

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2005

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, 2005

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INTRODUCTORY SECTION

BRIAN J. SWEENEY
MAYOR
PAUL L. WEBB, CPA
VICE-MAYOR
MICHAEL W. WALKER
CITY MANAGER



City of Brentwood

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

September 15, 2005

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, 2005 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, 2005.

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, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Brentwood's financial statements for the fiscal year ended June 30, 2005, 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, 2005 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 northeastern part of Williamson County, adjacent to the southern border of Metropolitan Nashville-Davidson County. During the last several years, middle Tennessee and specifically Williamson County has been the top growth area of the state, and one of the top growth areas in the country. The City of Brentwood currently occupies a land area of 41.3 square miles and has a certified resident population of 30,617. 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. Most recently, the City annexed five square miles and added 3,200 new residents into the city limits of Brentwood in calendar year 2001.

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 five (5) members who serve four-year terms of office. Non-partisan elections for Commissioners are held every two years on a staggered basis. Commissioners are elected at-large, rather than by district. Following each regular biennial City election, the Commission elects two of its members to serve for a two-year period as Mayor and Vice Mayor, respectively. The Mayor is the presiding officer of the Commission. The Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing a City Manager, who is chief executive officer of the City. The City Manager is responsible for carrying out the policies and ordinances of the commission, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The City provides a wide range of services characteristic of similar jurisdictions in the State, including public safety (police and fire protection), street maintenance, parks, library, public improvements, planning and zoning and general administrative services. The City also provides water distribution and sewer collection services through the Water and Sewer Fund, a business-type activities fund that has been included as an integral part of the City of Brentwood's financial statements. Electric power is provided by the Nashville Electric Service (NES) and the Middle Tennessee Electric Cooperative. The Nashville Gas Company and Atmos Energy Corporation provide natural gas service in the City.

The annual budget serves as the foundation for the City of Brentwood's financial planning and control. The budget preparation process begins in late fall when City departments begin preparation of six-year Capital Improvements Program requests. During December, the staff initiates the review and evaluation of each request in light of available revenues and in accordance with the City's overall goals and objectives. By mid-February, the Finance Department compiles a draft Capital Improvements Plan which is submitted to the City Manager for review, refinement and approval. By mid-March, the consolidated draft document is submitted to the Brentwood City Commission for initial review. The program, as modified by the City Commission, is considered for formal adoption by resolution in mid-June.

In early January, City departments begin assessing resource needs for the coming year relative to capital equipment, including fleet; maintenance requirements; technology; and, proposed new or expended work programs. At the same time, a work session is held with the City Commission to 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 early February for the Finance Department and the City Manager's review.

During February, the Finance Department staff reviews budget submissions and prepares information for the budget review sessions with the City Manager. Generally, the last half of February is set aside for the City Manager's budget review sessions with department heads. Departmental objectives, measures of performance and operating budgets are refined for consolidation in the Proposed Budget document during the month of March. 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. This information permits final adjustments to routine operating expenditures and new and expanded programs for inclusion in the Proposed Budget.

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

After the budget work session, three public hearings are held on the Proposed Budget during and prior to final reading of the Appropriations and Tax Levy Ordinances. The hearings provide formal citizen input to the City Commission on decisions and issues related to the Budget. The first reading of the Appropriations Ordinance is held at the second regular meeting in May for the City Commission to formally consider and amend as deemed necessary and adopt the authorized ordinances. By late-June with the approval of second and final readings of the Appropriations Ordinance and Tax Levy Ordinance, the Commission adopts the Budget for the 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 53. The debt service fund comparison is on page 66.

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 City of Brentwood and Williamson County benefit from the highest per capita income and the lowest unemployment rates in the State of Tennessee and United States. The most recently available statistics for June 2005 indicates a 4.2 percent unemployment rate in the county compared to a statewide rate of 6.0 percent and national jobless rate of 5.0 percent. A survey by *American Demographics* magazine ranked Williamson County 10th on a national list of the twenty fastest growing, most educated and affluent American counties. Williamson County is the 12th wealthiest county in the United States based on average wages and salaries. The 2000 U.S. Census indicates that Brentwood's median household income for 1999 is \$111,819. By comparison, the overall Williamson County income is \$69,104 while Tennessee's median household income is \$36,360.

The City's official population has steadily increased from 4,099 in 1970; to 9,433 in 1980, to 16,392 in 1990, and to 30,617 in the most recent special census effective July 2004. The census figures reflect a strong but manageable rate of growth (roughly 3.75% annually) from 1970 to 2004. Recent trends indicate that about 1,500 new residents are moving into the City of Brentwood annually.

Regardless of the ups and downs in the national economy, the Brentwood economy remains relatively strong compared to other communities. The total valuation for new building permits issued during the 2004-2005 fiscal year was \$171,611,170 with 1,337 permits being issued. In fiscal year 2005, Brentwood had a total assessed value of property of \$1,347,161,558, 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 4,551,000 square feet of rentable office space. Roughly 20,000 people are employed in the office complexes in Brentwood. A 2nd quarter 2005 market survey revealed an 8.6% vacancy rate in the Brentwood area, an increase of .02% from last year's vacancy rate of 8.4%. This vacancy rate is very favorable with overall rates in the Nashville office market and similar sized metropolitan areas in the Southeastern United States. To meet the growing demand, particularly for tenants wanting a significant amount of office space, two new buildings in excess of 100,000 square feet each will be constructed in the next fiscal year in Brentwood.

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. Comdata (financial services), BellSouth and Aspect Communications (communications), Gambro Healthcare and Community Health Systems (healthcare management), Tractor Supply (retailer), and Doane Pet Care (pet food manufacturer) are examples of companies who have chosen to locate their national or regional offices in Brentwood.

The Cool Springs Galleria is located adjacent to the City's southern limits with Brentwood's City limits surrounding mall on three sides. The Cool Springs area now has the largest concentration of retail development in the State of Tennessee. Since its opening in 1991, the Mall has spurred significant retail development inside the adjacent Brentwood area and 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 have allowed the City to maintain a more balanced tax structure and be less 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 fifteen years.

The Brentwood/Williamson County community is firmly committed to providing a quality public education system. In 1999, the *Wall Street Journal* ranked the Williamson County Schools fifth in the nation for students receiving the best education for the lowest cost. In 2004-2005, 98 percent of high school seniors took the American College Test. The countywide score of 22.0 exceeded the national average of 20.9 and the state average of 20.5. The county dropout rate is 1.2 percent, with 95% of Brentwood High seniors going on to institutions of higher learning after graduation. A \$25 million dollar high school (Ravenwood High) was opened by Williamson County in August 2002 to serve the growing student population in Brentwood and northeast Williamson County.

MAJOR INITIATIVES - For the Year. The significant projects, events and accomplishments during the City's 2004-2005 fiscal year included the following:

- In February 2005, the City of Brentwood's strong financial position was reaffirmed by Moody's Investors Services with an Aaa bond rating. The City first received the highest possible bond rating in January 2000 which was the culmination of five credit rating upgrades during the 1990's.
- 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 2004-2005 fiscal year.
- The City Commission responsibly addressed the infrastructure demands of a growing community through formulation, update, adoption and implementation of the City's six-year capital improvements program for FY 2005-2010, including a financing and debt management plan. Any General Obligation Bonds needed to fund improvements are typically issued every other fiscal year; accordingly, the plan required no new bonds be issued by the City in the 2004-2005 fiscal year.

- Brentwood's and Williamson County's economy and tax base remains very strong when compared to other communities in the United States. The property tax rate that was approved for the fiscal year 2005-2006 beginning July 1, 2005 remains at \$.59 per \$100 of assessed value, which represents the same effective tax rate for the fifteenth year in a row. This rate is one of the lowest in the State of Tennessee for any full service municipality with the City property tax bill for the average house valued at \$350,000 being \$516 annually.
- Well in advance of the fiscal year 2008-2009 requirement from the Governmental Accounting Standards Board (GASB 45) to expense post employment benefit obligations for retiree health and life insurance coverage, the City undertook an actuarial study to determine the future financial obligations to the City. In a fiscally responsible manner, the Board of Commissioners moved immediately rather than delaying three years to appropriate \$660,000 in the fiscal year 2005-2006 or the annual amount needed to make the program financially sound and avoid larger liabilities to the taxpayers in the future.
- There was a continued priority to enhance productivity and overall responsiveness of the departments through the effective use of new technology and equipment in daily operations. This commitment has kept the overall growth in City staffing levels low while enabling the City to be responsive to expanding service demands (police, fire, parks, public works, library, inspections, etc) from a growing population and service area. The result is that the number of full-time employees per 1,000 residents for the adopted fiscal year 2005-2006 budget will be 7.14 versus 8.54 in fiscal year 1990-1991 or 16.4% 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 45 additional full-time employees (276 rather than 231) with an additional cost to the General Fund of \$3 million annually. Funding would have required a 35% increase in the City property taxes or a corresponding \$3 million cut in current General Fund services.
- In the spring 2005, the Tennessee Municipal League was successful in convincing the Governor and Tennessee General Assembly to fully restore over the next two fiscal years the reductions in traditional shared revenues that were taken away two years ago. When fully implemented, this action is expected to generate \$320,000 in new General Fund revenue annually beginning in fiscal year 2006-2007.
- The City was successful in receiving a new commitment from the Tennessee Department of Transportation (TDOT) to undertake and expedite improvements to Franklin Road from Concord Road to Moores Lane. Improvements to this important 2.2 mile north/south arterial road are expected to cost \$15.5 million with the City assuming responsibility for engineering design and right-of-way acquisition (\$3.5 million) and the State assuming cost for construction (\$12 million). The City's share is programmed within the six-year capital improvements program through the issuance of General Obligation Bonds.
- Effective June 1, 2004, the Board of Commissioners adopted an ordinance to provide for a 4% Hotel/Motel Tax on room occupancy in Brentwood. There are 12 hotels in Brentwood with 1,400 total rooms. The tax collections in the first fiscal year (2004 - 2005) generated \$787,808 in new revenue for the General Fund, well above the original budget estimate of \$600,000.

- The City initiated master planning for a new neighborhood park (Owl Creek Park) on a twenty acre tract owned by the City on Concord Road, between Concord Pass and Bluff Road. Construction of the park is expected to start in the summer 2006 and will serve the needs of the fast growing area in East Brentwood.
- Brentwood continues to be one of the most desirable communities to live in Nashville/Middle Tennessee area as reflected in the record growth in residential housing starts. In calendar year 2004, the City had a record 635 new housing starts, which exceeded the previous record of 592 in calendar year 2003. As recently as calendar years 1998-2000, the City was experiencing new housing starts in the range of 170-190 annually. While some slowdown is expected, we expect new housing starts to remain in the 450-500 range annually in the next few years.

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

- ***Public Utilities.*** The City is well positioned to handle future sewer demands associated with fast growing East Brentwood area (Owl Creek Drainage Basin) through the 1998 purchase of 2.47 million gallons a day of additional capacity in the Metropolitan Nashville Central Waste Water Treatment Facility and related extension of sewer trunk lines. About 67% of all new dwellings are being constructed in this area. This additional sewer capacity also allowed the City to serve 935 existing homes and eliminate several pumping stations that previously moved sewerage over the ridge into the Little Harpeth River drainage basin truck sewer. This shift also provides additional capacity in that drainage basin to handle projected growth over the next ten years. The remaining areas for new development in the East Brentwood urban growth area (about 5 square miles or 10% of the City's total projected land area at build-out) will have sewer provided by Metro Nashville directly or Brentwood via the 1998 capacity purchase; therefore, the City will not incur any capital expenses for extension of sewer or purchase of treatment capacity in that area of Brentwood.

The City is making progress on an aggressive inspection program to identify and repair older sewer trunk lines in the Little Harpeth River drainage basin that may experience an increase in storm water infiltration during significant rainfall events and associated discharges from manholes into nearby streams. Besides traditional television equipment inspection and repair of lines, the City is using systematically placed flow monitoring equipment to identify the location of concentrated inflows within sub-areas of the system. The goal of this multi-year program is to cost effectively identify and prioritize truck line segments for major repairs. Ironically, this effort to date has not identified significant inflow problems within the Brentwood controlled lines but is pointing to potential problems in Metro Nashville gravity sewer lines that discharge into Brentwood lines upstream from the Brentwood Sewer Pumping Station. In addition, the City believes strongly that Metro Nashville needs to upgrade substandard gravity sewer line segments downstream from the pumping station to take into account housing growth and inflow from the adjacent Metro service area. Specifically, the receiving Metro force main is adequately sized to handle the maximum discharges from the pumping station but is unable to work at full capacity due to discharges in receiving Metro gravity system. The City will continue to focus on efforts to ensure that

Metro upgrades substandard lines to allow for the proper operation of both sewer systems and to minimize unnecessary discharges into nearby streams.

- ***Annexation.*** With the adoption of the urban growth plan for Williamson County in May 2001, the City is now able to take a more systematic approach to annexation within the designated 13 square miles in the City's urban growth area. Since then, the City has successfully annexed and extended urban services to 5 square miles, areas that were most subject to the pressures of urban development. The City is now in a position to control and direct development activity in the remaining urban growth area to ensure that the land use will be compatible with the adjoining areas of the City and that infrastructure and other public improvements will be installed to standards that are acceptable to the City. Areas are considered for annexation only if it is shown to be cost effective to deliver public services relative to income generated from property and state shared taxes. Also, the City will avoid utility expenses in a significant portion of the urban growth area as other utility districts and jurisdictions have legal responsibility and obligations to provide water and sewer services.
- ***Economic Development.*** The City is not resting on its strong financial base. It is taking proactive steps to improve and enhance the commercial tax base. To encourage redevelopment of the original business areas of the City, a new zoning district was created (Towne Center zoning district). The primary focus for redevelopment will be the original 33+ acre area located between Old Hickory Blvd on the north, Interstate 65 on the east, Church Street on the south, and East Park Drive on the west. In addition, construction of a new roadway (Town Center Way) will be completed in the fall 2005. The new road will improve traffic circulation/access and property visibility by connecting areas that are physically separated by the railroad gulch. Also, in fiscal year 2005-2006, the City will investigate the feasibility of constructing a parking structure to handle the expected parking requirement. The goal of the City effort is to encourage the creation of a more traditional, pedestrian oriented downtown area for Brentwood in the next 5-10 years with a mix of retail, office and residential uses that will serve a focal point for community commerce and activity.
- ***Brentwood 2020 Plan Update.*** In fiscal year 2005-2006, the City will undertake an update of the 20 year comprehensive plan that was adopted by the Board of Commissioners in calendar year 1999. The Brentwood 2020 Plan has served the City well in prioritizing and implementing goals, objectives and action steps on the future direction of the community in areas such as environmental protection, retirement opportunities, commercial land uses, transportation, and growth management. The updated plan is expected to encourage the continuation of a strong financial position for the City with emphasis on maintaining the Aaa bond rating from Moody's Investors Service and minimum reserves in the General Fund in excess of 40% of the annual operating budget.

Debt Administration. During the 2004-2005 fiscal year, the City did not issue any new General Obligation or Water/Sewer Revenue Bonds. The City's total outstanding bonded debt of \$33,815,000 is rated Aaa by Moody's Investors Service, the highest rating possible. The rating confirms the City's commitment to sound financial management and the City's strong and diverse economic base.

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

Risk management. The City's risk management program includes various risk control techniques, including employee accident prevention training. The City maintains insurance coverage through the Tennessee Municipal League Risk Management Pool, and meets the Pool's guidelines and complies with its rules and regulations. Additional information on the City of Brentwood's risk management activity can be found in Note 6 of the notes to the financial statements.

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

The City of Brentwood also provides postretirement health care and life insurance benefits for certain retirees who meet the City's eligibility requirements. For detailed information on the City's pension and postemployment benefits, please refer to notes 9-10 of the financial statements.

Awards and Acknowledgements

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brentwood for its comprehensive annual financial report for the year ended June 30, 2004. This was the eighteenth consecutive year (fiscal years ended 1986-2004) 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, 2005. This represents the thirteenth consecutive year the City has met or exceeded the program's requirements. This award represents the highest recognition possible in governmental budgeting.

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

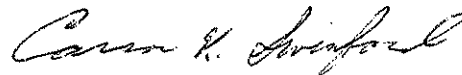
Acknowledgments. The efforts of the members of the Finance Department office staff and the cooperation of each of the City's departments were essential in the preparation of this report. Specific appreciation is expressed to City Treasurer Karen Harper on her preparation and thoroughness throughout the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

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

Respectfully submitted,



Michael W. Walker
City Manager



Carson K. Swinford
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Brentwood,
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



Nancy L. Zielke

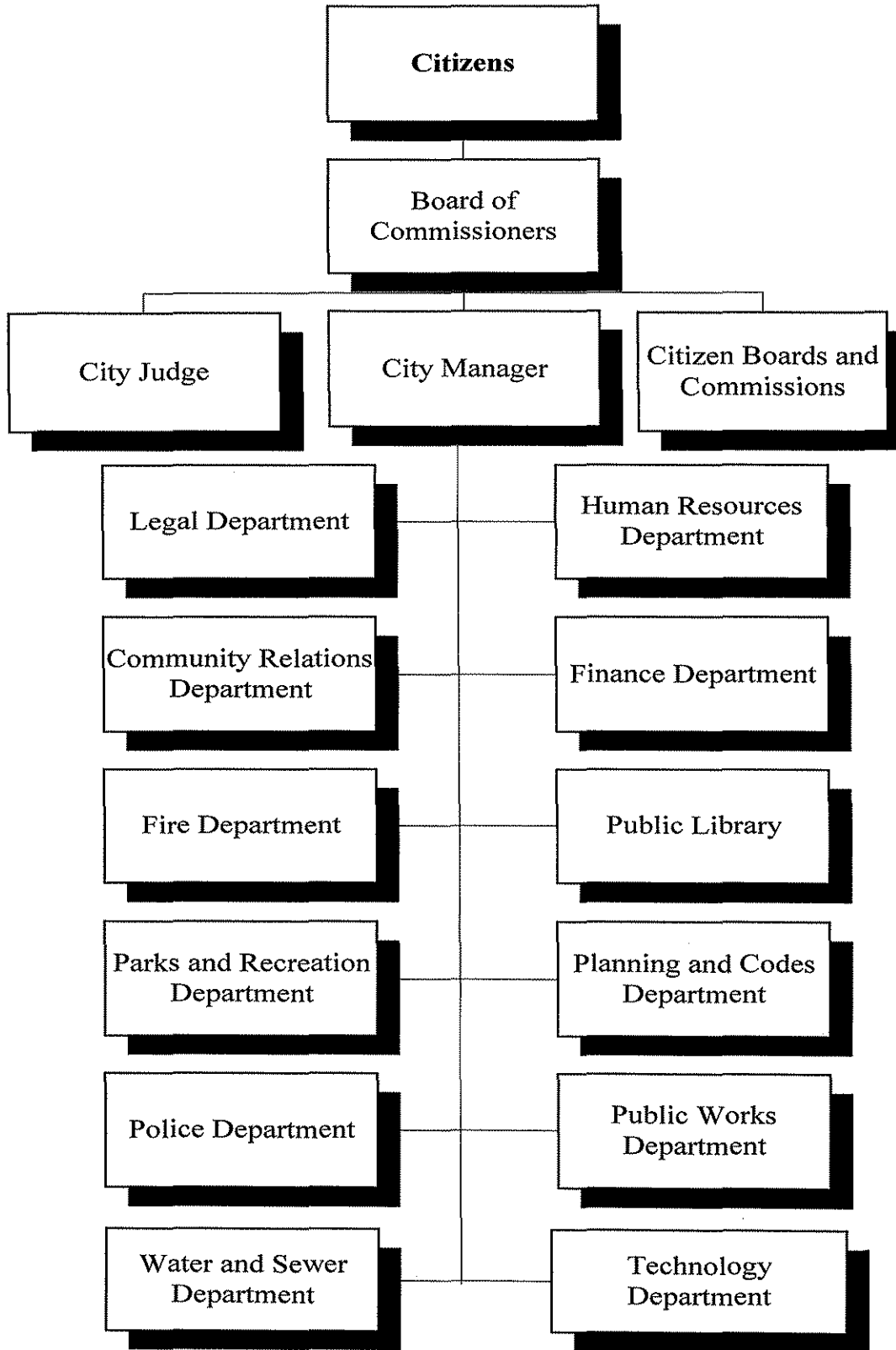
President

Jeffrey R. Emer

Executive Director

CITY OF BRENTWOOD

Organization Chart



**CITY OF BRENTWOOD
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2005**

Elected:

Mayor
Vice Mayor
Commissioner
Commissioner
Commissioner

Brian J. Sweeney
Paul L. Webb
Anne Dunn
Joe Reagan
Regina R. Smithson

Appointed:

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

Michael W. Walker
Kirk E. Bednar
Roger A. Horner
Carson K. Swinford
Karen W. Harper
Ricky V. Watson
Kenneth V. Lane
Joseph P. Lassus
Herbert R. Mize
John C. Grissom
Charles A. Sherrill
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David M. Bunt
John I. Allman, IV
Thomas Schlater

FINANCIAL SECTION



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, Tennessee (the "City"), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the Table of Contents, pages 19 through 52 inclusive. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, Tennessee, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2005 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Management's Discussion and Analysis on pages 3 through 18 and the Schedule of Funding Progress - Political Subdivision Pension Plan on page 58 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brentwood's basic financial statements. The accompanying financial information listed in the Required Supplementary Information, pages 53 - 57 and page 59; introductory information on pages i through xiii, combining and individual nonmajor fund statements on pages 60 through 66, the financial schedules on pages 67 through 73, and statistical sections on pages 74 through 91 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The required supplementary information on pages 53 - 57 and page 59, combining and individual nonmajor fund financial statements and financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KraftCPAs PLLC

Nashville, Tennessee
September 15, 2005

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, 2005. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

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

Financial Highlights

- The assets of the City of Brentwood exceeded its liabilities at the close of the most recent fiscal year by \$195,504,120 (net assets). Of this amount, \$30,928,969 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$7,364,694.
- As of the close of the current fiscal year, the City of Brentwood's governmental funds reported combined ending fund balances of \$29,663,591, a decrease of \$980,530 in comparison with the prior year. Approximately 56% of this total amount, \$16,508,469, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$16,508,469, or 66% of FY 2006 budgeted operating general fund expenditures. This demonstrates the City's fiscal discipline and places the City in a strong financial position to meet unexpected emergencies, uncertainties at the State level or a general slowdown in the economy.
- The City of Brentwood's total debt decreased by \$3,517,305 during the current fiscal year. The key factor in this decrease was the payment of principal amounts for existing General Obligation debt (\$1.9M) and Water & Sewer debt (\$1.6M).

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The City of Brentwood maintains 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.

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

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

The basic proprietary fund financial statements can be found on pages 25 - 27 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support a City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Brentwood maintains one fiduciary fund, the Post Employment Benefit Fund.

The basic fiduciary fund financial statements can be found on pages 28-29 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 30 - 52 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. 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. In addition, the City of Brentwood's progress in funding its obligation to provide pension benefits to its employees is presented. Required supplementary information can be found on pages 53 - 59 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements can be found on pages 60 - 66 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Brentwood, assets exceeded liabilities by \$195,504,120 as of June 30, 2005.

City of Brentwood, Tennessee
Net Assets - Primary Government
June 30, 2005
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and Other Assets	\$ 40,908	\$ 40,435	\$ 7,691	\$ 7,075	\$ 48,599	\$ 47,510
Capital Assets	<u>144,398</u>	<u>140,422</u>	<u>52,232</u>	<u>51,187</u>	<u>196,630</u>	<u>191,609</u>
Total Assets	<u>185,306</u>	<u>180,857</u>	<u>59,923</u>	<u>58,262</u>	<u>245,229</u>	<u>239,119</u>
Long-term Liabilities Outstanding	26,192	27,714	10,312	11,821	36,504	39,535
Other Liabilities	<u>11,594</u>	<u>10,170</u>	<u>1,627</u>	<u>1,275</u>	<u>13,221</u>	<u>11,445</u>
Total Liabilities	<u>37,786</u>	<u>37,884</u>	<u>11,939</u>	<u>13,096</u>	<u>49,725</u>	<u>50,980</u>
Net Assets:						
Invested in Capital Assets, net of related debt	119,611	115,634	41,920	39,366	161,531	155,000
Restricted	2,774	2,585	270	270	3,044	2,855
Unrestricted	<u>25,135</u>	<u>24,754</u>	<u>5,794</u>	<u>5,530</u>	<u>30,929</u>	<u>30,284</u>
Total Net Assets	<u>\$ 147,520</u>	<u>\$ 142,973</u>	<u>\$ 47,984</u>	<u>\$ 45,166</u>	<u>\$ 195,504</u>	<u>\$ 188,139</u>

By far the largest portion of the City of Brentwood's net assets (83%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Brentwood uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Brentwood's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets represents resources that are subject to restrictions as to how they may be used. These include net assets restricted for capital projects (\$1,608,798), roads and streets (\$568,726), community development projects (\$502,216) and other purposes (\$364,357).

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

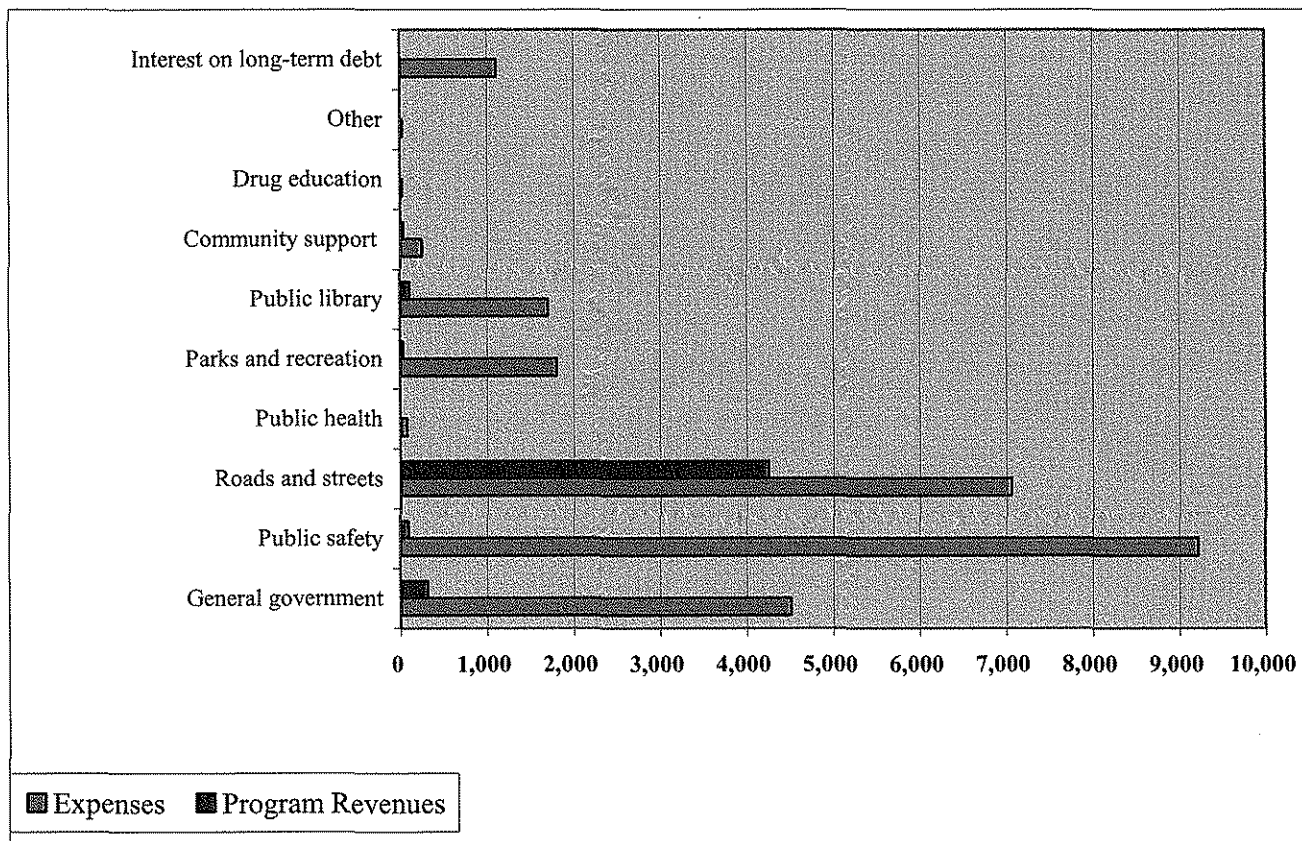
Governmental activities. Governmental activities increased the City of Brentwood's net assets by \$4,547,179, accounting for 62% of the total growth in the net assets of the City of Brentwood. Key elements of this increase are as follows:

The City's Changes in Net Assets
For the year ended June 30, 2005
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Charges for services	\$ 417	\$ 417	\$ 12,575	\$ 11,774	\$ 12,992	\$ 12,191
Operating grants and contributions	1,047	763	-	-	1,047	763
Capital grants and contributions	3,339	4,051	-	-	3,339	4,051
General revenues:	-	-	-	-	-	-
Property taxes	8,474	8,024	-	-	8,474	8,024
Local option sales tax	8,692	7,882	-	-	8,692	7,882
Other business taxes	2,894	1,834	-	-	2,894	1,834
Licenses and permits	1,710	1,991	-	-	1,710	1,991
Grants and contributions not restricted to specific programs	3,425	3,081	-	-	3,425	3,081
Unrestricted investment earnings	731	436	130	79	861	515
Miscellaneous	106	65	-	-	106	65
Loss on disposal of property and equipment	-	-	-	-	-	-
Total Revenues	30,835	28,544	12,705	11,853	43,540	40,397
Expenses:						
General government	4,508	4,000	-	-	4,508	4,000
Public safety	9,214	8,209	-	-	9,214	8,209
Roads and streets	7,051	7,606	-	-	7,051	7,606
Public health	71	61	-	-	71	61
Parks and recreation	1,806	1,637	-	-	1,806	1,637
Public library	1,705	1,612	-	-	1,705	1,612
Community support	240	260	-	-	240	260
Drug education	15	17	-	-	15	17
Interest on long-term debt	1,108	1,011	-	-	1,108	1,011
Other	20	15	-	-	20	15
Contribution to Post Employment Benefits Fund	300	-	-	-	300	-
Water and Sewer	-	-	9,033	8,946	9,033	8,946
Rental facilities	-	-	422	448	422	448
Emergency Communications	-	-	682	674	682	674
Total expenses	26,038	24,428	10,137	10,068	36,175	34,496
Increase in net assets before transfers	4,797	4,116	2,568	1,785	7,365	5,901
Transfers	(250)	(317)	250	317	-	-
Increase in net assets	4,547	3,799	2,818	2,102	7,365	5,901
Net assets - beginning	142,973	139,174	45,166	43,064	188,139	182,238
Net assets - ending	<u>\$ 147,520</u>	<u>\$ 142,973</u>	<u>\$ 47,984</u>	<u>\$ 45,166</u>	<u>\$ 195,504</u>	<u>\$ 188,139</u>

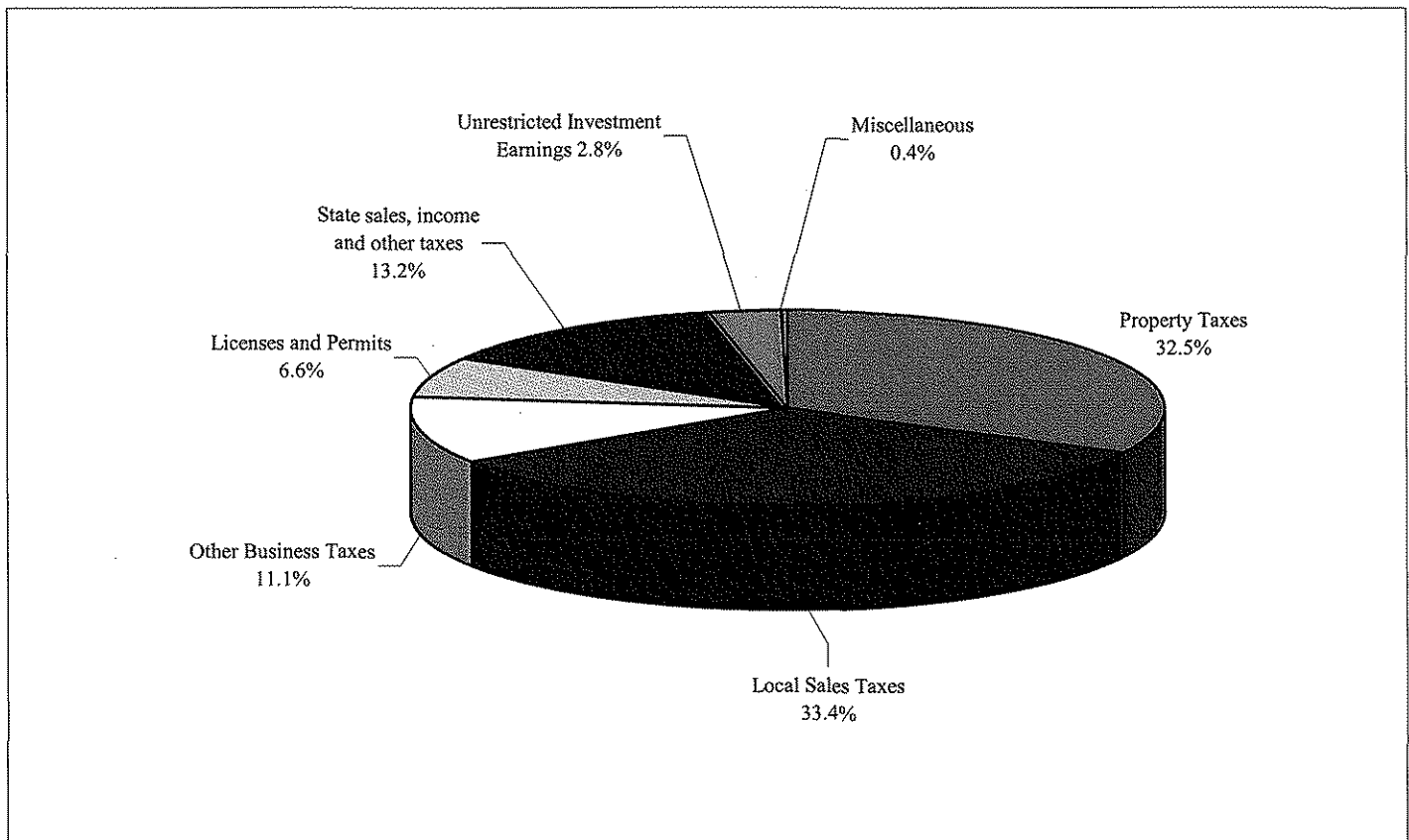
- Property taxes of \$8,473,452 were received in FY 2005, an increase of \$449,871 (6%) over the previous year, a result of the increase in the property tax base.
- Local sales taxes of \$8,691,778 were collected in FY 2005, an increase of \$809,536 (10%) over the previous year due to the improved economy in FY 2005.
- Other business taxes of \$2,894,347 were collected in FY 2005, an increase of \$1,060,109 (58%) over FY 2004. This increase was primarily due to the \$787,808 Hotel/Motel tax collected in FY 2005, which represented the first full fiscal year of revenues. Included in the other business taxes category are business taxes, wholesale beer and liquor taxes and CATV franchise taxes.
- Capital grants and contributions represent donated capital assets from developers and State, and amounted to \$3,339,186 primarily from the valuation of streets accepted by the City of Brentwood in fiscal year 2005.

Expenses and Program Revenues – Governmental Activities



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

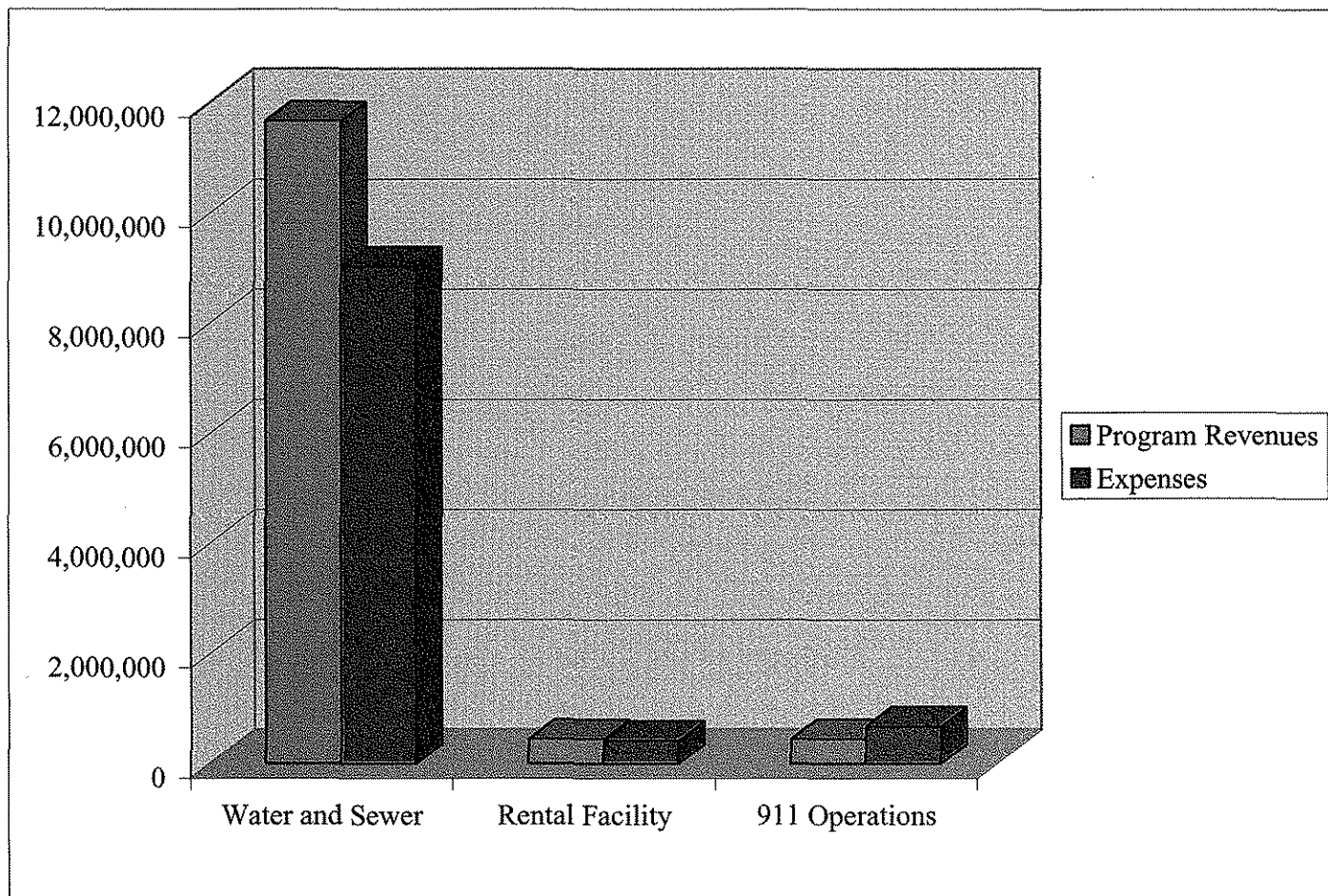
Revenue by Source – Governmental Activities



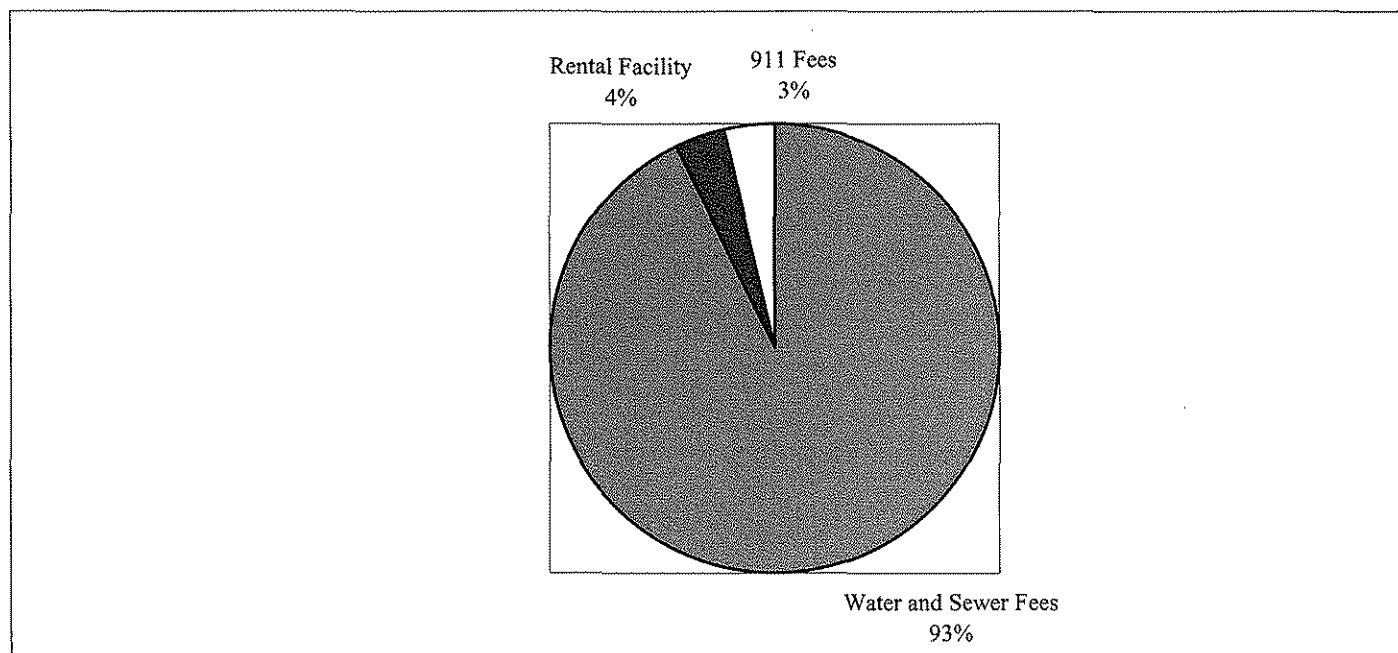
Business-type activities. Business-type activities increased the City of Brentwood's net assets by \$2,817,515, accounting for 38% of the total growth in the government's net assets. Key elements of this increase are as follows:

- The City's Water and Sewer Fund accounts for the majority (97%) of the increase in business-type net assets, with a net income of \$2,749,266 for the year. This is an increase of \$724,558 from the prior year. The increase in net income can mainly be attributed to the increase in net water (\$141,239) and sewer (\$295,549) revenues and revenues from sewer tap fees (\$401,642).
- The City's Municipal Center Fund recorded net income of \$36,950 for the year, an increase of \$41,041 from the previous year. Decreased maintenance expense was the primary reason for the increase in net income.
- The Emergency Communications District (ECD) recorded net income of \$31,299, a decrease of \$50,566 from the previous year. The decrease in net income can be mainly attributed to the \$129,900 decrease of the annual contribution from the City of Brentwood in FY 2005.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

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

Asset, Liabilities, and Fund Balances Total Governmental Funds June 30, 2005

	<u>2005</u>	<u>2004</u>
Total assets	<u>\$ 41,268,739</u>	<u>\$ 40,548,983</u>
Total liabilities	<u>\$ 11,605,148</u>	<u>\$ 9,904,862</u>
Fund balances:		
Reserved	13,155,122	15,961,416
Unreserved	<u>16,508,469</u>	<u>14,682,705</u>
Total fund balances	<u>29,663,591</u>	<u>30,644,121</u>
Total liabilities and fund balances	<u>\$ 41,268,739</u>	<u>\$ 40,548,983</u>

As of the end of the current fiscal year, the City of Brentwood's governmental funds reported combined ending fund balances of \$29,663,591, a decrease of \$980,530 in comparison with the prior year. Approximately 56% of this total amount (\$16,508,469) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for debt service (\$2,952,006), capital projects (\$9,539,741), roads and streets (\$568,726) and drug enforcement and education (\$94,649).

The general fund is the chief operating fund of the City of Brentwood. At the end of the current fiscal year, unreserved fund balance of the general fund was \$16,508,469. A measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 70% of total general fund expenditures.

Changes in Fund Balances of Governmental Funds
For the year ended June 30, 2005

	<u>2005</u>	<u>2004</u>
REVENUES		
Taxes	\$ 20,059,577	\$ 17,740,061
Licenses and permits	1,709,803	1,990,455
Fines and fees	226,857	230,690
Charges for services	189,845	186,724
Intergovernmental	4,471,886	3,843,845
Uses of money and property	731,403	436,363
Other	<u>106,310</u>	<u>64,603</u>
TOTAL REVENUES	<u>27,495,681</u>	<u>24,492,741</u>
EXPENDITURES		
Current:		
General government	4,220,253	3,917,644
Public safety	8,713,433	8,050,701
Roads and streets	3,180,765	3,188,370
Public health	71,764	61,668
Parks and recreation	1,125,016	1,083,375
Public library	1,518,773	1,464,382
Community support	239,793	238,031
Drug education	10,628	12,842
Other	-	4,920
Capital outlay	5,800,950	3,024,562
Debt service	<u>3,044,836</u>	<u>2,903,188</u>
TOTAL EXPENDITURES	<u>27,926,211</u>	<u>23,949,683</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(430,530)</u>	<u>543,058</u>
OTHER FINANCING SOURCES (USES)		
Transfers in/out (net)	(250,000)	(350,500)
Contribution to Post Employment Benefit Fund	(300,000)	-
Proceeds of refunding bonds	-	3,685,000
Bond premium/discount (net)	<u>-</u>	<u>(25,814)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(550,000)</u>	<u>3,308,686</u>
NET CHANGES IN FUND BALANCES	(980,530)	3,851,744
FUND BALANCE, BEGINNING OF YEAR	<u>30,644,121</u>	<u>26,792,377</u>
FUND BALANCE, END OF YEAR	<u>\$ 29,663,591</u>	<u>\$ 30,644,121</u>

The fund balance of the City of Brentwood's general fund increased by \$1,825,764 during the current fiscal year. Key factors in this fund for 2005 include:

- Local sales tax increased by \$809,536 (10%) compared to the previous year, a result of an improving local economy.
- The state shared sales tax increased by \$275,095 (17%) from the previous year.
- Residential and commercial property tax collections increased by \$443,383 (6%) over the previous year, a result of the increase in the property tax base.
- Wholesale beer tax increased by \$237,837 (61%) compared to FY 2004. This large increase is the result of a 2004 audit of business addresses on file with beer distributors, resulting in the reclassification of several incorrect addresses from other jurisdictions to Brentwood.
- The City received \$787,808 in Hotel/Motel tax revenue in FY 2005, the first full fiscal year of collections of this tax enacted in June 2004.
- The general fund departments demonstrated fiscal responsibility by turning back unspent budget of \$793,256.

The debt service fund has a total fund balance of \$2,952,006 all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$2,563. Principal and interest payments increased \$81,225 and \$80,943, respectively. Please see Note 5 for additional information on the City's long-term liabilities.

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

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$4,787,468, for the Municipal Center Fund, \$447,206, and for the Emergency Communications District, \$559,287. The total growth in net assets for the funds was \$2,749,266, \$36,950 and \$31,299, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Brentwood's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and final amended budget (\$1,200,500 in revenues, \$1,200,500 increase in current year appropriations) can be summarized as follows:

Revenues

Increases were made to the following accounts due to higher than originally projected revenue collections:

Local Sales Tax	\$ 850,000
Wholesale Beer Tax	200,000
Building Permits	100,000
State Shared Sales Tax	40,000
State Grant - Library	10,500
Total Change in Budgeted Revenues	<u>\$1,200,500</u>

As a result of the increase in the revenues noted on the previous page, the following increases to current year appropriations were made:

Appropriations

- An Operating Transfer from the General Fund to the Capital Projects Fund of \$890,000 funded through projected excess revenue collections in the current year to pay for certain proposed capital improvement projects in FY 2006. These projects include replacement of the public safety mobile data system (\$325,000), the Twin Springs drainage project (\$75,000), the GIS flyover project (\$70,000), a traffic signal bucket truck (\$70,000) and other miscellaneous projects.
- An Operating Transfer from the General Fund to the newly created Post Retirement Benefits Fund of \$300,000 funded through projected excess revenue collections in the current year.
- Increasing the appropriation for the Library activity by \$10,500 for the following technology purchases (Note: these purchases were paid for with the \$10,500 technology grant from the State Library referenced above:
 1. Six OptiPlex Pentium computers purchases from Dell (\$7,272)
 2. Annual I-Bistro DataStream content from SIRSI (\$3,228)

This total General Fund appropriation increase of \$1,200,500 was made possible by higher than estimated revenues and the exceptionally strong position of the General Fund. The General Fund unrestricted fund balance at June 30, 2005 is \$16,508,469. With this reduction due to the appropriation amendment, the fund balance still exceeds the stated budget policy objective of maintaining a minimum of 40% reserves for future needs and emergencies.

Capital Asset and Debt Administration

Capital assets. The City of Brentwood's investment in capital assets for its governmental and business type activities as of June 30, 2005, amounts to \$196,630,865 (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 22 streets within the city limits as public streets, with a valuation (including right-of-way) of \$3,339,186.
- Substantial improvements to connector roads in the east side of Brentwood, including Waller Road (\$174,045) and Liberty Church Road (\$62,373).
- Substantial completion on the Town Center Road Improvement project (\$2,126,639).
- Bikeway extension and improvements along the path from Forged Seat to Ravenwood High School.
- Various subdivision improvements to correct miscellaneous, minor storm drainage problems as identified through complaints and field inspection.
- Various building and system additions and improvements were completed in the Water and Sewer Fund at a cost of \$2,102,172.

City of Brentwood Capital Assets
(net of depreciation)
June 30, 2005
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 65,476	\$ 64,081	\$ 611	\$ 611	\$ 66,087	\$ 64,692
Buildings and improvements	12,865	12,757	2,156	2,254	15,021	15,011
Utility plant in service	-	-	47,523	47,093	47,523	47,093
Improvements other than buildings	6,271	5,400	404	435	6,675	5,835
Machinery and equipment	4,602	3,967	273	312	4,875	4,279
Infrastructure	52,190	53,284	-	-	52,190	53,284
Construction in progress	2,995	933	1,265	482	4,260	1,415
Total Assets	<u>\$ 144,399</u>	<u>\$ 140,422</u>	<u>\$ 52,232</u>	<u>\$ 51,187</u>	<u>\$ 196,631</u>	<u>\$ 191,609</u>

Additional information on the City of Brentwood's capital assets can be found in Note 3 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 \$35,001,957. Of this amount, \$24,430,000 comprises debt backed by the full faith and credit of the City and \$10,571,957 comprises bonds secured solely by specified revenue sources (i.e. revenue bonds).

City of Brentwood Outstanding Debt
General Obligation and Revenue Bonds
June 30, 2005
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General obligation bonds	\$ 24,430	\$ 26,380	\$ -	\$ -	\$ 24,430	\$ 26,380
Revenue and tax bonds	-	-	9,385	10,720	9,385	10,720
State of Tennessee loan revenue bond	-	-	1,187	1,419	1,187	1,419
Total	<u>\$ 24,430</u>	<u>\$ 26,380</u>	<u>\$ 10,572</u>	<u>\$ 12,139</u>	<u>\$ 35,002</u>	<u>\$ 38,519</u>

The City of Brentwood's total long-term debt decreased by \$3,517,305 (10%) during the current fiscal year. The key factor in this decrease was the payment of principal amounts for existing General Obligation debt (\$1.9M) and Water & Sewer debt (\$1.6M).

The City of Brentwood maintains an "Aaa" rating from Moody's Investors Service for its general obligation and revenue and tax bonds debt. This is the highest bond rating possible and will permit the City to receive 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 \$35,001,957 translates to approximately \$1,143 per capita using the 2004 special census population.

Additional information on the City of Brentwood's long-term debt can be found in Note 5 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Williamson County is currently 4.2%, which is an increase from a rate of 2.8% a year ago. This compares favorably to the state's average unemployment rate of 6.0% and the national average rate of 5.0%.
- The office space occupancy rate of the City of Brentwood's central business district was 91.4% for 2005.
- Inflationary trends in the region compare favorably to national indices.
- The Tennessee General Assembly voted in May 2005 to restore 50 percent of the reductions in traditional shared revenues to cities that were taken away by the State two years ago. Potential funds are estimated at \$160,000 for FY 2006.

All of these factors were considered in preparing the City of Brentwood's budget for the 2006 fiscal year.

During the current fiscal year, the total fund balance in the general fund increased to \$16,508,469. The City of Brentwood has not appropriated any of this amount for spending in the 2006 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

BASIC FINANCIAL STATEMENTS

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET ASSETS

JUNE 30, 2005

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 17,786,513	\$ 6,000,851	\$ 23,787,364
Property tax receivable	8,721,379	-	8,721,379
Sales tax receivable	1,060,252	-	1,060,252
Intergovernmental revenue receivable	1,656,488	-	1,656,488
Accounts receivable	387,943	1,659,637	2,047,580
Internal balances	652,071	(652,071)	-
Inventories	37,687	150,965	188,652
Investments	10,000,000	-	10,000,000
Restricted assets:			
Cash	467,216	129,505	596,721
Investments	35,000	-	35,000
Capital assets:			
Utility plant in service	-	66,983,973	66,983,973
Land	65,475,660	610,716	66,086,376
Buildings and structures	15,211,494	3,748,476	18,959,970
Improvements other than buildings	10,414,149	649,968	11,064,117
Furniture, machinery and equipment	11,062,212	1,975,532	13,037,744
Infrastructure	121,657,056	-	121,657,056
Construction in progress	2,995,029	1,264,501	4,259,530
Accumulated depreciation	(82,416,444)	(23,001,457)	(105,417,901)
Other noncurrent assets	102,992	402,001	504,993
Total assets	185,306,697	59,922,597	245,229,294
LIABILITIES			
Accounts payable	1,227,310	1,146,516	2,373,826
Accrued salaries	375,553	206,063	581,616
Accrued interest	261,531	112,206	373,737
Other payables	135,749	55,675	191,424
Liabilities payable from restricted assets	192,980	106,759	299,739
Deferred revenue	9,400,879	-	9,400,879
Long-term liabilities:			
Due within one year	3,165,000	1,604,853	4,769,853
Due in more than one year	23,027,450	8,706,650	31,734,100
Total liabilities	37,786,452	11,938,722	49,725,174
NET ASSETS			
Invested in capital assets, net of related debt	119,610,848	41,920,206	161,531,054
Restricted for:			
Roads and streets	568,726	-	568,726
Capital projects	1,608,798	-	1,608,798
Debt retirement	-	269,708	269,708
Community development projects	502,216	-	502,216
Other purposes	94,649	-	94,649
Unrestricted	25,135,008	5,793,961	30,928,969
Total net assets	\$ 147,520,245	\$ 47,983,875	\$ 195,504,120

See accompanying notes to financial statements

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2005

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	\$ 4,507,895	\$ 226,857	\$ 78,870	\$ -	\$ (4,202,168)	\$ -	\$ (4,202,168)
Public safety	9,212,802	-	88,957	-	(9,123,845)	-	(9,123,845)
Roads and streets	7,051,097	43,697	868,177	3,339,186	(2,800,037)	-	(2,800,037)
Public health	71,764	-	-	-	(71,764)	-	(71,764)
Parks and recreation	1,805,863	27,275	-	-	(1,778,588)	-	(1,778,588)
Public library	1,705,640	93,996	10,500	-	(1,601,144)	-	(1,601,144)
Community support	239,793	24,877	-	-	(214,916)	-	(214,916)
Drug education	14,837	-	-	-	(14,837)	-	(14,837)
Other	19,553	-	-	-	(19,553)	-	(19,553)
Interest on long-term debt	1,108,444	-	-	-	(1,108,444)	-	(1,108,444)
Total governmental activities	<u>25,737,688</u>	<u>416,702</u>	<u>1,046,504</u>	<u>3,339,186</u>	<u>(20,935,296)</u>	<u>-</u>	<u>(20,935,296)</u>
Business-type activities:							
Water and Sewer	9,032,664	11,673,752	-	-	-	2,641,088	2,641,088
Rental facilities	422,084	449,008	-	-	-	26,924	26,924
911 operations	681,704	451,578	-	-	-	(230,126)	(230,126)
Total business-type activities	<u>10,136,452</u>	<u>12,574,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,437,886</u>	<u>2,437,886</u>
Total primary government	<u>\$ 35,874,140</u>	<u>\$ 12,991,040</u>	<u>\$ 1,046,504</u>	<u>\$ 3,339,186</u>	<u>(20,935,296)</u>	<u>2,437,886</u>	<u>(18,497,410)</u>
General Revenues:							
Taxes:							
Property taxes					8,473,452	-	8,473,452
Local option sales tax					8,691,778	-	8,691,778
Other business taxes					2,894,347	-	2,894,347
Licenses and permits					1,709,803	-	1,709,803
State sales, income and other taxes					3,425,382	-	3,425,382
Unrestricted investment earnings					731,403	129,629	861,032
Miscellaneous					106,310	-	106,310
Contributions to Post Employment Benefit Fund					(300,000)	-	(300,000)
Transfers					(250,000)	250,000	-
Total general revenues and transfers					<u>25,482,475</u>	<u>379,629</u>	<u>25,862,104</u>
Change in net assets					4,547,179	2,817,515	7,364,694
Net Assets - beginning, as restated					<u>142,973,066</u>	<u>45,166,360</u>	<u>188,139,426</u>
Net Assets - ending					<u>\$ 147,520,245</u>	<u>\$ 47,983,875</u>	<u>\$ 195,504,120</u>

See accompanying notes to financial statements

CITY OF BRENTWOOD, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2005

ASSETS	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS:					
Cash and cash equivalents	\$ 9,441,453	\$ 941,623	\$ 4,145,608	\$ 3,257,829	\$ 17,786,513
Receivables:					
Property tax	8,721,379	-	-	-	8,721,379
Sales tax	1,060,252	-	-	-	1,060,252
Intergovernmental	1,505,669	-	-	150,819	1,656,488
Accounts	184,221	-	203,722	-	387,943
Due from other funds:					
Water and Sewer	844,365	-	-	-	844,365
General Fund	-	10,566	16,015	28,406	54,987
Equipment Replacement Fund	1,672	-	-	-	1,672
Capital Projects Fund	-	-	-	90,899	90,899
State Street Aid	124,338	-	-	-	124,338
Inventories of supplies	37,687	-	-	-	37,687
Investments	5,000,000	2,000,000	3,000,000	-	10,000,000
Restricted assets:					
Cash and cash equivalents	109,590	-	357,626	-	467,216
Investments	35,000	-	-	-	35,000
TOTAL ASSETS	\$ 27,065,626	\$ 2,952,189	\$ 7,722,971	\$ 3,527,953	\$ 41,268,739

LIABILITIES AND FUND BALANCES

LIABILITIES:					
Accounts payable	\$ 589,208	\$ 183	\$ 466,681	\$ 171,238	\$ 1,227,310
Accrued salaries	375,553	-	-	-	375,553
Due to other funds:					
General Fund	-	-	-	126,010	126,010
Debt Service Fund	10,566	-	-	-	10,566
Equipment Replacement Fund	28,406	-	-	-	28,406
State Street Aid	-	-	90,899	-	90,899
Water and Sewer	781	-	-	-	781
Capital Projects Fund	16,015	-	-	-	16,015
Other payables	135,749	-	-	-	135,749
Retainage payable	-	-	192,980	-	192,980
Deferred revenues	9,400,879	-	-	-	9,400,879
TOTAL LIABILITIES	10,557,157	183	750,560	297,248	11,605,148

COMMITMENTS AND CONTINGENCIES

FUND BALANCES:

Fund balance:					
Reserved for debt service	-	2,952,006	-	-	2,952,006
Reserved for capital projects	-	-	6,972,411	2,567,330	9,539,741
Reserved for street repairs	-	-	-	568,726	568,726
Reserved for drug enforcement and education	-	-	-	94,649	94,649
Unreserved	16,508,469	-	-	-	16,508,469
TOTAL FUND BALANCES	16,508,469	2,952,006	6,972,411	3,230,705	29,663,591
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,065,626	\$ 2,952,189	\$ 7,722,971	\$ 3,527,953	\$ 41,268,739

See accompanying notes to financial statements

CITY OF BRENTWOOD, TENNESSEE

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

JUNE 30, 2005

Total Governmental Funds Balances	\$ 29,663,591
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	144,399,156
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.	(261,531)
Interfund payable, not due and payable in current period and therefore not reported in governmental funds	(191,513)
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	(24,430,000)
Less deferred charges on refunding bonds	427,437
Less bond discount	161,000
Less bond issuance costs	102,992
Compensated absences	<u>(2,350,887)</u>
	<u>(26,089,458)</u>
Net Assets of Governmental Activities	\$ <u>147,520,245</u>

See accompanying notes to financial statements

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES					
Taxes	\$ 20,059,577	\$ -	\$ -	\$ -	\$ 20,059,577
Licenses and permits	927,561	-	-	782,242	1,709,803
Fines and fees	226,857	-	-	-	226,857
Charges for services	189,845	-	-	-	189,845
Intergovernmental	3,603,709	-	-	868,177	4,471,886
Uses of money and property	396,349	92,273	181,051	61,730	731,403
Other	23,195	-	-	83,115	106,310
TOTAL REVENUES	<u>25,427,093</u>	<u>92,273</u>	<u>181,051</u>	<u>1,795,264</u>	<u>27,495,681</u>
EXPENDITURES					
Current:					
General government	4,220,253	-	-	-	4,220,253
Public safety	8,713,433	-	-	-	8,713,433
Roads and streets	2,439,547	-	-	741,218	3,180,765
Public health	71,764	-	-	-	71,764
Parks and recreation	1,125,016	-	-	-	1,125,016
Public library	1,518,773	-	-	-	1,518,773
Community support	239,793	-	-	-	239,793
Drug education	-	-	-	10,628	10,628
Other	-	-	-	-	-
Capital outlay	-	-	4,735,418	1,065,532	5,800,950
Debt service	-	3,044,836	-	-	3,044,836
TOTAL EXPENDITURES	<u>18,328,579</u>	<u>3,044,836</u>	<u>4,735,418</u>	<u>1,817,378</u>	<u>27,926,211</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,098,514</u>	<u>(2,952,563)</u>	<u>(4,554,367)</u>	<u>(22,114)</u>	<u>(430,530)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	2,950,000	2,190,000	582,750	5,722,750
Transfers out	(4,972,750)	-	-	(1,000,000)	(5,972,750)
Contribution to Post Employment Benefits Fund	(300,000)	-	-	-	(300,000)
Proceeds of general obligation bonds	-	-	-	-	-
Bond discount	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,272,750)</u>	<u>2,950,000</u>	<u>2,190,000</u>	<u>(417,250)</u>	<u>(550,000)</u>
NET CHANGE IN FUND BALANCE	1,825,764	(2,563)	(2,364,367)	(439,364)	(980,530)
FUND BALANCE, BEGINNING OF YEAR	<u>14,682,705</u>	<u>2,954,569</u>	<u>9,336,778</u>	<u>3,670,069</u>	<u>30,644,121</u>
FUND BALANCE, END OF YEAR	<u>\$ 16,508,469</u>	<u>\$ 2,952,006</u>	<u>\$ 6,972,411</u>	<u>\$ 3,230,705</u>	<u>\$ 29,663,591</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, 2005

Net Change in Fund Balance - Governmental Funds	\$ (980,530)
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Amounts reported for governmental activities in the Statement of Activities 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	6,357,556
Donated Capital Assets from Developers and State	3,339,186
Depreciation expense	(5,720,018)

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities.	1,950,000
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Repayment of interfund borrowing is an expenditure in the governmental funds, but reduces internal balances in governmental activities	16,510
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Interest is accrued on the outstanding bonds in the Statement of Activities, whereas in the governmental funds, an interest expenditure is reported when due:

Accrued interest on debt obligations at June 30, 2005	(261,531)
Accrued interest on debt obligations at June 30, 2004	280,933

Governmental funds report the effects of bond issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities:

Amortization of bond related costs	(49,520)
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Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Change in accrual for compensated absences	<u>(385,407)</u>
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Change in Net Assets of Governmental Activities	<u>\$ 4,547,179</u>
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See accompanying notes to financial statements

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2005

	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 4,978,142	\$ 456,268	\$ 566,441	\$ 6,000,851
Receivables:				
Accounts	722,189	-	59,023	781,212
Unbilled utility revenue	878,425	-	-	878,425
Inventories of supplies	150,965	-	-	150,965
Restricted cash and cash equivalents	129,505	-	-	129,505
Total Current Assets	6,859,226	456,268	625,464	7,940,958
Noncurrent Assets:				
Debt service escrow (state loan)	269,708	-	-	269,708
Property, plant and equipment, net of accumulated depreciation	49,370,883	2,776,367	84,459	52,231,709
Bond issue costs and discounts, net of amortization	132,293	-	-	132,293
Due from governmental funds	192,294	-	-	192,294
Total Noncurrent Assets	49,965,178	2,776,367	84,459	52,826,004
Total Assets	56,824,404	3,232,635	709,923	60,766,962
LIABILITIES				
Current Liabilities (payable from current assets):				
Current maturities of long-term debt	1,604,853	-	-	1,604,853
Accounts payable	1,133,750	9,062	3,704	1,146,516
Accrued salaries	32,335	-	14,184	46,519
Accrued interest	112,206	-	-	112,206
Due to General Fund	844,365	-	-	844,365
Due to Capital Projects Fund	-	-	-	-
Other payables	54,493	-	1,182	55,675
Compensated absences payable	112,437	-	47,107	159,544
Current liabilities (payable from restricted assets):				
Retainage payable	106,759	-	-	106,759
Total Current Liabilities (payable from current assets)	4,001,198	9,062	66,177	4,076,437
Noncurrent Liabilities:				
Long-term debt, net of current maturities	8,706,650	-	-	8,706,650
Total Noncurrent Liabilities	8,706,650	-	-	8,706,650
Total Liabilities	12,707,848	9,062	66,177	12,783,087
NET ASSETS				
Invested in capital assets, net of related debt	39,059,380	2,776,367	84,459	41,920,206
Restricted for debt service	269,708	-	-	269,708
Unrestricted	4,787,468	447,206	559,287	5,793,961
TOTAL NET ASSETS	\$ 44,116,556	\$ 3,223,573	\$ 643,746	\$ 47,983,875

See accompanying notes to financial statements

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	<u>WATER AND SEWER FUND</u>	<u>MUNICIPAL CENTER FUND</u>	<u>EMERGENCY COMMUNICATIONS DISTRICT</u>	<u>TOTAL</u>
OPERATING REVENUES				
Water sales, pledged as security on revenue bonds	\$ 5,171,225	\$ -	\$ -	\$ 5,171,225
Sewer service charges, pledged as security on revenue bonds	4,186,869	-	-	4,186,869
Rental income	-	449,008	-	449,008
911 Fees	-	-	451,578	451,578
Other	2,315,658	-	-	2,315,658
TOTAL OPERATING REVENUES	<u>11,673,752</u>	<u>449,008</u>	<u>451,578</u>	<u>12,574,338</u>
OPERATING EXPENSES				
Water purchased	2,929,186	-	-	2,929,186
Depreciation and amortization	1,771,018	142,053	52,881	1,965,952
Sewerage treatment charges	1,289,512	-	-	1,289,512
Salaries and benefits	1,155,238	-	520,350	1,675,588
Maintenance	423,495	96,653	25,291	545,439
Utilities	235,213	95,217	245	330,675
Professional services	323,604	25,384	4,958	353,946
Communications	-	40,001	58,912	98,913
Other	410,998	22,776	19,067	452,841
TOTAL OPERATING EXPENSES	<u>8,538,264</u>	<u>422,084</u>	<u>681,704</u>	<u>9,642,052</u>
OPERATING INCOME (LOSS)	<u>3,135,488</u>	<u>26,924</u>	<u>(230,126)</u>	<u>2,932,286</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	108,178	10,026	11,425	129,629
Interest expense	(494,400)	-	-	(494,400)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(386,222)</u>	<u>10,026</u>	<u>11,425</u>	<u>(364,771)</u>
TRANSFERS IN	-	-	250,000	250,000
CHANGE IN NET ASSETS	2,749,266	36,950	31,299	2,817,515
TOTAL NET ASSETS, BEGINNING OF YEAR	<u>41,367,290</u>	<u>3,186,623</u>	<u>612,447</u>	<u>45,166,360</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 44,116,556</u>	<u>\$ 3,223,573</u>	<u>\$ 643,746</u>	<u>\$ 47,983,875</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

BUSINESS -TYPE ACTIVITIES -
ENTERPRISE FUNDS

	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 11,396,902	\$ 449,008	\$ 473,244	\$ 12,319,154
Payments to suppliers	(5,366,401)	(281,175)	(104,864)	(5,752,440)
Payments to employees	(1,141,744)	-	(513,416)	(1,655,160)
Net cash provided by (used in) operating activities	4,888,757	167,833	(145,036)	4,911,554
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Contribution (transfer) from General Fund	-	-	250,000	250,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Net receipts (payments) on interfund borrowing	(144,612)	-	-	(144,612)
Proceeds from interfund borrowing	1,000,000	-	-	1,000,000
Acquisition and construction of capital assets	(2,938,176)	(22,802)	-	(2,960,978)
Principal paid on long-term debt	(1,567,305)	-	-	(1,567,305)
Interest paid on long-term debt	(476,130)	-	-	(476,130)
Retainage payable	82,917	-	-	82,917
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(4,043,306)	(22,802)	-	(4,066,108)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	108,178	10,026	11,425	129,629
NET INCREASE IN CASH AND CASH EQUIVALENTS	953,629	155,057	116,389	1,225,075
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,154,018	301,211	450,052	4,905,281
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,107,647	\$ 456,268	\$ 566,441	\$ 6,130,356
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 3,135,488	\$ 26,924	\$ (230,126)	\$ 2,932,286
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	1,771,018	142,053	52,881	1,965,952
(Increase) decrease in:				
Accounts receivable	(142,684)	-	21,666	(121,018)
Unbilled utility revenue	(134,166)	-	-	(134,166)
Inventories of supplies	(8,215)	-	-	(8,215)
Increase (decrease) in:				
Accounts payable	241,485	(1,144)	3,609	243,950
Due to general fund	1,581	-	-	1,581
Accrued expenses	24,250	-	6,934	31,184
TOTAL ADJUSTMENTS	1,753,269	140,909	85,090	1,979,268
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 4,888,757	\$ 167,833	\$ (145,036)	\$ 4,911,554
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Capitalized interest	\$ 34,219	\$ -	\$ -	\$ 34,219

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2005

	<u>TRUST FUND</u>
	<u>POST EMPLOYMENT</u>
	<u>BENEFITS FUND</u>
ASSETS	
Cash and cash equivalents	\$ <u>300,000</u>
TOTAL ASSETS	<u>300,000</u>
NET ASSETS HELD IN TRUST FOR BENEFITS	
Fund balance reserved for employee's post employment benefits	<u>300,000</u>
TOTAL NET ASSETS	<u>\$ 300,000</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2005

	<u>TRUST FUND</u>
	<u>POST EMPLOYMENT</u>
	<u>BENEFITS FUND</u>
ADDITIONS	
Contributions from General Fund	\$ <u>300,000</u>
Total Additions	<u>300,000</u>
NET ASSETS HELD IN TRUST FOR BENEFITS	
Beginning of year	<u>-</u>
End of year	\$ <u><u>300,000</u></u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

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

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

Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The Brentwood Emergency Communications District was established in September 2002 and, in accordance with § 24-52 of the *Brentwood Municipal Code*, the Board of Commissioners of the City of Brentwood, Tennessee shall act as the Board of Directors for the District. Due to the "shared governing body" with the primary government, the Emergency Communications District is presented as a blended component unit within the proprietary funds of the June 30, 2005 Comprehensive Annual Financial Report. Each discretely presented component unit, if any, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. As of June 30, 2005 and for the year then ended, the City had no discretely presented component units which were required to be included in these financial statements.

Government-wide and fund financial statements

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

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The *Post Employment Benefits Fund* accumulates funds for the payment of post employment life and health insurance benefits for qualified employees as determined under City policy based on minimum age and years of service at the time of retirement.

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

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

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

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and Cash Equivalents

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

Statutes authorize the City to invest in: (1) U. S. Government securities and obligations guaranteed by the U. S. Government; (2) deposit accounts at state and federal chartered banks and savings and loan associations; and (3) the Local Government Investment Pool of the State of Tennessee. During the current fiscal year, the City invested funds that were not immediately needed in savings accounts and short-term certificates of deposit. Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

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

Investments

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

Receivables

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

Interfund Receivables/Payables

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories of Supplies and Prepaid Items

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

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

Restricted Assets

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

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, \$34,219 of capitalized interest was recorded.

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The City's policy permits employees to accumulate earned but unused annual (vacation) leave and sick days. Annual leave days may accumulate to a maximum of 30 days for employees with up to 5 years of service, 45 days for employees with up to 20 years of service, and 60 days for employees with 20 or more years of service. There is no maximum number of sick days which may be accumulated. Upon termination, employees receive payment for accumulated annual leave days. The City Manager has the authority to pay employees who resign from employment of the City up to 50% of the accrued sick days up to a maximum payment of 30 days.

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

Long-term Obligations

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

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

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

Fund Equity

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

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

Taxes were levied at the rate of \$.59 per \$100 of assessed valuation for the year ended June 30, 2005.

Payments may be made during the period from October 1 through February 28 and are delinquent on March 1. Current tax collections of \$7,802,864 were reported as revenue for the year ended June 30, 2005, and were approximately 98.3% of the tax levy.

Of the \$8,721,379 property taxes receivable, \$8,448,015 represents the estimated net realizable 2005 property taxes. This receivable is reported in the Balance Sheet - Governmental Funds with offsetting deferred revenue for the amounts not available at June 30, 2005. Amounts available at June 30, 2005 have been recorded as revenue in the governmental fund statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS

The City's cash and cash equivalents and investments at June 30, 2005 were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks determine the aggregate balance of their public fund accounts for the City. The amount of collateral required to secure these public deposits must be equal to 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

Custodial risk is the risk that in the event of a bank failing, the City's deposits may not be returned to it. The government does not have a formalized written policy for custodial risk. As of June 30, 2005, the City's deposits were fully insured or collateralized.

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

Carrying amount of deposits	\$ 34,305,587
Deposits in State of Tennessee Local Government Investment Pool	112,348
Cash on hand	<u>1,150</u>
Total	<u>\$ 34,419,085</u>
Cash and cash equivalents	\$ 23,787,364
Cash and cash equivalents - restricted	596,721
Investments	10,000,000
Investments - restricted	<u>35,000</u>
Total	<u>\$ 34,419,085</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2005, 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	<u>\$ 64,080,831</u>	<u>\$ 1,394,829</u>	<u>\$ -</u>	<u>\$ 65,475,660</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	14,795,428	416,066	-	15,211,494
Improvements other than buildings	9,048,449	1,365,700	-	10,414,149
Machinery and equipment	9,657,223	1,420,313	(15,324)	11,062,212
Infrastructure	118,619,102	3,037,954	-	121,657,056
Construction in progress	<u>933,149</u>	<u>2,061,880</u>	<u>-</u>	<u>2,995,029</u>
Total capital assets being depreciated:	<u>153,053,351</u>	<u>8,301,913</u>	<u>(15,324)</u>	<u>161,339,940</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(2,038,563)	(307,655)	-	(2,346,218)
Improvements other than buildings	(3,648,461)	(494,697)	-	(4,143,158)
Machinery and equipment	(5,689,732)	(786,062)	15,324	(6,460,470)
Infrastructure	<u>(65,334,994)</u>	<u>(4,131,604)</u>	<u>-</u>	<u>(69,466,598)</u>
Total accumulated depreciation	<u>(76,711,750)</u>	<u>(5,720,018)</u>	<u>15,324</u>	<u>(82,416,444)</u>
Governmental activities capital assets, net	<u>\$ 140,422,432</u>	<u>\$ 3,976,724</u>	<u>\$ -</u>	<u>\$ 144,399,156</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 3 - 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	\$ 610,716	\$ -	\$ -	\$ 610,716
<u>Capital assets being depreciated:</u>				
Utility plant in service	64,881,803	2,102,170	-	66,983,973
Buildings, structures and improvements	3,748,476	-	-	3,748,476
Improvements other than buildings	637,586	12,382	-	649,968
Machinery, equipment and vehicles	1,877,650	97,882	-	1,975,532
Construction in progress	481,740	2,824,316	(2,041,555)	1,264,501
Total capital assets being depreciated:	<u>71,627,255</u>	<u>5,036,750</u>	<u>(2,041,555)</u>	<u>74,622,450</u>
<u>Less accumulated depreciation for:</u>				
Utility plant in service	(17,787,532)	(1,673,394)	-	(19,460,926)
Buildings, structures and improvements	(1,494,790)	(97,730)	-	(1,592,520)
Improvements other than buildings	(202,980)	(42,654)	-	(245,634)
Machinery, equipment and vehicles	<u>(1,565,692)</u>	<u>(136,685)</u>	<u>-</u>	<u>(1,702,377)</u>
Total accumulated depreciation	<u>(21,050,994)</u>	<u>(1,950,463)</u>	<u>-</u>	<u>(23,001,457)</u>
Business-type activities capital assets, net	<u>\$ 51,186,977</u>	<u>\$ 3,086,287</u>	<u>\$ (2,041,555)</u>	<u>\$ 52,231,709</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to function/programs for the year ended June 30, 2005, as follows:

Governmental activities:	
General government	\$ 218,775
Public safety	507,029
Roads and streets	4,185,448
Parks and recreation	639,886
Public library	164,671
Drug education	<u>4,209</u>
Total depreciation expense - governmental activities	<u>\$ 5,720,018</u>
Business-type activities:	
Municipal Center	\$ 142,053
Water and sewer	1,755,529
Emergency Communications District	<u>52,881</u>
Total depreciation expense - business-type activities	<u>\$ 1,950,463</u>

NOTE 4 - INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to charges between funds that are outstanding as of June 30, 2005, and are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 970,375	\$ 55,768
Debt service fund	10,566	-
Capital projects fund	16,015	90,899
Nonmajor funds	119,305	126,010
Water and sewer fund	<u>192,294</u>	<u>844,365</u>
	1,308,555	1,117,042
Government wide statements (governmental activities)	<u>-</u>	<u>191,513</u>
Total interfund receivables (payables)	<u>\$ 1,308,555</u>	<u>\$ 1,308,555</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 4 - INTERFUND TRANSACTIONS (CONTINUED)

Interfund transfers for the year ended June 30, 2005 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

Transfer Out:	Transfer In:				Totals
	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental	Emergency Communications	
General Fund	\$ 2,950,000	\$ 1,190,000	\$ 582,750	\$ 250,000	\$ 4,972,750
Nonmajor Governmental Funds	-	1,000,000	-	-	1,000,000
Total Transfers	<u>\$ 2,950,000</u>	<u>\$ 2,190,000</u>	<u>\$ 582,750</u>	<u>\$ 250,000</u>	<u>\$ 5,972,750</u>

Interfund revenues and expenses for the year ended June 30, 2005, included the payment of rental fees for fire hydrant usage totaling \$100,000 by the general fund to the water and sewer enterprise fund. Such amount is included in public safety expenditures reported by the general fund and other operating revenues reported by the water and sewer enterprise fund for the year. The general fund also paid the municipal center enterprise fund rents totaling \$300,695 for the year ended June 30, 2005 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 \$85,000 for its space at the City's Service Center for the year ended June 30, 2005. Such amount is included in uses of money and property reported by the general fund and in other operating expenses reported by the water and sewer enterprise fund for the year. The general fund also contributed \$300,000 to the newly created Post Employment Benefits Fund for the year ended June 30, 2005. This amount is included in the general fund as other financing sources (uses) as a contribution to the fund.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 5 - LONG-TERM LIABILITIES

Changes in Long-Term Liabilities:

During the year ended June 30, 2005, the changes in long-term liabilities were as follows:

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2005</u>	<u>Due within</u> <u>one year</u>
Government Activities:					
General obligation bonds	\$ 26,380,000	\$ -	\$ 1,950,000	\$ 24,430,000	\$ 2,165,000
Less: Unamortized deferred charge on advance refunding	<u>(631,405)</u>	<u>-</u>	<u>(42,969)</u>	<u>(588,436)</u>	<u>-</u>
Total bonds	25,748,595	-	1,907,031	23,841,564	2,165,000
Compensated absences	<u>1,965,480</u>	<u>1,280,210</u>	<u>894,803</u>	<u>2,350,887</u>	<u>1,000,000</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 27,714,075</u>	<u>\$ 1,280,210</u>	<u>\$ 2,801,834</u>	<u>\$ 26,192,451</u>	<u>\$ 3,165,000</u>
Business-type Activities:					
Revenue and tax bonds	\$ 10,720,000	\$ -	\$ 1,335,000	\$ 9,385,000	\$ 1,365,000
State of Tennessee loan program	<u>1,419,262</u>	<u>-</u>	<u>232,305</u>	<u>1,186,957</u>	<u>239,853</u>
	12,139,262	-	1,567,305	10,571,957	1,604,853
Less: Unamortized deferred charge on advance refunding	<u>(318,759)</u>	<u>-</u>	<u>(58,305)</u>	<u>(260,454)</u>	<u>-</u>
Total Business-type Activities					
Long-term Liabilities	<u>\$ 11,820,503</u>	<u>\$ -</u>	<u>\$ 1,509,000</u>	<u>\$ 10,311,503</u>	<u>\$ 1,604,853</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

Description of long-term liabilities:

Amounts payable at June 30, 2005, were as follows:

Governmental Activities:

\$3,225,000 1997 General Obligation Refunding Bonds due in increasing annual installments through June 1, 2006, at a 4.5% rate of interest	\$ 415,000
\$4,945,000 1998 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2007, at a 4.25% rate of interest	435,000
\$1,955,000 1999 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2013, at varying rates of interest from 3.95% to 4.40%	1,680,000
\$5,000,000 2000 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2009, at varying rates of interest from 4.8% to 4.9%	855,000
\$3,030,000 2001 General Obligation Public Improvement Refunding Bonds due in increasing annual installments through May 1, 2009, at varying rates of interest from 4.00% to 4.25%	1,625,000

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Description of long-term liabilities (Continued)

\$5,525,000 2002 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2019, at varying rates of interest from 2.95% to 4.80%	5,465,000
\$4,425,000 2002 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2022, at varying rates of interest from 3.00% to 4.85%	4,100,000
\$6,300,000 2003 General Obligation Refunding Bonds due in increasing annual installments through June 30, 2018, at varying rates of interest from 2.00% to 4.10%	6,170,000
\$3,685,000 2004 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2024, at varying rates of interest from 2.30% to 4.45%	<u>3,685,000</u>
Total General Obligation Bonds	24,430,000
Unamortized charge on advance refunding	<u>(588,436)</u>
Total General Obligation Bonds, net of unamortized charge	<u>\$ 23,841,564</u>

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Description of long-term liabilities (Continued)

Business-type activities debt:

Revenue and Tax Bonds:

\$3,880,000 1997 Water Revenue and Tax Refunding Bonds due in increasing annual installments through June 1, 2006, at a 4.5% rate of interest	\$ 500,000
\$3,055,000 1998 Sewer Revenue and Tax Bonds due in increasing annual installments through March 1, 2007, at a rate of interest of 4.25%	270,000
\$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 3.95% to 4.4%	1,065,000
\$1,955,000 2001 Sewer Revenue and Tax Refunding Bonds due in increasing annual installments through May 1, 2009, at varying rates of interest from 4.00% to 4.25%	1,330,000
\$3,000,000 2001 Water Revenue and Tax Bonds due in increasing annual installments through March 31, 2021, at varying rates of interest from 4.00% to 4.75%	2,670,000
\$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 2.00% to 4.10%	<u>3,550,000</u>
Total Revenue and Tax Bonds	<u>9,385,000</u>

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Description of long-term liabilities (Continued)

Tennessee Loan Program:

\$2,990,906 State Loan Program Revenue Bonds, payable in monthly installments through February 1, 2011, at an interest rate of approximately 3.3%.

1,186,957

Total Business-type Activities Debt

10,571,957

Unamortized charge on advance refunding

(260,454)

Total Business-type Activities Debt, net of unamortized charge

\$ 10,311,503

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. General obligation bonds and notes payable are direct obligations of the City for which the full faith and credit are pledged. These obligations are payable from the assessment of ad valorem taxes.

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Debt Service Requirements

The annual debt service requirements to maturity for all long-term obligations outstanding as of June 30, 2005, are as follows:

Governmental Activities			
Year	Bonds		
	Principal	Interest	
2006	2,165,000	952,378	
2007	1,790,000	874,275	
2008	1,860,000	808,293	
2009	1,935,000	742,013	
2010-2014	7,780,000	2,750,360	
2015-2019	6,145,000	1,268,216	
2020-2024	2,500,000	285,968	
2025	255,000	5,674	
Totals	\$ 24,430,000	\$ 7,687,177	

Business-type Activities						
Year	Bonds		State Loan Program		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	1,365,000	361,319	239,853	38,563	1,604,853	399,882
2007	895,000	307,971	247,645	30,770	1,142,645	338,741
2008	940,000	273,431	255,691	22,725	1,195,691	296,156
2009	980,000	239,081	263,998	14,417	1,243,998	253,498
2010-2014	2,965,000	781,001	179,770	5,841	3,144,770	786,842
2015-2019	1,790,000	314,275	-	-	1,790,000	314,275
2020-2021	450,000	32,300	-	-	450,000	32,300
Totals	\$ 9,385,000	\$ 2,309,378	\$ 1,186,957	\$ 112,316	\$ 10,571,957	\$ 2,421,694

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 6 - DEFERRED REVENUES

Deferred revenues consist of the following at June 30, 2005:

Property taxes:

Delinquent taxes	\$ 217,633
2005 estimated levy	8,448,015
Estimated 2005 Hall Income tax	450,000
Other	<u>285,231</u>
	<u>\$ 9,400,879</u>

NOTE 7 - RISK MANAGEMENT

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

NOTE 8 - 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. Accordingly, no provision for any liability resulting from such litigation has been made in the accompanying financial statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 9 - DEFERRED COMPENSATION PLAN

The City of Brentwood offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time City employees at their option, permits 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, 2005 totaled \$187,585.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

The City provides postretirement health care benefits, in accordance with City policies established by resolutions, to all employees who retire from the City on or after attaining age 55 with at least 20 years of service. Retiree health care benefits are provided at two levels. Eligible retirees who are between the ages of 55 and 65 continue coverage under the City's group health insurance plan. The City pays the full cost of group health insurance for these retirees as well as 50 percent of the premiums for dependent health insurance coverage, if applicable. Currently, two retirees are covered under this level of benefits. The second level of benefits applies when a retiree reaches Medicare age and eligibility under the group health insurance plan ceases. At this level, the city reimburses the retiree for the cost of a Medicare supplement policy for the retiree only. Effective July 1, 2002, the amount of this Medicare supplement reimbursement for all future eligible retirees was limited to 50% of the amount paid by the City for the lowest cost, individual coverage under the City's group insurance plan. Currently, five retirees are covered under this level of benefits. Expenditures for postretirement health care benefits are recognized on a pay-as-you-go basis. During the year, expenditures of \$14,177 were recognized for postretirement health care for participants.

The City also provides postretirement life insurance benefits, in accordance with City policies established by resolution. Eligibility criteria was recently amended to limit this benefit only to employees who retire from the City on or after attaining age 55 with at least 20 years of service. Expenditures for postretirement life insurance benefits are recognized on a pay-as-you-go basis. During the year, expenditures of \$713 were recognized for postretirement life insurance for participants.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 11 - EMPLOYEE RETIREMENT SYSTEM AND PLAN

Plan Description

Employees of the City are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 (five) years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after 5 (five) years of service and members joining prior to July 1, 1979 were vested after 4 years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

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

The City is required to contribute at an actuarially determined rate; the rate for the year ending June 30, 2005 was 12.88% of annual covered payroll. The contribution requirements of plan members are set by state statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 11 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

Annual Pension Cost

For the year ended June 30, 2005, the City's annual pension cost of \$1,313,910 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2003 actuarial valuation using the frozen initial liability actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003 was 12 years.

Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$1,313,910	100.00%	\$0.00
6/30/04	\$1,023,715	100.00%	\$0.00
6/30/03	\$963,471	100.00%	\$0.00

NOTE 12 - COMMITMENTS

In December 1997, the Board of Commissioners authorized an amendment to the 1979 Trunk and Sewer Treatment Agreement between the City and the Metropolitan Government of Nashville and Davidson County ("Metro") for the purchase of additional sewer capacity in the Owl Creek and Holt Creek Drainage Basins. In connection with this agreement, the City paid Metro \$4,454,707 in February 1998 and will pay the remaining balance of \$1,347,288 in 2006.

Construction commitments amounting to approximately \$2,775,000 were outstanding as of June 30, 2005.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005

NOTE 13 - 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 Utility District. All of its sewage is treated by the Metropolitan Government of Nashville and Davidson County.

NOTE 14 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been made to net assets for the governmental activities in the government wide statements as of the beginning of the year to correct the reporting of property taxes in accordance with recent interpretations of GASB 33, 34 and 36 by the State of Tennessee Comptroller's Office. The restatement had the following effect:

	<u>GOVERNMENTAL ACTIVITIES</u>
Net Assets - beginning of year, as previously reported	\$ 146,940,778
To correct the reporting of property taxes under GASB 33, 34 and 36	<u>(3,967,712)</u>
Net Assets - beginning of year, as restated	<u>\$ 142,973,066</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2005

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u> <u>OVER</u> <u>(UNDER)</u>
REVENUES				
Taxes:				
Local sales tax	\$ 7,715,000	\$ 8,565,000	\$ 8,691,778	\$ 126,778
Real and personal property	7,685,000	7,685,000	7,981,943	296,943
Public utility property tax	435,000	435,000	491,509	56,509
Business	917,800	917,800	985,218	67,418
Hotel/Motel taxes	600,000	600,000	787,808	187,808
Other	780,700	980,700	1,121,321	140,621
Licenses and permits	809,750	909,750	927,561	17,811
Fines and fees	230,000	230,000	226,857	(3,143)
Charges for services	167,500	167,500	189,845	22,345
Intergovernmental:				
State sales tax	1,736,000	1,776,000	1,860,939	84,939
State income tax	900,000	900,000	804,861	(95,139)
Mitigation tax	280,000	280,000	159,756	(120,244)
Other	630,045	640,545	778,153	137,608
Uses of money and property				
Interest earnings	200,000	200,000	300,267	100,267
Other	94,200	94,200	96,082	1,882
Other	16,500	16,500	23,195	6,695
TOTAL REVENUES	23,197,495	24,397,995	25,427,093	1,029,098
EXPENDITURES				
Current:				
General government:				
City Commission:				
Personnel Services	95,985	95,985	92,259	(3,726)
Other costs	23,185	21,862	21,252	(610)
Capital outlay	-	1,323	1,323	-
City Court:				
Personnel Services	26,300	26,300	26,092	(208)
Other costs	300	300	-	(300)
City Manager's office:				
Personnel Services	231,725	231,725	231,492	(233)
Other costs	2,800	2,661	2,223	(438)
Capital outlay	-	139	139	-

(Continued on next page)

See accompanying note on page 59.

CITY OF BRENTWOOD, TENNESSEE

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2005

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Elections:				
Board of commission	\$ 33,000	\$ 41,460	\$ 41,458	\$ (2)
Finance:				
Personnel Services	444,890	444,890	438,220	(6,670)
Other costs	92,885	92,885	69,627	(23,258)
Capital outlay	400	400	-	(400)
Legal services:				
Personnel Services	148,035	148,035	143,607	(4,428)
Other costs	72,000	72,000	55,626	(16,374)
Capital outlay	2,500	2,500	1,661	(839)
Information/technology:				
Personnel Services	308,410	310,915	310,911	(4)
Other costs	53,750	60,505	60,502	(3)
Capital outlay	3,000	490	-	(490)
Human resources:				
Personnel Services	224,460	224,460	222,409	(2,051)
Other costs	51,360	51,360	42,175	(9,185)
Capital outlay	-	-	-	-
Community relations:				
Personnel Services	94,790	94,790	91,734	(3,056)
Other costs	148,700	132,925	96,226	(36,699)
Capital outlay	-	-	-	-
Planning and development:				
Personnel Services	383,565	383,565	381,356	(2,209)
Other costs	94,990	92,660	91,685	(975)
Capital outlay	900	3,230	3,229	(1)
Codes enforcement:				
Personnel Services	516,995	516,995	503,828	(13,167)
Other costs	58,860	58,840	55,164	(3,676)
Capital outlay	400	420	420	-
Municipal Center:				
Rent expense	300,695	300,695	300,695	-

(Continued on next page)

See accompanying note on page 59.

CITY OF BRENTWOOD, TENNESSEE

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2005

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Insurance/other benefits:				
Insurance	\$ 482,775	\$ 482,775	\$ 470,583	\$ (12,192)
Supplemental retirement match	203,865	215,660	215,658	(2)
Other benefits	284,540	272,745	248,699	(24,046)
Total general government	4,386,060	4,385,495	4,220,253	(165,242)
Public safety:				
Police department:				
Personnel Services	3,934,110	3,894,715	3,726,191	(168,524)
Other costs	428,780	468,175	468,173	(2)
Capital outlay	222,390	222,390	191,995	(30,395)
Fire department:				
Personnel Services	3,872,130	3,860,805	3,810,150	(50,655)
Other costs	356,595	356,595	343,788	(12,807)
Capital outlay	104,900	116,225	116,225	-
Brentwood Safety Center East:				
Other costs	56,915	56,915	56,911	(4)
Total public safety	8,975,820	8,975,820	8,713,433	(262,387)
Roads and streets:				
Public works:				
Personnel Services	876,930	870,195	858,881	(11,314)
Repairs and maintenance	340,000	346,735	346,733	(2)
Other costs	241,960	241,960	194,202	(47,758)
Storm drainage:				
Other costs	35,000	35,000	29,900	(5,100)
Capital outlay	50,000	50,000	39,988	(10,012)

(Continued on next page)

See accompanying note on page 59.

CITY OF BRENTWOOD, TENNESSEE

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2005

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Street lighting/traffic signals:				
Utilities	\$ 335,000	\$ 342,485	\$ 342,484	\$ (1)
Other costs	167,415	158,080	90,964	(67,116)
Capital outlay	-	1,850	1,849	(1)
Service center:				
Personnel Services	83,040	83,040	82,425	(615)
Other costs	139,160	139,160	136,665	(2,495)
Capital outlay	-	-	-	-
Engineering services:				
Personnel Services	298,095	295,670	265,484	(30,186)
Other costs	53,500	53,500	47,548	(5,952)
Capital outlay	-	2,425	2,424	(1)
Total roads and streets	<u>2,620,100</u>	<u>2,620,100</u>	<u>2,439,547</u>	<u>(180,553)</u>
Public health:				
Other costs	<u>71,200</u>	<u>71,765</u>	<u>71,764</u>	<u>(1)</u>
Parks and recreation:				
Personnel Services	614,790	586,375	557,247	(29,128)
Other costs	657,615	657,615	539,357	(118,258)
Capital outlay	-	28,415	28,412	(3)
Total parks and recreation	<u>1,272,405</u>	<u>1,272,405</u>	<u>1,125,016</u>	<u>(147,389)</u>
Public library:				
Personnel Services	898,465	898,465	890,315	(8,150)
Other costs	632,380	632,380	615,107	(17,273)
Capital outlay	<u>4,300</u>	<u>14,800</u>	<u>13,351</u>	<u>(1,449)</u>
Total public library	<u>1,535,145</u>	<u>1,545,645</u>	<u>1,518,773</u>	<u>(26,872)</u>

(Continued on next page)

See accompanying note on page 59.

CITY OF BRENTWOOD, TENNESSEE

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2005

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Community support:				
Education	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Economic development	10,000	10,000	10,000	-
International exchange	5,000	5,000	3,358	(1,642)
Crockett Historic Center	33,600	33,600	25,600	(8,000)
Tree committee	2,000	2,000	835	(1,165)
Total community support	<u>250,600</u>	<u>250,600</u>	<u>239,793</u>	<u>(10,807)</u>
TOTAL EXPENDITURES	<u>19,111,330</u>	<u>19,121,830</u>	<u>18,328,579</u>	<u>(793,251)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,086,165</u>	<u>5,276,165</u>	<u>7,098,514</u>	<u>1,822,349</u>
OTHER FINANCING USES				
Transfers to Debt Service Fund	(2,950,000)	(2,950,000)	(2,950,000)	-
Transfers to Emergency Communication Fund	(250,000)	(250,000)	(250,000)	-
Transfers to Capital Projects Fund	(300,000)	(1,190,000)	(1,190,000)	-
Transfers to Equipment Replacement Fund	(582,750)	(582,750)	(582,750)	-
Contribution to Post Employment Benefits Fund	-	(300,000)	(300,000)	-
TOTAL OTHER FINANCING USES	<u>(4,082,750)</u>	<u>(5,272,750)</u>	<u>(5,272,750)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,415</u>	<u>\$ 3,415</u>	<u>1,825,764</u>	<u>\$ 1,822,349</u>
FUND BALANCE, BEGINNING OF YEAR			<u>14,682,705</u>	
FUND BALANCE, END OF YEAR			<u>\$ 16,508,469</u>	

See accompanying note on page 59.

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FUNDING PROGRESS

POLITICAL SUBDIVISION PENSION PLAN
SUPPLEMENTARY INFORMATION (Unaudited)

JUNE 30, 2005

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2003	\$ 11,417	\$ 14,327	\$ 2,910	79.69%	\$ 9,159	31.77%
July 1, 2001	\$ 8,980	\$ 11,810	\$ 2,830	76.04%	\$ 7,472	37.87%
July 1, 1999	\$ 6,996	\$ 8,734	\$ 1,738	80.10%	\$ 6,567	26.47%

Changes in Actuarial Assumptions

An actuarial valuation was performed as of July 1, 2003 which established contribution rates effective July 1, 2004. As a result of the June 30, 2000 experience study, changes were made to two of the significant actuarial assumptions as follows: 1) projected salary increase of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries) and 2) projected 3.5 percent annual increases in the Social Security wage base.

CITY OF BRENTWOOD, TENNESSEE

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - 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 special revenue and debt service funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America ("GAAP"). In prior years, the annual appropriated budget for the general fund was adopted on a GAAP basis, except that revenues from the state income tax are budgeted based on actual cash collections. During 2005, the City began adopting its annual appropriated budget for all general fund revenues on a GAAP basis. As such, an adjustment has been made to adjust beginning general fund net assets for budgetary reporting as follows:

General fund balance:

Beginning fund balance - budget basis	\$ 13,859,687
Add: accrued state income tax revenues	<u>823,018</u>
Beginning fund balance - GAAP basis	<u>\$ 14,682,705</u>

Budgeted amounts shown are those originally adopted, as well as the final budgets which reflect amendments by the Board of Commissioners.

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

Excess Expenditures

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

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.

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

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

CITY OF BRENTWOOD, TENNESSEE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2005

<u>ASSETS AND OTHER DEBITS</u>	<u>SPECIAL REVENUE</u>				<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>STATE STREET AID</u>	<u>DRUG</u>	<u>PUBLIC WORKS PROJECT</u>	<u>EQUIPMENT REPLACEMENT</u>	
ASSETS:					
Cash and cash equivalents	\$ 451,346	\$ 186,158	\$ 1,617,485	\$ 1,002,840	\$ 3,257,829
Receivables:					
Taxes	150,819	-	-	-	150,819
Due From General Fund	-	-	-	28,406	28,406
Due From Other Funds	90,899	-	-	-	90,899
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 693,064	\$ 186,158	\$ 1,617,485	\$ 1,031,246	\$ 3,527,953
LIABILITIES:					
Accounts payable	\$ -	\$ 91,509	\$ 8,687	\$ 71,042	\$ 171,238
Due to General Fund	124,338	-	-	1,672	126,010
Long-term debt	-	-	-	-	-
TOTAL LIABILITIES	124,338	91,509	8,687	72,714	297,248
COMMITMENTS AND CONTINGENCIES					
EQUITY AND OTHER CREDITS					
Fund balance:					
Reserved for capital projects	-	-	1,608,798	958,532	2,567,330
Reserved for street repairs	568,726	-	-	-	568,726
Reserved for drug enforcement and education	-	94,649	-	-	94,649
TOTAL EQUITY AND OTHER CREDITS	568,726	94,649	1,608,798	958,532	3,230,705
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 693,064	\$ 186,158	\$ 1,617,485	\$ 1,031,246	\$ 3,527,953

CITY OF BRENTWOOD, TENNESSEE

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

FOR THE YEAR ENDED JUNE 30, 2005

	<u>SPECIAL REVENUE</u>				<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>STATE STREET AID</u>	<u>DRUG</u>	<u>PUBLIC WORKS PROJECT</u>	<u>EQUIPMENT REPLACEMENT</u>	
REVENUES					
Licenses and permits	\$ -	\$ -	\$ 782,242	\$ -	\$ 782,242
Intergovernmental	868,177	-	-	-	868,177
Uses of money and property	5,482	2,956	23,850	29,442	61,730
Other	-	83,115	-	-	83,115
TOTAL REVENUES	<u>873,659</u>	<u>86,071</u>	<u>806,092</u>	<u>29,442</u>	<u>1,795,264</u>
EXPENDITURES					
Current:					
Roads and streets	741,218	-	-	-	741,218
Drug education	-	10,628	-	-	10,628
Capital outlay	-	91,475	-	974,057	1,065,532
TOTAL EXPENDITURES	<u>741,218</u>	<u>102,103</u>	<u>-</u>	<u>974,057</u>	<u>1,817,378</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>132,441</u>	<u>(16,032)</u>	<u>806,092</u>	<u>(944,615)</u>	<u>(22,114)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	582,750	582,750
Transfers out	-	-	(1,000,000)	-	(1,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>582,750</u>	<u>(417,250)</u>
NET CHANGE IN FUND BALANCE	<u>132,441</u>	<u>(16,032)</u>	<u>(193,908)</u>	<u>(361,865)</u>	<u>(439,364)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>436,285</u>	<u>110,681</u>	<u>1,802,706</u>	<u>1,320,397</u>	<u>3,670,069</u>
FUND BALANCE, END OF YEAR	<u>\$ 568,726</u>	<u>\$ 94,649</u>	<u>\$ 1,608,798</u>	<u>\$ 958,532</u>	<u>\$ 3,230,705</u>

CITY OF BRENTWOOD, TENNESSEE

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

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	STATE STREET AID FUND			DRUG FUND		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES:						
Licenses and permits:						
Public works project fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Edmondson Branch fees	-	-	-	-	-	-
Intergovernmental:						
State fuel taxes	875,000	868,177	(6,823)	-	-	-
Uses of money and property:						
Interest earnings	1,500	5,482	3,982	1,000	2,956	1,956
Other:						
Drug related fines and contributions	-	-	-	20,000	83,115	63,115
TOTAL REVENUES	876,500	873,659	(2,841)	21,000	86,071	65,071
EXPENDITURES						
Current:						
Roads and streets - street repairs	830,000	741,218	(88,782)	-	-	-
Drug education	-	-	-	12,925	10,628	(2,297)
Capital outlay	-	-	-	91,475	91,475	-
TOTAL EXPENDITURES	830,000	741,218	(88,782)	104,400	102,103	(2,297)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	46,500	132,441	85,941	(83,400)	(16,032)	67,368
OTHER FINANCING SOURCES (USES)						
Transfers from General Fund	-	-	-	-	-	-
Transfers to Capital Projects Fund	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ 46,500	132,441	\$ 85,941	\$ (83,400)	(16,032)	\$ 67,368
FUND BALANCE, BEGINNING OF YEAR		436,285			110,681	
FUND BALANCE, END OF YEAR		\$ 568,726			\$ 94,649	

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

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

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	<u>PUBLIC WORKS PROJECT FUND</u>			<u>EQUIPMENT REPLACEMENT FUND</u>			
	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>	<u>ORIGINAL BUDGETED AMOUNTS</u>	<u>FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
REVENUES:							
Licenses and permits:							
Public works project fees	\$ 400,000	\$ 580,281	\$ 180,281	\$ -	\$ -	\$ -	\$ -
Edmondson Branch fees	90,000	201,961	111,961	-	-	-	-
Intergovernmental:							
State fuel taxes	-	-	-	-	-	-	-
Uses of money and property:							
Interest earnings	10,000	23,850	13,850	15,000	15,000	29,442	14,442
Other:							
Drug related fines and contributions	-	-	-	-	-	-	-
TOTAL REVENUES	<u>500,000</u>	<u>806,092</u>	<u>306,092</u>	<u>15,000</u>	<u>15,000</u>	<u>29,442</u>	<u>14,442</u>
EXPENDITURES							
Current:							
Roads and streets - street repairs	-	-	-	-	-	-	-
Drug education	-	-	-	-	-	-	-
Capital outlay	-	-	-	942,250	984,250	974,057	(10,193)
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>942,250</u>	<u>984,250</u>	<u>974,057</u>	<u>(10,193)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>500,000</u>	<u>806,092</u>	<u>306,092</u>	<u>(927,250)</u>	<u>(969,250)</u>	<u>(944,615)</u>	<u>24,635</u>
OTHER FINANCING SOURCES (USES)							
Transfers from General Fund			-	582,750	582,750	582,750	-
Transfers to Capital Projects Fund	(1,000,000)	(1,000,000)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>	<u>582,750</u>	<u>582,750</u>	<u>582,750</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (500,000)</u>	<u>(193,908)</u>	<u>\$ 306,092</u>	<u>\$ (344,500)</u>	<u>\$ (386,500)</u>	<u>(361,865)</u>	<u>\$ 24,635</u>
FUND BALANCE, BEGINNING OF YEAR		<u>1,802,706</u>				<u>1,320,397</u>	
FUND BALANCE, END OF YEAR		<u>\$ 1,608,798</u>				<u>\$ 958,532</u>	

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

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

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	TOTALS			VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL	
REVENUES:				
Licenses and permits:				
Public works project fees	\$ 400,000	\$ 400,000	\$ 580,281	\$ 180,281
Edmondson Branch fees	90,000	90,000	201,961	111,961
Intergovernmental:				
State fuel taxes	875,000	875,000	868,177	(6,823)
Uses of money and property:				
Interest earnings	27,500	27,500	61,730	34,230
Other:				
Drug related fines and contributions	20,000	20,000	83,115	63,115
TOTAL REVENUES	<u>1,412,500</u>	<u>1,412,500</u>	<u>1,795,264</u>	<u>382,764</u>
EXPENDITURES				
Current:				
Roads and streets - street repairs	830,000	830,000	741,218	(88,782)
Drug education	12,925	12,925	10,628	(2,297)
Capital outlay	<u>1,033,725</u>	<u>1,033,725</u>	<u>1,065,532</u>	<u>31,807</u>
TOTAL EXPENDITURES	<u>1,876,650</u>	<u>1,876,650</u>	<u>1,817,378</u>	<u>(59,272)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(464,150)</u>	<u>(464,150)</u>	<u>(22,114)</u>	<u>442,036</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers from General Fund	582,750	582,750	582,750	-
Operating transfers to Capital Projects Fund	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(417,250)</u>	<u>(417,250)</u>	<u>(417,250)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (881,400)</u>	<u>\$ (881,400)</u>	<u>(439,364)</u>	<u>\$ 442,036</u>
FUND BALANCE, BEGINNING OF YEAR			<u>3,670,069</u>	
FUND BALANCE, END OF YEAR			<u>\$ 3,230,705</u>	

CITY OF BRENTWOOD, TENNESSEE

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

DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2005

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Uses of money and property:				
Interest earnings	\$ 72,000	\$ 72,000	\$ 92,273	\$ 20,273
EXPENDITURES				
Debt service:				
Principal	1,966,510	1,966,510	1,971,459	4,949
Interest	1,073,382	1,073,382	1,073,377	(5)
Issuance costs	25,000	25,000	-	(25,000)
Other:				
Bank service charges	6,000	6,000	-	(6,000)
TOTAL EXPENDITURES	<u>3,070,892</u>	<u>3,070,892</u>	<u>3,044,836</u>	<u>(26,056)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,998,892)</u>	<u>(2,998,892)</u>	<u>(2,952,563)</u>	<u>46,329</u>
OTHER FINANCING SOURCES (USES)				
Transfers from General Fund	<u>2,950,000</u>	<u>2,950,000</u>	<u>2,950,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,950,000</u>	<u>2,950,000</u>	<u>2,950,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (48,892)</u>	<u>\$ (48,892)</u>	<u>(2,563)</u>	<u>\$ 46,329</u>
FUND BALANCE, BEGINNING OF YEAR			<u>2,954,569</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,952,006</u>	

See accompanying note to schedule on page 59.

FINANCIAL SCHEDULE SECTION

CITY OF BRENTWOOD, TENNESSEE

CAPITAL ASSETS USED IN THE OPERATION OF THE GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2005

<u>FUNCTION AND ACTIVITY</u>	<u>LAND</u>	<u>BUILDINGS AND STRUCTURES</u>	<u>IMPROVEMENTS OTHER THAN BUILDINGS</u>	<u>EQUIPMENT</u>	<u>INFRASTRUCTURE</u>	<u>CONSTRUCTION IN PROGRESS</u>	<u>TOTALS</u>
General government:							
Finance/administration	\$ -	\$ -	\$ -	\$ 37,313	\$ -	\$ -	\$ 37,313
Planning and development	-	-	-	553,986	-	-	553,986
Other - unclassified	<u>10,600</u>	<u>250,209</u>	<u>157,651</u>	<u>1,536,591</u>	<u>-</u>	<u>156,240</u>	<u>2,111,291</u>
Total General Government	<u>10,600</u>	<u>250,209</u>	<u>157,651</u>	<u>2,127,890</u>	<u>-</u>	<u>156,240</u>	<u>2,702,590</u>
Public Safety:							
Police	-	7,500	-	2,477,512	-	-	2,485,012
Fire	<u>501,573</u>	<u>3,966,277</u>	<u>14,389</u>	<u>3,377,870</u>	<u>-</u>	<u>-</u>	<u>7,860,109</u>
Total Public Safety	<u>501,573</u>	<u>3,973,777</u>	<u>14,389</u>	<u>5,855,382</u>	<u>-</u>	<u>-</u>	<u>10,345,121</u>
Roads and Streets:							
Public works	62,018,707	-	-	1,275,696	120,116,511	2,640,575	186,051,489
Other	<u>411,162</u>	<u>767,003</u>	<u>-</u>	<u>629,144</u>	<u>168,144</u>	<u>-</u>	<u>1,975,453</u>
Total Roads and Streets	<u>62,429,869</u>	<u>767,003</u>	<u>-</u>	<u>1,904,840</u>	<u>120,284,655</u>	<u>2,640,575</u>	<u>188,026,942</u>
Parks and Recreation	<u>2,533,618</u>	<u>2,968,996</u>	<u>10,196,304</u>	<u>580,511</u>	<u>1,372,401</u>	<u>198,214</u>	<u>17,850,044</u>
Public Library	<u>-</u>	<u>7,251,509</u>	<u>45,805</u>	<u>551,496</u>	<u>-</u>	<u>-</u>	<u>7,848,810</u>
Drug Special Revenue Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,093</u>	<u>-</u>	<u>-</u>	<u>42,093</u>
Total governmental funds capital assets	<u>\$ 65,475,660</u>	<u>\$ 15,211,494</u>	<u>\$ 10,414,149</u>	<u>\$ 11,062,212</u>	<u>\$ 121,657,056</u>	<u>\$ 2,995,029</u>	<u>\$ 226,815,600</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, 2005

<u>FUNCTION AND ACTIVITY</u>	<u>BALANCE</u> <u>JULY 1, 2004</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2005</u>
General government:				
Finance and administration	\$ 37,313	\$ -	\$ -	\$ 37,313
Planning and development	545,986	8,000	-	553,986
Other - unclassified	1,757,695	353,596	-	2,111,291
Public safety:				
Police department	2,099,522	385,490	-	2,485,012
Fire department	7,269,529	605,904	(15,324)	7,860,109
Roads and streets	181,103,401	6,923,541	-	188,026,942
Parks and recreation	16,475,638	1,374,406	-	17,850,044
Public library	7,803,005	45,805	-	7,848,810
Drug special revenue fund	<u>42,093</u>	<u>-</u>	<u>-</u>	<u>42,093</u>
Total governmental funds capital assets	<u>\$ 217,134,182</u>	<u>\$ 9,696,742</u>	<u>\$ (15,324)</u>	<u>\$ 226,815,600</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS

JUNE 30, 2005

	<u>Amount</u>
<u>MAJOR GOVERNMENTAL FUNDS</u>	
<u>General Fund</u>	
SunTrust - demand deposits	\$ 9,549,893
Fifth Third Bank - Certificate of Deposit	5,000,000
Bancorpsouth - Certificate of Deposit	35,000
Cash on hand	<u>1,150</u>
Total General Fund	<u>14,586,043</u>
<u>Debt Service Fund</u>	
SunTrust - demand deposits	941,623
Fifth Third Bank - Certificate of Deposit	<u>2,000,000</u>
Total Debt Service Fund	<u>2,941,623</u>
<u>Capital Projects Fund</u>	
SunTrust - demand deposits	4,390,886
Fifth Third Bank - Certificate of Deposit	3,000,000
Local Government Investment Pool	<u>112,348</u>
Total Capital Projects Fund	<u>7,503,234</u>
<u>NONMAJOR GOVERNMENTAL FUNDS</u>	
<u>State Street Aid</u>	
SunTrust - demand deposits	451,346
<u>Drug Fund</u>	
SunTrust - demand deposits	186,158
<u>Public Works Project Fund</u>	
SunTrust - demand deposits	1,617,485
<u>Equipment Replacement Fund</u>	
SunTrust - demand deposits	<u>1,002,840</u>
Total Nonmajor Governmental Funds	<u>3,257,829</u>
<u>MAJOR PROPRIETARY FUNDS</u>	
<u>Water and Sewer Fund</u>	
SunTrust - demand deposits	<u>5,107,647</u>
<u>Municipal Center Fund</u>	
SunTrust - demand deposits	<u>456,268</u>
<u>Emergency Communication District</u>	
SunTrust - demand deposits	<u>566,441</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 34,419,085</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2005

<u>Fiscal Year</u>	<u>BALANCE JULY 1, 2004</u>	<u>LEVY</u>	<u>COLLECTIONS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE JUNE 30, 2005</u>
2005	\$ -	\$ 7,935,424	(7,802,864)	\$ -	132,560
2004	126,110	-	(104,235)	-	21,875
2003	42,971	-	(23,503)	-	19,468
2002	22,208	-	(6,709)	-	15,499
2001	39,430	-	(1,915)	-	37,515
2000	18,547	-	(444)	-	18,103
1999	11,058	-	(110)	-	10,948
1998	9,623	-	(428)	-	9,195
1997	4,333	-	(43)	-	4,290
1996	3,912	-	(1)	-	3,911
1995	1,960	-	-	(1,960)	-
1994	1,981	-	-	(1,981)	-
1993	1,160	-	-	(1,160)	-
1992	705	-	-	(705)	-
1991	2,729	-	-	(2,729)	-
1990	14,534	-	(13)	(14,521)	-
1989	<u>22,117</u>	<u>-</u>	<u>-</u>	<u>(22,117)</u>	<u>-</u>
Total	<u>\$ 323,378</u>	<u>\$ 7,935,424</u>	<u>\$ (7,940,265)</u>	<u>\$ (45,173)</u>	<u>\$ 273,364</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, 2005

Year	1997 G.O. Refunding Bonds		1998 G.O. Improve Bonds - Not Refunded		1999 G.O. Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	415,000	18,675	215,000	18,488	190,000	66,490
2007	-	-	220,000	9,350	190,000	58,938
2008	-	-	-	-	195,000	51,189
2009	-	-	-	-	205,000	42,986
2010	-	-	-	-	170,000	35,163
2011	-	-	-	-	170,000	27,979
2012	-	-	-	-	180,000	20,498
2013	-	-	-	-	185,000	12,604
2014	-	-	-	-	195,000	4,290
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
	<u>\$ 415,000</u>	<u>\$ 18,675</u>	<u>\$ 435,000</u>	<u>\$ 27,838</u>	<u>\$ 1,680,000</u>	<u>\$ 320,137</u>

Year	2002 G. O. Refunding Bonds		2002 G.O. Bonds		2003 G.O. Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	20,000	244,145	170,000	177,803	430,000	189,717
2007	25,000	243,375	175,000	172,703	435,000	181,067
2008	25,000	242,425	185,000	166,840	685,000	168,155
2009	25,000	241,475	190,000	160,273	705,000	149,018
2010	270,000	235,600	200,000	153,148	735,000	127,418
2011	280,000	224,390	205,000	145,348	750,000	104,205
2012	610,000	205,618	215,000	137,148	475,000	83,705
2013	635,000	178,844	225,000	128,333	295,000	70,230
2014	660,000	150,348	235,000	118,770	305,000	59,501
2015	690,000	119,965	245,000	108,548	320,000	47,855
2016	725,000	87,593	255,000	97,645	330,000	35,340
2017	350,000	62,780	265,000	86,043	345,000	21,833
2018	365,000	46,065	280,000	73,720	360,000	7,380
2019	385,000	28,344	295,000	60,420	-	-
2020	400,000	9,600	305,000	46,408	-	-
2021	-	-	320,000	31,768	-	-
2022	-	-	335,000	16,248	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
	<u>\$ 5,465,000</u>	<u>\$ 2,320,567</u>	<u>\$ 4,100,000</u>	<u>\$ 1,881,166</u>	<u>\$ 6,170,000</u>	<u>\$ 1,245,424</u>

2004 G.O. Public Improvement Bonds		Totals Bonds	
Principal	Interest	Principal	Interest
140,000	128,571	2,165,000	952,378
140,000	125,351	1,790,000	874,275
145,000	122,074	1,860,000	808,293
145,000	118,503	1,935,000	742,013
150,000	114,538	1,525,000	665,867
155,000	110,305	1,560,000	612,227
155,000	105,810	1,635,000	552,779
160,000	100,925	1,500,000	490,936
165,000	95,642	1,560,000	428,551
175,000	89,945	1,430,000	366,313
180,000	83,820	1,490,000	304,398
185,000	77,340	1,145,000	247,996
190,000	70,495	1,195,000	197,660
205,000	63,085	885,000	151,849
210,000	54,990	915,000	110,998
220,000	46,280	540,000	78,048
230,000	36,940	565,000	53,188
235,000	27,058	235,000	27,058
245,000	16,676	245,000	16,676
255,000	5,674	255,000	5,674
\$ 3,685,000	\$ 1,594,022	\$ 24,430,000	\$ 7,687,177

CITY OF BRENTWOOD, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS - BUSINESS-TYPE ACTIVITIES DEBT
JUNE 30, 2005

Year	1997 Water Revenue and Tax Refunding Bonds		1998 Sewer Revenue and Tax Bonds		1999 Sewer Revenue and Tax Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	500,000	22,500	130,000	11,475	100,000	42,760
2007	-	-	140,000	5,950	100,000	38,785
2008	-	-	-	-	105,000	34,659
2009	-	-	-	-	115,000	30,146
2010	-	-	-	-	120,000	25,240
2011	-	-	-	-	125,000	20,064
2012	-	-	-	-	125,000	14,720
2013	-	-	-	-	135,000	9,096
2014	-	-	-	-	140,000	3,080
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
	<u>\$ 500,000</u>	<u>\$ 22,500</u>	<u>\$ 270,000</u>	<u>\$ 17,425</u>	<u>\$ 1,065,000</u>	<u>\$ 218,550</u>

Year	2003 Sewer Revenue and Tax Refunding Bonds		Totals Bonds		State Loan Program Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	205,000	111,652	1,365,000	361,319	239,853	38,563
2007	210,000	107,503	895,000	307,971	247,645	30,770
2008	365,000	100,840	940,000	273,431	255,691	22,725
2009	375,000	90,652	980,000	239,081	263,998	14,417
2010	380,000	79,327	640,000	202,362	179,770	5,841
2011	395,000	67,209	665,000	179,398	-	-
2012	410,000	53,615	685,000	154,515	-	-
2013	185,000	43,202	480,000	132,178	-	-
2014	190,000	36,468	495,000	112,548	-	-
2015	195,000	29,325	370,000	95,065	-	-
2016	205,000	21,622	385,000	79,487	-	-
2017	210,000	13,425	400,000	63,010	-	-
2018	225,000	4,613	425,000	45,363	-	-
2019	-	-	210,000	31,350	-	-
2020	-	-	220,000	21,375	-	-
2021	-	-	230,000	10,925	-	-
	<u>\$ 3,550,000</u>	<u>\$ 759,453</u>	<u>\$ 9,385,000</u>	<u>\$ 2,309,378</u>	<u>\$ 1,186,957</u>	<u>\$ 112,316</u>

2001 Sewer Revenue and Tax Refunding Bonds		2001 Water Revenue and Tax Bonds	
Principal	Interest	Principal	Interest
310,000	54,937	120,000	117,995
325,000	42,538	120,000	113,195
340,000	29,537	130,000	108,395
355,000	15,088	135,000	103,195
-	-	140,000	97,795
-	-	145,000	92,125
-	-	150,000	86,180
-	-	160,000	79,880
-	-	165,000	73,000
-	-	175,000	65,740
-	-	180,000	57,865
-	-	190,000	49,585
-	-	200,000	40,750
-	-	210,000	31,350
-	-	220,000	21,375
-	-	230,000	10,925
<u>\$ 1,330,000</u>	<u>\$ 142,100</u>	<u>\$ 2,670,000</u>	<u>\$ 1,149,350</u>

Total Debt Requirements	
Principal	Interest
1,604,853	399,882
1,142,645	338,741
1,195,691	296,156
1,243,998	253,498
819,770	208,203
665,000	179,398
685,000	154,515
480,000	132,178
495,000	112,548
370,000	95,065
385,000	79,487
400,000	63,010
425,000	45,363
210,000	31,350
220,000	21,375
230,000	10,925
<u>\$ 10,571,957</u>	<u>\$ 2,421,694</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2005

Grant Description	Federal CFDA#	Grant Number	Grant Period	Federal Grant Amount	State Grant Amount	Accrued (Deferred) 7/1/04	Other Adjustments	Federal Receipts	State Receipts	Expenditures	Accrued (Deferred) 6/30/05
FEDERAL AWARDS:											
FEDERAL EMERGENCY MANAGEMENT AGENCY											
Passed through the Tennessee Emergency Management Agency:											
Disaster Assistance	83.554	187-08280-00	5/05/03-6/18/03	\$ 251,484	\$ -	\$ 108,691	\$ -	\$ 185,561	\$ -	\$ 76,870	\$ -
Fire Act Grant	83.554	EMW-2003-FG-18287	1/01/03-12/19/03	\$ 96,000		-	-	86,309	-	86,309	-
TOTAL FEDERAL EMERGENCY MANAGEMENT						108,691	-	271,870	-	163,179	-
BUREAU OF JUSTICE ASSISTANCE											
Bulletproof Vest Grant	16.607	N/A	7/01/2002-9/30/07	\$ 6,390	\$ -	-	-	2,648	-	2,648	-
TOTAL EXPENDITURES OF FEDERAL AWARDS						\$ 108,691	\$ -	\$ 274,518	\$ -	\$ 165,827	\$ -
STATE AWARDS:											
State of Tennessee											
Department of State, Tennessee State Library and Archives Technology Grant											
	N/A	N/A			\$ 10,500	\$ -	\$ -	\$ -	\$ 10,500	\$ 10,500	\$ -
TML Risk Management Pool											
Safety Partners Loss Control Matching Grant	N/A	N/A			\$ 2,000	-	-	2,000	-	2,000	-
TOTAL EXPENDITURES OF STATE AWARDS						\$ -	\$ -	\$ 2,000	\$ 10,500	\$ 12,500	\$ -
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS						\$ 108,691	\$ -	\$ 276,518	\$ 10,500	\$ 178,327	\$ -

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal and State Awards includes the grant activity of the City of Brentwood, Tennessee and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. This schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

STATISTICAL SECTION

(Not Covered by Report of Independent Certified Public Accountants)

CITY OF BRENTWOOD, TENNESSEE

GENERAL GOVERNMENTAL REVENUES (BY SOURCE) AND OTHER FINANCING SOURCES (UNAUDITED)

LAST TEN YEARS

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
REVENUES										
Taxes	\$ 20,059,577	\$ 17,740,061	\$ 16,888,286	\$ 16,012,683	\$ 16,467,521	\$ 15,556,655	\$ 13,967,041	\$ 12,340,738	\$ 10,874,837	\$ 9,916,402
Licenses and permits	1,709,803	1,990,455	1,595,673	1,432,356	745,512	530,945	1,063,628	736,959	1,365,306	862,605
Fines and fees	226,857	230,690	233,958	193,582	209,596	191,895	184,145	153,217	132,049	140,985
Charges for services	189,845	186,724	150,722	150,869	126,134	139,830	99,399	85,162	78,472	67,526
Intergovernmental	4,471,886	3,843,845	4,321,853	4,443,128	4,794,687 *	4,020,980	3,984,371	3,487,707	3,413,414	3,184,190
Uses of money and property	731,403	436,363	499,447	786,729	1,609,349	1,528,044	1,877,101	862,686	943,795	816,000
Other	<u>106,310</u>	<u>64,603</u>	<u>429,151</u>	<u>98,843</u>	<u>63,393</u>	<u>65,377</u>	<u>31,794</u>	<u>22,470</u>	<u>27,165</u>	<u>53,313</u>
TOTAL REVENUES	27,495,681	24,492,741	24,119,090	23,118,190	24,016,192	22,033,726	21,207,479	17,688,939	16,835,038	15,041,021
OTHER FINANCING SOURCES										
Bond proceeds, local government contributions and net transfers	<u>-</u>	<u>3,334,500</u>	<u>6,324,858</u>	<u>9,950,000</u>	<u>3,032,399</u>	<u>5,000,000</u>	<u>1,933,550</u>	<u>8,094,738</u>	<u>-</u>	<u>7,147,041</u>
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 27,495,681</u>	<u>\$ 27,827,241</u>	<u>\$ 30,443,948</u>	<u>\$ 33,068,190</u>	<u>\$ 27,048,591</u>	<u>\$ 27,033,726</u>	<u>\$ 23,141,029</u>	<u>\$ 25,783,677</u>	<u>\$ 16,835,038</u>	<u>\$ 22,188,062</u>

Includes general, debt service, capital project and all special revenue funds.

* Restated during fiscal year ended June 30, 2002

CITY OF BRENTWOOD, TENNESSEE

GENERAL GOVERNMENTAL EXPENDITURES (BY FUNCTION) AND OTHER FINANCING USES (UNAUDITED)

LAST TEN YEARS

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
EXPENDITURES										
Current:										
General government	\$ 4,220,253	\$ 3,917,644	\$ 3,533,496	\$ 3,166,656	\$ 2,852,441	\$ 2,518,629	\$ 2,471,079	\$ 2,211,900	\$ 1,914,991	\$ 1,683,954
Public safety	8,713,433	8,050,701	8,216,680	7,727,574	6,106,661	5,753,262	5,187,357	4,811,560	4,127,852	3,956,040
Roads and streets, public health parks and recreation and public library	5,896,318	5,797,795	5,672,199	4,753,224	4,355,514	3,961,218	3,781,301	3,334,699	3,035,939	2,737,585
Community support and other	239,793	242,951	259,533	178,036	195,146	213,118	168,897	188,936	193,639	198,627
Program costs	10,628	12,842	12,965	15,931	13,195	22,130	4,995	4,100	10,219	7,885
Capital outlay	5,800,950	3,024,562	2,909,224	6,103,653	11,525,319	3,767,882	5,179,821	9,641,726	7,934,400	4,689,927
Debt service	3,044,836	2,903,188	2,760,454	2,613,939	2,455,537	2,226,737	2,310,053	1,809,667	2,024,825	1,914,305
TOTAL EXPENDITURES	27,926,211	23,949,683	23,364,551	24,559,013	27,503,813	18,462,976	19,103,503	22,002,588	19,241,865	15,188,323
OTHER FINANCING USES										
Payment to refunded bond escrow agent	-	-	6,213,361	5,442,996	3,018,280	-	1,954,928	3,331,653	-	1,598,376
Bond discount	-	25,814	63,000	103,976	-	-	-	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 27,926,211</u>	<u>\$ 23,975,497</u>	<u>\$ 29,640,912</u>	<u>\$ 30,105,985</u>	<u>\$ 30,522,093</u>	<u>\$ 18,462,976</u>	<u>\$ 21,058,431</u>	<u>\$ 25,334,241</u>	<u>\$ 19,241,865</u>	<u>\$ 16,786,699</u>

Includes general, debt service, capital project and all special revenue funds.

CITY OF BRENTWOOD, TENNESSEE

PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)

LAST TEN YEARS

<u>TAX YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>PERCENT OF TOTAL TAX LEVY COLLECTED</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>RATIO OF TOTAL TAX COLLECTIONS TO TOTAL TAX LEVY</u>	<u>OUTSTANDING DELINQUENT TAXES</u>	<u>RATIO OF DELINQUENT TO TOTAL TAX LEVY</u>
2004	\$ 7,935,424	\$ 7,802,864	98.3%	\$ 169,820	\$ 7,972,684	100.5%	\$ 140,803	1.8%
2003	\$ 7,545,119	\$ 7,419,009	98.3%	\$ 121,268	\$ 7,540,277	99.9%	\$ 310,623	4.1%
2002	\$ 7,359,856	\$ 7,252,397	98.5%	\$ 175,895	\$ 7,428,292	100.9%	\$ 314,842	4.3%
2001	\$ 7,288,260	\$ 7,111,642	97.6%	\$ 125,760	\$ 7,237,402	99.3%	\$ 384,802	5.3%
2000	\$ 6,998,153	\$ 6,788,687	97.0%	\$ 74,219	\$ 6,862,906	98.1%	\$ 333,944	4.8%
1999	\$ 6,847,053	\$ 6,734,519	98.4%	\$ 87,978	\$ 6,822,497	99.6%	\$ 198,697	2.9%
1998	\$ 6,369,408	\$ 6,274,712	98.5%	\$ 83,373	\$ 6,358,085	99.8%	\$ 174,141	2.7%
1997	\$ 5,958,781	\$ 5,863,248	98.4%	\$ 129,821	\$ 5,993,069	100.6%	\$ 162,818	2.7%
1996	\$ 5,561,480	\$ 5,422,963	97.5%	\$ 56,811	\$ 5,479,774	98.5%	\$ 198,546	3.6%
1995	\$ 5,272,418	\$ 5,213,199	98.9%	\$ 60,004	\$ 5,273,203	100.0%	\$ 116,840	2.2%

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

CITY OF BRENTWOOD, TENNESSEE

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY (UNAUDITED)

LAST TEN YEARS

<u>Year</u>	<u>Estimated Actual Value*</u>			<u>Assessed Value**</u>	<u>Ratio of Assessed Value To</u>
	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>		<u>Total Estimated Actual Value</u>
2005	\$ 4,954,547,700	\$ 190,984,362	\$ 5,145,532,062	\$ 1,436,577,758	27.92%
2004	\$ 4,621,462,600	\$ 182,276,926	\$ 4,803,739,526	\$ 1,347,161,558	28.04%
2003	\$ 4,366,817,700	\$ 174,714,608	\$ 4,541,532,308	\$ 1,280,964,465	28.21%
2002	\$ 3,748,487,100	\$ 192,108,285	\$ 3,940,595,385	\$ 1,133,631,244	28.77%
2001 ***	\$ 2,980,492,800	\$ 189,597,786	\$ 3,170,090,586	\$ 904,925,905	28.55%
2000	\$ 2,848,093,900	\$ 171,258,127	\$ 3,019,352,027	\$ 863,043,555	28.58%
1999	\$ 2,666,039,500	\$ 146,172,294	\$ 2,812,211,794	\$ 799,040,179	28.41%
1998	\$ 2,455,977,400	\$ 121,991,558	\$ 2,577,968,958	\$ 728,752,236	28.27%
1997 ***	\$ 2,254,051,800	\$ 113,419,678	\$ 2,367,471,478	\$ 666,320,832	28.14%
1996	\$ 1,757,163,900	\$ 97,925,811	\$ 1,855,089,711	\$ 513,395,488	27.67%

*Estimated actual values were provided by the Williamson County Tax Assessor. Does not include public utilities.

**Assessed value information does not include public utility assessments. Totals for exemptions are not available.

***Williamson County property reappraisal became effective in both 1996-1997 and 2000-2001 fiscal years.

CITY OF BRENTWOOD, TENNESSEE

PROPERTY TAX RATES AND LEVY (UNAUDITED)

LAST TEN YEARS

PROPERTY TAX RATES

<u>TAX YEAR</u>	
2004	\$.59 / 100
2003	.59 / 100
2002	.59 / 100
2001 *	.59 / 100
2000	.73 / 100
1999	.73 / 100
1998	.73 / 100
1997	.73 / 100
1996 *	.73 / 100
1995	.89 / 100

PROPERTY TAX LEVY

<u>TAX YEAR</u>	
2004	\$ 7,935,424
2003	7,545,119
2002	7,359,856
2001	7,288,260
2000	6,998,153
1999	6,847,053
1998	6,369,408
1997	5,958,781
1996	5,561,480
1995	5,272,418

* Property reappraisals became effective in both 1996-1997 and 2000-2001 fiscal years. Accordingly, a new tax rate was determined and certified by the State Board of Equalization. The tax rate adopted by the City was equal to the certified rate.

CITY OF BRENTWOOD, TENNESSEE
PRINCIPAL TAXPAYERS (UNAUDITED)

JUNE 30, 2005

TAXPAYER	2004 ASSESSED VALUE*	PERCENTAGE OF TOTAL ASSESSED VALUE**
Public utilities		
BellSouth Telecommunications	\$ 66,096,445	4.9%
Piedmont Natural Gas	4,164,547	0.3%
Middle Tn Electric	2,414,479	0.2%
US LEC of TN	1,058,641	0.1%
Other real and personal property		
SBP Nashville LLC	37,356,300	2.8%
Highwoods/Tenn Holdings LP	35,375,280	2.6%
Duke Realty	10,190,480	0.8%
Brentwood Retail LP	9,314,760	0.7%
Gateway Kentfield	8,627,640	0.6%
Wells Fund XII Reit Joint	8,563,120	0.6%
Developers Diversified	8,375,960	0.6%
GC Finance LLC	7,535,285	0.6%
Highwoods Realty LP	6,340,600	0.5%
Highwoods/Forsyth LP	6,340,000	0.5%
Williams, W. Fred, Trustee	5,840,000	0.4%
Regency Retail Partnership	5,534,800	0.4%
Sun Life Assurance Co.	5,015,840	0.4%
NLMP Partners	4,961,080	0.4%
COSTCO Wholesale Corp	4,786,445	0.4%
Kirkland Properties	4,560,000	0.3%
The Prudential Insurance	4,498,920	0.3%
Principal Mutual Life	3,900,000	0.3%
Self Service Mini Storage	4,198,320	0.3%
Hill HG Realty Co.	4,117,600	0.3%
Stone, John W III Tr	3,740,920	0.3%
Brentwood Medical Center	3,653,520	0.3%
Hilton Hotels Corporation	3,409,720	0.3%
Ackerman Mallory LLC	3,558,040	0.3%
Park Center Partnership II	3,541,280	0.3%
NWI Warehouse Group LLC	3,486,560	0.3%
Home Depot USA Inc. #723	3,267,694	0.2%
Maryland Way Commons LLC	3,069,558	0.2%
Virginia Way Plaza LLC	3,064,840	0.2%
	<u>\$ 289,958,674</u>	<u>21.5%</u>
*Source - 2004 City Tax Book		
**Total Assessment Value	<u>\$ 1,347,161,558</u>	

CITY OF BRENTWOOD, TENNESSEE

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA (UNAUDITED)

LAST TEN YEARS

<u>YEAR</u>	<u>POPULATION</u>	<u>¹ASSESSED VALUE</u>	<u>GROSS BONDED DEBT*</u>	<u>DEBT PAYABLE FROM ENTERPRISE FUND REVENUES **</u>	<u>NET BONDED DEBT***</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
2005	30,617 ⁶	\$ 1,436,577,758	\$ 33,081,123	\$ 11,411,616	\$ 21,669,507	1.51%	\$ 707.76
2004	30,617 ⁶	\$ 1,347,161,558	\$ 35,772,716	\$ 12,139,262	\$ 23,633,454	1.75%	\$ 771.91
2003	26,743 ⁵	\$ 1,280,964,465	\$ 35,505,377	\$ 13,644,258	\$ 21,861,119	1.71%	\$ 817.45
2002	26,743 ⁵	\$ 1,133,631,244	\$ 37,910,281	\$ 14,779,196	\$ 23,131,085	2.04%	\$ 864.94
2001	26,745 ² (a)	\$ 1,133,631,244	\$ 36,130,354	\$ 16,124,186	\$ 20,006,168	1.76%	\$ 748.03
2000	23,445 ⁴	\$ 904,925,905	\$ 35,986,095	\$ 14,450,217	\$ 21,535,878	2.38%	\$ 918.57
1999	23,400 ²	\$ 863,043,555	\$ 33,684,924	\$ 15,744,431	\$ 17,940,493	2.08%	\$ 766.69
1998	22,800 ²	\$ 799,040,179	\$ 36,100,437	\$ 16,988,835	\$ 19,111,602	2.39%	\$ 838.23
1997	22,255 ³ (a)	\$ 728,752,236	\$ 30,953,489	\$ 15,138,563	\$ 15,814,926	2.17%	\$ 710.62
1996	21,750 ²	\$ 666,320,832	\$ 30,795,425	\$ 13,797,727	\$ 16,997,698	2.55%	\$ 781.50

*Includes General Obligation Bonds, Revenue and Tax Bonds, Capital Outlay Notes, Tennessee Municipal Bond Fund Loans and the interfund obligation less the amount available in the Debt Service Fund.

**Includes Revenue and Tax Bonds, Capital Outlay Note and the Tennessee Municipal Bond Fund Loan.

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

1 Does not include public utilities.

2 Based on City Planning Department estimate.

3 Based on 1997 special census report.

4 Based on 2000 U.S. census report.

5 Based on 2002 special census report.

6 Based on 2004 special census report.

(a) Property values were reappraised for both 1996-1997 and 2000-2001 fiscal years.

CITY OF BRENTWOOD, TENNESSEE

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (UNAUDITED)

LAST TEN YEARS

<u>YEAR</u>	<u>GENERAL OBLIGATION BONDED DEBT</u>		<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL GOVERNMENTAL EXPENDITURES</u>		<u>RATIO OF TOTAL DEBT SERVICE TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>				
2005	\$ 1,950,000	\$ 1,094,836	\$ 3,044,836	\$ 27,792,692		10.96%
2004	\$ 1,870,000	\$ 974,458	\$ 2,844,458	\$ 23,949,683		11.88%
2003	\$ 1,580,000	\$ 1,123,815	\$ 2,703,815	\$ 23,364,552		11.57%
2002	\$ 1,505,000	\$ 1,025,906	\$ 2,530,906	\$ 24,559,013		10.31%
2001	\$ 1,312,134	\$ 1,132,089	\$ 2,444,223	\$ 27,503,812		8.89%
2000	\$ 1,236,235	\$ 923,707	\$ 2,159,942	\$ 18,462,976		11.70%
1999	\$ 1,300,400	\$ 999,830	\$ 2,300,230	\$ 19,103,503		12.04%
1998	\$ 979,632	\$ 806,596	\$ 1,786,228	\$ 22,002,588		8.12%
1997	\$ 1,097,419	\$ 927,406	\$ 2,024,825	\$ 19,241,865		10.52%
1996	\$ 1,126,758	\$ 787,547	\$ 1,914,305	\$ 15,188,323		12.60%

CITY OF BRENTWOOD, TENNESSEE

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) -
GENERAL OBLIGATION BONDS

JUNE 30, 2005

<u>JURISDICTION</u>	<u>GENERAL OBLIGATION BONDED DEBT OUTSTANDING (IN THOUSANDS)</u>	<u>PERCENTAGE APPLICABLE TO CITY (1)</u>	<u>AMOUNT APPLICABLE TO CITY (IN THOUSANDS) (2)</u>
Direct:			
City of Brentwood	\$ 24,460	100.0%	\$ 24,460
Overlapping:			
Williamson County	<u>351,384</u>	33.9%	<u>119,129</u>
Total	<u>\$ 375,844</u>		<u>\$ 143,589</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.

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

CITY OF BRENTWOOD, TENNESSEE

REVENUE BOND COVERAGE (UNAUDITED) -
WATER AND SEWER BONDS

LAST TEN YEARS

YEAR	GROSS REVENUES*	OPERATING EXPENSES**	NET REVENUE AVAILABLE FOR DEBT				COVERAGE
			SERVICE	DEBT SERVICE REQUIREMENTS***			
				PRINCIPAL	INTEREST	TOTAL	
2005	\$ 11,781,930	\$ 6,771,726	\$ 5,010,204	\$ 1,335,000	\$ 415,304	\$ 1,750,304	2.86
2004	\$ 10,971,029	\$ 6,654,397	\$ 4,316,632	\$ 1,280,000	\$ 468,904	\$ 1,748,904	2.47
2003	\$ 10,547,074	\$ 6,441,834	\$ 4,105,240	\$ 1,185,000	\$ 582,659	\$ 1,767,659	2.32
2002	\$ 10,481,682	\$ 5,513,158	\$ 4,968,524	\$ 1,200,000	\$ 652,953	\$ 1,852,953	2.68
2001	\$ 10,220,200	\$ 5,169,932	\$ 5,050,268	\$ 1,225,001	\$ 555,813	\$ 1,780,814	2.84
2000	\$ 8,196,249	\$ 4,658,988	\$ 3,537,261	\$ 1,165,002	\$ 614,839	\$ 1,779,842	1.99
1999	\$ 7,823,211	\$ 4,247,068	\$ 3,576,143	\$ 1,200,909	\$ 680,431	\$ 1,881,340	1.90
1998	\$ 7,337,212	\$ 4,290,543	\$ 3,046,669	\$ 1,075,909	\$ 615,930	\$ 1,691,839	1.80
1997	\$ 6,773,383	\$ 4,223,159	\$ 2,550,224	\$ 1,110,909	\$ 714,226	\$ 1,825,135	1.40
1996	\$ 6,871,753	\$ 3,952,516	\$ 2,919,237	\$ 1,015,909	\$ 766,791	\$ 1,782,700	1.64

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

**Does not include depreciation and amortization.

***Does not include payments on State loans.

CITY OF BRENTWOOD, TENNESSEE

DEMOGRAPHIC STATISTICAL DATA (UNAUDITED)

LAST TEN YEARS

<u>Year</u>	<u>Population^A</u>	<u>Per Capita^B Income</u>	<u>Median Age^C</u>	<u>Unemployment^D Rate</u>
2005	630,617	¹ 53,814	² 42.3	4.2%
2004	630,617	¹ 57,077	² 42	2.8%
2003	⁵ 26,743	¹ 51,853	² 41.2	2.7%
2002	⁵ 26,743	N/A	² 40.2	2.4%
2001	¹ 26,745	¹ 51,264	² 38.3	2.1%
2000	⁴ 23,445	¹ 50,809	² 38.4	1.9%
1999	¹ 23,400	¹ 49,822	² 39.1	2.0%
1998	¹ 22,800	¹ 43,272	² 37.9	1.9%
1997	³ 22,255	N/A	¹ 36.9	1.7%
1996	¹ 21,750	N/A	¹ 36.9	2.0%
1995	¹ 20,300	N/A	¹ 36.9	2.5%

^{A1}Based on City Planning Department estimate.

^{A2}Based on 1994 special census report.

^{A3}Based on 1997 special census report.

^{A4}Based on 2000 U.S. Bureau of the Census report

^{A5}Based on 2002 special census report

^{A6}Based on 2004 special census report

^{B1}Source - Williamson County Economic Development Council

^{C1}Source - U.S. Bureau of the Census, 1990 report.

^{C2}Source - Williamson County Economic Development Council.

^D Source - Tennessee Department of Employment Security. Represents Williamson County as a whole; no data available for the City of Brentwood.

N/A - Not available.

CITY OF BRENTWOOD, TENNESSEE

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS (UNAUDITED)

LAST TEN YEARS

TAX YEAR	ESTIMATED ACTUAL VALUE*					VALUE OF CONSTRUCTION**	BANK DEPOSITS
	COMMERCIAL	RESIDENTIAL	FARM	PERSONAL PROPERTY	TOTAL		
2004	\$ 918,434,400	\$ 3,960,017,400	\$ 76,095,900	\$ 190,984,362	\$ 5,145,532,062	\$ 171,611,170	\$ 1,504,911,000
2003	\$ 912,114,200	\$ 3,637,409,800	\$ 71,938,600	\$ 182,276,926	\$ 4,803,739,526	\$ 208,030,673	\$ 1,265,886,000
2002	\$ 914,322,000	\$ 3,372,734,000	\$ 79,761,700	\$ 174,714,608	\$ 4,541,532,308	\$ 159,671,593	\$ 1,258,126,000
2001	\$ 923,871,500	\$ 2,764,338,700	\$ 60,276,900	\$ 192,108,285	\$ 3,940,595,385	\$ 138,447,720	\$ 1,020,466,000
2000	\$ 684,773,600	\$ 2,246,173,700	\$ 49,545,500	\$ 189,597,786	\$ 3,170,090,586	\$ 229,609,720	\$ 730,684,000
1999	\$ 662,868,600	\$ 2,144,055,300	\$ 41,170,000	\$ 171,258,127	\$ 3,019,352,027	\$ 110,790,854	\$ 654,855,000
1998	\$ 590,074,600	\$ 2,032,413,900	\$ 43,551,000	\$ 146,172,294	\$ 2,812,211,794	\$ 106,468,561	\$ 685,283,000
1997	\$ 520,087,000	\$ 1,891,166,100	\$ 44,724,300	\$ 121,991,558	\$ 2,577,968,958	\$ 130,527,832	\$ 608,070,000
1996	\$ 457,781,700	\$ 1,749,602,600	\$ 46,667,500	\$ 113,419,678	\$ 2,367,471,478	\$ 154,367,765	\$ 594,359,600
1995	\$ 297,024,200	\$ 1,417,298,800	\$ 42,840,900	\$ 97,925,811	\$ 1,855,089,711	\$ 79,484,125	\$ 593,648,000

*Estimated actual values were provided by the Williamson County Tax Assessor. Does not include public utilities.

**Based upon the stated values of building permits issued during the fiscal year.

¹Information was provided by the F.D.I.C.

CITY OF BRENTWOOD, TENNESSEE

MISCELLANEOUS STATISTICAL DATA (UNAUDITED)

JUNE 30, 2005

Date of incorporation	May 13, 1969
Population (June 2004)	30,617
Form of government	Uniform City Manager – Commission
Registered voters	23,056
Total assessed value in City - 2003-04 fiscal year	\$1,347,161,558
Area of City in square miles	41.3 square miles

Roads and Streets

Asphalt pavement (100.00%)	417 miles
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City Employees

City Manager	1
Water and Sewer	24
Public Works	24
Administration	14
Police (includes ECD employees)	68
Planning and Zoning	13
Parks and Recreation	12
Library	11
Fire	<u>58</u>
Total City Employees	<u>225</u>

Fire Protection

ISO classification	4
Number of stations	4
Number of full-time employees	58
Number of pumpers, tankers and ladder trucks	9
Other vehicles	11
Number of fire hydrants	2,100

Police Protection

Number of stations	1
Number of employees	68
Number of vehicles - all radio equipped cars	59

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

MISCELLANEOUS STATISTICAL DATA (CONTINUED) (UNAUDITED)

JUNE 30, 2005

Building Permits

<u>Fiscal Year</u>	<u>Number</u>	<u>Valuation</u>
2005	1,337	\$171,611,170
2004	1,807	\$207,440,808
2003	1,706	\$156,671,593
2002	1,171	\$138,447,770
2001	717	\$229,609,720
2000	748	\$110,790,854
1999	709	\$106,468,561
1998	775	\$130,527,832
1997	814	\$154,367,765
1996	802	\$ 79,484,125
1995	788	\$ 87,781,633
1994	801	\$ 89,520,154
1993	638	\$ 67,371,559
1992	548	\$ 45,936,498
1991	385	\$ 26,097,513
1990	458	\$ 62,808,465

Education

Located in the City of Brentwood and operated by the Williamson County Board of Education:

<u>School</u>	<u>Number Of Students</u>
Crockett Elementary School (K-5)	597
Edmondson Elementary School (K-5)	577
Kenrose Elementary School (K-5)	650
Lipscomb Elementary School (K-5)	590
Scales Elementary School (K-5)	591
Brentwood Middle School (6-8)	988
Brentwood High School (9-12)	1,317
Woodland Middle School (6-8)	963
Ravenwood High School (9-12)	1,408
Sunset Elementary	<u>847</u>
Total Students	<u>8528</u>

Other Educational Facilities:

Brentwood Academy (6-12, private)	<u>750</u>
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An Adult Education Program is operated by the Williamson County Board of Education and Columbia State Community College.

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

MISCELLANEOUS STATISTICAL DATA (CONTINUED) (UNAUDITED)

JUNE 30, 2005

Public Library

Brentwood Library

118,000 volumes

Utilities

Electric – Middle Tennessee Electric Membership Corporation and Nashville Electric Service

Gas – Nashville Gas Company and Atmos Gas

Water – City owned (statements and statistics are included); portions of the City are served by Harpeth Valley Utility District, Mallory Valley Utility District, and Nolensville Utility District

Sewer – City owned (statements and statistics are included); portions of the City are served by Metro Nashville Sewer Services

Telephone – BellSouth Telecommunications; ITC Deltacom (fax & long distance)

Railroad – CSX Transportation (freight only)

Airport – Nashville International Airport (located 15 miles from Brentwood)

Religious Institutions

Brentwood Baptist Church (Baptist Deaf Church)

Brentwood Church of Christ

Brentwood Church of the Nazarene

Brentwood Cumberland Presbyterian

Brentwood First Presbyterian Church

Brentwood United Methodist Church

Calvary Chapel Brentwood

Church of the Good Shepherd

Concord Road Church of Christ

East Brentwood Presbyterian Church

Fellowship Bible Church

Holy Family Catholic Church

Johnson's Chapel Methodist Church

Liberty United Methodist Church

Life Community Church

Living Word Community Church

Mt. Lebanon Missionary Baptist Church

New Hope Community Church

New Song Christian Fellowship

Owen Chapel Church of Christ

Remnant Fellowship Church

The Community Church

Whispering Hills Church of the Nazarene

Recreational Facilities – City owned and operated

Concord Park – over 40-acre park. Paved walking/biking paths wind through this park which is the site of the Brentwood library.

Crockett Park – over 170-acre park. Trails, playgrounds, multipurpose athletic fields, lighted baseball fields, amphitheater, tennis court complex, disc golf course and a historic area which includes the Cool Springs House.

Deerwood Arboretum – 27-acre nature park, including trails and ponds devoted to preserving the natural beauty of the area, as well as a new nature center which includes a covered outdoor classroom, restrooms and observation deck and small amphitheater.

Granny White Park – 32-acre park. Eight tenths mile jogging trail, family and group picnic pavilions, tennis courts, playground, baseball/softball fields, sand volleyball courts.

Greenways – Moores Lane, Moores Lane East, Split Log and Wilson Pike Greenways covering over 31 acres.

Maryland Way Park – 7-acre park. Located in Maryland Farms, including three tenths mile jogging and fitness trail.

Primm Park – 31 acre park. Historic Boiling Spring Academy and a prehistoric Native American mound.

River Park – 70+ acre park. Playground, basketball court, pavilion. Bordering the soccer fields at the YMCA and bikeway/walking path along the Little Harpeth River connecting with Crockett Park

Tower Park – 47-acre park. Paved walking/biking trails, multi-purpose fields and natural open spaces adjacent to the new indoor sports complex owned and operated by Williamson County.

Baseball/Softball

Brentwood Civitan Park – five lighted fields

Brentwood High School – one lighted field

Brentwood Academy – one lighted field

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

MISCELLANEOUS STATISTICAL DATA (CONTINUED) (UNAUDITED)

JUNE 30, 2005

Other Recreational Facilities

Biking/In-line Skating

Concord Park
Crockett Park
River Park
Brentwood Family YMCA

Swim and Tennis Clubs (members only)

Dolphin Club
Wildwood Club

YMCA at Maryland Farms
Brentwood Family YMCA

Golf Courses (members only)

Brentwood Country Club
Governors Club

Nashville Golf and Athletic Club

Skating

Brentwood Skate Center

Riding Stables

Brass Lantern Stables

Soccer/Football

Granny White Park
Crockett Park

Brentwood Family YMCA
Brentwood High School
Brentwood Academy

Health Services

Williamson Medical Center - 140 beds (located in
Franklin, Tennessee)

Williamson County Health Department (located in
Franklin, Tennessee)

Brentwood Out Patient Clinic

Four Animal Clinics and Hospitals

Numerous Physicians and Health Care Specialists Offices

Major Employers

Number of Employees

Comdata Holdings Corporation	800
BellSouth Telecommunications	500
Community Health Systems	475
Gambro Healthcare	350
Tractor Supply Company	350
EMI Christian Music Group	300
City of Brentwood	227
ICON Clinical Research, Inc.	218
HCA	210
Private Business	196

CITY OF BRENTWOOD, TENNESSEE

UTILITY STATISTICAL DATA (UNAUDITED)

JUNE 30, 2005

<u>Service</u>	<u>Consumers</u>	<u>Revenues</u>
Water	7,745	\$5,064,936.62
Sewer	8,275	\$4,141,661.12

Water Rates

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

	<u>Outside</u>	<u>Inside</u>	
First 2,000 gallons	11.62	\$11.62	(minimum bill)
Next 8,000 gallons	4.07	\$ 4.07	per 1,000 gallons
Thereafter	4.65	\$ 4.65	per 1,000 gallons

Commercial office customers:

Gallons equivalent to total square footage of building space	Minimum bill varies per industry - approximately \$.005814 per square foot
Usage exceeding one gallon of water per square foot up to 10,000 gallons total usage	\$4.07 per 1,000 gallons
Thereafter	\$4.65 per 1,000 gallons

Sewer Rates

Sewer Customers Only
Outside City Limits

100% of water bill - residential customers	100%
100% of water bill - commercial office, institutional, and certain other commercial customers	135%
125% of water bill - commercial retail customers	130% sewer only
	105% institutional

Tapping Fees(1)

Water (2) – residential	\$2,500
- commercial	\$3,500 (minimum) - \$3,500 per inch
Sewer - residential – existing	\$2,500
- residential – new	\$3,500
- commercial	Varies

(1) Fees are twice the amounts above for out-of-city customers.

(2) Does not include charges for labor and materials applicable to certain customers.

Water Distribution System

Water lines	215.5 miles
Number of fire hydrants	2,100
Storage capacity in gallons	14,000,000
Percent of water loss	24.07% not adjusted

Collection System

Sanitary sewer mains	239.5 miles
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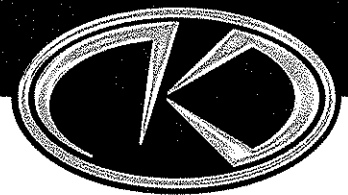
CITY OF BRENTWOOD, TENNESSEE

SALARIES AND OFFICIAL BONDS OF PRINCIPAL OFFICIALS (UNAUDITED)

JUNE 30, 2005

<u>Insured Risk</u>	<u>Amount of Coverage</u>
Public employees blanket bond	\$100,000
Errors and omissions	\$1,000,000
Public official bonds:	
City Manager	\$100,000
Finance Director	\$ 50,000
City Judge	\$ 10,000
 <u>Salaries of Principal Elected Officials</u>	 <u>Total Annual Compensation</u>
Mayor	\$12,000
Vice Mayor and Board of Commissioners	\$11,400

OTHER REPORT SECTION



KraftCPAs
PLLC

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, Tennessee (the "City"), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal controls over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and responses as item 2005-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we believe the reportable condition described above to be a material weakness.

Compliance and Other Matters

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

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

Kraft CPAs PLLC

Nashville, Tennessee
September 15, 2005

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2005

PRIOR YEAR FINDINGS

None

CURRENT YEAR FINDING

2005-1 Internal control over construction contract disbursement processing

Criteria:

To ensure proper disbursement for construction jobs, a spreadsheet is prepared that summarizes the costs and reconciles the disbursement and retainage to the application for payment.

Condition:

On two occasions during the current fiscal year, the City's controls over disbursements on construction contract applications for payment did not function in a manner that prevented or detected material overpayments to contractors. The normal controls over disbursements functions somewhat differently on construction projects, particularly applications for payment on contracts. As such, there are times when an independent verification of the disbursement amount does not take place.

Cause:

Construction project costs were not summarized and therefore not reconciled to the application for payment.

Effect:

Due to the lack of an independent check by another member of the finance team and the untimely completion of the reconciliation schedule, two payments were made to a contractor in excess of the balance due. The effect of these overpayments was subsequently reduced by additional contract costs not accrued, and resulted in a net reduction of expenses in the amount of \$256,000.

Recommendation:

We recommend that during the approval process for payment on construction contracts, the City ensure that the summary spreadsheet reconciling the project status per the request for payment to the disbursement is prepared prior to issuing the check. In addition, as the individual responsible for approving the disbursement run determines the amount of the disbursement, we recommend the Finance Director approve the schedule and disbursement balance prior to issuance of the check to ensure that an independent review is performed.

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

YEAR ENDED JUNE 30, 2005

CURRENT YEAR FINDING (CONTINUED)

2005-1 Internal control over construction contract disbursement processing (continued)

Management's Response:

The City will begin having the Finance Director, in addition to the City Treasurer and responsible Department Head, approve in writing all contractor disbursement schedules prior to the issuance of the checks, as recommended by the auditors. In addition, the City of Brentwood has purchased a new financial software system that will be implemented in FY 2006. This system will provide additional features including separate project codes within the account structure that will enhance the tracking and accounting for various project expenditures. Lastly, the City will request from our project contractors a standardized cover letter that explicitly states the amount of disbursement.