



City of  
**Brentwood**  
Tennessee



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR FISCAL YEAR ENDED  
JUNE 30, 2016**

**CITY OF BRENTWOOD, TENNESSEE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**PREPARED BY:**  
**DEPARTMENT OF FINANCE**

CITY OF BRENTWOOD, TENNESSEE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016

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## INTRODUCTORY SECTION



**City of Brentwood**

REGINA SMITHSON  
MAYOR

JILL BURGIN  
VICE-MAYOR

KIRK BEDNAR  
CITY MANAGER



## City of Brentwood

COMMISSIONERS  
BETSY CROSSLEY  
ANNE DUNN  
MARK GORMAN  
RHEA E. LITTLE, III  
KEN TRAVIS

December 23, 2016

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, 2016 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, 2016.

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 Crosslin, 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, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Brentwood’s financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The City was required to undergo a single audit for the year ended June 30, 2016 as prescribed by the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

## **Profile of the Government**

The City of Brentwood is located in middle Tennessee in the northern part of Williamson County, adjacent to the southern border of Metropolitan Nashville-Davidson County. Since the mid-1990's, Middle Tennessee and specifically Williamson County has been the top growth area of the state, and one of the top growth areas in the country. The City of Brentwood currently occupies a land area of 41.3 square miles and has a resident population according to the 2015 special census of 40,401. 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, subject to property owner request or a successful referendum.

The City was incorporated on May 13, 1969 pursuant to the uniform City Manager-Commission Charter, Title 6, Chapter 18, *Tennessee Code Annotated* as supplemented and amended. The governing body of the City is the Board of Commissioners which consists of seven (7) members who serve four-year terms of office. Non-partisan elections for Commissioners are held on a staggered basis in early May every other odd year on the calendar. Commissioners are elected at-large, rather than by district. Following each regular biennial City election, the Commission elects two of its members to serve for a two-year period as Mayor and Vice Mayor, respectively. The Mayor is the presiding officer of the Commission. The Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing a City Manager, who is chief executive officer of the City. The City Manager is responsible for carrying out the policies and ordinances of the commission, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The City provides a wide range of services characteristic of similar jurisdictions in the State, including public safety (police, fire and rescue, and emergency communications), street maintenance, parks, library, public improvements, planning, codes enforcement and general administrative services. The City also provides water distribution and sewer collection services through the Water and Sewer Fund, a business-type activities fund that has been included as an integral part of the City of Brentwood's financial statements. Electric power is provided by the Nashville Electric Service (NES) and the Middle Tennessee Electric Cooperative. Piedmont Gas Company and Atmos Energy Corporation provide natural gas service in the City.



The annual budget serves as the foundation for the City of Brentwood's financial planning and control. The budget preparation process begins in late fall when City departments begin preparation of six-year Capital Improvements Program requests. During December, the staff initiates the review and evaluation of each request in light of available revenues and in accordance with the City's overall goals and objectives. In early March, the City Manager's Office compiles a draft six-year Capital Improvements Plan. After initial review of the draft capital program budget with the City Commission in late March, the program is finalized and submitted to the City Commission for formal consideration beginning in May. The program, as may be modified by the City Commission during the formal review, is adopted by resolution in June.

In early January, City departments begin assessing resource needs for the coming year relative to capital equipment, including fleet; maintenance requirements; technology; and, proposed new or expanded work programs. By late January, a work session is held with the City Commission to review initial revenue projections and receive initial policy guidance on appropriate service levels and personnel policies. Budget requests and supporting documentation are then prepared by individual departments and submitted in February for the Finance Department and the City Manager's review.

During February, the Finance Department staff reviews initial budget submissions and prepares information for the departmental budget review sessions with the City Manager. Generally, the last half of February is set aside for the City Manager's budget review sessions with department heads. Departmental objectives, measures of performance and operating budgets are refined for consolidation in the Proposed Budget document during the month of April. Expenditure and revenue projections for the current fiscal year and estimates for the proposed fiscal year and thereafter are updated with the latest available data. Final adjustments are then made to routine operating expenditures and new and expanded programs for inclusion in the Proposed Budget.

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

After the budget work session, three public hearings are held on the Proposed Budget prior to final reading of the Appropriations and Tax Levy Ordinances. The hearings provide formal citizen input to the City Commission on decisions and issues related to the Budget. The first reading of the Appropriations and Tax Levy Ordinances is typically held at the second regular Board meeting in May. The ordinances are subject to formal consideration and amendments as deemed necessary and adoption on first reading. With the late-June approval on second and final readings of the Ordinances, the Commission officially adopts the Budget for the new fiscal year beginning July 1, and sets the tax rate for the upcoming year.

Amendments may be made to the original appropriations ordinance at any time during a current fiscal year. Except for emergency expenditures, however, increased appropriations may be made only after the City 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 25. The special revenue funds and debt service fund comparison begin on pages 76 and 79, respectively.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Brentwood operates.

**Local economy.** The local economy in Brentwood and the Nashville/Middle Tennessee area as a whole continues to be very strong compared to many communities and regions across the USA. The City of Brentwood and Williamson County benefit from having the highest per capita income and the lowest unemployment rates in the State of Tennessee. Williamson County is the 7th wealthiest county in the United States based on median household income, and for the first two quarters of 2016, Williamson County led the nation with the highest year over year job growth rate. The most recently available statistics for June 2016 indicates a 4.2 percent unemployment rate for Brentwood, down from 4.9 percent a year ago. This compares to the Williamson County rate of 3.8 percent, the statewide rate of 4.1 percent, and national jobless rate of 4.9 percent.

The City's official population has steadily increased from 4,099 in 1970; to 9,433 in 1980, to 16,392 in 1990, to 23,445 in 2000, to 37,060 in 2010, and to 40,401 as a result of special census completed in spring of 2015. The census figures reflect a strong but manageable rate of growth (roughly 5.3% annually) from 1970 to 2015. On average, about 810 new residents moved into the City and 295 new homes were constructed annually for the past 17 years.

The strength of the Brentwood economy is reflected in the growth in the tax base. The total valuation for new building related permits issued during the 2015 - 2016 fiscal year was \$210,448,838 with 903 permits being issued. In fiscal year 2016, Brentwood had a total assessed value of taxable property of \$2,608,105,908 which ranks among the highest of any city in the State of Tennessee regardless of size and population.

The Brentwood area has one of the largest concentrations of suburban office space in the Nashville Metropolitan area with 6.4 million square feet of rentable office space. Over 20,000 people are employed in the office complexes in Brentwood. The latest market survey as of June 30, 2016 revealed a direct vacancy rate for office space of 1.9% in the Brentwood area. This vacancy rate is very favorable with overall rates in the Nashville office market and across the United States.

Many companies locate their national or regional corporate headquarters or offices in Brentwood. The diversity of employment opportunities in the community is significant with the City not dependent on a single, large employer. As employers, they represent diverse economic sectors that include health, retail, telecommunications and financial services. Tractor Supply (retail), Comdata (financial services), AT&T (communications), Brookdale Senior Living (senior residences management), GEODIS (logistics), Quorum Health (hospital management), and Lattimore, Black, Morgan & Cain, P.C. (financial services) are examples of companies who have chosen to locate their national or regional offices in Brentwood. In the Fall of 2016, Lattimore, Black, Morgan & Cain, P.C. relocated its headquarters and became the prime office anchor in the first office building to open in the new Hill Center Brentwood mixed-use development. With the low office vacancy rate in Maryland Farms, the vacated office space is expected to be absorbed within the first quarter of 2017.

The Cool Springs Galleria is located adjacent to the City's southern limits with Brentwood's City limits surrounding the mall on three sides. Since its opening in 1991, the mall has facilitated significant retail development in the Cool Springs area and is now the largest concentration of retail development in the State of Tennessee. This includes significant retail development inside the adjacent Brentwood area resulting in subsequent growth in local sales tax collections. Additional retail development has also occurred in the northern commercial area of the City to serve the office and resident population. The growth in local sales tax collections in the past ten years has allowed the City to maintain a balanced revenue/tax structure and not be heavily dependent on the property tax to fund municipal services. It has also allowed the City to maintain the same effective property tax rate for the past twenty-five (25) years through FY 2016.

The Brentwood/Williamson County community is firmly committed to providing a quality public education system second to none in the United States. Local students are routinely admitted to the highest ranked colleges and universities across the nation. Both Brentwood and Ravenwood High Schools are consistently ranked among the top schools in the nation and Tennessee. Williamson County provides first class facilities and has been very responsive in meeting the growth in student enrollment by constructing new schools, as needed. The school district is currently searching for land in the immediate Brentwood area for a K-8 school and has plans for significant renovations at both Brentwood High School and Brentwood Middle School to accommodate the growth in student enrollment.

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

Funding for the CIP program is generally balanced among local sources (pay-as-you-go), inter-governmental funding and the issuance of General Obligation and Water/Sewer Revenue Bonds. Highlights of the FY 2017-2022 CIP include:

- Completion of Wikle and Flagpole parks and construction of Phase 2 improvements to Smith Park
- Completion of Concord Road Improvements (east of Sunset Rd and from Jones Pkwy to Arrowhead Dr.)

- Completion of Right of Way Acquisition and beginning of construction by the State of Tennessee for Franklin Road Widening Improvements (from Concord Rd to Moores Lane)
- Roadway and Intersection Improvements at Ragsdale Road and Sunset Road
- Development of a regional public safety radio communication network in cooperation with the City of Franklin and Williamson County
- Continued Rehabilitation of the Brentwood Sewer System
- Brentwood Water System Capacity Improvements

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

- ***Local Revenue Growth Trends.*** While the economic conditions in Brentwood and Middle Tennessee are very positive, the country as a whole continues an uneven recovery from the recession of 2008-10. Fortunately, the City of Brentwood again ended fiscal year 2015-2016 in excellent financial condition due to conservative financial management. General Fund revenues greatly exceeded amended budget estimates by \$6,076,684 while expenditures were under the revised appropriation by \$1,343,483. Even after taking into account special year-end appropriations transfers from the General Fund to the Capital Projects Fund (\$10,195,000) for advance funding for various capital improvements in fiscal year 2017 and beyond, the fund balance increased by \$49,233 from the previous fiscal year (from \$37,859,322 to \$37,908,555). As noted earlier, this positive increase was possible due to continued conservative revenue estimates, an improving local economy and associated retail sales, and a strong Hall Income Tax revenue distribution. Looking ahead to fiscal year 2016-2017 and beyond, we anticipate continued moderate to strong revenue growth from key revenue sources such as property taxes and local sales taxes. Several new development and significant redevelopment projects either approved or already underway will provide additional new retail and restaurant options in the next 24 months and beyond. Also, the special census completed in spring of 2015 allowed the City to capture an additional \$350,000+ in state shared revenues during FY 2016. However, approval by the state legislature of a 1% reduction in the Hall Income Tax rate (from 6% to 5%) effective with the 2016 tax year (FY 2017) and the adopted goal of a total repeal of the tax by 2021 will affect the City's ability to cash flow capital improvements in future years. Note that the FY 2015-2016 General Fund operating budget reflected a \$150,000 decrease (from \$900,000 down to \$750,000) in budgeted revenue from the Hall Income Tax in an effort to begin reducing operating budget reliance on this revenue source. An additional \$150,000 decrease (from \$750,000 to \$600,000) was included in the FY 2016-2017 General Fund operating budget. To continue to meet expenditure obligations in challenging areas such as salaries, health insurance and retirement benefits without a property tax increase or use of reserves to fund on-going operations, the City will continue to focus on controlling expenses and doing "more with less." From a short-term perspective, the staff is confident that the fiscal year 2017-2018 General Fund budget will be balanced without a property tax increase and done in a way that does not reduce essential services or affect the quality of life in Brentwood, assuming no radical revenue adjustments imposed by the state legislature during the 2017 legislative session or no major new program initiatives instituted at the direction of the Board of Commissioners.

- Local Housing Market.*** Brentwood continues to be one of the most desirable communities in which to live in the Nashville/Middle Tennessee area. After the dramatic slowdown in new housing starts in calendar years 2009 (68) and 2010 (140) associated with the Great Recession, starts returned to the historic annual average of approximately 250 per year. However, new home starts were down in fiscal year 2016, with a total of 206 compared to 261 in fiscal year 2015. This decrease is attributable to a number of factors including a reduction in the number of available lots and the increasing price of new homes. It should be noted that several residential subdivisions were approved during FY 2016 with lots becoming available in mid-2017. The majority of new home development includes prices in the \$600,000 - \$1,000,000+ range. The resale of existing homes also shows strong activity, with the average monthly median price in calendar year 2016 to date at over \$685,000. A county-wide property reappraisal process completed in early 2016 reflected an average value increase in Brentwood of 23%. Artificially low interest rates due to the monetary policies of the Federal Reserve Bank have helped to stimulate demand for housing in America today. However, if expected interest rate increases over the next 12-24 months do materialize, a slowing of the strong housing market may occur.
- Demands on Infrastructure.*** As Brentwood moves closer to build out of available land within the city limits, attention must be given to ensuring that our infrastructure is sufficient to serve the community at build out. While traffic continues to be the primary infrastructure concern for most residents, it is also the one infrastructure issue least controlled by the City. With an interstate highway bisecting the City from north to south and all of our major arterial roads being state highways, we do not have control of improvement decisions and funding for the most heavily traveled routes through town. In addition, the strong pace of development in our surrounding area means that traffic growth through Brentwood will continue even after build out within Brentwood itself. Finally, simply widening roads, adding interstate exits, etc. as a strategy to address traffic problems is not financially sustainable for either the City or the State. Thus, incremental capacity and traffic signal technology improvements will be the focus of transportation funding in the years to come while the Nashville region strives to reach a consensus on a plan for regional mass transit in the future. Besides transportation, policies related to the long-term capacity of the water and sewer utility infrastructure are the other challenge facing the City in the next few years. During fiscal year 2016, the City completed a long-term financial model of the water and sewer system which resulted in the Board of Commissioners approving the first water rate increase since the early 1990's. This water rate increase was structured to have a greater impact on the higher water usage customers who are the primary source of the demand necessitating expansion of the water system. A small sewer rate increase was also approved. The rate increase approval included scheduled, smaller annual increases over the next four years to keep pace with projected cost increases and fund planned capital improvements and system maintenance.

- ***Competitive Employee Pay and Benefit Programs.*** The strength of the Middle Tennessee economy provides benefits from a revenue perspective, but also creates pressures on the City's ability to maintain a competitive employee compensation and benefits program. Escalating wage rates in both the surrounding public and private sector job markets will necessitate that the City closely assess its classification and compensation plan and be prepared to make adjustments where needed to insure the City is able to attract and retain the quality of employees needed serve the community at the standards expected of our residents. In addition, the increasing workforce presence of the millennial generation presents unique challenges due to new and different employee expectations of the workplace, leave policies, benefit programs, etc.

**Relevant financial policies.** The City's fund balance policy states that the City maintain a minimum unassigned general fund reserve in excess of forty percent (40%) of annual operating expenses. Such fund balance shall serve cash flow needs, protect against unforeseen emergencies and enhance the credit worthiness of the City. The City exceeded this fiscal policy objective by ending FY 2016 with an unassigned fund balance for the general fund of \$32,323,955, or 74% of FY 2016 general fund expenditures and transfers, including significant year-end transfers to the Capital Projects Fund.

In addition, the City strives to maintain an unallocated fund balance in the Debt Service Fund equal to one (1) year's General Obligation debt service requirement. This policy objective was also met, as the FY 2016 ending fund balance in the Debt Service Fund was \$3,558,909 compared to new budgeted debt service payments for FY 2017 of \$2,990,431.

**Major Initiatives for the Year** - The significant projects, events and accomplishments during the City's 2015 - 2016 fiscal year included the following:

- ***Credit Quality*** - The City of Brentwood's financial position remains exceptionally strong with an Aaa bond rating from Moody's Investors Services and an AAA rating from Standard and Poor's, both reaffirmed by the rating agencies in May 2016. The City has maintained the highest possible bond rating since January 2000.
- ***Capital Improvements Funded*** - The City Commission responsibly addressed the infrastructure demands of the community through formulation, update, adoption and implementation of the City's six-year capital improvements program for FY 2016 - 2021, including a realistic financing and debt management plan.
- ***Stable Property Tax Rate*** - The City of Brentwood property tax rate approved in June 2016 for the new fiscal year beginning July 1, 2016 - June 30, 2017 will be \$.36 per \$100 of assessed value. Because of the impact of the county-wide reappraisal, the rate was reduced \$.08 cents, from \$.44 to \$.36, which represents the same effective tax rate for the 25<sup>th</sup> year in a row. Brentwood continues to have one of the lowest tax rates in the State of Tennessee for any full service municipality, with the City property tax bill for the average home valued at \$700,000 being \$630 annually.

- ***Proactive Focus*** - The City Commission continued to focus staff efforts on identifying and addressing the long-term needs of the City through formal adoption of a non-routine work plan setting goals and objectives for all City departments for the 2016 - 2017 fiscal year. In addition, the Board of Commissioners recently approved the Brentwood 2030 Plan, an update to the City's long-term comprehensive plan.
- ***Productivity Improvement*** - Brentwood is strongly committed to improving the productivity and responsiveness of City departments through the effective use of new technology and equipment in daily operations. This on-going focus has kept the overall growth in City staffing levels low while enabling the City to be responsive to expanding service demands (police, fire, parks, public works, library, inspections, etc.). The result is that the number of full-time employees per 1,000 residents for the adopted fiscal year 2015-2016 budget was 6.3 versus 8.54 in fiscal year 1990-1991 or 26% 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 91 additional full-time employees (345 rather than 254) with additional personnel cost to the City of \$7.5 million annually. Funding would have required a 67% increase in the City property taxes, a corresponding \$7.5 million or 21% cut in current General Fund services or a combination of tax increases and service reductions.
- ***New Commercial Development Activity*** - Significant commercial development continued during FY 2016. The Mallory Park commercial development continued to experience strong demand with completion of 83,000 square feet of office space serving as the headquarters for the Quorum Health Services. A 64,000 square feet spec office building is under construction adjacent to the Quorum facility. Also, an additional new car dealership to serve the Maserati, Aston Martin, Bentley, and Rolls Royce brands is nearing completion and construction of a new BMW dealership is underway. Redevelopment of the Synergy Office Park, now known as CityPark Brentwood, began in early 2014 and includes a new 125 room hotel and over 60,000 square feet of new retail space. The retail space opened in spring of 2015 with several new restaurants. The hotel opened in early calendar year 2016.

Construction of the 393-unit Tapestry condo/apartment development was completed in early 2015 and tenant move-ins began in May of 2015. By the end of FY 2016, the Tapestry was over 90% occupied. Finally, construction work began on Phase 1 of the redevelopment of the 17-acre site at the corner of Maryland Way and Franklin Road in the heart of the northern commercial district. Overall plans call for a 600,000 square foot mixed-use office and retail development. The first office building was complete in fall of 2016 and serves as the new headquarters for Lattimore, Black, Morgan & Cain P.C., one of the city's largest employers that relocated from an existing office building within Maryland Farms.

## 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, 2015. This was the thirtieth (30<sup>th</sup>) consecutive year (fiscal years ended 1986 - 2015) 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, 2015. This represents the twenty-fourth 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 Interim Finance Director Karen Harper on her preparation and thoroughness throughout the audit process.

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

Respectfully submitted,



Kirk Bednar  
City Manager





Government Finance Officers Association

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

Presented to

**City of Brentwood  
Tennessee**

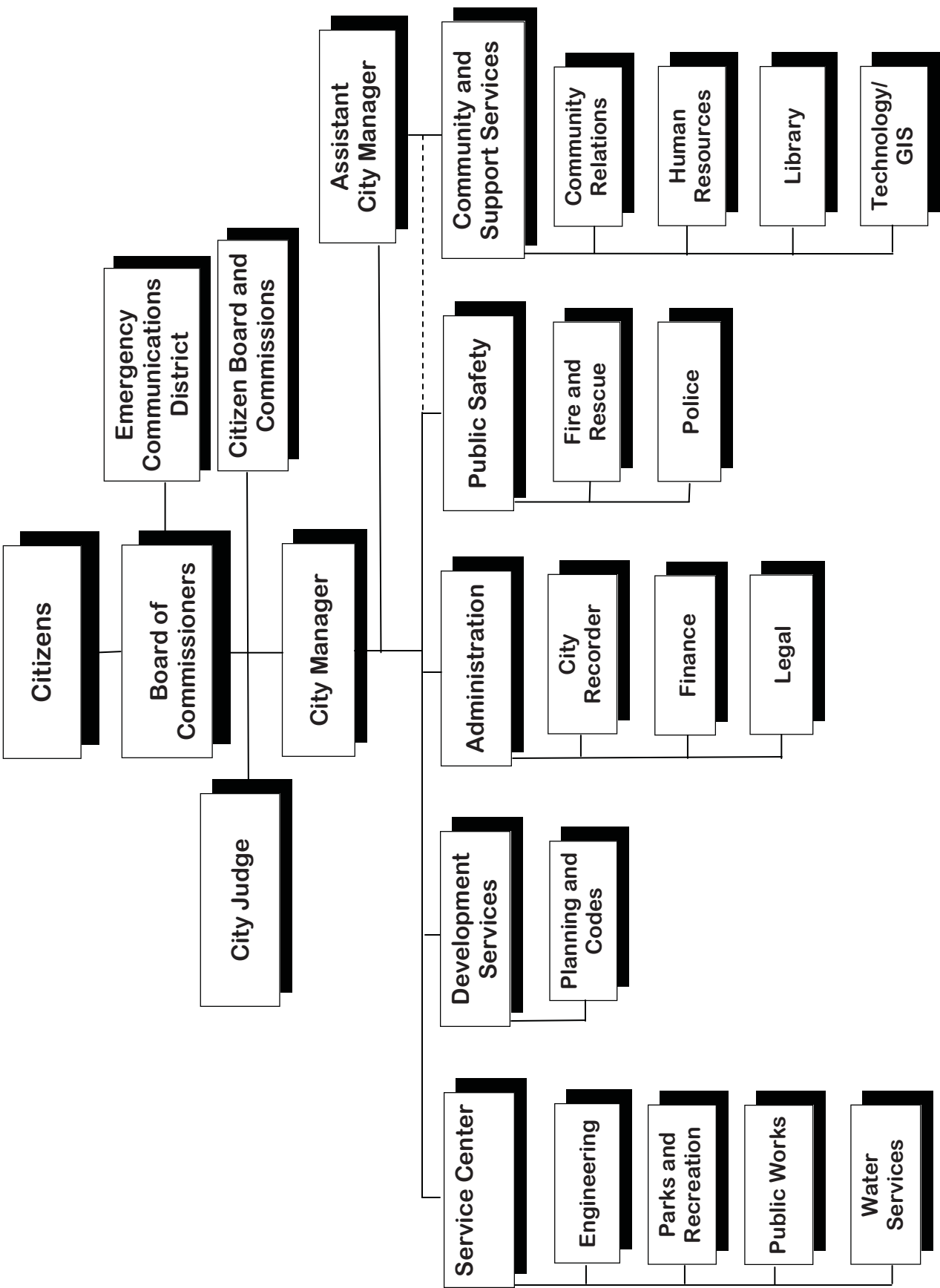
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**



Executive Director/CEO

City of Brentwood  
Organizational Chart



CITY OF BRENTWOOD  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2016

Elected:

Mayor  
Vice Mayor  
Commissioner  
Commissioner  
Commissioner  
Commissioner  
Commissioner

Regina R. Smithson  
Jill Burgin  
Betsy Crossley  
Anne Dunn  
Mark Gorman  
Rhea E. Little, III  
Ken Travis

Appointed:

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

Kirk Bednar  
Jay Evans  
Roger A. Horner  
Deborah Hedgepath  
Karen W. Harper  
Michael Worsham  
Jeff Hughes  
Brian Goss  
Jeff Dobson  
Jeff Donegan  
Mike Harris  
Chris Milton  
Susan Earl  
Linda Lynch  
David M. Bunt  
John I. Allman, IV  
Laurie Jewett

## **FINANCIAL SECTION**



**City of Brentwood**



## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, Tennessee, (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, Tennessee, as of June 30, 2016, and the respective changes in financial position, budgetary comparison information for the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 18, the schedule of changes in net pension liability and related ratios - pension plan on page 70, the schedule of employer contributions - pension plan on page 71, and the schedule of funding progress and schedule of employer contributions - other post employment benefits on page 72, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brentwood, Tennessee's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules on pages 74 through 79, the combining and individual internal service fund statements on pages 81 through 83, the other schedules on pages 84 through 87, state compliance schedules on pages 111 through 114 and the statistical section on pages 89 through 110 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance on page 88 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Tennessee, and is also not a required part of the basic financial statements.



The combining and individual nonmajor fund financial statements and schedules, the combining and individual internal service fund statements, the other schedules on pages 84 through 87 and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the combining and individual internal service fund statements, the other financial schedules on pages 84 through 87, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages i through xiii, state compliance schedules on pages 111 through 114 and the statistical section on pages 89 through 110 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2016 on our consideration of the City of Brentwood, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Brentwood, Tennessee's internal control over financial reporting and compliance.

*Crosslin, PLLC*

Nashville, Tennessee  
December 23, 2016

## 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, 2016. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

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

### Financial Highlights

- The assets and deferred outflows of the City of Brentwood exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$358,154,292 (net position). Of this amount, \$95,084,245 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$11,180,763 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 \$70,855,018 an increase of \$8,576,652 in comparison with the prior year. Approximately 45.6% of this total amount, \$32,323,955 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$32,323,955, or 74.1% of fiscal year 2016 final general fund expenditures including transfers. 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 slowdown in the economy.
- The City of Brentwood's total debt decreased by \$3,660,000 during the current fiscal year. The key factor in this decrease was the payment of principal amounts for existing General Obligation debt (\$2.6M) and Water and Sewer debt (\$1.7M). During fiscal year 2016, the City issued \$9,350,000 in refunding bonds to refund \$8,725,000, representing a portion of outstanding General Obligation debt and Water and Sewer debt.

### **Overview of the Financial Statements**

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

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



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

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

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

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

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

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

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

The City of Brentwood reports seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and the capital projects fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 21 - 24 of this report.

**Budget to Actual Comparisons - General Fund.** The City of Brentwood adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. Budget to actual comparisons for the General Fund can be found on pages 25 - 31 of this report.

**Proprietary funds.** There are two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Brentwood uses enterprise funds to account for activities in its Water and Sewer Fund, Municipal Center Fund and Emergency Communications District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Municipal Center Fund and Emergency Communications District. Conversely, both internal service funds are combined into a single aggregated presentation in the proprietary fund statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 32 - 34 of this report.

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support a City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Brentwood maintains two fiduciary funds: (1) the Post Employment Benefits Trust and (2) the Donations Held in Trust Fund.

The basic fiduciary fund financial statements can be found on pages 35 - 36 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-69 of this report.

**Other information.** Included in Required Supplementary Information, the City of Brentwood's progress in funding its obligation to provide pension benefits and other post employment benefits to its employees is presented, which can be found on pages 70-72 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds, as well as budgetary information for the debt service fund, are presented immediately following the required supplementary information on pensions and other post employment benefits. Combining and individual fund statements can be found on pages 73 - 83 of this report.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Brentwood, assets and deferred outflows exceeded liabilities and deferred inflows by \$358,154,292 as of June 30, 2016.

**City of Brentwood, Tennessee**  
**Net Position - Primary Government**  
**June 30, 2016 and 2015**  
(amounts expressed in thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Current and Other Assets	\$ 93,998	\$ 85,335	\$ 33,462	\$ 35,051	\$ 127,460	\$ 120,386
Capital Assets	229,923	232,768	73,487	73,695	303,410	306,463
Total Assets	323,921	318,103	106,949	108,746	430,870	426,849
Deferred Outflows of Resources	2,941	2,748	873	292	3,814	3,040
Long-term Liabilities Outstanding	28,276	30,704	26,177	27,175	54,453	57,879
Other Liabilities	5,880	5,447	2,449	3,001	8,329	8,448
Total Liabilities	34,156	36,151	28,626	30,176	62,782	66,327
Deferred Inflows of Resources	13,572	16,111	175	477	13,747	16,588
Net Position:						
Net investment in capital assets	205,433	206,296	48,666	48,884	254,099	255,180
Restricted	8,845	6,633	127	198	8,972	6,831
Unrestricted	64,856	55,660	30,228	29,303	95,084	84,963
Total Net Position	\$ 279,134	\$ 268,589	\$ 79,021	\$ 78,385	\$ 358,155	\$ 346,974

By far the largest portion of the City of Brentwood's net position (71%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Brentwood uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Brentwood's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position represents resources that are subject to restrictions as to how they may be used. These include net position restricted for roads and streets (\$1,012,840), capital projects (\$6,391,312), and drug enforcement and education (\$466,094).

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

**Governmental activities.** Governmental activities increased the City of Brentwood's net position by \$10,545,153, accounting for 94% of the total growth in the net position of the City of Brentwood. The primary factors underlying this increase include:

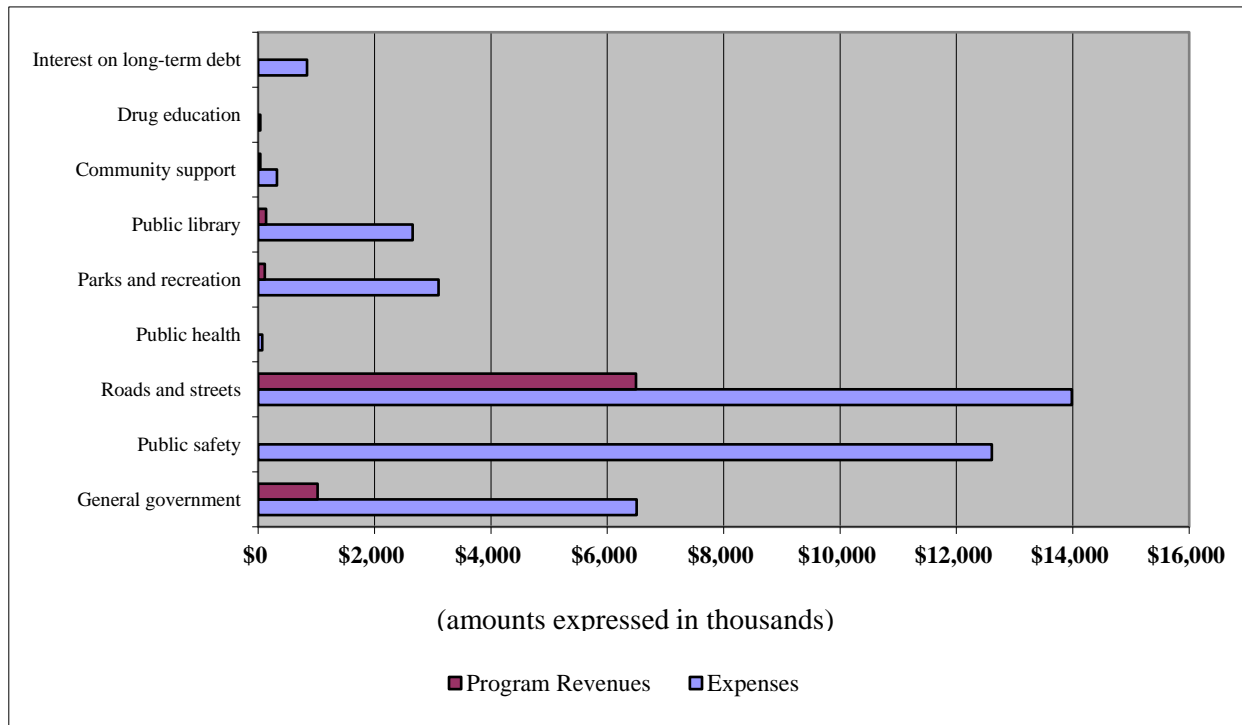
- Capital grants and contributions totaled \$3,460,350, primarily from street infrastructure work in fiscal year 2016.
- State Income Tax (Hall Tax) net collections were \$4,420,212, which is \$3,670,212 more than conservative budget estimates of \$750,000.
- Local sales tax collections were \$15,203,893, a \$1,383,328 (10.0%) increase over last year's collections and were \$2,603,893 (20.7%) higher than FY 2016 original budget estimates.
- Total actual General Fund departments' cost containment measures resulted in \$1,343,483 less expenditures than the amended budget amount of \$31,012,050.

**The City's Changes in Net Position**  
**For the year ended June 30, 2016 and 2015**  
(amounts expressed in thousands)

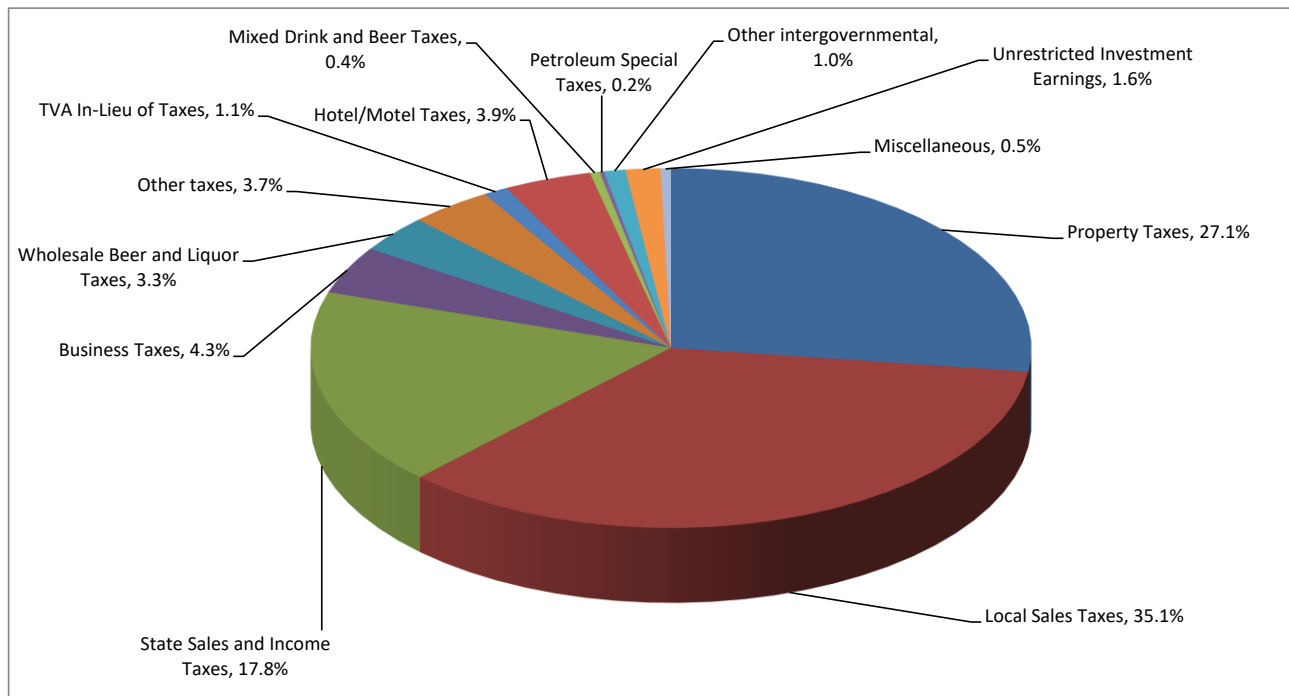
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Revenues:						
Charges for services	\$ 3,113	\$ 2,739	\$ 15,947	\$ 16,005	\$ 19,060	\$ 18,744
Operating grants and contributions	1,229	1,725	881	563	2,110	2,288
Capital grants and contributions	3,460	16,726	1,867	2,193	5,327	18,919
General revenues:						
Property taxes	11,733	11,291	-	-	11,733	11,291
Local option sales tax	15,204	13,821	-	-	15,204	13,821
Hotel/motel taxes	1,705	1,440	-	-	1,705	1,440
Wholesale beer and liquor taxes	1,442	1,337	-	-	1,442	1,337
Adequate schools facilities taxes	713	619	-	-	713	619
Other taxes	896	561	-	-	896	561
State sales tax	3,268	2,830	-	-	3,268	2,830
State income tax	4,420	4,004	-	-	4,420	4,004
Business tax	1,852	1,667	-	-	1,852	1,667
TVA in-lieu of tax	474	430	-	-	474	430
Mixed drink and beer tax	193	178	-	-	193	178
Petroleum special tax	82	76	-	-	82	76
Corporate excise tax	78	57	-	-	78	57
Telecommunications tax	3	4	-	-	3	4
Other intergovernmental	335	322	-	-	335	322
Unrestricted investment earnings	677	538	199	118	876	656
Miscellaneous	203	188	33	-	236	188
Total Revenues	<u>51,080</u>	<u>60,553</u>	<u>18,927</u>	<u>18,879</u>	<u>70,007</u>	<u>79,432</u>
Expenses:						
General government	6,502	6,364	-	-	6,502	6,364
Public safety	12,607	11,769	-	-	12,607	11,769
Roads and streets	13,981	10,899	-	-	13,981	10,899
Public health	68	89	-	-	68	89
Parks and recreation	3,098	2,720	-	-	3,098	2,720
Public library	2,657	2,582	-	-	2,657	2,582
Community support	323	337	-	-	323	337
Drug education	39	53	-	-	39	53
Interest on long-term debt	841	838	-	-	841	838
Water and sewer	-	-	16,794	15,569	16,794	15,569
Rental facilities	-	-	724	699	724	699
Emergency Communications	-	-	1,192	1,130	1,192	1,130
Total expenses	<u>40,116</u>	<u>35,651</u>	<u>18,710</u>	<u>17,398</u>	<u>58,826</u>	<u>53,049</u>
Increase in net position before transfers	10,964	24,902	217	1,481	11,181	26,383
Transfers	(419)	(419)	419	419	-	-
Increase in net position	10,545	24,483	636	1,900	11,181	26,383
Net position - beginning	<u>268,589</u>	<u>244,106</u>	<u>78,385</u>	<u>76,485</u>	<u>346,974</u>	<u>320,591</u>
Net position - ending	<u>\$ 279,134</u>	<u>\$ 268,589</u>	<u>\$ 79,021</u>	<u>\$ 78,385</u>	<u>\$ 358,155</u>	<u>\$ 346,974</u>

### Expenses and Program Revenues - Governmental Activities

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



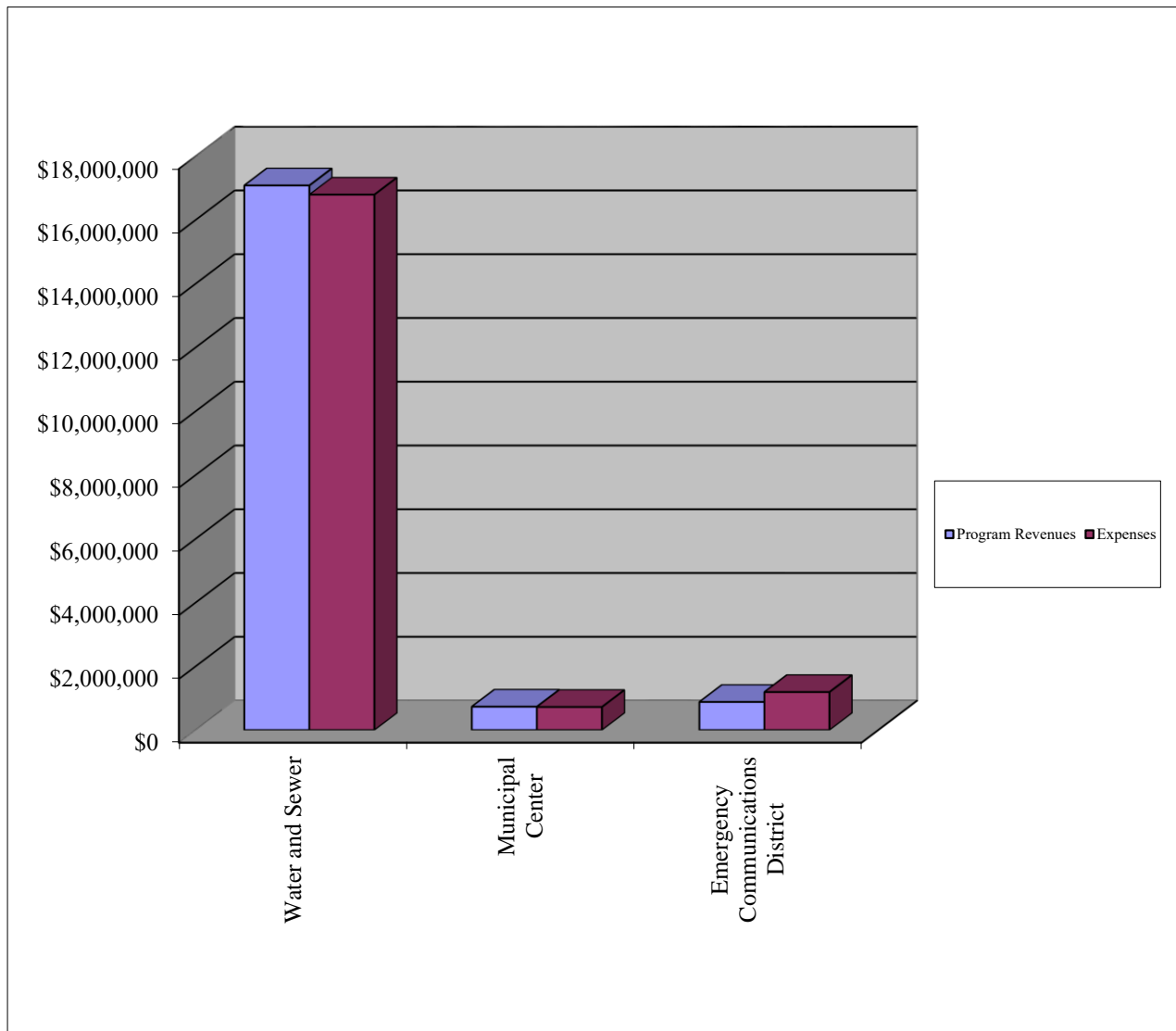
## General Revenue by Source - Governmental Activities



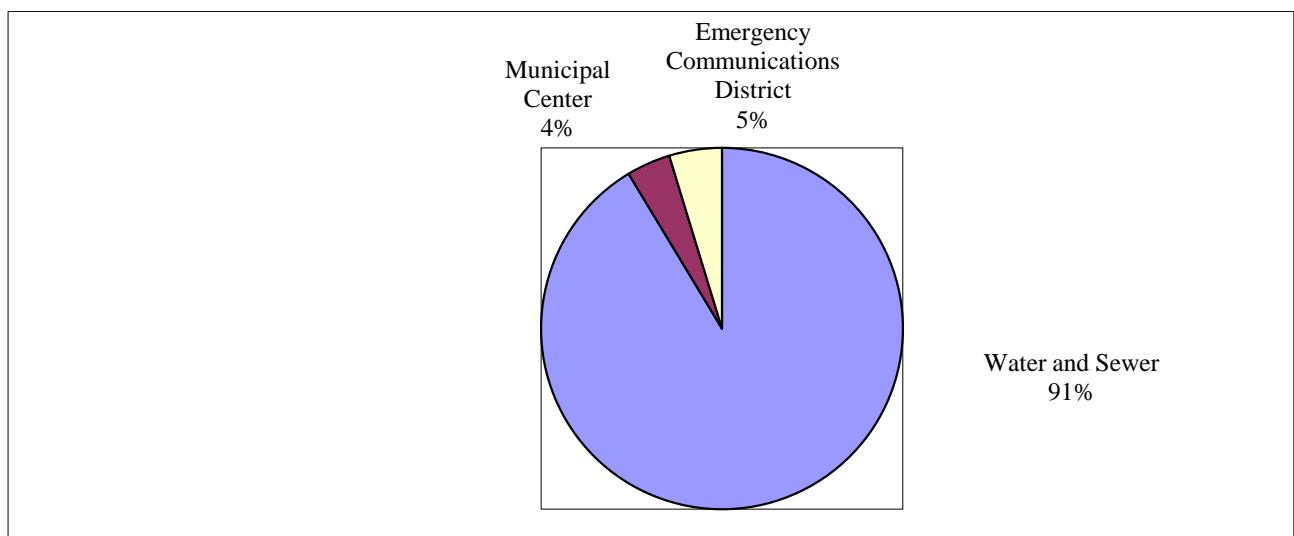
**Business-type activities.** Business-type activities increased the City of Brentwood's net position by \$635,610 accounting for 5.7% of the total growth in the government's net position. Key elements of this increase are as follows:

- The City's Water and Sewer Fund accounts had an increase in net position of \$464,516 for the year. This reflects a significantly smaller increase in net position compared to the prior year. Factors affecting this amount include: An increase in purchased water costs of \$990,737 due primarily to a wholesale water rate increase from the City's primary water supplier.
  1. A decrease in net water/sewer tap fees of \$325,645 (note: FY 2016 fees included Stout Burgers and Beers - \$50,500, Suki Sushi - \$49,339, Music City Motor - \$42,000, Dimension at Mallory - \$164,113, Uncle Julio's Fine Mexican Restaurant - \$208,862).
  2. Total water revenue collections increased \$293,225 from the previous year due to increased demand and seasonal weather patterns a dryer summer.
- The City's Municipal Center Fund accounts had a positive change in net position of \$22,476 for the year, a decrease of \$7,240 from the previous year, reflecting consistent operations with the previous year.
- The Emergency Communications District ("ECD") recorded an increase in net position, including transfers, of \$118,944 for fiscal year 2016. This represents an increase of 3,754 compared to the prior year, which is reflective of consistent ECD financial operations.
- The allocation of the internal service fund net position to the business-type activities resulted in an additional \$29,674 increase in net position at an entity-wide level.

## Expenses and Program Revenues - Business-type Activities



## Revenues by Source - Business-type Activities



## Financial Analysis of the Government's Funds

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

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

### Assets, Liabilities, Deferred Inflows and Fund Balances Total Governmental Funds

	<u>2016</u>	<u>2015</u>
Total assets	<u>\$ 88,611,013</u>	<u>\$ 79,955,362</u>
Total liabilities	<u>5,303,173</u>	<u>5,161,984</u>
Total deferred inflows of resources	<u>12,452,822</u>	<u>12,515,012</u>
Fund balances:		
Nonspendable	91,108	88,444
Restricted	7,870,246	5,767,455
Committed	30,569,709	23,574,517
Unassigned	<u>32,323,955</u>	<u>32,847,950</u>
Total fund balances	<u>70,855,018</u>	<u>62,278,366</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 88,611,013</u>	<u>\$ 79,955,362</u>

As of the end of the current fiscal year, the City of Brentwood's governmental funds reported combined ending fund balances of \$70,855,018, an increase of \$8,576,652 in comparison with the prior year amount. Approximately 46% of this total amount (\$32,323,955) constitutes unassigned fund balance, which is available for spending at the government's discretion. Per the City's Fund Balance Policy and pursuant to GASB Statement No. 54, the remainder of fund balance is classified as to nonspendable (\$91,108), restricted for a specific purpose per enabling legislation (street repairs - \$1,012,840, drug enforcement and education - \$466,094 and capital projects - \$6,391,312) and committed for a specific purpose per action by the Board of Commissioners (capital projects - \$21,517,308, debt service - \$3,558,909, equipment replacement - \$3,104,314, facilities maintenance - \$1,234,024 and post-employment benefits - \$1,155,154).

The general fund is the chief operating fund of the City of Brentwood. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$32,323,955. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 74% of total fiscal year 2016 general fund expenditures (including transfers).



**Changes in Fund Balances of Governmental Funds**  
**For the year ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
REVENUES		
Taxes	\$ 30,519,071	\$ 28,453,126
Licenses and permits	2,759,952	2,077,151
Fines and fees	261,639	306,362
Charges for services	353,310	355,626
Intergovernmental	16,107,709	11,908,249
Uses of money and property	676,321	538,317
Other	<u>201,759</u>	<u>188,341</u>
TOTAL REVENUES	<u>50,879,761</u>	<u>43,827,172</u>
EXPENDITURES		
Current:		
General government	6,603,299	6,388,722
Public safety	13,211,939	13,237,000
Roads and streets	5,375,950	4,874,736
Public health	67,917	88,524
Parks and recreation	2,300,504	2,311,010
Public library	2,389,052	2,291,101
Community support	322,525	336,562
Drug education	18,862	17,501
Capital outlay	8,162,423	3,700,604
Debt service	<u>3,476,648</u>	<u>3,442,021</u>
TOTAL EXPENDITURES	<u>41,929,119</u>	<u>36,687,781</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,950,642</u>	<u>7,139,391</u>
OTHER FINANCING SOURCES (USES)		
Transfers in/out (net)	(418,700)	(418,700)
Proceeds of refunding bonds	3,035,000	-
Payment to refunded bond escrow agent	(3,109,283)	-
Bond premium/discount (net)	<u>118,993</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(373,990)</u>	<u>(418,700)</u>
NET CHANGES IN FUND BALANCES	8,576,652	6,720,691
FUND BALANCES, BEGINNING OF YEAR	<u>62,278,366</u>	<u>55,557,675</u>
FUND BALANCES, END OF YEAR	<u>\$ 70,855,018</u>	<u>\$ 62,278,366</u>

The fund balance of the City of Brentwood's general fund (including committed activity budgeted separately) increased by \$49,233 during the current fiscal year. Key highlights in this fund for 2016 include:

- Total revenues exceeded budgetary projections by \$6,076,684.
- Local sales tax collections were \$15,203,893, a \$1,383,328 increase over last year's collections and were \$2,603,893 (20.7%) higher than FY 2016 original budget estimates.
- State Income Tax (Hall Tax) net collections were \$4,420,212 for FY 2016, an increase of \$415,860 compared to prior year net collections and \$3,670,212 higher than FY 2016 budget estimates.
- The general fund departments demonstrated fiscal responsibility by under-spending the appropriated budget by \$1,343,483.

The debt service fund has a total fund balance of \$3,558,909, all of which is committed for the future payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$62,363. Principal payments increased \$60,000 and interest payments decreased \$70,683 over FY 2015 amounts. Please see Note 6 for additional information on the City's long-term liabilities.

The capital projects fund has a total fund balance of \$21,576,068 all of which is restricted or committed for the funding of major capital improvements of the City. The current year net increase of \$5,917,892 includes special year-end appropriation transfers of \$10,195,000 from the General Fund to fund certain proposed capital projects in the FY 2017 budget and beyond. Additional details of major capital expenditures are addressed on page 16 of this narrative overview.

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$25,737,522, for the Municipal Center Fund, \$2,145,802 and for the Emergency Communications District, \$1,990,703. The total increase in net position for the funds was \$464,516, \$22,476 and \$118,944, respectively. Other factors concerning the finances of these funds have previously been addressed in the discussion of the City of Brentwood's business-type activities.

## General Fund Budgetary Highlights

Differences between the original budget and final amended budget (\$2,455,000 increase in revenues and \$10,455,495 in current year appropriations) can be summarized as follows:

### Revenues

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

Local Sales Tax	\$1,900,000
State Sales Taxes	160,000
Hotel Taxes	100,000
Real and Personal Property Taxes	150,000
Licenses and Permits	<u>145,000</u>
Total Change in Budgeted Revenues	<u>\$2,455,000</u>

The following increases to current year appropriations were made:

### **Appropriations**

1. A special FY 2016 year-end appropriation transfer of \$2,395,000 from the General Fund to the Capital Projects Fund funded through projected excess revenue collections in the current fiscal year to pay for certain proposed FY 2017 capital projects and equipment. The projects include funding for upgrades and expansion of the City's radio communication system (\$1,100,000), funding for construction of Flagpole and Wikle Parks, (\$300,000), funding for fiber installation on Wilson Pike, (\$100,000), funding for traffic signal upgrades (\$165,000), additional funding for Sunset/Ragsdale intersection (\$300,000), funding for Bikeway improvements (\$150,000), funding for Pavement Management System (\$90,000), and funding for Sidewalks (\$90,000).
2. A special FY 2016 year-end transfer of \$60,000 from the General Fund to the Equipment Replacement Fund for FY 2017 purchase of a mini-excavator for the Public Works Department (\$60,000)
3. A special FY 2016 year-end transfer of \$7,800,000 from the General Fund unassigned fund balance to the Capital Projects Fund to provide additional funding for Sunset/Ragsdale Road intersection improvements (\$4,800,000), construction of Flagpole and Wikle parks (\$1,500,000) and construction of phase II Smith Park (\$1,500,000).
4. An appropriation increase of \$117,991 to the Fire and Rescue activity for incidentals and overtime paid to City of Brentwood firefighters that were deployed to South Carolina to help with water rescue efforts due to the flooding caused by Hurricane Joaquin and Assistance to Fire Fighters Grant expenditures for 16 self-contained breathing apparatus, 32 air cylinders, two quick disconnect regulators, and 10 AV 3000 masks. Funding provided by FEMA reimbursement funds (\$33,103) and Assistance to Fire Fighters Grant (\$84,888).
5. An appropriation increase to the Public Works activity for \$82,500, for the cost of brush disposal not budgeted in FY 2016.

The General Fund unassigned fund balance at June 30, 2016 is \$32,323,955, which exceeds the stated budget policy objective of maintaining a minimum of 40% reserves (based on the amount of the annual budget appropriation) for future needs and emergencies.

Significant differences between the final amended budget and actual amounts can be summarized as follows:

1. State and Local Sales tax was \$871,674 more than budgeted projections due to continued improvement and growth in local retail sales.
2. Real and Personal Property Tax Collections were \$235,113 more than budgeted projections due to new housing starts in FY 2016.
3. Wholesale Liquor Tax Collections were \$148,812 higher than budget projections due to continued growth in local liquor sales.
4. The Licenses and Permits collections category were \$138,328 more than budgeted projections due to various revenue accounts under this category exceeding budget FY 2016 projections, including Site Plans Fees (\$26,978), Plumbing Permits (\$7,435), Mechanical Permits (\$13,399) and Traffic Consultant Review Fees (\$15,495).
5. State income tax collections exceeded budgeted projections by \$3,670,212 due to conservative budgeting and higher investment market returns.
6. Business Tax collections were \$351,846 higher than budgeted projections due to conservative budgeting and from the State's ability to review Federal and State databases on businesses for cross checking/auditing/compliance.

7. Hotel/Motel collections were \$230,447 higher than budgeted projections due to conservative budgeting, increase in occupancy, and the addition of a new hotel in Brentwood, the Hilton Garden Inn.

### 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, 2016 amounts to \$303,409,459 (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:

- Purchase of two Ford Explorers - Police Department
- Chevrolet Tahoe - Police
- Improvements to Library Drive-Up Book Drop - Library
- Bobcat with Low Profile Bucket - Parks Department
- Chevrolet Silverado - Parks
- Bandit Chipper Truck - Public Works
- John Deere Backhoe - Public Works
- 10' Snow Plow - Public
- Two Freightliner Dump Trucks
- GMC Sierra 1500 - Traffic Operations
- An outdoor Warning Siren
- Various building and system additions and improvements were completed in the Water and Sewer Fund at a cost of \$3,100,361.

**City of Brentwood Capital Assets  
(net of depreciation)  
June 30, 2016 and 2015  
(amounts expressed in thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$ 114,354	\$ 114,354	\$ 1,177	\$ 1,177	\$ 115,531	\$ 115,531
Buildings and improvements	15,399	15,856	1,498	1,624	16,897	17,480
Utility plant in service	-	-	68,257	67,960	68,257	67,960
Improvements other than buildings	4,309	4,665	1,262	1,346	5,571	6,011
Machinery and equipment	6,569	6,977	1,201	1,305	7,770	8,282
Infrastructure	85,914	90,592	-	-	85,914	90,592
Construction in progress	3,378	324	92	283	3,470	607
Net Capital Assets	<u>\$ 229,923</u>	<u>\$ 232,768</u>	<u>\$ 73,487</u>	<u>\$ 73,695</u>	<u>\$ 303,410</u>	<u>\$ 306,463</u>

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

**Long-term bonded debt.** At the end of the current fiscal year, the City of Brentwood had total long-term bonded debt outstanding of \$50,520,000. All of the City's debt is secured by a general obligation pledge. Debt of Business-Type Activities (Water and Sewer Fund) comprises bonds payable primarily from and secured by a pledge of the net revenues to be derived from the operation of the water and / or sewer systems. In the event of a deficiency in such net revenues, the bonds are payable from unlimited ad valorem taxes on all taxable property within the corporate limits of the City. For prompt payment of principal and interest on the bonds the full faith and credit of the City are irrevocably pledged. All debt is through the issuance of bonds for periods not exceeding 20 years at fixed interest rates.

**City of Brentwood Outstanding Debt**  
**General Obligation and Revenue Bonds**  
**June 30, 2016 and 2015**  
**(amounts expressed in thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
General obligation bonds	\$ 24,770	\$ 27,145	\$ 25,750	\$ 27,035	\$ 50,520	\$ 54,180
Premiums (discounts), net	611	645	427	140	1,038	785
Total	<u>\$ 25,381</u>	<u>\$ 27,790</u>	<u>\$ 26,177</u>	<u>\$ 27,175</u>	<u>\$ 51,558</u>	<u>\$ 54,965</u>

The City of Brentwood's total long-term debt decreased by \$3,660,000 (7%) during the current fiscal year. The key factor in this decrease was the payment of principal amounts for existing General Obligation debt (\$2.6M) and Water and Sewer debt (\$1.7M). During fiscal year 2016, the City issued \$9,350,000 in refunding bonds to refund \$8,725,000, representing a portion of outstanding General Obligation debt and Water and Sewer debt.

The City of Brentwood maintains an Aaa rating from Moody's Investors Service and an AAA rating from Standard and Poor's for its general obligation and revenue and tax bonds debt. This is the highest bond rating possible and permits the City to receive the most favorable interest rates on our bonds.

State statutes set no limit for the amount of general obligation debt a governmental entity may issue. The total long-term bonded debt outstanding for the City of Brentwood of \$50,520,000 translates to approximately \$1,250 per capita using the 2015 City Special Census Certified Population of 40,401.

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

## **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the City of Brentwood is currently 4.2%, a decrease from 4.9% a year ago. This compares to the county's rate of 3.8%, the state's average unemployment rate of 4.1% and the national average rate of 4.9%.
- The direct office space vacancy rate of the Brentwood submarket was 1.9% as of June 2016.
- 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 2017 fiscal year.

During the current fiscal year, the total unassigned fund balance in the general fund decreased to \$32,323,955. The City of Brentwood has not appropriated any of this amount for spending in the 2017 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@brentwoodtn.gov](mailto:financedirector@brentwoodtn.gov)  
[www.brentwoodtn.gov](http://www.brentwoodtn.gov)

CITY OF BRENTWOOD, TENNESSEE  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
Cash and cash equivalents	\$ 58,201,168	\$ 29,140,362	\$ 87,341,530
Investments	10,000,000	-	10,000,000
Property tax receivable	11,706,862	-	11,706,862
Sales tax receivable	1,206,850	-	1,206,850
Intergovernmental revenue receivable	9,473,134	-	9,473,134
Accounts receivable	426,723	2,667,590	3,094,313
Internal balances	(341,687)	341,687	-
Inventories	89,679	247,278	336,957
Prepaid expenses	28,868	10,321	39,189
Restricted assets:			
Cash	601,919	807,932	1,409,851
Capital assets:			
Utility plant in service	-	111,948,518	111,948,518
Land	114,354,031	1,177,330	115,531,361
Buildings and structures	22,592,359	4,309,777	26,902,136
Improvements other than buildings	14,269,456	2,531,789	16,801,245
Furniture, machinery and equipment	21,075,337	4,883,129	25,958,466
Infrastructure	217,017,891	-	217,017,891
Construction in progress	3,377,849	91,275	3,469,124
Accumulated depreciation	(162,764,388)	(51,454,894)	(214,219,282)
Other post employment benefits asset	1,629,078	120,000	1,749,078
Net pension asset	975,031	126,540	1,101,571
<b>TOTAL ASSETS</b>	<b>323,920,160</b>	<b>106,948,634</b>	<b>430,868,794</b>
DEFERRED OUTFLOWS OF RESOURCES	2,940,522	873,362	3,813,884
LIABILITIES			
Accounts payable	3,353,126	1,604,826	4,957,952
Claims payable	308,603	-	308,603
Accrued salaries and benefits	168,014	364,768	532,782
Accrued interest	241,246	218,155	459,401
Other payables	1,740,147	217,535	1,957,682
Liabilities payable from restricted assets	68,258	44,468	112,726
Long-term liabilities:			
Due within one year	3,305,000	1,810,000	5,115,000
Due in more than one year	24,970,886	24,366,946	49,337,832
<b>TOTAL LIABILITIES</b>	<b>34,155,280</b>	<b>28,626,698</b>	<b>62,781,978</b>
DEFERRED INFLOWS OF RESOURCES	13,571,659	174,749	13,746,408
NET POSITION			
Net investment in capital assets	205,432,637	48,665,593	254,098,230
Restricted for:			
Pensions	975,031	126,540	1,101,571
Roads and streets	1,012,840	-	1,012,840
Capital projects	6,391,312	-	6,391,312
Drug enforcement and education	466,094	-	466,094
Unrestricted	64,855,829	30,228,416	95,084,245
<b>TOTAL NET POSITION</b>	<b>\$ 279,133,743</b>	<b>\$ 79,020,549</b>	<b>\$ 358,154,292</b>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government:							
Governmental activities:							
General government	\$ 6,502,351	\$ 1,021,064	\$ -	\$ -	\$ (5,481,287)	\$ -	\$ (5,481,287)
Public safety	12,606,876	-	-	-	(12,606,876)	-	(12,606,876)
Roads and streets	13,980,844	1,805,840	1,228,771	3,460,350	(7,485,883)	-	(7,485,883)
Public health	67,917	-	-	-	(67,917)	-	(67,917)
Parks and recreation	3,098,376	116,658	-	-	(2,981,718)	-	(2,981,718)
Public library	2,656,773	134,450	-	-	(2,522,323)	-	(2,522,323)
Community support	322,525	35,250	-	-	(287,275)	-	(287,275)
Drug education	38,627	-	-	-	(38,627)	-	(38,627)
Interest on long-term debt	841,063	-	-	-	(841,063)	-	(841,063)
Total governmental activities	<u>40,115,352</u>	<u>3,113,262</u>	<u>1,228,771</u>	<u>3,460,350</u>	<u>(32,312,969)</u>	<u>-</u>	<u>(32,312,969)</u>
Business-type activities:							
Water and Sewer	16,792,536	15,213,756	-	1,867,085	-	288,305	288,305
Rental facilities	723,559	733,227	-	-	-	9,668	9,668
Emergency Communications District	1,191,793	-	880,775	-	-	(311,018)	(311,018)
Total business-type activities	<u>18,707,888</u>	<u>15,946,983</u>	<u>880,775</u>	<u>1,867,085</u>	<u>-</u>	<u>(13,045)</u>	<u>(13,045)</u>
Total primary government	<u>\$ 58,823,240</u>	<u>\$ 19,060,245</u>	<u>\$ 2,109,546</u>	<u>\$ 5,327,435</u>	<u>(32,312,969)</u>	<u>(13,045)</u>	<u>(32,326,014)</u>
General Revenues:							
Taxes:							
Property taxes					11,732,828	-	11,732,828
Local option sales tax					15,203,893	-	15,203,893
Hotel/motel taxes					1,705,447	-	1,705,447
Wholesale beer and liquor taxes					1,441,703	-	1,441,703
Adequate schools facilities taxes					713,422	-	713,422
Other taxes					896,283	-	896,283
Unrestricted intergovernmental taxes:							
State sales tax					3,267,781	-	3,267,781
State income tax					4,420,212	-	4,420,212
Business tax					1,851,846	-	1,851,846
TVA in-lieu tax					474,106	-	474,106
Mixed drink and beer tax					192,560	-	192,560
Petroleum special tax					82,194	-	82,194
Corporate excise tax					77,998	-	77,998
Telecommunications tax					3,433	-	3,433
Other intergovernmental					335,036	-	335,036
Unrestricted investment earnings					676,321	198,789	875,110
Miscellaneous					201,759	31,166	232,925
Transfers					<u>(418,700)</u>	<u>418,700</u>	<u>-</u>
Total general revenues and transfers					<u>42,858,122</u>	<u>648,655</u>	<u>43,506,777</u>
Change in net position					10,545,153	635,610	11,180,763
Net Position - beginning					<u>268,588,590</u>	<u>78,384,939</u>	<u>346,973,529</u>
Net Position - ending					<u>\$ 279,133,743</u>	<u>\$ 79,020,549</u>	<u>\$ 358,154,292</u>

See accompanying notes to financial statements.



CITY OF BRENTWOOD, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 23,351,415	\$ 3,558,909	\$ 20,698,897	\$ 7,480,536	\$ 55,089,757
Investments	10,000,000	-	-	-	10,000,000
Receivables:					
Property tax	11,706,862	-	-	-	11,706,862
Sales tax	1,206,850	-	-	-	1,206,850
Intergovernmental	6,046,014	-	3,162,379	264,741	9,473,134
Accounts	408,041	-	-	-	408,041
Miscellaneous	-	-	-	18,221	18,221
Due from other funds:					
Water and Sewer Fund	-	-	6,375	-	6,375
Insurance Fund	8,289	-	-	-	8,289
Donations Held in Trust Fund	457	-	-	-	457
Prepaid items and deposits	89,679	-	-	-	89,679
Inventories of supplies	1,429	-	-	-	1,429
Restricted assets:					
Cash and cash equivalents	26,942	-	127,018	447,959	601,919
<b>TOTAL ASSETS</b>	<b>\$ 52,845,978</b>	<b>\$ 3,558,909</b>	<b>\$ 23,994,669</b>	<b>\$ 8,211,457</b>	<b>\$ 88,611,013</b>
LIABILITIES:					
Accounts payable	\$ 537,394	\$ -	\$ 2,350,343	\$ 399,971	\$ 3,287,708
Accrued salaries	168,014	-	-	-	168,014
Due to other funds:					
Fuel Fund	39,046	-	-	-	39,046
Other payables	1,740,147	-	-	-	1,740,147
Retainage payable	-	-	68,258	-	68,258
<b>TOTAL LIABILITIES</b>	<b>2,484,601</b>	<b>-</b>	<b>2,418,601</b>	<b>399,971</b>	<b>5,303,173</b>
DEFERRED INFLOWS OF RESOURCES	12,452,822	-	-	-	12,452,822
FUND BALANCES:					
Fund balance:					
Nonspendable	91,108	-	-	-	91,108
Restricted for street repairs	-	-	-	1,012,840	1,012,840
Restricted for drug enforcement and education	-	-	-	466,094	466,094
Restricted for capital projects	-	-	58,760	6,332,552	6,391,312
Committed to capital projects	-	-	21,517,308	-	21,517,308
Committed to debt service	-	3,558,909	-	-	3,558,909
Committed to equipment replacement	3,104,314	-	-	-	3,104,314
Committed to facilities maintenance	1,234,024	-	-	-	1,234,024
Committed to funding post employment benefits	1,155,154	-	-	-	1,155,154
Unassigned	32,323,955	-	-	-	32,323,955
<b>TOTAL FUND BALANCES</b>	<b>37,908,555</b>	<b>3,558,909</b>	<b>21,576,068</b>	<b>7,811,486</b>	<b>70,855,018</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 52,845,978</b>	<b>\$ 3,558,909</b>	<b>\$ 23,994,669</b>	<b>\$ 8,211,457</b>	<b>\$ 88,611,013</b>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

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

JUNE 30, 2016

**Total Governmental Funds Balances** \$ 70,855,018

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

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the governmental funds Balance Sheet 229,922,535

Receivables not available to pay for current expenditures, and therefore, are  
unavailable in the funds 199,444

Net other post employment benefits asset in governmental activities is not a  
current financial resource and therefore are not reported in the  
governmental funds Balance Sheet 1,629,078

In the Statement of Activities, interest is accrued on outstanding  
bonds, whereas in governmental funds, interest expenditures  
are reported when due (241,246)

The internal service funds are used by management to charge the cost of fuel  
supplies and health insurance premiums to the individual funds. The assets  
and liabilities of the internal service funds are included in governmental  
activities in the Statement of Net Position 2,447,528

Pension amounts not reported in the funds:  
Net pension asset 975,031  
Deferred outflows of resources related to pensions 2,108,421  
Deferred inflows of resources related to pensions (1,318,281)

Long-term liabilities, including bonds payable, are not due and payable in  
the current period and therefore are not reported in the governmental funds:

Bonds payable	(24,770,000)
Less deferred charges on refunding bonds	832,101
Less bond discount	3,377
Add bond premium	(614,136)
Compensated absences	<u>(2,895,127)</u>

(27,443,785)

**Net Position of Governmental Activities** \$279,133,743

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, 2016

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 30,519,071	\$ -	\$ -	\$ -	\$ 30,519,071
Licenses and permits	1,083,528	-	-	1,676,424	2,759,952
Fines and fees	261,639	-	-	-	261,639
Charges for services	353,310	-	-	-	353,310
Intergovernmental	10,823,157	-	3,460,350	1,824,202	16,107,709
Uses of money and property	543,554	22,766	71,538	38,463	676,321
Other	114,981	-	-	86,778	201,759
TOTAL REVENUES	<u>43,699,240</u>	<u>22,766</u>	<u>3,531,888</u>	<u>3,625,867</u>	<u>50,879,761</u>
EXPENDITURES					
Current:					
General government	6,600,108	3,191	-	-	6,603,299
Public safety	13,211,939	-	-	-	13,211,939
Roads and streets	4,494,262	-	-	881,688	5,375,950
Public health	67,917	-	-	-	67,917
Parks and recreation	2,300,504	-	-	-	2,300,504
Public library	2,389,052	-	-	-	2,389,052
Community support	322,525	-	-	-	322,525
Drug education	-	-	-	18,862	18,862
Capital outlay	-	-	8,108,996	53,427	8,162,423
Debt service	-	3,476,648	-	-	3,476,648
TOTAL EXPENDITURES	<u>29,386,307</u>	<u>3,479,839</u>	<u>8,108,996</u>	<u>953,977</u>	<u>41,929,119</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>14,312,933</u>	<u>(3,457,073)</u>	<u>(4,577,108)</u>	<u>2,671,890</u>	<u>8,950,642</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,350,000	10,495,000	-	13,845,000
Transfers out	(14,263,700)	-	-	-	(14,263,700)
Issuance of refunding bonds	-	3,035,000	-	-	3,035,000
Payment to refunded bond escrow agent	-	(3,109,283)	-	-	(3,109,283)
Premium on refunding bonds issued	-	118,993	-	-	118,993
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,263,700)</u>	<u>3,394,710</u>	<u>10,495,000</u>	<u>-</u>	<u>(373,990)</u>
NET CHANGE IN FUND BALANCE	49,233	(62,363)	5,917,892	2,671,890	8,576,652
FUND BALANCE, BEGINNING OF YEAR	<u>37,859,322</u>	<u>3,621,272</u>	<u>15,658,176</u>	<u>5,139,596</u>	<u>62,278,366</u>
FUND BALANCE, END OF YEAR	<u>\$ 37,908,555</u>	<u>\$ 3,558,909</u>	<u>\$ 21,576,068</u>	<u>\$ 7,811,486</u>	<u>\$ 70,855,018</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, 2016

<b>Net Change in Fund Balance - Governmental Funds</b>	<b>\$ 8,576,652</b>
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Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities:

Acquisition of capital assets	6,624,608
Disposal of capital assets	(33,824)
Depreciation expense	(9,435,903)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds	199,444
--	---------

The issuance of long-term debt and related items provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on changes in net position of governmental activities:

Refunding bonds issued	(3,035,000)
Premium on refunding bonds issued	(118,993)
Payment to refunding bond escrow agent	3,109,283
Payments on long-term debt	2,615,000

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, 2016	(241,246)
Accrued interest on debt obligations at June 30, 2015	281,441

The internal service funds are used by management to charge the cost of fuel supplies and health insurance premiums to the individual funds. The changes in net position of the internal service funds are reported with governmental activities in the Statement of Activities	193,752
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Governmental funds report the effects of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities:

Amortization of bond premium/discount	66,109
Amortization of deferred amount on refunding	(85,719)

Negative pension expense not reported in the funds	1,810,309
--	-----------

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	19,240
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<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 10,545,153</u></b>
--	-----------------------------

See accompanying notes to financial statements.

## CITY OF BRENTWOOD, TENNESSEE

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

FOR THE YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes:				
Local sales tax	\$ 12,600,000	\$ 14,500,000	\$ 15,203,893	\$ 703,893
Real and personal property	11,050,000	11,200,000	11,435,113	235,113
Public utility property tax	156,700	156,700	141,421	(15,279)
Hotel/motel taxes	1,375,000	1,475,000	1,705,447	230,447
Wholesale beer tax	630,000	630,000	642,891	12,891
Wholesale liquor tax	650,000	650,000	798,812	148,812
Television franchise tax	470,000	470,000	534,744	64,744
Other	60,000	60,000	53,383	(6,617)
Licenses and permits	800,200	945,200	1,083,528	138,328
Fines and fees	290,000	290,000	261,639	(28,361)
Charges for services	441,300	441,300	439,660	(1,640)
Intergovernmental:				
State sales tax	2,940,000	3,100,000	3,267,781	167,781
State income tax	750,000	750,000	4,420,212	3,670,212
Business tax	1,500,000	1,500,000	1,851,846	351,846
TVA in-lieu of tax	435,000	435,000	474,106	39,106
Mixed drink tax	130,000	130,000	172,833	42,833
Beer tax	19,500	19,500	19,727	227
Petroleum special tax	81,500	81,500	82,194	694
Corporate excise tax	15,000	15,000	77,998	62,998
Telecommunications tax	3,000	3,000	3,433	433
Other	160,550	160,550	266,420	105,870
Uses of money and property:				
Interest earnings	70,000	70,000	185,803	115,803
Other	281,000	281,000	269,445	(11,555)
Other	170,500	170,500	218,605	48,105
<b>TOTAL REVENUES</b>	<b>35,079,250</b>	<b>37,534,250</b>	<b>43,610,934</b>	<b>6,076,684</b>
EXPENDITURES				
Current:				
General government:				
City Commission:				
Personnel services	175,465	175,465	171,303	(4,162)
Professional services	15,000	15,000	13,225	(1,775)
Other costs	15,000	15,000	10,396	(4,604)

(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, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
City Court:				
Personnel services	\$ 25,000	\$ 25,000	\$ 24,000	\$ (1,000)
Other costs	14,500	14,500	2,092	(12,408)
City Manager's office:				
Personnel services	410,815	410,815	411,131	316
Supplies and materials	5,500	5,500	3,683	(1,817)
Professional services	6,000	6,000	3,500	(2,500)
Other costs	2,750	2,750	3,050	300
Elections:				
Board of commission	-	-	200	200
Finance:				
Personnel services	660,120	660,120	603,836	(56,284)
Supplies and materials	37,500	37,500	25,455	(12,045)
Professional services	145,000	145,000	104,722	(40,278)
Repairs and maintenance	50,000	50,000	38,639	(11,361)
Other costs	11,000	11,000	10,939	(61)
City recorder:				
Personnel services	104,615	104,615	102,882	(1,733)
Supplies and materials	1,200	1,200	749	(451)
Professional services	5,000	5,000	3,608	(1,392)
Repairs and maintenance	11,500	11,500	10,649	(851)
Other costs	5,000	5,000	3,914	(1,086)
Legal services:				
Personnel services	202,905	202,905	204,011	1,106
Supplies and materials	16,300	16,300	15,933	(367)
Professional services	50,000	50,000	868	(49,132)
Other costs	500	500	104	(396)
Information/technology:				
Personnel services	548,005	548,005	536,297	(11,708)
Supplies and materials	7,200	7,200	2,569	(4,631)
Professional services	65,000	65,000	43,183	(21,817)
Repairs and maintenance	117,700	117,700	93,968	(23,732)
Other costs	81,050	81,050	55,710	(25,340)
Capital outlay	425,000	425,000	425,000	-

(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, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
GIS:				
Personnel services	\$ 259,035	\$ 259,035	\$ 259,420	\$ 385
Supplies and materials	3,600	3,600	795	(2,805)
Professional services	5,500	5,500	-	(5,500)
Repairs and maintenance	28,000	28,000	25,934	(2,066)
Other costs	1,500	1,500	1,010	(490)
Human resources:				
Personnel services	283,840	283,840	285,676	1,836
Supplies and materials	4,400	4,400	2,410	(1,990)
Professional services	84,500	84,500	82,327	(2,173)
Other costs	48,830	48,830	47,988	(842)
Community relations:				
Personnel services	202,975	202,975	200,581	(2,394)
Supplies and materials	28,350	28,350	20,856	(7,494)
Professional services	25,000	25,000	28,011	3,011
Repairs and maintenance	47,100	47,100	39,859	(7,241)
Other costs	57,000	57,000	43,494	(13,506)
Planning and development:				
Personnel services	340,075	340,075	338,415	(1,660)
Supplies and materials	15,000	15,000	20,551	5,551
Professional services	14,200	14,200	8,275	(5,925)
Repairs and maintenance	40,000	40,000	39,729	(271)
Other costs	22,500	22,500	9,004	(13,496)
Codes enforcement:				
Personnel services	767,935	767,935	764,110	(3,825)
Supplies and materials	25,500	25,500	19,061	(6,439)
Professional services	7,500	7,500	363	(7,137)
Repairs and maintenance	8,500	8,500	8,844	344
Other costs	18,600	18,600	11,961	(6,639)
Municipal Center:				
Rent expense	610,000	610,000	610,000	-
Insurance/other benefits:				
Personnel	708,760	708,760	689,334	(19,426)
Other	83,000	83,000	69,710	(13,290)
Total general government	6,955,825	6,955,825	6,553,334	(402,491)

(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, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL	ACTUAL	
Public safety:				
Police department:				
Personnel services	\$ 5,847,985	\$ 5,847,985	\$ 5,604,797	\$ (243,188)
Supplies and materials	378,000	378,000	320,563	(57,437)
Professional services	60,000	60,000	59,906	(94)
Repairs and maintenance	229,400	229,400	208,567	(20,833)
Other costs	219,000	219,000	224,221	5,221
Capital outlay	390,000	390,000	390,000	-
Fire and Rescue department:				
Personnel services	5,839,705	5,872,810	5,981,047	108,237
Supplies and materials	139,300	139,300	121,467	(17,833)
Professional services	33,000	33,000	22,154	(10,846)
Repairs and maintenance	109,000	109,000	99,906	(9,094)
Other costs	294,900	294,900	259,241	(35,659)
Capital outlay	313,000	457,890	471,744	13,854
Brentwood Safety Center East:				
Supplies and materials	17,500	17,500	17,789	289
Professional services	1,000	1,000	1,556	556
Repairs and maintenance	24,500	24,500	24,876	376
Other costs	32,150	32,150	28,896	(3,254)
Total public safety	13,928,440	14,106,435	13,836,730	(269,705)
Roads and streets:				
Public works:				
Personnel	1,397,125	1,397,125	1,302,264	(94,861)
Supplies and materials	289,110	289,110	254,410	(34,700)
Professional services	5,000	5,000	3,147	(1,853)
Repairs and maintenance	1,030,350	1,030,350	1,010,293	(20,057)
Other	64,600	147,100	133,905	(13,195)
Capital outlay	216,600	216,600	209,889	(6,711)
Storm drainage:				
Capital outlay	50,000	50,000	13,134	(36,866)

(Continued on next page)

See accompanying notes to financial statements.



## CITY OF BRENTWOOD, TENNESSEE

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

FOR THE YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Traffic Signalization:				
Street lighting	\$ 525,000	\$ 525,000	\$ 459,678	\$ (65,322)
Personnel services	179,420	179,420	100,661	(78,759)
Supplies and materials	27,100	27,100	21,403	(5,697)
Professional services	25,000	25,000	18,418	(6,582)
Repairs and maintenance	31,000	31,000	15,046	(15,954)
Other	39,500	39,500	31,384	(8,116)
Capital outlay	38,000	38,000	63,059	25,059
Service center:				
Personnel services	98,630	98,630	95,907	(2,723)
Supplies and materials	17,850	17,850	17,756	(94)
Professional services	7,000	7,000	4,599	(2,401)
Repairs and maintenance	77,500	77,500	107,388	29,888
Other costs	66,800	66,800	53,054	(13,746)
Engineering services:				
Personnel services	503,015	503,015	501,020	(1,995)
Supplies and materials	10,500	10,500	8,796	(1,704)
Professional services	10,000	10,000	300	(9,700)
Repairs and maintenance	4,000	4,000	826	(3,174)
Other costs	20,000	20,000	6,098	(13,902)
Total roads and streets	4,733,100	4,815,600	4,432,435	(383,165)
Public health:				
Co. Health Dept. Contract	15,000	15,000	15,000	-
Co. Animal Control Contract	53,000	53,000	52,917	(83)
Total public health	68,000	68,000	67,917	(83)
Parks and recreation:				
Personnel services	1,189,020	1,189,020	1,126,139	(62,881)
Supplies and materials	134,000	134,000	133,677	(323)
Professional services	-	-	-	-
Repairs and maintenance	504,400	504,400	443,904	(60,496)
Other costs	371,750	371,750	304,994	(66,756)
Capital outlay	71,500	71,500	70,645	(855)
Total parks and recreation	2,270,670	2,270,670	2,079,359	(191,311)

(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, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL	ACTUAL	
Public library:				
Personnel services	\$ 1,282,735	\$ 1,282,735	\$ 1,269,986	\$ (12,749)
Supplies and materials	477,000	477,000	444,854	(32,146)
Professional services	50,000	50,000	58,834	8,834
Repairs and maintenance	297,500	297,500	366,215	68,715
Other costs	256,000	256,000	222,763	(33,237)
Capital outlay	27,500	27,500	-	(27,500)
Total public library	2,390,735	2,390,735	2,362,652	(28,083)
Community support:				
Education	214,500	214,500	214,500	-
Chamber of Commerce	10,000	10,000	10,000	-
Historic Sites	180,285	180,285	111,640	(68,645)
Total community support	404,785	404,785	336,140	(68,645)
TOTAL EXPENDITURES	30,751,555	31,012,050	29,668,567	(1,343,483)
EXCESS OF REVENUES OVER EXPENDITURES	4,327,695	6,522,200	13,942,367	7,420,167
OTHER FINANCING USES				
Transfers to Debt Service Fund	(3,350,000)	(3,350,000)	(3,350,000)	-
Transfers to Emergency Communication District	(418,700)	(418,700)	(418,700)	-
Transfers to Capital Projects Fund	(300,000)	(10,495,000)	(10,495,000)	-
Transfers to Committed - Facilities Maintenance	(200,000)	(200,000)	(200,000)	-
TOTAL OTHER FINANCING USES	(4,268,700)	(14,463,700)	(14,463,700)	-
CHANGE IN FUND BALANCE - GENERAL FUND - AS BUDGETED	58,995	(7,941,500)	(521,333)	7,420,167

(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, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL	ACTUAL	
COMMITTED ACTIVITY BUDGETED SEPARATELY				
Equipment replacement:				
Transfers from other departments	\$ 1,315,000	\$ 1,375,000	\$ 1,375,000	\$ -
Interest income	5,000	5,000	18,161	13,161
Other income	10,000	10,000	57,430	47,430
Equipment expenditures	<u>(1,037,000)</u>	<u>(1,037,000)</u>	<u>(878,163)</u>	<u>158,837</u>
Net change - equipment replacement	<u>293,000</u>	<u>353,000</u>	<u>572,428</u>	<u>219,428</u>
Facilities maintenance:				
Committed transfer from General Fund	200,000	200,000	200,000	-
Interest income	3,000	3,000	7,261	4,261
Maintenance expenditures	<u>(380,000)</u>	<u>(380,000)</u>	<u>(328,497)</u>	<u>51,503</u>
Net change - facilities maintenance	<u>(177,000)</u>	<u>(177,000)</u>	<u>(121,236)</u>	<u>55,764</u>
Post employment benefits:				
Transfers from other departments	75,000	75,000	121,420	46,420
Interest income	2,000	2,000	5,454	3,454
Professional services expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>(7,500)</u>	<u>2,500</u>
Net change - post employment benefits	<u>67,000</u>	<u>67,000</u>	<u>119,374</u>	<u>52,374</u>
NET CHANGE IN FUND BALANCE	<u>\$ 241,995</u>	<u>\$ (7,698,500)</u>	49,233	<u>\$ 7,747,733</u>
FUND BALANCE, BEGINNING OF YEAR			<u>37,859,322</u>	
FUND BALANCE, END OF YEAR			<u>\$ 37,908,555</u>	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL	
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 24,774,373	\$ 2,187,343	\$ 2,178,646	\$ 29,140,362	\$ 3,111,411
Receivables:					
Accounts	1,403,039	-	-	1,403,039	4
Due from other funds:					
General Fund	-	-	-	-	39,046
Water and Sewer	-	-	-	-	6,327
Emergency Communications District	-	2,650	-	2,650	-
Insurance	-	-	-	-	-
Unbilled utility revenue	1,264,551	-	-	1,264,551	-
Inventories of supplies	247,278	-	-	247,278	27,439
Prepaid expenses	1,534	75	8,712	10,321	-
Restricted cash and cash equivalents	807,932	-	-	807,932	-
Total Current Assets	<u>28,498,707</u>	<u>2,190,068</u>	<u>2,187,358</u>	<u>32,876,133</u>	<u>3,184,227</u>
Noncurrent Assets:					
Capital assets, net of accumulated depreciation	70,059,708	2,700,166	727,050	73,486,924	-
Other post employment benefits asset	120,000	-	-	120,000	-
Net pension asset	89,562	-	36,978	126,540	-
Total Noncurrent Assets	<u>70,269,270</u>	<u>2,700,166</u>	<u>764,028</u>	<u>73,733,464</u>	<u>-</u>
Total Assets	<u>98,767,977</u>	<u>4,890,234</u>	<u>2,951,386</u>	<u>106,609,597</u>	<u>3,184,227</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Advance refundings of debt	592,151	-	-	592,151	-
Pensions	196,112	-	85,099	281,211	-
Total Deferred Outflows of Resources	<u>788,263</u>	<u>-</u>	<u>85,099</u>	<u>873,362</u>	<u>-</u>
<b>LIABILITIES</b>					
Current Liabilities (payable from current assets):					
Current maturities of long-term debt	1,810,000	-	-	1,810,000	-
Accounts payable	1,551,093	44,266	9,467	1,604,826	65,418
Claims payable	-	-	-	-	308,603
Accrued salaries	20,063	-	5,903	25,966	-
Accrued interest	218,155	-	-	218,155	-
Due to other funds:					
Due to General Fund	-	-	-	-	8,289
Due to Capital Projects Fund	6,375	-	-	6,375	-
Due to Fuel Fund	6,327	-	-	6,327	-
Due to Municipal Center	-	-	2,650	2,650	-
Other payables	104,202	-	113,333	217,535	-
Compensated absences payable	240,933	-	97,869	338,802	-
Current liabilities (payable from restricted assets):					
Retainage payable	44,468	-	-	44,468	-
Total Current Liabilities	<u>4,001,616</u>	<u>44,266</u>	<u>229,222</u>	<u>4,275,104</u>	<u>382,310</u>
Noncurrent Liabilities:					
Long-term debt, net of current maturities	24,366,946	-	-	24,366,946	-
Total Noncurrent Liabilities	<u>24,366,946</u>	<u>-</u>	<u>-</u>	<u>24,366,946</u>	<u>-</u>
Total Liabilities	<u>28,368,562</u>	<u>44,266</u>	<u>229,222</u>	<u>28,642,050</u>	<u>382,310</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	122,217	-	52,532	174,749	-
<b>NET POSITION</b>					
Net investment in capital assets	45,238,377	2,700,166	727,050	48,665,593	-
Restricted	89,562	-	36,978	126,540	-
Unrestricted	<u>25,737,522</u>	<u>2,145,802</u>	<u>1,990,703</u>	<u>29,874,027</u>	<u>2,801,917</u>
TOTAL NET POSITION	<u>\$ 71,065,461</u>	<u>\$ 4,845,968</u>	<u>\$ 2,754,731</u>	<u>\$ 78,666,160</u>	<u>\$ 2,801,917</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				354,389	
Net position of business-type activities				<u>\$ 79,020,549</u>	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL	
OPERATING REVENUES					
Water sales, pledged as security on revenue bonds	\$ 8,120,145	\$ -	\$ -	\$ 8,120,145	\$ -
Sewer service charges, pledged as security on revenue bonds	6,562,474	-	-	6,562,474	-
Rental income	-	733,227	-	733,227	-
Tennessee Emergency Communications Board 911 funding	-	-	880,775	880,775	-
Internal charges	-	-	-	-	3,701,541
Other	562,303	-	-	562,303	291,912
<b>TOTAL OPERATING REVENUES</b>	<b>15,244,922</b>	<b>733,227</b>	<b>880,775</b>	<b>16,858,924</b>	<b>3,993,453</b>
OPERATING EXPENSES					
Water purchased	6,426,035	-	-	6,426,035	-
Depreciation and amortization	2,814,243	278,525	169,329	3,262,097	-
Materials and supplies	364,761	-	41,716	406,477	289,224
Sewerage treatment charges	2,752,323	-	-	2,752,323	-
Salaries and benefits	1,875,673	-	787,949	2,663,622	3,498,863
Maintenance	777,276	247,882	82,393	1,107,551	-
Utilities	307,950	150,654	-	458,604	-
Professional services	474,191	22,984	18,831	516,006	-
Communications	3,892	8,442	80,280	92,614	-
Other	263,834	15,072	11,568	290,474	-
<b>TOTAL OPERATING EXPENSES</b>	<b>16,060,178</b>	<b>723,559</b>	<b>1,192,066</b>	<b>17,975,803</b>	<b>3,788,087</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(815,256)</b>	<b>9,668</b>	<b>(311,291)</b>	<b>(1,116,879)</b>	<b>205,366</b>
NONOPERATING REVENUES (EXPENSES)					
Interest income	141,034	12,808	11,535	165,377	18,060
Sale of equipment	33,412	-	-	33,412	-
Interest expense	(761,759)	-	-	(761,759)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(587,313)</b>	<b>12,808</b>	<b>11,535</b>	<b>(562,970)</b>	<b>18,060</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(1,402,569)</b>	<b>22,476</b>	<b>(299,756)</b>	<b>(1,679,849)</b>	<b>223,426</b>
<b>CAPITAL CONTRIBUTIONS - TAP FEES</b>	<b>1,867,085</b>	<b>-</b>	<b>-</b>	<b>1,867,085</b>	<b>-</b>
<b>TRANSFERS IN</b>	<b>-</b>	<b>-</b>	<b>418,700</b>	<b>418,700</b>	<b>-</b>
<b>TRANSFERS OUT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>464,516</b>	<b>22,476</b>	<b>118,944</b>	<b>605,936</b>	<b>223,426</b>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<b>70,600,945</b>	<b>4,823,492</b>	<b>2,635,787</b>		<b>2,578,491</b>
<b>TOTAL NET POSITION, END OF YEAR</b>	<b>\$ 71,065,461</b>	<b>\$ 4,845,968</b>	<b>\$ 2,754,731</b>		<b>\$ 2,801,917</b>
Adjustment to reflect the consolidation of internal service funds related to enterprise funds				29,674	
Change in net position of business-type activities				<u>\$ 635,610</u>	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL ENTERPRISE FUNDS	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 14,955,278	\$ 733,227	\$ 880,775	\$ 16,569,280	\$ -
Receipts from internal services provided	-	-	-	-	4,047,120
Payments to suppliers	(12,016,667)	(442,722)	(765,953)	(13,225,342)	(3,517,604)
Payments to employees	(2,005,271)	-	(243,155)	(2,248,426)	-
Net cash provided by (used in) operating activities	<u>933,340</u>	<u>290,505</u>	<u>(128,333)</u>	<u>1,095,512</u>	<u>529,516</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Contribution/transfer from general fund	-	-	418,700	418,700	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>418,700</u>	<u>418,700</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(2,915,305)	(59,660)	(78,825)	(3,053,790)	-
Proceeds from water and sewer tap fees	1,867,085	-	-	1,867,085	-
Restricted cash used to fund capital asset additions	1,578,777	-	-	1,578,777	-
Proceeds from issuance of refunding bonds, including premium	6,574,035	-	-	6,574,035	-
Amount placed with refunded bond escrow agent	(6,475,349)	-	-	(6,475,349)	-
Principal paid on long-term debt	(1,670,000)	-	-	(1,670,000)	-
Interest paid on long-term debt	(816,550)	-	-	(816,550)	-
Net cash used in capital and related financing activities	<u>(1,857,307)</u>	<u>(59,660)</u>	<u>(78,825)</u>	<u>(1,995,792)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of equipment	33,412	-	-	33,412	-
Interest received	141,034	12,808	11,535	165,377	18,060
Net cash provided by investing activities	<u>174,446</u>	<u>12,808</u>	<u>11,535</u>	<u>198,789</u>	<u>18,060</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(749,521)</u>	<u>243,653</u>	<u>223,077</u>	<u>(282,791)</u>	<u>547,576</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>25,523,894</u>	<u>1,943,690</u>	<u>1,955,569</u>	<u>29,423,153</u>	<u>2,563,835</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 24,774,373</u>	<u>\$ 2,187,343</u>	<u>\$ 2,178,646</u>	<u>\$ 29,140,362</u>	<u>\$ 3,111,411</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (815,256)	\$ 9,668	\$ (311,291)	\$ (1,116,879)	\$ 205,366
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,814,243	278,525	169,329	3,262,097	-
Pension expense (negative expense)	(168,320)	-	(73,153)	(241,473)	-
(Increase) decrease in:					
Accounts receivable	(165,892)	-	-	(165,892)	39,574
Due from General Fund	7,000	-	-	7,000	5,038
Unbilled utility revenue	(123,752)	-	-	(123,752)	-
Inventories of supplies	(68,661)	-	-	(68,661)	3,934
Prepaid expenses	(1,149)	97	(8,712)	(9,764)	-
Increase (decrease) in:					
Accounts payable	(459,459)	2,215	345	(456,899)	38,499
Due to (from) other funds	(72,160)	-	-	(72,160)	9,055
Accrued expenses	(13,254)	-	95,149	81,895	228,050
<b>TOTAL ADJUSTMENTS</b>	<u>1,748,596</u>	<u>280,837</u>	<u>182,958</u>	<u>2,212,391</u>	<u>324,150</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 933,340</u>	<u>\$ 290,505</u>	<u>\$ (128,333)</u>	<u>\$ 1,095,512</u>	<u>\$ 529,516</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY AND PLAN NET POSITION  
JUNE 30, 2016

	POST EMPLOYMENT BENEFITS TRUST	DONATIONS HELD IN TRUST
	<u>          </u>	<u>          </u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 378,093
Accounts receivable	503	300
Investments held in trust, at fair value:		
Mutual funds - balanced funds	7,940,337	-
Prepaid expenses	<u>-</u>	<u>10,158</u>
TOTAL ASSETS	<u>7,940,840</u>	<u>388,551</u>
LIABILITIES		
Accounts payable	17,486	7,198
Due to other funds	<u>-</u>	<u>457</u>
TOTAL LIABILITIES	<u>17,486</u>	<u>7,655</u>
NET POSITION		
Held in trust for other post employment benefits	7,923,354	-
Held in trust for donations	<u>-</u>	<u>380,896</u>
TOTAL NET POSITION	<u>\$ 7,923,354</u>	<u>\$ 380,896</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY AND PLAN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016

	POST EMPLOYMENT BENEFITS TRUST	DONATIONS HELD IN TRUST
	<u>          </u>	<u>          </u>
ADDITIONS		
Contributions:		
Other post employment benefits	\$ 707,496	\$ -
Outside sources	-	156,225
Investment earnings:		
Net appreciation in value of investments	<u>59,256</u>	<u>-</u>
Total Additions	<u>766,752</u>	<u>156,225</u>
DEDUCTIONS		
Benefits	263,668	-
Donations expense	<u>-</u>	<u>109,222</u>
Total Deductions	<u>263,668</u>	<u>109,222</u>
Change in Net Position	503,084	47,003
NET POSITION		
Beginning of year	<u>7,420,270</u>	<u>333,893</u>
End of year	<u>\$ 7,923,354</u>	<u>\$ 380,896</u>



CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

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

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

Reporting Entity

The accompanying financial statements present the government and its component unit, entity for which the government is considered to be financially accountable. The Brentwood Emergency Communications District (the “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 and the City has operational responsibility. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Under Government Accounting Standards, the District is presented as a separate fund in the proprietary fund statements. A separately audited financial statement is prepared for the Emergency Communications District and may be obtained by contacting the Finance Department (see page 18 for information).

As of June 30, 2016 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 position and the statement of activities, report information on all of the nonfiduciary activities of the City. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the City’s non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Debt that was issued for capital purposes is not a part of the calculation of net investment in capital assets, until the proceeds have been used to acquire capital assets.

*Restricted net position* result from restriction placed on net position by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consist of net position which do not meet the definition of the two proceeding categories.

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.

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 or up to one year for grant revenues. 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, intergovernmental revenues, 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.

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 services 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.

*Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the health insurance and fuel costs. Because both of these services predominantly benefit governmental rather than business-type functions, the balance sheet of these funds has been included within governmental activities in the government-wide financial statements, with an internal due to/due from and corresponding net position allocation resulting from business-type activities.

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

The *Post Employment Benefits Trust* was established in 2008 to accumulate and fund other post employment benefits (predominantly retiree health and life insurance) for qualified employees based on minimum age and years of service as actuarially determined. Investments in the Post Employments Benefits Fund consist of mutual funds and are valued primarily on quoted market prices (see Note 12).

The *Donations Held in Trust Fund* accumulates and maintains certain accounts funded through private donations, which include the Employee Assistance Trust, the Public Safety Employees Trust, Friends of the Library, the Historic Trust, and Concert Series.

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 ("ECD") are emergency telephone service charges levied on residential and business service users. These fees are collected by the Tennessee Emergency Communications Board and remitted to the ECD. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term (original maturities of three months or less) certificates of deposit.

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 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.

Receivables

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

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Receivables/Payables

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

Inventories of Supplies and Prepaid Items

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

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

Restricted Assets

Certain assets of the general fund, the drug special revenue fund and the capital projects fund are classified as restricted assets because their use is limited by applicable debt or other agreements. Additionally any unspent bond proceeds are included in this classification.

Capital Assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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	30 - 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  
JUNE 30, 2016

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. Employees who leave employment with at least 20 years of service and are at least age 55 are paid for a portion of their accumulated sick days depending on their date of hire. In addition, the City Manager has the authority to pay employees who resign from employment of the City up to 50% of the accrued sick days up to a maximum payment of 30 days.

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

Long-term Obligations

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

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are expensed in the period incurred.

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

Governmental Fund Equity Classification

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

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

This policy shall only apply to the City's governmental funds. Fund balance shall be composed of the following fund types:

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

The restricted fund balances consist of the following:

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

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted fund balances may also result from unspent bond proceeds.

Fund balances classified as committed are as follows:

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

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

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category: (1) deferred charge on bond refundings resulting from the difference in the carrying amount of refunded debt and its requisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt; (2) deferred outflows of resources relating to pensions may result from differences between expected and actual actuarial experience, differences between expected and actual investment earnings of the pension plan, certain changes in actuarial assumptions, and amounts of employer contributions to the pension plan made subsequent to the measurement date.



CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has the following types of deferred inflows of resources: the unavailable revenue reported in the governmental funds balance sheet, which arises under a modified accrual basis of accounting, represents amounts that are deferred and recognized as an inflow of resources in the periods that the amounts become available. These amounts relate primarily to unavailable property taxes and other receivables not within the collection period. The deferred inflows of resources reported in the statement of net position, arises from imposed nonexchange revenues (property taxes) which are assessed prior to the end of the fiscal year, but levied in the subsequent year. Pension related deferred inflows of resources may result from actuarial gains related to the difference between expected and actual experience for the plan's adopted economic and demographic assumptions and differences between expected and actual earnings on plan investments.

Property Taxes

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

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

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

Taxes were levied at the rate of \$.44 per \$100 of assessed valuation for the year ended June 30, 2016.

Payments may be made during the period from October 1 through February 28 and are delinquent on March 1. Current tax collections of \$11,269,592 were reported as revenue for the year ended June 30, 2016 and were approximately 98.6% of the tax levy.

Of the \$11,706,862 property taxes receivable, \$11,503,378 represents the estimated 2016 property taxes to be billed October 2016. This receivable is reported in the Balance Sheet - Governmental Funds with offsetting deferred inflow of resources for the amounts not available at June 30, 2016. Amounts available at June 30, 2016 have been recorded as revenue in the governmental fund statements.

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System ("TCRS"), and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Use of Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Prior to May 15 of each year, the City Manager formally submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are conducted by the Board of Commissioners to obtain citizen comments on the budget. Prior to June 30, the budget is legally enacted through passage of an ordinance. Annual appropriated budgets for the general fund, special revenue, non-major capital projects funds from restricted resources and debt service funds are adopted on a basis consistent with GAAP.

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

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

Excess Expenditures

For the year ended June 30, 2016, expenditures did not exceed appropriations in any fund.

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash Deposits and Certificates of Deposit

The City's cash and cash equivalents at June 30, 2016 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% of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

Custodial risk is the risk that, in the event of a bank failing, the City's deposits may not be returned. The City minimizes this risk by requiring full collateralization on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit, except when the institution issuing the certificate of deposit belongs to the State of Tennessee Bank Collateral Pool. As of June 30, 2016, the City's deposits were fully insured or collateralized.

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

Carrying amount of deposits	\$88,750,177
Investments – certificates of deposit	10,000,000
Cash on hand	<u>1,204</u>
Total	<u>\$98,751,381</u>
Cash and cash equivalents	\$87,341,530
Investments	10,000,000
Cash and cash equivalents - restricted	<u>1,409,851</u>
Total	<u>\$98,751,381</u>

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

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

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

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

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

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

Investments of Post Employment Benefits Trust Fund

The Post Employment Benefits Trust Fund holds investments that are measured at fair value on a recurring basis. Investing is a key part of the Fund's activities. The City categorizes its fair value measurements for this Fund within the fair value hierarchy established by generally accepted accounting principles. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets in active markets that can be accessed at the measurement date (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

- **Level 1** – Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- **Level 2** – Inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability like interest rates and yield curves observable at commonly quoted intervals, implied volatilities, or credit spreads; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified term, the level 2 must be observable for substantially the full term of the asset or liability.
- **Level 3** – Inputs are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Descriptions of the valuation methodologies used for each category of investment measured at fair value are listed below as they appear in the fair value table.

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

The City has the following recurring fair value measurements as of June 30, 2016:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds:				
Bond Index Fund	\$1,170,371	\$1,170,371	\$ -	\$ -
Balanced Asset Allocation Funds	<u>6,769,966</u>	<u>6,769,966</u>	<u>-</u>	<u>-</u>
	<u>\$7,940,337</u>	<u>\$7,940,377</u>	<u>\$ -</u>	<u>\$ -</u>

All of the City's investments in the Post Employment Benefits Trust Fund are held in mutual funds which are deemed to be actively traded (Level 1). The mutual fund investments were held with one investment manager during fiscal year 2016.

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land	\$ 114,354,031	\$ -	\$ -	\$ 114,354,031
Construction in progress	324,591	8,108,996	(5,055,738)	3,377,849
Total capital assets not being depreciated	114,678,622	8,108,996	(5,055,738)	117,731,880
<u>Capital assets being depreciated:</u>				
Buildings and improvements	22,533,038	59,321	-	22,592,359
Improvements other than buildings	14,118,761	150,695	-	14,269,456
Machinery and equipment	20,556,171	985,658	(466,492)	21,075,337
Infrastructure	214,642,215	2,375,676	-	217,017,891
Total capital assets being depreciated:	271,850,185	3,571,350	(466,492)	274,955,043
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(6,677,502)	(515,774)	-	(7,193,276)
Improvements other than buildings	(9,453,845)	(506,444)	-	(9,960,289)
Machinery and equipment	(13,579,358)	(1,359,630)	432,668	(14,506,320)
Infrastructure	(124,050,448)	(7,054,055)	-	(131,104,503)
Total accumulated depreciation	(153,761,153)	(9,435,903)	432,668	(162,764,388)
Governmental activities capital assets, net	<u>\$ 232,767,654</u>	<u>\$ 2,244,443</u>	<u>\$ (5,089,562)</u>	<u>\$ 229,922,535</u>

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land	\$ 1,177,330	\$ -	\$ -	\$ 1,177,330
Construction in progress	282,079	193,072	(383,876)	91,275
Total capital assets not being depreciated	1,459,409	193,072	(383,876)	1,268,605
<u>Capital assets being depreciated:</u>				
Utility plant in service	108,952,932	2,995,586	-	111,948,518
Buildings, structures and improvements	4,309,312	465	-	4,309,777
Improvements other than buildings	2,478,488	53,301	-	2,531,789
Machinery, equipment and vehicles	4,735,240	195,242	(47,353)	4,883,129
Total capital assets being depreciated:	120,475,972	3,244,594	(47,353)	123,673,213
<u>Less accumulated depreciation for:</u>				
Utility plant in service	(40,991,819)	(2,699,322)	-	(43,691,141)
Buildings, structures and improvements	(2,684,978)	(126,854)	-	(2,811,832)
Improvements other than buildings	(1,132,715)	(137,240)	-	(1,269,955)
Machinery, equipment and vehicles	(3,430,638)	(298,681)	47,353	(3,681,966)
Total accumulated depreciation	(48,240,150)	(3,262,097)	47,353	(51,454,894)
Business-type activities capital assets, net	\$ 73,695,231	\$ 175,569	\$ (383,876)	\$ 73,486,924

Depreciation expense was charged to function/programs for the year ended June 30, 2016, as follows:

<b>Governmental activities:</b>	
General government	\$ 366,765
Public safety	733,901
Roads and streets	6,761,414
Parks and recreation	1,170,042
Public library	384,016
Drug education	19,765
Total depreciation expense - governmental activities	<u>\$ 9,435,903</u>
<b>Business-type activities:</b>	
Municipal center	\$ 278,525
Water and sewer	2,814,243
Emergency Communications District	169,329
Total depreciation expense - business-type activities	<u>\$ 3,262,097</u>

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 5 - INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to charges between funds that are outstanding as of June 30, 2016, and are as follows:

Fund	Interfund Receivable	Interfund Payable
Governmental activities:		
General fund	\$ 8,289	\$ 39,046
Capital projects fund	6,375	-
Internal service funds	45,373	8,289
Internal payable created by internal service fund elimination	-	354,389
	<u>60,037</u>	<u>401,724</u>
Net governmental activities payable		<u>\$ 341,687</u>
Business-type activities:		
Water and sewer fund	\$ -	\$ 12,702
Municipal center fund	-	2,650
Emergency Communications District	2,650	-
Internal receivable created by internal service fund elimination	354,389	-
	<u>357,039</u>	<u>15,352</u>
Net business-type activities receivable	<u>\$ 341,687</u>	

Interfund transfers for the year ended June 30, 2016 are attributable to the budgeted allocation of resources from one fund to another, and consist of the following:

	Transfer In:				Totals
	Debt Service Fund	Capital Projects Fund	Municipal Center	Emergency Communications District	
Transfer Out:					
General Fund	\$ 3,350,000	\$ 10,495,000	\$ -	\$ 418,700	\$ 14,263,700
Nonmajor Governmental Funds	-	-	-	-	-
Total Transfers	<u>\$ 3,350,000</u>	<u>\$ 10,495,000</u>	<u>\$ -</u>	<u>\$ 418,700</u>	<u>\$ 14,263,700</u>

Interfund revenues and expenses for the year ended June 30, 2016, included the following:

- 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.

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 5 - INTERFUND TRANSACTIONS - Continued

- The general fund and Emergency Communications District also paid the municipal center enterprise fund rents totaling \$610,000 and \$31,800, respectively, for the year ended June 30, 2016 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.
- The water and sewer enterprise fund paid the general fund \$125,000 and \$90,000 for its space at the City's Service Center and GIS Mapping Fee, respectively, for the year ended June 30, 2016. Such amount is included in uses of money and property reported by the general fund and in operating expenses reported by the water and sewer enterprise fund for the year.
- The water and sewer fund and Emergency Communications District contributed a total of \$89,256 (\$65,904 and \$23,352, respectively) to the Post Employment Benefits Trust Fund for retiree benefits for the year ended June 30, 2016. These amounts are included in expenditures for the respective funds. The general fund transferred \$618,240 from the current year contributions to the Post Employment Benefits Trust for the year ended June 30, 2016 (see Note 12).

NOTE 6 - LONG-TERM LIABILITIES

During the year ended June 30, 2016, the changes in long-term liabilities were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
<b>Government Activities:</b>					
General obligation bonds	\$ 27,145,000	\$ 3,035,000	\$ 5,410,000	\$ 24,770,000	\$ 2,305,000
Unamortized (discount) premium	<u>645,080</u>	<u>118,993</u>	<u>153,314</u>	<u>610,759</u>	<u>-</u>
Total bonds	27,790,080	3,153,993	5,563,314	25,380,759	2,305,000
Compensated absences	<u>2,914,367</u>	<u>1,195,415</u>	<u>1,214,655</u>	<u>2,895,127</u>	<u>1,000,000</u>
<b>Total Governmental Activities Long-term Liabilities</b>	<u>\$ 30,704,447</u>	<u>\$ 4,349,408</u>	<u>\$ 6,777,969</u>	<u>\$ 28,275,886</u>	<u>\$ 3,305,000</u>
<b>Business-type Activities:</b>					
General obligation bonds, pledge of net revenues	\$ 27,035,000	\$ 6,315,000	\$ 7,600,000	\$ 25,750,000	\$ 1,810,000
Unamortized (discount) premium	<u>140,100</u>	<u>293,221</u>	<u>6,375</u>	<u>426,946</u>	<u>-</u>
<b>Total Business-type Activities Long-term Liabilities</b>	<u>\$ 27,175,100</u>	<u>\$ 6,608,221</u>	<u>\$ 7,606,375</u>	<u>\$ 26,176,946</u>	<u>\$ 1,810,000</u>



CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 6 - LONG-TERM LIABILITIES - Continued

Description of Long-Term Liabilities

Amounts payable at June 30, 2016, were as follows:

**Governmental Activities:**

\$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%.	\$ 1,860,000
\$4,935,000 2007 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2028, at a rate of interest of 3.83%.	3,405,000
\$4,760,000 2009 General Obligation Public Improvement Bonds, partially refunded in fiscal year 2016, due in increasing annual installments through March 1, 2020, at varying rates of interest from 2.50% to 4.00%.	860,000
\$7,385,000 2011 General Obligation Public Refunding Bonds due in varying annual installments through September 1, 2024, at varying rates of interest from 2.00% to 3.00%.	3,245,000
\$4,845,000 2011 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2031, at varying rates of interest from 3.00% to 3.625%.	4,080,000
\$3,250,000 2012 General Obligation Public Refunding Bonds due in increasing annual installments through September 1, 2025, at a 2.00% interest rate.	3,095,000
\$4,895,000 2013 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2033, at varying rates of interest from 2.00% to 3.75%.	4,510,000
\$1,005,000 2013 General Obligation Public Refunding Bonds due in increasing annual installments through September 1, 2017, at varying rates of interest from 2.00% to 3.00%.	680,000

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 6 - LONG-TERM LIABILITIES - Continued

**Governmental Activities - Continued:**

\$3,035,000 2016 General Obligation Public Refunding Bonds due in increasing annual installments through March 1, 2030, at a 2.00% interest rate.	3,035,000
Total governmental activities general obligation bonds	24,770,000
Unamortized premium	610,759
	<u>\$ 25,380,759</u>

**Business-type Activities Debt:**

\$1,775,000 2006 Water Revenue and Tax Refunding Bonds due in increasing annual installments through September 1, 2020, at varying rates of interest from 3.75% to 3.85%.	\$ 1,060,000
\$10,000,000 2008 Water and Sewer Revenue and Tax Bonds, partially refunded in fiscal year 2016, due in increasing annual installments through March 1, 2019, at varying rates of interest from 3.00% to 4.125%.	1,365,000
\$10,000,000 2010 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2031, at varying rates of interest from 2.00% to 4.00%.	7,860,000
\$6,560,000 2012 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2031, at varying rates of interest from 2.00% to 2.63%.	5,690,000
\$3,300,000 2013 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2033, at varying rates of interest from 2.00% to 3.75%.	3,040,000

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 6 - LONG-TERM LIABILITIES - Continued

**Business-type Activities Debt - Continued**

\$590,000 2013 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2017, at varying rates of interest from 2.00% to 3.00%.	420,000
\$6,315,000 2016 General Obligation Public Refunding Bonds due in increasing annual installments through March 1, 2029, at an interest rate of 2.00%.	<u>6,315,000</u>
Total business-type activities debt	25,750,000
Unamortized premium	<u>426,946</u>
	<u>\$ 26,176,946</u>

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

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

**Bond Refundings**

In fiscal year 2016 and in prior years, the City has refunded various bonds in order to take advantage of more favorable interest rates. The difference between reacquisition price and the net carrying amount of the refunded debt has been recorded as a deferred outflow of resources in the statement of net position and is amortized over the remaining life of the refunded debt.

During fiscal year 2016, the City issued \$9,350,000 in refunding bonds with an interest rate of 2.0%. The proceeds were used to advance refund \$8,725,000 of outstanding bonds, consisting of \$2,975,000 general obligation bonds, Series 2009 maturing on and after March 1, 2021, and \$5,930,000 of water and sewer revenue bonds, Series 2008, maturing on and after March 1, 2020. The outstanding Series 2008 and 2009 bonds carried a composite interest rate of 4.008%.

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 6 - LONG-TERM LIABILITIES - Continued

The net proceeds of \$9,728,028 (including a \$378,028 premium and after payment of \$143,396 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2009 general obligation bonds maturing on and after March 1, 2021 and the 2008 water and sewer revenue bonds maturing on and after March 1, 2020 are considered defeased and the liability for those bonds has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$227,078 for the Series 2009 general obligation bonds and \$579,535 for the Series 2008 water and sewer revenue bonds. This amount has been recorded as a deferred outflow of resources and is amortized over the remaining life of the refunding debt. The government advance refunded the Series 2008 and 2009 bonds to reduce its total debt service payments by approximately \$987,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$900,000. As of June 30, 2016, \$8,725,000 of bonds relating to the 2016 refunding are considered to be defeased.

Debt Service Requirements

The annual debt service requirements to maturity for all long-term obligations outstanding as of June 30, 2016, are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Bonds		Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,305,000	\$ 685,432	\$ 1,810,000	\$ 629,614	\$ 4,115,000	\$ 1,315,046
2018	2,360,000	635,527	1,830,000	609,191	4,190,000	1,244,718
2019	2,100,000	567,927	1,655,000	560,547	3,755,000	1,128,474
2020	2,155,000	500,216	1,700,000	513,204	3,855,000	1,013,420
2021	1,795,000	438,644	1,755,000	472,379	3,550,000	911,023
2022-2026	8,075,000	1,513,560	8,130,000	1,817,323	16,205,000	3,330,883
2027-2031	4,725,000	579,393	7,820,000	790,558	12,545,000	1,369,951
2032-2034	1,255,000	59,332	1,050,000	41,700	2,305,000	101,032
Totals	<u>\$ 24,770,000</u>	<u>\$ 4,980,031</u>	<u>\$ 25,750,000</u>	<u>\$ 5,434,516</u>	<u>\$ 50,520,000</u>	<u>\$ 10,414,547</u>

CITY OF BRENTWOOD, TENNESSEE  
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NOTE 7 - DEFERRED OUTFLOWS (INFLOWS) OF RESOURCES

Deferred outflows (inflows) of resources consist of the following at June 30, 2016:

	Governmental Activities	Business-Type Activities
<u>Deferred outflows of resources:</u>		
Advance refundings of debt	\$ 832,101	\$ 592,151
Pensions	2,108,421	281,211
	<u>\$ 2,940,522</u>	<u>\$ 873,362</u>
<u>Deferred inflows of resources:</u>		
Property taxes:		
2016 estimated levy	\$ 11,503,378	\$ -
Estimated 2016 Hall Income tax	750,000	-
Pensions	1,318,281	174,749
	<u>\$ 13,571,659</u>	<u>\$ 174,749</u>

The governmental funds (General Fund) also report deferred inflows of resources relating to delinquent property taxes of \$156,294, and other receivables not collected within the available period of \$43,150.

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 (the "TML Pool"), covering each of those risks of loss. The TML Pool is a cooperative risk sharing arrangement between local government agencies that works in many ways like a traditional insurer. The City pays a premium, receives coverage, and can make claims against that coverage. The City meets the TML Pool's guidelines and complies with its rules and regulations, including loss control requirements as well as its underwriting standards. Rates of the TML Pool are actuarially projected to provide adequate funding to cover loss reserves and expenses, as well as building contingency reserves. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Beginning with calendar year 2010, the City modified its fully insured employee group health insurance plan to include a high-deductible (\$5,000) and high max out-of-pocket (\$6,500) plan coupled with a City-funded Health Reimbursement Arrangement ("HRA"). The HRA was implemented to effectively limit the employee deductible and max out-of-pocket to \$1,000 (\$2,000 for dependent coverage). The City established the Insurance Fund, which functions as an internal service fund, to account and finance its HRA claims obligations and insurance premiums related to employee health and vision insurance coverage.

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 8 - RISK MANAGEMENT - Continued

Effective January 1, 2011, the City terminated its fully insured employee group health insurance plan, and established a partially self-funded insurance plan coupled with a the existing city funded HRA. Under the partially self-funded insurance plan, which is administered by Blue Cross Blue Shield of Tennessee, the City is liable through the HRA for up to \$5,500 of the first \$6,500 of individual employee claims with the employee being liable for up to \$1,000 out of pocket. The City then assumes liability for additional individual medical claims up to \$70,000. To help mitigate losses from high-dollar medical claims beyond the HRA combined City and employee liability of \$75,500 and the employee's out of pocket maximum of \$1,000 (total of \$76,500 funded amount), the City purchased catastrophic insurance coverage plans for Specific Stop Loss and Aggregate Stop Loss coverage. Specific Stop Loss coverage limits the City's potential liability for individual catastrophic claims by covering all costs for an individual member once those costs exceed \$70,000 over and above the HRA funded amount and employee out of pocket maximum. Aggregate stop loss coverage caps the City's liability for all claims in the entire plan at an agreed upon dollar amount. In calendar year 2016, the aggregate stop loss threshold is \$2.2 million.

Revenues of the fund include budgeted amounts from each City fund with personnel assigned to it, as well as employee payroll deductions from those employees who elect to cover dependents under the City's plan. Expenses of the fund include premium costs of for the City's stop-loss coverage, administrative fees charged by Blue Cross Blue Shield, HRA claims expenses, and medical claim expenses from the partially self-funded health plans and fully insured vision plans. Other expenses include the CareHere Clinic and healthcare consultant services. The HRA and partially self-funded plans are administered by Blue Cross/Blue Shield and the City is invoiced weekly for such claims. HRA liabilities also include an amount for claims that have been incurred prior to June 30, 2016, but not reported ("IBNRs").

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

	<u>2016</u>	<u>2015</u>
Unpaid claims, beginning of fiscal year	\$ 80,553	\$ 164,789
Incurred claims	2,692,756	2,301,382
Claim payments	<u>(2,464,706)</u>	<u>(2,385,618)</u>
Unpaid claims, end of fiscal year	<u>\$ 308,603</u>	<u>\$ 80,553</u>

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

The City subject to various lawsuits and claims, including one lawsuit that seeks damages related to a tort claim, and various employment-related items. The City is the plaintiff in various eminent domain matters in which the property owner disputes the amount offered by the City as compensation for certain property rights. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the City's financial position. No other provision for any liability resulting from such litigation has been made in the accompanying financial statements.

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 9 - CONTINGENT LIABILITIES

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that expenditures have been made in accordance with the agreements and any required reimbursements would not be significant. Accordingly, no provision has been made for any potential reimbursements to grantors.

NOTE 10 - RECONCILIATION OF BUDGETARY EXPENDITURES PER GENERAL  
FUND TO STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - GOVERNMENTAL FUNDS

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

	Governmental Funds	General Fund Budget to Actual	
	(p. 23)	(p. 25 - 31)	Difference
REVENUES			
Taxes	\$ 30,519,071	\$ 30,515,704	\$ 3,367
Charges for services	353,310	439,660	(86,350)
Intergovernmental	10,823,157	10,636,550	186,607
Uses of money and property	543,554	455,248	88,306
Other	114,981	218,605	(103,624)
EXPENDITURES			
General government	6,600,108	6,553,334	(46,774)
Public safety	13,211,939	13,836,730	624,791
Roads and streets	4,494,262	4,432,435	(61,827)
Parks and recreation	2,300,504	2,079,359	(221,145)
Public library	2,389,052	2,362,652	(26,400)
Community support	322,525	336,140	13,615
OTHER FINANCING USES			
Transfers out	14,263,700	14,463,700	200,000
COMMITTED ACTIVITY BUDGETED SEPARATELY			
Net change - equipment replacement	-	572,428	(572,428)
Net change - facilities maintenance	-	(121,236)	121,236
Net change - post employment benefits	-	119,374	(119,374)
NET CHANGE IN FUND BALANCE	\$ 49,233	\$ 49,233	\$ -

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 11 - DEFERRED COMPENSATION PLANS

The City of Brentwood offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457 and 401(a). The plans, available to all full-time City employees at their option, permit participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The plan's investments are held in trust by ICMA Retirement Corporation and Nationwide Retirement Services.

Upon two years of full-time service, the City matches, on a dollar for dollar basis, a maximum of up to 3% of the employee's base salary into the 401(a) plan. The City's match for the year ended June 30, 2016 totaled \$292,662.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Contributions Information

The City's post retirement benefit plan is a single-employer defined benefit plan (the "OPEB Plan"). The OPEB Plan provides medical and life insurance benefits to eligible retirees and their spouses. The benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City.

Membership in the plan consisted of the following at January 1, 2015, the date of the latest actuarial valuation:

Plan Description and Contributions Information

	<u>General Government</u>	<u>Fire/Police</u>	<u>Total</u>
Active employees	137	112	249
Retired employees	<u>5</u>	<u>15</u>	<u>20</u>
Total	<u>142</u>	<u>127</u>	<u>269</u>



CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - Continued

Benefits Provided

Employees are fully eligible for post-retirement medical and life insurance once they reach the minimum age of 55 with 20 years of service with the City. For eligible employees hired prior to July 1, 2005 who are not eligible for health insurance coverage from or through another employer, the City pays the total cost for group health insurance coverage for the retired employee. The cost for health insurance coverage for the retired employee's eligible dependents, if any, who are themselves not yet age sixty-five (65) is the same as the cost for dependent coverage for active employees under the City's group health insurance plan. For eligible employees hired post July 1, 2005 who are not eligible for health insurance coverage from or through another employer, the City pays a share of the cost for group health insurance coverage for the retired employee based upon years of full-time service at the time of retirement. If the retiree elects to cover their eligible dependents, the retiree will be required to pay 100% of the additional cost for this dependent coverage. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. For eligible retirees who have reached age 65, and were hired prior to July 1, 2005, the City reimburses the cost of the Medicare supplement plan for the retiree. For those eligible retirees who have reached age 65, were hired prior to July 1, 2005 and retired after July 1, 2002, the City's reimbursement of the cost of a Medicare supplement plan is limited to the actual cost of the supplemental policy or 40% of the established monthly COBRA rate for employee only group health insurance coverage under the lowest priced group plan for current employees, whichever amount is less.

Funding Policy

The contribution requirements are established and may be amended by the Board of Commissioners. The required contribution is based on an actuarial valuation utilizing the entry age normal method. During 2008, the City prefunded a trust account, administered by ICMA Retirement Corporation, in the amount of \$2,260,000, which included the 2008 annual required contribution of \$598,000, less amounts paid as premium benefits. For fiscal year 2016, the City's General Fund, Water and Sewer Fund and Emergency Communications District collectively contributed \$707,480 to the Trust and withdrew \$262,726 to pay benefits. The prefunding will reduce the annual required contribution in future years. All contributions were made by the employer (no contributions by active or retired employees). Employer contributions are calculated as 5.66% of covered payroll for fiscal year 2016.

Annual OPEB Cost and Net OPEB Obligation (Asset)

The City's annual other postemployment benefits ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - Continued

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset):

Annual required contribution	\$ 721,487
Interest on net OPEB obligation	( 118,063)
Adjustment to annual required contribution	<u>104,056</u>
Annual OPEB cost	707,480
Contributions made	<u>( 707,480)</u>
Increase in net OPEB obligation	-
Net OPEB obligation (asset) - beginning of year	<u>(1,749,078)</u>
Net OPEB obligation (asset) - end of year	<u>\$(1,749,078)</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016, and the two preceding years were as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation (Asset)</u>
2016	\$707,480	100%	\$(1,749,078)
2015	599,580	100%	(1,749,078)
2014	570,067	100%	(1,749,078)

Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the plan was 60.0% funded. The actuarial accrued liability for benefits was \$12,801,342, and the actuarial value of assets was \$7,675,196 resulting in an unfunded actuarial accrued liability ("UAAL") of \$5,126,146. The covered payroll (annual payroll of active employees covered by the plan) was \$12,738,804 and the ratio of the UAAL to the covered payroll was 40.2%.

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

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - Continued

Actuarial Methods and Assumptions

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

In the January 1, 2015 actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 6.75% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after six years. Both rates include a 3% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2016 was twenty-one years.

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

NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN

**General Information about the Pension Plan**

Plan Description

Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested.

CITY OF BRENTWOOD, TENNESSEE  
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NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN - Continued

Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (“COLAs”) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (“CPI”) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	71
Inactive employees entitled to but	
not yet receiving benefits	188
Active employees	<u>243</u>
	<u>502</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City had previously adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5% of annual covered payroll. As of January 1, 2010, the City has elected to discontinue the non-contributory provision for all future hires. This will require all new hires to contribute 5% of eligible compensation. Employees who were employed prior to January 1, 2010 will continue to be eligible for noncontributory provision. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2016, employer contributions for the City were \$2,389,632 based on a rate of 18.85% (public safety) and 15.35% (general government) of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

CITY OF BRENTWOOD, TENNESSEE  
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NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN - Continued

**Net Pension Liability (Asset)**

The City's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Graded salary ranges from 8.97% to 3.71% based on age, including inflation, averaging 4.25%
Investment rate of return	7.5%, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3%. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	<u>1%</u>
		100%

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN - Continued

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5% based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability (Asset)**

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2014 measurement date	\$ 44,706,665	\$ 46,397,706	\$(1,691,041)
Changes for the year:			
Service cost	1,150,999	-	1,150,999
Interest	3,399,040	-	3,399,040
Differences between expected and actual experience	( 47,643)	-	( 47,643)
Contributions-employer	-	2,329,112	(2,329,112)
Contributions-employees	-	141,959	( 141,959)
Net investment income	-	1,454,368	(1,454,368)
Benefit payments, including refunds of employee contributions	( 1,074,254)	( 1,074,254)	-
Administrative expense	-	( 12,513)	12,513
Net changes	<u>3,428,142</u>	<u>2,838,672</u>	<u>589,470</u>
Balance at June 30, 2015 measurement date	\$ 48,134,807	\$ 49,236,378	\$(1,101,571)

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN - Continued

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City calculated using the discount rate of 7.5%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
	<hr/>	<hr/>	<hr/>
City's net pension liability (asset)	\$6,076,819	\$(1,101,571)	\$(7,035,679)

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Pension Expense

For the year ended June 30, 2016, the City recognized pension expense of \$339,507.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$1,018,041
Net difference between projected and actual earnings on pension plan investments	-	474,989
Contributions subsequent to the measurement date of June 30, 2015	<u>2,389,632</u>	<u>-</u>
Total	<u><u>\$2,389,632</u></u>	<u><u>\$1,493,030</u></u>

CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN - Continued

Employer contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in fiscal year 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	\$ (549,348)
2018	(549,348)
2019	(549,348)
2020	162,948
2021	( 7,934)
Thereafter	-

In the table shown above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

**Payable to the Pension Plan**

At June 30, 2016, the City had a payable relating to contributions to the Plan required for the year ended June 30, 2016, totaling \$85,099.

**Allocation of Pension Related Activity**

The Pension related activity has been allocated to the governmental activities and respective business-type activities by use of an allocation ratio of the fiscal year 2016 pension contributions. A summary of the pension related activity follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Pension Liability (Asset)	\$ (975,031)	\$ (126,540)
Deferred Inflows	1,318,281	174,749
Deferred Outflows	2,108,421	281,211

NOTE 14 - COMMITMENTS

Construction commitments amounting to approximately \$910,000 and \$5,330,000 were outstanding as of June 30, 2016, for governmental activities and business-type activities (Water and Sewer Fund), respectively.

NOTE 15 - ECONOMIC DEPENDENCY

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



CITY OF BRENTWOOD, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 16 - RECENT ACCOUNTING PRONOUNCEMENTS

The following are recent accounting pronouncements which, to the extent applicable, pose consideration for the City. Management is currently in the process of determining the impact of these Statements to the City's financial statements.

The GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is effective for fiscal year 2017 for the City. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan.

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for fiscal year 2018 for the City. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

The GASB issued Statement No. 77, *Tax Abatement Disclosures*, which is effective for fiscal year 2017 for the City. This Statement improved financial reporting by giving users of financial statements essential information regarding tax abatements that is not currently reported consistently or comprehensively.

The GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, required for fiscal periods beginning after December 15, 2015, fiscal year 2017 for the City. This Statement amends the scope and applicability of GASB Statement No. 68 regarding pensions provided to employees of state and local governmental employers through certain cost-sharing multiple-employer defined benefit pension plans.

The GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, which is effective for fiscal periods beginning after June 15, 2016, fiscal year 2017 for the City. This Statement improves financial reporting by clarifying the financial statement presentation requirements for certain component units.

The GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, required for fiscal periods beginning after December 15, 2016, fiscal year 2018 for the City. This Statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is the beneficiary of the agreement.

The GASB issued Statement No. 82, *Pension Issues*, which is effective for fiscal periods beginning after June 15, 2016, except for certain provisions effective for fiscal period beginning after June 15, 2017, fiscal years 2017 and 2018, respectively for the City. This Statement improves financial reporting by enhancing consistency in the application of financial reporting requirements for certain pension issues.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**City of Brentwood**

CITY OF BRENTWOOD, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
PENSION PLAN  
(Unaudited)

	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>		
Service cost	\$ 1,150,999	\$ 1,122,965
Interest	3,399,040	3,254,114
Changes of benefit items	-	-
Differences between expected and actual experience	(47,643)	(1,467,509)
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(1,074,254)</u>	<u>(936,262)</u>
<b>Net change in total pension liability</b>	3,428,142	1,973,308
<b>Total pension liability-beginning</b>	<u>44,706,665</u>	<u>42,733,357</u>
<b>Total pension liability-ending (a)</b>	<u><u>\$ 48,134,807</u></u>	<u><u>\$ 44,706,665</u></u>
<b>Plan fiduciary net position</b>		
Contributions-employer	\$ 2,329,112	\$ 2,269,893
Contributions-employee	141,959	117,752
Net investment income	1,454,368	6,499,814
Benefit payments, including refunds of employee contributions	(1,074,254)	(936,262)
Administrative expenses	<u>(12,513)</u>	<u>(11,223)</u>
<b>Net change in plan fiduciary net position</b>	2,838,672	7,939,974
<b>Plan fiduciary net position-beginning</b>	<u>46,397,706</u>	<u>38,457,732</u>
<b>Plan fiduciary net position-ending (b)</b>	<u><u>\$ 49,236,378</u></u>	<u><u>\$ 46,397,706</u></u>
 Net pension liability (asset)-ending (a) - (b)	 <u><u>\$ (1,101,571)</u></u>	 <u><u>\$ (1,691,041)</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 102.29%	 103.78%
 Covered payroll	 \$ 13,642,197	 \$ 13,468,614
 Net pension liability (asset) as a percentage of covered employee payroll	 (8.07%)	 (12.56%)

<p>This schedule is presented to illustrate information for 10 years; however the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.</p>
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Information in this schedule is presented for the prior fiscal year which is the measurement period (i.e. the measurement period for fiscal year 2016 is June 30, 2015).

Information regarding the Plan's annual money-weighted rate of return can be obtained in the separate TCRS report at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

CITY OF BRENTWOOD, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
PENSION PLAN  
(Unaudited)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 2,389,632	\$ 2,329,112	\$ 2,269,893
Contributions in relation to the actuarially determine contribution	<u>2,389,632</u>	<u>2,329,112</u>	<u>2,269,893</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Covered payroll</b>	\$ 13,999,015	\$ 13,642,197	\$ 13,468,614
<b>Contributions as a percentage of covered payroll</b>	17.07%	17.07%	16.85%

**Notes to Schedule**

Valuation date: Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	3 years
Asset valuation method	10-year smoothed within a 20% corridor to
Inflation rate	3.0%
Salary increases	Graded salary ranges from 8.97% to 3.71% based on age, including inflation
Investment rate of return	7.5%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.5%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future fiscal years until 10 years of information is

CITY OF BRENTWOOD, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS  
AND  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

OTHER POST EMPLOYMENT BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2016  
(Unaudited)

**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Unit Credit</u>	<u>Unfunded Aal (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
01/01/11	\$4,179,023	\$ 8,260,634	\$ 4,081,611	50.6%	\$ 12,472,750	32.7%
01/01/13	5,853,881	9,569,585	3,715,704	61.2%	12,672,263	29.3%
01/01/15	7,675,196	12,801,342	5,126,146	60.0%	12,738,804	40.2%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Employer Contributions</u>		
<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2014	\$ 570,067	100.0 %
2015	599,580	100.0
2016	707,480	100.0

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



**City of Brentwood**

CITY OF BRENTWOOD, TENNESSEE

**NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

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

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

**Non Major Capital Projects Funds**

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

Adequate Schools Facility Fund - This fund accounts for all revenue and expenditures from the City's share of Williamson County's Adequate Schools Facilities Tax collections. The funds are to be used to provide public facilities associated with new development. Williamson County has requested that the funds provided to cities under this private act be used for public school improvements or used for City infrastructure improvements related to schools rather than for general municipal facilities.

CITY OF BRENTWOOD, TENNESSEE  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2016

	<u>SPECIAL REVENUE</u>		<u>CAPITAL PROJECTS</u>		<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>STATE STREET AID</u>	<u>DRUG</u>	<u>PUBLIC WORKS PROJECT</u>	<u>ADEQUATE SCHOOL FACILITIES</u>	
ASSETS					
Cash and cash equivalents	\$ 1,210,615	\$ -	\$ 3,845,991	\$ 2,423,930	\$ 7,480,536
Receivables:					
Taxes	202,110	-	-	62,631	264,741
Miscellaneous	-	18,221	-	-	18,221
Restricted assets:					
Cash and cash equivalents	-	447,959	-	-	447,959
<b>TOTAL ASSETS</b>	<b>\$ 1,412,725</b>	<b>\$ 466,180</b>	<b>\$ 3,845,991</b>	<b>\$ 2,486,561</b>	<b>\$ 8,211,457</b>
LIABILITIES					
Accounts payable	\$ 399,885	\$ 86	\$ -	\$ -	\$ 399,971
<b>TOTAL LIABILITIES</b>	<b>399,885</b>	<b>86</b>	<b>-</b>	<b>-</b>	<b>399,971</b>
FUND BALANCE					
Restricted for capital projects	-	-	3,845,991	2,486,561	6,332,552
Restricted for street repairs	1,012,840	-	-	-	1,012,840
Restricted for drug enforcement and education	-	466,094	-	-	466,094
<b>TOTAL FUND BALANCE</b>	<b>1,012,840</b>	<b>466,094</b>	<b>3,845,991</b>	<b>2,486,561</b>	<b>7,811,486</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,412,725</b>	<b>\$ 466,180</b>	<b>\$ 3,845,991</b>	<b>\$ 2,486,561</b>	<b>\$ 8,211,457</b>



CITY OF BRENTWOOD, TENNESSEE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE		CAPITAL PROJECTS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	STATE STREET AID	DRUG	PUBLIC WORKS PROJECT	ADEQUATE SCHOOL FACILITIES	
REVENUES					
Licenses and permits	\$ -	\$ -	\$ 1,676,424	\$ -	\$ 1,676,424
Intergovernmental:					
Gasoline and motor fuel tax	761,338	-	-	-	761,338
Three cent tax	227,089	-	-	-	227,089
Gas 1989 tax	122,353	-	-	-	122,353
Adequate schools facilities tax	-	-	-	713,422	713,422
Uses of money and property	6,553	2,613	17,381	11,916	38,463
Other	-	86,778	-	-	86,778
<b>TOTAL REVENUES</b>	<b>1,117,333</b>	<b>89,391</b>	<b>1,693,805</b>	<b>725,338</b>	<b>3,625,867</b>
EXPENDITURES					
Current:					
Roads and streets	881,688	-	-	-	881,688
Drug education	-	18,862	-	-	18,862
Capital outlay	-	53,427	-	-	53,427
<b>TOTAL EXPENDITURES</b>	<b>881,688</b>	<b>72,289</b>	<b>-</b>	<b>-</b>	<b>953,977</b>
 NET CHANGE IN FUND BALANCE	 235,645	 17,102	 1,693,805	 725,338	 2,671,890
FUND BALANCE, BEGINNING OF YEAR	777,195	448,992	2,152,186	1,761,223	5,139,596
FUND BALANCE, END OF YEAR	\$ 1,012,840	\$ 466,094	\$ 3,845,991	\$ 2,486,561	\$ 7,811,486

CITY OF BRENTWOOD, TENNESSEE  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS							
	STATE STREET AID FUND				DRUG FUND			
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNT	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES								
Licenses and permits:								
Public works project fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:								
Gasoline and motor fuel tax	950,000	950,000	761,338	(188,662)	-	-	-	-
Three cent tax	-	-	227,089	227,089	-	-	-	-
Gas 1989 tax	-	-	122,353	122,353	-	-	-	-
Adequate school facilities tax	-	-	-	-	-	-	-	-
Uses of money and property	1,000	1,000	6,553	5,553	500	500	2,613	2,113
Other:								
Drug related fines and contributions	-	-	-	-	20,000	20,000	86,778	66,778
TOTAL REVENUES	<u>951,000</u>	<u>951,000</u>	<u>1,117,333</u>	<u>166,333</u>	<u>20,500</u>	<u>20,500</u>	<u>89,391</u>	<u>68,891</u>
EXPENDITURES								
Current:								
Roads and streets - street repairs	1,480,000	1,480,000	881,688	(598,312)	-	-	-	-
Drug education	-	-	-	-	20,000	20,000	18,862	(1,138)
Capital outlay	-	-	-	-	50,000	67,700	53,427	(14,273)
TOTAL EXPENDITURES	<u>1,480,000</u>	<u>1,480,000</u>	<u>881,688</u>	<u>(598,312)</u>	<u>70,000</u>	<u>87,700</u>	<u>72,289</u>	<u>(15,411)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(529,000)</u>	<u>(529,000)</u>	<u>235,645</u>	<u>764,645</u>	<u>(49,500)</u>	<u>(67,200)</u>	<u>17,102</u>	<u>84,302</u>
OTHER FINANCING SOURCES (USES)								
Transfers	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ (529,000)</u>	<u>\$ (529,000)</u>	<u>\$ 235,645</u>	<u>\$ 764,645</u>	<u>\$ (49,500)</u>	<u>\$ (67,200)</u>	<u>\$ 17,102</u>	<u>\$ 84,302</u>
FUND BALANCE, BEGINNING OF YEAR			<u>777,195</u>				<u>448,992</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,012,840</u>				<u>\$ 466,094</u>	

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)  
BUDGET (GAAP BASIS) AND ACTUAL  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

CAPITAL PROJECTS FUNDS						
	PUBLIC WORKS PROJECT FUND			ADEQUATE SCHOOL FACILITIES FUND		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES						
Licenses and permits:						
Public works project fees	\$ 1,000,000	\$ 1,676,424	\$ 676,424	\$ -	\$ -	\$ -
Intergovernmental:						
Gasoline and motor fuel tax	-	-	-	-	-	-
Three cent tax	-	-	-	-	-	-
Gas 1989 tax	-	-	-	-	-	-
Adequate school facilities tax	-	-	-	450,000	713,422	263,422
Uses of money and property	3,000	17,381	14,381	2,500	11,916	9,416
Other:						
Drug related fines and contributions	-	-	-	-	-	-
TOTAL REVENUES	<u>1,003,000</u>	<u>1,693,805</u>	<u>690,805</u>	<u>452,500</u>	<u>725,338</u>	<u>272,838</u>
EXPENDITURES						
Current:						
Roads and streets - street repairs	-	-	-	-	-	-
Drug education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,003,000</u>	<u>1,693,805</u>	<u>690,805</u>	<u>452,500</u>	<u>725,338</u>	<u>272,838</u>
OTHER FINANCING SOURCES (USES)						
Transfers	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,003,000</u>	<u>\$ 1,693,805</u>	<u>\$ 690,805</u>	<u>\$ 452,500</u>	<u>\$ 725,338</u>	<u>\$ 272,838</u>
FUND BALANCE, BEGINNING OF YEAR		<u>2,152,186</u>			<u>1,761,223</u>	
FUND BALANCE, END OF YEAR		<u>\$ 3,845,991</u>			<u>\$ 2,486,561</u>	

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)  
BUDGET (GAAP BASIS) AND ACTUAL  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	TOTALS			VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL	
REVENUES				
Licenses and permits:				
Public works project fees	\$ 1,000,000	\$ 1,000,000	\$ 1,676,424	\$ 676,424
Intergovernmental:				
Gasoline and motor fuel tax	950,000	950,000	761,338	(188,662)
Three cent tax	-	-	227,089	227,089
Gas 1989 tax	-	-	122,353	122,353
Adequate school facilities tax	450,000	450,000	713,422	263,422
Uses of money and property	7,000	7,000	38,463	31,463
Other:				
Drug related fines and contributions	20,000	20,000	86,778	66,778
TOTAL REVENUES	<u>2,427,000</u>	<u>2,427,000</u>	<u>3,625,867</u>	<u>1,198,867</u>
EXPENDITURES				
Current:				
Roads and streets - street repairs	1,480,000	1,480,000	881,688	(598,312)
Drug education	20,000	20,000	18,862	(1,138)
Capital outlay	50,000	67,700	53,427	(14,273)
TOTAL EXPENDITURES	<u>1,550,000</u>	<u>1,567,700</u>	<u>953,977</u>	<u>(613,723)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>877,000</u>	<u>859,300</u>	<u>2,671,890</u>	<u>1,812,590</u>
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 877,000</u>	<u>\$ 859,300</u>	<u>\$ 2,671,890</u>	<u>\$ 1,812,590</u>
FUND BALANCE, BEGINNING OF YEAR			<u>5,139,596</u>	
FUND BALANCE, END OF YEAR			<u>\$ 7,811,486</u>	

CITY OF BRENTWOOD, TENNESSEE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	ORIGINAL AMOUNTS	FINAL AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES				
Uses of money and property:				
Interest earnings	\$ 10,000	\$ 10,000	\$ 22,766	\$ 12,766
EXPENDITURES				
Debt service:				
Principal	2,615,000	2,615,000	2,615,000	-
Interest	866,935	866,935	816,938	(49,997)
Issuance costs	-	-	44,710	44,710
Other:				
Bank service charges	6,000	6,000	3,191	(2,809)
TOTAL EXPENDITURES	3,487,935	3,487,935	3,479,839	(8,096)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,477,935)	(3,477,935)	(3,457,073)	(20,862)
OTHER FINANCING SOURCES (USES)				
Transfers from General Fund	3,350,000	3,350,000	3,350,000	-
Issuance of refunding bonds	-	-	3,035,000	3,035,000
Premium on refunding bonds issued	-	-	118,993	118,993
Payment to refunded bond escrow agent	-	-	(3,109,283)	(3,109,283)
TOTAL OTHER FINANCING SOURCES (USES)	3,350,000	3,350,000	3,394,710	44,710
NET CHANGE IN FUND BALANCE	\$ (127,935)	\$ (127,935)	(62,363)	\$ 65,572
FUND BALANCE, BEGINNING OF YEAR			3,621,272	
FUND BALANCE, END OF YEAR			\$ 3,558,909	

## CITY OF BRENTWOOD, TENNESSEE

### **Internal Service Funds**

Fuel Fund - This fund accounts for all purchases of gasoline and diesel fuel used by the City. The funds are to be used to purchase fuel at market rates and allow the City's departments to purchase fuel at a set rate established at the beginning of each fiscal year. The purpose of the fund is to mitigate significant budgetary challenges that occur with rapid fluctuations in fuel costs.

Insurance Fund - This fund was created effective January 1, 2010 to centralize the payment of all health insurance related expenditures including group insurance premiums and the health reimbursement arrangement ("HRA") account. For fiscal year 2013, the fund was expanded to include workers compensation coverage. The goal of the fund is to eliminate the double digit growth in the cost of the group health insurance program that was prevalent under the traditional health insurance program through better management of claims and by assuming a calculated risk for direct reimbursement of claims cost through a partially self-insured program.

CITY OF BRENTWOOD, TENNESSEE  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2016

	<u>FUEL</u>	<u>INSURANCE</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 659,179	\$ 2,452,232	\$ 3,111,411
Receivables:			
Accounts	-	4	4
Due From General Fund	39,046	-	39,046
Due From Water and Sewer Fund	6,327	-	6,327
Inventory	<u>27,439</u>	<u>-</u>	<u>27,439</u>
 TOTAL ASSETS	 <u>731,991</u>	 <u>2,452,236</u>	 <u>3,184,227</u>
 LIABILITIES			
Accounts payable	9,062	56,356	65,418
Due to General Fund		8,289	8,289
Claims payable	<u>-</u>	<u>308,603</u>	<u>308,603</u>
 TOTAL LIABILITIES	 <u>9,062</u>	 <u>373,248</u>	 <u>382,310</u>
 NET POSITION			
Unrestricted	<u>722,929</u>	<u>2,078,988</u>	<u>2,801,917</u>
 TOTAL NET POSITION	 <u><u>\$ 722,929</u></u>	 <u><u>\$ 2,078,988</u></u>	 <u><u>\$ 2,801,917</u></u>

CITY OF BRENTWOOD, TENNESSEE  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>FUEL</u>	<u>INSURANCE</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for sales and services	\$ 502,793	\$ 3,198,748	\$ 3,701,541
Other	<u>-</u>	<u>291,912</u>	<u>291,912</u>
TOTAL OPERATING REVENUES	<u>502,793</u>	<u>3,490,660</u>	<u>3,993,453</u>
OPERATING EXPENSES			
Costs of sales and services	<u>289,224</u>	<u>3,498,863</u>	<u>3,788,087</u>
TOTAL OPERATING EXPENSES	<u>289,224</u>	<u>3,498,863</u>	<u>3,788,087</u>
OPERATING INCOME (LOSS)	<u>213,569</u>	<u>(8,203)</u>	<u>205,366</u>
NONOPERATING REVENUES			
Investment earnings	<u>3,082</u>	<u>14,978</u>	<u>18,060</u>
TOTAL NONOPERATING REVENUES	<u>3,082</u>	<u>14,978</u>	<u>18,060</u>
CHANGE IN NET POSITION	216,651	6,775	223,426
TOTAL NET POSITION - BEGINNING OF YEAR	<u>506,278</u>	<u>2,072,213</u>	<u>2,578,491</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 722,929</u>	<u>\$ 2,078,988</u>	<u>\$ 2,801,917</u>



CITY OF BRENTWOOD, TENNESSEE  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>FUEL</u>	<u>INSURANCE</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 508,597	\$ 3,538,523	\$ 4,047,120
Payments to suppliers	<u>(283,988)</u>	<u>(3,233,616)</u>	<u>(3,517,604)</u>
Net cash provided by operating activities	<u>224,609</u>	<u>304,907</u>	<u>529,516</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>3,082</u>	<u>14,978</u>	<u>18,060</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	227,691	319,885	547,576
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>431,488</u>	<u>2,132,347</u>	<u>2,563,835</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 659,179</u>	<u>\$ 2,452,232</u>	<u>\$ 3,111,411</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	<u>\$ 213,569</u>	<u>\$ (8,203)</u>	<u>\$ 205,366</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
(Increase) decrease in:			
Accounts receivable	-	39,574	39,574
Due from General Fund	5,038	-	5,038
Due from Water and Sewer Fund	766	-	766
Inventory	3,934	-	3,934
Increase (decrease) in:			
Accounts payable	1,302	37,197	38,499
Due to General Fund	-	8,289	8,289
Claims payable	<u>-</u>	<u>228,050</u>	<u>228,050</u>
TOTAL ADJUSTMENTS	<u>11,040</u>	<u>313,110</u>	<u>324,150</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 224,609</u>	<u>\$ 304,907</u>	<u>\$ 529,516</u>

## **FINANCIAL SCHEDULE SECTION**



**City of Brentwood**

## CITY OF BRENTWOOD, TENNESSEE

## SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2016

<u>Tax Year</u>	<u>BALANCE JUNE 30, 2015</u>	<u>LEVY</u>	<u>COLLECTIONS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE JUNE 30, 2016</u>
2015	\$ -	\$ 11,426,757	\$ (11,269,592)	-	\$ 157,165
2014	154,796	-	(138,426)	-	16,370
2013	12,998	-	(11,655)	-	1,343
2012	1,584	-	(280)	-	1,304
2011	1,889	-	(342)	-	1,547
2010	6,534	-	(791)	-	5,743
2009	7,355	-	(16)	-	7,339
2008	6,577	-	-	-	6,577
2007	3,760	-	-	-	3,760
2006	2,336	-	-	-	2,336
2005	<u>2,795</u>	<u>-</u>	<u>-</u>	<u>(2,795)</u>	<u>-</u>
Total	<u>\$ 200,624</u>	<u>\$ 11,426,757</u>	<u>\$ (11,421,102)</u>	<u>\$ (2,795)</u>	203,484
Estimated 2016 Tax Levy					<u>11,503,378</u>
					<u>\$ 11,706,862</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, 2016

Year	2006 G.O. Refunding Bonds		2007 G.O. Public Improvement Bonds		2009 G.O. Public Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 280,000	\$ 65,493	\$ 230,000	\$ 130,412	\$ 200,000	\$ 31,988
2018	295,000	54,711	235,000	121,603	210,000	25,987
2019	305,000	43,461	245,000	112,602	220,000	19,688
2020	315,000	31,758	255,000	103,219	230,000	10,063
2021	325,000	19,516	265,000	93,452	-	-
2022	340,000	6,630	275,000	83,303	-	-
2023	-	-	285,000	72,770	-	-
2024	-	-	300,000	61,855	-	-
2025	-	-	310,000	50,365	-	-
2026	-	-	320,000	38,492	-	-
2027	-	-	335,000	26,236	-	-
2028	-	-	350,000	13,405	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
	<u>\$ 1,860,000</u>	<u>\$ 221,569</u>	<u>\$ 3,405,000</u>	<u>\$ 907,714</u>	<u>\$ 860,000</u>	<u>\$ 87,726</u>

Year	2012 G.O. Refunding Bonds		2013 G.O. Public Improvement Bonds		2013 G.O. Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 280,000	\$ 59,100	\$ 195,000	\$ 131,888	\$ 335,000	\$ 13,700
2018	285,000	53,450	205,000	126,863	345,000	5,175
2019	295,000	47,650	210,000	120,638	-	-
2020	300,000	41,700	215,000	114,263	-	-
2021	305,000	35,650	220,000	108,838	-	-
2022	315,000	29,450	225,000	104,388	-	-
2023	320,000	23,100	230,000	99,694	-	-
2024	325,000	16,650	235,000	94,459	-	-
2025	330,000	10,100	240,000	88,669	-	-
2026	340,000	3,400	245,000	82,453	-	-
2027	-	-	255,000	75,413	-	-
2028	-	-	260,000	67,688	-	-
2029	-	-	270,000	59,400	-	-
2030	-	-	280,000	50,113	-	-
2031	-	-	290,000	40,138	-	-
2032	-	-	300,000	29,438	-	-
2033	-	-	310,000	18,000	-	-
2034	-	-	325,000	6,094	-	-
	<u>\$ 3,095,000</u>	<u>\$ 320,250</u>	<u>\$ 4,510,000</u>	<u>\$ 1,418,437</u>	<u>\$ 680,000</u>	<u>\$ 18,875</u>

CITY OF BRENTWOOD, TENNESSEE  
SCHEDULE OF DEBT SERVICE REQUIREMENTS - GENERAL OBLIGATION BONDS - CONTINUED  
JUNE 30, 2016

Year	2011 G.O. Refunding Bonds		2011 G.O. Public Improvement Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 540,000	\$ 81,463	\$ 200,000	\$ 126,200
2018	550,000	67,813	205,000	120,125
2019	580,000	50,863	215,000	113,825
2020	590,000	33,313	220,000	107,300
2021	190,000	22,563	225,000	100,625
2022	195,000	18,469	235,000	93,725
2023	195,000	13,838	240,000	86,600
2024	200,000	8,775	250,000	79,250
2025	205,000	3,075	255,000	71,675
2026	-	-	265,000	63,875
2027	-	-	270,000	55,681
2028	-	-	280,000	46,913
2029	-	-	290,000	37,469
2030	-	-	300,000	27,513
2031	-	-	310,000	17,025
2032	-	-	320,000	5,800
2033	-	-	-	-
2034	-	-	-	-
	<u>\$ 3,245,000</u>	<u>\$ 300,172</u>	<u>\$ 4,080,000</u>	<u>\$ 1,153,600</u>

Year	2016 G.O. Refunding Bonds		Totals Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 45,000	\$ 45,188	\$ 2,305,000	\$ 685,432
2018	30,000	59,800	2,360,000	635,527
2019	30,000	59,200	2,100,000	567,927
2020	30,000	58,600	2,155,000	500,216
2021	265,000	58,000	1,795,000	438,644
2022	270,000	52,700	1,855,000	388,665
2023	275,000	47,300	1,545,000	343,302
2024	280,000	41,800	1,590,000	302,789
2025	285,000	36,200	1,625,000	260,084
2026	290,000	30,500	1,460,000	218,720
2027	300,000	24,700	1,160,000	182,030
2028	305,000	18,700	1,195,000	146,706
2029	310,000	12,600	870,000	109,469
2030	320,000	6,400	900,000	84,026
2031	-	-	600,000	57,163
2032	-	-	620,000	35,238
2033	-	-	310,000	18,000
2034	-	-	325,000	6,094
	<u>\$ 3,035,000</u>	<u>\$ 551,688</u>	<u>\$ 24,770,000</u>	<u>\$ 4,980,031</u>

CITY OF BRENTWOOD, TENNESSEE  
SCHEDULE OF DEBT SERVICE REQUIREMENTS - BUSINESS-TYPE ACTIVITIES DEBT  
JUNE 30, 2016

Year	2006 Water Revenue and Tax Refunding Bonds		2008 Water and Sewer Revenue and Tax Bonds		2010 Water and Sewer Improvements Bonds		2012 Water and Sewer Improvements Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 195,000	\$ 36,434	\$ 440,000	\$ 50,088	\$ 440,000	\$ 230,981	\$ 305,000	\$ 120,788
2018	205,000	28,934	455,000	34,688	450,000	217,781	310,000	114,638
2019	210,000	21,153	470,000	17,625	460,000	208,781	315,000	108,388
2020	220,000	13,035	-	-	465,000	199,006	320,000	102,038
2021	230,000	4,428	-	-	480,000	187,963	330,000	95,538
2022	-	-	-	-	490,000	175,963	335,000	88,888
2023	-	-	-	-	500,000	163,100	340,000	82,138
2024	-	-	-	-	515,000	149,350	350,000	75,238
2025	-	-	-	-	530,000	135,188	355,000	68,188
2026	-	-	-	-	545,000	120,613	365,000	60,988
2027	-	-	-	-	560,000	104,263	370,000	53,406
2028	-	-	-	-	580,000	87,463	380,000	45,200
2029	-	-	-	-	595,000	69,338	390,000	36,294
2030	-	-	-	-	615,000	50,000	395,000	26,725
2031	-	-	-	-	635,000	24,500	410,000	16,406
2032	-	-	-	-	-	-	420,000	5,512
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
	<u>\$1,060,000</u>	<u>\$ 103,984</u>	<u>\$1,365,000</u>	<u>\$ 102,401</u>	<u>\$7,860,000</u>	<u>\$2,124,290</u>	<u>\$ 5,690,000</u>	<u>\$ 1,100,373</u>

Year	2013 Water and Sewer Improvements Bonds		2013 Water and Sewer Refunding		2016 Water and Sewer Refunding		Total Debt Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 135,000	\$ 88,800	\$ 205,000	\$ 8,500	\$ 90,000	\$ 94,023	\$ 1,810,000	\$ 629,614
2018	135,000	85,425	215,000	3,225	60,000	124,500	1,830,000	609,191
2019	140,000	81,300	-	-	60,000	123,300	1,655,000	560,547
2020	145,000	77,025	-	-	550,000	122,100	1,700,000	513,204
2021	150,000	73,350	-	-	565,000	111,100	1,755,000	472,379
2022	150,000	70,350	-	-	575,000	99,800	1,550,000	435,001
2023	155,000	67,203	-	-	590,000	88,300	1,585,000	400,741
2024	160,000	63,656	-	-	600,000	76,500	1,625,000	364,744
2025	165,000	59,694	-	-	615,000	64,500	1,665,000	327,570
2026	165,000	55,466	-	-	630,000	52,200	1,705,000	289,267
2027	170,000	50,750	-	-	645,000	39,600	1,745,000	248,019
2028	175,000	45,575	-	-	660,000	26,700	1,795,000	204,938
2029	180,000	40,025	-	-	675,000	13,500	1,840,000	159,157
2030	190,000	33,775	-	-	-	-	1,200,000	110,500
2031	195,000	27,038	-	-	-	-	1,240,000	67,944
2032	200,000	19,875	-	-	-	-	620,000	25,387
2033	210,000	12,188	-	-	-	-	210,000	12,188
2034	220,000	4,125	-	-	-	-	220,000	4,125
	<u>\$3,040,000</u>	<u>\$ 955,620</u>	<u>\$ 420,000</u>	<u>\$ 11,725</u>	<u>\$6,315,000</u>	<u>\$1,036,123</u>	<u>\$ 25,750,000</u>	<u>\$ 5,434,516</u>

CITY OF BRENTWOOD, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2016

Grant Description	Federal CFDA#	Pass-Through Entity Identifying Number	Accrued (Deferred) 7/1/2015	Other Adjustments	Federal Receipts	Expenditures	Accrued (Deferred) 6/30/2016
<b>FEDERAL AWARDS:</b>							
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Direct Program:							
Equitable Sharing Program	16.922		\$ (380,050)	\$ 2,220	\$ 50,678	\$ (53,428)	\$ (379,520)
TOTAL U.S DEPARTMENT OF JUSTICE			<u>(380,050)</u>	<u>2,220</u>	<u>50,678</u>	<u>(53,428)</u>	<u>(379,520)</u>
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>							
Direct Program:							
Assistance to Firefighters - Operations and Safety	97.044		-	-	84,888	(84,888)	-
Passed through Tennessee Department of Military / Tennessee Emergency Management Agency							
Public Assistance - South Carolina Deployment	97.036	n/a	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,103)</u>	<u>33,103</u>
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>-</u>	<u>-</u>	<u>84,888</u>	<u>(117,991)</u>	<u>33,103</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>							
Passed through Tennessee Department of Transportation							
Highway Planning and Construction	20.205	94-PLM-F3-022	422,731	-	619,929	(2,432,868)	2,235,670
		106994.00					
Highway Planning and Construction	20.205	94004-1227-04	182,400	-	220,420	(796,013)	757,993
		105717.00					
Highway Planning and Construction	20.205	94LPLP-F3-002	<u>35,233</u>	<u>-</u>	<u>77,172</u>	<u>(185,136)</u>	<u>143,197</u>
		119204.00					
Total Tennessee Highway Planning and Construction			<u>640,364</u>	<u>-</u>	<u>917,521</u>	<u>(3,414,018)</u>	<u>3,136,860</u>
TOTAL U.S DEPARTMENT OF TRANSPORTATION			<u>640,364</u>	<u>-</u>	<u>917,521</u>	<u>(3,414,018)</u>	<u>3,136,860</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>\$ 260,314</b></u>	<u><b>\$ 2,220</b></u>	<u><b>\$ 1,053,087</b></u>	<u><b>\$ (3,585,436)</b></u>	<u><b>\$ 2,790,443</b></u>

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Brentwood, Tennessee and is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in financial position of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The information reported in this Schedule is reported 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. The expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - STATE FINANCIAL ASSISTANCE

The City did not have any direct state financial assistance for the year ended June 30, 2016.

NOTE 4 - EQUITABLE SHARING PROGRAM

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

NOTE 5 - DE MINIMUS INDIRECT COST RATE

The City has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

## STATISTICAL SECTION



**City of Brentwood**



CITY OF BRENTWOOD, TENNESSEE

**STATISTICAL SECTION**

(Unaudited)

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

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**Financial Trends**

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**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes..... 95 - 101

**Debt Capacity**

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..... 102 - 105

**Demographic and Economic Information**

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. .... 106 - 107

**Operating Information**

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. .... 108 - 110

*Sources:* Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

## CITY OF BRENTWOOD, TENNESSEE

## NET POSITION BY COMPONENT (UNAUDITED)

## LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities										
Net investment in capital assets	\$ 135,812,978	\$ 139,216,762	\$ 157,618,661	\$ 161,999,322	\$ 171,916,717	\$ 178,649,136	\$ 185,860,823	\$ 190,264,011	\$ 206,296,175	\$ 205,432,637
Restricted	1,238,048	3,230,842 <sup>(1)</sup>	3,447,290	7,036,941	6,615,744	5,521,606	4,960,235 <sup>(3)</sup>	4,153,551	6,632,641	8,845,277
Unrestricted	<u>36,398,248</u>	<u>45,441,221</u>	<u>40,970,717</u>	<u>40,075,849</u>	<u>34,754,804</u>	<u>40,473,973</u>	<u>46,285,157</u> <sup>(2)</sup>	<u>49,687,981</u> <sup>(4)</sup>	<u>55,659,774</u>	<u>64,855,829</u>
Total governmental activities net position	<u>\$ 173,449,274</u>	<u>\$ 187,888,825</u>	<u>\$ 202,036,668</u>	<u>\$ 209,112,112</u>	<u>\$ 213,287,265</u>	<u>\$ 224,644,715</u>	<u>\$ 237,106,215</u>	<u>\$ 244,105,543</u>	<u>\$ 268,588,590</u>	<u>\$ 279,133,743</u>
Business-type activities										
Net investment in capital assets	\$ 46,036,765	\$ 50,097,841	\$ 45,581,522	\$ 49,282,442	\$ 41,833,117	\$ 51,006,423	\$ 51,490,226	\$ 50,452,428	\$ 48,883,727	\$ 48,665,593
Restricted	269,708	269,708	179,823	-	-	120,000	- <sup>(3)</sup>	-	197,926	126,540
Unrestricted	<u>10,640,015</u>	<u>9,034,115</u>	<u>16,384,008</u>	<u>15,459,180</u>	<u>25,853,129</u>	<u>21,681,193</u>	<u>23,873,374</u> <sup>(2)</sup>	<u>26,032,698</u> <sup>(4)</sup>	<u>29,303,286</u>	<u>30,228,416</u>
Total business-type activities net position	<u>\$ 56,946,488</u>	<u>\$ 59,401,664</u>	<u>\$ 62,145,353</u>	<u>\$ 64,741,622</u>	<u>\$ 67,686,246</u>	<u>\$ 72,807,616</u>	<u>\$ 75,363,600</u>	<u>\$ 76,485,126</u>	<u>\$ 78,384,939</u>	<u>\$ 79,020,549</u>
Primary government										
Net investment in capital assets	\$ 181,849,743	\$ 189,314,603	\$ 203,200,183	\$ 211,281,764	\$ 213,749,834	\$ 229,655,559	\$ 237,351,049	\$ 240,716,439	\$ 255,179,902	\$ 254,098,230
Restricted	1,507,756	3,500,550	3,627,113	7,036,941	6,615,744	5,641,606	4,960,235 <sup>(3)</sup>	4,153,551	6,830,567	8,971,817
Unrestricted	<u>47,038,263</u>	<u>54,475,336</u>	<u>57,354,725</u>	<u>55,535,029</u>	<u>60,607,933</u>	<u>62,155,166</u>	<u>70,158,531</u> <sup>(2)</sup>	<u>75,720,679</u> <sup>(4)</sup>	<u>84,963,060</u>	<u>95,084,245</u>
Total primary government net position	<u>\$ 230,395,762</u>	<u>\$ 247,290,489</u>	<u>\$ 264,182,021</u>	<u>\$ 273,853,734</u>	<u>\$ 280,973,511</u>	<u>\$ 297,452,331</u>	<u>\$ 312,469,815</u>	<u>\$ 320,590,669</u>	<u>\$ 346,973,529</u>	<u>\$ 358,154,292</u>

<sup>(1)</sup> A prior period adjustment was posted to restricted governmental net position in 2008 in connection with the adoption of GASB Statement 45 for amounts previously transferred from governmental funds to Post Employment Benefits Fund resulting in overfunding upon implementation.

<sup>(2)</sup> GASB Statement No. 63 and 65 were implemented in FY 2013 and changed the name of governmental activities and business-type/proprietary fund net assets to net position. Additionally, these statements introduced the concept of deferred inflows of resources and deferred outflows of resources for items previously classified as assets and liabilities. These changes are applicable for fiscal years beginning in 2013.

<sup>(3)</sup> OPEB assets previously reported as restricted have been reclassified as a component of unrestricted net position beginning in 2013.

<sup>(4)</sup> A prior period adjustment was posted to unrestricted net position in connection with the adoption of GASB Statement No. 68 for pensions.

CITY OF BRENTWOOD, TENNESSEE  
CHANGES IN NET POSITION (UNAUDITED)  
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 5,179,031	\$ 5,671,314	\$ 6,477,468	\$ 6,100,293	\$ 5,875,080	\$ 6,597,201	\$ 6,853,667	\$ 6,674,735	\$ 6,364,225	\$ 6,502,351
Public safety	10,354,861	11,582,486	11,906,523	11,901,013	12,260,875	12,123,456	12,274,641	12,623,784	11,769,252	12,606,876
Roads and streets	7,999,238	8,608,854	9,813,754	9,550,587	10,968,394	8,724,793	9,340,924	9,317,989	10,899,396	13,980,844
Public health	76,310	80,890	80,858	78,519	81,248	79,638	81,182	88,068	88,524	67,917
Parks and recreation	2,113,051	2,214,424	2,257,828	2,253,977	2,475,591	2,527,115	2,635,324	2,630,573	2,720,304	3,098,376
Public library	1,917,705	2,059,858	2,179,852	2,277,395	2,447,976	2,422,613	2,573,378	2,695,163	2,582,263	2,656,773
Community support	264,226	259,756	256,220	258,112	265,068	294,259	280,627	312,295	336,562	322,525
Drug education	58,279	63,604	60,117	113,392	66,972	74,485	24,818	53,055	53,330	38,627
Facilities maintenance projects	-	131,616	134,359	413,745	-	-	-	-	-	-
Interest on long-term debt	1,141,649	1,230,022	1,148,236	1,145,000	1,152,676	930,474	925,012	1,198,233	838,018	841,063
Total governmental activities	<u>29,104,350</u>	<u>31,902,824</u>	<u>34,315,215</u>	<u>34,092,033</u>	<u>35,593,880</u>	<u>33,774,034</u>	<u>34,989,573</u>	<u>35,593,895</u>	<u>35,651,874</u>	<u>40,115,352</u>
Business-type activities:										
Water and Sewer	\$ 10,105,203	\$ 11,551,025	\$ 11,671,952	\$ 12,150,791	\$ 13,092,399	\$ 13,140,446	\$ 14,507,961	\$ 15,954,570	\$ 15,569,461	\$ 16,792,536
Rental facilities	475,793	507,356	584,900	515,425	564,841	613,469	635,621	656,642	699,412	723,559
911 operations	842,061	889,135	898,577	922,375	1,064,637	1,149,062	1,194,308	1,224,118	1,130,021	1,191,793
Total business-type activities	<u>11,423,057</u>	<u>12,947,516</u>	<u>13,155,429</u>	<u>13,588,591</u>	<u>14,721,877</u>	<u>14,902,977</u>	<u>16,337,890</u>	<u>17,835,330</u>	<u>17,398,894</u>	<u>18,707,888</u>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<u>\$ 40,527,407</u>	<u>\$ 44,850,340</u>	<u>\$ 47,470,644</u>	<u>\$ 47,680,624</u>	<u>\$ 50,315,757</u>	<u>\$ 48,677,011</u>	<u>\$ 51,327,463</u>	<u>\$ 53,429,225</u>	<u>\$ 53,050,768</u>	<u>\$ 58,823,240</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 457,610	\$ 631,595	\$ 572,763 (i)	\$ 826,573	\$ 951,096	\$ 1,206,745	\$ 1,332,955	\$ 1,273,686	\$ 1,268,909	\$ 1,021,064
Roads and streets	64,741	35,646	41,210 (i)	409,300	360,927	676,355	1,514,944	703,350	1,185,065	1,805,840
Parks and recreation	67,650	90,933	92,498	98,336	116,950	125,154	112,905	124,736	109,739	116,658
Public library	138,322	137,032	136,250	147,013	156,372	156,636	140,832	148,520	143,688	134,450
Community support	23,841	24,325	22,686	25,141	29,430	29,631	29,977	27,850	31,738	35,250
Operating grants and contributions	915,641	1,026,577	1,007,259	1,487,877	1,424,021	1,006,999	1,020,125	1,004,056	1,724,759	1,228,771
Capital grants and contributions	17,294,640	6,909,990	13,452,200 (i)	8,604,638	4,508,465	7,711,481	7,833,395	4,107,635	16,726,448	3,460,350
Total governmental activities program revenues	<u>18,962,445</u>	<u>8,856,098</u>	<u>15,324,866</u>	<u>11,598,878</u>	<u>7,547,261</u>	<u>10,913,001</u>	<u>11,985,133</u>	<u>7,389,833</u>	<u>21,190,346</u>	<u>7,802,383</u>
Business-type activities:										
Charges for services:										
Water and Sewer	11,452,036	12,484,931	13,209,778	12,658,635	13,879,189	14,539,927	13,946,250	14,434,478	15,011,973	15,213,756
Rental facilities	478,347	496,971	509,673	556,317	611,567	676,488	728,213	675,285	723,714	733,227
911 operations	620,309	623,926	652,548	648,731	663,715	660,316	626,587	576,880	269,612	-
Operating grants and contributions	-	-	-	-	189,153	207,911	271,154	238,727	562,808	880,775
Capital grants and contributions	3,451,033	949,505	957,013	809,958	1,653,925	3,163,900	2,822,068	2,762,989	2,192,730	1,867,085
Total business-type activities program revenues	<u>16,001,725</u>	<u>14,555,333</u>	<u>15,329,012</u>	<u>14,673,641</u>	<u>16,997,549</u>	<u>19,248,542</u>	<u>18,394,272</u>	<u>18,688,359</u>	<u>18,760,837</u>	<u>18,694,843</u>
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<u>\$ 34,964,170</u>	<u>\$ 23,411,431</u>	<u>\$ 30,653,878</u>	<u>\$ 26,272,519</u>	<u>\$ 24,544,810</u>	<u>\$ 30,161,543</u>	<u>\$ 30,379,405</u>	<u>\$ 26,078,192</u>	<u>\$ 39,951,183</u>	<u>\$ 26,497,226</u>
<b>NET (EXPENSE)/REVENUE</b>										
Governmental activities	\$ (10,141,905)	\$ (23,046,726)	\$ (18,990,349)	\$ (22,493,155)	\$ (28,046,619)	\$ (22,861,033)	\$ (23,004,440)	\$ (28,204,062)	\$ (14,461,528)	\$ (32,312,969)
Business-type activities	4,578,668	1,607,817	2,173,583	1,085,050	2,275,672	4,345,565	2,056,382	853,029	1,361,943	(13,045)
<b>TOTAL PRIMARY GOVERNMENT NET EXPENSE</b>	<u>\$ (5,563,237)</u>	<u>\$ (21,438,909)</u>	<u>\$ (16,816,766)</u>	<u>\$ (21,408,105)</u>	<u>\$ (25,770,947)</u>	<u>\$ (18,515,468)</u>	<u>\$ (20,948,058)</u>	<u>\$ (27,351,033)</u>	<u>\$ (13,099,585)</u>	<u>\$ (32,326,014)</u>

CITY OF BRENTWOOD, TENNESSEE  
CHANGES IN NET POSITION (CONTINUED) (UNAUDITED)  
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property taxes	\$ 9,305,843	\$ 9,948,350	\$ 10,349,458	\$ 10,666,669	\$ 10,910,998	\$ 10,857,220	\$ 10,738,390	\$ 11,030,338	\$ 11,290,941	\$ 11,732,828
Local option taxes	10,510,078	10,897,522	10,261,708	10,173,406	11,027,909	12,005,650	12,762,673	12,954,622	13,820,565	15,203,893
Hotel/Motel taxes	-	-	-	-	-	1,144,406 <sup>(2)</sup>	1,164,600	1,362,325	1,439,717	1,705,447
Wholesale beer and liquor taxes	-	-	-	-	-	1,230,697 <sup>(2)</sup>	1,286,492	1,282,506	1,337,106	1,441,703
State sales and income taxes	-	-	- <sup>(1)</sup>	4,326,647	4,552,428	- <sup>(2)</sup>	-	-	-	-
Other business taxes	-	-	- <sup>(1)</sup>	3,732,842	3,945,296	- <sup>(2)</sup>	-	-	-	-
Adequate schools facilities taxes	-	-	- <sup>(1)</sup>	218,990	332,178	412,451	494,233	616,142	618,838	713,422
Licenses and permits	3,770,901	4,025,144	3,871,297 <sup>(1)</sup>	-	-	-	-	-	-	-
Other taxes	1,680,610	1,146,517	631,364 <sup>(1)</sup>	767,240	817,978	536,547 <sup>(2)</sup>	526,677	536,418	561,144	896,283
State sales, income, and other taxes	5,500,693	6,744,510	6,612,992 <sup>(1)</sup>	-	-	-	-	-	-	-
Unrestricted intergovernmental taxes:										
State sales	-	-	-	-	-	2,513,971 <sup>(2)</sup>	2,561,661	2,647,788	2,829,973	3,267,781
Income	-	-	-	-	-	2,284,851 <sup>(2)</sup>	3,269,643	3,237,239	4,004,352	4,420,212
Business	-	-	-	-	-	1,339,121 <sup>(2)</sup>	1,639,950	1,881,556	1,667,422	1,851,846
TVA in-lieu	-	-	-	-	-	428,175 <sup>(2)</sup>	422,625	410,018	429,531	474,106
Mixed drink and beer	-	-	-	-	-	152,273 <sup>(2)</sup>	160,299	182,131	178,237	192,560
Petroleum special	-	-	-	-	-	76,063 <sup>(2)</sup>	75,935	75,841	76,169	82,194
Corporate excise	-	-	-	-	-	11,633 <sup>(2)</sup>	20,662	48,993	57,008	77,998
Telecommunications	-	-	-	-	-	2,301 <sup>(2)</sup>	3,312	3,791	3,654	3,433
Other intergovernmental	-	-	-	-	-	142,463 <sup>(2)</sup>	134,971	343,912	321,960	335,036
Unrestricted earnings	2,129,264	1,883,205	1,099,457	731,313	817,401	578,871	621,825	566,443	538,317	676,321
Miscellaneous	512,712	1,548,023	724,916	370,192	236,284	293,655	481,604	213,000	188,341	201,759
Loss on disposal of capital assets	(84,698)	-	-	-	-	-	-	-	-	-
Contributions to Post Employment Benefit Fund	(620,000)	-	-	-	-	-	-	-	-	-
Transfers	(332,000)	(395,000)	(413,000)	(1,418,700)	(418,700)	(422,950)	(548,700)	(418,700)	(418,700)	(418,700)
Total government activities	<u>32,373,403</u>	<u>35,798,271</u>	<u>33,138,192</u>	<u>29,568,599</u>	<u>32,221,772</u>	<u>33,587,398</u>	<u>35,816,852</u>	<u>36,974,363</u>	<u>38,944,575</u>	<u>42,858,122</u>
Business-type activities										
Unrestricted investment earnings	511,043	452,359	157,106	92,519	250,252	156,503	173,623	84,556	119,170	198,789
Contributions to Post Employment Benefit Fund	(60,000)	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	196,352	-	-	-	31,166
Transfers	<u>332,000</u>	<u>395,000</u>	<u>413,000</u>	<u>1,418,700</u>	<u>418,700</u>	<u>422,950</u>	<u>548,700</u>	<u>418,700</u>	<u>418,700</u>	<u>418,700</u>
Total business-type activities	<u>783,043</u>	<u>847,359</u>	<u>570,106</u>	<u>1,511,219</u>	<u>668,952</u>	<u>775,805</u>	<u>722,323</u>	<u>503,256</u>	<u>537,870</u>	<u>648,655</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 33,156,446</u>	<u>\$ 36,645,630</u>	<u>\$ 33,708,298</u>	<u>\$ 31,079,818</u>	<u>\$ 32,890,724</u>	<u>\$ 34,363,203</u>	<u>\$ 36,539,175</u>	<u>\$ 37,477,619</u>	<u>\$ 39,482,445</u>	<u>\$ 43,506,777</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 29,845,685	\$ 12,751,545	\$ 14,147,843	\$ 7,075,444	\$ 4,175,153	\$ 10,726,365	\$ 12,812,412	\$ 8,770,301	\$ 24,483,047	\$ 10,545,153
Business-type activities	<u>5,361,711</u>	<u>2,455,176</u>	<u>2,743,689</u>	<u>2,596,269</u>	<u>2,944,624</u>	<u>5,121,370</u>	<u>2,778,705</u>	<u>1,356,285</u>	<u>1,899,813</u>	<u>635,610</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 35,207,396</u>	<u>\$ 15,206,721</u>	<u>\$ 16,891,532</u>	<u>\$ 9,671,713</u>	<u>\$ 7,119,777</u>	<u>\$ 15,847,735</u>	<u>\$ 15,591,117</u>	<u>\$ 10,126,586</u>	<u>\$ 26,382,860</u>	<u>\$ 11,180,763</u>

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

(2) In fiscal year 2012, management modified the presentation of certain accounts to better reflect revenues between general revenues and program revenues.

NOTE: See Notes on page 89.

## CITY OF BRENTWOOD, TENNESSEE

## FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

## LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -						
Unreserved	18,511,792	23,074,729	24,948,669	25,383,963						
Nonspendable	-	-	-	-	\$ 106,295 (1)	\$ 40,995	\$ 283,514	\$ 23,877	\$ 88,444	\$ 91,108
Committed	-	-	-	-	2,055,889 (1)	3,841,285	4,191,394	4,673,661	4,922,928	5,493,492
Unassigned	-	-	-	-	23,215,831 (1)	26,545,794	29,560,931	30,701,075	32,847,950	32,323,955
Total general fund	<u>\$18,511,792</u>	<u>\$23,074,729</u>	<u>\$24,948,669</u>	<u>\$25,383,963</u>	<u>\$ 25,378,015</u>	<u>\$ 30,428,074</u>	<u>\$ 34,035,839</u>	<u>\$ 35,398,613</u>	<u>\$ 37,859,322</u>	<u>\$ 37,908,555</u>
All Other Governmental Funds										
Unreserved	\$ -	\$ -	\$ -	\$ -						
Reserved										
Reserved for debt services	3,537,262	4,192,274	3,732,563	3,979,063						
Reserved for capital projects	16,734,749	21,627,739	15,400,265	16,342,312						
Reserved for facilities repairs	-	176,603	363,318	752,919						
Reserved for street repairs	581,731	589,004	485,175	392,214						
Reserved for drug enforcement and education	104,779	49,439	118,447	151,811						
Restricted										
Restricted for street repairs	-	-	-	-	\$ 397,129 (1)	\$ 358,999	\$ 461,649	\$ 382,211	\$ 777,195	\$ 1,012,840
Restricted for drug enforcement and education	-	-	-	-	186,549 (1)	284,486	352,764	408,363	448,992	466,094
Restricted for capital projects	-	-	-	-	1,967,705 (1)	2,237,084	3,161,408	2,232,769	4,541,268	6,391,312
Committed										
Committed to capital projects	-	-	-	-	9,258,181 (1)	8,600,375	9,387,496	13,429,400	15,030,317	21,517,308
Committed to debt service	-	-	-	-	3,942,590 (1)	3,793,311	3,712,435	3,706,319	3,621,272	3,558,909
Total all other governmental funds	<u>\$20,958,521</u>	<u>\$26,635,059</u>	<u>\$20,099,768</u>	<u>\$21,618,319</u>	<u>\$ 15,752,154</u>	<u>\$ 15,274,255</u>	<u>\$ 17,075,752</u>	<u>\$ 20,159,062</u>	<u>\$ 24,419,044</u>	<u>\$ 32,946,463</u>
Total governmental funds	<u>\$39,470,313</u>	<u>\$49,709,788</u>	<u>\$45,048,437</u>	<u>\$47,002,282</u>	<u>\$ 41,130,169</u>	<u>\$ 45,702,329</u>	<u>\$ 51,111,591</u>	<u>\$ 55,557,675</u>	<u>\$ 62,278,366</u>	<u>\$ 70,855,018</u>

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

## CITY OF BRENTWOOD, TENNESSEE

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

## LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>REVENUES</b>										
Taxes	\$ 23,586,822	\$ 24,871,016	\$ 24,482,463	\$ 24,572,917	\$ 25,884,203	\$ 25,774,520	\$ 26,478,832	\$ 27,166,209	\$ 28,453,126	\$ 30,519,071
Licenses and permits	1,680,610	1,146,517	631,364	843,301	1,000,864	1,448,508	2,419,665	1,609,529	2,077,151	2,759,952
Fines and fees	457,610	631,595	572,763	378,878	277,949	373,100	367,427	307,980	306,362	261,639
Charges for services	294,554	287,936	292,644	284,184	335,962	372,913	344,521	360,633	355,626	353,310
Intergovernmental	6,416,334	7,771,087	7,620,251	6,501,066	7,338,849	9,411,861	9,803,416	10,496,352	11,908,249	16,107,709
Uses of money and property	2,129,264	1,883,205	1,099,457	729,251	806,996	571,595	621,825	566,443	538,317	676,321
Other revenues	512,712	1,548,023	663,844	370,192	236,284	293,655	481,604	213,000	188,341	201,759
<b>TOTAL REVENUES</b>	<b>35,077,906</b>	<b>38,139,379</b>	<b>35,362,786</b>	<b>33,679,789</b>	<b>35,881,107</b>	<b>38,246,152</b>	<b>40,517,290</b>	<b>40,720,146</b>	<b>43,827,172</b>	<b>50,879,761</b>
<b>EXPENDITURES</b>										
General government	4,727,232	5,175,337	5,527,562	5,306,980	5,380,604	5,710,028	6,130,364	6,061,451	6,388,722	6,603,299
Public safety	10,009,079	10,863,119	11,379,395	11,477,366	12,387,195	11,859,078	12,178,507	12,898,119	13,237,000	13,211,939
Roads and streets	3,822,056	4,317,743	4,437,408	4,478,022	5,129,091	4,739,856	4,631,107	5,146,761	4,874,736	5,375,950
Public health	76,310	80,890	80,858	78,519	81,248	79,638	81,182	88,068	88,524	67,917
Parks and recreation	1,458,493	1,582,625	1,640,627	1,615,046	1,737,854	1,794,215	1,969,273	1,993,508	2,311,010	2,300,504
Public library	1,755,700	1,845,720	1,982,039	1,974,656	2,020,271	2,001,510	2,141,269	2,255,226	2,291,101	2,389,052
Community support	264,226	259,756	256,220	258,112	265,068	294,259	280,627	312,295	336,562	322,525
Drug education	22,414	33,962	25,418	25,278	16,861	14,935	11,879	30,717	17,501	18,862
Facility maintenance	-	131,616	134,359	413,745	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Capital outlay	6,435,501	5,349,986	10,251,368	6,043,040	11,060,955	8,914,483	3,783,204	8,611,260	3,700,604	8,162,423
Contribution to Post Employment Benefits Fund	620,000	- *	-	-	-	-	-	-	-	-
Debt service										
Principal	1,809,255	2,055,795	2,277,460	1,919,256	2,141,197	2,243,292	2,465,555	2,475,000	2,555,000	2,615,000
Interest	1,098,161	1,070,861	1,140,915	1,146,167	1,114,176	1,021,856	886,361	892,672	887,021	816,938
Bond issue costs	-	-	-	-	-	198,078	-	80,109	-	44,710
<b>Total expenditures</b>	<b>32,098,427</b>	<b>32,767,410</b>	<b>39,133,629</b>	<b>34,736,187</b>	<b>41,334,520</b>	<b>38,871,228</b>	<b>34,559,328</b>	<b>40,845,186</b>	<b>36,687,781</b>	<b>41,929,119</b>
Excess of revenues over (under) expenditures	2,979,479	5,371,969	(3,770,843)	(1,056,398)	(5,453,413)	(625,076)	5,957,962	(125,040)	7,139,391	8,950,642

\*Beginning in 2008 with the adoption of GASB 45, the City expensed OPEB amounts within the personnel line item of each respective department.

(continued on following page)

## CITY OF BRENTWOOD, TENNESSEE

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

## LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 11,922,523	\$ 5,842,792	\$ 6,652,545	\$ 5,142,275	\$ 9,366,500	\$ 5,582,436	\$ 7,490,000	\$ 11,031,520	\$ 8,495,000	\$ 13,845,000
Transfers out	(12,254,523)	(6,237,792)	(7,065,545)	(7,060,975)	(9,785,200)	(6,155,386)	(8,038,700)	(11,450,220)	(8,913,700)	(14,263,700)
Proceeds of general obligation bonds	-	4,935,000	-	4,760,000	-	4,845,000	-	4,895,000	-	-
Proceeds of refunding bonds	-	-	-	-	-	10,635,000	-	1,005,000	-	3,035,000
Payment of refunded bond escrow agent	-	-	-	-	-	(10,924,444)	-	(1,035,464)	-	(3,109,283)
Bond discount	-	-	-	-	-	-	-	-	-	-
Bond premium	-	-	-	168,943	-	583,545	-	125,288	-	118,993
Total other financing sources (uses)	<u>(332,000)</u>	<u>4,540,000</u>	<u>(413,000)</u>	<u>3,010,243</u>	<u>(418,700)</u>	<u>4,566,151</u>	<u>(548,700)</u>	<u>4,571,124</u>	<u>(418,700)</u>	<u>(373,990)</u>
Net Change in Fund Balance	<u>\$ 5,039,969</u>	<u>\$ 9,911,969</u>	<u>\$ (4,183,843)</u>	<u>\$ 1,953,845</u>	<u>\$ (5,872,113)</u>	<u>\$ 3,941,075</u>	<u>\$ 5,409,262</u>	<u>\$ 4,446,084</u>	<u>\$ 6,720,691</u>	<u>\$ 8,576,652</u>
Debt service as a percentage of noncapital expenditures	<u>11.4 %</u>	<u>11.4 %</u>	<u>11.8 %</u>	<u>10.7 %</u>	<u>11.1 %</u>	<u>11.5 %</u>	<u>11.4 %</u>	<u>11.4 %</u>	<u>11.0 %</u>	<u>9.8 %</u>

## CITY OF BRENTWOOD, TENNESSEE

## ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY (UNAUDITED)

## LAST TEN FISCAL YEARS

FISCAL YEAR *	COMMERCIAL	RESIDENTIAL	FARM	PERSONAL PROPERTY	TOTAL TAXABLE ASSESSED VALUE	TAX RATE	ESTIMATED ACTUAL TAXABLE VALUE	TAXABLE ASSESSED VALUE AS A PERCENTAGE OF ACTUAL TAXABLE VALUE
2007	\$ 442,380,280	\$ 1,274,199,450	\$ 23,068,300	\$ 63,428,258	1,803,076,288	0.49	\$ 6,543,443,179	27.56 %
2008	468,298,840	1,372,673,625	26,790,150	70,199,061	1,937,961,676	0.49	6,999,453,884	27.69 %
2009	498,379,173	1,457,432,287	22,325,822	69,298,089	2,047,435,371	0.49	7,362,074,632	27.81 %
2010	503,735,572	1,497,246,346	21,369,957	81,415,649	2,103,767,524	0.49	7,599,886,397	27.68 %
2011	503,799,096	1,513,661,397	21,053,881	78,964,295	2,117,478,669	0.49	7,654,188,725	27.66 %
2012	624,223,809	1,626,787,010	19,035,100	78,672,001	2,348,717,920	0.44	8,408,400,132	27.93 %
2013	615,081,282	1,661,897,110	19,319,400	79,521,200	2,375,818,992	0.44	8,528,935,376	27.86 %
2014	620,333,962	1,703,757,635	18,731,900	74,740,734	2,417,564,231	0.44	8,693,902,911	27.81 %
2015	677,127,197	1,746,730,160	20,910,225	78,099,066	2,522,866,648	0.44	9,029,245,645	27.94 %
2016	680,612,202	1,821,494,380	19,043,950	75,805,127	2,596,955,659	0.44	9,553,528,835	27.18 %

\* The fiscal year listed corresponds to the preceding tax year levy (2016 fiscal year would represent the 2015 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 - GENERAL FUND	OVERLAPPING RATE *
	CITY OF BRENTWOOD	WILLIAMSON COUNTY
2007	.49 / 100	2.26 / 100
2008	.49 / 100	2.26 / 100
2009	.49 / 100	2.26 / 100
2010	.49 / 100	2.26 / 100
2011	.49 / 100	2.26 / 100
2012	.44 / 100	2.26 / 100
2013	.44 / 100	2.26 / 100
2014	.44 / 100	2.26 / 100
2015	.44 / 100	2.26 / 100
2016	.44 / 100	2.26 / 100

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

\*\* The fiscal year listed corresponds to the preceding tax year levy (2016 fiscal year would represent the 2015 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 2016			FY 2007		
	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value
Highwoods/Tenn Holdings LP	\$ 72,846,900	1	% 2.77 %	\$ 31,029,080	2	1.66 %
Bellsouth Telecommunication	37,000,000	2	1.41	57,098,207	1	3.05
Boyle Investments	71,920,500	3	2.74	-		-
Northwestern Mutual	70,202,000	4	2.67	-		-
SVT LLC	42,184,700	5	1.60	-		-
Carter Validus Properties	34,625,100	6	1.32	-		-
Brentwood Place Holding	29,000,000	7	1.10	-		-
Heritage Retirement Facility	23,395,700	8	0.89	-		-
Wells Fund 12	13,600,000	9	0.52	-		-
BRE DDR Cool Spgs. Pt, LLC	9,400,000	10	0.36	-		-
SBP Nashville, LLC	-		-	20,720,040	3	1.11
Kirklands Properties	-		-	13,258,520	4	0.71
Duke Realty	-		-	12,315,880	5	0.66
Brentwood Retail LP	-		-	10,641,480	6	0.57
Wells Fargo XII-Reit Joint	-		-	9,344,000	7	0.50
Gateway Kentfield Inc	-		-	9,072,160	8	0.49
Developers Diversified	-		-	8,860,280	9	0.47
Highwoods/Forsyth LP	-		-	8,142,440	10	0.44
Total	<u>\$ 404,174,900</u>		<u>15.37 %</u>	<u>\$ 180,482,087</u>		<u>9.65 %</u>
Total Assessment	<u><u>\$ 2,629,096,509</u></u>	**		<u><u>\$ 1,870,541,447</u></u>	***	

\* Source: - 2007 and 2016 Williamson County Assessment

\*\* Total Assessment Value for Tax Year 2016 (includes public utility assessment)

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

CITY OF BRENTWOOD, TENNESSEE  
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)  
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY			TOTAL COLLECTIONS TO DATE		
		AMOUNT	PERCENTAGE OF LEVY	COLLECTIONS IN SUBSEQUENT YEARS	AMOUNT	PERCENTAGE OF LEVY	
2007	\$ 8,885,916	\$ 8,761,268	98.6%	\$ 122,312	\$ 8,883,580	100.0%	
2008	9,497,764	9,329,872	98.2%	164,132	9,494,004	100.0%	
2009	10,034,692	9,835,526	98.0%	192,589	10,028,115	99.9%	
2010	10,262,147	9,983,488	97.3%	271,320	10,254,808	99.9%	
2011	10,356,406	10,098,663	97.5%	252,000	10,350,663	99.9%	
2012	10,335,554	10,224,371	98.9%	109,636	10,334,007	100.0%	
2013	10,453,923	10,297,356	98.5%	155,263	10,452,619	100.0%	
2014	10,637,930	10,473,750	98.5%	162,837	10,636,587	100.0%	
2015	11,141,570	11,057,548	99.2%	67,652	11,125,200	99.9%	
2016	11,426,757	11,269,592	98.6%	-	11,269,592	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 combined interest/penalty of 1.5% accrues on the first day of each month that taxes remain delinquent (18% annually).  
Effective with Tax Year 13

\* The fiscal year listed corresponds to the preceding tax year levy (2016 fiscal year would represent the 2015 tax levy).  
This represents the period for which the taxes were levied.

CITY OF BRENTWOOD, TENNESSEE

LOCAL TAXABLE SALES BY CATEGORY (UNAUDITED)

LAST TEN CALENDAR YEARS

Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1 Apparel Stores	\$ 36,340,515	\$ 36,791,744	\$ 34,207,950	\$ 35,603,335	\$ 36,114,319	\$ 42,427,613	\$ 44,738,731	\$ 46,359,901	\$ 58,604,409	\$ 70,644,006
2 General Merchandise Stores	93,667,544	96,290,678	102,124,500	103,554,734	106,921,963	112,677,316	124,020,931	133,660,538	142,312,149	158,810,653
3 Food Stores	112,792,481	122,265,370	124,903,787	121,282,425	123,553,923	129,922,134	131,410,673	135,436,755	135,950,643	136,326,653
4 Eating and Drinking Places	66,998,444	66,639,721	64,569,999	62,775,480	64,343,637	69,334,673	74,552,538	77,800,464	83,791,255	92,505,802
5 Furniture Stores	147,860,607	131,089,288	106,871,146	84,004,301	90,529,601	95,062,055	99,785,158	101,560,402	108,254,797	118,562,629
6 Building Materials	62,973,618	58,975,759	49,997,120	42,539,665	43,710,523	45,675,018	54,197,346	55,344,304	58,751,290	64,117,810
7 MV Dealers and Service Stations	27,846,907	29,598,430	27,848,660	26,799,004	28,419,425	30,486,891	32,776,910	34,299,124	42,781,718	54,046,805
8 Other Retail	95,137,484	116,873,769	125,204,559	117,644,106	125,540,882	124,362,484	135,444,730	143,958,140	142,240,016	145,806,779
9 All Other Outlets	<u>183,311,997</u>	<u>188,341,509</u>	<u>197,290,451</u>	<u>179,229,331</u>	<u>200,419,542</u>	<u>228,466,741</u>	<u>286,919,496</u>	<u>283,444,183</u>	<u>255,574,163</u>	<u>283,041,515</u>
Total	<u>\$ 826,929,597</u>	<u>\$ 846,866,268</u>	<u>\$ 833,018,172</u>	<u>\$ 773,432,381</u>	<u>\$ 819,553,815</u>	<u>\$ 878,414,925</u>	<u>\$ 983,846,513</u>	<u>\$ 1,011,863,811</u>	<u>\$ 1,028,260,440</u>	<u>\$ 1,123,862,652</u>

Source: Tennessee Department of Revenue, Research Section

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

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING SALES TAX RATES (UNAUDITED)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Williamson County</u>	<u>State of Tennessee</u>
2007	1.125 %	1.125 %	7.00 %
2008	1.125	1.125	7.00
2009	1.125	1.125	7.00
2010	1.125	1.125	7.00
2011	1.125	1.125	7.00
2012	1.125	1.125	7.00
2013	1.125	1.125	7.00
2014	1.125	1.125	7.00
2015	1.125	1.125	7.00
2016	1.125	1.125	7.00

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

CITY OF BRENTWOOD, TENNESSEE

REVENUE CAPACITY INFORMATION (UNAUDITED)

LOCAL SALES TAX REVENUE BY INDUSTRY, PRINCIPAL EMPLOYERS, FISCAL YEARS 2007 AND 2016

Sector	Fiscal Year 2007			
	Number of Filers	% of Total	Tax Liability	% of Total
1 Retail Trade	613	48.77%	\$14,739,622	77.68%
2 Services	376	29.91%	\$2,745,571	14.47%
3 Manufacturing	60	4.77%	\$393,043	2.07%
4 Wholesale Trade	101	8.04%	\$238,829	1.26%
5 Construction	24	1.91%	\$295,821	1.56%
6 Finance Insurance Real Estate	16	1.27%	\$8,756	0.05%
7 Transportation and Utilities	13	1.03%	\$333,442	1.76%
8 Agriculture	11	0.88%	\$26,628	0.14%
9 Other, Non Classified	43	3.42%	\$192,097	1.01%
Total	1257	100.00%	\$18,973,809	100.00%

Sector	Fiscal Year 2016			
	Number of Filers	% of Total	Tax Liability	% of Total
1 Retail Trade	575	45.89%	\$19,726,482	75.52%
2 Services	393	31.36%	\$3,480,511	13.32%
3 Manufacturing	48	3.83%	\$236,755	0.91%
4 Wholesale Trade	98	7.82%	\$813,906	3.12%
5 Construction	23	1.84%	\$296,573	1.14%
6 Finance Insurance Real Estate	18	1.44%	\$526,504	2.02%
7 Transportation and Utilities	14	1.12%	\$267,229	1.02%
8 Agriculture	17	1.36%	\$27,705	0.11%
9 Other, Non Classified	67	5.35%	\$745,615	2.85%
Total	1253	100.00%	\$26,121,280	100.00%

Source: Tennessee Department of Revenue, Research Section

Notes:

1. Figures subject to revision due to amended taxpayer returns.
2. Figures represent local sales tax collected by taxpayers during the period, not disbursements from the Department of Revenue. Thus, amounts presented above do not match to amounts reflected within the financial report.
3. Does not include Brentwood's share of county clerk or out-of-state taxpayer amounts.

CITY OF BRENTWOOD, TENNESSEE

RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)

LAST TEN FISCAL YEARS

FISCAL YEAR	GOVERNMENT ACTIVITIES		BUSINESS TYPE ACTIVITIES			PERCENTAGE OF PERSONAL INCOME *	PER CAPITA *
	GENERAL OBLIGATION BONDS	WATER & SEWER BONDS	STATE/TML WATER LOANS	TOTAL PRIMARY GOVERNMENT			
2007	\$ 24,783,304	\$ 6,953,348	\$ 699,459	\$ 32,436,111	1.7%	\$ 920	
2008	27,734,754	6,056,754	443,768	34,235,276	1.8%	971	
2009	25,531,204	15,115,227	179,770	40,826,201	2.0%	1,158	
2010	28,612,374	14,153,311	-	42,765,685	1.9%	1,213	
2011	26,540,378	23,151,846	-	49,692,224	2.1%	1,341	
2012	29,436,074	28,318,417	-	57,754,491	2.4%	1,558	
2013	27,926,990	27,068,131	-	54,995,121	2.3%	1,484	
2014	30,406,988	28,821,143	-	59,228,131	2.6%	1,480	
2015	27,790,080	27,175,100	-	54,965,180	2.3%	1,360	
2016	25,380,759	26,176,946	-	51,557,705	2.2%	1,276	

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

\*Calculated information provided on page 106 (Demographic and Economic Statistics).

CITY OF BRENTWOOD, TENNESSEE

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

LAST TEN FISCAL YEARS

<i>(dollars in thousands, except per capita)</i>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General bonded debt outstanding general obligation bonds	\$ 24,783	\$ 27,735	\$ 25,531	\$ 28,612	\$ 26,540	\$ 29,436	\$ 27,927	\$ 30,407	\$ 27,790	\$ 25,381
Percentage of estimated actual property value**	1.37%	1.43%	1.25%	1.36%	1.25%	1.25%	1.18%	1.26%	1.10%	0.98%
Per capita***	702.83	786.53	724.04	811.42	716.15	794.28	753.56	759.78	687.86	628.22
Less: Amounts set aside to repay general debt	<u>3,537</u>	<u>3,865</u>	<u>3,732</u>	<u>3,979</u>	<u>3,943</u>	<u>3,793</u>	<u>3,712</u>	<u>3,706</u>	<u>3,621</u>	<u>3,558</u>
Total net debt applicable to debt limit	\$ 21,246	\$ 23,870	\$ 21,799	\$ 24,633	\$ 22,597	\$ 25,643	\$ 24,215	\$ 26,701	\$ 24,169	\$ 21,823
Legal debt limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legal debt margin as a percentage of the debt limit*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

\*\* Property value obtained from page 95 (Assessed and Estimated Actual Value of Property)

\*\*\*Per capita information calculated with information obtained on page 106 (Demographic and Economic Statistics).



CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)

AS OF JUNE 30, 2016

<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	\$ 25,381	100.0%	\$ 25,381
Overlapping:			
Williamson County	<u>513,899</u>	28.3%	<u>145,644</u>
Total	<u>\$ 539,280</u>		<u>\$ 171,024</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 June 30, 2016.

(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	
2007	\$ 15,333,635	\$ 7,824,784	\$ 7,508,851	\$ 895,000	\$ 327,361	\$ 1,222,361	6.14
2008	13,810,926	9,287,489	4,523,437	940,000	235,022	1,175,022	3.85
2009	14,298,653	9,283,068	5,015,585	980,000	304,130	1,284,130	3.91
2010	13,549,064	9,367,100	4,181,964	995,000	423,732	1,418,732	2.95
2011	15,386,840	9,967,900	5,418,940	1,030,000	732,818	1,762,818	3.07
2012	17,844,323	9,834,663	8,009,660	1,480,000	795,532	2,275,532	3.52
2013	16,625,776	11,119,462	5,506,314	1,300,000	840,405	2,140,405	2.57
2014	17,181,977	12,394,282	4,787,695	2,220,000	873,342	3,093,342	1.55
2015	17,313,610	11,977,861	5,335,749	1,640,000	844,340	2,484,340	2.15
2016	17,286,453	13,245,935	4,040,518	1,670,000	816,550	2,486,550	1.62

\*Includes nonoperating revenues (includes water and sewer tap fees).

\*\*Does not include depreciation and amortization.

CITY OF BRENTWOOD, TENNESSEE

DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)

LAST TEN CALENDAR YEARS

CALENDAR YEAR	POPULATION		PERSONAL INCOME (IN THOUSANDS OF DOLLARS) <sup>a</sup>	PER CAPITA PERSONAL INCOME <sup>a</sup>	MEDIAN AGE <sup>a</sup>	SCHOOL ENROLLMENT <sup>b</sup>	UNEMPLOYMENT RATE <sup>c</sup>
2007	35,262	<sup>1</sup>	\$ 1,938,705	\$ 54,980	43.3	9,512	3.4%
2008	35,262	<sup>1</sup>	1,938,705	54,980	43.3	10,422	5.0%
2009	35,262	<sup>1</sup>	2,046,959	58,050	43.7	10,136	7.1%
2010	35,262	<sup>1</sup>	2,279,265	64,638	44.0	10,896	6.1%
2011	37,060	<sup>2</sup>	2,327,553	62,805	44.0	11,292	6.7%
2012	37,060	<sup>2</sup>	2,380,030	64,221	44.0	11,155	5.9%
2013	37,060	<sup>2</sup>	2,380,030	64,221	40.3	11,078	6.2%
2014	40,021	<sup>3</sup>	2,280,357	56,979	43.3	11,312	5.7%
2015	40,401	<sup>4</sup>	2,384,629	59,024	43.6	11,703	4.9%
2016	40,401	<sup>4</sup>	2,373,357	58,745	41.0	11,811	4.2%

<sup>1</sup> Based on 2006 special census report

<sup>2</sup> Based on 2010 US Bureau of the Census report

<sup>3</sup> Based on 2014 US Bureau of the Census estimate

<sup>4</sup> Based on 2015 City Special Census Certified Report

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

<sup>b</sup> Source - Williamson County Public Schools and Private School with Brentwood Student Enrollment

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

## CITY OF BRENTWOOD, TENNESSEE

## PRINCIPAL EMPLOYERS (UNAUDITED)

## CURRENT YEAR AND NINE YEARS AGO

EMPLOYER	2016			2007		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Tractor Supply Company	906	1	4.44 %	425	5	2.57 %
HCA	883	2	4.33			
Comdata	783	3	3.84	864	1	5.23
Brookdale Senior Living	646	4	3.17			
DaVita (acquired Gambro Healthcare)	620	5	3.04	415	6	2.51
The Lampo Group (Dave Ramsey)	576	6	2.82			
AT&T	515	7	2.53	800	3	4.85
NaviHealth	470	8	2.30			
W Squared	450	9	2.21			
Lattimore Black Morgan & Cain	399	10	1.96	325	8	1.97
Community Health Systems				800	2	4.85
EDS				570	4	3.45
Mars Pet Care US				375	7	2.27
City of Brentwood	306		1.50	294	9	1.78
Gold Leaf Financial				170	10	1.03
Total	<u>6,554</u>		<u>32.14 %</u>	<u>5,038</u>		<u>30.51 %</u>
Total employment	<u>20,393</u> *			<u>16,510</u>		

\*Estimate

## CITY OF BRENTWOOD, TENNESSEE

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

## LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>GENERAL GOVT.</b>										
City Manager	2	2	2	2	2	2	2	2	2	2
Administration	3	3	3	3	3	3	3	3	3	4
Finance	8	7	7	7	7.5	7.5	7.5	7	7.5	7.5
Human Resources	1	3	3	3	3	3	3	3	3	3
Information Technology	4	4.5	4.5	4.5	4.5	5.5	4.5	4.5	4.5	4.5
Planning and Development	4	4	4	3	3	3	3	3	3	3
Codes	8	9.5	9.5	9.0	9.5	8.5	9	8.5	8.5	8.5
GIS	2	4	3.5	4.5	4.5	3	3	3	3	3
	32	37	36.5	36.0	37.0	35.5	35	34	34.5	35.5
<b>POLICE</b>										
Officers	62	58	58	55.0	55.0	56.0	54	56	58	59
Civilians	10	12	13	13.5	14.0	15.0	14	16.5	15.5	16
<b>FIRE</b>										
Firefighters & Officers	57	58	61	61	63	61	63	62	61	62
Civilians	1	1	1	1	1	1	1	1	1	1
<b>PUBLIC WORKS</b>										
Engineering	4	5	4	4	4	4	4	4	4	4
Public Works - Streets	19	22	22.5	22.5	22	22	22	23	23	25
<b>UTILITIES</b>										
Water	11	12	13	13	12	13	13	13	13	13
Wastewater	12	13	13	12	12	13	12	13	13	13
<b>PARKS &amp; RECREATION</b>	17	17	18	19	18	17	20	21	20	20
<b>LIBRARY</b>	26	26	26	28	26	28.5	29	26	29	29
<b>Total</b>	<b>251</b>	<b>261</b>	<b>266</b>	<b>265</b>	<b>264</b>	<b>266</b>	<b>267</b>	<b>270</b>	<b>272</b>	<b>278</b>

Source: City of Brentwood Personnel Department

## CITY OF BRENTWOOD, TENNESSEE

## OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)

## LAST TEN FISCAL YEARS

<u>FUNCTION/PROGRAM</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
Building permits issued	1,410	1,160	795	909	968	979	974	971	931	903
Building related inspections	14,035	14,299	12,320	8,908	9,778	10,318	10,639	10,095	9,927	9,035
Police										
Physical arrests	965	1,234	1,251	964	1,082	1,244	1,078	1,137	960	832
Parking violations	36	178	122	44	73	70	68	95	24	81
Traffic violations	11,002	11,068	8,805	6,632	5,963	6,282	5,875	5,019	3,906	3,512
Fire										
Emergency responses	2,467	2,441	2,455	2,473	2,622	2,742	2,721	2,961	3,018	3,291
Fires extinguished	112	78	86	67	102	92	81	79	67	82
Inspections (Commercial)	470	482	488	492	494	1,407	716	732	704	744
Public Works										
Street resurfacing (miles)	17.68	18.76	21.98	18.85	20.60	18.06	16.9	22.20	19.26	19.26
Potholes repaired	228	244	471	723	352	389	188	285	408	408
Library										
Volumes in collection	133,778	143,822	150,610	155,541	165,714	226,180	270,953	316,811	361,486	399,248
Total volumes borrowed	480,268	523,914	566,798	624,000	678,533	653,297	655,761	680,510	677,261	745,386
Water										
New connections	111	326	80	77	144	172	161	176	182	135
Water main breaks	13	27	11	15	15	12	13	12	7	12
Monthly average daily flow	153,305,000	162,000,000	159,000,000	142,754,333	147,709,000	153,415,000	150,165,000	156,000,000	170,300,000	192,900,000
Wastewater										
Average daily sewage treatment (thousands of gallons)	5,589	5,900	5,380	5,385	4,540	4,400	5,200	5,050	5,187	5,236

Source: Various City Departments

CITY OF BRENTWOOD, TENNESSEE

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	65	70	66	67	67	66	65	67	67	69
Fire Stations	4	4	4	4	4	4	4	4	4	4
Public Works										
Streets (miles)	417	422	424	456	459	461	466	469	479	479
Streetlights	3,249	3,289	3,354	3,401	3,422	3,439	3,491	3,513	3,614	3,614
Traffic signals	40	42	42	43	44	46	46	46	47	47
Parks and Recreation										
Acreage	580	580	580	610	862	862	966	966	966	966
Playgrounds	4	4	4	4	4	4	4	4	4	5
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	15	15	15	15	15	15	15	15	15	17
Water										
Water mains (miles) *	235	198	220	205	206	206	208	213	217	219
Fire hydrants	2,100	2,231	2,290	2,320	2,339	2,036	2,411	2,438	2,475	2,501
Storage capacity (thousand of gallons)	14,790	14,790	14,790	14,520	14,020	14,020	14,020	14,020	14,025	14,025
Wastewater										
Sanitary sewers (miles)	260	260	260	269	269	268	277	281	285	285

Source: Various City Departments

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

## COMPLIANCE SECTION



**City of Brentwood**



CITY OF BRENTWOOD, TENNESSEE

UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2016

	<b><u>Number of Customers</u></b>		
<b>Water</b>	<b>9,352</b>		
<b>Sewer</b>	<b>11,093</b>		
	<b><u>Rate Structure</u></b>		
<b>Water</b>			
<i>Residential, institutional, retail, and certain other commercial customers:</i>			
First 2,000 gallons	\$	11.62	(minimum bill)
Next 8,000 gallons		4.07	per 1,000 gallons
Thereafter		4.65	per 1,000 gallons
<i>Commercial office customers:</i>			
Gallons equivalent to total square footage of building space	\$	0.005814	(approx. per ft <sup>2</sup> )
Usage exceeding 1 gallon per square foot (up to 10,000 gallons)		4.07	per 1,000 gallons
Thereafter		4.65	per 1,000 gallons
Water Surcharge		0.84	per 1,000 gallons
<b>Sewer</b>			
<i>In City Limits:</i>			
Residential customers - First 2,000 gallons	\$	14.53	(minimum bill)
Next 8,000 gallons		5.09	per 1,000 gallons
Over 10,000 gallons		5.81	per 1,000 gallons
Commercial office, institutional and certain other commercial customers			
Minimum bill, per square foot of building	\$	0.009084	(approx. per ft <sup>2</sup> )
Up to 10,000 gallons total usage, per 1,000		6.36	per 1,000 gallons
Over 10,000 gallons, per 1,000 gallons		7.26	per 1,000 gallons
Commercial retail customers - Minimum bill, per unit or tenant space	\$	18.16	(minimum bill)
Up to 10,000 gallons total usage, per 1,000 gallons		6.36	per 1,000 gallons
Over 10,000 gallons, per 1,000 gallons		7.26	per 1,000 gallons
<i>Outside City Limits (Sewer Only customers):</i>			
Residential customers - First 2,000 gallons	\$	15.29	(minimum bill)
Next 8,000 gallons		5.35	per 1,000 gallons
Over 10,000 gallons		6.11	per 1,000 gallons
Commercial office, institutional and certain other commercial customers			
Minimum bill, per square foot of building	\$	0.009538	(approx. per ft <sup>2</sup> )
Up to 10,000 gallons total usage, per 1,000		6.69	per 1,000 gallons
Over 10,000 gallons, per 1,000 gallons		7.63	per 1,000 gallons
Commercial retail customers (sewer only); 105% institutional			
Minimum bill, per unit or tenant space	\$	19.08	(minimum bill)
Up to 10,000 gallons total usage, per 1,000 gallons		6.69	per 1,000 gallons
Over 10,000 gallons, per 1,000 gallons		7.63	per 1,000 gallons
Wastewater treatment surcharge for all Brentwood Sewer customers		0.94	per 1,000 gallons

**CITY OF BRENTWOOD, TENNESSEE**  
**AWWA WATER SCHEDULE - UNAUDITED**  
**JUNE 30, 2016**

AWWA Free Water Audit Software: Reporting Worksheet				WAS v5.0 American Water Works Association Copyright © 2014, All Rights Reserved.
<div style="display: flex; justify-content: space-between;"> <div> <span style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">? Click to access definition</span> <span style="border: 1px solid black; padding: 2px;">+ Click to add a comment</span> </div> <div> <b>Water Audit Report for:</b> <span style="border: 1px solid black; padding: 2px;">City of Brentwood FY2016 (0000069)</span>  <b>Reporting Year:</b> <span style="border: 1px solid black; padding: 2px;">2016</span> <span style="border: 1px solid black; padding: 2px;">7/2015 - 6/2016</span> </div> </div>				
Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades				
All volumes to be entered as: MILLION GALLONS (US) PER YEAR				
To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.				
<b>WATER SUPPLIED</b>  Volume from own sources: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">2,314.090</span> MG/Yr Water imported: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">9</span> <span style="border: 1px solid black; padding: 2px;">0.534</span> MG/Yr Water exported: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">10</span> <span style="border: 1px solid black; padding: 2px;"></span> MG/Yr  <b>WATER SUPPLIED:</b> <span style="border: 1px solid black; padding: 2px;">2,293.353</span> MG/Yr		<b>Master Meter and Supply Error Adjustments</b>  Pcnt: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">9</span> <span style="border: 1px solid black; padding: 2px;">20.203</span> MG/Yr Value: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">10</span> <span style="border: 1px solid black; padding: 2px;"></span> MG/Yr  Enter negative % or value for under-registration Enter positive % or value for over-registration		
<b>AUTHORIZED CONSUMPTION</b>  Billed metered: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">7</span> <span style="border: 1px solid black; padding: 2px;">1,430.790</span> MG/Yr Billed unmetered: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;">0.000</span> MG/Yr Unbilled metered: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;">0.000</span> MG/Yr Unbilled unmetered: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">5</span> <span style="border: 1px solid black; padding: 2px;">28.667</span> MG/Yr  Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed <b>AUTHORIZED CONSUMPTION:</b> <span style="border: 1px solid black; padding: 2px;">?</span> <span style="border: 1px solid black; padding: 2px;">1,459.457</span> MG/Yr		Click here: <span style="border: 1px solid black; padding: 2px;">?</span> for help using option buttons below  Pcnt: <span style="border: 1px solid black; padding: 2px;">1.25%</span> <span style="border: 1px solid black; padding: 2px;">?</span> <span style="border: 1px solid black; padding: 2px;">Value:</span> <span style="border: 1px solid black; padding: 2px;"></span> MG/Yr Use buttons to select percentage of water supplied OR value		
<b>WATER LOSSES (Water Supplied - Authorized Consumption)</b> <span style="border: 1px solid black; padding: 2px;">833.896</span> MG/Yr <b>Apparent Losses</b>  Unauthorized consumption: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">5.733</span> MG/Yr Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed Customer metering inaccuracies: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">7</span> <span style="border: 1px solid black; padding: 2px;">-2.533</span> MG/Yr Systematic data handling errors: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">5</span> <span style="border: 1px solid black; padding: 2px;">3.577</span> MG/Yr Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed <b>Apparent Losses:</b> <span style="border: 1px solid black; padding: 2px;">?</span> <span style="border: 1px solid black; padding: 2px;">6.777</span> MG/Yr		Pcnt: <span style="border: 1px solid black; padding: 2px;">0.25%</span> <span style="border: 1px solid black; padding: 2px;">?</span> <span style="border: 1px solid black; padding: 2px;">Value:</span> <span style="border: 1px solid black; padding: 2px;">-2.533</span> MG/Yr 0.25% <span style="border: 1px solid black; padding: 2px;">?</span> <span style="border: 1px solid black; padding: 2px;">C</span> <span style="border: 1px solid black; padding: 2px;">Value:</span> <span style="border: 1px solid black; padding: 2px;"></span> MG/Yr		
<b>Real Losses (Current Annual Real Losses or CARL)</b> Real Losses = Water Losses - Apparent Losses: <span style="border: 1px solid black; padding: 2px;">?</span> <span style="border: 1px solid black; padding: 2px;">827.119</span> MG/Yr <b>WATER LOSSES:</b> <span style="border: 1px solid black; padding: 2px;">833.896</span> MG/Yr				
<b>NON-REVENUE WATER</b> NON-REVENUE WATER: <span style="border: 1px solid black; padding: 2px;">?</span> <span style="border: 1px solid black; padding: 2px;">862.563</span> MG/Yr = Water Losses + Unbilled Metered + Unbilled Unmetered				
<b>SYSTEM DATA</b>  Length of mains: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">9</span> <span style="border: 1px solid black; padding: 2px;">219.4</span> miles Number of active AND inactive service connections: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">8</span> <span style="border: 1px solid black; padding: 2px;">9,839</span> Service connection density: <span style="border: 1px solid black; padding: 2px;">?</span> <span style="border: 1px solid black; padding: 2px;">45</span> conn./mile main  Are customer meters typically located at the curbside or property line? <span style="border: 1px solid black; padding: 2px;">Yes</span> (length of service line, beyond the property boundary, that is the responsibility of the utility) Average length of customer service line: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">7</span> <span style="border: 1px solid black; padding: 2px;">82.9</span> psi Average length of customer service line has been set to zero and a data grading score of 10 has been applied Average operating pressure: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">7</span> <span style="border: 1px solid black; padding: 2px;">82.9</span> psi				
<b>COST DATA</b>  Total annual cost of operating water system: <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">6</span> <span style="border: 1px solid black; padding: 2px;">\$9,718,811</span> \$/Year Customer retail unit cost (applied to Apparent Losses): <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">5</span> <span style="border: 1px solid black; padding: 2px;">\$4.84</span> \$/1000 gallons (US) Variable production cost (applied to Real Losses): <span style="border: 1px solid black; padding: 2px;">+ ?</span> <span style="border: 1px solid black; padding: 2px;">10</span> <span style="border: 1px solid black; padding: 2px;">\$2,571.14</span> \$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses				
<b>WATER AUDIT DATA VALIDITY SCORE:</b> <div style="border: 2px solid red; padding: 10px; text-align: center; color: red; font-weight: bold;">             *** YOUR SCORE IS: 75 out of 100 ***           </div> A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score				
<b>PRIORITY AREAS FOR ATTENTION:</b> Based on the information provided, audit accuracy can be improved by addressing the following components: <div style="border: 1px solid red; padding: 2px; margin-bottom: 2px;">1: Customer retail unit cost (applied to Apparent Losses)</div> <div style="border: 1px solid red; padding: 2px; margin-bottom: 2px;">2: Water imported</div> <div style="border: 1px solid red; padding: 2px;">3: Billed metered</div>				

CITY OF BRENTWOOD, TENNESSEE  
AWWA WATER SCHEDULE - CONTINUED - UNAUDITED  
JUNE 30, 2016

**AWWA Free Water Audit Software:**  
**System Attributes and Performance Indicators**

WAS v5.0  
 American Water Works Association.  
 Copyright © 2014, All Rights Reserved.

Water Audit Report for: City of Brentwood FY2016 (0000069)

Reporting Year: 2016 7/2015 - 6/2016

\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 75 out of 100 \*\*\*

**System Attributes:**

Apparent Losses:	6.777	MG/Yr
+ Real Losses:	827.119	MG/Yr
= Water Losses:	833.896	MG/Yr
<div style="display: flex; align-items: center;"> <span style="background-color: #cccccc; padding: 2px 5px; margin-right: 5px;">?</span>             Unavoidable Annual Real Losses (UARL):             <span style="margin-left: 10px; text-align: right;">80.55 MG/Yr</span> </div>		
Annual cost of Apparent Losses:		\$32,780
Annual cost of Real Losses:		\$2,126,640
		Valued at Variable Production Cost <a href="#">Return to Reporting Worksheet to change this assumption</a>

**Performance Indicators:**

Financial:	{	Non-revenue water as percent by volume of Water Supplied: <span style="float: right; text-align: right;">37.6%</span>	
		Non-revenue water as percent by cost of operating system: <span style="float: right; text-align: right;">23.0%</span>	Real Losses valued at Variable Production Cost
Operational Efficiency:	{	Apparent Losses per service connection per day: <span style="float: right; text-align: right;">1.89 gallons/connection/day</span>	
		Real Losses per service connection per day: <span style="float: right; text-align: right;">230.32 gallons/connection/day</span>	
		Real Losses per length of main per day*: <span style="float: right; text-align: right;">N/A</span>	
		Real Losses per service connection per day per psi pressure: <span style="float: right; text-align: right;">2.78 gallons/connection/day/psi</span>	
		From Above, Real Losses = Current Annual Real Losses (CARL): <span style="float: right; text-align: right;">827.12 million gallons/year</span>	
		<div style="display: flex; align-items: center;"> <span style="background-color: #cccccc; padding: 2px 5px; margin-right: 5px;">?</span>                     Infrastructure Leakage Index (ILI) [CARL/UARL]:                     <span style="margin-left: 10px; text-align: right;">10.27</span> </div>	

\* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

CITY OF BRENTWOOD  
LIST OF PRINCIPAL OFFICIALS AND BONDED AMOUNTS - (UNAUDITED)  
JUNE 30, 2016

Elected:

Mayor	Regina R. Smithson	\$500,000
Vice Mayor	Jill Burgin	\$500,000
Commissioner	Betsy Crossley	\$500,000
Commissioner	Anne Dunn	\$500,000
Commissioner	Mark Gorman	\$500,000
Commissioner	Rhea E. Little, III	\$500,000
Commissioner	Ken Travis	\$500,000

Appointed:

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Brentwood, Tennessee (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2016.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Crosslin, PLLC*

Nashville, Tennessee  
December 23, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for the Major Federal Program**

We have audited the City of Brentwood, Tennessee's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2016. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on the Major Federal Program***

In our opinion, the City of Brentwood, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.





## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Crosslin, PLLC*

Nashville, Tennessee  
December 23, 2016



CITY OF BRENTWOOD, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016

**SECTION I - Summary of Independent Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no  
Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no  
Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major program Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200.516(a)? ☐ yes ☒ no

Identification of major programs for the City of Brentwood for the fiscal year ended June 30, 2016 are:

CFDA Number

Name of Federal Program

20.205

Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

CITY OF BRENTWOOD, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued  
YEAR ENDED JUNE 30, 2016

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None Reported.

**SECTION III - FEDERAL AUDIT FINDINGS AND QUESTIONED COSTS**

None Reported.

**SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS**

There were no prior year audit findings for the City of Brentwood, Tennessee.