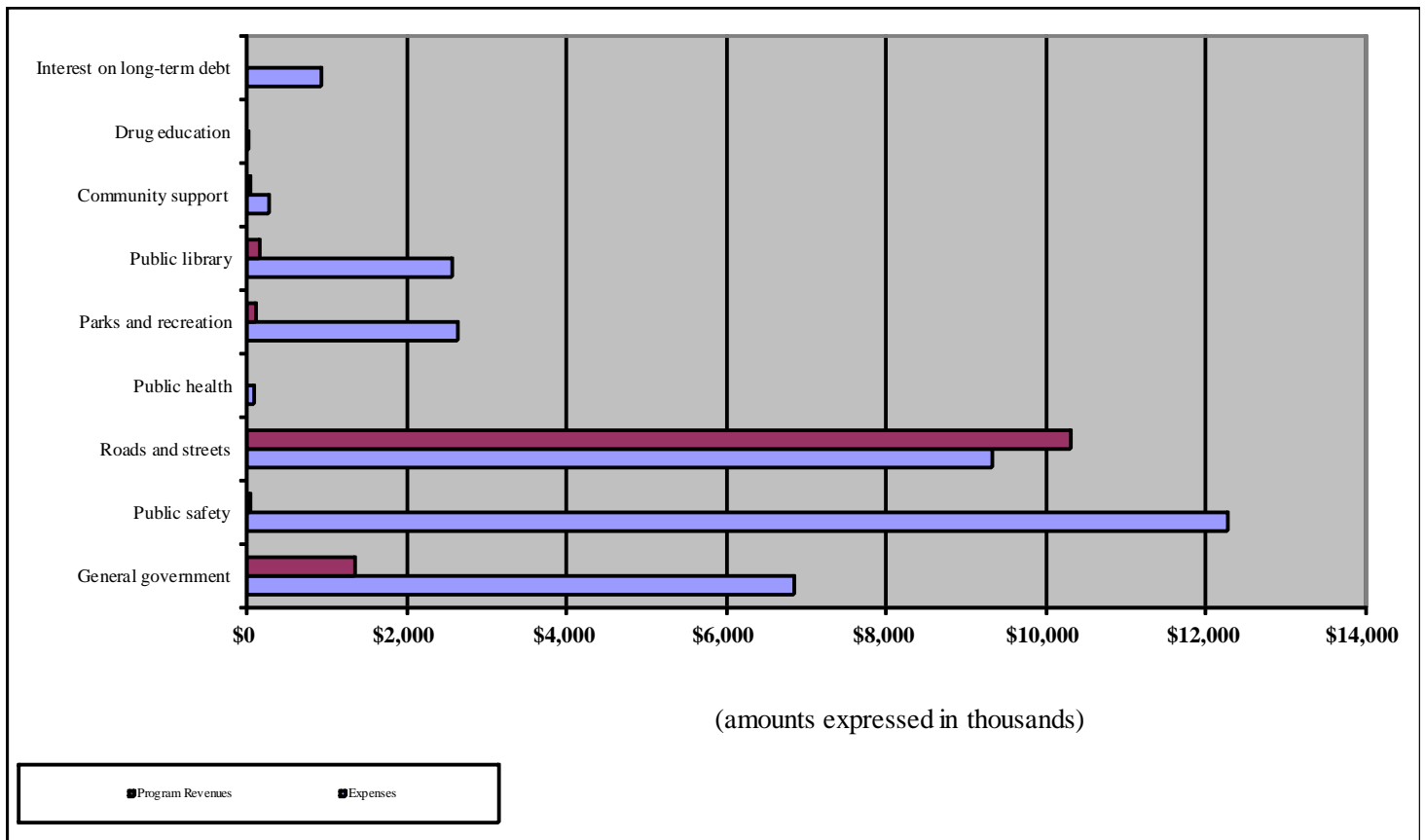
- Donated capital assets from developers were \$7,833,395, primarily from the valuation of streets accepted by the City of Brentwood in FY 2013.
- State Income Tax (Hall Tax) net collections were \$3,269,643, \$2,369,643 higher than conservative budget estimates of \$900,000.
- Local sales tax collections were \$12,762,673 a \$757,023 (6.31%) increase over last year's collections and were \$1,572,673 (14.05%) higher than FY 2013 original budget estimates.
- Total actual General Fund expenditures were approximately \$868,823 less than the amended budget amount of \$34,686,890.

The City's Changes in Net Position
For the year ended June 30, 2013 and 2012
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Charges for services	\$ 3,132	\$ 2,195	\$ 15,301	\$ 15,876	\$ 18,433	\$ 18,071
Operating grants and contributions	1,020	1,007	271	207	1,291	1,214
Capital grants and contributions	7,833	7,711	2,822	3,164	10,655	10,875
General revenues:						
Property taxes	10,738	10,857	-	-	10,738	10,857
Local option sales tax	12,763	12,006	-	-	12,763	12,006
Hotel/motel taxes	1,165	1,144	-	-	1,165	1,144
Wholesale beer and liquor taxes	1,286	1,231	-	-	1,286	1,231
Adequate schools facilities taxes	494	412	-	-	494	412
Other taxes	527	537	-	-	527	537
State sales tax	2,562	2,514	-	-	2,562	2,514
State income tax	3,270	2,285	-	-	3,270	2,285
Business tax	1,640	1,339	-	-	1,640	1,339
TVA in-lieu of tax	423	428	-	-	423	428
Mixed drink and beer tax	160	152	-	-	160	152
Petroleum special tax	76	76	-	-	76	76
Corporate excise tax	21	12	-	-	21	12
Telecommunications tax	3	2	-	-	3	2
Other intergovernmental	135	142	-	-	135	142
Unrestricted investment earnings	622	579	173	156	795	735
Miscellaneous	481	294	-	196	481	490
Total Revenues	<u>48,351</u>	<u>44,923</u>	<u>18,567</u>	<u>19,599</u>	<u>66,918</u>	<u>64,522</u>
Expenses:						
General government	6,854	6,597	-	-	6,854	6,597
Public safety	12,275	12,123	-	-	12,275	12,123
Roads and streets	9,341	8,725	-	-	9,341	8,725
Public health	81	80	-	-	81	80
Parks and recreation	2,635	2,527	-	-	2,635	2,527
Public library	2,573	2,423	-	-	2,573	2,423
Community support	281	294	-	-	281	294
Drug education	25	74	-	-	25	74
Interest on long-term debt	925	930	-	-	925	930
Water and sewer	-	-	14,508	13,140	14,508	13,140
Rental facilities	-	-	636	613	636	613
Emergency Communications	-	-	1,194	1,149	1,194	1,149
Total expenses	<u>34,990</u>	<u>33,773</u>	<u>16,338</u>	<u>14,902</u>	<u>51,328</u>	<u>48,675</u>
Increase in net position before transfers	13,361	11,150	2,229	4,697	15,590	15,847
Transfers	(549)	(423)	549	423	-	-
Increase in net position	12,812	10,727	2,778	5,120	15,590	15,847
Net position - beginning, as restated **	224,294	213,918	72,585	67,687	296,879	281,605
Net position - ending	<u>\$ 237,106</u>	<u>\$ 224,645</u>	<u>\$ 75,363</u>	<u>\$ 72,807</u>	<u>\$ 312,469</u>	<u>\$ 297,452</u>

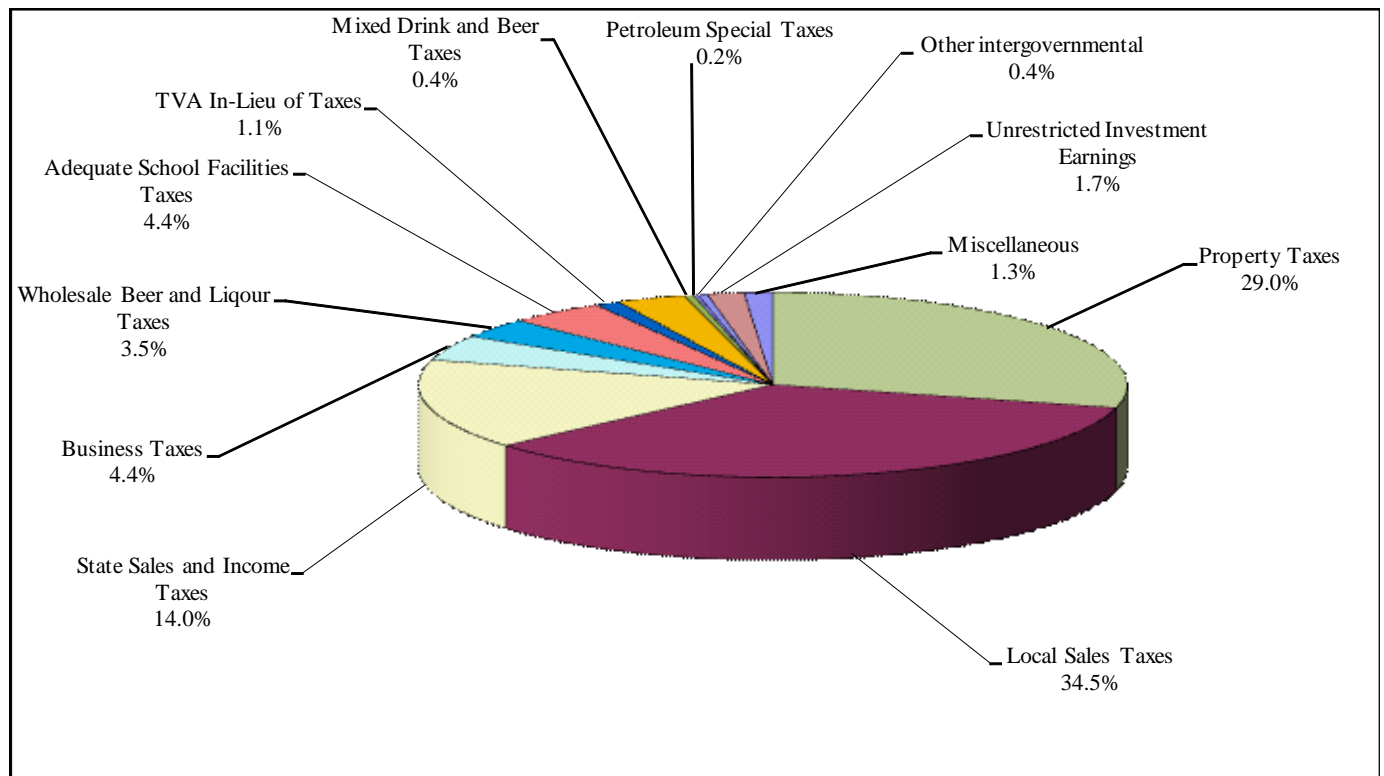
** The City adopted GASB Statement No. 65 during the 2013 fiscal year which expenses bond issue costs when incurred. Beginning net position has been adjusted accordingly. See Note 17.

Expenses and Program Revenues – Governmental Activities



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

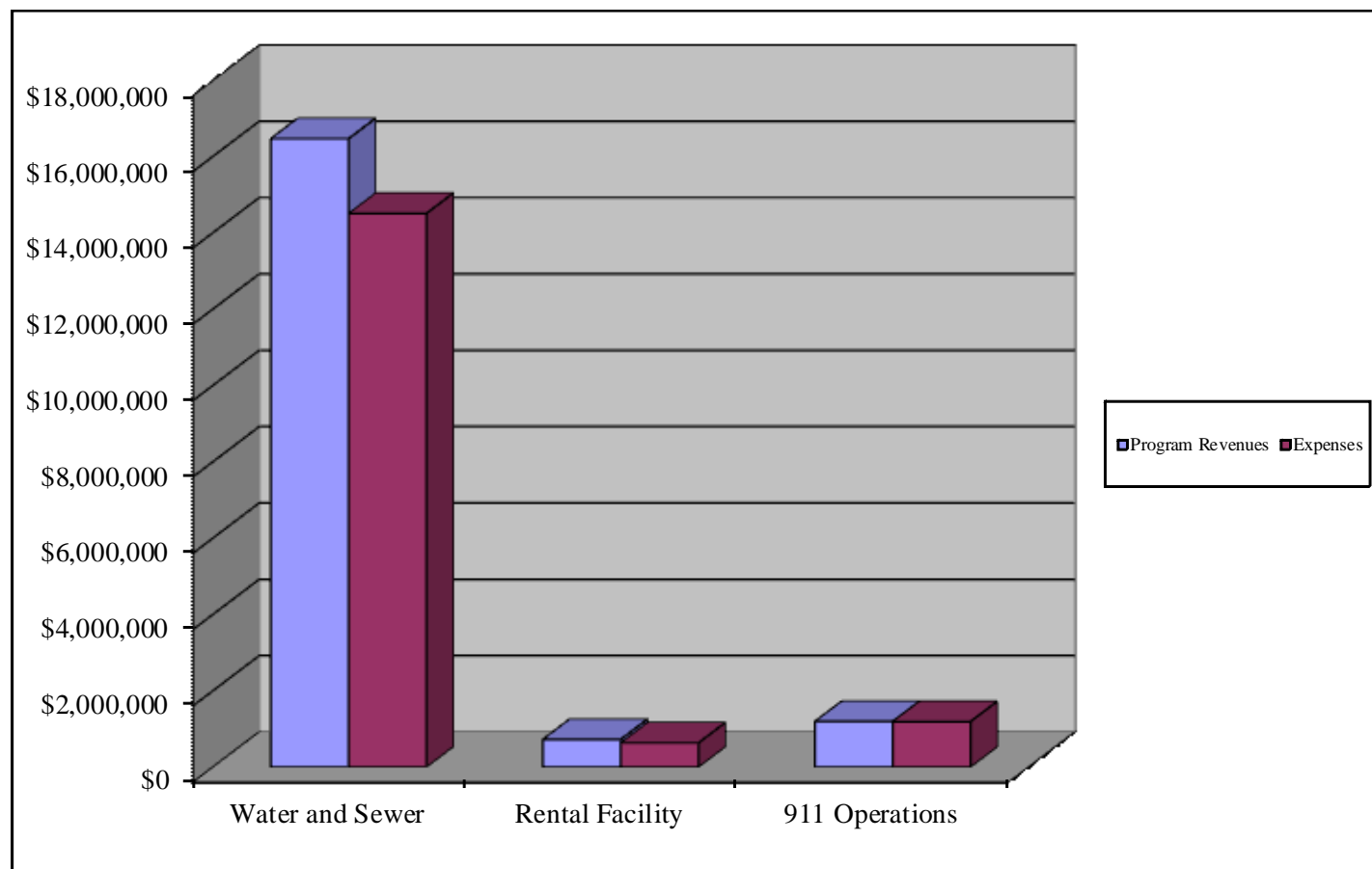
Revenue by Source - Governmental Activities



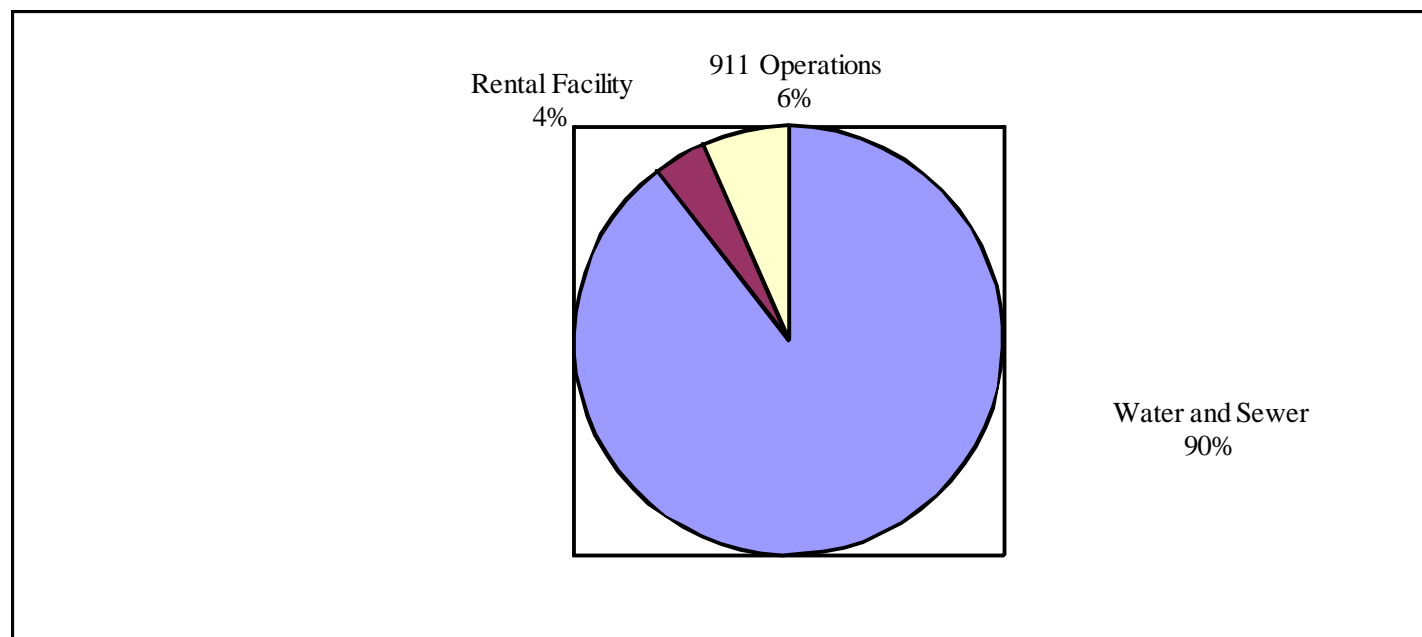
Business-type activities. Business-type activities increased the City of Brentwood's net assets by \$2,778,705 accounting for 18% of the total growth in the government's net position. Key elements of this increase are as follows:

- The City's Water and Sewer Fund accounts for 75% of the increase in business-type net position, with a net income of \$2,088,430 for the year. This reflects a decrease of \$2,566,547 from the prior year, primarily due to:
 1. A decrease in sewer tap fees of \$994,382 (note: FY 2012 showed higher than usual fees from the Bristol and Morning Pointe projects).
 2. Total water/sewer revenue collections were down \$738,290 from the previous year due to a wetter spring/early summer.
 3. The Metro Sewer Treatment Cost showed an increase of \$711,371 from FY 2012 due to the extra treatment associated with the wetter spring/early summer.
- The City's Municipal Center Fund accounts for 8% of the increase in business-type net position and recorded net income of \$231,664 for the year, an increase of \$134,744 from the previous year. The increase is mainly due to an operating transfer from the Capital Projects Fund of \$130,000 for HVAC replacements.
- The Emergency Communications District (ECD) accounts for 15% of the increase in business-type net position and recorded net income of \$421,650, an increase of \$100,117 from the previous year and primarily due to a FY 2013 reimbursement from the Tennessee Emergency Communication Board (TECB) for Next Generation 911 equipment.
- The allocation of the internal service fund net position to the business type activities resulted in an additional \$36,961 increase in net position 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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Total assets	<u>\$ 67,770,161</u>	<u>\$ 61,012,169</u>
Total liabilities	<u>\$ 4,913,508</u>	<u>\$ 15,309,840</u>
Total deferred inflows of resources	<u>11,745,062</u>	<u>-</u>
Fund balances:		
Nonspendable	283,514	40,995
Restricted	3,975,821	2,880,569
Committed	17,291,325	16,234,971
Unassigned	<u>29,560,931</u>	<u>26,545,794</u>
Total fund balances	<u>51,111,591</u>	<u>45,702,329</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 67,770,161</u>	<u>\$ 61,012,169</u>

As of the end of the current fiscal year, the City of Brentwood's governmental funds reported combined ending fund balances of \$51,111,591, an increase of \$5,409,262 in comparison with the prior year amount. Approximately 58% of this total amount (\$29,560,931) 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 (\$283,514), restricted for a specific purpose per enabling legislation (street repairs - \$461,649, drug enforcement and education - \$352,764 and capital projects - \$3,161,408) and committed for a specific purpose per action by the Board of Commissioners (capital projects - \$9,387,496, debt service - \$3,712,435, equipment replacement - \$1,992,074, facilities maintenance - \$1,477,592 and post-employment benefits - \$721,728).

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 \$29,560,931. 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 88% of total fiscal year 2013 general fund expenditures (including transfers).

Changes in Fund Balances of Governmental Funds
For the year ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
REVENUES		
Taxes	\$ 26,478,832	\$ 25,774,520
Licenses and permits	2,419,665	1,448,508
Fines and fees	367,427	373,100
Charges for services	344,521	372,913
Intergovernmental	9,803,416	9,411,861
Uses of money and property	621,825	571,595
Other	<u>481,604</u>	<u>293,655</u>
TOTAL REVENUES	<u>40,517,290</u>	<u>38,246,152</u>
EXPENDITURES		
Current:		
General government	6,130,364	5,710,028
Public safety	12,178,507	11,859,078
Roads and streets	4,631,107	4,739,856
Public health	81,182	79,638
Parks and recreation	1,969,273	1,794,215
Public library	2,141,269	2,001,510
Community support	280,627	294,259
Drug education	11,879	14,935
Capital outlay	3,783,204	8,914,483
Debt service	<u>3,351,916</u>	<u>3,463,226</u>
TOTAL EXPENDITURES	<u>34,559,328</u>	<u>38,871,228</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,957,962</u>	<u>(625,076)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in/out (net)	(548,700)	(572,950)
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>-</u>	<u>583,545</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(548,700)</u>	<u>4,566,151</u>
NET CHANGES IN FUND BALANCES	5,409,262	3,941,075
FUND BALANCE, BEGINNING OF YEAR	<u>45,702,329</u>	<u>41,761,254</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 51,111,591</u></u>	<u><u>\$ 45,702,329</u></u>

The fund balance of the City of Brentwood's general fund (including committed activity budgeted separately) increased by \$3,607,765 during the current fiscal year. Key highlights in this fund for 2013 include:

- Total revenues exceeded budgetary projections by \$3,128,718.
- Local sales tax collections were \$12,762,673 a \$757,023 (6.31%) increase over last year's collections and were \$1,572,673 (14.05%) higher than FY 2013 original budget estimates.
- State Income Tax (Hall Tax) net collections were \$3,269,643, \$2,369,643 higher than conservative budget estimates of \$900,000.
- The general fund departments demonstrated fiscal responsibility by under-spending the appropriated budget by \$868,823.

The debt service fund has a total fund balance of \$3,712,435, 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 \$80,876. Principal payments increased \$222,263 and interest payments decreased \$135,494 over FY 2012 amounts, primarily the result of the bond refinancings in FY 2012. Please see Note 6 for additional information on the City's long-term liabilities.

The capital projects fund has a total fund balance of \$9,387,496 all of which is committed for the funding of major capital improvements of the City. The current year net increase of \$787,121 includes special year-end appropriation transfers of \$2,640,000 from the General Fund to fund certain proposed capital projects in the FY 2014 budget. 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 position of the Water and Sewer Fund at the end of the year amounted to \$20,815,633, for the Municipal Center Fund, \$1,387,067 and for the Emergency Communications District, \$1,440,959. The total increase in net position for the funds was \$2,088,430, \$231,664 and \$421,650, respectively. Other factors concerning the finances of these funds have previously 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 (\$2,119,125 increase in revenues and \$2,869,125 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	\$1,680,000
State Sales Taxes	150,000
Hotel Taxes	75,000
Real & Personal Property Taxes	45,000
Wholesale Beer Taxes	45,000
Wholesale Liquor Taxes	40,000
Transfer from Committed - Post Employment Benefits	<u>84,125</u>
Total Change in Budgeted Revenues	<u>\$2,119,125</u>

The following increases to current year appropriations were made:

Appropriations

1. A special FY 2013 year-end appropriation transfer of \$1,935,000 from the General Fund to the Capital Projects Fund (\$1,890,000) and Equipment Replacement Fund (\$45,000) funded through projected excess revenue collections in the current year to pay for certain proposed FY 2014 capital projects and equipment. The projects include funding for the microwave receiver upgrade and advance funding for a portion of the county-wide radio project (\$1,060,000), replacement of the records management and court software systems for the Police Department (\$300,000), replacement of four Automatic External Defibrillators (\$120,000), construction of a restroom facility in Granny White Park (\$150,000), fiber extension project from the Safety Center East back to Wilson Pike (\$140,000), funding for a Master Thoroughfare Plan update (\$120,000), and funding for the purchase of a Traffic Signal maintenance vehicle (\$45,000).
2. A special FY 2013 year-end transfer of \$750,000 from the General Fund unassigned fund balance to the Capital Projects fund for Phase I improvements at Marcella Vivrette Smith Park.
3. An appropriation increase in the City Manager activity of \$84,125 for accrued terminal leave payments in FY 2013.
4. An appropriation increase in the Legal Services activity of \$100,000 for current litigation requiring the services of outside legal counsel.

The General Fund unassigned fund balance at June 30, 2013 is \$29,560,931. Even with this reduction due to the appropriation amendment, the unassigned 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 \$107,327 less than budgeted projections due to the accrual of a 10-month deduction of \$111,652 for an area business erroneously coded by the State to Brentwood situs code for sales tax collection purposes.
2. Licenses and Permits were \$270,862 more than budgeted projections primarily due to Building Permit collections of \$776,184 exceeding budgeted projections by \$176,184.
3. State income tax collections exceeded budgeted projections by \$2,369,643 due to conservative budgeting and higher investment market returns.
4. Business Tax collections were \$239,950 higher than budgeted projections due to conservative budgeting and from the State's ability to review Federal and State databases on businesses for cross checking/auditing/compliance.

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, 2013 amounts to \$283,298,838 (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 16 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;
- Purchase and demolition of two flood damaged properties in the floodway resulting in approximately 4+ acres of permanent green space.
- System-wide upgrade of traffic signal controllers and associated equipment and software
- Disaster recovery system, including necessary servers, switches, etc. to create a network back-up system at the Library.
- Spartan ERV Mini Fire Pumper Vehicle
- Polaris software system - Library
- Freightliner Dump Truck
- Freightliner Chipper Truck
- Firearms Training Simulator
- Upgrades to City's Radio System
- Various building and system additions and improvements were completed in the Water and Sewer Fund at a cost of \$5,938,000.

City of Brentwood Capital Assets
(net of depreciation)
June 30, 2013 and 2012
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 102,047	\$ 98,102	\$ 1,114	\$ 1,100	\$ 103,161	\$ 99,202
Buildings and improvements	16,720	17,225	1,878	2,005	18,598	19,230
Utility plant in service	-	-	63,547	60,258	63,547	60,258
Improvements other than buildings	3,155	3,641	1,390	1,501	4,545	5,142
Machinery and equipment	6,663	6,391	1,855	1,995	8,518	8,386
Infrastructure	82,079	80,971	-	-	82,079	80,971
Construction in progress	<u>2,246</u>	<u>1,755</u>	<u>603</u>	<u>665</u>	<u>2,849</u>	<u>2,420</u>
Total Assets	<u>\$ 212,910</u>	<u>\$ 208,085</u>	<u>\$ 70,387</u>	<u>\$ 67,524</u>	<u>\$ 283,297</u>	<u>\$ 275,609</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 \$54,315,000. Of this amount, \$27,310,000 comprises debt backed by the full faith and credit of the City and \$27,005,000 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, 2013 and 2012
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 27,310	\$ 29,745	\$ 15,710	\$ 16,135	\$ 43,020	\$ 45,880
Revenue and tax bonds	<u>-</u>	<u>-</u>	<u>11,295</u>	<u>12,170</u>	<u>11,295</u>	<u>12,170</u>
Total	<u><u>\$ 27,310</u></u>	<u><u>\$ 29,745</u></u>	<u><u>\$ 27,005</u></u>	<u><u>\$ 28,305</u></u>	<u><u>\$ 54,315</u></u>	<u><u>\$ 58,050</u></u>

The City of Brentwood's total long-term debt decreased by \$3,735,000 (6%) during the current fiscal year. The key factor in this decrease was the payment of principal amounts for existing General Obligation debt (\$2.4M) and Water & Sewer debt (\$1.3M).

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 \$54,315,000 translates to approximately \$1,466 per capita using the 2010 US Bureau census population.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Brentwood is currently 6.2%, an increase from 5.9% a year ago. This compares to the county's rate of 6.1%, the state's average unemployment rate of 8.5% and the national average rate of 7.6%.
- The direct office space vacancy rate of the City of Brentwood's central business district was 3.7% as of June 2013.
- 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 2014 fiscal year.

During the current fiscal year, the total unassigned fund balance in the general fund increased to \$29,560,931. The City of Brentwood has not appropriated any of this amount for spending in the 2014 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
www.brentwood-tn.org

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET POSITION

JUNE 30, 2013

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
Cash and cash equivalents	\$ 50,901,072	\$ 23,801,166	\$ 74,702,238
Property tax receivable	10,877,442	-	10,877,442
Sales tax receivable	1,047,919	-	1,047,919
Intergovernmental revenue receivable	5,065,826	-	5,065,826
Accounts receivable	293,575	2,213,429	2,507,004
Internal balances	(208,860)	208,860	-
Inventories	39,053	323,693	362,746
Prepaid expenses	281,186	5,922	287,108
Restricted assets:			
Cash	1,337,178	8,323,516	9,660,694
Capital assets:			
Utility plant in service	-	99,319,325	99,319,325
Land	102,046,513	1,114,571	103,161,084
Buildings and structures	22,383,331	4,309,312	26,692,643
Improvements other than buildings	11,669,239	2,238,921	13,908,160
Furniture, machinery and equipment	18,969,416	4,611,112	23,580,528
Infrastructure	193,303,683	-	193,303,683
Construction in progress	2,245,727	603,020	2,848,747
Accumulated depreciation	(137,707,494)	(41,808,838)	(179,516,332)
Other post employment benefits asset	1,629,078	120,000	1,749,078
Total assets	<u>284,173,884</u>	<u>105,384,009</u>	<u>389,557,893</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>877,547</u>	<u>36,323</u>	<u>913,870</u>
LIABILITIES			
Accounts payable	2,279,017	2,109,173	4,388,190
Claims payable	151,388	-	151,388
Accrued salaries and benefits	480,239	347,930	828,169
Accrued interest	195,063	277,154	472,217
Other payables	2,139,980	65,440	2,205,420
Liabilities payable from restricted assets	52,574	188,904	241,478
Long-term liabilities:			
Due within one year	3,475,000	1,610,000	5,085,000
Due in more than one year	<u>27,426,893</u>	<u>25,458,131</u>	<u>52,885,024</u>
Total liabilities	<u>36,200,154</u>	<u>30,056,732</u>	<u>66,256,886</u>
DEFERRED INFLOWS OF RESOURCES	<u>11,745,062</u>	<u>-</u>	<u>11,745,062</u>
NET POSITION			
Invested in capital assets, net of related debt	185,860,823	51,490,226	237,351,049
Restricted for:			
Roads and streets	461,649	-	461,649
Capital projects	3,161,408	-	3,161,408
Drug enforcement and education	352,764	-	352,764
Community development projects	984,414	-	984,414
Unrestricted	<u>46,285,157</u>	<u>23,873,374</u>	<u>70,158,531</u>
Total net position	<u>\$ 237,106,215</u>	<u>\$ 75,363,600</u>	<u>\$ 312,469,815</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

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	\$ 6,853,667	\$ 1,332,955	\$ 21,138	\$ -	\$ (5,499,574)	\$ -	\$ (5,499,574)
Public safety	12,274,641	-	42,127	-	(12,232,514)	-	(12,232,514)
Roads and streets	9,340,924	1,514,944	953,860	7,833,395	961,275	-	961,275
Public health	81,182	-	-	-	(81,182)	-	(81,182)
Parks and recreation	2,635,324	112,905	-	-	(2,522,419)	-	(2,522,419)
Public library	2,573,378	140,832	3,000	-	(2,429,546)	-	(2,429,546)
Community support	280,627	29,977	-	-	(250,650)	-	(250,650)
Drug education	24,818	-	-	-	(24,818)	-	(24,818)
Interest on long-term debt	925,012	-	-	-	(925,012)	-	(925,012)
Total governmental activities	34,989,573	3,131,613	1,020,125	7,833,395	(23,004,440)	-	(23,004,440)
Business-type activities:							
Water and Sewer	14,507,961	13,946,250	-	2,522,068	-	1,960,357	1,960,357
Rental facilities	635,621	728,213	-	-	-	92,592	92,592
911 operations	1,194,308	626,587	271,154	300,000	-	3,433	3,433
Total business-type activities	16,337,890	15,301,050	271,154	2,822,068	-	2,056,382	2,056,382
Total primary government	\$ 51,327,463	\$ 18,432,663	\$ 1,291,279	\$ 10,655,463	(23,004,440)	2,056,382	(20,948,058)
General Revenues:							
Taxes:							
Property taxes					10,738,390	-	10,738,390
Local option sales tax					12,762,673	-	12,762,673
Hotel/motel taxes					1,164,600	-	1,164,600
Wholesale beer and liquor taxes					1,286,492	-	1,286,492
Adequate schools facilities taxes					494,233	-	494,233
Other taxes					526,677	-	526,677
Unrestricted intergovernmental taxes:							
State sales tax					2,561,661	-	2,561,661
State income tax					3,269,643	-	3,269,643
Business tax					1,639,950	-	1,639,950
TVA in-lieu tax					422,625	-	422,625
Mixed drink and beer tax					160,299	-	160,299
Petroleum special tax					75,935	-	75,935
Corporate excise tax					20,662	-	20,662
Telecommunications tax					3,312	-	3,312
Other intergovernmental					134,971	-	134,971
Unrestricted investment earnings					621,825	173,623	795,448
Miscellaneous					481,604	-	481,604
Transfers					(548,700)	548,700	-
Total general revenues and transfers					35,816,852	722,323	36,539,175
Change in net position					12,812,412	2,778,705	15,591,117
Net Position - beginning, as restated					224,293,803	72,584,895	296,878,698
Net Position - ending					\$ 237,106,215	\$ 75,363,600	\$ 312,469,815

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2013

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 32,142,433	\$ 3,712,435	\$ 9,284,690	\$ 3,700,210	\$ 48,839,768
Receivables:					
Property tax	10,877,442	-	-	-	10,877,442
Sales tax	1,047,919	-	-	-	1,047,919
Intergovernmental	4,850,181	-	-	215,645	5,065,826
Accounts	226,869	-	2,096	-	228,965
Miscellaneous	-	-	-	50,009	50,009
Due from other funds:					
Emergency Communications District	39,540	-	-	-	39,540
Prepaid items and deposits	281,186	-	-	-	281,186
Inventories of supplies	2,328	-	-	-	2,328
Restricted assets:					
Cash and cash equivalents	16,189	-	934,960	386,029	1,337,178
TOTAL ASSETS	<u>\$ 49,484,087</u>	<u>\$ 3,712,435</u>	<u>\$ 10,221,746</u>	<u>\$ 4,351,893</u>	<u>\$ 67,770,161</u>
LIABILITIES:					
Accounts payable	\$ 1,045,861	\$ -	\$ 781,676	\$ 354,273	\$ 2,181,810
Accrued salaries	480,239	-	-	-	480,239
Due to other funds:					
Water and Sewer Fund	-	-	-	21,799	21,799
Emergency Communication	1,805	-	-	-	1,805
Fuel Fund	35,301	-	-	-	35,301
Other payables	2,139,980	-	-	-	2,139,980
Retainage payable	-	-	52,574	-	52,574
TOTAL LIABILITIES	<u>3,703,186</u>	<u>-</u>	<u>834,250</u>	<u>376,072</u>	<u>4,913,508</u>
DEFERRED INFLOWS OF RESOURCES	<u>11,745,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,745,062</u>
FUND BALANCES:					
Fund balance:					
Nonspendable	283,514	-	-	-	283,514
Restricted for street repairs	-	-	-	461,649	461,649
Restricted for drug enforcement and education	-	-	-	352,764	352,764
Restricted for capital projects	-	-	-	3,161,408	3,161,408
Committed to capital projects	-	-	9,387,496	-	9,387,496
Committed to debt service	-	3,712,435	-	-	3,712,435
Committed to equipment replacement	1,992,074	-	-	-	1,992,074
Committed to facilities maintenance	1,477,592	-	-	-	1,477,592
Committed to funding post employment benefits	721,728	-	-	-	721,728
Unassigned	29,560,931	-	-	-	29,560,931
TOTAL FUND BALANCES	<u>34,035,839</u>	<u>3,712,435</u>	<u>9,387,496</u>	<u>3,975,821</u>	<u>51,111,591</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 49,484,087</u>	<u>\$ 3,712,435</u>	<u>\$ 10,221,746</u>	<u>\$ 4,351,893</u>	<u>\$ 67,770,161</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

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

JUNE 30, 2013

Total Governmental Funds Balances \$ 51,111,591

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the governmental funds 212,910,415

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 (195,063)

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 Position 1,674,540

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 (27,310,000)

Less deferred charges on refunding bonds 877,547

Less bond discount 24,524

Add bond premium (641,514)

Compensated absences (2,974,903)

(30,024,346)

Net Position of Governmental Activities \$237,106,215

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, 2013

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES					
Taxes	\$ 26,478,832	\$ -	\$ -	\$ -	\$ 26,478,832
Licenses and permits	1,000,562	-	-	1,419,103	2,419,665
Fines and fees	367,427	-	-	-	367,427
Charges for services	344,521	-	-	-	344,521
Intergovernmental	8,335,291	-	20,032	1,448,093	9,803,416
Uses of money and property	534,327	24,745	47,161	15,592	621,825
Other	9,913	-	298,760	172,931	481,604
TOTAL REVENUES	<u>37,070,873</u>	<u>24,745</u>	<u>365,953</u>	<u>3,055,719</u>	<u>40,517,290</u>
EXPENDITURES					
Current:					
General government	6,126,659	3,705	-	-	6,130,364
Public safety	12,178,507	-	-	-	12,178,507
Roads and streets	3,776,891	-	-	854,216	4,631,107
Public health	81,182	-	-	-	81,182
Parks and recreation	1,969,273	-	-	-	1,969,273
Public library	2,141,269	-	-	-	2,141,269
Community support	280,627	-	-	-	280,627
Drug education	-	-	-	11,879	11,879
Capital outlay	-	-	3,688,832	94,372	3,783,204
Debt service	-	3,351,916	-	-	3,351,916
TOTAL EXPENDITURES	<u>26,554,408</u>	<u>3,355,621</u>	<u>3,688,832</u>	<u>960,467</u>	<u>34,559,328</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,516,465</u>	<u>(3,330,876)</u>	<u>(3,322,879)</u>	<u>2,095,252</u>	<u>5,957,962</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,250,000	4,240,000	-	7,490,000
Transfers out	(6,908,700)	-	(130,000)	(1,000,000)	(8,038,700)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,908,700)</u>	<u>3,250,000</u>	<u>4,110,000</u>	<u>(1,000,000)</u>	<u>(548,700)</u>
NET CHANGE IN FUND BALANCE	3,607,765	(80,876)	787,121	1,095,252	5,409,262
FUND BALANCE, BEGINNING 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>
FUND BALANCE, END OF YEAR	<u>\$ 34,035,839</u>	<u>\$ 3,712,435</u>	<u>\$ 9,387,496</u>	<u>\$ 3,975,821</u>	<u>\$ 51,111,591</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, 2013

Net Change in Fund Balance - Governmental Funds **\$ 5,409,262**

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	5,199,402
Donated capital assets from developers and State	7,833,395
Disposition of right of way	(88,810)
Depreciation expense	(8,118,782)

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities	2,435,000
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Repayment of interfund borrowing is an expenditure in the governmental funds, but reduces internal balances in governmental activities	32,428
--	--------

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, 2013	(195,063)
Accrued interest on debt obligations at June 30, 2012	202,908

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 position of the internal service funds are reported with governmental activities in the Statement of Activities	224,173
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Governmental funds report the effects of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities

Amortization of bond premium/discount	45,791
Amortization of deferred amount on refunding	(94,160)

Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Change in accrual for compensated absences	(73,132)
--	----------

Change in Net Position of Governmental Activities **\$ 12,812,412**

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, 2013

	<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	\$ 11,190,000	\$ 12,870,000	\$ 12,762,673	\$ (107,327)
Real and personal property	10,340,000	10,385,000	10,358,016	(26,984)
Public utility property tax	360,000	360,000	380,374	20,374
Hotel/motel taxes	1,025,000	1,100,000	1,164,600	64,600
Wholesale beer tax	580,000	625,000	675,429	50,429
Wholesale liquor tax	525,000	565,000	611,063	46,063
Television franchise tax	400,000	400,000	446,503	46,503
Other	65,000	65,000	80,174	15,174
Licenses and permits	731,700	729,700	1,000,562	270,862
Fines and fees	360,000	360,000	367,427	7,427
Charges for services	309,600	311,600	344,521	32,921
Intergovernmental:				
State sales tax	2,400,000	2,550,000	2,561,661	11,661
State income tax	900,000	900,000	3,269,643	2,369,643
Business tax	1,400,000	1,400,000	1,639,950	239,950
TVA in-lieu of tax	430,000	430,000	422,625	(7,375)
Mixed drink tax	120,000	120,000	141,976	21,976
Beer tax	18,000	18,000	18,323	323
Petroleum special tax	75,000	75,000	75,935	935
Corporate excise tax	15,000	15,000	20,662	5,662
Telecommunications tax	3,000	3,000	3,312	312
Other	171,080	171,080	181,204	10,124
Uses of money and property				
Interest earnings	125,000	125,000	127,436	2,436
Other	279,000	279,000	310,582	31,582
Other	5,500	5,500	26,947	21,447
TOTAL REVENUES	<u>31,827,880</u>	<u>33,862,880</u>	<u>36,991,598</u>	<u>3,128,718</u>
EXPENDITURES				
Current:				
General government:				
City Commission:				
Personnel services	139,590	139,590	137,047	(2,543)
Professional services	16,500	16,500	12,200	(4,300)
Other costs	18,500	18,500	16,472	(2,028)

(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, 2013

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
City Court:				
Personnel services	\$ 26,900	\$ 26,900	\$ 24,676	\$ (2,224)
Other costs	10,300	10,300	2,092	(8,208)
City Manager's office:				
Personnel services	405,210	489,335	484,119	(5,216)
Supplies and materials	4,000	4,000	5,099	1,099
Professional services	4,000	4,000	6,062	2,062
Other costs	3,960	3,960	6,878	2,918
Capital outlay	-	-	-	-
Elections:				
Board of commission	40,000	40,000	44,409	4,409
Finance:				
Personnel services	602,345	602,345	594,610	(7,735)
Supplies and materials	53,500	53,500	41,482	(12,018)
Professional services	70,000	70,000	43,875	(26,125)
Repairs and maintenance	42,500	42,500	44,154	1,654
Other costs	4,500	4,500	2,266	(2,234)
City recorder:				
Personnel services	94,460	94,460	93,565	(895)
Supplies and materials	1,500	1,500	1,066	(434)
Professional services	7,000	7,000	2,435	(4,565)
Repairs and maintenance	11,500	11,500	10,926	(574)
Other costs	5,200	5,200	3,337	(1,863)
Legal services:				
Personnel services	181,445	181,445	183,067	1,622
Supplies and materials	12,300	12,300	14,455	2,155
Professional services	20,000	120,000	108,852	(11,148)
Other costs	1,000	1,000	712	(288)
Information/technology:				
Personnel services	478,365	478,365	439,350	(39,015)
Supplies and materials	7,100	7,100	6,272	(828)
Professional services	15,000	15,000	25,716	10,716
Repairs and maintenance	65,750	65,750	68,966	3,216
Other costs	63,700	63,700	70,030	6,330
Capital outlay	386,000	386,000	370,498	(15,502)

(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, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
GIS:				
Personnel services	\$ 249,490	\$ 249,490	\$ 240,006	\$ (9,484)
Supplies and materials	3,800	3,800	3,596	(204)
Professional services	12,500	12,500	12,629	129
Repairs and maintenance	26,000	26,000	26,438	438
Other costs	500	500	621	121
Capital outlay	-	-	-	-
Human resources:				
Personnel services	257,685	257,685	258,035	350
Supplies and materials	4,600	4,600	8,055	3,455
Professional services	76,300	76,300	63,098	(13,202)
Other costs	38,600	38,600	45,248	6,648
Community relations:				
Personnel services	116,845	116,845	114,938	(1,907)
Supplies and materials	30,250	30,250	16,759	(13,491)
Professional services	25,000	25,000	18,558	(6,442)
Repairs and maintenance	43,000	43,000	45,946	2,946
Other costs	60,500	60,500	49,533	(10,967)
Planning and development:				
Personnel services	303,335	303,335	297,523	(5,812)
Supplies and materials	13,850	13,850	10,049	(3,801)
Professional services	13,000	13,000	7,100	(5,900)
Repairs and maintenance	40,200	40,200	38,374	(1,826)
Other costs	10,750	10,750	5,009	(5,741)
Capital outlay	-	-	-	-
Codes enforcement:				
Personnel services	709,970	709,970	710,548	578
Supplies and materials	29,500	29,500	28,604	(896)
Professional services	10,000	10,000	9,890	(110)
Repairs and maintenance	7,700	7,700	3,216	(4,484)
Other costs	10,000	10,000	10,151	151
Capital outlay	-	-	-	-
Municipal Center:				
Rent expense	623,135	623,135	623,135	-
Insurance/other benefits:				
Personnel	716,300	716,300	651,564	(64,736)
Other	52,000	52,000	66,235	14,235
Total general government	<u>6,276,935</u>	<u>6,461,060</u>	<u>6,229,546</u>	<u>(231,514)</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, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u> <u>OVER</u> <u>(UNDER)</u>
Public safety:				
Police department:				
Personnel services	\$ 5,001,540	\$ 5,001,540	\$ 4,919,786	\$ (81,754)
Supplies and materials	405,500	405,500	347,431	(58,069)
Professional services	46,000	46,000	52,051	6,051
Repairs and maintenance	205,200	205,200	163,480	(41,720)
Other costs	119,500	119,500	133,912	14,412
Capital outlay	395,000	395,000	367,062	(27,938)
Fire and Rescue department:				
Personnel services	5,497,775	5,497,775	5,468,023	(29,752)
Supplies and materials	127,300	127,300	144,723	17,423
Professional services	11,000	11,000	13,500	2,500
Repairs and maintenance	98,500	98,500	97,487	(1,013)
Other costs	247,050	247,050	247,817	767
Capital outlay	280,000	280,000	262,450	(17,550)
Brentwood Safety Center East:				
Supplies and materials	8,500	8,500	5,631	(2,869)
Professional services	1,000	1,000	500	(500)
Repairs and maintenance	20,000	20,000	21,014	1,014
Other costs	40,920	40,920	47,087	6,167
Total public safety	<u>12,504,785</u>	<u>12,504,785</u>	<u>12,291,954</u>	<u>(212,831)</u>
Roads and streets:				
Public works:				
Personnel	1,229,750	1,229,750	1,155,548	(74,202)
Supplies and materials	258,500	258,500	215,368	(43,132)
Professional services	5,000	5,000	1,735	(3,265)
Repairs and maintenance	705,000	705,000	692,240	(12,760)
Other	71,100	71,100	45,778	(25,322)
Capital outlay	209,000	209,000	206,309	(2,691)
Storm drainage:				
Capital outlay	50,000	50,000	13,372	(36,628)

(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, 2013

	<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>
Traffic Signalization:				
Street lighting	\$ 450,000	\$ 450,000	\$ 450,210	\$ 210
Personnel services	149,900	149,900	161,350	11,450
Supplies and materials	23,000	23,000	27,702	4,702
Professional services	25,000	25,000	6,105	(18,895)
Repairs and maintenance	27,000	27,000	15,097	(11,903)
Other	23,000	23,000	24,852	1,852
Capital outlay	16,500	16,500	8,713	(7,787)
Service center:				
Personnel services	88,900	88,900	88,920	20
Supplies and materials	18,850	18,850	15,329	(3,521)
Professional services	7,000	7,000	4,549	(2,451)
Repairs and maintenance	72,500	72,500	68,911	(3,589)
Other costs	68,150	68,150	60,389	(7,761)
Engineering services:				
Personnel services	455,635	455,635	460,476	4,841
Supplies and materials	9,900	9,900	9,922	22
Professional services	15,000	15,000	2,573	(12,427)
Repairs and maintenance	2,000	2,000	861	(1,139)
Other costs	16,000	16,000	16,577	577
Total roads and streets	<u>3,996,685</u>	<u>3,996,685</u>	<u>3,752,886</u>	<u>(243,799)</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>66,182</u>	<u>(3,818)</u>
Total public health	<u>85,000</u>	<u>85,000</u>	<u>81,182</u>	<u>(3,818)</u>
Parks and recreation:				
Personnel services	1,049,510	1,049,510	1,013,296	(36,214)
Supplies and materials	114,100	114,100	111,059	(3,041)
Professional services	1,000	1,000	-	(1,000)
Repairs and maintenance	442,500	442,500	412,747	(29,753)
Other costs	338,050	338,050	272,065	(65,985)
Capital outlay	<u>63,400</u>	<u>63,400</u>	<u>84,336</u>	<u>20,936</u>
Total parks and recreation	<u>2,008,560</u>	<u>2,008,560</u>	<u>1,893,503</u>	<u>(115,057)</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, 2013

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Public library:				
Personnel services	\$ 1,209,250	\$ 1,209,250	\$ 1,200,268	\$ (8,982)
Supplies and materials	437,000	437,000	406,761	(30,239)
Professional services	65,000	65,000	91,037	26,037
Repairs and maintenance	214,500	214,500	213,132	(1,368)
Other costs	250,000	250,000	207,737	(42,263)
Capital outlay	-	-	15,734	15,734
Total public library	<u>2,175,750</u>	<u>2,175,750</u>	<u>2,134,669</u>	<u>(41,081)</u>
Community support:				
Education	216,000	216,000	216,000	-
Chamber of Commerce	10,000	10,000	10,000	-
Crockett Historic Center	<u>75,350</u>	<u>75,350</u>	<u>54,627</u>	<u>(20,723)</u>
Total community support	<u>301,350</u>	<u>301,350</u>	<u>280,627</u>	<u>(20,723)</u>
TOTAL EXPENDITURES	<u>27,349,065</u>	<u>27,533,190</u>	<u>26,664,367</u>	<u>(868,823)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,478,815</u>	<u>6,329,690</u>	<u>10,327,231</u>	<u>3,997,541</u>
OTHER FINANCING USES				
Transfers from Committed - Post Employment Benefits	-	84,125	84,125	-
Transfers to Debt Service Fund	(3,250,000)	(3,250,000)	(3,250,000)	-
Transfers to Emergency Communication District	(418,700)	(418,700)	(418,700)	-
Transfers to Capital Projects Fund	(600,000)	(3,240,000)	(3,240,000)	-
Transfers to Committed - Facilities Maintenance	(200,000)	(200,000)	(200,000)	-
Transfers to Committed - Equipment Replacement	-	(45,000)	(45,000)	-
TOTAL OTHER FINANCING USES	<u>(4,468,700)</u>	<u>(7,069,575)</u>	<u>(7,069,575)</u>	<u>-</u>
CHANGE IN FUND BALANCE - GENERAL FUND - AS BUDGETED	<u>10,115</u>	<u>(739,885)</u>	<u>3,257,656</u>	<u>3,997,541</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, 2013

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
COMMITTED ACTIVITY BUDGETED SEPARATELY				
Equipment replacement:				
Transfers from other departments	\$ 1,145,500	\$ 1,190,500	\$ 1,190,500	\$ -
Interest income	7,500	7,500	14,008	6,508
Other income	7,500	7,500	70,234	62,734
Equipment expenditures	(1,823,375)	(1,823,375)	(1,026,640)	(796,735)
Net change - equipment replacement	(662,875)	(617,875)	248,102	(727,493)
Facilities maintenance:				
Committed transfer from General Fund	200,000	200,000	200,000	-
Interest income	5,000	5,000	7,632	2,632
Maintenance expenditures	(250,000)	(250,000)	(108,901)	(141,099)
Net change - facilities maintenance	(45,000)	(45,000)	98,731	(138,467)
Post employment benefits:				
Transfers from other departments	829,125	745,000	645,000	(100,000)
Interest income	2,000	2,000	5,351	3,351
Contributions to OPEB trust fund	(685,575)	(685,575)	(635,575)	(50,000)
Professional services expenditures	-	-	(11,500)	11,500
Net change - post employment benefits	145,550	61,425	3,276	(135,149)
NET CHANGE IN FUND BALANCE	<u>\$ (697,760)</u>	<u>\$ (1,402,760)</u>	3,607,765	<u>\$ 5,010,525</u>
FUND BALANCE, BEGINNING OF YEAR			<u>30,428,074</u>	
FUND BALANCE, END OF YEAR			<u>\$ 34,035,839</u>	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 20,724,335	\$ 1,575,243	\$ 1,501,588	\$ 23,801,166	\$ 2,061,304
Receivables:					
Accounts	1,057,055	-	91,251	1,148,306	14,601
Due from other funds:					
General Fund	-	-	1,805	1,805	35,301
State Street Aid	21,799	-	-	21,799	-
Water and Sewer	-	-	-	-	4,919
Emergency Communications District	-	2,650	-	2,650	-
Unbilled utility revenue	1,065,123	-	-	1,065,123	-
Inventories of supplies	323,693	-	-	323,693	36,725
Prepaid expenses	1,472	-	4,450	5,922	-
Restricted cash and cash equivalents	8,323,516	-	-	8,323,516	-
Total Current Assets	31,516,993	1,577,893	1,599,094	34,693,980	2,152,850
Noncurrent Assets:					
Property, plant and equipment, net of accumulated depreciation	65,862,580	3,383,386	1,141,457	70,387,423	-
Other post employment benefits asset	120,000	-	-	120,000	-
Total Noncurrent Assets	65,982,580	3,383,386	1,141,457	70,507,423	-
Total Assets	97,499,573	4,961,279	2,740,551	105,201,403	2,152,850
DEFERRED OUTFLOWS OF RESOURCES					-
Advance refundings of debt	36,323	-	-	36,323	-
LIABILITIES					
Current Liabilities (payable from current assets):					
Current maturities of long-term debt	1,610,000	-	-	1,610,000	-
Accounts payable	1,909,914	190,826	8,433	2,109,173	97,207
Claims payable	-	-	-	-	151,388
Accrued salaries	45,032	-	18,019	63,051	-
Accrued interest	277,154	-	-	277,154	-
Due to other funds:					
Due to General Fund	-	-	39,540	39,540	-
Due to Fuel Fund	4,919	-	-	4,919	-
Due to Municipal Center	-	-	2,650	2,650	-
Other payables	63,163	-	2,277	65,440	-
Compensated absences payable	197,663	-	87,216	284,879	-
Current liabilities (payable from restricted assets):					
Retainage payable	188,904	-	-	188,904	-
Total Current Liabilities (payable from current assets)	4,296,749	190,826	158,135	4,645,710	248,595
Noncurrent Liabilities:					
Long-term debt, net of current maturities	25,458,131	-	-	25,458,131	-
Total Noncurrent Liabilities	25,458,131	-	-	25,458,131	-
Total Liabilities	29,754,880	190,826	158,135	30,103,841	248,595
NET POSITION					
Invested in capital assets, net of related debt	46,965,383	3,383,386	1,141,457	51,490,226	-
Unrestricted	20,815,633	1,387,067	1,440,959	23,643,659	1,904,255
TOTAL NET POSITION	\$ 67,781,016	\$ 4,770,453	\$ 2,582,416	75,133,885	\$ 1,904,255
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				229,715	
Net position of business-type activities				\$ 75,363,600	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL
	WATER AND SEWER	MUNICIPAL	EMERGENCY		ACTIVITIES -
	FUND	CENTER	COMMUNICATIONS	TOTAL	INTERNAL SERVICE
		FUND	DISTRICT		FUNDS
OPERATING REVENUES					
Water sales, pledged as security on revenue bonds	\$ 7,115,198	\$ -	\$ -	\$ 7,115,198	\$ -
Sewer service charges, pledged as security on revenue bonds	6,264,218	-	-	6,264,218	-
Rental income	-	729,093	-	729,093	-
911 Fees	-	-	626,587	626,587	-
Internal charges	-	-	-	-	3,178,940
Other	566,834	(880)	271,154	837,108	353,487
TOTAL OPERATING REVENUES	13,946,250	728,213	897,741	15,572,204	3,532,427
OPERATING EXPENSES					
Water purchased	4,315,811	-	-	4,315,811	-
Depreciation and amortization	2,592,710	291,492	173,640	3,057,842	-
Materials and supplies	422,016	-	42,244	464,260	436,494
Sewerage treatment charges	3,357,441	-	-	3,357,441	-
Salaries and benefits	1,793,292	-	827,191	2,620,483	2,843,736
Maintenance	692,132	142,719	46,027	880,878	-
Utilities	291,013	138,670	-	429,683	-
Professional services	89,455	24,100	22,227	135,782	-
Communications	12,051	28,636	83,778	124,465	-
Other	146,238	10,004	6,777	163,019	-
TOTAL OPERATING EXPENSES	13,712,159	635,621	1,201,884	15,549,664	3,280,230
OPERATING INCOME	234,091	92,592	(304,143)	22,540	252,197
NONOPERATING REVENUES (EXPENSES)					
Interest income	157,458	9,072	7,093	173,623	8,937
Interest expense	(825,187)	-	-	(825,187)	-
TECB grants and reimbursements	-	-	300,000	300,000	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(667,729)	9,072	307,093	(351,564)	8,937
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(433,638)	101,664	2,950	(329,024)	261,134
CAPITAL CONTRIBUTIONS - TAP FEES	2,522,068	-	-	2,522,068	-
TRANSFERS IN	-	130,000	418,700	548,700	-
TRANSFERS OUT	-	-	-	-	-
CHANGE IN NET POSITION	2,088,430	231,664	421,650	2,741,744	261,134
TOTAL NET POSITION, BEGINNING OF YEAR, AS RESTATED	65,692,586	4,538,789	2,160,766		1,643,121
TOTAL NET POSITION, END OF YEAR	\$ 67,781,016	\$ 4,770,453	\$ 2,582,416		\$ 1,904,255
Adjustment to reflect the consolidation of internal service funds related to enterprise funds				36,961	
Change in net position of business-type activities				\$ 2,778,705	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL
	WATER AND SEWER	MUNICIPAL	EMERGENCY	TOTAL	ACTIVITIES -
	FUND	CENTER	COMMUNICATIONS	ENTERPRISE	INTERNAL SERVICE
		FUND	DISTRICT	FUNDS	FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 14,488,799	\$ 729,093	\$ 921,900	\$ 16,139,792	\$ -
Receipts from internal services provided	-	-	-	-	3,510,066
Payments to suppliers	(8,963,524)	(192,653)	(199,918)	(9,356,095)	(454,022)
Payments to employees	(1,784,481)	-	(826,972)	(2,611,453)	-
Net cash provided by (used in) operating activities	3,740,794	536,440	(104,990)	4,172,244	3,056,044
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts on interfund borrowing	32,428	-	-	32,428	-
Transfers from general fund	-	130,000	-	130,000	-
Contribution/transfer from general fund	-	-	418,700	418,700	-
Net cash provided by (used in) noncapital financing activities	32,428	130,000	418,700	581,128	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(5,625,956)	(205,441)	(283)	(5,831,680)	-
TECB grants and reimbursements received	-	-	300,000	300,000	-
Proceeds from water and sewer tap fees	2,522,068	-	-	2,522,068	-
Restricted cash used to fund capital asset additions	3,596,612	-	-	3,596,612	-
Principal paid on long-term debt	(1,300,000)	-	-	(1,300,000)	-
Interest paid on long-term debt	(840,331)	-	-	(840,331)	-
Net cash provided by (used in) capital and related financing activities	(1,647,607)	(205,441)	299,717	(1,553,331)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	157,458	9,072	7,093	173,623	8,937
Net cash provided by investing activities	157,458	9,072	7,093	173,623	8,937
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,283,073	470,071	620,520	3,373,664	3,064,981
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	18,441,262	1,105,172	881,068	20,427,502	1,690,594
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 20,724,335	\$ 1,575,243	\$ 1,501,588	\$ 23,801,166	\$ 4,755,575
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income	\$ 234,091	\$ 92,592	\$ (304,143)	\$ 22,540	\$ 252,197
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,592,710	291,492	173,640	3,057,842	-
(Increase) decrease in:					
Accounts receivable	255,904	-	24,159	280,063	(13,684)
Due from general fund	-	-	(1,805)	(1,805)	(7,622)
Unbilled utility revenue	286,645	-	-	286,645	-
Inventories of supplies	(57,055)	-	-	(57,055)	(1,091)
Prepaid expenses	(97)	880	(4,450)	(3,667)	-
Increase (decrease) in:					
Accounts payable	472,009	142,180	813	615,002	(16,437)
Due to (from) other funds	(22,447)	9,296	11,410	(1,741)	(1,055)
Accrued expenses	(20,966)	-	(4,614)	(25,580)	149,465
TOTAL ADJUSTMENTS	3,506,703	443,848	199,153	4,149,704	109,576
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,740,794	\$ 536,440	\$ (104,990)	\$ 4,172,244	\$ 361,773
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Capitalized interest	\$ 16,580	\$ -	\$ -	\$ 16,580	\$ -

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY AND PLAN NET POSITION

JUNE 30, 2013

	POST EMPLOYMENT BENEFITS TRUST	DONATIONS HELD IN TRUST
ASSETS		
Cash and cash equivalents	\$ -	\$ 276,833
Accounts receivable	-	970
Investments held in trust, at fair value:		
Mutual funds - balanced funds	<u>5,828,149</u>	<u>-</u>
TOTAL ASSETS	<u>5,828,149</u>	<u>277,803</u>
LIABILITIES		
Accounts payable	<u>36,726</u>	<u>8,869</u>
TOTAL LIABILITIES	<u>36,726</u>	<u>8,869</u>
NET POSITION		
Held in trust for other post employment benefits	5,791,423	-
Held in trust for donations	<u>-</u>	<u>268,934</u>
TOTAL NET POSITION	<u>\$ 5,791,423</u>	<u>\$ 268,934</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY AND PLAN NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	POST EMPLOYMENT BENEFITS TRUST	DONATIONS HELD IN TRUST
ADDITIONS		
Contributions:		
Other post employment benefits	\$ 635,575	\$ -
Outside sources	-	158,267
Investment earnings:		
Net appreciation (depreciation) in value of investments	406,356	-
Total Additions	1,041,931	158,267
DEDUCTIONS		
Benefits	192,822	-
Donations expense	-	119,697
Total Deductions	192,822	119,697
Change in Net Position	849,109	38,570
NET POSITION		
Beginning of year	4,942,314	230,364
End of year	\$ 5,791,423	\$ 268,934

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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. The City adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, and amendment of GASB Statements No. 14 and 34* during 2013. The objective of this statement was to improve financial reporting for a governmental financial reporting entity, and modifies certain requirement for inclusion of component units in the financial reporting entity. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The standards expanded the criteria to include the requirements of: (1) financial benefit or burden; or (2) management of the primary government having operational responsibility for the component unit. 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. The City had fallen under the "shared governing body" requirement since inception and had been presented as a blended component unit within the proprietary funds of the City. Under the new standard, the blending criterion is still met, and as such, the June 30, 2013 Comprehensive Annual Financial Report includes the Brentwood Emergency Communications District as a separate fund presented in the proprietary fund statements. 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). As of June 30, 2013 and for the year then ended, the City had no discretely presented component units which were required to be included in these financial statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (continued)

The City also adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during 2013. The objective of GASB Statement No. 63 was to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The statement was implemented retroactively and resulted in a change in the presentation of the statement of net assets to what is now referred to as the statement of net position and the term “net assets” is changed to “net position” throughout the entity-wide and proprietary fund statements. The adoption of GASB Statement No. 65 reclassified certain items that were previously reported as assets and liabilities as deferred outflows of resources, deferred inflows of resources and current period outflows and inflows. One such item that was previously presented as an asset was bond issuance costs. Under GASB Statement No. 65, these costs are to be accounted for as a current period outflow in the period the bond issue cost is incurred. As such, with the adoption of this standard, the opening net position has been restated to write off existing bond issue costs that had previously been capitalized. See Note 17 for further details. Additionally, items that were previously presented as a reduction of bonds payable for deferred charges on advance refundings are now classified as deferred outflows of resources.

Government-wide and Fund Financial Statements

The government-wide financial statements, the statement of net position and the statement of activities, 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, 2013

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, 2013

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.

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, 2013

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, 2013

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, \$16,580 of capitalized interest was recorded.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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 position.

Bond premiums and discounts 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 expensed in the period incurred.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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, 2013

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, 2013

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, 2013.

Payments may be made during the period from October 1 through February 28 and are delinquent on March 1. Current tax collections of \$10,297,356 were reported as revenue for the year ended June 30, 2013, and were approximately 98.5% of the tax levy.

Of the \$10,877,442 property taxes receivable, \$10,637,930 represents the estimated 2013 property taxes to be billed October 2013. This receivable is reported in the Balance Sheet - Governmental Funds with offsetting deferred inflow of resources for the amounts not available at June 30, 2013. Amounts available at June 30, 2013 have been recorded as revenue in the governmental fund statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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

For the year ended June 30, 2013, expenditures did not exceed appropriations in any fund.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 3 - DEPOSITS

The City's cash and cash equivalents at June 30, 2013 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, 2013, the City's deposits were fully insured or collateralized.

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

Carrying amount of deposits	\$ 84,356,773
Deposits in State of Tennessee Local Government Investment Pool	4,989
Cash on hand	<u>1,170</u>
Total	<u>\$ 84,362,932</u>
 Cash and cash equivalents	 \$ 74,702,238
Cash and cash equivalents - restricted	<u>9,660,694</u>
Total	<u>\$ 84,362,932</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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 eleven days at June 30, 2013. The Pool does not have a credit rating.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 98,102,274	\$ 4,033,049	\$ (88,810)	\$ 102,046,513
Construction in progress	<u>1,755,391</u>	<u>1,529,329</u>	<u>(1,038,993)</u>	<u>2,245,727</u>
Total capital assets not being depreciated	<u>99,857,665</u>	<u>5,562,378</u>	<u>(1,127,803)</u>	<u>104,292,240</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	22,383,331	-	-	22,383,331
Improvements other than buildings	11,649,309	19,930	-	11,669,239
Machinery and equipment	18,046,673	1,483,800	(561,057)	18,969,416
Infrastructure	<u>186,298,001</u>	<u>7,005,682</u>	<u>-</u>	<u>193,303,683</u>
Total capital assets being depreciated:	<u>238,377,314</u>	<u>8,509,412</u>	<u>(561,057)</u>	<u>246,325,669</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(5,157,946)	(505,271)	-	(5,663,217)
Improvements other than buildings	(8,008,661)	(505,353)	-	(8,514,014)
Machinery and equipment	(11,653,783)	(1,212,549)	561,057	(12,305,275)
Infrastructure	<u>(105,329,379)</u>	<u>(5,895,609)</u>	<u>-</u>	<u>(111,224,988)</u>
Total accumulated depreciation	<u>(130,149,769)</u>	<u>(8,118,782)</u>	<u>561,057</u>	<u>(137,707,494)</u>
Governmental activities capital assets, net	<u>\$ 208,085,210</u>	<u>\$ 5,953,008</u>	<u>\$ (1,127,803)</u>	<u>\$ 212,910,415</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 1,100,013	\$ 14,558	\$ -	\$ 1,114,571
Construction in progress	<u>664,674</u>	<u>5,685,372</u>	<u>(5,747,026)</u>	<u>603,020</u>
Total capital assets not being depreciated	<u>1,764,687</u>	<u>5,699,930</u>	<u>(5,747,026)</u>	<u>1,717,591</u>
<u>Capital assets being depreciated:</u>				
Utility plant in service	93,585,689	5,733,636	-	99,319,325
Buildings, structures and improvements	4,309,777	-	(465)	4,309,312
Improvements other than buildings	2,208,191	30,730	-	2,238,921
Machinery, equipment and vehicles	<u>4,430,571</u>	<u>204,510</u>	<u>(23,969)</u>	<u>4,611,112</u>
Total capital assets being depreciated:	<u>104,534,228</u>	<u>5,968,876</u>	<u>(24,434)</u>	<u>110,478,670</u>
<u>Less accumulated depreciation for:</u>				
Utility plant in service	(33,327,260)	(2,445,275)	-	(35,772,535)
Buildings, structures and improvements	(2,304,416)	(126,854)	-	(2,431,270)
Improvements other than buildings	(707,550)	(141,195)	-	(848,745)
Machinery, equipment and vehicles	<u>(2,435,811)</u>	<u>(344,446)</u>	<u>23,969</u>	<u>(2,756,288)</u>
Total accumulated depreciation	<u>(38,775,037)</u>	<u>(3,057,770)</u>	<u>23,969</u>	<u>(41,808,838)</u>
Business-type activities capital assets, net	<u>\$ 67,523,878</u>	<u>\$ 8,611,036</u>	<u>\$ (5,747,491)</u>	<u>\$ 70,387,423</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to function/programs for the year ended June 30, 2013, as follows:

Governmental activities:

General government	\$ 379,821
Public safety	599,166
Roads and streets	5,939,683
Parks and recreation	752,050
Public library	435,123
Drug education	<u>12,939</u>

Total depreciation expense - governmental activities	<u>\$ 8,118,782</u>
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Business-type activities:

Municipal center	\$ 291,492
Water and sewer	2,592,638
Emergency Communications District	<u>173,640</u>

Total depreciation expense - business-type activities	<u>\$ 3,057,770</u>
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CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 5 - INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to charges between funds that are outstanding as of June 30, 2013, and are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 39,540	\$ 37,106
Nonmajor funds	-	21,799
Water and sewer fund	21,799	4,919
Municipal center fund	2,650	-
Emergency Communications District	1,805	-
Internal service funds	<u>40,220</u>	<u>42,190</u>
	106,014	106,014
Internal receivable (payable) created by internal service fund elimination	<u>102,846</u>	<u>102,846</u>
Total interfund receivables (payables)	<u>\$ 208,860</u>	<u>\$ 208,860</u>

Interfund transfers for the year ended June 30, 2013 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	<u>Transfer In:</u>				
	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Municipal Center</u>	<u>Emergency Communications District</u>	<u>Totals</u>
Transfer Out:					
General Fund	\$ 3,250,000	\$ 3,240,000	\$ -	\$ 418,700	\$ 6,908,700
Capital Projects Fund	-	-	130,000	-	130,000
Nonmajor Governmental Funds	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Total Transfers	<u>\$ 3,250,000</u>	<u>\$ 4,240,000</u>	<u>\$ 130,000</u>	<u>\$ 418,700</u>	<u>\$ 8,038,700</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 5 - INTERFUND TRANSACTIONS (CONTINUED)

Interfund revenues and expenses for the year ended June 30, 2013, 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 \$623,135 and \$31,800, respectively, for the year ended June 30, 2013 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, 2013. 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, 2013. These amounts are included in expenditures for the respective funds. The General Fund transferred \$635,575 from the current year contributions to the Post Employment Benefits Trust for the year ended June 30, 2013 (see Note 12).

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 6 - LONG-TERM LIABILITIES

Changes in Long-Term Liabilities:

During the year ended June 30, 2013, the changes in long-term liabilities were as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due within</u> <u>one year</u>
Government Activities:					
General obligation bonds	\$ 29,745,000	\$ -	\$ 2,435,000	\$ 27,310,000	\$ 2,475,000
Less:					
Unamortized (discount) premium	<u>662,781</u>	<u>-</u>	<u>45,791</u>	<u>616,990</u>	<u>-</u>
Total bonds	30,407,781	-	2,480,791	27,926,990	2,475,000
Compensated absences	<u>2,901,771</u>	<u>1,225,413</u>	<u>1,152,281</u>	<u>2,974,903</u>	<u>1,000,000</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 33,309,552</u>	<u>\$ 1,225,413</u>	<u>\$ 3,633,072</u>	<u>\$ 30,901,893</u>	<u>\$ 3,475,000</u>
Business-type Activities:					
Revenue and tax bonds	\$ 12,170,000	\$ -	\$ 875,000	\$ 11,295,000	\$ 900,000
General obligation bonds	<u>16,135,000</u>	<u>-</u>	<u>425,000</u>	<u>15,710,000</u>	<u>710,000</u>
Total bonds	28,305,000	-	1,300,000	27,005,000	1,610,000
Less: deferred amounts					
Unamortized (discount) premium	<u>63,059</u>	<u>-</u>	<u>(72)</u>	<u>63,131</u>	<u>-</u>
Total Business-type Activities					
Long-term Liabilities	<u>\$ 28,368,059</u>	<u>\$ -</u>	<u>\$ 1,299,928</u>	<u>\$ 27,068,131</u>	<u>\$ 1,610,000</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Description of Long-Term Liabilities:

Amounts payable at June 30, 2013, 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%	\$ 1,660,000
\$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%	165,000
\$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%	690,000
\$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%	2,410,000
\$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%	4,045,000
\$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%	4,230,000
\$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%	6,245,000

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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% \$ 4,660,000

\$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% 3,205,000

Total General Obligation Debt 27,310,000

Unamortized premium (discount) 616,990

Total General Obligation Bonds, net of unamortized charge \$27,926,990

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% \$ 140,000

\$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% 1,025,000

\$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% 1,605,000

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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%	\$ 8,525,000
\$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%	9,150,000
\$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	27,005,000
Unamortized premium (discount)	<u>63,131</u>
Total Business-type Activities Debt, net of unamortized charge	<u><u>\$27,068,131</u></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, 2013

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Debt Service Requirements

The annual debt service requirements to maturity for all long-term obligations outstanding as of June 30, 2013, 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>
2014	\$ 2,475,000	\$ 827,140	\$ 1,610,000	\$ 818,751	\$ 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	733,263	3,970,000	1,419,139
2017	2,075,000	615,837	1,590,000	689,629	3,665,000	1,305,466
2018	2,140,000	549,951	1,645,000	638,366	3,785,000	1,188,317
2019-2023	8,215,000	1,892,499	7,250,000	2,539,812	15,465,000	4,432,311
2024-2028	5,745,000	852,246	8,075,000	1,476,951	13,820,000	2,329,197
2029-2033	<u>1,870,000</u>	<u>127,006</u>	<u>3,780,000</u>	<u>222,670</u>	<u>5,650,000</u>	<u>349,676</u>
Totals	<u>\$ 27,310,000</u>	<u>\$6,306,131</u>	<u>\$ 27,005,000</u>	<u>\$7,895,121</u>	<u>\$54,315,000</u>	<u>\$ 14,201,252</u>

NOTE 7 - DEFERRED OUTFLOWS (INFLOWS) OF RESOURCES

Deferred outflows (inflows) of resources consist of the following at June 30, 2013:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<u>Deferred outflows of resources:</u>		
Advance refundings of debt	<u>\$ 877,547</u>	<u>\$ 36,323</u>
<u>Deferred inflows of resources:</u>		
Property taxes:		
Delinquent taxes	\$ 207,132	\$ -
2013 estimated levy	10,637,930	-
Estimated 2013 Hall Income tax	<u>900,000</u>	<u>-</u>
	<u>\$ 11,745,062</u>	<u>\$ -</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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 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 2013, the aggregate stop loss threshold is \$1.5 million.

Revenues of the fund include budgeted amounts from each City fund with personnel assigned to it, as well as employee payroll deductions from those employees who elect to cover dependents under the city's plan. Expenses of the fund include premium costs of 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, 2013, but not reported (IBNRs).

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 8 - RISK MANAGEMENT (CONTINUED)

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

	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of fiscal year	\$ 86,327	\$ 106,860
Incurred claims	2,162,442	1,386,998
Claim payments	<u>(2,097,381)</u>	<u>(1,407,531)</u>
Unpaid claims, end of fiscal year	<u>\$ 151,388</u>	<u>\$ 86,327</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.

NOTE 9 - 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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 10 - 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			
Uses of money and property	\$ 534,327	\$ 438,018	\$ 96,309
Other	\$ 9,913	\$ 26,947	\$ (17,034)
EXPENDITURES			
General government	\$ 6,126,659	\$ 6,229,546	\$ (102,887)
Public safety	\$ 12,178,507	\$ 12,291,954	\$ (113,447)
Roads and streets	\$ 3,776,891	\$ 3,752,886	\$ 24,005
Parks and recreation	\$ 1,969,273	\$ 1,893,503	\$ 75,770
Public library	\$ 2,141,269	\$ 2,134,669	\$ 6,600
OTHER FINANCING USES			
Transfers in			
Transfers out	\$ 6,908,700	\$ 7,069,575	\$ (160,875)
COMMITTED ACTIVITY BUDGETED SEPARATELY			
Net change - equipment replacement	\$ -	\$ 248,102	\$ (248,102)
Net change - facilities maintenance	\$ -	\$ 98,731	\$ (98,731)
Net change - post employment benefits	\$ -	\$ 3,276	\$ (3,276)
NET CHANGE IN FUND BALANCE	\$ 3,607,765	\$ 3,607,765	\$ -

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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, 2013 totaled \$269,692.

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, 2013, the date of the latest actuarial valuation:

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>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 2013, the City contributed \$635,575 to the Trust and withdrew \$192,822 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 5.03% percent of covered payroll.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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	\$ 652,143
Interest on net OPEB obligation	(107,568)
Adjustment to annual required contribution	<u>91,000</u>
Annual OPEB cost (expense)	635,575
Contributions made	<u>(635,575)</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>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 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>
2011	\$ 613,541	100 %	\$ (1,749,078)
2012	582,210	100	(1,749,078)
2013	635,575	100	(1,749,078)

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the plan was 61.2 percent funded. The actuarial accrued liability for benefits was \$9,569,585, and the actuarial value of assets was \$5,853,881 resulting in an unfunded actuarial accrued liability (UAAL) of \$3,715,704. The covered payroll (annual payroll of active employees covered by the plan) was \$12,672,263 and the ratio of the UAAL to the covered payroll was 29.3 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.

In the January 1, 2013 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, 2013 was twenty-four 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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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 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. The City has authorized mandatory retirement for public safety officers. Public safety officers can retire at age 55 with five years of service or at any age with 25 year of service and receive a supplemental bridge payment between the mandatory retirement age and 62. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after 5 (five) years of service and members joining prior to July 1, 1979 were vested after 4 years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

The City had previously adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll. As of January 1, 2010, the City has elected to discontinue the non-contributory provision for all future hires. This will require all new hires to contribute 5% of earnable compensation. Employees who were employed prior to January 1, 2010 will continue to be eligible for the noncontributory provision.

The City is required to contribute at an actuarially determined rate; the rate for the year ending June 30, 2013 was an aggregate 16.91% of annual covered payroll, which includes public safety employees at 18.62% and all other employees at 15.12%. The contribution requirement of plan members is set by state statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

Annual Pension Cost

For the year ended June 30, 2013, the City's annual pension cost of \$2,210,115 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2011 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, 2011 was two 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>
2013	\$2,210,115	100.00%	\$0.00
2012	\$2,152,535	100.00%	\$0.00
2011	\$2,164,396	100.00%	\$0.00

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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

(dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2011	\$ 33,003	\$ 34,138	\$ 1,135	96.68%	\$ 12,818	8.85%

NOTE 14 - COMMITMENTS

Construction commitments amounting to approximately \$12,657,000 were outstanding as of June 30, 2013.

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. 66, Technical Corrections - 2012; an amendment of GASB Statements No. 10 and No. 62. The requirements of this statement are effective for 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, 2013

NOTE 17 - PRIOR PERIOD ADJUSTMENT

During 2013, the City elected to early adopt GASB 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. Under this standard, amounts previously capitalized as bond issuance costs are now expensed when incurred. As such, the opening fund balances have been adjusted to reflect this change as follows:

	<u>Governmental Activities</u>		<u>Proprietary Fund</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water & Sewer Fund</u>
Net position, beginning of year, as previously presented	\$ 224,644,715	\$ 72,807,616	\$ 65,915,307
Implementation of GASB Statement No. 65, which expenses bond issue costs as incurred. To reduce net position for amount of unamortized bond issue costs at July 1, 2012.	<u>(350,912)</u>	<u>(222,721)</u>	<u>(222,721)</u>
Net position, beginning of year - as restated	<u>\$ 224,293,803</u>	<u>\$ 72,584,895</u>	<u>\$ 65,692,586</u>

NOTE 18 - SUBSEQUENT EVENTS

On September 4, 2013, the City issued \$9,790,000 of General Obligation Refunding and Public Improvement Bonds, Series 2013. Interest will be payable semi-annually on March 1 and September 1, and the bonds are due on September 1, 2033.

On October 14, 2013, the City Commission voted to exercise a purchase option for approximately 78 acres adjacent to Smith Park. The purchase option, plus closing costs, will approximate \$2,936,000 and will be paid from General Fund unassigned fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FUNDING PROGRESS

POLITICAL SUBDIVISION PENSION PLAN
SUPPLEMENTARY INFORMATION (Unaudited)

JUNE 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial 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, 2013

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>
01/01/09	\$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%
01/01/13	\$5,853,881	\$ 9,569,585	\$ 3,715,704	61.2%	\$ 12,672,263	29.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Employer Contributions</u>		
<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 659,800	93.0 %
2012	621,571	93.7
2013	652,143	97.5

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, 2013

	SPECIAL REVENUE		CAPITAL PROJECTS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	STATE STREET AID	DRUG	PUBLIC WORKS PROJECT	ADEQUATE SCHOOL FACILITIES	
<u>ASSETS AND OTHER DEBITS</u>					
ASSETS:					
Cash and cash equivalents	\$ 581,014	\$ -	\$ 1,890,651	\$ 1,228,545	\$ 3,700,210
Receivables:					
Taxes	173,433	-	-	42,212	215,645
Miscellaneous	49,340	669	-	-	50,009
Restricted assets:					
Cash and cash equivalents	-	386,029	-	-	386,029
TOTAL ASSETS	<u>\$ 803,787</u>	<u>\$ 386,698</u>	<u>\$ 1,890,651</u>	<u>\$ 1,270,757</u>	<u>\$ 4,351,893</u>
LIABILITIES:					
Accounts payable	\$ 320,339	\$ 33,934	\$ -	\$ -	\$ 354,273
Due to Water and Sewer Fund	21,799	-	-	-	21,799
TOTAL LIABILITIES	<u>342,138</u>	<u>33,934</u>	<u>-</u>	<u>-</u>	<u>376,072</u>
EQUITY AND OTHER CREDITS					
Fund balance:					
Restricted for capital projects	-	-	1,890,651	1,270,757	3,161,408
Restricted for street repairs	461,649	-	-	-	461,649
Restricted for drug enforcement and education	-	352,764	-	-	352,764
TOTAL EQUITY AND OTHER CREDITS	<u>461,649</u>	<u>352,764</u>	<u>1,890,651</u>	<u>1,270,757</u>	<u>3,975,821</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 803,787</u>	<u>\$ 386,698</u>	<u>\$ 1,890,651</u>	<u>\$ 1,270,757</u>	<u>\$ 4,351,893</u>

CITY OF BRENTWOOD, TENNESSEE

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

FOR THE YEAR ENDED JUNE 30, 2013

	<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>	
REVENUES					
Licenses and permits	\$ -	\$ -	\$ 1,419,103	\$ -	\$ 1,419,103
Intergovernmental:					
Gasoline and motor fuel tax	653,466	-	-	-	653,466
Three cent tax	195,216	-	-	-	195,216
Gas 1989 tax	105,178	-	-	-	105,178
Adequate schools facilities tax	-	-	-	494,233	494,233
Uses of money and property	3,006	1,598	6,052	4,936	15,592
Other	-	172,931	-	-	172,931
TOTAL REVENUES	<u>956,866</u>	<u>174,529</u>	<u>1,425,155</u>	<u>499,169</u>	<u>3,055,719</u>
EXPENDITURES					
Current:					
Roads and streets	854,216	-	-	-	854,216
Drug education	-	11,879	-	-	11,879
Capital outlay	-	94,372	-	-	94,372
TOTAL EXPENDITURES	<u>854,216</u>	<u>106,251</u>	<u>-</u>	<u>-</u>	<u>960,467</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>102,650</u>	<u>68,278</u>	<u>1,425,155</u>	<u>499,169</u>	<u>2,095,252</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(1,000,000)	-	(1,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>(1,000,000)</u>
NET CHANGE IN FUND BALANCE	102,650	68,278	425,155	499,169	1,095,252
FUND BALANCE, BEGINNING OF YEAR	<u>358,999</u>	<u>284,486</u>	<u>1,465,496</u>	<u>771,588</u>	<u>2,880,569</u>
FUND BALANCE, END OF YEAR	<u>\$ 461,649</u>	<u>\$ 352,764</u>	<u>\$ 1,890,651</u>	<u>\$ 1,270,757</u>	<u>\$ 3,975,821</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, 2013

	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	950,000	650,000	653,466	3,466	-	-	-	-
Three cent tax	-	200,000	195,216	(4,784)	-	-	-	-
Gas 1989 tax	-	100,000	105,178	5,178	-	-	-	-
Adequate school facilities tax	-	-	-	-	-	-	-	-
Uses of money and property:								
Interest earnings	3,000	3,000	3,006	6	1,000	1,000	1,598	598
Other:								
Drug related fines and contributions	-	-	-	-	20,000	20,000	172,931	152,931
TOTAL REVENUES	953,000	953,000	956,866	3,866	21,000	21,000	174,529	153,529
EXPENDITURES								
Current:								
Roads and streets - street repairs	1,040,000	1,040,000	854,216	(185,784)	-	-	-	-
Drug education	-	-	-	-	20,000	20,000	11,879	(8,121)
Capital outlay	-	-	-	-	-	-	94,372	94,372
TOTAL EXPENDITURES	1,040,000	1,040,000	854,216	(185,784)	20,000	20,000	106,251	86,251
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(87,000)	(87,000)	102,650	189,650	1,000	1,000	68,278	67,278
OTHER FINANCING SOURCES (USES)								
Transfers to Capital Projects Fund	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ (87,000)	\$ (87,000)	102,650	\$ 189,650	\$ 1,000	\$ 1,000	68,278	\$ 67,278
FUND BALANCE, BEGINNING OF YEAR			358,999				284,486	
FUND BALANCE, END OF YEAR			\$ 461,649				\$ 352,764	

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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, 2013

	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	\$ 830,000	\$ 1,419,103	\$ 589,103	\$ -	\$ -	\$ -
Intergovernmental:						
Gasoline and motor fuel tax	-	-	-	-	-	-
Three cent tax	-	-	-	-	-	-
Gas 1989 tax	-	-	-	-	-	-
Adequate school facilities tax	-	-	-	250,000	494,233	244,233
Uses of money and property:						
Interest earnings	6,000	6,052	52	3,000	4,936	1,936
Other:						
Drug related fines and contributions	-	-	-	-	-	-
TOTAL REVENUES	836,000	1,425,155	589,155	253,000	499,169	246,169
EXPENDITURES						
Current:						
Roads and streets - street repairs	-	-	-	-	-	-
Drug education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	836,000	1,425,155	589,155	253,000	499,169	246,169
OTHER FINANCING SOURCES (USES)						
Transfers to Capital Projects Fund	(1,000,000)	(1,000,000)	-	-	-	-
Total Other Financing Sources (Uses)	(1,000,000)	(1,000,000)	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ (164,000)	425,155	\$ 589,155	\$ 253,000	499,169	\$ 246,169
FUND BALANCE, BEGINNING OF YEAR		1,465,496			771,588	
FUND BALANCE, END OF YEAR		\$ 1,890,651			\$ 1,270,757	

(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, 2013

	TOTALS			VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL	
REVENUES				
Licenses and permits:				
Public works project fees	\$ 830,000	\$ 830,000	\$ 1,419,103	\$ 589,103
Intergovernmental:				
Gasoline and motor fuel tax	950,000	650,000	653,466	3,466
Three cent tax	-	200,000	195,216	(4,784)
Gas 1989 tax	-	100,000	105,178	5,178
Adequate school facilities tax	250,000	250,000	494,233	244,233
Uses of money and property:				
Interest earnings	13,000	13,000	15,592	2,592
Other:				
Drug related fines and contributions	20,000	20,000	172,931	152,931
TOTAL REVENUES	2,063,000	2,063,000	3,055,719	992,719
EXPENDITURES				
Current:				
Roads and streets - street repairs	1,040,000	1,040,000	854,216	(185,784)
Drug education	20,000	20,000	11,879	(8,121)
Capital outlay	-	-	94,372	94,372
TOTAL EXPENDITURES	1,060,000	1,060,000	960,467	(99,533)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,003,000	1,003,000	2,095,252	1,092,252
OTHER FINANCING SOURCES (USES)				
Transfers to Capital Projects Fund	-	-	(1,000,000)	1,000,000
Total Other Financing Sources (Uses)	-	-	(1,000,000)	1,000,000
NET CHANGE IN FUND BALANCE	\$ 1,003,000	\$ 1,003,000	1,095,252	\$ 92,252
FUND BALANCE, BEGINNING OF YEAR			2,880,569	
FUND BALANCE, END OF YEAR			\$ 3,975,821	

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, 2013

	<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>\$ 18,500</u>	<u>\$ 18,500</u>	<u>\$ 24,745</u>	<u>\$ 6,245</u>
EXPENDITURES				
Debt service:				
Principal	2,463,110	2,463,110	2,465,555	2,445
Interest	888,815	888,815	886,361	(2,454)
Other:				
Bank service charges	<u>6,000</u>	<u>6,000</u>	<u>3,705</u>	<u>(2,295)</u>
TOTAL EXPENDITURES	<u>3,357,925</u>	<u>3,357,925</u>	<u>3,355,621</u>	<u>(2,304)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(3,339,425)</u>	<u>(3,339,425)</u>	<u>(3,330,876)</u>	<u>(8,549)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from General Fund	<u>3,250,000</u>	<u>3,250,000</u>	<u>3,250,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,250,000</u>	<u>3,250,000</u>	<u>3,250,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (89,425)</u>	<u>\$ (89,425)</u>	<u>(80,876)</u>	<u>\$ 8,549</u>
FUND BALANCE, BEGINNING OF YEAR			<u>3,793,311</u>	
FUND BALANCE, END OF YEAR			<u>\$ 3,712,435</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.

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. For fiscal year 2013, the fund was expanded to include workers compensation coverage. 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 POSITION

INTERNAL SERVICE FUNDS

JUNE 30, 2013

	<u>FUEL</u>	<u>INSURANCE</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 171,537	\$ 1,889,767	\$ 2,061,304
Receivables:			
Accounts	-	14,601	14,601
Due From General Fund	35,301	-	35,301
Due From Water and Sewer Fund	4,919	-	4,919
Inventory	<u>36,725</u>	<u>-</u>	<u>36,725</u>
Total Assets	<u>248,482</u>	<u>1,904,368</u>	<u>2,152,850</u>
LIABILITIES			
Accounts payable	4,928	92,279	97,207
Claims payable	<u>-</u>	<u>151,388</u>	<u>151,388</u>
Total Liabilities	<u>4,928</u>	<u>243,667</u>	<u>248,595</u>
NET POSITION			
Unrestricted	<u>243,554</u>	<u>1,660,701</u>	<u>1,904,255</u>
TOTAL NET POSITION	<u>\$ 243,554</u>	<u>\$ 1,660,701</u>	<u>\$ 1,904,255</u>

CITY OF BRENTWOOD, TENNESSEE

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

FOR THE YEAR ENDED JUNE 30, 2013

	<u>FUEL</u>	<u>INSURANCE</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for sales and services	\$ 517,339	\$ 2,661,601	\$ 3,178,940
Other	<u>-</u>	<u>353,487</u>	<u>353,487</u>
TOTAL OPERATING REVENUES	<u>517,339</u>	<u>3,015,088</u>	<u>3,532,427</u>
OPERATING EXPENSES			
Costs of sales and services	<u>436,494</u>	<u>2,843,736</u>	<u>3,280,230</u>
TOTAL OPERATING EXPENSES	<u>436,494</u>	<u>2,843,736</u>	<u>3,280,230</u>
OPERATING INCOME	<u>80,845</u>	<u>171,352</u>	<u>252,197</u>
NONOPERATING REVENUES			
Investment earnings	604	8,333	8,937
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NONOPERATING REVENUES	<u>604</u>	<u>8,333</u>	<u>8,937</u>
CHANGE IN NET POSITION	81,449	179,685	261,134
TOTAL NET POSITION - BEGINNING OF YEAR	<u>162,105</u>	<u>1,481,016</u>	<u>1,643,121</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 243,554</u>	<u>\$ 1,660,701</u>	<u>\$ 1,904,255</u>

CITY OF BRENTWOOD, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>FUEL</u>	<u>INSURANCE</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 508,662	\$ 3,001,404	\$ 3,510,066
Payments to suppliers	(454,022)	-	(454,022)
Payments to employees	-	(2,694,271)	(2,694,271)
Net cash provided by operating activities	<u>54,640</u>	<u>307,133</u>	<u>361,773</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>604</u>	<u>8,333</u>	<u>8,937</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	55,244	315,466	370,710
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>116,293</u>	<u>1,574,301</u>	<u>1,690,594</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 171,537</u>	<u>\$ 1,889,767</u>	<u>\$ 2,061,304</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 80,845	\$ 171,352	\$ 252,197
Adjustments to reconcile operating income to net cash provided by operating activities:			
(Increase) decrease in:			
Accounts receivable	-	(13,684)	(13,684)
Due from General Fund	(7,622)	-	(7,622)
Due from Water and Sewer Fund	(1,055)	-	(1,055)
Inventory	(1,091)	-	(1,091)
Increase (decrease) in:			
Accounts payable	(16,437)	-	(16,437)
Claims payable	<u>-</u>	<u>149,465</u>	<u>149,465</u>
TOTAL ADJUSTMENTS	<u>(26,205)</u>	<u>135,781</u>	<u>109,576</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 54,640</u>	<u>\$ 307,133</u>	<u>\$ 361,773</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, 2013

<u>FUNCTION AND ACTIVITY</u>	<u>IMPROVEMENTS</u>				<u>CONSTRUCTION</u>		<u>TOTALS</u>
	<u>LAND</u>	<u>BUILDINGS AND STRUCTURES</u>	<u>OTHER THAN BUILDINGS</u>	<u>EQUIPMENT</u>	<u>INFRASTRUCTURE</u>	<u>IN PROGRESS</u>	
General government:							
Finance/administration	\$ -	\$ -	\$ -	\$ 386,539	\$ -	\$ -	\$ 386,539
Planning and development	-	-	-	434,930	-	-	434,930
Other - unclassified	<u>10,600</u>	<u>298,860</u>	<u>233,289</u>	<u>3,927,741</u>	<u>195,356</u>	<u>44,674</u>	<u>4,710,520</u>
Total General Government	<u>10,600</u>	<u>298,860</u>	<u>233,289</u>	<u>4,749,210</u>	<u>195,356</u>	<u>44,674</u>	<u>5,531,989</u>
Public Safety:							
Police	-	7,500	-	2,867,501	-	-	2,875,001
Fire	<u>501,573</u>	<u>4,237,668</u>	<u>47,425</u>	<u>4,800,119</u>	<u>-</u>	<u>-</u>	<u>9,586,785</u>
Total Public Safety	<u>501,573</u>	<u>4,245,168</u>	<u>47,425</u>	<u>7,667,620</u>	<u>-</u>	<u>-</u>	<u>12,461,786</u>
Roads and Streets:							
Public works	86,971,879	1,475,589	-	2,588,090	188,608,471	-	279,644,029
Other	<u>411,162</u>	<u>1,384,679</u>	<u>9,040</u>	<u>524,740</u>	<u>908,594</u>	<u>-</u>	<u>3,238,215</u>
Total Roads and Streets	<u>87,383,041</u>	<u>2,860,268</u>	<u>9,040</u>	<u>3,112,830</u>	<u>189,517,065</u>	<u>-</u>	<u>282,882,244</u>
Parks and Recreation	<u>14,151,299</u>	<u>2,968,996</u>	<u>10,982,971</u>	<u>1,660,244</u>	<u>3,591,262</u>	<u>2,201,053</u>	<u>35,555,825</u>
Public Library	<u>-</u>	<u>12,010,039</u>	<u>396,514</u>	<u>1,472,677</u>	<u>-</u>	<u>-</u>	<u>13,879,230</u>
Drug Special Revenue Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>306,835</u>	<u>-</u>	<u>-</u>	<u>306,835</u>
Total governmental funds capital assets	<u>\$ 102,046,513</u>	<u>\$ 22,383,331</u>	<u>\$ 11,669,239</u>	<u>\$ 18,969,416</u>	<u>\$ 193,303,683</u>	<u>\$ 2,245,727</u>	<u>\$ 350,617,909</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, 2013

<u>FUNCTION AND ACTIVITY</u>	<u>BALANCE</u> <u>JULY 1, 2012</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>TRANSFERS</u>	<u>BALANCE</u> <u>JUNE 30, 2013</u>
General government:					
Finance and administration	\$ 369,960	\$ -	\$ -	\$ 16,579	\$ 386,539
Planning and development	434,930	-	-	-	434,930
Other - unclassified	4,226,801	506,421	(22,702)	-	4,710,520
Public safety:					
Police department	2,903,141	202,805	(214,366)	(16,579)	2,875,001
Fire department	9,374,507	212,278	-	-	9,586,785
Roads and streets	272,964,041	10,372,295	(231,771)	(222,321)	282,882,244
Parks and recreation	33,912,651	1,594,913	(50,581)	98,842	35,555,825
Public library	13,706,038	49,713	-	123,479	13,879,230
Drug special revenue fund	<u>342,910</u>	<u>94,372</u>	<u>(130,447)</u>	<u>-</u>	<u>306,835</u>
Total governmental funds capital assets	<u>\$ 338,234,979</u>	<u>\$ 13,032,797</u>	<u>\$ (649,867)</u>	<u>\$ -</u>	<u>\$ 350,617,909</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CASH AND CASH EQUIVALENTS

JUNE 30, 2013

	<u>Amount</u>
<u>MAJOR GOVERNMENTAL FUNDS</u>	
<u>General Fund</u>	
Pinnacle - demand deposits	\$ 32,157,452
Cash on hand	<u>1,170</u>
Total General Fund	<u>32,158,622</u>
<u>Debt Service Fund</u>	
Pinnacle - demand deposits	<u>3,712,435</u>
Total Debt Service Fund	<u>3,712,435</u>
<u>Capital Projects Fund</u>	
Pinnacle - demand deposits	10,214,661
Local Government Investment Pool	<u>4,989</u>
Total Capital Projects Fund	<u>10,219,650</u>
<u>NONMAJOR GOVERNMENTAL FUNDS</u>	
<u>State Street Aid</u>	
Pinnacle - demand deposits	581,014
<u>Drug Fund</u>	
Pinnacle - demand deposits	386,029
<u>Public Works Project Fund</u>	
Pinnacle - demand deposits	1,890,651
<u>Adequate School Facilities Fund</u>	
Pinnacle - demand deposits	<u>1,228,545</u>
Total Nonmajor Governmental Funds	<u>4,086,239</u>
<u>MAJOR PROPRIETARY FUNDS</u>	
<u>Water and Sewer Fund</u>	
FirstBank - demand deposits	3,365
First Tennessee - demand deposits	70,507
Pinnacle - demand deposits	28,944,480
Regions - demand deposits	<u>29,499</u>
Total Water and Sewer Fund	<u>29,047,851</u>
<u>Municipal Center Fund</u>	
Pinnacle - demand deposits	<u>1,575,243</u>
<u>Emergency Communications District</u>	
Pinnacle - demand deposits	<u>1,501,588</u>
<u>INTERNAL SERVICE FUNDS</u>	
<u>Fuel Fund</u>	
Pinnacle - demand deposits	171,537
<u>Health Insurance Fund</u>	
Pinnacle - demand deposits	<u>1,889,767</u>
Total Internal Service Funds	<u>2,061,304</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 84,362,932</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

<u>Tax Year</u>	<u>BALANCE JUNE 30, 2012</u>	<u>LEVY</u>	<u>COLLECTIONS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE JUNE 30, 2013</u>
2012	\$ -	\$ 10,453,923	\$ (10,297,356)	\$ -	\$ 156,567
2011	143,958	-	(109,653)	-	34,305
2010	45,134	-	(35,530)	-	9,604
2009	11,730	-	(783)	-	10,947
2008	9,163	-	(497)	-	8,666
2007	5,257	-	(482)	-	4,775
2006	3,301	-	(320)	-	2,981
2005	4,122	-	(14)	-	4,108
2004	1,713	-	(27)	-	1,686
2003	5,915	-	(42)	-	5,873
2002	<u>15,033</u>	<u>-</u>	<u>-</u>	<u>(15,033)</u>	<u>-</u>
Total	<u>\$ 245,326</u>	<u>\$ 10,453,923</u>	<u>\$ (10,444,704)</u>	<u>\$ (15,033)</u>	239,512
Estimated 2013 Tax Levy					<u>10,637,930</u>
					<u>\$ 10,877,442</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, 2013

Year	2003 G.O. Refunding Bonds		2004 G.O. Public Improvement Bonds		2006 G.O. Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 1,660,000</u>	<u>\$ 171,909</u>	<u>\$ 165,000</u>	<u>\$ 2,723</u>	<u>\$ 2,410,000</u>	<u>\$ 383,210</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
2014	\$ 185,000	\$ 160,494	\$ 1,160,000	\$ 135,263	\$ 185,000	\$ 142,900
2015	190,000	155,869	910,000	114,562	200,000	138,050
2016	200,000	151,118	930,000	96,163	195,000	132,125
2017	200,000	142,119	540,000	81,462	200,000	126,200
2018	210,000	136,119	550,000	67,813	205,000	120,125
2019	220,000	129,819	580,000	50,862	215,000	113,825
2020	230,000	120,193	590,000	33,313	220,000	107,300
2021	235,000	110,131	190,000	22,562	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	27,512
2031	-	-	-	-	310,000	17,025
2032	-	-	-	-	320,000	5,800
	<u>\$ 4,230,000</u>	<u>\$ 1,637,999</u>	<u>\$ 6,245,000</u>	<u>\$ 646,157</u>	<u>\$ 4,660,000</u>	<u>\$ 1,566,675</u>

CITY OF BRENTWOOD, TENNESSEE

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

JUNE 30, 2013

Year	2006 G. O. Public Improvement Bonds		2007 G.O. Public Improvement Bonds	
	Principal	Interest	Principal	Interest
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>\$ 690,000</u>	<u>\$ 39,563</u>	<u>\$ 4,045,000</u>	<u>\$ 1,348,545</u>

Year	2012 G.O. Refunding Bonds		Totals Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 35,000	\$ 63,750	\$ 2,475,000	\$ 827,140
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	615,837
2018	285,000	53,450	2,140,000	549,951
2019	295,000	47,650	1,860,000	486,516
2020	300,000	41,700	1,910,000	425,241
2021	305,000	35,650	1,545,000	369,050
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	40,712
2031	-	-	310,000	17,025
2032	-	-	320,000	5,800
	<u>\$ 3,205,000</u>	<u>\$ 509,350</u>	<u>\$ 27,310,000</u>	<u>\$ 6,306,131</u>

CITY OF BRENTWOOD, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS - BUSINESS-TYPE ACTIVITIES DEBT
JUNE 30, 2013

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
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>\$ 140,000</u>	<u>\$ 3,080</u>	<u>\$ 1,025,000</u>	<u>\$ 105,653</u>	<u>\$ 1,605,000</u>	<u>\$ 255,285</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
2014	\$ 395,000	\$ 326,789	\$ 425,000	\$ 256,781	\$ 285,000	\$ 138,387
2015	410,000	314,939	430,000	248,281	290,000	132,638
2016	425,000	301,614	435,000	239,681	295,000	126,787
2017	440,000	287,801	440,000	230,981	305,000	120,788
2018	455,000	272,401	450,000	217,781	310,000	114,637
2019	470,000	255,339	460,000	208,781	315,000	108,388
2020	490,000	237,714	465,000	199,006	320,000	102,037
2021	510,000	218,849	480,000	187,963	330,000	95,538
2022	530,000	199,214	490,000	175,963	335,000	88,887
2023	555,000	178,279	500,000	163,100	340,000	82,138
2024	575,000	156,356	515,000	149,350	705,000	75,237
2025	600,000	133,356	530,000	135,188	365,000	68,188
2026	625,000	109,356	545,000	120,613	370,000	60,987
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>\$ 8,525,000</u>	<u>\$ 3,162,989</u>	<u>\$ 9,150,000</u>	<u>\$ 2,869,933</u>	<u>\$ 6,560,000</u>	<u>\$ 1,498,181</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF DEBT SERVICE REQUIREMENTS - BUSINESS-TYPE ACTIVITIES DEBT (CONTINUED)

JUNE 30, 2013

<u>Year</u>	<u>Total Debt Requirements</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,610,000	\$ 818,751
2015	1,510,000	775,679
2016	1,545,000	733,263
2017	1,590,000	689,629
2018	1,645,000	638,366
2019	1,455,000	593,661
2020	1,495,000	551,792
2021	1,550,000	506,778
2022	1,355,000	464,064
2023	1,395,000	423,517
2024	1,795,000	380,943
2025	1,495,000	336,732
2026	1,540,000	290,956
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>\$ 27,005,000</u>	<u>\$ 7,895,121</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

Grant Description	Federal CFDA#	Grant Number	Grant Period	Federal Grant Amount	State Grant Amount	Accrued (Deferred) 7/1/2012	Other Adjustments	Federal Receipts	State Receipts	Expenditures	Accrued (Deferred) 6/30/2013
FEDERAL AWARDS:											
US DEPARTMENT OF HOMELAND SECURITY											
Passed through the Tennessee Emergency Management Agency:											
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	N/A	\$ 816,382	\$ 45,355	\$ 356,981	\$ -	\$ 356,981	\$ -	\$ -	\$ -
Hazard Mitigation	97.039	HMGP-1909-0006	7/13/11-7/12/14	\$ 641,930	\$ 106,989	14,450	-	26,862	-	12,412	-
SAFER	97.044	EMW-2008-FF-00635	3/19/09-03/18/14	\$ 216,760	\$ 10,835	6,510	-	26,040	-	26,040	6,510
TOTAL US DEPARTMENT OF HOMELAND SECURITY						377,941	-	409,883	-	38,452	6,510
US DEPARTMENT OF JUSTICE											
Equitable Sharing Program	16.922	N/A	07/01/02 - 06/30/12			(246,807)	1,386	168,014	-	109,297	(306,910) **
TOTAL US DEPARTMENT OF JUSTICE						(246,807)	1,386	168,014	-	109,297	(306,910)
TOTAL EXPENDITURES OF FEDERAL AWARDS						\$ 131,134	\$ 1,386	\$ 577,897	\$ -	\$ 147,749	\$ (300,400)
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	\$ -	\$ -
Environment and Conservation Recycling Grant	N/A	N/A		\$ 2,334	-	-	-	2,141	2,141	-	-
Clean Tennessee Energy Grant	N/A	32701-01381	08/01/12 - 07/31/14	\$ 49,035	-	-	-	-	-	49,035	49,035
TOTAL EXPENDITURES OF STATE AWARDS						\$ -	\$ -	\$ -	\$ 12,141	\$ 61,176	\$ 49,035
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS						\$ 131,134	\$ 1,386	\$ 577,897	\$ 12,141	\$ 208,925	\$ (251,365)

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.

** Deferred amounts remaining on this award are included as Drug Fund restricted fund balance, as there is not a provision for repayment if not used, only restriction for use.

CITY OF BRENTWOOD, TENNESSEE

UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Number of Customers</u>
Water	8,807
Sewer	10,466

Rate Structure

Water

Residential, institutional, retail, and certain other commercial customers:

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

Commercial office customers:

Gallons equivalent to total square footage of building space	\$ 0.005814	(approx. per ft ²)
Usage exceeding 1 gallon per square foot (up to 10,000 gallons)	4.07	per 1,000 gallons
Thereafter	4.65	per 1,000 gallons
Water Surcharge	0.65	per 1,000 gallons

Sewer

In City Limits:

Residential customers - First 2,000 gallons	\$ 14.53	(minimum bill)
Next 8,000 gallons	5.09	per 1,000 gallons
Over 10,000 gallons	5.81	per 1,000 gallons

Commercial office, institutional and certain other commercial customers

Minimum bill, per square foot of building	\$ 0.009084	(approx. per ft ²)
Up to 10,000 gallons total usage, per 1,000	6.36	per 1,000 gallons
Over 10,000 gallons, per 1,000 gallons	7.26	per 1,000 gallons

Commercial retail customers - Minimum bill, per unit or tenant space

Up to 10,000 gallons total usage, per 1,000 gallons	\$ 18.16	(minimum bill)
Over 10,000 gallons, per 1,000 gallons	6.36	per 1,000 gallons
	7.26	per 1,000 gallons

Outside City Limits (Sewer Only customers):

Residential customers - First 2,000 gallons	\$ 15.29	(minimum bill)
Next 8,000 gallons	5.35	per 1,000 gallons
Over 10,000 gallons	6.11	per 1,000 gallons

Commercial office, institutional and certain other commercial customers

Minimum bill, per square foot of building	\$ 0.009538	(approx. per ft ²)
Up to 10,000 gallons total usage, per 1,000	6.69	per 1,000 gallons
Over 10,000 gallons, per 1,000 gallons	7.63	per 1,000 gallons

Commercial retail customers (sewer only); 105% institutional

Minimum bill, per unit or tenant space	\$ 19.08	(minimum bill)
Up to 10,000 gallons total usage, per 1,000 gallons	6.69	per 1,000 gallons
Over 10,000 gallons, per 1,000 gallons	7.63	per 1,000 gallons

Wastewater treatment surcharge for all Brentwood Sewer customers	1.04	per 1,000 gallons
--	------	-------------------

AWWA WLCC Free Water Audit Software: Reporting Worksheet

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WAS v4.2

[Back to Instructions](#)

? Click to access definition

Water Audit Report for: **Brentwood Water Services**

Reporting Year: **2013** 7/2012 - 6/2013

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: **MILLION GALLONS (US) PER YEAR**

WATER SUPPLIED

<< Enter grading in column 'E'

Volume from own sources:	?	n/a	0.000	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	?	n/a	0.000	MG/Yr
Water imported:	?	9	1,807.059	MG/Yr
Water exported:	?	n/a	0.000	MG/Yr
WATER SUPPLIED:			1,807.059	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	?	8	1,349.617	MG/Yr
Billed unmetered:	?	n/a	0.000	MG/Yr
Unbilled metered:	?	9	10.106	MG/Yr
Unbilled unmetered:	?	8	28.000	MG/Yr

Click here: ?
for help using option
buttons below

Pcnt: Value:
28.000

Use buttons to select
percentage of water supplied
OR
value

AUTHORIZED CONSUMPTION: 1,387.723 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

419.336 MG/Yr

Apparent Losses

Unauthorized consumption: 4.518 MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	?	7	34.865	MG/Yr
Systematic data handling errors:	?	9	0.050	MG/Yr

Apparent Losses: 39.432

Pcnt: Value:
0.25%

2.50%

Choose this option to
enter a percentage of
billed metered
consumption. This is
NOT a default value

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 379.903 MG/Yr

WATER LOSSES: 419.336 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 457.442 MG/Yr

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	?	10	211.5	miles
Number of active AND inactive service connections:	?	9	9,341	
Connection density:	?		44	conn./mile main
Average length of customer service line:	?	10	0.0	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	?	9	70.0	psi

COST DATA

Total annual cost of operating water system:	?	8	\$7,427,557	\$/Year
Customer retail unit cost (applied to Apparent Losses):	?	9	\$5.85	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	?	10	\$2,500.00	\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	25.3%
Non-revenue water as percent by cost of operating system:	17.2%
Annual cost of Apparent Losses:	\$230,679
Annual cost of Real Losses:	\$949,758

Operational Efficiency Indicators

Apparent Losses per service connection per day:	11.57	gallons/connection/day
Real Losses per service connection per day*:	111.43	gallons/connection/day
Real Losses per length of main per day*:	N/A	
Real Losses per service connection per day per psi pressure:	1.59	gallons/connection/day/psi
Unavoidable Annual Real Losses (UARL):	65.04	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	379.90	million gallons/year
Infrastructure Leakage Index (ILI) [CARL/UARL]:	5.84	

* only the most applicable of these two indicators will be calculated

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 85 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Water imported

2: Unauthorized consumption

3: Customer metering inaccuracies

[For more information, click here to see the Grading Matrix worksheet](#)

CITY OF BRENTWOOD
LIST OF PRINCIPAL OFFICIALS AND BONDED AMOUNTS
JUNE 30, 2013

Elected:

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

Appointed:

City Manager	Kirk E. Bednar	\$500,000
Assistant City Manager	Jay Evans	\$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.

CONTENTS

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

LAST TEN FISCAL YEARS

	<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>	<u>2013</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 115,634,124	\$ 119,610,848	\$ 119,009,889	\$ 135,812,978	\$ 139,216,762	\$ 157,618,661	\$ 161,999,322	\$ 171,916,717	\$ 178,649,136	\$ 185,860,823
Restricted	2,584,725	2,774,389	2,621,325	1,238,048	3,230,842 ⁽²⁾	3,447,290	7,036,941	6,615,744	5,521,606	4,960,235 ⁽⁴⁾
Unrestricted	<u>28,721,929</u>	<u>25,135,008</u> ⁽¹⁾	<u>29,586,562</u>	<u>36,398,248</u>	<u>45,441,221</u>	<u>40,970,717</u>	<u>40,075,849</u>	<u>34,754,804</u>	<u>40,473,973</u>	<u>46,285,157</u> ⁽³⁾
Total governmental activities net assets/position	<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>	<u>\$ 237,106,215</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 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	\$ 51,490,226
Restricted	269,708	269,708	269,708	269,708	269,708	179,823	-	-	120,000	- ⁽⁴⁾
Unrestricted	<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>	<u>23,873,374</u> ⁽³⁾
Total business-type activities net assets/position	<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>	<u>\$ 75,363,600</u>
Primary government										
Invested in capital assets, net of related debt	\$ 155,000,596	\$ 161,531,054	\$ 164,230,498	\$ 181,849,743	\$ 189,314,603	\$ 203,200,183	\$ 211,281,764	\$ 213,749,834	\$ 229,655,559	\$ 237,351,049
Restricted	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	4,960,235
Unrestricted	<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>62,155,166</u>	<u>70,158,531</u> ⁽³⁾
Total primary government net assets/position	<u>\$ 192,107,138</u>	<u>\$ 195,504,120</u> ⁽¹⁾	<u>\$ 202,802,553</u>	<u>\$ 230,395,762</u>	<u>\$ 247,290,489</u>	<u>\$ 264,182,021</u>	<u>\$ 273,853,734</u>	<u>\$ 280,973,511</u>	<u>\$ 297,452,331</u>	<u>\$ 312,469,815</u>

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

⁽²⁾ A prior period adjustment was posted to restricted governmental net assets in 2008 in connection with the adoption of GASB Statement 45 for amounts previously transferred from governmental funds to Post Employment Benefits Fund resulting in overfunding upon implementation.

⁽³⁾ GASB Statement No. 63 and 65 were implemented in FY 2013 and changed the name of governmental activities and business-type/proprietary fund net assets to net position. Additionally, these statements introduced the concept of deferred inflows of resources and deferred outflows of resources for items previously classified as assets and liabilities. These changes are applicable for fiscal years beginning in 2013.

⁽⁴⁾ OPEB assets previously reported as restricted have been reclassified as a component of unrestricted net position beginning in 2013.

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN NET ASSETS/POSITION (UNAUDITED)

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXPENSES										
Governmental Activities:										
General government	\$ 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	\$ 6,853,667
Public safety	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	12,274,641
Roads and streets	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	9,340,924
Public health	61,668	71,764	63,753	76,310	80,890	80,858	78,519	81,248	79,638	81,182
Parks and recreation	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	2,635,324
Public library	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	2,573,378
Community support	259,765	239,793	261,678	264,226	259,756	256,220	258,112	265,068	294,259	280,627
Drug education	17,051	14,837	108,669	58,279	63,604	60,117	113,392	66,972	74,485	24,818
Facilities maintenance projects	-	-	-	-	131,616	134,359	413,745	-	-	-
Other	15,012	19,553	10,368	-	-	-	-	-	-	-
Interest on long-term debt	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	925,012
Total governmental activities	24,428,195	25,737,688	27,352,355	29,104,350	31,902,824	34,315,215	34,092,033	35,593,880	33,774,034	34,989,573
Business-type activities:										
Water and Sewer	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	14,507,961
Rental facilities	447,752	422,084	463,648	475,793	507,356	584,900	515,425	564,841	613,469	635,621
911 operations	673,869	681,704	788,595	842,061	889,135	898,577	922,375	1,064,637	1,149,062	1,194,175
Total business-type activities	10,067,942	10,136,452	11,003,564	11,423,057	12,947,516	13,155,429	13,588,591	14,721,877	14,902,977	16,337,757
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 34,496,137	\$ 35,874,140	\$ 38,355,919	\$ 40,527,407	\$ 44,850,340	\$ 47,470,644	\$ 47,680,624	\$ 50,315,757	\$ 48,677,011	\$ 51,327,330
PROGRAM REVENUES										
Governmental Activities:										
Charges for services:										
General government	\$ 230,690	\$ 226,857	\$ 392,005	\$ 457,610	\$ 631,595	\$ 572,763 (1)	\$ 826,573	\$ 951,096	\$ 1,206,745	\$ 1,332,955
Roads and streets	46,124	43,697	55,324	64,741	35,646	41,210 (1)	409,300	360,927	676,355	1,514,944
Parks and recreation	22,764	27,275	29,101	67,650	90,933	92,498	98,336	116,950	125,154	112,905
Public library	95,863	93,996	125,556	138,322	137,032	136,250	147,013	156,372	156,636	140,832
Community support	21,973	24,877	24,341	23,841	24,325	22,686	25,141	29,430	29,631	29,977
Operating grants and contributions	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	1,020,125
Capital grants and contributions	4,050,713	3,339,186	-	17,294,640	6,909,990	13,452,200 (1)	8,604,638	4,508,465	7,711,481	7,833,395
Total governmental activities and program revenues	5,230,733	4,802,392	1,665,331	18,962,445	8,856,098	15,324,866	11,598,878	7,547,261	10,913,001	11,985,133
Business-type activities:										
Charges for services:										
Water and Sewer	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	13,946,250
Rental facilities	437,162	449,008	490,188	478,347	496,971	509,673	556,317	611,567	676,488	728,213
911 operations	431,622	451,578	538,212	620,309	623,926	652,548	648,731	663,715	660,316	626,454
Operating grants and contributions	-	-	-	-	-	-	-	189,153	207,911	231,930
Capital grants and contributions	1,635,610	1,910,115	2,485,002	3,451,033	949,505	957,013	809,958	1,653,925	3,163,900	2,861,292
Total business-type activities program revenues	11,774,434	12,574,338	14,093,868	16,001,725	14,555,333	15,329,012	14,673,641	16,997,549	19,248,542	18,394,139
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 17,005,167	\$ 17,376,730	\$ 15,759,199	\$ 34,964,170	\$ 23,411,431	\$ 30,653,878	\$ 26,272,519	\$ 24,544,810	\$ 30,161,543	\$ 30,379,272
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (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)	\$ (23,004,440)
Business-type activities	1,706,492	2,437,886	3,090,304	4,578,668	1,607,817	2,173,583	1,085,050	2,275,672	4,345,565	2,056,382
TOTAL PRIMARY GOVERNMENT NET EXPENSE	\$ (17,490,970)	\$ (18,497,410)	\$ (22,596,720)	\$ (5,563,237)	\$ (21,438,909)	\$ (16,816,766)	\$ (21,408,105)	\$ (25,770,947)	\$ (18,515,468)	\$ (20,948,058)

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN NET ASSETS/POSITION (UNAUDITED) (CONTINUED)

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS/POSITION										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 10,738,390
Local option taxes	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	12,762,673
Hotel/Motel taxes	-	-	-	-	-	-	-	-	1,144,406	(2) 1,164,600
Wholesale beer and liquor taxes	-	-	-	-	-	-	-	-	1,230,697	(2) 1,286,492
State sales and income taxes	-	-	-	-	-	(1) 4,326,647	4,552,428	-	(2) -	-
Other business taxes	-	-	-	-	-	(1) 3,732,842	3,945,296	-	(2) -	-
Adequate schools facilities taxes	-	-	-	-	-	(1) 218,990	332,178	412,451	-	494,233
Licenses and permits	1,990,455	1,709,803	3,315,881	3,770,901	4,025,144	3,871,297	(1) -	-	-	-
Other taxes	1,834,238	2,894,347	1,930,755	1,680,610	1,146,517	631,364	(1) 767,240	817,978	536,547	(2) 526,677
State sales, income, and other taxes	3,081,239	3,425,382	4,170,870	5,500,693	6,744,510	6,612,992	(1) -	-	-	-
Unrestricted intergovernmental taxes:										
State sales	-	-	-	-	-	-	-	-	2,513,971	(2) 2,561,661
Income	-	-	-	-	-	-	-	-	2,284,851	(2) 3,269,643
Business	-	-	-	-	-	-	-	-	1,339,121	(2) 1,639,950
TVA in-lieu	-	-	-	-	-	-	-	-	428,175	(2) 422,625
Mixed drink and beer	-	-	-	-	-	-	-	-	152,273	(2) 160,299
Petroleum special	-	-	-	-	-	-	-	-	76,063	(2) 75,935
Corporate excise	-	-	-	-	-	-	-	-	11,633	(2) 20,662
Telecommunications	-	-	-	-	-	-	-	-	2,301	(2) 3,312
Other intergovernmental	-	-	-	-	-	-	-	-	142,463	(2) 134,971
Unrestricted earnings	436,363	731,403	1,287,069	2,129,264	1,883,205	1,099,457	731,313	817,401	578,871	621,825
Miscellaneous	64,603	106,310	532,213	512,712	1,548,023	724,916	370,192	236,284	293,655	481,604
Loss on disposal of capital assets	-	-	-	(84,698)	-	-	-	-	-	-
Contributions to Post Employment Benefit Fund	-	(300,000)	(617,000)	(620,000)	-	-	-	-	-	-
Transfers	(317,036)	(250,000)	(263,400)	(332,000)	(395,000)	(413,000)	(1,418,700)	(418,700)	(422,950)	(548,700)
Total government activities	23,190,837	25,482,475	29,384,555	32,373,403	35,798,271	33,138,192	29,568,599	32,221,772	33,587,398	35,816,852
Business-type activities										
Unrestricted investment earnings	78,954	129,629	307,198	511,043	452,359	157,106	92,519	250,252	156,503	173,623
Contributions to Post Employment Benefit Fund	-	-	(60,000)	(60,000)	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	196,352	-
Transfers	317,036	250,000	263,400	332,000	395,000	413,000	1,418,700	418,700	422,950	548,700
Total business-type activities	395,990	379,629	510,598	783,043	847,359	570,106	1,511,219	668,952	775,805	722,323
TOTAL PRIMARY GOVERNMENT	\$ 23,586,827	\$ 25,862,104	\$ 29,895,153	\$ 33,156,446	\$ 36,645,630	\$ 33,708,298	\$ 31,079,818	\$ 32,890,724	\$ 34,363,203	\$ 36,539,175
CHANGE IN NET ASSETS/POSITION										
Governmental activities	\$ 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	\$ 12,812,412
Business-type activities	2,102,482	2,817,515	3,600,902	5,361,711	2,455,176	2,743,689	2,596,269	2,944,624	5,121,370	2,778,705
TOTAL PRIMARY GOVERNMENT	\$ 6,095,857	\$ 7,364,694	\$ 7,298,433	\$ 35,207,396	\$ 15,206,721	\$ 16,891,532	\$ 9,671,713	\$ 7,119,777	\$ 15,847,735	\$ 15,591,117

(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.

NOTE: See Note on page 94.

CITY OF BRENTWOOD, TENNESSEE

FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

	<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>	<u>2013</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	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	283,514
Committed	-	-	-	-	-	-	-	2,055,889 (1)	3,841,285	4,191,394
Unassigned	-	-	-	-	-	-	-	23,215,831 (1)	26,545,794	29,560,931
Total general fund	<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>	<u>\$ 34,035,839</u>
All Other Governmental Funds										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved										
Reserved for debt services	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	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	436,285	568,726	561,571	581,731	589,004	485,175	392,214	-	-	-
Reserved for drug enforcement and education	110,618	94,649	142,077	104,779	49,439	118,447	151,811	-	-	-
Restricted										
Restricted for street repairs	-	-	-	-	-	-	-	397,129 (1)	358,999	461,649
Restricted for drug enforcement and education	-	-	-	-	-	-	-	186,549 (1)	284,486	352,764
Restricted for capital projects	-	-	-	-	-	-	-	1,967,705 (1)	2,237,084	3,161,408
Committed										
Committed to capital projects	-	-	-	-	-	-	-	9,258,181 (1)	8,600,375	9,387,496
Committed to debt service	-	-	-	-	-	-	-	3,942,590 (1)	3,793,311	3,712,435
Total all other governmental funds	<u>\$15,961,353</u>	<u>\$13,155,122</u>	<u>\$18,345,639</u>	<u>\$20,958,521</u>	<u>\$26,635,059</u>	<u>\$ 20,099,768</u>	<u>\$ 21,618,319</u>	<u>\$ 15,752,154</u>	<u>\$ 15,274,255</u>	<u>\$ 17,075,752</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>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>	<u>2013</u>
REVENUES										
Taxes	\$ 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	\$ 26,478,832
Licenses and permits	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	2,419,665
Fines and fees	230,690	226,857	392,005	457,610	631,595	572,763	378,878	277,949	373,100	367,427
Charges for services	186,724	189,845	234,322	294,554	287,936	292,644	284,184	335,962	372,913	344,521
Intergovernmental	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	9,803,416
Uses of money and property	436,363	731,403	1,287,069	2,129,264	1,883,205	1,099,457	729,251	806,996	571,595	621,825
Other revenues	64,603	106,310	532,213	512,712	1,548,023	663,844	370,192	236,284	293,655	481,604
TOTAL REVENUES	<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>	<u>40,517,290</u>
EXPENDITURES										
General government	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	6,130,364
Public safety	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	12,178,507
Roads and streets	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	4,631,107
Public health	61,668	71,764	63,753	76,310	80,890	80,858	78,519	81,248	79,638	81,182
Parks and recreation	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	1,969,273
Public library	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	2,141,269
Community support	238,031	239,793	241,243	264,226	259,756	256,220	258,112	265,068	294,259	280,627
Drug education	12,842	10,628	31,593	22,414	33,962	25,418	25,278	16,861	14,935	11,879
Facility maintenance	-	-	-	-	131,616	134,359	413,745	-	-	-
Other	4,920	-	5,395	-	-	-	-	-	-	-
Capital outlay	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	3,783,204
Contribution to Post Employment Benefits Fund	-	300,000	617,000	620,000	- *	-	-	-	-	-
Debt service										
Principal	1,885,285	1,971,459	2,182,830	1,809,255	2,055,795	2,277,460	1,919,256	2,141,197	2,243,292	2,465,555
Interest	992,536	1,073,377	967,277	1,098,161	1,070,861	1,140,915	1,146,167	1,114,176	1,021,856	886,361
Bond issue costs	-	-	-	-	-	-	-	-	198,078	-
Total expenditures	<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>	<u>34,559,328</u>
Excess of revenues over (under) expenditures	<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>	<u>5,957,962</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>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>	<u>2013</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 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	\$ 7,490,000
Transfers out	(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)	(8,038,700)
Proceeds of general obligation bonds	3,685,000	-	4,800,000	-	4,935,000	-	4,760,000	-	4,845,000	-
Proceeds of refunding bonds	-	-	2,430,000	-	-	-	-	-	10,635,000	-
Payment of refunded bond escrow agent	-	-	(2,398,471)	-	-	-	-	-	(10,924,444)	-
Bond discount	(51,181)	-	(68,320)	-	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-	168,943	-	583,545	-
Total other financing sources (uses)	<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>	<u>(548,700)</u>
Net Change in Fund Balance	<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>	<u>\$ 5,409,262</u>
Debt service as a percentage of noncapital expenditures	<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>6.7</u>	<u>7.1 %</u>	<u>7.5 %</u>	<u>8.4 %</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
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	1,803,076,288	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 %
2013	615,081,282	1,661,897,110	19,319,400	79,521,200	2,375,818,992	0.44	8,528,935,376	27.86 %

* The fiscal year listed corresponds to the preceding tax year levy (2013 fiscal year would represent the 2012 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
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
2013	.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 (2013 fiscal year would represent the 2012 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 2013				FY 2004			
	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 %		\$ 22,868,360	2	1.70 %	
Bellsouth Telecommunication	43,737,584	2	1.78		68,199,003	1	5.06	
Duke Realty	28,155,880	3	1.14		10,190,480	5	0.76	
A T & T Mobility LLC	25,532,336	4	1.04		-		-	
Brentwood Place Holding	23,487,672	5	0.95		-		-	
PEM Cool Springs	19,471,360	6	0.79		-		-	
Heritage Retirement Facility	17,840,000	7	0.72		-		-	
Gateway Kentfield Inc	11,257,680	8	0.46		8,627,640	7	0.64	
Wells Fargo XII-Reit Joint	10,986,680	9	0.45		8,563,120	8	0.64	
Northwestern Mutual Life Insurance	10,752,798	10	0.44		-		-	
Williams, W. Fred, Trustee	-		-		20,566,240	3	1.53	
SBP Nashville, LLC	-		-		14,942,520	4	1.11	
Brentwood Retail LP	-		-		9,314,760	6	0.69	
Developers Diversified	-		-		8,375,960	9	0.62	
GC Finance LLC	-		-		6,694,770	10	0.50	
Total	\$ 245,275,602		9.96 %		\$ 178,342,853		13.24 %	
Total Assessment	\$ 2,462,267,779	**			\$ 1,347,161,558	***		

* Source: - 2003 and 2012 Williamson County Assessment

** Total Assessment Value for Tax Year 2012 (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	<u>COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY</u>			<u>TOTAL COLLECTIONS TO DATE</u>		
		AMOUNT	PERCENTAGE OF LEVY	COLLECTIONS IN SUBSEQUENT YEARS	AMOUNT	PERCENTAGE OF LEVY	
2004	\$ 7,545,119	\$ 7,419,009	98.3%	\$ 120,237	\$ 7,543,432	100.0%	
2005	7,935,424	7,802,864	98.3%	130,873	7,931,316	99.9%	
2006	8,448,015	8,153,723	96.5%	290,184	8,445,034	100.0%	
2007	8,885,916	8,761,268	98.6%	121,667	8,881,141	99.9%	
2008	9,497,764	9,329,872	98.2%	163,117	9,489,098	99.9%	
2009	10,034,692	9,835,526	98.0%	190,500	10,023,745	99.9%	
2010	10,262,147	9,983,488	97.3%	267,712	10,252,543	99.9%	
2011	10,356,406	10,098,663	97.5%	248,139	10,322,101	97.5%	
2012	10,335,554	10,224,371	98.9%	76,878	10,178,987	98.5%	
2013	10,637,930	10,481,363	98.5%	-	10,481,363	98.5%	

Taxes are assessed as of January 1 and are due October 1 of each year. Taxes become delinquent after February 28 of the following year and a combined interest/penalty of 1.5% accrues on the first day of each month that taxes remain delinquent (18% annually).

* The fiscal year listed corresponds to the preceding tax year levy (2013 fiscal year would represent the 2012 tax levy).
This represents the period for which the taxes were levied.

City of Brentwood
Local Taxable Sales by Category
Last Ten Calendar Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Category</u>										
1 Apparel Stores	\$ 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	\$ 44,738,731
2 General Merchandise Stores	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	124,020,891
3 Food Stores	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	131,628,738
4 Eating and Drinking Places	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	74,552,538
5 Furniture Stores	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	99,606,068
6 Building Materials	45,042,058	53,168,017	58,559,976	62,973,618	58,975,759	49,997,120	42,539,665	43,710,523	45,675,018	54,197,346
7 MV Dealers and Service Stations	25,670,042	26,755,315	28,685,813	27,846,907	29,598,430	27,848,660	26,799,004	28,419,425	30,486,891	32,776,910
8 Other Retail	57,511,029	63,870,654	83,541,019	95,137,484	116,873,769	125,201,075	117,644,106	125,540,882	124,362,484	135,444,730
9 All Other Outlets	141,506,199	148,750,965	170,248,876	183,311,997	188,341,509	197,290,451	179,229,331	200,435,674	228,466,741	286,917,847
 Total	 <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>\$ 773,432,381</u>	 <u>\$ 819,569,947</u>	 <u>\$878,298,486</u>	 <u>\$ 983,883,799</u>

Source: Tennessee Department of Revenue, Research Section

Note: Figures subject to revision due to amended taxpayer returns.

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>
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
2013	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

Revenue Capacity Information

Local Sales Tax Revenue by Industry, Principal Employers, Fiscal Years 2004 and 2013

Sector	Fiscal Year 2004				Sector	Fiscal Year 2013			
	Number of Filers	% of Total	Tax Liability	% of Total		Number of Filers	% of Total	Tax Liability	% of Total
1 Retail Trade	529	49.95%	\$10,708,496	76.78%	1 Retail Trade	590	46.46%	\$16,104,697	71.70%
2 Services	325	30.69%	\$2,072,090	14.86%	2 Services	377	29.69%	\$3,964,122	17.65%
3 Manufacturing	53	5.00%	\$437,107	3.13%	3 Manufacturing	56	4.41%	\$294,373	1.31%
4 Wholesale Trade	72	6.80%	\$149,558	1.07%	4 Wholesale Trade	104	8.19%	\$903,699	4.02%
5 Construction	27	2.55%	\$222,971	1.60%	5 Construction	18	1.42%	\$195,004	0.87%
6 Finance Insurance Real Estate	13	1.23%	\$7,688	0.06%	6 Finance Insurance Real Estate	13	1.02%	\$68,256	0.30%
7 Transportation and Utilities	11	1.04%	\$201,791	1.45%	7 Transportation and Utilities	14	1.10%	\$417,193	1.86%
8 Agriculture	11	1.04%	\$26,865	0.19%	8 Agriculture	13	1.02%	\$18,533	0.08%
9 Other, Non Classified	18	1.70%	\$120,810	0.87%	9 Other, Non Classified	85	6.69%	\$494,413	2.20%
Total	1059	100.00%	\$13,947,376	100.00%	Total	1270	100.00%	\$22,460,290	100.00%

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 taxpayers 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 Transportation and Utilities.
4. Does not include Brentwood's share of county clerk or out-of-state taxpayer amounts.

CITY OF BRENTWOOD, TENNESSEE

RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>GOVERNMENT ACTIVITIES</u>	<u>BUSINESS TYPE ACTIVITIES</u>			<u>PERCENTAGE OF PERSONAL INCOME *</u>	<u>PER CAPITA *</u>
	<u>GENERAL OBLIGATION BONDS</u>	<u>WATER & SEWER REVENUE BONDS</u>	<u>STATE/TML WATER LOANS</u>	<u>TOTAL PRIMARY GOVERNMENT</u>		
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
2013	27,310,000	27,005,000	-	54,315,000	43.82	1,466

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

*Calculated information provided on page 111 (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>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>	<u>2013</u>
General bonded debt outstanding general obligation bonds	\$ <u>26,380</u>	\$ <u>24,430</u>	\$ <u>27,195</u>	\$ <u>25,405</u>	\$ <u>28,305</u>	\$ <u>26,050</u>	\$ <u>28,915</u>	\$ <u>26,800</u>	\$ <u>29,745</u>	\$ <u>27,310</u>
Percentage of estimated actual property value**	2.06%	1.81%	1.89%	1.41%	1.46%	1.27%	1.37%	1.27%	1.27%	1.15%
Per capita***	861.61	797.92	888.23	720.46	802.71	738.76	820.00	723.15	802.62	736.91
Less: Amounts set aside to repay general debt	<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>	<u>3,712</u>
Total net debt applicable to debt limit	\$ <u>23,425</u>	\$ <u>21,478</u>	\$ <u>24,172</u>	\$ <u>21,868</u>	\$ <u>24,440</u>	\$ <u>22,318</u>	\$ <u>24,936</u>	\$ <u>22,857</u>	\$ <u>25,952</u>	\$ <u>23,598</u>
Legal debt limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legal debt margin as a percentage of the debt limit*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

** Property value obtained from page 100 (Assessed and Estimated Actual Value of Property)

***Per capita information calculated with information obtained on page 111 (Demographic and Economic Statistics).

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)

AS OF JUNE 30, 2013

<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	\$ 27,310	100.0%	\$ 27,310
Overlapping:			
Williamson County	<u>462,165</u>	28.8%	<u>133,204</u>
Total	<u>\$ 489,475</u>		<u>\$ 160,514</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 6/30/2013.

(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	
2004	\$ 10,971,029	\$ 6,654,397	\$ 4,316,632	\$ 1,280,000	\$ 468,904	\$ 1,748,904	2.47
2005	11,781,930	6,771,726	5,010,204	1,335,000	415,304	1,750,304	2.86
2006	13,320,702	7,551,700	5,769,002	1,365,000	321,380	1,686,380	3.42
2007	15,333,635	7,824,784	7,508,851	895,000	327,361	1,222,361	6.14
2008	13,810,926	9,287,489	4,523,437	940,000	235,022	1,175,022	3.85
2009	14,298,653	9,283,068	5,015,585	980,000	304,130	1,284,130	3.91
2010	13,549,064	9,367,100	4,181,964	995,000	423,732	1,418,732	2.95
2011	15,386,840	9,967,900	5,418,940	1,030,000	732,818	1,762,818	3.07
2012	17,844,323	9,834,663	8,009,660	1,480,000	795,532	2,275,532	3.52
2013	16,625,776	11,119,822	5,505,954	1,300,000	840,405	2,140,405	2.57

*Includes nonoperating revenues and capital contributions (tap fees).

**Does not include depreciation and amortization.

CITY OF BRENTWOOD, TENNESSEE

DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)

LAST TEN CALENDAR YEARS

<u>CALENDAR YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME (IN THOUSANDS OF DOLLARS) ^a</u>	<u>PER CAPITA PERSONAL INCOME ^a</u>	<u>MEDIAN AGE ^a</u>	<u>SCHOOL ENROLLMENT ^b</u>	<u>UNEMPLOYMENT RATE ^c</u>
2004	30,617 ¹	1,747,527	57,077	42.0	7,768	2.3%
2005	30,617 ¹	1,747,527	N/A	42.3	8,528	3.9%
2006	30,617 ¹	1,732,953	56,601	42.9	8,872	3.9%
2007	35,262 ²	1,938,705	54,980	43.3	9,512	3.4%
2008	35,262 ²	1,938,705	54,980	43.3	10,422	5.0%
2009	35,262 ²	2,046,959	58,050	43.7	10,136	7.1%
2010	35,262 ²	2,279,265	64,638	44.0	10,896	6.1%
2011	37,060 ³	2,327,553	62,805	44.0	11,292	6.7%
2012	37,060 ³	2,380,030	64,221	44.0	11,155	5.9%
2013	37,060 ³	2,380,030	64,221 ⁴	40.3	11,078	6.2%

¹ Based on 2004 special census report

² Based on 2006 special census report

³ Based on 2010 US Bureau of the Census report

⁴ 2012 is most recent year available

^a Source - Williamson Economic Development Council

^b Source - Williamson County Public Schools and Private School with Brentwood Student Enrollment

^c Source - U.S. Department of Labor, Bureau of Labor Statistics

CITY OF BRENTWOOD, TENNESSEE

PRINCIPAL EMPLOYERS (UNAUDITED)

CURRENT YEAR AND NINE YEARS AGO

EMPLOYER	2013			2004		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Comdata	872	1	4.82 %	798	1	6.13 %
Tractor Supply Company	747	2	4.13	320	6	2.46
The Lampo Group (Dave Ramsey)	460	3	2.54	-		-
Brookdale Senior Living	450	5	2.49	-		-
DaVita	450	4	2.49	-		-
LifePoint Hospitals Inc	435	6	2.40	-		-
AT&T	400	7	2.21	440	3	3.38
Lattimore Black Morgan & Cain	296	8	1.64	185	10	1.42
City of Brentwood	246	9	1.36	218	7	1.67
Corizon	200	10	1.11	-		-
Cingular Wireless	-		-	330	5	2.53
Gambro Healthcare	-		-	365	4	2.80
EMI Christian Music Group	-		-	300	6	2.30
Community Health Systems	-		-	524	2	4.02
Doane Pet Care	-		-	200	8	1.54
Private Business	-		-	196	9	1.51
Total	4,556		25.18 %	3,876		29.77 %
Total employment	18,093 *			13,022 *		

Source:

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

CITY OF BRENTWOOD

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

LAST TEN FISCAL YEARS

<u>FUNCTION/PROGRAM</u>	<u>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>	<u>2013</u>
GENERAL GOVT.										
City Manager	1	1	1	2	2	2	2	2	2	2
Administration	3	3	3	3	3	3	3	3	3	3
Finance	7	7	7	8	7	7	7	7.5	7.5	7.5
Human Resources	2	2	2	1	3	3	3	3	3	3
Information Technology	3	3	4	4	4.5	4.5	4.5	4.5	5.5	4.5
Planning and Development	4	4	4	4	4	4	3	3	3	3
Codes	7	9	9	8	9.5	9.5	9.0	9.5	8.5	9
GIS	-	-	-	2	4	3.5	4.5	4.5	3	3
	<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>	<u>35</u>
POLICE										
Officers	55	55	54	62	58	58	55.0	55.0	56.0	54
Civilians	13	13	13	10	12	13	13.5	14.0	15.0	14
FIRE										
Firefighters & Officers	55	57	57	57	58	61	61	63	61	63
Civilians	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Engineering	3	4	4	4	5	4	4	4	4	4
Public Works - Streets	21	20	22	19	22	22.5	22.5	22	22	22
UTILITES										
Water	11	12	11	11	12	13	13	12	13	13
Wastewater	10	12	12	12	13	13	12	12	13	12
PARKS & RECREATION	15	16	19	17	17	18	19	18	17	20
LIBRARY	<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>	<u>29</u>
Total	<u>234</u>	<u>242</u>	<u>246</u>	<u>251</u>	<u>261</u>	<u>266</u>	<u>265</u>	<u>264</u>	<u>266</u>	<u>267</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>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>	<u>2013</u>
General Government										
Building permits issued	1,807	1,337	1,629	1,410	1,160	795	909	968	979	974
Building related inspections	9,575	16,962	16,078	14,035	14,299	12,320	8,908	9,778	10,318	10,639
Police										
Physical arrests	728	740	812	965	1,234	1,251	964	1,082	1,244	1,078
Parking violations	65	62	58	36	178	122	44	73	70	68
Traffic violations	5,094	7,407	8,464	11,002	11,068	8,805	6,632	5,963	6,282	5,875
Fire										
Emergency responses	2,261	2,232	2,408	2,467	2,441	2,455	2,473	2,622	2,742	2,721
Fires extinguished	78	87	123	112	78	86	67	102	92	81
Inspections (Commercial)	421	434	453	470	482	488	492	494	1,407	716
Public Works										
Street resurfacing (miles)	23.01	19.28	25.35	17.68	18.76	21.98	18.85	20.60	18.06	16.9
Potholes repaired	326	367	258	228	244	471	723	352	389	188
Library										
Volumes in collection	109,977	119,317	124,866	133,778	143,822	150,610	155,541	165,714	226,180	270,953
Total volumes borrowed	542,802	550,593	458,589	480,268	523,914	566,798	624,000	678,533	653,297	655,761
Water										
New connections	162	148	128	111	326	80	77	144	172	161
Water main breaks	7	9	9	13	27	11	15	15	12	13
Monthly average daily flow	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	150,165,000
Wastewater										
Average daily sewage treatment (thousands of gallons)	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	5,200.00

Source: Various City Departments

CITY OF BRENTWOOD

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

<u>FUNCTION/PROGRAM</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>	<u>2013</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	59	59	64	65	70	66	67	67	66	65
Fire Stations	4	4	4	4	4	4	4	4	4	4
Public Works										
Streets (miles)	351	417	417	417	422	424	456	459	461	466
Streetlights	2,565	2,600	2,607	3,249	3,289	3,354	3,401	3,422	3,439	3491
Traffic signals	35	35	39	40	42	42	43	44	46	46
Parks and Recreation										
Acreage	397	455	560	580	580	580	610	862	862	962
Playgrounds	3	3	3	4	4	4	4	4	4	4
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	15	15	15	15	15	15	15	15	15	15
Water										
Water mains (miles) *	216	216	216	235	198	220	205	206	206	208
Fire hydrants	1,912	2,100	2,045	2,100	2,231	2,290	2,320	2,339	2,036	2411
Storage capacity (thousand of gallons)	14,000	14,000	14,000	14,790	14,790	14,790	14,520	14,020	14,020	14,020
Wastewater										
Sanitary sewers (miles)	235	240	245	260	260	260	269	269	268	277

Source: Various City Departments

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

OTHER REPORTS SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Brentwood, Tennessee (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2013.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 Y. Gray CPAs PLLC

Nashville, Tennessee
December 19, 2013