

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

PREPARED BY:

DEPARTMENT OF FINANCE
CARSON K. SWINFORD, DIRECTOR OF FINANCE

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CITY OF BRENTWOOD, TENNESSEE
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FOR THE YEAR ENDED JUNE 30, 2007

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INTRODUCTORY SECTION

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JOE REAGAN
MAYOR
PAUL L. WEBB, CPA
VICE-MAYOR
MICHAEL W. WALKER
CITY MANAGER



COMMISSIONERS
BETSY S. CROSSLEY
ANNE DUNN
REGINA R. SMITHSON
BRIAN J. SWEENEY
BILL YOREE

City of Brentwood

December 31, 2007

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, 2007 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, 2007.

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, 2007, 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, 2007, 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, 2007 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*.

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

Profile of the Government

The City of Brentwood is located in middle Tennessee in the northern part of Williamson County, adjacent to the southern border of Metropolitan Nashville-Davidson County. 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 35,262. The City of Brentwood is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation into the officially designated urban growth area, when deemed appropriate from a long term planning perspective.

The City was incorporated on May 13, 1969 pursuant to the uniform City Manager- Commission Charter, Title 6, Chapter 18, *Tennessee Code Annotated* as supplemented and amended. The governing body of the City is the Board of Commissioners which currently consists of seven (7) 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 early March, the Finance Department compiles a draft Capital Improvements Plan which is submitted to the City Manager for review, refinement and approval. By late 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 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 typically 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 manager has certified in writing that sufficient unappropriated revenue will be available to cover the additional expenditures.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison begins on page 30. The debt service fund comparison is on page 35.

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 2007 indicates a 3.3 percent unemployment rate in the county compared to a statewide rate of 4.4 percent and national jobless rate of 4.7 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, to 23,445 in 2000, and to 35,262 in the most recent special census effective July 2006. The census figures reflect a strong but manageable rate of growth (roughly 4% annually) from 1970 to 2007. 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 2006-2007 fiscal year was \$198,598,659 with 1,410 permits being issued. In fiscal year 2007, Brentwood had a total assessed value of property of \$1,803,046,288, 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 4.8 million square feet of rentable office space. Roughly 20,000 people are employed in the office complexes in Brentwood. A 2nd quarter 2007 market survey revealed a class A vacancy rate of 4.6% in the Brentwood area, a decrease of .2% from last year's vacancy rate of 4.8%. 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 are under final construction and will be available for occupancy in the fall of 2007.

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), Renal Advantage Inc. and American HomePatient (healthcare management), and Tractor Supply (retailer) 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 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 sixteen 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 2005-2006, 99 percent of high school seniors took the American College Test. The countywide score of 22.0 exceeded the national average of 21.1 and the state average of 20.7. The county dropout rate is 1.2 percent, with 95% of Brentwood High and Ravenwood High School seniors going on to institutions of higher learning after graduation. Recently, Brentwood High School placed 227 among Newsweek magazines top 1,000 list, based on the number of students taking the Advanced Placement exam. Of the Tennessee high schools included in this list, four are located in Williamson County. Finally, Williamson County has been very responsive in meeting the growth in student enrollment by constructing new schools in the community as needed.

MAJOR INITIATIVES - For the Year. The significant projects, events and accomplishments during the City's 2006-2007 fiscal year included the following:

- The City of Brentwood's financial position remains strong with an Aaa bond rating from Moody's Investors Services. The City has maintained the highest possible bond rating since January 2000.
- 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 2006-2007 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 2007-2012, including a financing and debt management plan. General Obligation Bonds needed to fund improvements are typically issued every other fiscal year; accordingly, no new 20 year bonds were issued in FY 2006-2007. However, because of our strong financial position, the City was able to make a special operating transfer of \$2.4 million from the General Fund to the Capital Projects Fund due to excess revenue collections in the current year over original budget estimates. In addition, a one-time transfer of \$3 million from the unreserved fund balance of the General Fund to the Capital Projects Fund was made to help fund the cost of the Library expansion. The two transfers were possible and desirable due to the lack of need to maintain or increase further the amount in the unreserved fund balance to significantly higher levels than the minimum of 40% required reserves in the fiscal policies and to reduce the amount of long-term debt that would otherwise be needed to fund capital needs.
- 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 fiscal year 2007-2008 beginning July 1, 2007 will be \$.49 per \$100 of assessed value, which represents the same effective tax rate for the seventeenth year in a row. The tax rate actually decreased in fiscal year 2006-2007 from \$.59 per \$100 of assessed value due to the recently completed reappraisal of property by the Williamson County Property Assessor. Brentwood continues to have one of the lowest tax rates in the State of Tennessee for any full service municipality with the City property tax bill for the average house valued at \$420,000 being \$515 annually.
- Well in advance of the fiscal year 2008-2009 requirement from the Governmental Accounting Standards Board (GASB 45) to expense post employment benefit obligations for retiree health and life insurance coverage, the City undertook an actuarial study in fiscal year 2004-2005 to determine the future financial obligations to the City. In a fiscally responsible manner, the Board of Commissioners moved immediately rather than delaying three years to begin appropriating funds annually in the fiscal year 2005-2006 to meet this commitment. Also during fiscal year 2005-2006, the City Commission modified the City's post employment benefit program to reduce the City's future financial obligations for eligible employees hired after July 1, 2005. The City has diligently worked with the State of Tennessee to provide a legal mechanism for establishment of an irrevocable trust to ensure a financially sound program according to GASB standards. Establishment of this trust will be finalized in fiscal year 2007-2008 with associated prior, current and future funding to be transferred to this trust to cover the cost of retiree health obligations, which will increase significantly beginning in the year 2016.

- 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 2007-2008 budget will be 6.83 versus 8.54 in fiscal year 1990-1991 or 20% 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 60 additional full-time employees (301 rather than 241) with an additional cost to the General Fund of \$4.6 million annually. Funding would have required a 51% increase in the City property taxes, a corresponding \$4.6 million cut in current General Fund services or a combination of tax increases and service reductions.
- In Fiscal Year 2005-2006, the City entered into a joint agreement with Williamson County to fund one-half of the capital cost for a new \$3 million Indoor Soccer Arena in Crockett Park. The City's involvement was limited to a 50% share of the capital cost plus providing a site for the facility and extension of water and sewer lines. The County paid for the remaining capital cost and assumed 100% responsibility for annual operating costs. The facility was completed and opened for public use in the spring of 2007.
- In June 2007, to better serve the needs of residents in the fast growing East Brentwood area, the City completed construction and opened a new neighborhood park (Oak Creek Park), located on a twenty acre tract fronting Concord Road, between Concord Pass and Bluff Road.
- With successful negotiation of an agreement in May, 2006 with the Nolensville/College Grove Utility District to take over water service in a limited area, the City initiated \$3.5 million in water system improvements in Fiscal Year 2006-2007 to adequately serve an area expected to have 1,000 new homes over the next 10 years. To pay for this improvement, the City increased water tap fees within this newly acquired service area from \$2,500 to \$5,000 per house with the entire payment due for each subdivision at the time of platting of the first phase of the development.
- Brentwood continues to be one of the most desirable communities in which to live in the Nashville/Middle Tennessee area. Since calendar year 1998, new annual housing starts have ranged from a low of 171 in 1999 to a record high of 635 in 2004. With concerns nationally about the overbuilding of housing, less favorable credit markets, etc., Brentwood is fortunate that the number of new housing started to decline in 2005 to become more in line with market demand. By avoiding an overbuilding of new housing, the Brentwood real estate market has remained relatively strong compared to other fast growing areas in the United States.

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

- ***Agreed Sewer Order.*** The City of Brentwood and the Metropolitan Government of Nashville & Davidson County entered into an agreed order with the Tennessee Department of Environment & Conservation in May 2006 to undertake a comprehensive assessment of City owned and mutually used sewer lines and other facilities to identify locations for repair and upgrades. Certain sewer trunk lines built prior to 1985 were poorly designed and located within and/or close to streams, thereby allowing for storm water infiltration during significant rainfall events and subsequent discharges and line overflows into those streams. A multi-year program will be initiated in Fiscal Year 2007-2008 to rehabilitate existing trunk lines with major infiltration problems, primarily through slip line technology. While the final cost is unknown, the City expects to spend as much as \$10 million in calendar year 2008 through an accelerated program to address the problems. In the interim, both jurisdictions are prohibited from allowing any additional connections to public sewer in the Little Harpeth River drainage basin except for commitments made prior to the agreed order. Fortunately, the current moratorium will continue to have minimal impact on new housing starts as most new development is occurring in the Owl Creek drainage basin, an area not affected by the order. While costly, the City believes the requirements in the agreed order will serve the long term interests of the community by creating a more reliable collection system to serve the community for the next 30 years. Such improvements will also reduce wastewater treatment expenses by reducing the amount of metered storm water that must be treated by Metro Nashville and/or potentially other service providers at their wastewater treatment facilities on the Cumberland River.
- ***Wastewater Treatment Services/Rate Adjustments.*** As a result of recent actions by Metro Nashville Water/Sewer Services to unilaterally force significantly higher rate adjustments for trunk and treatment services to its ten wholesale customers including Brentwood, the affected parties came together to form an association to respond in a unified manner. The association hired a consultant to analyze the technical and financial data used to support the rate increases and found significant flaws in the methodology including inappropriate expenses being allocated to wholesale customers. While the wholesale customers have no problem paying their fair share of the cost for services, the association is strongly opposed to efforts by Metro to establish a fee structure that is unrelated to the true cost of services. In July 2007, Metro Nashville filed a lawsuit against Brentwood and two other association members alleging the members owe for past due sewer billings and capital cost allocations. While the City is vigorously opposing this claim, the City has instituted engineering/cost studies to determine if wastewater treatment by Harpeth Valley Utilities District (HVUD) is a feasible alternative. Significant capital investment would be required to transport Brentwood sewer into the HVUD system. To avoid lengthy and costly litigation for all parties; a new negotiated sewer rate/contract with Metro Nashville that is fair and equitable may be a possibility. Regardless of the final wastewater treatment option, the cost for the services (or potential liabilities for disputed costs) are significant and will necessitate consideration of a sewer rate increase for Brentwood customers in FY 2007-2008.

Debt Administration.

The City's total outstanding bonded debt of \$33,274,459 is rated Aaa by Moody's Investors Service, the highest rating possible. The rating confirms the City's commitment to sound financial management and the City's strong and diverse economic base.

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

Risk management. The City's risk management program includes various risk control techniques, including employee accident prevention training. The City maintains insurance coverage through the Tennessee Municipal League Risk Management Pool, and meets the Pool's guidelines and complies with its rules and regulations. Additional information on the City of Brentwood's risk management activity can be found in Note 8 of the notes to the financial statements.

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

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

Awards and Acknowledgements

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brentwood for its comprehensive annual financial report for the year ended June 30, 2006. This was the twentieth consecutive year (fiscal years ended 1986-2006) 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.

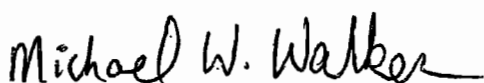
Distinguished Budget Presentation Award. The City has been recognized by the Government Finance Officers Association of the United States and Canada (GFOA) with the Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2006. This represents the fourteenth consecutive year the 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.

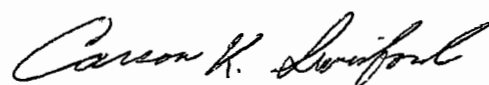
Acknowledgments. The efforts of the members of the Finance Department office staff and the cooperation of each of the City's departments were essential in the preparation of this report. Specific appreciation is expressed to City Treasurer Karen Harper on her preparation and thoroughness throughout the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

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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, 2006

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

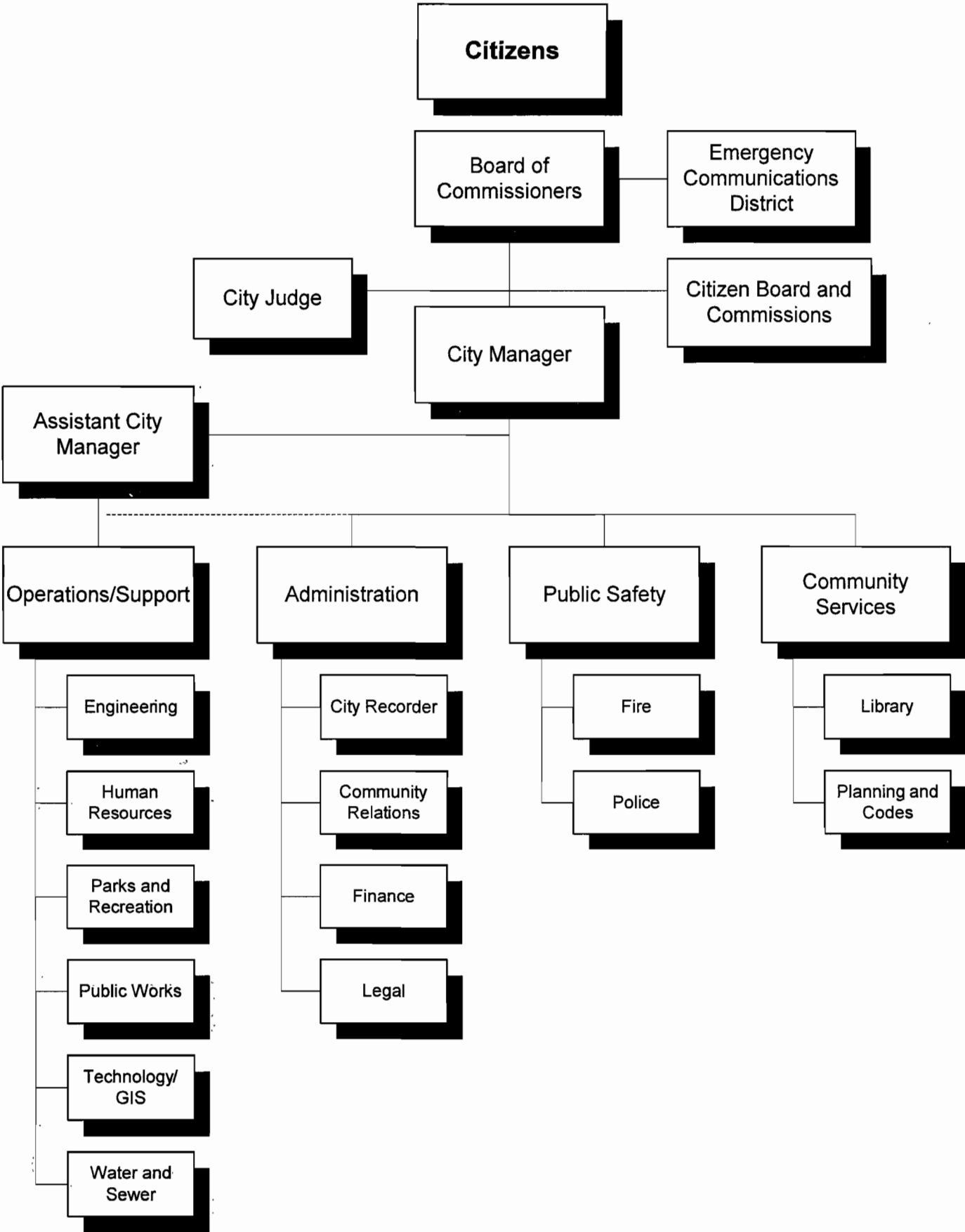


President

Executive Director

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**City of Brentwood
Organization Chart**



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**CITY OF BRENTWOOD
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2007**

Elected:

Mayor
Vice Mayor
Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

Joe Reagan
Paul L. Webb
Betsy S. Crossley
Anne Dunn
Regina R. Smithson
Brian J. Sweeney
Bill Youree

Appointed:

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

Michael W. Walker
Kirk E. Bednar
Roger A. Horner
Deborah Hedgepath
Carson K. Swinford
Karen W. Harper
Michael Worsham
Ricky V. Watson
Kenneth V. Lane
Joseph P. Lassus
Jeff Donegan
Chris Milton
Charles A. Sherrill
Linda Lynch
David M. Bunt
John I. Allman, IV
Thomas Schlater

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, Tennessee (the "City"), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents, pages 19 through 59 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, 2007, and the respective changes in financial position, cash flows and major fund budget to actual comparisons, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2007 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Management's Discussion and Analysis on pages 3 through 18 and the Schedule of Funding Progress - Political Subdivision Pension Plan on page 60 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brentwood's basic financial statements. The accompanying financial information listed in the introductory information on pages i through xiii, combining and individual nonmajor fund statements on pages 62 through 66, the financial schedules on pages 67 through 74, and statistical sections on pages 75 through 96 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kraft CPA's PLLC

Nashville, Tennessee
December 31, 2007

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Management's Discussion and Analysis

As management of the City of Brentwood, Tennessee (the "City" or the "City of Brentwood"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007. 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 \$230,395,762 (net assets). Of this amount, \$47,038,263 (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 \$27,593,209 compared to prior year.
- As of the close of the current fiscal year, the City of Brentwood's governmental funds reported combined ending fund balances of \$39,470,313, an increase of \$2,647,479 in comparison with the prior year. Approximately 47% of this total amount, \$18,511,792, 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 \$18,511,792, or 63% of FY 2008 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 \$2,932,645 during the current fiscal year. The key factor in this decrease was the payment of principal amounts for existing General Obligation debt (\$1.8M) and Water & Sewer debt (\$1.1M).

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

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

The basic proprietary fund financial statements can be found on pages 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 Benefits Fund.

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

Budget to Actual Comparisons - Major Funds. The City of Brentwood adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. Budget to actual comparisons for the General Fund and the Debt Service Fund can be found on pages 30 to 35 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 36 - 59 of this report.

Other information. Include in Required Supplementary Information, the City of Brentwood's progress in funding its obligation to provide pension benefits to its employees is presented, which can be found on page 60. 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 61 - 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 \$230,395,762 as of June 30, 2007.

City of Brentwood, Tennessee
Net Assets - Primary Government
June 30, 2007 and 2006
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and Other Assets	\$ 53,349	\$ 48,199	\$ 12,828	\$ 7,779	\$ 66,177	\$ 55,978
Capital Assets	<u>161,372</u>	<u>143,797</u>	<u>53,690</u>	<u>53,968</u>	<u>215,062</u>	<u>197,765</u>
Total Assets	<u>214,721</u>	<u>191,996</u>	<u>66,518</u>	<u>61,747</u>	<u>281,239</u>	<u>253,743</u>
Long-term Liabilities Outstanding	27,137	29,119	7,653	8,748	34,790	37,867
Other Liabilities	<u>14,135</u>	<u>11,659</u>	<u>1,918</u>	<u>1,414</u>	<u>16,053</u>	<u>13,073</u>
Total Liabilities	<u>41,272</u>	<u>40,778</u>	<u>9,571</u>	<u>10,162</u>	<u>50,843</u>	<u>50,940</u>
Net Assets:						
Invested in Capital Assets, net of related debt	135,813	119,010	46,037	45,221	181,850	164,231
Restricted	1,238	2,621	270	270	1,508	2,891
Unrestricted	<u>36,398</u>	<u>29,587</u>	<u>10,640</u>	<u>6,094</u>	<u>47,038</u>	<u>35,681</u>
Total Net Assets	<u>\$ 173,449</u>	<u>\$ 151,218</u>	<u>\$ 56,947</u>	<u>\$ 51,585</u>	<u>\$ 230,396</u>	<u>\$ 202,803</u>

By far the largest portion of the City of Brentwood's net assets (79%) 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 (\$76,398), roads and streets (\$581,731), community development projects (\$475,140) and other purposes (\$104,779).

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.

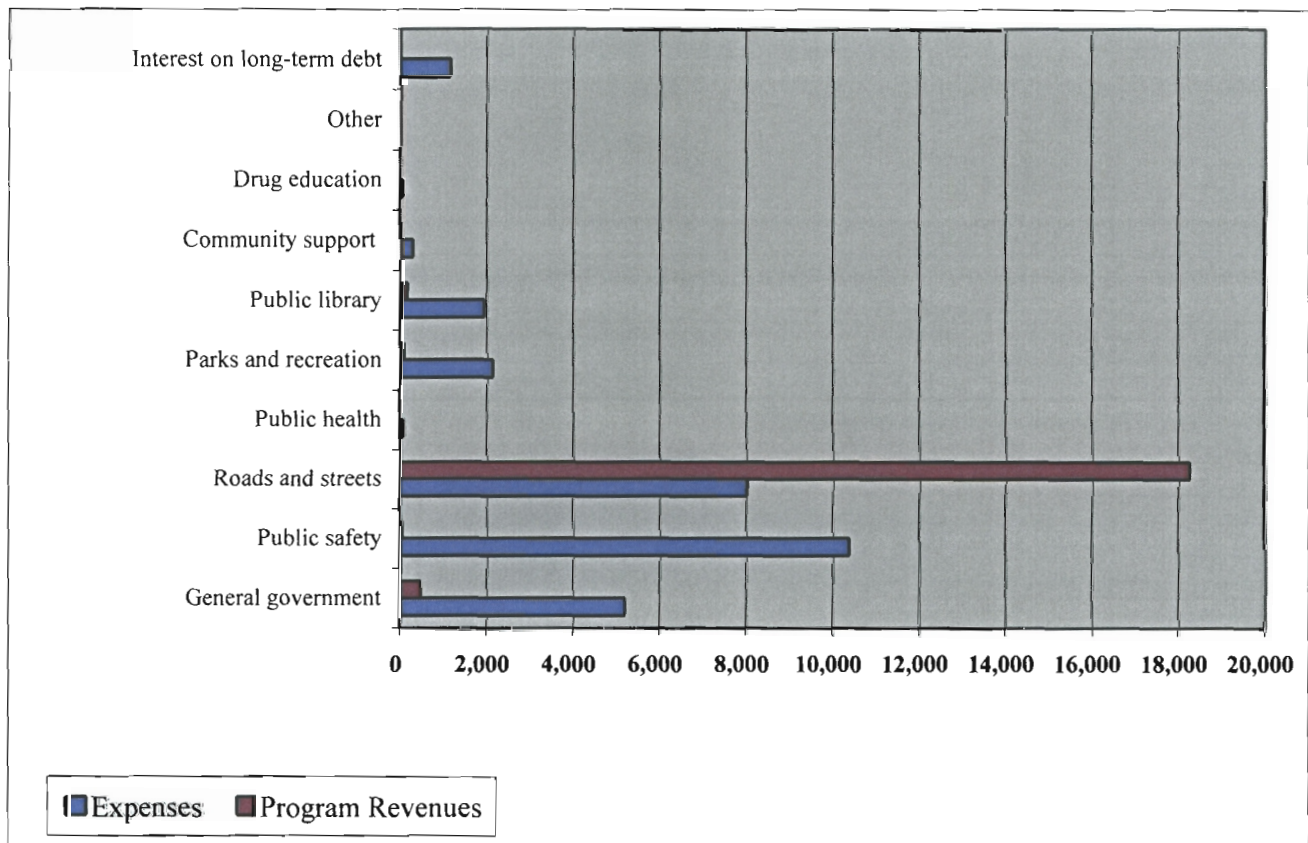
Governmental activities. Governmental activities increased the City of Brentwood's net assets by \$22,231,498, accounting for 81% of the total growth in the net assets of the City of Brentwood. Key elements of this increase are as follows:

The City's Changes in Net Assets
For the year ended June 30, 2007 and 2006
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Charges for services	\$ 752	\$ 626	\$ 16,002	\$ 14,095	\$ 16,754	\$ 14,721
Operating grants and contributions	915	1,039	-	-	915	1,039
Capital grants and contributions	17,295	-	-	-	17,295	-
General revenues:	-	-	-	-		
Property taxes	9,306	8,931	-	-	9,306	8,931
Local option sales tax	10,510	10,098	-	-	10,510	10,098
Other business taxes	3,771	3,316	-	-	3,771	3,316
Licenses and permits	1,680	1,931	-	-	1,680	1,931
State sales tax, income tax, other taxes and contributions not restricted to specific programs	5,501	4,171	-	-	5,501	4,171
Unrestricted investment earnings	2,129	1,287	511	307	2,640	1,594
Miscellaneous	513	532	-	-	513	532
Loss on disposal of property and equipment	(85)	-	-	-	(85)	-
Total Revenues	52,287	31,931	16,513	14,402	68,800	46,333
Expenses:						
General government	5,179	5,374	-	-	5,179	5,374
Public safety	10,355	10,045	-	-	10,355	10,045
Roads and streets	7,999	6,135	-	-	7,999	6,135
Public health	76	63	-	-	76	63
Parks and recreation	2,113	2,536	-	-	2,113	2,536
Public library	1,918	1,828	-	-	1,918	1,828
Community support	264	262	-	-	264	262
Drug education	58	109	-	-	58	109
Interest on long-term debt	1,142	1,001	-	-	1,142	1,001
Contribution to Post Employment Benefits Fund	620	617	60	60	680	677
Water and Sewer	-	-	10,105	9,751	10,105	9,751
Rental facilities	-	-	476	464	476	464
Emergency Communications	-	-	842	789	842	789
Total expenses	29,724	27,970	11,483	11,064	41,207	39,034
Increase in net assets before transfers	22,563	3,961	5,030	3,338	27,593	7,299
Transfers	(332)	(263)	332	263	-	-
Increase in net assets	22,231	3,698	5,362	3,601	27,593	7,299
Net assets - beginning	151,218	147,520	51,585	47,984	202,803	195,504
Net assets - ending:	\$173,449	\$151,218	\$ 56,947	\$ 51,585	\$230,396	\$202,803

- Property taxes of \$9,305,842 were received in FY 2007, an increase of \$375,851 (4%) over the previous year, a result of the increase in the property tax base.
- Local sales taxes of \$10,510,078 were collected in FY 2007, an increase of \$411,900 (4%) over the previous year due to growth in new taxable sales over FY 2006
- Other business taxes of \$3,770,901 were collected in FY 2007, an increase of \$455,020 (14%) over FY 2006. This increase was primarily due to: (1) Business tax collections of \$1,334,663 an increase of \$215,998 (19%) over FY 2006 collections, due to a robust economy, (2) Hotel/Motel tax collections of \$1,077,726, an increase of \$122,319 (13%) over prior year collections, due to increased room occupancy, and (3) Wholesale Liquor tax collections of \$408,774, an increase of \$52,848 (15%) over prior year collections, due to the full 12-month benefit of having additional commercial liquor stores in the Cool Springs area of Brentwood.
- State sales, income and other taxes of \$4,170,870 were received in FY 2007, an increase of \$1,329,823 (32%) over FY 2006 collections, due mainly to: (1) State Income Tax of \$2,400,385, an increase of \$950,582 (66%) over prior year collections, a result of increased investment market returns and (2) State Sales Tax of \$2,241,742, an increase of \$181,294 (9%) over FY 2006 collections.
- Unrestricted investment earnings of \$2,129,264 were received in FY 2007, an increase of \$842,195 (65%) over prior year earnings. The City's investment earnings are mostly tied to the Federal Funds Rate plus a certain basis point. The rate stayed consistent in FY 2007 at 5.25 %.
- Donated capital assets from developers and State amounted to \$17,294,640 primarily from the valuation of streets accepted by the City of Brentwood in fiscal year 2007.

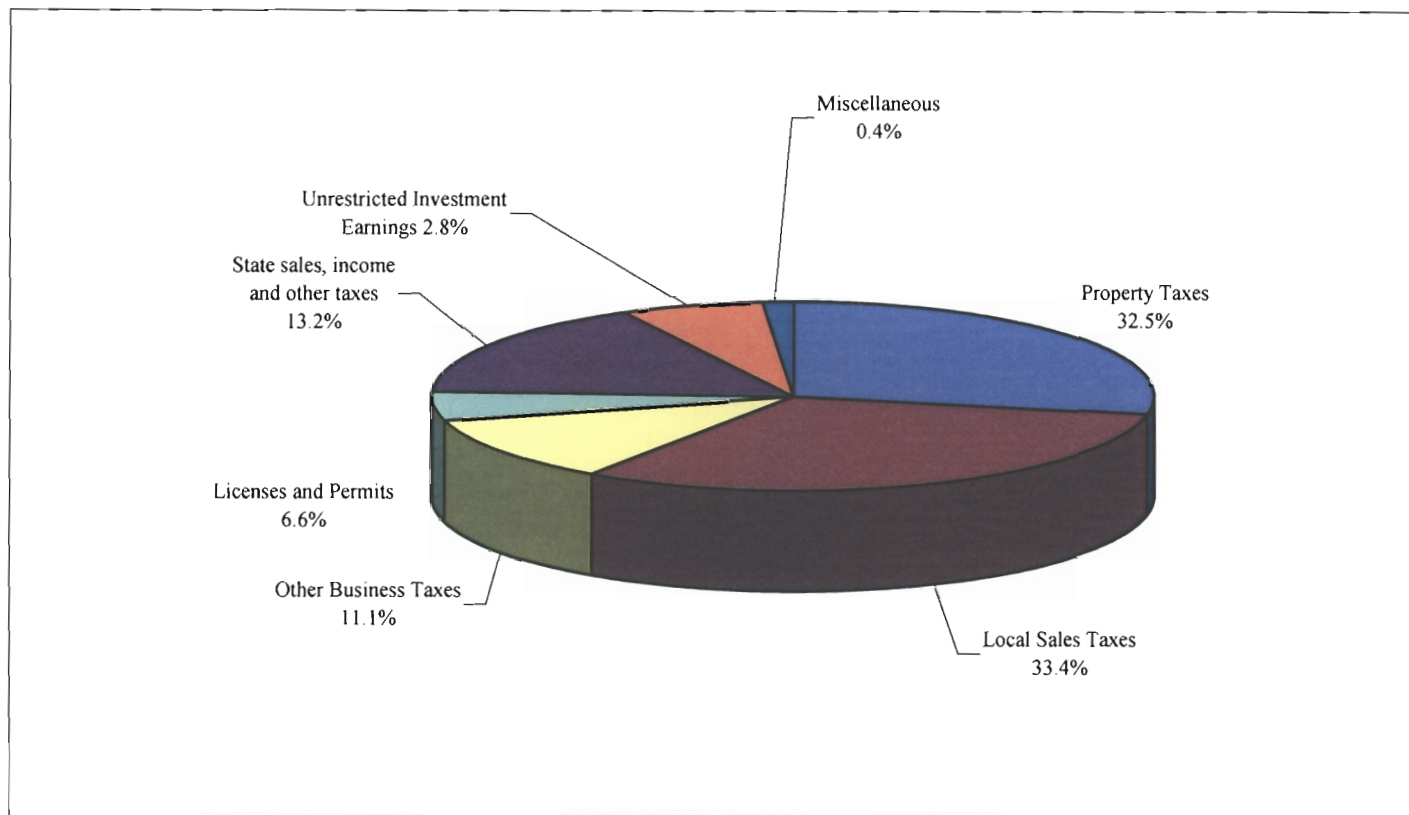
Expenses and Program Revenues – Governmental Activities



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.

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Revenue by Source – Governmental Activities

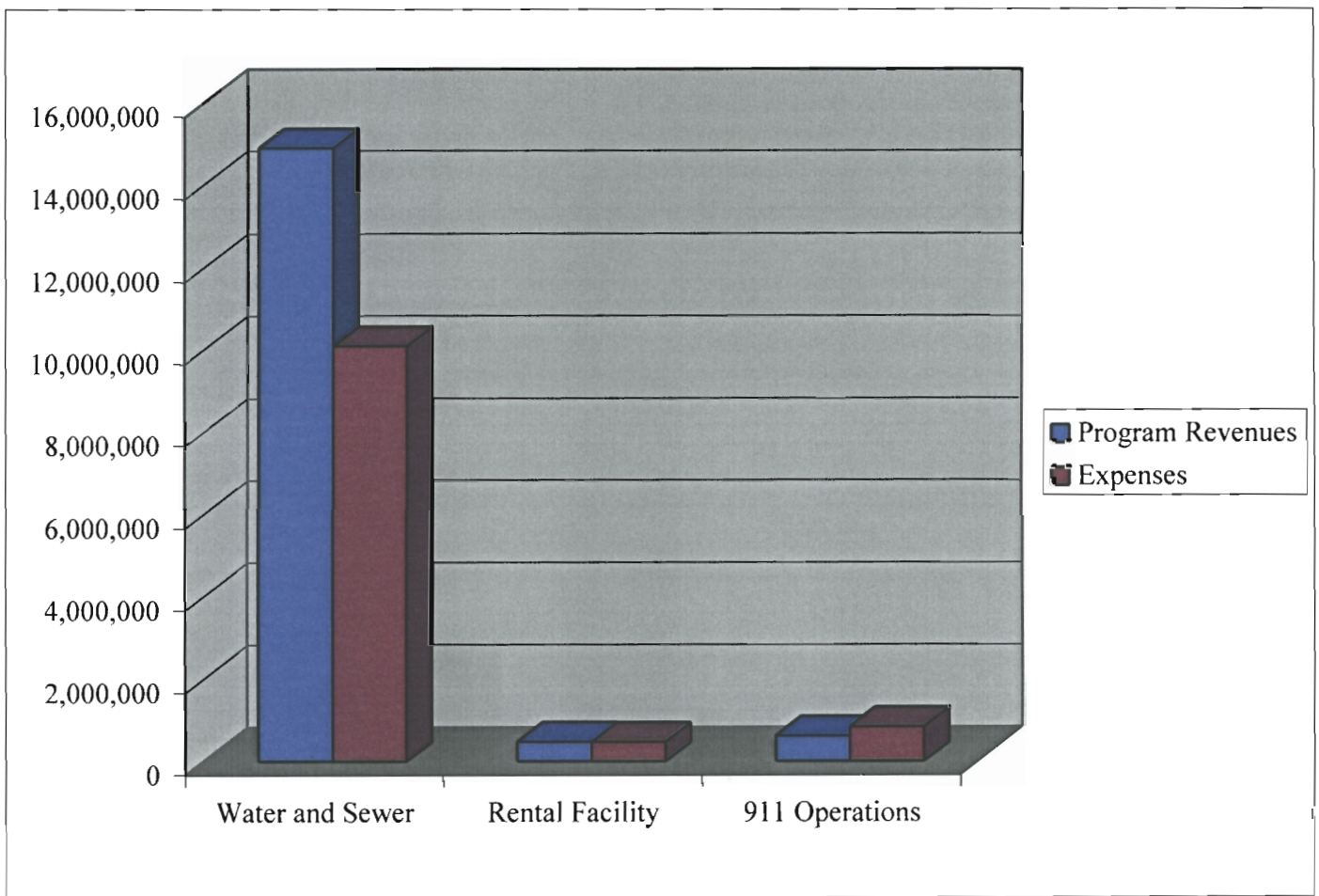


Business-type activities. Business-type activities increased the City of Brentwood's net assets by \$5,361,711, accounting for 19% of the total growth in the government's net assets. Key elements of this increase are as follows:

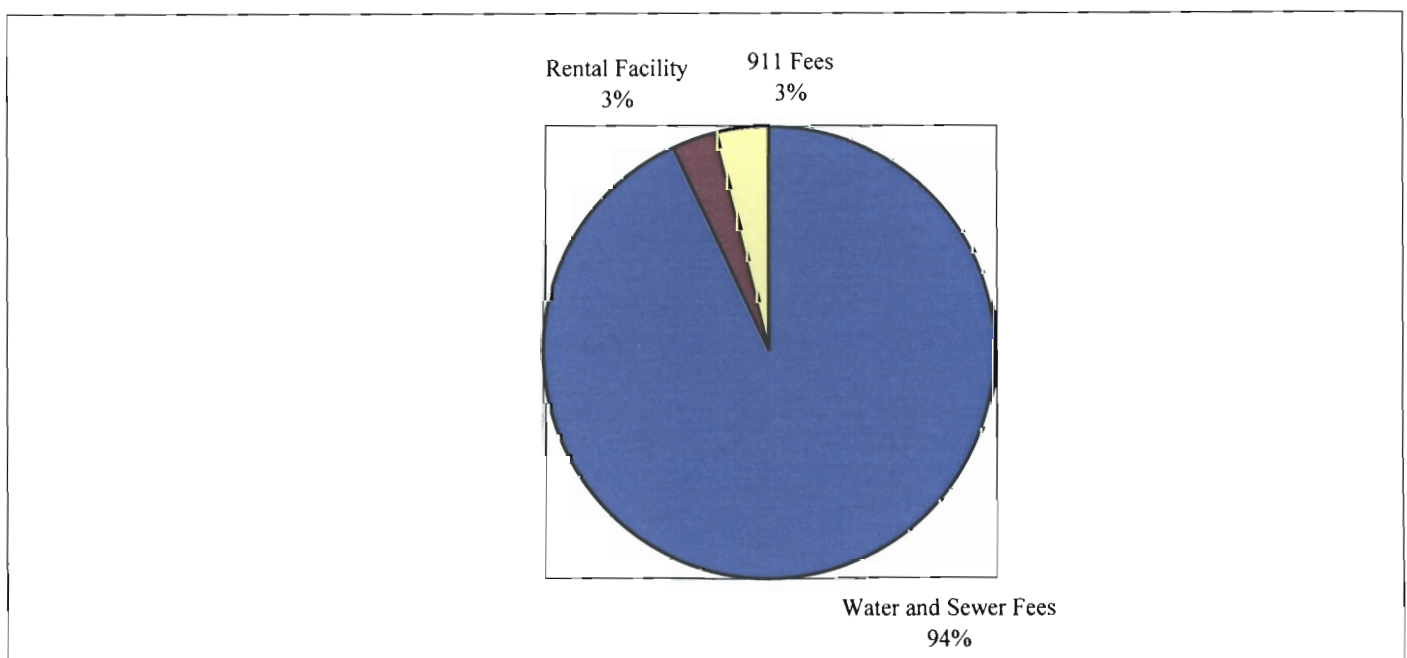
- The City's Water and Sewer Fund accounts for the majority (96%) of the increase in business-type net assets, with a net income of \$5,168,432 for the year. This is an increase of \$1,659,051 from the prior year. The increase in net income can mainly be attributed to the increase in net water (\$596,327) and sewer (\$201,869) revenues and income from the special water tap fees assessed on the new development in the service area recently taken over from the Nolensville/College Grove Utility District (\$1,788,500).
- The City's Municipal Center Fund recorded net income of \$84,893 for the year, an increase of \$31,934 from the previous year.
- The Emergency Communications District (ECD) recorded net income of \$108,386, an increase of \$69,824 from the previous year.

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Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



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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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Total assets	<u>\$ 53,495,104</u>	<u>\$ 48,304,511</u>
Total liabilities	<u>\$ 14,024,791</u>	<u>\$ 11,481,677</u>
Fund balances:		
Reserved	20,958,521	18,345,639
Unreserved	<u>18,511,792</u>	<u>18,477,195</u>
Total fund balances	<u>39,470,313</u>	<u>36,822,834</u>
Total liabilities and fund balances	<u>\$ 53,495,104</u>	<u>\$ 48,304,511</u>

As of the end of the current fiscal year, the City of Brentwood's governmental funds reported combined ending fund balances of \$39,470,313, an increase of \$2,647,479 in comparison with the prior year. Approximately 47% of this total amount (\$18,511,792) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for future debt service obligations (\$3,537,262), capital projects (\$16,734,749), roads and streets (\$581,731) and drug enforcement and education (\$104,779).

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 \$18,511,792. 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 58% of total general fund expenditures (including transfers).

Changes in Fund Balances of Governmental Funds
For the year ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
REVENUES		
Taxes	\$ 23,586,822	\$ 22,344,048
Licenses and permits	1,680,610	1,930,755
Fines and fees	457,610	392,005
Charges for services	294,554	234,322
Intergovernmental	6,416,334	5,209,874
Uses of money and property	2,129,264	1,287,069
Other	<u>512,712</u>	<u>532,213</u>
TOTAL REVENUES	<u>35,077,906</u>	<u>31,930,286</u>
EXPENDITURES		
Current:		
General government	4,727,232	4,462,687
Public safety	10,009,079	9,405,597
Roads and streets	3,822,056	3,676,825
Public health	76,310	63,753
Parks and recreation	1,458,493	1,284,465
Public library	1,755,700	1,645,071
Community support	264,226	241,243
Drug education	22,414	31,593
Capital outlay	6,435,501	4,692,511
Contribution to Post Employment Benefit Fund	620,000	617,000
Debt service	<u>2,907,416</u>	<u>3,196,222</u>
TOTAL EXPENDITURES	<u>32,098,427</u>	<u>29,316,967</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,979,479</u>	<u>2,613,319</u>
OTHER FINANCING SOURCES (USES)		
Transfers in/out (net)	(332,000)	(263,400)
Proceeds of general obligation bonds	-	4,800,000
Proceeds of refunding bonds	-	2,430,000
Payment to refunded bond escrow agent	-	(2,398,471)
Bond premium/discount (net)	<u>-</u>	<u>(22,205)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(332,000)</u>	<u>4,545,924</u>
NET CHANGES IN FUND BALANCES	2,647,479	7,159,243
FUND BALANCE, BEGINNING OF YEAR	<u>36,822,834</u>	<u>29,663,591</u>
FUND BALANCE, END OF YEAR	<u>\$ 39,470,313</u>	<u>\$ 36,822,834</u>

The fund balance of the City of Brentwood's general fund increased by \$34,597 during the current fiscal year. Key factors in this fund for 2007 are mentioned previously and include:

- Local sales tax increased by \$411,900 (4%) compared to the previous year, a result of the growth of taxable sales at commercial businesses.
- State Income Tax (Hall Tax) increased by \$950,582 over FY 2006 due to higher investment market returns.
- The State Shared Sales tax increased by \$181,294 (9%) from the previous year.
- Residential and commercial property tax collections increased by \$375,851 (4%) over the previous year, a result of the increase in the property tax base.
- Wholesale Liquor tax increased by \$52,848 (15%) compared to FY 2006, the result of having additional commercial liquor stores in the Cool Springs area of Brentwood.
- Hotel/Motel tax revenue increased by \$122,319 (13%) compared to FY 2006 due to increased room occupancy.
- A special transfer from the unreserved fund balance from the General Fund to the Capital Projects Fund of \$3,000,000 was made to help fund a portion of the cost of Library facility expansion and renovation of existing space in FY 2008 and FY 2009. This transfer was possible due to the healthy fund balance in the General Fund which, after the transfer, was \$18.5 million at June 30, 2007.
- The general fund departments demonstrated fiscal responsibility by under-spending the appropriated budget by \$884,582.

The debt service fund has a total fund balance of \$3,537,262, all of which is reserved for the future payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$513,874. Principal payments decreased \$373,575 and interest payments increased \$130,884 over FY 2006 amounts. Please see Note 5 for additional information on the City's long-term liabilities.

The capital projects fund has a total fund balance of \$15,524,550, all of which is reserved for the funding of major capital improvements of the City. The current year net increase of \$3,633,707 is mainly attributable to the FY 2007 special transfer from the unreserved general fund balance of \$3,000,000 to help fund a portion of the cost of Library facility expansion mentioned above.

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 \$9,374,795, for the Municipal Center Fund, \$661,748 and for the Emergency Communications District, \$603,472. The total growth in net assets for the funds was \$5,168,432, \$84,893 and \$108,386, 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 (\$2,724,911 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	\$ 720,000
Property Tax Collections	450,000
State Income (Hall) Tax	400,000
Interest Income	400,000
Hotel Taxes	170,000
State Shared Sales Tax	125,000
Business Taxes	100,000
Corporate Excise Tax	350,000
FEMA Grant – Fire	6,477
State Grant – Library	<u>5,000</u>
Total Change in Budgeted Revenues	<u>\$2,726,477</u>

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

Appropriations

- An Operating Transfer from the General Fund to the Capital Projects Fund of \$2,400,000 funded through projected excess revenue collections in the current year to pay for certain proposed capital improvement projects in FY 2008. These projects include library facility expansion and renovation (\$600,000), safety center east storage building and bays (\$335,000), Concord Road east right-of-way acquisition (\$200,000) and other miscellaneous projects.
- A special transfer from the unreserved fund balance from the General Fund to the Capital Projects Fund of \$3,000,000 to help fund a portion of the cost of Library facility expansion and renovation of existing space in FY 2008 and FY 2009.
- Increasing the appropriation for the Fire activity by \$6,477 for fire equipment and accessories with grant money provided by FEMA.
- Increasing the appropriation for the Library activity by \$5,000 for personnel and supplies related to teaching seniors how to use MP3 players and download audio books from the City's website. Funding was provided by a State grant.

This total General Fund appropriation increase of \$5,411,477 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, 2007, after factoring in the fund balance transfer referenced above is \$18,511,792. 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 (based on the amount of the annual budget appropriation) for future needs and emergencies.

Capital Asset and Debt Administration

Capital assets. The City of Brentwood's investment in capital assets for its governmental and business type activities as of June 30, 2007, amounts to \$215,061,978 (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 55 streets (or sections of streets) within the city limits as public streets, with a valuation (including right-of way) of \$17,294,640.
- A 600+ square foot addition to Fire Station 2 on Wilson Pike, providing dedicated sleeping quarters for firefighters and minor modifications to the existing sleeping space for other uses.
- Completion of an outdoor reading terrace at the library, with funding provided by the Library Foundation.
- Completion of Owl Creek Park, a new neighborhood oriented, passive type park in the eastern end of the city located on 21+ acres fronting Concord Road, east of Concord Pass. Improvements include open play areas, picnic shelter, playground, outdoor basketball court, paved bikeway/walkways with a bridge connection to the adjoining neighborhood, restrooms, parking, infrastructure improvements, fencing and landscaping.
- Improvements to the City's traffic signal system.
- Bikeway extension and improvements from Forged Seat near Crockett Road south to Ravenwood High School
- Substantial improvements to Sunset Road near the Copperstone subdivision area including turn lanes, wider driving lanes with shoulders and extension of an existing drainage culvert.
- Completion of the Indoor Soccer Arena in Crockett Park, with construction costs funded by a 50/50 partnership with Williamson County.
- Improvements to various parks including Crockett and Tower Park.
- 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 \$922,442.

City of Brentwood Capital Assets

(net of depreciation)

June 30, 2007 and 2006

(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 71,473	\$ 66,619	\$ 611	\$ 611	\$ 72,084	\$ 67,230
Buildings and improvements	13,916	12,552	1,961	2,058	15,877	14,610
Utility plant in service	-	-	48,848	50,132	48,848	50,132
Improvements other than buildings	5,614	5,859	471	489	6,085	6,348
Machinery and equipment	4,770	4,302	730	389	5,500	4,691
Infrastructure	63,867	52,837	-	-	63,867	52,837
Construction in progress	1,732	1,628	1,069	289	2,801	1,917
Total Assets	\$ 161,372	\$ 143,797	\$ 53,690	\$ 53,968	\$ 215,062	\$ 197,765

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

Long-term bonded debt. At the end of the current fiscal year, the City of Brentwood had total long-term bonded debt outstanding of \$33,274,459. Of this amount, \$25,405,000 comprises debt backed by the full faith and credit of the City and \$7,869,459 comprises bonds secured solely by specified revenue sources (i.e. revenue bonds).

**City of Brentwood Outstanding Debt
General Obligation and Revenue Bonds
June 30, 2007 and 2006
(amounts expressed in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General obligation bonds	\$25,405	\$27,195	\$ -	\$ -	\$25,405	\$27,195
Revenue and tax bonds	-	-	7,170	8,065	7,170	8,065
State of Tennessee loan revenue bonds	-	-	699	947	699	947
Total	<u>\$25,405</u>	<u>\$27,195</u>	<u>\$ 7,869</u>	<u>\$ 9,012</u>	<u>\$33,274</u>	<u>\$36,207</u>

The City of Brentwood's total long-term debt decreased by \$2,932,645 (8%) during the current fiscal year. The key factor in this decrease was the payment of principal amounts for existing General Obligation debt (\$1.8M) and Water /Sewer debt (\$1.1M).

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 \$33,274,459 translates to approximately \$944 per capita using the 2006 special census population.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Williamson County is currently 3.3%, a slight increase from a rate of 3.1% a year ago. This compares favorably to the state's average unemployment rate of 4.4% and the national average rate of 4.7%.
- The office space (Class A) occupancy rate of the City of Brentwood's central business district was 95.4% for 2007.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Brentwood's budget for the 2007 fiscal year.

During the current fiscal year, the total fund balance in the general fund increased to \$18,511,792. The City of Brentwood has not appropriated any of this amount for spending in the 2007 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

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BASIC FINANCIAL STATEMENTS

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CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET ASSETS

JUNE 30, 2007

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
Cash and cash equivalents	\$ 27,594,995	\$ 10,384,101	\$ 37,979,096
Property tax receivable	9,790,842	-	9,790,842
Sales tax receivable	1,332,483	-	1,332,483
Intergovernmental revenue receivable	3,320,467	-	3,320,467
Accounts receivable	227,743	2,354,681	2,582,424
Internal balances	419,341	(419,341)	-
Inventories	62,789	120,584	183,373
Investments	10,000,000	-	10,000,000
Restricted assets:			
Cash	438,204	23,757	461,961
Investments	36,936	-	36,936
Capital assets:			
Utility plant in service	-	71,883,960	71,883,960
Land	71,472,490	610,716	72,083,206
Buildings and structures	16,912,701	3,748,476	20,661,177
Improvements other than buildings	10,846,134	820,733	11,666,867
Furniture, machinery and equipment	12,740,775	2,723,316	15,464,091
Infrastructure	142,102,883	-	142,102,883
Construction in progress	1,732,082	1,069,142	2,801,224
Accumulated depreciation	(94,434,659)	(27,166,771)	(121,601,430)
Other noncurrent assets	124,716	364,432	489,148
Total assets	<u>214,720,922</u>	<u>66,517,786</u>	<u>281,238,708</u>
LIABILITIES			
Accounts payable	1,947,272	1,383,993	3,331,265
Accrued salaries and benefits	205,953	198,270	404,223
Accrued interest	227,083	85,466	312,549
Other payables	270,654	213,417	484,071
Liabilities payable from restricted assets	299,212	37,345	336,557
Unearned revenue and other funds held	11,184,824	-	11,184,824
Long-term liabilities:			
Due within one year	3,035,000	1,195,691	4,230,691
Due in more than one year	24,101,650	6,457,116	30,558,766
Total liabilities	<u>41,271,648</u>	<u>9,571,298</u>	<u>50,842,946</u>
NET ASSETS			
Invested in capital assets, net of related debt	135,812,978	46,036,765	181,849,743
Restricted for:			
Roads and streets	581,731	-	581,731
Capital projects	76,398	-	76,398
Debt retirement	-	269,708	269,708
Community development projects	475,140	-	475,140
Other purposes	104,779	-	104,779
Unrestricted	36,398,248	10,640,015	47,038,263
Total net assets	<u>\$ 173,449,274</u>	<u>\$ 56,946,488</u>	<u>\$ 230,395,762</u>

See accompanying notes to financial statements

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Primary Government:							
Governmental Activities:							
General government	\$ 5,179,031	\$ 457,610	\$ -	\$ -	\$ (4,721,421)	\$ -	\$ (4,721,421)
Public safety	10,354,861	-	32,791	-	(10,322,070)	-	(10,322,070)
Roads and streets	7,999,238	64,741	877,850	17,294,640	10,237,993	-	10,237,993
Public health	76,310	-	-	-	(76,310)	-	(76,310)
Parks and recreation	2,113,051	67,650	-	-	(2,045,401)	-	(2,045,401)
Public library	1,917,705	138,322	5,000	-	(1,774,383)	-	(1,774,383)
Community support	264,226	23,841	-	-	(240,385)	-	(240,385)
Drug education	58,279	-	-	-	(58,279)	-	(58,279)
Interest on long-term debt	1,141,649	-	-	-	(1,141,649)	-	(1,141,649)
Total governmental activities	29,104,350	752,164	915,641	17,294,640	(10,141,905)	-	(10,141,905)
Business-type activities:							
Water and Sewer	10,105,203	14,903,069	-	-	-	4,797,866	4,797,866
Rental facilities	475,793	478,347	-	-	-	2,554	2,554
911 operations	842,061	620,309	-	-	-	(221,752)	(221,752)
Total business-type activities	11,423,057	16,001,725	-	-	-	4,578,668	4,578,668
Total primary government	\$ 40,527,407	\$ 16,753,889	\$ 915,641	\$ 17,294,640	(10,141,905)	4,578,668	(5,563,237)
General Revenues:							
Taxes:							
Property taxes					9,305,843	-	9,305,843
Local option sales tax					10,510,078	-	10,510,078
Other business taxes					3,770,901	-	3,770,901
Licenses and permits					1,680,610	-	1,680,610
State sales, income and other taxes					5,500,693	-	5,500,693
Unrestricted investment earnings					2,129,264	511,043	2,640,307
Miscellaneous					512,712	-	512,712
Loss on disposal of capital assets					(84,698)	-	(84,698)
Contributions to Post Employment Benefit Fund					(620,000)	(60,000)	(680,000)
Transfers					(332,000)	332,000	-
Total general revenues and transfers					32,373,403	783,043	33,156,446
Change in net assets					22,231,498	5,361,711	27,593,209
Net Assets - beginning					151,217,776	51,584,777	202,802,553
Net Assets - ending					\$ 173,449,274	\$ 56,946,488	\$ 230,395,762

See accompanying notes to financial statements

CITY OF BRENTWOOD, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2007

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	\$ 10,518,074	\$ 1,570,262	\$ 13,674,263	\$ 1,832,396	\$ 27,594,995
Receivables:					
Property tax	9,790,842	-	-	-	9,790,842
Sales tax	1,332,483	-	-	-	1,332,483
Intergovernmental	3,154,190	-	-	166,277	3,320,467
Accounts	227,264	-	-	-	227,264
Miscellaneous	-	-	-	479	479
Due from other funds:					
Water and Sewer	264,786	-	336,105	-	600,891
Municipal Center	2,005	-	-	-	2,005
Emergency Communications District	18,945	-	-	-	18,945
General Fund	-	-	-	68,804	68,804
Inventories of supplies	62,789	-	-	-	62,789
Investments	5,000,000	2,000,000	3,000,000	-	10,000,000
Restricted assets:					
Cash and cash equivalents	192,497	-	245,707	-	438,204
Investments	36,936	-	-	-	36,936
TOTAL ASSETS	\$ 30,600,811	\$ 3,570,262	\$ 17,256,075	\$ 2,067,956	\$ 53,495,104
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 654,431	\$ -	\$ 1,121,594	\$ 171,247	\$ 1,947,272
Accrued salaries	205,953	-	-	-	205,953
Due to other funds:					
Water and Sewer	15,072	33,000	-	-	48,072
State Street Aid Fund	68,804	-	-	-	68,804
Other payables	270,654	-	-	-	270,654
Retainage payable	149,842	-	149,370	-	299,212
Unearned revenues and other funds held	10,724,263	-	460,561	-	11,184,824
TOTAL LIABILITIES	12,089,019	33,000	1,731,525	171,247	14,024,791
COMMITMENTS AND CONTINGENCIES					
FUND BALANCES:					
Fund balance:					
Reserved for debt service	-	3,537,262	-	-	3,537,262
Reserved for capital projects	-	-	15,524,550	1,210,199	16,734,749
Reserved for street repairs	-	-	-	581,731	581,731
Reserved for drug enforcement and education	-	-	-	104,779	104,779
Unreserved	18,511,792	-	-	-	18,511,792
TOTAL FUND BALANCES	18,511,792	3,537,262	15,524,550	1,896,709	39,470,313
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,600,811	\$ 3,570,262	\$ 17,256,075	\$ 2,067,956	\$ 53,495,104

See accompanying notes to financial statements

CITY OF BRENTWOOD, TENNESSEE

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

JUNE 30, 2007

Total Governmental Funds Balances \$ 39,470,313

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 161,372,406

In the statement of activities, interest is accrued on outstanding
bonds, whereas in governmental funds, interest expenditures
are reported when due. (227,083)

Interfund payable, not due and payable in current period and therefore
not reported in governmental funds (154,428)

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	(25,405,000)
Less deferred charges on refunding bonds	452,170
Less bond discount	169,526
Less bond issuance costs	124,716
Compensated absences	<u>(2,353,346)</u>

(27,011,934)

Net Assets of Governmental Activities \$173,449,274

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, 2007

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES					
Taxes	\$ 23,586,822	\$ -	\$ -	\$ -	\$ 23,586,822
Licenses and permits	1,013,159	-	-	667,451	1,680,610
Fines and fees	457,610	-	-	-	457,610
Charges for services	294,554	-	-	-	294,554
Intergovernmental	5,348,484	-	190,000	877,850	6,416,334
Uses of money and property	1,089,626	257,464	582,249	199,925	2,129,264
Other	28,120	-	404,130	80,462	512,712
TOTAL REVENUES	<u>31,818,375</u>	<u>257,464</u>	<u>1,176,379</u>	<u>1,825,688</u>	<u>35,077,906</u>
EXPENDITURES					
Current:					
General government	4,723,535	3,697	-	-	4,727,232
Public safety	10,009,079	-	-	-	10,009,079
Roads and streets	2,948,912	-	-	873,144	3,822,056
Public health	76,310	-	-	-	76,310
Parks and recreation	1,458,493	-	-	-	1,458,493
Public library	1,755,700	-	-	-	1,755,700
Community support	264,226	-	-	-	264,226
Drug education	-	-	-	22,414	22,414
Capital outlay	-	-	5,485,672	949,829	6,435,501
Contribution to Post Employment Benefits Fund	620,000	-	-	-	620,000
Debt service	-	2,907,416	-	-	2,907,416
TOTAL EXPENDITURES	<u>21,856,255</u>	<u>2,911,113</u>	<u>5,485,672</u>	<u>1,845,387</u>	<u>32,098,427</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,962,120</u>	<u>(2,653,649)</u>	<u>(4,309,293)</u>	<u>(19,699)</u>	<u>2,979,479</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,167,523	7,985,000	770,000	11,922,523
Transfers out	(9,927,523)	-	(42,000)	(2,285,000)	(12,254,523)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,927,523)</u>	<u>3,167,523</u>	<u>7,943,000</u>	<u>(1,515,000)</u>	<u>(332,000)</u>
NET CHANGE IN FUND BALANCE	34,597	513,874	3,633,707	(1,534,699)	2,647,479
FUND BALANCE, BEGINNING OF YEAR	<u>18,477,195</u>	<u>3,023,388</u>	<u>11,890,843</u>	<u>3,431,408</u>	<u>36,822,834</u>
FUND BALANCE, END OF YEAR	<u>\$ 18,511,792</u>	<u>\$ 3,537,262</u>	<u>\$ 15,524,550</u>	<u>\$ 1,896,709</u>	<u>\$ 39,470,313</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, 2007

Net Change in Fund Balance - Governmental Funds **\$ 2,647,479**

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	6,762,218
Donated Capital Assets from Developers and State	17,294,640
Loss on disposal of assets	(84,698)
Depreciation expense	(6,397,951)

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities.	1,790,000
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Repayment of interfund borrowing is an expenditure in the governmental funds, but reduces internal balances in governmental activities	19,255
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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, 2007	(227,083)
Accrued interest on debt obligations at June 30, 2006	243,897

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

Amortization of bond related costs	(60,302)
------------------------------------	----------

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>244,043</u>
--	----------------

Change in Net Assets of Governmental Activities **\$ 22,231,498**

See accompanying notes to financial statements

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2007

	<u>WATER AND SEWER FUND</u>	<u>MUNICIPAL CENTER FUND</u>	<u>EMERGENCY COMMUNICATIONS DISTRICT</u>	<u>TOTAL</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 8,981,678	\$ 679,707	\$ 722,716	\$ 10,384,101
Receivables:				
Accounts	1,144,904	-	61,211	1,206,115
Due from other funds:				
General Fund	15,072	-	-	15,072
Debt service	33,000			33,000
Water and Sewer			3,387	3,387
Unbilled utility revenue	1,148,566	-	-	1,148,566
Inventories of supplies	120,584	-	-	120,584
Restricted cash and cash equivalents	23,757	-	-	23,757
Total Current Assets	<u>11,467,561</u>	<u>679,707</u>	<u>787,314</u>	<u>12,934,582</u>
Noncurrent Assets:				
Debt service escrow (state loan)	269,708	-	-	269,708
Property, plant and equipment, net of accumulated depreciation	50,802,673	2,699,677	187,222	53,689,572
Bond issue costs and discounts, net of amortization	94,724	-	-	94,724
Due from governmental activities	154,428	-	-	154,428
Total Noncurrent Assets	<u>51,321,533</u>	<u>2,699,677</u>	<u>187,222</u>	<u>54,208,432</u>
Total Assets	<u>62,789,094</u>	<u>3,379,384</u>	<u>974,536</u>	<u>67,143,014</u>
LIABILITIES				
Current Liabilities (payable from current assets):				
Current maturities of long-term debt	1,195,691	-	-	1,195,691
Accounts payable	1,266,416	15,954	101,623	1,383,993
Accrued salaries	20,206	-	8,194	28,400
Accrued interest	85,466	-	-	85,466
Due to General Fund	264,786	2,005	18,945	285,736
Due to Capital Projects Fund	336,105	-	-	336,105
Due to Emergency Communications District	3,387	-	-	3,387
Other payables	208,784	-	4,633	213,417
Compensated absences payable	119,423	-	50,447	169,870
Current liabilities (payable from restricted assets):				
Retainage payable	37,345	-	-	37,345
Total Current Liabilities (payable from current assets)	<u>3,537,609</u>	<u>17,959</u>	<u>183,842</u>	<u>3,739,410</u>
Noncurrent Liabilities:				
Long-term debt, net of current maturities	6,457,116	-	-	6,457,116
Total Noncurrent Liabilities	<u>6,457,116</u>	<u>-</u>	<u>-</u>	<u>6,457,116</u>
Total Liabilities	<u>9,994,725</u>	<u>17,959</u>	<u>183,842</u>	<u>10,196,526</u>
NET ASSETS				
Invested in capital assets, net of related debt	43,149,866	2,699,677	187,222	46,036,765
Restricted for debt service	269,708	-	-	269,708
Unrestricted	9,374,795	661,748	603,472	10,640,015
TOTAL NET ASSETS	<u>\$ 52,794,369</u>	<u>\$ 3,361,425</u>	<u>\$ 790,694</u>	<u>\$ 56,946,488</u>

See accompanying notes to financial statements

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	<u>WATER AND SEWER FUND</u>	<u>MUNICIPAL CENTER FUND</u>	<u>EMERGENCY COMMUNICATIONS DISTRICT</u>	<u>TOTAL</u>
OPERATING REVENUES				
Water sales, pledged as security on revenue bonds	\$ 6,378,675	\$ -	\$ -	\$ 6,378,675
Sewer service charges, pledged as security on revenue bonds	4,562,924	-	-	4,562,924
Rental income	-	478,347	-	478,347
911 Fees	-	-	605,379	605,379
Other	<u>3,961,470</u>	<u>-</u>	<u>14,930</u>	<u>3,976,400</u>
TOTAL OPERATING REVENUES	<u>14,903,069</u>	<u>478,347</u>	<u>620,309</u>	<u>16,001,725</u>
OPERATING EXPENSES				
Water purchased	3,475,325	-	-	3,475,325
Depreciation and amortization	1,922,287	159,093	53,134	2,134,514
Sewerage treatment charges	1,418,935	-	-	1,418,935
Salaries and benefits	1,411,020	-	625,508	2,036,528
Maintenance	559,997	116,494	26,427	702,918
Utilities	240,244	115,472	261	355,977
Professional services	286,831	27,892	25,000	339,723
Communications	-	46,112	83,531	129,643
Other	<u>432,433</u>	<u>10,730</u>	<u>28,200</u>	<u>471,363</u>
TOTAL OPERATING EXPENSES	<u>9,747,072</u>	<u>475,793</u>	<u>842,061</u>	<u>11,064,926</u>
OPERATING INCOME (LOSS)	<u>5,155,997</u>	<u>2,554</u>	<u>(221,752)</u>	<u>4,936,799</u>
NONOPERATING REVENUES (EXPENSES)				
Contribution to Post Employment Benefits Fund	(60,000)	-	-	(60,000)
Interest income	430,566	40,339	40,138	511,043
Interest expense	<u>(358,131)</u>	<u>-</u>	<u>-</u>	<u>(358,131)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>12,435</u>	<u>40,339</u>	<u>40,138</u>	<u>92,912</u>
TRANSFERS IN	-	42,000	290,000	332,000
CHANGE IN NET ASSETS	5,168,432	84,893	108,386	5,361,711
TOTAL NET ASSETS, BEGINNING OF YEAR	<u>47,625,937</u>	<u>3,276,532</u>	<u>682,308</u>	<u>51,584,777</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 52,794,369</u>	<u>\$ 3,361,425</u>	<u>\$ 790,694</u>	<u>\$ 56,946,488</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	BUSINESS -TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 14,224,907	\$ 478,347	\$ 612,502	\$ 15,315,756
Payments to suppliers	(5,563,632)	(319,539)	(159,936)	(6,043,107)
Payments to employees	(1,387,383)	-	(609,973)	(1,997,356)
Net cash provided by (used in) operating activities	<u>7,273,892</u>	<u>158,808</u>	<u>(157,407)</u>	<u>7,275,293</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net receipts (payments) on interfund borrowing	(318,932)	-	-	(318,932)
Contribution to Post Employment Benefit Fund	(60,000)	-	-	(60,000)
Contribution (transfer) from General Fund	-	-	290,000	290,000
Net cash provided by (used in) noncapital financing activities	<u>(378,932)</u>	<u>-</u>	<u>290,000</u>	<u>(88,932)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,639,026)	(83,007)	(56,541)	(1,778,574)
Proceeds from bond issue	-	-	-	-
Payment of bond issue costs	-	-	-	-
Principal paid on long-term debt	(1,142,645)	-	-	(1,142,645)
Interest paid on long-term debt	<u>(353,451)</u>	<u>-</u>	<u>-</u>	<u>(353,451)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,135,122)</u>	<u>(83,007)</u>	<u>(56,541)</u>	<u>(3,274,670)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>430,566</u>	<u>40,339</u>	<u>40,138</u>	<u>511,043</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,190,404	116,140	116,190	4,422,734
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,815,031</u>	<u>521,567</u>	<u>606,526</u>	<u>5,943,124</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 9,005,435</u>	<u>\$ 637,707</u>	<u>\$ 722,716</u>	<u>\$ 10,365,858</u>
Reconciliation of operating income (loss) to net cash provided by operating activities.				
Operating income (loss)	\$ 5,155,997	\$ 2,554	\$ (221,752)	\$ 4,936,799
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	1,922,287	159,093	53,134	2,134,514
(Increase) decrease in:				
Accounts receivable	(485,002)	-	(7,807)	(492,809)
Unbilled utility revenue	(193,160)	-	-	(193,160)
Inventories of supplies	24,970	-	-	24,970
Increase (decrease) in:				
Accounts payable	297,164	(4,844)	(1,586)	290,734
Due to (from) other funds	374,203	2,005	5,069	381,277
Accrued expenses	<u>177,433</u>	<u>-</u>	<u>15,535</u>	<u>192,968</u>
TOTAL ADJUSTMENTS	<u>2,117,895</u>	<u>156,254</u>	<u>64,345</u>	<u>2,338,494</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 7,273,892</u>	<u>\$ 158,808</u>	<u>\$ (157,407)</u>	<u>\$ 7,275,293</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Capitalized interest	<u>\$ 25,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,999</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2007

TRUST FUND
POST EMPLOYMENT
BENEFITS FUND

ASSETS

Cash and cash equivalents

\$ 1,752,276

TOTAL ASSETS

1,752,276

NET ASSETS HELD IN TRUST FOR BENEFITS

Fund balance reserved for employee's post employment benefits

1,752,276

TOTAL NET ASSETS

\$ 1,752,276

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>TRUST FUND</u>
	<u>POST EMPLOYMENT</u>
	<u>BENEFITS FUND</u>
ADDITIONS	
Contributions:	
General Fund	\$ 620,000
Water and Sewer Fund	60,000
Investment earnings:	
Interest	<u>91,782</u>
Total Additions	<u>771,782</u>
DEDUCTIONS	
Benefits	<u>18,980</u>
Change in Net Assets	<u>752,802</u>
NET ASSETS HELD IN TRUST FOR BENEFITS	
Beginning of year	<u>999,474</u>
End of year	<u>\$ 1,752,276</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes:				
Local sales tax	\$ 9,680,000	\$ 10,400,000	\$ 10,510,078	\$ 110,078
Real and personal property	8,450,000	8,900,000	8,927,406	27,406
Public utility property tax	433,000	433,000	378,437	(54,563)
Business	1,067,800	1,167,800	1,351,433	183,633
Hotel/Motel taxes	830,000	1,000,000	1,077,726	77,726
Other	1,144,000	1,144,000	1,341,742	197,742
Licenses and permits	980,000	980,000	1,013,159	33,159
Fines and fees	340,000	340,000	457,610	117,610
Charges for services	196,500	196,500	294,554	98,054
Intergovernmental:				
State sales tax	2,050,000	2,175,000	2,241,742	66,742
State income tax	900,000	1,300,000	2,375,202	1,075,202
Other	690,045	736,522	731,540	(4,982)
Uses of money and property				
Interest earnings	315,000	715,000	906,083	191,083
Other	164,200	164,200	183,543	19,343
Other	16,000	16,000	28,120	12,120
TOTAL REVENUES	<u>27,256,545</u>	<u>29,668,022</u>	<u>31,818,375</u>	<u>2,150,353</u>
EXPENDITURES				
Current:				
General government:				
City Commission:				
Personnel Services	90,460	90,460	82,973	(7,487)
Other costs	40,300	40,300	32,152	(8,148)
Capital outlay	5,000	5,000	2,672	(2,328)
City Court:				
Personnel Services	26,300	26,300	26,092	(208)
Other costs	600	600	400	(200)
City Manager's office:				
Personnel Services	327,990	331,390	331,356	(34)
Other costs	8,295	4,895	4,748	(147)
Capital outlay	4,500	4,500	1,413	(3,087)

(Continued on next page)

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET</u> <u>OVER</u> <u>(UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Elections:				
Board of commission	\$ 20,000	\$ 35,550	\$ 35,529	\$ (21)
Finance:				
Personnel Services	557,430	557,430	547,256	(10,174)
Other costs	141,000	141,000	139,676	(1,324)
Capital outlay	1,500	1,500	951	(549)
City recorder:				
Personnel Services	78,280	78,280	76,978	(1,302)
Other costs	14,700	14,700	13,542	(1,158)
Legal services:				
Personnel Services	167,060	167,060	166,052	(1,008)
Other costs	68,200	68,200	53,789	(14,411)
Information/technology:				
Personnel Services	358,770	344,270	337,378	(6,892)
Other costs	79,610	79,610	76,439	(3,171)
Capital outlay	58,000	67,500	67,491	(9)
GIS				
Personnel Services	149,980	150,780	150,736	(44)
Other costs	15,050	15,050	12,255	(2,795)
Capital outlay	28,000	32,200	32,189	(11)
Human resources:				
Personnel Services	201,890	203,390	203,203	(187)
Other costs	50,710	52,510	52,463	(47)
Capital outlay	1,500	1,500	-	(1,500)
Community relations:				
Personnel Services	107,490	107,490	106,315	(1,175)
Other costs	144,200	149,200	149,118	(82)
Planning and development:				
Personnel Services	355,470	346,020	323,778	(22,242)
Other costs	83,515	83,515	59,484	(24,031)
Capital outlay	4,100	13,550	13,507	(43)

(Continued on next page)

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Codes enforcement:				
Personnel Services	\$ 638,090	\$ 638,090	\$ 616,356	\$ (21,734)
Other costs	61,780	61,780	46,506	(15,274)
Capital outlay	25,800	25,800	23,828	(1,972)
Municipal Center:				
Rent expense	339,200	339,200	339,200	-
Insurance/other benefits:				
Personnel	662,175	662,175	559,561	(102,614)
Other	46,840	46,840	38,149	(8,691)
Total general government	<u>4,963,785</u>	<u>4,987,635</u>	<u>4,723,535</u>	<u>(264,100)</u>
Public safety:				
Police department:				
Personnel Services	4,654,825	4,608,325	4,514,637	(93,688)
Other costs	582,995	582,995	480,360	(102,635)
Capital outlay	61,395	61,395	54,819	(6,576)
Fire department:				
Personnel Services	4,481,690	4,465,670	4,434,776	(30,894)
Other costs	372,560	379,037	378,709	(328)
Capital outlay	64,850	80,870	80,854	(16)
Brentwood Safety Center East:				
Other costs	61,420	61,420	54,374	(7,046)
Capital outlay	-	10,550	10,550	-
Total public safety	<u>10,279,735</u>	<u>10,250,262</u>	<u>10,009,079</u>	<u>(241,183)</u>
Roads and streets:				
Public works:				
Personnel	1,096,135	1,096,135	1,051,429	(44,706)
Other	671,145	671,145	584,960	(86,185)
Capital outlay	59,000	59,000	53,069	(5,931)

(Continued on next page)

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET</u> <u>OVER</u> <u>(UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Storm drainage:				
Other costs	\$ 6,500	\$ 6,500	\$ 2,500	\$ (4,000)
Capital outlay	50,000	50,000	9,369	(40,631)
Street lighting/traffic signals:				
Utilities	360,000	376,000	375,897	(103)
Personnel	91,470	91,470	88,594	(2,876)
Other	93,350	93,350	70,800	(22,550)
Capital outlay	26,565	10,565	7,856	(2,709)
Service center:				
Personnel Services	96,820	97,520	97,446	(74)
Other costs	150,680	149,980	141,150	(8,830)
Engineering services:				
Personnel Services	439,840	439,840	425,523	(14,317)
Other costs	48,500	48,500	18,610	(29,890)
Capital outlay	25,500	25,500	21,709	(3,791)
Total roads and streets	<u>3,215,505</u>	<u>3,215,505</u>	<u>2,948,912</u>	<u>(266,593)</u>
Public health:				
Co. Health Dept. Contract	15,000	15,000	15,000	-
Co. Animal Control Contract	59,750	61,350	61,310	(40)
Total public health	<u>74,750</u>	<u>76,350</u>	<u>76,310</u>	<u>(40)</u>
Parks and recreation:				
Personnel Services	748,215	748,215	718,847	(29,368)
Other costs	729,425	729,425	699,682	(29,743)
Capital outlay	40,000	40,000	39,964	(36)
Total parks and recreation	<u>1,517,640</u>	<u>1,517,640</u>	<u>1,458,493</u>	<u>(59,147)</u>

(Continued on next page)

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Public library:				
Personnel Services	\$ 1,065,985	\$ 1,065,985	\$ 1,051,482	\$ (14,503)
Other costs	723,260	728,260	698,544	(29,716)
Capital outlay	9,500	9,500	5,674	(3,826)
Total public library	1,798,745	1,803,745	1,755,700	(48,045)
Community support:				
Education	225,000	225,000	225,000	-
Economic development	10,000	10,000	10,000	-
International exchange	5,000	5,000	-	(5,000)
Crockett Historic Center	17,200	27,700	27,652	(48)
Tree committee	2,000	2,000	1,574	(426)
Total community support	259,200	269,700	264,226	(5,474)
TOTAL EXPENDITURES	22,109,360	22,120,837	21,236,255	(884,582)
EXCESS OF REVENUES OVER EXPENDITURES	5,147,185	7,547,185	10,582,120	3,034,935
OTHER FINANCING USES				
Transfers to Debt Service Fund	(3,165,000)	(3,165,000)	(3,167,523)	(2,523)
Transfers to Emergency Communication Fund	(290,000)	(290,000)	(290,000)	-
Transfers to Capital Projects Fund	(300,000)	(2,700,000)	(5,700,000)	(3,000,000)
Transfers to Equipment Replacement Fund	(770,000)	(770,000)	(770,000)	
Contribution to Post Employment Benefits Fund	(620,000)	(620,000)	(620,000)	-
TOTAL OTHER FINANCING USES	(5,145,000)	(7,545,000)	(10,547,523)	(3,002,523)
NET CHANGE IN FUND BALANCE	\$ 2,185	\$ 2,185	34,597	\$ 32,412
FUND BALANCE, BEGINNING OF YEAR			18,477,195	
FUND BALANCE, END OF YEAR			\$ 18,511,792	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

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

DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u>
				<u>OVER</u>
				<u>(UNDER)</u>
REVENUES				
Uses of money and property:				
Interest earnings	\$ 90,000	\$ 90,000	\$ 257,464	\$ 167,464
EXPENDITURES				
Debt service:				
Principal	1,809,255	1,809,255	1,809,255	-
Interest	1,098,170	1,098,170	1,098,161	(9)
Issuance costs	25,000	25,000	-	(25,000)
Other:				
Bank service charges	6,000	6,000	3,697	(2,303)
TOTAL EXPENDITURES	2,938,425	2,938,425	2,911,113	(27,312)
DEFICIENCY OF REVENUES UNDER				
EXPENDITURES	(2,848,425)	(2,848,425)	(2,653,649)	194,776
OTHER FINANCING SOURCES (USES)				
Transfers from Historic Commission	15,000	15,000	17,523	2,523
Transfers from General Fund	3,150,000	3,150,000	3,150,000	-
TOTAL OTHER FINANCING SOURCES (USES)	3,165,000	3,165,000	3,167,523	2,523
NET CHANGE IN FUND BALANCE	\$ 316,575	\$ 316,575	513,874	\$ 197,299
FUND BALANCE, BEGINNING OF YEAR			3,023,388	
FUND BALANCE, END OF YEAR			\$ 3,537,262	

See accompanying notes to financial statements.

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CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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, 2007 Comprehensive Annual Financial Report. A separately audited financial statement is prepared for the Emergency Communications District and may be obtained by contacting the Director of Finance (see page 18 for information). Each discretely presented component unit, if any, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. As of June 30, 2007 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, 2007

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, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The *Post Employment Benefits Fund* accumulates funds for the payment of 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, 2007

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, 2007

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, \$25,999 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, 2007

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, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

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

Taxes were levied at the rate of \$.49 per \$100 of assessed valuation for the year ended June 30, 2007.

Payments may be made during the period from October 1 through February 28 and are delinquent on March 1. Current tax collections of \$8,761,268 were reported as revenue for the year ended June 30, 2007, and were approximately 98.6% of the tax levy.

Of the \$9,790,842 property taxes receivable, \$9,497,786 represents the estimated net realizable 2007 property taxes. This receivable is reported in the Balance Sheet - Governmental Funds with offsetting deferred revenue for the amounts not available at June 30, 2007. Amounts available at June 30, 2007 have been recorded as revenue in the governmental fund statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Prior to May 15 of each year, the City Manager formally submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are conducted by the Board of Commissioners to obtain citizen comments on the budget. Prior to June 30, the budget is legally enacted through passage of an ordinance. Annual appropriated budgets for the general fund, special revenue and debt service funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America ("GAAP").

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

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

Excess Expenditures

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

NOTE 3 - DEPOSITS AND INVESTMENTS

The City's cash and cash equivalents and investments at June 30, 2007 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, 2007, the City's deposits were fully insured or collateralized.

CITY OF BRENTWOOD, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Carrying amount of deposits	\$ 48,417,781
Deposits in State of Tennessee Local Government Investment Pool	58,992
Cash on hand	<u>1,220</u>
Total	<u>\$ 48,477,993</u>
Cash and cash equivalents	\$ 37,979,096
Cash and cash equivalents - restricted	461,961
Investments	10,000,000
Investments - restricted	<u>36,936</u>
Total	<u>\$ 48,477,993</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2007, 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	\$ 66,618,850	\$ 4,853,640	\$ -	\$ 71,472,490
Construction in progress	<u>1,627,937</u>	<u>1,584,868</u>	<u>(1,480,723)</u>	<u>1,732,082</u>
Total capital assets not being depreciated	<u>68,246,787</u>	<u>6,438,508</u>	<u>(1,480,723)</u>	<u>73,204,572</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	15,211,494	1,701,207	-	16,912,701
Improvements other than buildings	10,543,427	302,707	-	10,846,134
Machinery and equipment	11,628,374	1,495,852	(383,451)	12,740,775
Infrastructure	<u>126,503,576</u>	<u>15,599,307</u>	<u>-</u>	<u>142,102,883</u>
Total capital assets being depreciated:	<u>163,886,871</u>	<u>19,099,073</u>	<u>(383,451)</u>	<u>182,602,493</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(2,659,495)	(337,362)	-	(2,996,857)
Improvements other than buildings	(4,683,673)	(548,039)	-	(5,231,712)
Machinery and equipment	(7,326,038)	(943,105)	298,753	(7,970,390)
Infrastructure	<u>(73,666,255)</u>	<u>(4,569,445)</u>	<u>-</u>	<u>(78,235,700)</u>
Total accumulated depreciation	<u>(88,335,461)</u>	<u>(6,397,951)</u>	<u>298,753</u>	<u>(94,434,659)</u>
Governmental activities capital assets, net	<u>\$143,798,197</u>	<u>\$19,139,630</u>	<u>\$ (1,565,421)</u>	<u>\$161,372,406</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Business-type activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 610,716	\$ -	\$ -	\$ 610,716
Construction in progress	<u>289,215</u>	<u>1,253,619</u>	<u>(473,692)</u>	<u>1,069,142</u>
Total capital assets not being depreciated	<u>899,931</u>	<u>1,253,619</u>	<u>(473,692)</u>	<u>1,679,858</u>
 <u>Capital assets being depreciated:</u>				
Utility plant in service	71,347,347	536,613	-	71,883,960
Buildings, structures and improvements	3,748,476	-	-	3,748,476
Improvements other than buildings	783,156	37,577	-	820,733
Machinery, equipment and vehicles	<u>2,255,558</u>	<u>487,801</u>	<u>(20,043)</u>	<u>2,723,316</u>
Total capital assets being depreciated:	<u>78,134,537</u>	<u>1,061,991</u>	<u>(20,043)</u>	<u>79,176,485</u>
 <u>Less accumulated depreciation for:</u>				
Utility plant in service	(21,215,709)	(1,820,062)	-	(23,035,771)
Buildings, structures and improvements	(1,690,250)	(97,730)	-	(1,787,980)
Improvements other than buildings	(294,217)	(55,594)	-	(349,811)
Machinery, equipment and vehicles	<u>(1,866,073)</u>	<u>(147,179)</u>	<u>20,043</u>	<u>(1,993,209)</u>
Total accumulated depreciation	<u>(25,066,249)</u>	<u>(2,120,565)</u>	<u>20,043</u>	<u>(27,166,771)</u>
 Business-type activities capital assets, net	<u>\$ 53,968,219</u>	<u>\$ 195,045</u>	<u>\$ (473,692)</u>	<u>\$ 53,689,572</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to function/programs for the year ended June 30, 2007, as follows:

Governmental activities:

General government	\$ 248,523
Public safety	576,464
Roads and streets	4,671,683
Parks and recreation	710,306
Public library	177,789
Drug education	<u>13,186</u>

Total depreciation expense - governmental activities	<u>\$ 6,397,951</u>
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Business-type activities:

Municipal Center	\$ 159,093
Water and sewer	1,908,338
Emergency Communications District	<u>53,134</u>

Total depreciation expense - business-type activities	<u>\$ 2,120,565</u>
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NOTE 5 - INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to charges between funds that are outstanding as of June 30, 2007, and are as follows:

Fund	Interfund Receivable	Interfund Payable
General fund	\$ 285,736	\$ 83,876
Debt service fund	-	33,000
Capital projects fund	336,105	-
Nonmajor funds	68,804	-
Water and sewer fund	202,500	604,278
Municipal center fund	-	2,005
Emergency communications	<u>3,387</u>	<u>18,945</u>
	896,532	742,104
Government wide statements (governmental activities)	<u>-</u>	<u>154,428</u>
Total interfund receivables (payables)	<u>\$ 896,532</u>	<u>\$ 896,532</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 5 - INTERFUND TRANSACTIONS (CONTINUED)

Interfund transfers for the year ended June 30, 2007 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	Municipal Center	
General Fund	\$3,167,523	\$ 5,700,000	\$ 770,000	\$ 290,000	\$ -	\$ 9,927,523
Capital Projects Fund	-	-	-	-	42,000	42,000
Nonmajor Governmental Funds	-	2,285,000	-	-	-	2,285,000
Total Transfers	<u>\$3,167,523</u>	<u>\$ 7,985,000</u>	<u>\$ 770,000</u>	<u>\$ 290,000</u>	<u>\$ 42,000</u>	<u>\$12,254,523</u>

Interfund revenues and expenses for the year ended June 30, 2007, 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 \$339,200 for the year ended June 30, 2007 for its use of the Municipal Center Building. Such amounts are included in the general government expenditures reported by the general fund and operating revenues reported by the municipal center enterprise fund for the year. In addition, the water and sewer enterprise fund paid the general fund \$100,000 for its space at the City's Service Center for the year ended June 30, 2007. 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 and water and sewer fund contributed \$620,000 and \$60,000, respectively, to the Post Employment Benefits Fund for the year ended June 30, 2007. These amounts are included in expenditures for the respective funds.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 6 - LONG-TERM LIABILITIES

Changes in Long-Term Liabilities:

During the year ended June 30, 2007, the changes in long-term liabilities were as follows:

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Due within</u> <u>one year</u>
Government Activities:					
General obligation bonds	\$ 27,195,000	\$ -	\$ 1,790,000	\$ 25,405,000	\$ 2,035,000
Less: Unamortized deferred charge on advance refunding	<u>(673,146)</u>	<u>-</u>	<u>(51,450)</u>	<u>(621,696)</u>	<u>-</u>
Total bonds	26,521,854	-	1,738,550	24,783,304	2,035,000
Compensated absences	<u>2,597,389</u>	<u>971,770</u>	<u>1,215,813</u>	<u>2,353,346</u>	<u>1,000,000</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 29,119,243</u>	<u>\$ 971,770</u>	<u>\$ 2,954,363</u>	<u>\$ 27,136,650</u>	<u>\$ 3,035,000</u>
Business-type Activities:					
Revenue and tax bonds	\$ 8,065,000	\$ -	\$ 895,000	\$ 7,170,000	\$ 940,000
State of Tennessee loan program	<u>947,104</u>	<u>-</u>	<u>247,645</u>	<u>699,459</u>	<u>255,691</u>
	9,012,104	-	1,142,645	7,869,459	1,195,691
Less: Unamortized deferred charge on advance refunding	<u>(264,494)</u>	<u>-</u>	<u>(47,842)</u>	<u>(216,652)</u>	<u>-</u>
Total Business-type Activities					
Long-term Liabilities	<u>\$ 8,747,610</u>	<u>\$ -</u>	<u>\$ 1,094,803</u>	<u>\$ 7,652,807</u>	<u>\$ 1,195,691</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Description of long-term liabilities:

Amounts payable at June 30, 2007, were as follows:

\$1,955,000 1999 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2013, at varying rates of interest from 4.05% to 4.40%	\$ 1,300,000
\$5,000,000 2000 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2020, at varying rates of interest from 4.85% to 4.90%	445,000
\$3,030,000 2001 General Obligation Public Improvement Refunding Bonds due in increasing annual installments through May 1, 2009, at interest rate of 4.25%	845,000
\$5,525,000 2002 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2019, at varying rates of interest from 3.80% to 4.80%	5,420,000

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of long-term liabilities (Continued)

\$4,425,000 2002 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2022, at varying rates of interest from 3.55% to 4.85%	\$ 1,455,000
\$6,300,000 2003 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2017, at varying rates of interest from 2.00% to 4.10%	5,305,000
\$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%	3,405,000
\$2,430,000 2006 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2021, at varying rates of interest from 3.75% to 3.90%	2,430,000
\$4,800,000 2006 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2025, at varying rates of interest from 3.75% to 4.05%	<u>4,800,000</u>
Total General Obligation Debt	25,405,000
Unamortized charge on advance refunding	<u>(621,696)</u>
Total General Obligation Bonds, net of unamortized charge	<u>\$24,783,304</u>

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CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of long-term liabilities (Continued)

Business-type activities debt:

Revenue and Tax Bonds:

\$1,200,000 1999 Sewer Revenue and Tax Refunding Bonds due in increasing annual installments through September 1, 2013, at varying rates of interest from 4.05% to 4.4%	\$ 865,000
\$1,955,000 2001 Sewer Revenue and Tax Refunding Bonds due in increasing annual installments through May 1, 2009, at interest rate of 4.25%	695,000
\$3,000,000 2001 Water Revenue and Tax Bonds due in increasing annual installments through March 1, 2021, at varying rates of interest from 4.00% to 4.20%	700,000
\$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 2.50% to 4.10%	3,135,000
\$1,775,000 2006 Water Revenue and Tax Refunding Bonds due in increasing annual installments through September 1, 2020, at varying rates of interest from 3.75% to 3.85%	<u>1,775,000</u>
Total Revenue and Tax Bonds	<u>7,170,000</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of long-term liabilities (Continued)

\$2,990,906 State Loan Program Revenue Bonds, payable in monthly installments through February 1, 2011, at an interest rate of approximately 3.3%.	\$ <u>699,459</u>
Total Business-type Activities Debt	699,459
Unamortized charge on advance refunding	<u>(216,652)</u>
Total Business-type Activities Debt, net of unamortized charge	\$ <u>482,807</u>

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

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, 2007

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Debt Service Requirements

The annual debt service requirements to maturity for all long-term obligations outstanding as of June 30, 2007, are as follows:

Governmental Activities						
Year	Bonds					
	Principal	Interest				
2008	\$ 2,035,000	\$ 880,800				
2009	2,120,000	807,769				
2010	1,715,000	724,592				
2011	1,770,000	755,569				
2012	1,850,000	688,152				
2013-2017	8,635,000	2,339,594				
2018-2022	5,230,000	865,285				
2023-2025	<u>2,050,000</u>	<u>150,833</u>				
Totals	<u>\$ 25,405,000</u>	<u>\$7,212,594</u>				
Business-type Activities						
Year	Bonds		State Loan Program		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 940,000	\$ 260,454	\$ 255,691	\$ 22,725	\$ 1,195,691	\$ 283,179
2009	980,000	226,104	263,998	14,417	1,243,998	240,521
2010	640,000	189,385	179,770	5,841	819,770	195,226
2011	665,000	166,421	-	-	665,000	166,421
2012	685,000	141,538	-	-	685,000	141,538
2013-2017	2,170,000	407,668	-	-	2,170,000	407,668
2018-2021	<u>1,090,000</u>	<u>72,163</u>	<u>-</u>	<u>-</u>	<u>1,090,000</u>	<u>72,163</u>
Totals	<u>\$ 7,170,000</u>	<u>\$1,463,733</u>	<u>\$ 699,459</u>	<u>\$ 42,983</u>	<u>\$ 7,869,459</u>	<u>\$1,506,716</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 7 - UNEARNED REVENUES AND OTHER FUNDS HELD

Unearned revenues consist of the following at June 30, 2007:

Property taxes:

Delinquent taxes	\$ 272,371
2007 estimated levy	9,497,786
Estimated 2007 Hall Income tax	700,000
Developer funds held for incomplete projects	460,561
Other	<u>254,106</u>
	<u>\$ 11,184,824</u>

NOTE 8 - RISK MANAGEMENT

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

NOTE 9 - CONTINGENT LIABILITIES

The City is currently a defendant in a lawsuit in which The Metropolitan Government of Nashville and Davidson County, Tennessee ("Metro") is asserting that the City owes approximately \$2.6 million for sewer plant upgrades, plus approximately \$1.05 million in incremental sewer treatment fees billed by Metro, but unpaid by the City for the period from August 2006 through year-end. The City has paid Metro at the last stated contract rate (which expired in 2000) for sewer treatment fees, and has accrued approximately \$108,000 for what they believe are reasonable increases in fees for the period noted. At the present time, the outcome of this litigation is unknown and unable to be reasonably estimated, therefore no additional amounts have been accrued as of June 30, 2007.

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 10 - 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, 2007 totaled \$224,233.

NOTE 11 - 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, one retiree is 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 \$19,412 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 \$1,145 were recognized for postretirement life insurance for participants.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 12 - EMPLOYEE RETIREMENT SYSTEM AND PLAN

Plan Description

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

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

Funding Policy

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

The City is required to contribute at an actuarially determined rate; the rate for the year ending June 30, 2007 was 14.80% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 12 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

Annual Pension Cost

For the year ended June 30, 2007, the City's annual pension cost of \$1,720,555 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2005 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, 2005 was 10 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$1,720,555	100.00%	\$0.00
6/30/06	\$1,506,686	100.00%	\$0.00
6/30/05	\$1,313,910	100.00%	\$0.00

NOTE 13 - COMMITMENTS AND SUBSEQUENT EVENTS

Construction commitments amounting to approximately \$4,200,000 were outstanding as of June 30, 2007.

On August 27, 2007, the City established an irrevocable trust for the purpose of funding post-retirement healthcare benefits for its employees, their spouses, dependents, and beneficiaries in accordance with the terms of the City's post-retirement benefit plan. On September 27, 2007, the city transferred \$2,260,000 that had been accumulating in the Post Employment Benefits Fund since fiscal year 2005 to the International City Management Association Retirement Corporation (ICMA-RC) to begin funding the trust. The Finance Director will serve as the Trustee of the Post Employment Benefits Fund assets.

On December 12, 2007, the City issued \$4,935,000 of General Obligation Improvement Bonds, Series 2007. Interest will be payable annually on March 7 and September 1, and the bonds are due March 1, 2028.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

NOTE 14 - ECONOMIC DEPENDENCY

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

NOTE 15 - NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 43, *Financial Reporting for Postemployment Benefits Other Than Pensions* ("OPEB"), in April 2004, which addresses requirements for reporting OPEB plan assets by trust or agency funds in their financial reports. GASB Statement No. 43 will supersede GASB Statement No. 26, and is effective for fiscal periods beginning after December 15, 2005 for governments with total annual revenues of \$100 million or more; for fiscal periods beginning after December 15, 2006 for governments with total annual revenues of \$10 million or more, but less than \$100 million; and for fiscal periods beginning after December 15, 2007 for governments with total annual revenues of less than \$10 million. The City will be required to implement this statement during fiscal year 2008.

The GASB has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in June 2004, which establishes standards for reporting of OPEB plans in the financial statement of state and local government employers. The statement addresses requirements for the measurement, recognition and display of OPEB expense/expenditures, related liabilities or assets, note disclosures, and if applicable, required supplementary information. GASB Statement No. 45 is effective prospectively for fiscal periods beginning after December 15, 2006 for governments with annual revenues of \$100 million or more; for fiscal periods beginning after December 15, 2007 for governments with total annual revenues of \$10 million or more, but less than \$100 million; and for fiscal periods beginning after December 15, 2008 for governments with total annual revenues of less than \$10 million. The City will be required to implement this statement during fiscal year 2009.

The GASB has also issued Statement No. 47, *Accounting for Termination Benefits*, which provides guidance on how employers should account for benefits associated with either voluntary or involuntary terminations. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2005 (except for those provisions involving other postemployment benefits, which only take effect upon implementation of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*).

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CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FUNDING PROGRESS

POLITICAL SUBDIVISION PENSION PLAN
SUPPLEMENTARY INFORMATION (Unaudited)

JUNE 30, 2007

(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, 2005	\$ 14,811	\$ 17,393	\$ 2,582	85.15%	\$ 10,298	25.07%
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%

Changes in Actuarial Assumptions

An actuarial valuation was performed as of July 1, 2003 which established contribution rates effective July 1, 2005. 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.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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CITY OF BRENTWOOD, TENNESSEE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2007

<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	\$ 497,710	\$ 104,300	\$ 76,398	\$ 1,153,988	\$ 1,832,396
Receivables:					
Taxes	166,277	-	-	-	166,277
Due From General Fund	68,804	-	-	-	68,804
Due From Other Funds	-	-	-	-	-
Miscellaneous	-	479	-	-	479
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 732,791	\$ 104,779	\$ 76,398	\$ 1,153,988	\$ 2,067,956
 LIABILITIES:					
Accounts payable	\$ 151,060	\$ -	\$ -	\$ 20,187	\$ 171,247
Due to General Fund	-	-	-	-	-
TOTAL LIABILITIES	151,060	-	-	20,187	171,247
 COMMITMENTS AND CONTINGENCIES					
 EQUITY AND OTHER CREDITS					
Fund balance:					
Reserved for capital projects	-	-	76,398	1,133,801	1,210,199
Reserved for street repairs	581,731	-	-	-	581,731
Reserved for drug enforcement and education	-	104,779	-	-	104,779
TOTAL EQUITY AND OTHER CREDITS	581,731	104,779	76,398	1,133,801	1,896,709
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 732,791	\$ 104,779	\$ 76,398	\$ 1,153,988	\$ 2,067,956

CITY OF BRENTWOOD, TENNESSEE

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

FOR THE YEAR ENDED JUNE 30, 2007

	<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	\$ -	\$ -	\$ 667,451	\$ -	\$ 667,451
Intergovernmental	877,850	-	-	-	877,850
Uses of money and property	15,454	7,943	100,459	76,069	199,925
Other	-	61,962	-	18,500	80,462
	<u>893,304</u>	<u>69,905</u>	<u>767,910</u>	<u>94,569</u>	<u>1,825,688</u>
TOTAL REVENUES					
EXPENDITURES					
Current:					
Roads and streets	873,144	-	-	-	873,144
Drug education	-	22,414	-	-	22,414
Capital outlay	-	84,789	-	865,040	949,829
	<u>873,144</u>	<u>107,203</u>	<u>-</u>	<u>865,040</u>	<u>1,845,387</u>
TOTAL EXPENDITURES					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>20,160</u>	<u>(37,298)</u>	<u>767,910</u>	<u>(770,471)</u>	<u>(19,699)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	770,000	770,000
Transfers out	-	-	(2,285,000)	-	(2,285,000)
	<u>-</u>	<u>-</u>	<u>(2,285,000)</u>	<u>770,000</u>	<u>(1,515,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)					
NET CHANGE IN FUND BALANCE	20,160	(37,298)	(1,517,090)	(471)	(1,534,699)
FUND BALANCE, BEGINNING OF YEAR	<u>561,571</u>	<u>142,077</u>	<u>1,593,488</u>	<u>1,134,272</u>	<u>3,431,408</u>
FUND BALANCE, END OF YEAR	<u>\$ 581,731</u>	<u>\$ 104,779</u>	<u>\$ 76,398</u>	<u>\$ 1,133,801</u>	<u>\$ 1,896,709</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, 2007

	STATE STREET AID FUND			DRUG FUND			
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES							
Licenses and permits:							
Public works project fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Edmondson Branch fees	-	-	-	-	-	-	-
Intergovernmental:							
State fuel taxes	840,000	877,850	37,850	-	-	-	-
Uses of money and property:							
Interest earnings	7,000	15,454	8,454	2,000	2,000	7,943	5,943
Other:							
Gain on sale of equipment	-	-	-	-	-	-	-
Drug related fines and contributions	-	-	-	25,000	25,000	61,962	36,962
TOTAL REVENUES	847,000	893,304	46,304	27,000	27,000	69,905	42,905
EXPENDITURES							
Current:							
Roads and streets - street repairs	950,000	873,144	(76,856)	-	-	-	-
Drug education	-	-	-	20,000	22,500	22,414	(86)
Capital outlay	-	-	-	98,900	96,400	84,789	(11,611)
TOTAL EXPENDITURES	950,000	873,144	(76,856)	118,900	118,900	107,203	(11,697)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(103,000)	20,160	123,160	(91,900)	(91,900)	(37,298)	54,602
OTHER FINANCING SOURCES (USES)							
Transfers from General Fund	-	-	-	-	-	-	-
Transfers to Capital Projects Fund	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ (103,000)	20,160	\$ 123,160	\$ (91,900)	\$ (91,900)	(37,298)	\$ 54,602
FUND BALANCE, BEGINNING OF YEAR		561,571				142,077	
FUND BALANCE, END OF YEAR		\$ 581,731				\$ 104,779	

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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, 2007

	<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 AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
REVENUES						
Licenses and permits:						
Public works project fees	\$ 475,000	\$ 499,785	\$ 24,785	\$ -	\$ -	\$ -
Edmondson Branch fees	80,000	167,666	87,666	-	-	-
Intergovernmental:						
State fuel taxes	-	-	-	-	-	-
Uses of money and property:						
Interest earnings	52,625	100,459	47,834	20,000	76,069	56,069
Other:						
Gain on sale of equipment	-	-	-	-	18,500	18,500
Drug related fines and contributions	-	-	-	-	-	-
TOTAL REVENUES	<u>607,625</u>	<u>767,910</u>	<u>160,285</u>	<u>20,000</u>	<u>94,569</u>	<u>74,569</u>
EXPENDITURES						
Current:						
Roads and streets - street repairs	-	-	-	-	-	-
Drug education	-	-	-	-	-	-
Capital outlay	-	-	-	929,400	865,040	(64,360)
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>929,400</u>	<u>865,040</u>	<u>(64,360)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>607,625</u>	<u>767,910</u>	<u>160,285</u>	<u>(909,400)</u>	<u>(770,471)</u>	<u>138,929</u>
OTHER FINANCING SOURCES (USES)						
Transfers from General Fund			-	770,000	770,000	-
Transfers to Capital Projects Fund	<u>(2,285,000)</u>	<u>(2,285,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,285,000)</u>	<u>(2,285,000)</u>	<u>-</u>	<u>770,000</u>	<u>770,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,677,375)</u>	<u>(1,517,090)</u>	<u>\$ 160,285</u>	<u>\$ (139,400)</u>	<u>(471)</u>	<u>\$ 138,929</u>
FUND BALANCE, BEGINNING OF YEAR		<u>1,593,488</u>			<u>1,134,272</u>	
FUND BALANCE, END OF YEAR		<u>\$ 76,398</u>			<u>\$ 1,133,801</u>	

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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, 2007

	<u>TOTALS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
	<u>BUDGETED</u>	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>OVER</u>
	<u>AMOUNTS</u>	<u>AMOUNTS</u>		<u>(UNDER)</u>
REVENUES				
Licenses and permits:				
Public works project fees	\$ 475,000	\$ 475,000	\$ 499,785	\$ 24,785
Edmondson Branch fees	80,000	80,000	167,666	87,666
Intergovernmental:				
State fuel taxes	840,000	840,000	877,850	37,850
Uses of money and property:				
Interest earnings	81,625	81,625	199,925	118,300
Other:				
Gain on sale of equipment	-	-	18,500	18,500
Drug related fines and contributions	25,000	25,000	61,962	36,962
TOTAL REVENUES	<u>1,501,625</u>	<u>1,501,625</u>	<u>1,825,688</u>	<u>324,063</u>
EXPENDITURES				
Current:				
Roads and streets - street repairs	950,000	950,000	873,144	(76,856)
Drug education	20,000	22,500	22,414	(86)
Capital outlay	<u>1,028,300</u>	<u>1,025,800</u>	<u>949,829</u>	<u>(75,971)</u>
TOTAL EXPENDITURES	<u>1,998,300</u>	<u>1,998,300</u>	<u>1,845,387</u>	<u>(152,913)</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(496,675)</u>	<u>(496,675)</u>	<u>(19,699)</u>	<u>476,976</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers from General Fund	770,000	770,000	770,000	-
Operating transfers to Capital Projects Fund	<u>(2,285,000)</u>	<u>(2,285,000)</u>	<u>(2,285,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,515,000)</u>	<u>(1,515,000)</u>	<u>(1,515,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,011,675)</u>	<u>\$ (2,011,675)</u>	<u>(1,534,699)</u>	<u>\$ 476,976</u>
FUND BALANCE, BEGINNING OF YEAR			<u>3,431,408</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,896,709</u>	

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FINANCIAL SCHEDULE SECTION

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CITY OF BRENTWOOD, TENNESSEE

CAPITAL ASSETS USED IN THE OPERATION OF THE GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2007

<u>FUNCTION AND ACTIVITY</u>	<u>IMPROVEMENTS</u>					<u>CONSTRUCTION</u>	<u>TOTALS</u>
	<u>LAND</u>	<u>BUILDINGS AND STRUCTURES</u>	<u>OTHER THAN BUILDINGS</u>	<u>EQUIPMENT</u>	<u>INFRASTRUCTURE</u>	<u>IN PROGRESS</u>	
General government:							
Finance/administration	\$ -	\$ -	\$ -	\$ 354,961	\$ -	\$ -	\$ 354,961
Planning and development	-	-	-	590,572	-	-	590,572
Other - unclassified	<u>10,600</u>	<u>250,209</u>	<u>184,081</u>	<u>1,652,593</u>	<u>80,775</u>	<u>7,582</u>	<u>2,185,840</u>
Total General Government	<u>10,600</u>	<u>250,209</u>	<u>184,081</u>	<u>2,598,126</u>	<u>80,775</u>	<u>7,582</u>	<u>3,131,373</u>
Public Safety:							
Police	-	7,500	-	2,844,948	-	-	2,852,448
Fire	<u>501,573</u>	<u>4,191,895</u>	<u>14,389</u>	<u>3,521,673</u>	<u>-</u>	<u>-</u>	<u>8,229,530</u>
Total Public Safety	<u>501,573</u>	<u>4,199,395</u>	<u>14,389</u>	<u>6,366,621</u>	<u>-</u>	<u>-</u>	<u>11,081,978</u>
Roads and Streets:							
Public works	68,015,537	1,475,589	-	1,708,272	139,245,557	1,724,500	212,169,455
Other	<u>411,162</u>	<u>767,003</u>	<u>-</u>	<u>750,420</u>	<u>168,144</u>	<u>-</u>	<u>2,096,729</u>
Total Roads and Streets	<u>68,426,699</u>	<u>2,242,592</u>	<u>-</u>	<u>2,458,692</u>	<u>139,413,701</u>	<u>1,724,500</u>	<u>214,266,184</u>
Parks and Recreation	<u>2,533,618</u>	<u>2,968,996</u>	<u>10,290,734</u>	<u>645,365</u>	<u>2,608,407</u>	<u>-</u>	<u>19,047,120</u>
Public Library	<u>-</u>	<u>7,251,509</u>	<u>356,930</u>	<u>571,496</u>	<u>-</u>	<u>-</u>	<u>8,179,935</u>
Drug Special Revenue Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,475</u>	<u>-</u>	<u>-</u>	<u>100,475</u>
Total governmental funds capital assets	<u>\$ 71,472,490</u>	<u>\$ 16,912,701</u>	<u>\$10,846,134</u>	<u>\$12,740,775</u>	<u>\$ 142,102,883</u>	<u>\$ 1,732,082</u>	<u>\$255,807,065</u>

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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, 2007

<u>FUNCTION AND ACTIVITY</u>	<u>BALANCE</u> <u>JULY 1, 2006</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>TRANSFERS</u>	<u>BALANCE</u> <u>JUNE 30, 2007</u>
General government:					
Finance and administration	\$ 37,313	\$ -	\$ -	\$ 317,648	\$ 354,961
Planning and development	640,590	17,280	(67,298)	-	590,572
Other - unclassified	2,390,868	137,668	(25,048)	(317,648)	2,185,840
Public safety:					
Police department	2,702,497	403,335	(253,384)	-	2,852,448
Fire department	7,923,515	305,290	(19,969)	20,694	8,229,530
Roads and streets	191,858,024	22,446,606	(17,752)	(20,694)	214,266,184
Parks and recreation	18,581,513	465,607	-	-	19,047,120
Public library	7,922,001	257,934	-	-	8,179,935
Drug special revenue fund	<u>77,337</u>	<u>23,138</u>	<u>-</u>	<u>-</u>	<u>100,475</u>
Total governmental funds capital assets	<u>\$ 232,133,658</u>	<u>\$ 24,056,858</u>	<u>\$ (383,451)</u>	<u>\$ -</u>	<u>\$ 255,807,065</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS

JUNE 30, 2007

	<u>Amount</u>
<u>MAJOR GOVERNMENTAL FUNDS</u>	
<u>General Fund</u>	
Pinnacle - demand deposits	\$ 10,709,351
Pinnacle - Certificate of Deposit	5,000,000
Bancorpsouth - Certificate of Deposit	36,936
Cash on hand	<u>1,220</u>
Total General Fund	<u>15,747,507</u>
<u>Debt Service Fund</u>	
Pinnacle - demand deposits	1,570,262
Pinnacle - Certificate of Deposit	<u>2,000,000</u>
Total Debt Service Fund	<u>3,570,262</u>
<u>Capital Projects Fund</u>	
Pinnacle - demand deposits	13,674,263
Tennessee Commerce Bank - demand deposits	98,284
First Tennesse/First Horizon - demand deposits	88,431
Pinnacle - Certificate of Deposit	3,000,000
Local Government Investment Pool	<u>58,992</u>
Total Capital Projects Fund	<u>16,919,970</u>
<u>NONMAJOR GOVERNMENTAL FUNDS</u>	
<u>State Street Aid</u>	
Pinnacle - demand deposits	497,710
<u>Drug Fund</u>	
Pinnacle - demand deposits	104,300
<u>Public Works Project Fund</u>	
Pinnacle - demand deposits	76,398
<u>Equipment Replacement Fund</u>	
Pinnacle - demand deposits	<u>1,153,988</u>
Total Nonmajor Governmental Funds	<u>1,832,396</u>
<u>MAJOR PROPRIETARY FUNDS</u>	
<u>Water and Sewer Fund</u>	
Pinnacle - demand deposits	<u>9,005,435</u>
<u>Municipal Center Fund</u>	
Pinnacle - demand deposits	<u>679,707</u>
<u>Emergency Communications District</u>	
Pinnacle - demand deposits	<u>722,716</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 48,477,993</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2007

<u>Fiscal</u> <u>Year</u>	<u>BALANCE</u> <u>JUNE 30, 2006</u>	<u>LEVY</u>	<u>COLLECTIONS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2007</u>
2007	\$ -	\$8,885,916	\$ (8,761,268)	\$ -	\$ 124,648
2006	294,292	-	(254,371)	-	39,921
2005	28,807	-	(16,694)	-	12,113
2004	6,797	-	(284)	-	6,513
2003	9,361	-	-	5,269	14,630
2002	8,510	-	-	5,810	14,320
2001	27,790	-	-	9,381	37,171
2000	10,456	-	-	7,046	17,502
1999	10,052	-	-	112	10,164
1998	9,036	-	(2)	-	9,034
1997	4,189	-	(574)	-	3,615
1996	3,447	-	-	-	3,447
Total	<u>\$ 412,737</u>	<u>\$8,885,916</u>	<u>\$ (9,033,193)</u>	<u>\$ 27,618</u>	<u>\$ 293,078</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, 2007

Year	1999 G.O. Refunding Bonds		2000 G.O. Bonds		2001 G.O. Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 195,000	\$ 51,189	\$ 215,000	\$ 21,698	\$ 410,000	\$ 35,912
2009	205,000	42,986	230,000	11,270	435,000	18,488
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>\$ 1,300,000</u>	<u>\$ 194,709</u>	<u>\$ 445,000</u>	<u>\$ 32,968</u>	<u>\$ 845,000</u>	<u>\$ 54,400</u>

Year	2003 G.O. Refunding Bonds		2004 G.O. Public Improvement Bonds		2006 G.O. Public Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 685,000	\$ 168,155	\$ 145,000	\$ 122,074	\$ 175,000	\$ 181,054
2009	705,000	149,018	145,000	118,503	185,000	174,304
2010	735,000	127,418	150,000	114,538	190,000	167,273
2011	750,000	104,205	155,000	110,305	200,000	159,960
2012	475,000	83,705	155,000	105,810	205,000	152,366
2013	295,000	70,230	160,000	100,925	215,000	144,491
2014	305,000	59,501	165,000	95,642	220,000	136,335
2015	320,000	47,855	175,000	89,945	230,000	127,898
2016	330,000	35,340	180,000	83,820	240,000	119,085
2017	345,000	21,833	185,000	77,340	245,000	109,991
2018	360,000	7,380	190,000	70,495	255,000	100,616
2019	-	-	205,000	63,085	265,000	90,866
2020	-	-	210,000	54,990	275,000	80,673
2021	-	-	220,000	46,280	285,000	69,961
2022	-	-	230,000	36,940	300,000	58,625
2023	-	-	235,000	27,058	310,000	46,575
2024	-	-	245,000	16,676	320,000	33,975
2025	-	-	255,000	5,674	335,000	20,875
2026	-	-	-	-	350,000	7,088
	<u>\$ 5,305,000</u>	<u>\$ 874,640</u>	<u>\$ 3,405,000</u>	<u>\$ 1,340,100</u>	<u>\$ 4,800,000</u>	<u>\$ 1,982,011</u>

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2002 G. O. Refunding Bonds		2002 G.O. Bonds	
Principal	Interest	Principal	Interest
\$ 25,000	\$ 242,425	\$ 185,000	\$ 58,293
25,000	241,475	190,000	51,725
270,000	235,600	200,000	44,600
280,000	224,390	205,000	36,800
610,000	205,618	215,000	28,600
635,000	178,844	225,000	19,785
660,000	150,348	235,000	10,223
690,000	119,965	-	-
725,000	87,593	-	-
350,000	62,780	-	-
365,000	46,065	-	-
385,000	28,344	-	-
400,000	9,600	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,420,000</u>	<u>\$1,833,047</u>	<u>\$ 1,455,000</u>	<u>\$ 250,026</u>

2006 G.O. Refunding Bonds		Totals Bonds	
Principal	Interest	Principal	Interest
\$ -	\$ -	\$ 2,035,000	\$ 880,800
-	-	2,120,000	807,769
-	-	1,715,000	724,592
10,000	91,930	1,770,000	755,569
10,000	91,555	1,850,000	688,152
15,000	91,086	1,730,000	617,965
265,000	85,836	2,045,000	542,175
270,000	75,805	1,685,000	461,468
280,000	65,493	1,755,000	391,331
295,000	54,711	1,420,000	326,655
305,000	43,461	1,475,000	268,017
315,000	31,758	1,170,000	214,053
325,000	19,516	1,210,000	164,779
340,000	6,630	845,000	122,871
-	-	530,000	95,565
-	-	545,000	73,633
-	-	565,000	50,651
-	-	590,000	26,549
-	-	350,000	7,088
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,430,000</u>	<u>\$ 657,781</u>	<u>\$25,405,000</u>	<u>\$ 7,219,682</u>

CITY OF BRENTWOOD, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS - BUSINESS-TYPE ACTIVITIES DEBT
JUNE 30, 2007

Year	1999 Sewer Revenue and Tax Refunding Bonds		2001 Sewer Revenue and Tax Refunding Bonds		2001 Water Revenue and Tax Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 105,000	\$ 34,659	\$ 340,000	\$ 29,537	\$ 130,000	\$ 28,515
2009	115,000	30,146	355,000	15,088	135,000	23,315
2010	120,000	25,240	-	-	140,000	17,915
2011	125,000	20,064	-	-	145,000	12,245
2012	125,000	14,720	-	-	150,000	6,300
2013	135,000	9,096	-	-	-	-
2014	140,000	3,080	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
	<u>\$ 865,000</u>	<u>\$ 137,005</u>	<u>\$ 695,000</u>	<u>\$ 44,625</u>	<u>\$ 700,000</u>	<u>\$ 88,290</u>

Year	2006 Water Revenue and Tax Refunding Bonds		Totals Bonds		State Loan Program Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ -	\$ 66,903	\$ 940,000	\$ 260,454	\$ 255,691	\$ 22,725
2009	-	66,903	980,000	226,104	263,998	14,417
2010	-	66,903	640,000	189,385	179,770	5,841
2011	-	66,903	665,000	166,421	-	-
2012	-	66,903	685,000	141,538	-	-
2013	170,000	63,715	490,000	116,013	-	-
2014	175,000	57,246	505,000	96,794	-	-
2015	185,000	50,496	380,000	79,821	-	-
2016	185,000	43,559	390,000	65,181	-	-
2017	195,000	36,434	405,000	49,859	-	-
2018	205,000	28,934	430,000	33,547	-	-
2019	210,000	21,153	210,000	21,153	-	-
2020	220,000	13,035	220,000	13,035	-	-
2021	230,000	4,428	230,000	4,428	-	-
	<u>\$ 1,775,000</u>	<u>\$ 653,515</u>	<u>\$ 7,170,000</u>	<u>\$ 1,463,733</u>	<u>\$ 699,459</u>	<u>\$ 42,983</u>

2003 Sewer Revenue
and Tax Refunding Bonds

Principal	Interest
\$ 365,000	\$ 100,840
375,000	90,652
380,000	79,327
395,000	67,209
410,000	53,615
185,000	43,202
190,000	36,468
195,000	29,325
205,000	21,622
210,000	13,425
225,000	4,613
-	-
-	-
-	-
<u>\$ 3,135,000</u>	<u>\$ 540,298</u>

Total Debt Requirements

Principal	Interest
\$ 1,195,691	\$ 283,179
1,243,998	240,521
819,770	195,226
665,000	166,421
685,000	141,538
490,000	116,013
505,000	96,794
380,000	79,821
390,000	65,181
405,000	49,859
430,000	33,547
210,000	21,153
220,000	13,035
230,000	4,428
<u>\$ 7,869,459</u>	<u>\$ 1,506,716</u>

CITY OF BRENTWOOD, TENNESSEE

UTILITY RATE STRUCTURE, NUMBER OF CUSTOMERS AND UNACCOUNTED FOR WATER

FOR THE YEAR ENDED JUNE 30, 2007

**Number of
Customers**

Water 7,861

Sewer 8,556

Rate Structure

Water

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

First 2,000 gallons	\$ 11.62	(minimum bill)
Next 8,000 gallons	4.07	per 1,000 gallons
Thereafter	4.65	per 1,000 gallons

Commercial office customers:

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

Sewer

In City Limits:

100% of water bill - residential customers

100% of water bill - commercial office, institutional and certain other commercial customers

125% of water bill - commercial retail customers

Outside City Limits (Sewer Only customers):

100% of water bill - residential customers

135% of water bill - commercial office, institutional and certain other commercial customers

130% of water bill - commercial retail customers (sewer only); 105% institutional

Water Loss Percentage

Gallons lost as a % of total gallons purchased 28.3%

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2007

<u>Grant Description</u>	<u>Federal CFDA#</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Federal Grant Amount</u>	<u>State Grant Amount</u>	<u>Accrued (Deferred) 7/1/06</u>	<u>Other Adjustments</u>	<u>Federal Receipts</u>	<u>State Receipts</u>	<u>Expenditures</u>	<u>Accrued (Deferred) 6/30/07</u>
FEDERAL AWARDS:											
FEDERAL EMERGENCY MANAGEMENT AGENCY											
Passed through the Tennessee Emergency Management Agency:											
Disaster Assistance	97 088	HSFEEM-05-P-5142	N/A	\$ 98,414	\$ -	\$ 4,574	\$ -	\$ -	\$ -	\$ -	\$ 4,574
Fire Act Grant	97 044	EMW-2004-FP-2980	N/A	\$ 72,000	\$ -	(1,701)	-	6,477	-	8,097	(81)
TOTAL FEDERAL EMERGENCY MANAGEMENT						2,873	-	6,477	-	8,097	4,493
BUREAU OF JUSTICE ASSISTANCE											
Bulletproof Vest Grant	16 607	N/A	07/01/2002-09/30/07	\$ 4,697		-	-	4,697	-	4,697	-
TOTAL BUREAU OF JUSTICE ASSISTANCE						-	-	4,697	-	4,697	-
TOTAL EXPENDITURES OF FEDERAL AWARDS						<u>\$ 2,873</u>	<u>\$ -</u>	<u>\$ 11,174</u>	<u>\$ -</u>	<u>\$ 12,794</u>	<u>\$ 4,493</u>
STATE AWARDS:											
State of Tennessee											
Department of State, Tennessee State Library and Archives Technology Grant											
	N/A	N/A	2/1/06 - 8/4/06	\$ 5,000		\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ -
GIS Mapping Maintenance Grant	N/A	N/A	7/1/05 - 6/30/06	\$ 10,000		-	-	-	10,000	10,000	-
TOTAL EXPENDITURES OF STATE AWARDS						<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS						<u>\$ 2,873</u>	<u>\$ -</u>	<u>\$ 11,174</u>	<u>\$ 15,000</u>	<u>\$ 27,794</u>	<u>\$ 4,493</u>

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*.

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STATISTICAL SECTION

(Not Covered by Report of Independent Certified Public Accountants)

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STATISTICAL SECTION

(Not Covered by Report of Independent Certified Public Accountants)

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

CONTENTS

	<u>Page</u>
<u>Financial Trends</u>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	75 - 80
<u>Revenue Capacity</u>	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	81 - 87
<u>Debt Capacity</u>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	88 - 91
<u>Demographic and Economic Information</u>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	92 - 93
<u>Operating Information</u>	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	94 - 96

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

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CITY OF BRENTWOOD, TENNESSEE

NET ASSETS BY COMPONENT (UNAUDITED)

LAST SIX FISCAL YEARS

	FISCAL YEAR					
	2002	2003	2004	2005	2006	2007
Governmental activities						
Invested in capital assets, net of related debt	\$ 111,507,818	\$ 114,258,066	\$ 115,634,124	\$ 119,610,848	\$ 119,009,889	\$ 135,812,978
Restricted	1,779,755	2,146,192	2,584,725	2,774,389	2,621,325	1,238,048
Unrestricted	<u>26,245,771</u>	<u>26,543,145</u>	<u>28,721,929</u>	<u>25,135,008</u> ⁽¹⁾	<u>29,586,562</u>	<u>36,398,248</u>
Total governmental activities net assets	<u>\$ 139,533,344</u>	<u>\$ 142,947,403</u>	<u>\$ 146,940,778</u>	<u>\$ 147,520,245</u>	<u>\$ 151,217,776</u>	<u>\$ 173,449,274</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 35,705,366	\$ 38,641,105	\$ 39,366,472	\$ 41,920,206	\$ 45,220,609	\$ 46,036,765
Restricted	269,708	269,708	269,708	269,708	269,708	269,708
Unrestricted	<u>4,767,441</u>	<u>4,153,065</u>	<u>5,530,180</u>	<u>5,793,961</u>	<u>6,094,460</u>	<u>10,640,015</u>
Total business-type activities net assets	<u>\$ 40,742,515</u>	<u>\$ 43,063,878</u>	<u>\$ 45,166,360</u>	<u>\$ 47,983,875</u>	<u>\$ 51,584,777</u>	<u>\$ 56,946,488</u>
Primary government						
Invested in capital assets, net of related debt	\$ 147,213,184	\$ 152,899,171	\$ 155,000,596	\$ 161,531,054	\$ 164,230,498	\$ 181,849,743
Restricted	2,049,463	2,415,900	2,854,433	3,044,097	2,891,033	1,507,756
Unrestricted	<u>31,013,212</u>	<u>30,696,210</u>	<u>34,252,109</u>	<u>30,928,969</u>	<u>35,681,022</u>	<u>47,038,263</u>
Total primary government net assets	<u>\$ 180,275,859</u>	<u>\$ 186,011,281</u>	<u>\$ 192,107,138</u>	<u>\$ 195,504,120</u> ⁽¹⁾	<u>\$ 202,802,553</u>	<u>\$ 230,395,762</u>

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

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

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN NET ASSETS (UNAUDITED)

LAST SIX FISCAL YEARS

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

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN NET ASSETS, LAST TWO FISCAL YEARS (CONTINUED)

LAST SIX FISCAL YEARS

	FISCAL YEAR					
	2002	2003	2004	2005	2006	2007
NET (EXPENSE)/REVENUE						
Governmental activities	\$ (20,726,926)	\$ (19,401,831)	\$ (19,197,462)	\$ (20,935,296)	\$ (25,687,024)	\$ (10,141,905)
Business-type activities	2,473,284	2,011,674	1,706,492	2,437,886	3,090,304	4,578,668
TOTAL PRIMARY GOVERNMENT NET EXPENSE	\$ (18,253,642)	\$ (17,390,157)	\$ (17,490,970)	\$ (18,497,410)	\$ (22,596,720)	\$ (5,563,237)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS						
Governmental activities:						
Taxes						
Property taxes	\$ 7,648,716	\$ 8,109,218	\$ 8,218,733	\$ 8,473,452	\$ 8,929,991	\$ 9,305,843
Local option taxes	7,644,789	7,765,996	7,882,242	8,691,778	10,098,176	10,510,078
Licenses and permits	1,432,356	1,595,673	1,990,455	1,709,803	3,315,881	3,770,901
Other taxes	1,065,976	1,094,616	1,834,238	2,894,347	1,930,755	1,680,610
State sales, income, and other taxes	3,780,028	3,573,964	3,081,239	3,425,382	4,170,870	5,500,693
Unrestricted earnings	786,729	499,447	436,363	731,403	1,287,069	2,129,264
Miscellaneous	98,843	429,150	64,603	106,310	532,213	512,712
Loss on disposal of capital assets	-	(2,174)	-	-	-	(84,698)
Contributions to Post Employment Benefit Fund	-	-	-	(300,000)	(617,000)	(620,000)
Transfers	-	(250,000)	(317,036)	(250,000)	(263,400)	(332,000)
Total government activities	22,457,437	22,815,890	23,190,837	25,482,475	29,384,555	32,373,403
Business-type activities						
Unrestricted investment earnings	209,876	59,689	78,954	129,629	307,198	511,043
Contributions to Post Employment Benefit Fund	-	-	-	-	(60,000)	(60,000)
Transfers	-	250,000	317,036	250,000	263,400	332,000
Total business-type activities	209,876	309,689	395,990	379,629	510,598	783,043
TOTAL PRIMARY GOVERNMENT	\$ 22,667,313	\$ 23,125,579	\$ 23,586,827	\$ 25,862,104	\$ 29,895,153	\$ 33,156,446
CHANGE IN NET ASSETS						
Governmental activities	\$ 1,730,511	\$ 3,414,059	\$ 3,993,375	\$ 4,547,179	\$ 3,697,531	\$ 22,231,498
Business-type activities	2,683,160	2,321,363	2,102,482	2,817,515	3,600,902	5,361,711
TOTAL PRIMARY GOVERNMENT	\$ 4,413,671	\$ 5,735,422	\$ 6,095,857	\$ 7,364,694	\$ 7,298,433	\$ 27,593,209

CITY OF BRENTWOOD, TENNESSEE

FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>6,994,471</u>	<u>9,340,062</u>	<u>11,452,090</u>	<u>14,187,576</u>	<u>17,038,588</u>	<u>14,080,418</u>	<u>14,682,705</u>	<u>16,508,469</u>	<u>18,477,195</u>	<u>18,511,792</u>
Total general fund	<u>\$ 6,994,471</u>	<u>\$ 9,340,062</u>	<u>\$ 11,452,090</u>	<u>\$ 14,187,576</u>	<u>\$ 17,038,588</u>	<u>\$ 14,080,418</u>	<u>\$ 14,682,705</u>	<u>\$ 16,508,469</u>	<u>\$ 18,477,195</u>	<u>\$ 18,511,792</u>
All Other Governmental Funds										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved										
Reserved for debt services	2,345,863	2,331,572	2,499,952	2,777,528	2,896,376	2,927,189	2,954,569	2,952,006	3,023,388	3,537,262
Reserved for capital projects	4,615,036	4,346,909	10,490,459	3,747,077	5,854,488	9,277,744	12,459,881	9,539,741	14,618,603	16,734,749
Reserved for street repairs	181,943	192,658	332,709	391,458	411,206	426,405	436,285	568,726	561,571	581,731
Reserved for drug enforcement and education	<u>4,182</u>	<u>12,892</u>	<u>19,633</u>	<u>50,715</u>	<u>63,541</u>	<u>80,621</u>	<u>110,618</u>	<u>94,649</u>	<u>142,077</u>	<u>104,779</u>
Total all other governmental funds	<u>\$ 7,147,024</u>	<u>\$ 6,884,031</u>	<u>\$ 13,342,753</u>	<u>\$ 6,966,778</u>	<u>\$ 9,225,611</u>	<u>\$ 12,711,959</u>	<u>\$ 15,961,353</u>	<u>\$ 13,155,122</u>	<u>\$ 18,345,639</u>	<u>\$ 20,958,521</u>

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
REVENUES										
Taxes	\$ 12,340,738	\$ 13,967,041	\$ 15,556,655	\$ 16,467,521	\$ 16,012,683	\$ 16,888,286	\$ 17,740,061	\$ 20,059,577	\$ 22,344,048	\$ 23,586,822
Licenses and permits	736,959	1,063,628	530,945	745,512	1,432,356	1,595,673	1,990,455	1,709,803	1,930,755	1,680,610
Fines and fees	153,217	184,145	191,895	209,596	193,582	233,958	230,690	226,857	392,005	457,610
Charges for services	85,162	99,399	139,830	126,134	150,869	150,722	186,724	189,845	234,322	294,554
Intergovernmental	3,487,707	3,984,371	4,020,980	4,430,779	4,443,128	4,321,853	3,843,845	4,471,886	5,209,874	6,416,334
Uses of money and property	862,686	1,877,101	1,528,044	1,609,349	786,729	499,447	436,363	731,403	1,287,069	2,129,264
Other revenues	22,470	31,794	65,377	63,393	98,843	429,151	64,603	106,310	532,213	512,712
TOTAL REVENUES	<u>17,688,939</u>	<u>21,207,479</u>	<u>22,033,726</u>	<u>23,652,284</u>	<u>23,118,190</u>	<u>24,119,090</u>	<u>24,492,741</u>	<u>27,495,681</u>	<u>31,930,286</u>	<u>35,077,906</u>
EXPENDITURES										
General government	2,211,900	2,471,079	2,518,629	2,852,441	3,166,656	3,533,496	3,917,644	4,220,253	4,457,292	4,727,232
Public safety	4,811,560	5,187,357	5,753,262	6,106,661	7,727,574	8,216,680	8,050,701	8,713,433	9,405,597	10,009,079
Roads and streets	1,842,410	1,960,215	2,016,888	2,328,418	2,523,168	3,157,457	3,188,370	3,180,765	3,676,825	3,822,056
Public health	81,763	58,722	59,820	47,955	50,407	51,481	61,668	71,764	63,753	76,310
Parks and recreation	727,524	807,826	858,316	860,067	938,071	1,033,789	1,083,375	1,125,016	1,284,465	1,458,493
Public library	683,002	954,538	1,026,194	1,119,074	1,241,578	1,429,472	1,464,382	1,518,773	1,645,071	1,755,700
Community support	163,584	147,117	180,940	160,703	174,410	254,373	238,031	239,793	241,243	264,226
Drug education	4,100	4,995	22,130	13,195	15,931	12,965	12,842	10,628	31,593	22,414
Other	25,352	21,780	32,178	34,443	3,626	5,160	4,920	-	5,395	-
Capital outlay	9,641,726	5,179,821	3,767,882	11,525,319	6,103,653	2,909,224	3,024,562	5,800,950	4,692,511	6,435,501
Contribution to Post Employment Benefits Fund	-	-	-	-	-	-	-	300,000	617,000	620,000
Debt service										
Interest	806,596	999,829	923,707	1,132,089	1,047,671	1,142,662	992,536	1,073,377	967,277	1,098,161
Principal	979,632	1,300,400	1,236,235	1,312,134	1,516,235	1,594,153	1,885,285	1,971,459	2,182,830	1,809,255
Total expenditures	<u>21,979,149</u>	<u>19,093,679</u>	<u>18,396,181</u>	<u>27,492,499</u>	<u>24,508,980</u>	<u>23,340,912</u>	<u>23,924,316</u>	<u>28,226,211</u>	<u>29,270,852</u>	<u>32,098,427</u>
Excess of revenues over (under) expenditures	<u>(4,290,210)</u>	<u>2,113,800</u>	<u>3,637,545</u>	<u>(3,840,215)</u>	<u>(1,390,790)</u>	<u>778,178</u>	<u>568,425</u>	<u>(730,530)</u>	<u>2,659,434</u>	<u>2,979,479</u>

(continued on following page)

CITY OF BRENTWOOD, TENNESSEE

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

LAST TEN FISCAL YEARS

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
OTHER-FINANCING SOURCES (USES)										
Transfers in	\$ 4,450,000	\$ 4,315,000	\$ 5,345,000	\$ 4,500,000	\$ 5,455,000	\$ 5,550,000	\$ 7,891,000	\$ 5,722,750	\$ 7,267,668	\$ 11,922,523
Transfers out	(4,450,000)	(4,315,000)	(5,345,000)	(4,500,000)	(5,455,000)	(5,800,000)	(8,241,500)	(5,972,750)	(7,531,068)	(12,254,523)
Proceeds of general obligation bonds	4,878,930	-	5,000,000	-	4,425,000	-	3,685,000	-	4,800,000	-
Proceeds of refunding bonds	3,215,808	1,933,550	-	3,032,399	5,525,000	6,300,000	-	-	2,430,000	-
Payment of refunded bond escrow agent	(3,331,653)	(1,954,928)	-	(3,018,280)	(5,442,996)	(6,213,361)	-	-	(2,398,471)	-
Bond discount	(23,439)	(9,824)	(66,795)	(11,314)	(154,009)	(86,639)	(51,181)	-	(68,320)	-
Total other financing sources (uses)	<u>4,739,646</u>	<u>(31,202)</u>	<u>4,933,205</u>	<u>2,805</u>	<u>4,352,995</u>	<u>(250,000)</u>	<u>3,283,319</u>	<u>(250,000)</u>	<u>4,499,809</u>	<u>(332,000)</u>
Net Change in Fund Balance	<u>\$ 449,436</u>	<u>\$ 2,082,598</u>	<u>\$ 8,570,750</u>	<u>\$ (3,837,410)</u>	<u>\$ 2,962,205</u>	<u>\$ 528,178</u>	<u>\$ 3,851,744</u>	<u>\$ (980,530)</u>	<u>\$ 7,159,243</u>	<u>\$ 2,647,479</u>
Debt service as a percentage of noncapital expenditures	<u>14.5 %</u>	<u>16.5 %</u>	<u>14.8 %</u>	<u>15.3 %</u>	<u>13.9 %</u>	<u>13.4 %</u>	<u>13.8 %</u>	<u>13.6 %</u>	<u>12.8 %</u>	<u>11.3 %</u>

CITY OF BRENTWOOD, TENNESSEE

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY (UNAUDITED)

LAST TEN YEARS

<u>FISCAL YEAR *</u>	<u>COMMERCIAL</u>	<u>RESIDENTIAL</u>	<u>FARM</u>	<u>PERSONAL PROPERTY</u>	<u>TOTAL TAXABLE ASSESSED VALUE</u>	<u>TAX RATE</u>	<u>ESTIMATED ACTUAL TAXABLE VALUE</u>	<u>TAXABLE ASSESSED VALUE AS A PERCENTAGE OF ACTUAL TAXABLE VALUE</u>
1998	\$ 208,034,800	\$ 472,791,525	\$ 11,181,075	\$ 36,733,836	\$ 728,741,236	\$ 0.73	\$ 2,577,949,260	28.27 %
1999	236,029,840	508,103,475	10,887,750	44,016,477	799,037,542	0.73	2,812,207,304	28.41 %
2000	265,147,440	536,013,825	10,292,500	51,577,205	863,030,970	0.73	3,019,310,362	28.58 %
2001	273,909,440	561,516,575	12,413,225	57,086,665	904,925,905	0.59	3,170,090,586	28.55 %
2002	369,548,600	687,874,675	18,279,225	57,928,744	1,133,631,244	0.59	3,940,595,768	28.77 %
2003	374,386,880	792,314,650	21,657,400	59,050,023	1,247,408,953	0.59	4,388,056,313	28.43 %
2004	364,462,800	843,183,500	20,731,675	52,582,710	1,280,960,685	0.59	4,541,525,809	28.21 %
2005	363,673,680	909,352,450	18,717,150	55,414,120	1,347,157,400	0.59	4,803,732,363	28.04 %
2006	366,105,640	990,004,350	19,816,550	60,646,436	1,436,572,976	0.59	5,153,907,817	27.87 %
2007	442,380,280	1,274,199,450	23,068,300	63,428,258	1,803,046,288	0.49	6,543,443,179	27.56 %

* The fiscal year listed corresponds to the preceding tax year levy (2006 fiscal year would represent the 2005 tax levy)
This represents the period for which the taxes were levied.

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING PROPERTY TAX RATES (UNAUDITED)

LAST TEN FISCAL YEARS

FISCAL YEAR **	DIRECT RATE	OVERLAPPING
	CITY OF BRENTWOOD	RATE * WILLIAMSON COUNTY
1998	\$.73 / 100	\$ 2.91 / 100
1999	.73 / 100	2.91 / 100
2000	.73 / 100	2.91 / 100
2001	.73 / 100	2.91 / 100
2002	.59 / 100	2.57 / 100
2003	.59 / 100	2.57 / 100
2004	.59 / 100	2.79 / 100
2005	.59 / 100	2.79 / 100
2006	.59 / 100	2.79 / 100
2007	.49 / 100	2.26 / 100

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

** The fiscal year listed corresponds to the preceding tax year levy (2006 fiscal year would represent the 2005 tax levy). This represents the period for which the taxes were levied.

CITY OF BRENTWOOD, TENNESSEE

PRINCIPAL PROPERTY TAX PAYERS (UNAUDITED)

CURRENT YEAR AND NINE YEARS AGO

TAXPAYER	FY 2007			FY 1998		
	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value
Bellsouth Telecommunication	\$ 57,098,207	1	3.05 %	\$ 74,218,138	\$ 1	9.24 %
Highwoods/Tenn Holdings LB	31,029,080	2	1.66	5,017,800	9	0.62
SBP Nashville LLC	20,720,040	3	1.11	-		-
Kirkland Properties	13,258,520	4	0.71	-		-
Duke Realty LP	12,315,880	5	0.66	-		-
Brentwood Retail II Corp	10,641,480	6	0.57	7,383,860	5	0.92
Wells Fund XII-Reit Joint	9,344,000	7	0.50	-		-
Gateway Kentfield	9,072,160	8	0.49	-		-
Developers Diversified	8,860,280	9	0.47	-		-
Highwoods/Forsyth LP	8,142,440	10	0.44	5,343,240	8	0.67
Highwoods Realty LP	-		-	-		-
Service Merchandise Company, Inc.	-		-	11,638,261	2	1.45
Williams, W. Fred, Trustee	-		-	10,196,160	3	1.27
Koger Office Parks	-		-	9,041,400	4	1.13
The Northwestern Life	-		-	5,524,400	6	0.69
Principal Mutual Life	-		-	5,429,240	7	0.68
Springvest Associates LP	-		-	4,856,120	10	0.60
Total	\$ 180,482,087		9.65 %	\$ 138,648,619		17.27 %
Total Assessment	\$ 1,870,541,447	**		\$ 802,970,374	***	

* Source: - 1996 and 2005 Williamson County Assessment

** Total Assessment Value for Tax Year 2006

*** Comptroller of the Treasury Office of Assessed Properties

CITY OF BRENTWOOD

PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)

LAST TEN YEARS

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	<u>COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY</u>		COLLECTIONS IN SUBSEQUENT YEARS	<u>TOTAL COLLECTIONS TO DATE</u>	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
1998	\$ 5,958,781	\$ 5,863,248	98.4%	\$ 86,499	\$ 5,949,747	99.8%
1999	6,369,408	6,274,712	98.5%	84,532	6,359,244	99.8%
2000	6,847,053	6,734,519	98.4%	95,032	6,829,551	99.7%
2001	6,998,153	6,788,687	97.0%	172,295	6,960,982	99.5%
2002	7,288,260	7,111,642	97.6%	162,298	7,273,940	99.8%
2003	7,359,856	7,252,397	98.5%	92,829	7,345,226	99.8%
2004	7,545,119	7,419,009	98.3%	119,597	7,538,606	99.9%
2005	7,935,424	7,802,864	98.3%	120,447	7,923,311	99.8%
2006	8,448,015	8,153,723	96.5%	254,371	8,408,094	99.5%
2007	8,885,916	8,761,268	98.6%	-	8,761,268	98.6%

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

* The fiscal year listed corresponds to the preceding tax year levy (2007 fiscal year would represent the 2006 tax levy).
This represents the period for which the taxes were levied.

CITY OF BRENTWOOD, TENNESSEE

TAXABLE SALES BY CATEGORY (UNAUDITED)

LAST TEN CALENDAR YEARS

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Apparel stores	\$ 11,531,724	\$ 9,912,017	\$ 23,723,225	\$ 21,359,004	\$ 18,737,690	\$ 21,632,712	\$ 24,338,837	\$ 28,153,688	\$ 33,176,460	\$ 36,457,952
General merchandise	7,022,714	7,125,554	28,830,839	46,236,814	47,309,337	53,182,206	59,671,979	69,488,049	79,666,952	93,660,949
Food stores	70,174,977	78,342,153	80,202,622	74,524,758	70,510,655	63,603,432	72,234,838	84,458,519	105,320,600	115,270,158
Eating and drinking establishments	36,151,544	42,415,382	43,449,080	50,713,596	50,275,927	45,522,175	46,851,981	51,765,342	59,831,570	65,246,260
Home furnishings and appliances	43,868,584	57,801,223	103,231,405	115,476,309	113,639,490	112,718,865	116,455,912	128,593,275	136,363,416	132,412,981
Building materials and farm tools	58,493,319	52,691,702	55,443,658	50,354,021	40,537,254	41,154,270	45,042,058	53,174,769	58,575,236	62,970,713
Auto dealers, supplies, and service stations	8,243,952	10,380,235	14,986,422	18,309,588	20,683,524	21,817,433	24,583,902	26,465,210	27,832,270	26,828,090
Other retail stores	34,210,540	42,213,712	50,724,012	54,307,251	53,700,244	64,228,381	62,715,173	68,611,909	89,553,218	102,239,437
All other outlets	<u>143,186,193</u>	<u>175,106,310</u>	<u>155,862,809</u>	<u>184,965,178</u>	<u>188,895,364</u>	<u>157,129,029</u>	<u>142,956,303</u>	<u>150,830,862</u>	<u>168,440,298</u>	<u>186,754,941</u>
 Total	 <u>\$ 412,883,547</u>	 <u>\$ 475,988,288</u>	 <u>\$ 556,454,072</u>	 <u>\$ 616,246,519</u>	 <u>\$ 604,289,485</u>	 <u>\$ 580,988,503</u>	 <u>\$ 594,850,983</u>	 <u>\$ 661,541,623</u>	 <u>\$ 758,760,020</u>	 <u>\$ 821,841,481</u>
 City/County direct sales tax	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%

Source: Tennessee Department of Revenue, Research Division.

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING SALES TAX RATES (UNAUDITED)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Williamson County</u>	<u>State of Tennessee</u>
1998	1.125 %	1.125 %	6.00 %
1999	1.125	1.125	6.00
2000	1.125	1.125	6.00
2001	1.125	1.125	6.00
2002	1.125	1.125	6.00
2003	1.125	1.125	7.00
2004	1.125	1.125	7.00
2005	1.125	1.125	7.00
2006	1.125	1.125	7.00
2007	1.125	1.125	7.00

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

CITY OF BRENTWOOD, TENNESSEE

SALES TAX REVENUE PAYERS BY INDUSTRY (UNAUDITED)

FISCAL YEARS 1999 AND 2006

Sector	1998				2006			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	510	50 %	\$ 7,667,888	67 %	611	49 %	\$ 14,702,026	78 %
2 Services	328	31	2,180,586	19	366	30	2,716,715	14
3 Manufacturing	53	5	462,574	4	63	5	659,479	3
4 Wholesale Trade	66	6	237,289	2	96	8	226,936	1
5 Construction	23	2	191,178	2	24	2	169,872	1
6 Finance Insurance Real Estate	21	2	16,302	-	14	1	8,210	-
7 Transportation and Utilities	26	2	556,113	5	12	1	333,440	2
8 Agriculture	14	1	25,282	-	11	1	26,628	-
9 Other, Non Classified	10	1	137,633	1	37	3	192,583	1
Total	<u>1,051</u>	<u>100 %</u>	<u>\$ 11,474,845</u>	<u>100 %</u>	<u>1,234</u>	<u>100 %</u>	<u>\$ 19,035,889</u>	<u>100</u>

Source: Tennessee Department of Revenue, Research Division.

Notes:

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

CITY OF BRENTWOOD, TENNESSEE

RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>GOVERNMENT ACTIVITIES</u>	<u>BUSINESS TYPE ACTIVITIES</u>			<u>PERCENTAGE OF PERSONAL INCOME *</u>		<u>PER CAPITA *</u>
	<u>GENERAL OBLIGATION BONDS</u>	<u>WATER & SEWER REVENUE BONDS</u>	<u>STATE/TML WATER LOANS</u>	<u>TOTAL PRIMARY GOVERNMENT</u>			
1998	\$ 21,175,000	\$ 14,555,000	\$ 2,433,835	\$ 38,163,835	25.85 %	\$	1,674
1999	20,272,065	13,520,000	2,224,431	36,016,496	32.37		1,539
2000	23,775,000	12,355,000	2,095,217	38,225,217	31.16		1,630
2001	22,535,000	14,170,000	1,954,186	38,659,186	35.47		1,445
2002	25,790,000	12,970,000	1,809,196	40,569,196	33.80		1,517
2003	24,565,000	12,000,000	1,644,258	38,209,258	36.29		1,429
2004	26,380,000	10,720,000	1,419,262	38,519,262	45.37		1,258
2005	24,430,000	9,385,000	1,186,957	35,001,957	49.93		1,143
2006	27,195,000	8,065,000	947,104	36,207,104	47.86		1,183
2007	25,405,000	7,170,000	699,459	33,274,459	58.26		944

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

*Calculated information provided on page 92 (Demographic and Economic Statistics).

CITY OF BRENTWOOD

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

LAST TEN FISCAL YEARS

<i>(dollars in thousands, except per capita)</i>	FISCAL YEAR									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General bonded debt outstanding general obligation bonds	\$ 21,175	\$ 20,272	\$ 23,775	\$ 22,535	\$ 25,790	\$ 24,565	\$ 26,380	\$ 24,430	\$ 27,195	\$ 25,405
Percentage of estimated actual property value	2.91%	2.54%	2.75%	2.49%	2.27%	1.97%	2.06%	1.81%	1.89%	1.41%
Per capita	928.73	866.33	1,014.08	842.59	964.36	918.56	861.61	797.92	888.23	720.46
Less: Amounts set aside to repay general debt	2,346	2,332	2,500	2,778	2,896	2,927	2,955	2,952	3,023	3,537
Total net debt applicable to debt limit	\$ 18,829	\$ 17,940	\$ 21,275	\$ 19,757	\$ 22,894	\$ 21,638	\$ 23,425	\$ 21,478	\$ 24,172	\$ 21,868
Legal debt limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Legal debt margin as a percentage of the debt limit	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *

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

** Property value obtained from page 80 (Assessed and Estimated Actual Value of Property)

***Per capita information calculated with information obtained on page 92 (Demographic and Economic Statistics).

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)

AS OF JUNE 30, 2007

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING (IN THOUSANDS)</u>	<u>ESTIMATED PERCENTAGE APPLICABLE (1)</u>	<u>ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT (2)</u>
Direct:			
City of Brentwood	\$ 25,405	100.0%	\$ 25,405
Overlapping:			
Williamson County	<u>386,220</u>	30.6%	<u>118,204</u>
Total	<u>\$ 411,625</u>		<u>\$ 143,609</u>

(1) Determined by ratio of assessed valuation of property subject to taxation in City of Brentwood to valuation of property subject to taxation in Williamson County as of 6/30/2007

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

CITY OF BRENTWOOD, TENNESSEE

PLEDGED REVENUE COVERAGE (UNAUDITED)

LAST TEN FISCAL YEARS

FISCAL YEAR	WATER & SEWER REVENUE BONDS			DEBT SERVICE REQUIREMENTS***			COVERAGE
	UTILITY SERVICE CHARGES*	LESS: OPERATING EXPENSES**	NET AVAILABLE REVENUE	PRINCIPAL	INTEREST	TOTAL	
1998	\$ 7,337,212	\$ 4,290,543	\$ 3,046,669	\$ 1,075,909	\$ 615,930	\$ 1,691,839	1.80
1999	7,823,211	4,247,068	3,576,143	1,200,909	680,431	1,881,340	1.90
2000	8,196,249	4,658,988	3,537,261	1,165,002	614,839	1,779,841	1.99
2001	10,220,200	5,169,932	5,050,268	1,225,001	555,813	1,780,814	2.84
2002	10,481,682	5,513,158	4,968,524	1,200,000	652,953	1,852,953	2.68
2003	10,547,074	6,441,834	4,105,240	1,185,000	582,659	1,767,659	2.32
2004	10,971,029	6,654,397	4,316,632	1,280,000	468,904	1,748,904	2.47
2005	11,781,930	6,771,726	5,010,204	1,335,000	415,304	1,750,304	2.86
2006	13,320,702	7,551,700	5,769,002	1,365,000	321,380	1,686,380	3.42
2007	15,333,635	7,824,784	7,508,851	895,000	327,361	1,222,361	6.14

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

**Does not include depreciation and amortization.

***Does not include payments on State loans.

CITY OF BRENTWOOD, TENNESSEE

DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)

LAST TEN CALENDAR YEARS

CALENDAR YEAR	POPULATION		PERSONAL INCOME (IN THOUSANDS OF DOLLARS) ^a	PER CAPITA PERSONAL INCOME ^a	MEDIAN AGE ^a	SCHOOL ENROLLMENT ^b	UNEMPLOYMENT RATE ^c
1998	22,800	¹	\$ 986,602	\$ 43,272	37.9	5,643	1.9%
1999	23,400	¹	1,165,835	49,822	39.1	5,957	2.0%
2000	23,445	³	1,191,217	50,809	38.4	6,101	1.9%
2001	26,745	¹	1,371,056	51,264	38.3	6,135	2.1%
2002	26,743	⁴	1,371,056	N/A	40.2	6,731	2.4%
2003	26,743	⁴	1,386,705	51,853	41.2	7,112	2.7%
2004	30,617	⁵	1,747,527	57,077	42.0	7,768	2.8%
2005	30,617	⁵	1,747,527	N/A	36.9	8,528	4.2%
2006	30,617	⁵	1,732,953	56,601	42.9	8,872	3.1%
2007	35,262	⁶	1,938,705	54,980	43.3	9,512	3.3%

¹ Based on City Planning Department estimate.

² Based on 1997 special census report

³ Based on 2000 US Bureau of the Census report

⁴ Based on 2002 special census report

⁵ Based on 2004 special census report

⁶ Based on 2004 special census report

^a Source - Williamson Economic Development Council

^b Williamson County Public Schools located in Brentwood

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

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

EMPLOYER	2007			1998		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Comdata	864	1	5.23 %	743	2	6.02 %
Community Health System	800	2	4.85	-		-
AT&T/Cingular Wireless	800	3	4.85	425	3	3.44
EDS	570	4	3.45	-		-
Tractor Supply Company	425	5	2.57	-		-
Davita	415	6	2.51	-		-
Mars Petcare US	375	7	2.27			
Lattimore Black Morgan & Cain	325	8	1.97	-		-
City of Brentwood	294	9	1.78	198	8	1.60
Goldleaf Financial	170	10	1.03			
Service Merchandise	-		-	1,225	1	9.92
FISI-Madison Financial	-		-	370	4	3.00
Quorum	-		-	212	5	1.72
The Murray Ohio Manufacturing Co.	-		-	185	6	1.50
Kroger Company	-		-	165	7	1.34
YMCA				150	9	1.21
Tennessee Baptist Convention	-		-	96	10	0.78
Total	5,038		30.51 %	3,769		30.53 %
Total employment	16,510 *			12,350 **		

Source:

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

** Estimate based on current percentage of work force

CITY OF BRENTWOOD

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

LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	FULL-TIME EQUIVALENT EMPLOYEES AS OF JUNE 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GENERAL GOVT.										
City Manager	1	1	1	1	1	1	1	1	1	2
Administration	3	3	3	3	3	3	3	3	3	3
Finance	6	5	5	6	7	7	7	7	7	8
Human Resources	2	2	2	2	2	2	2	2	2	1
Information Technology	1	1	2	2	3	3	3	3	4	4
Planning and Development	4	4	4	4	4	4	4	4	4	4
Codes	6	5	5	7	7	8	7	9	9	8
GIS	-	-	-	-	-	-	-	-	-	2
	<u>23</u>	<u>21</u>	<u>22</u>	<u>25</u>	<u>27</u>	<u>28</u>	<u>27</u>	<u>29</u>	<u>30</u>	<u>32</u>
POLICE										
Officers	41	44	52	51	53	55	55	55	54	62
Civilians	10	11	10	10	11	12	13	13	13	10
FIRE										
Firefighters & Officers	41	41	41	41	55	55	55	57	57	57
Civilians	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Engineering	2	2	2	2	2	2	3	4	4	4
Public Works - Streets	15	16	17	18	21	21	21	20	22	19
UTILITIES										
Water	11	11	11	11	11	11	11	12	11	11
Wastewater	10	10	10	11	10	11	10	12	12	12
PARKS & RECREATION	10	9	9	11	10	15	15	16	19	17
LIBRARY	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>21</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>26</u>
TOTAL REGULAR FULL-TIME	<u>175</u>	<u>177</u>	<u>186</u>	<u>192</u>	<u>212</u>	<u>232</u>	<u>234</u>	<u>242</u>	<u>246</u>	<u>251</u>

Source: City of Brentwood Personnel Department

CITY OF BRENTWOOD

OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	FISCAL YEAR									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Building permits issued	775	709	748	717	1,171	1,706	1,807	1,337	1,629	1,410
Building inspections conducted	3,151	3,834	5,196	8,226	12,002	14,421	17,824	18,184	17,332	16,313
Police										
Physical arrests	817	867	820	814	807	809	728	740	812	965
Parking Violations	105	140	133	85	104	104	65	62	58	36
Traffic Violations	3,300	3,666	4,475	3,425	3,827	5,954	5,094	7,407	8,464	11,002
Fire										
Emergency responses	1,332	1,838	1,842	2,111	2,074	2,178	2,261	2,232	2,408	2,467
Fires extinguished	112	120	146	144	103	89	78	87	123	112
Inspections (Commercial)	315	288	253	319	289	347	421	434	453	470
Public Works										
Street resurfacing (miles)	13.3	14.44	16.95	19.10	19.68	22.23	23.01	19.28	25.35	17.68
Potholes repaired	99	103	104	201	292	379	326	367	258	228
Library										
Volumes in collection	72,000	74,223	81,459	92,369	101,794	103,220	111,689	118,000	134,355	143,145
Total volumes borrowed	225,000	335,997	327,690	432,424	459,065	506,633	542,852	550,693	458,589	480,268
Water										
New connections	171	164	112	135	181	173	162	148	128	111
Water main breaks	8	7	11	6	7	6	7	9	9	13
Monthly average daily flow	81,885,000	92,470,000	93,000,000	93,000,000	104,666,500	104,666,500	104,666,500	105,000,000	105,000,000	153,305,000
Wastewater										
Average daily sewage treatment (thousands of gallons)	4,755.67	4,250.06	4,396.16	4,682.73	6,056.46	6,340.26	7,018.00	5,851.00	6,137.00	5,589.00

Source: Various City Departments

CITY OF BRENTWOOD

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	FISCAL YEAR									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	34	43	48	54	54	61	59	59	64	65
Fire Stations	3	3	3	3	4	4	4	4	4	4
Public Works										
Streets (miles)	317	317	317	317	342	351	351	417	417	417
Streetlights	1,900	1,900	2,025	2,110	2,165	2,565	2,565	2,600	2,607	3,249
Traffic signals	31	31	35	35	35	35	35	35	39	40
Parks and Recreation										
Acreage	339	379	379	379	379	379	397	455	560	580
Playgrounds	3	3	3	3	3	3	3	3	3	4
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	8	8	10	10	12	12	15	15	15	15
Water										
Water mains (miles)	167	167	181	194	194	208	216	216	216	235
Fire hydrants	1,321	1,321	1,321	1,511	1,671	1,671	1,912	2,100	2,045	2,100
Storage capacity (thousand of gallons)	9,000	9,000	10,300	10,300	10,300	12,288	14,000	14,000	14,000	14,790
Wastewater										
Sanitary sewers (miles)	168	168	187	204	204	220	235	240	245	260

Source: Various City Departments

OTHER REPORT SECTION

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, Tennessee (the "City"), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 31, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

We noted other matters that we reported to the City's management in a separate letter dated December 31, 2007.

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.

Knapke CPAs PLLC

Nashville, Tennessee
December 31, 2007

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CITY OF BRENTWOOD, TENNESSEE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2007

PRIOR YEAR FINDINGS

None

CURRENT YEAR FINDING

None

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