

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

PREPARED BY:

DEPARTMENT OF FINANCE
CARSON K. SWINFORD, DIRECTOR OF FINANCE

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i - x
GFOA Certificate of Achievement.....	xi
Organization Chart.....	xii
List of Principal Officials.....	xiii
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 18
<u>BASIC FINANCIAL STATEMENTS:</u>	
Government-Wide Financial Statements:	
Statement of Net Assets.....	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet - Governmental Funds	21
Reconciliation of Balance Sheet to Statement of Net Assets of Governmental Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	25 - 29

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
FINANCIAL SECTION (CONTINUED)	
<u>BASIC FINANCIAL STATEMENTS (CONTINUED):</u>	
Statement of Net Assets - Proprietary Funds	30
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds.....	31
Statement of Cash Flows - Proprietary Funds.....	32
Statement of Fiduciary and Plan Net Assets - Fiduciary Funds	33
Statement of Changes in Fiduciary and Plan Net Assets - Fiduciary Funds	34
Notes to Financial Statements	35 - 60
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Funding Progress - Political Subdivision Pension Plan (unaudited)	61
Schedule of Funding Progress and Schedule of Employer Contributions - Other Post Employment Benefits (unaudited).....	62
 COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Description of Nonmajor Governmental Funds	63
Combining Balance Sheet - Nonmajor Governmental Funds	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	65
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Special Revenue Funds	66 - 69
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	70

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008
TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
FINANCIAL SCHEDULE SECTION	
Capital Assets Used in the Operation of the Governmental Funds:	
Schedule by Function and Activity	71
Schedule of Changes by Function and Activity	72
Schedule of Cash and Cash Equivalents - All Funds	73
Schedule of Changes in Property Taxes Receivable - General Fund	74
Schedule of Debt Service Requirements - General Obligation Bonds	75
Schedule of Debt Service Requirements - Business-type Activities Debt Obligations	76
Schedule of Utility Rate Structure, Number of Customers and Unaccounted for Water	77
Schedule of Expenditures of Federal and State Awards	78
 STATISTICAL SECTION (not covered by Independent Auditor's Report)	
<u>Financial Trends</u>	
Net Assets By Component (unaudited)	79
Changes in Net Assets, Last Two Fiscal Years (unaudited)	80 - 81
Fund Balances, Governmental Funds (unaudited)	82
General Governmental Revenues (By Source) and Other Financing Sources (unaudited)	83 - 84
 <u>Revenue Capacity</u>	
Assessed and Estimated Actual Value of Property (unaudited)	85
Direct and Overlapping Property Tax Rates (unaudited)	86
Principal Property Tax Payers (unaudited)	87
Property Tax Levies and Collections (unaudited)	88
Taxable Sales By Category (unaudited)	89
Direct and Overlapping Sales Tax Rates (unaudited)	90
Principal Sales Tax Remitters (unaudited)	91

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008
TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
STATISTICAL SECTION (CONTINUED) (not covered by Independent Auditor's Report)	
<u>Debt Capacity</u>	
Ratios of Outstanding Debt by Type (unaudited)	92
Ratios of General Bonded Debt Outstanding and Legal Debt Margin (unaudited)	93
Direct and Overlapping Governmental Activities Debt (unaudited)	94
Pledged Revenue Coverage (unaudited)	95
<u>Demographic and Economic Information</u>	
Demographic and Economic Statistics (unaudited)	96
Principal Employers (unaudited)	97
<u>Operating Information</u>	
Full-Time Equivalent City Government Employees By Function/Program (unaudited)	98
Operating Indicators By Function Program (unaudited)	99
Capital Asset Statistics By Function Program (unaudited)	100
 OTHER REPORT SECTION:	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	
	101 - 102

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INTRODUCTORY SECTION

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



COMMISSIONERS
BETSY S. CROSSLEY
ANNE DUNN
G. ALEX NOBLE, JR.
REGINA R. SMITHSON
BRIAN J. SWEENEY

City of Brentwood

December 30, 2008

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, 2008 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, 2008.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by KraftCPAs PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Brentwood for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Brentwood's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City was not required to undergo a single audit for the year ended June 30, 2008 as prescribed by the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*.

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

Profile of the Government

The City of Brentwood is located in middle Tennessee in the northern part of Williamson County, adjacent to the southern border of Metropolitan Nashville-Davidson County. Since the mid-1990's, Middle Tennessee and specifically Williamson County has been the top growth area of the state, and one of the top growth areas in the country. The City of Brentwood currently occupies a land area of 41.3 square miles and has a certified resident population of 35,262. The City of Brentwood is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation into the officially designated urban growth area, when deemed appropriate from a long term planning perspective.

The City was incorporated on May 13, 1969 pursuant to the uniform City Manager- Commission Charter, Title 6, Chapter 18, *Tennessee Code Annotated* as supplemented and amended. The governing body of the City is the Board of Commissioners which 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 and fire protection), street maintenance, parks, library, public improvements, planning and zoning and general administrative services. The City also provides water distribution and sewer collection services through the Water and Sewer Fund, a business-type activities fund that has been included as an integral part of the City of Brentwood's financial statements. Electric power is provided by the Nashville Electric Service (NES) and the Middle Tennessee Electric Cooperative. The Piedmont Natural Gas and Atmos Energy Corporation provide natural gas service in the City.

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

review, refinement and approval. After initial review of the draft capital program budget with the City Commission in late March, the program is finalized and submitted to the City Commission for formal consideration beginning in May. The program, as may be modified by the City Commission during the formal review, is adopted by resolution in June.

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

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

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

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

Amendments may be made to the original appropriations ordinance at any time during a current fiscal year. Except for emergency expenditures, however, increased appropriations may be made only after the city 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 debt service fund comparison is on page 70.

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. While the local economy is starting to feel the effects of the slowdown in the national economy, Brentwood and the Nashville/Middle Tennessee area are in a stronger position than most other communities and regions across the USA in facing the downturn. The City of Brentwood and Williamson County benefit from the highest per capita income and the lowest unemployment rates in the State of Tennessee and United States. Williamson County is the 12th wealthiest county in the United States based on average wages and salaries. The most recently available statistics for June 2008 indicates a 4.8 percent unemployment rate in the county compared to a statewide rate of 6.8 percent and national jobless rate of 5.7 percent. A survey by *American Demographics* magazine ranked Williamson County 10th on a national list of the twenty fastest growing, most educated and affluent American counties.

The City's official population has steadily increased from 4,099 in 1970; to 9,433 in 1980, to 16,392 in 1990, to 23,445 in 2000, and to 35,262 in the most recent special census conducted in 2006. The census figures reflect a strong but manageable rate of growth (roughly 4% annually) from 1970 to 2007. During this period, about 1,500 new residents moved into the City annually.

The strength of the Brentwood economy is reflected in the growth in the tax base. The total valuation for new building permits issued during the 2007-2008 fiscal year was \$145,534,176 with 1,160 permits being issued. In fiscal year 2008, Brentwood had a total assessed value of taxable property of \$1,937,961,676 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 5.1 million square feet of rentable office space. Over 20,000 people are employed in the office complexes in Brentwood. A 2nd quarter 2008 market survey revealed a vacancy rate of 8.0% in the Brentwood area, an increase of 1.8% from last year's vacancy rate of 6.2%. This vacancy rate is very favorable with overall rates in the Nashville office market and similar sized metropolitan areas in the Southeastern 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. Tractor Supply (retail), Comdata (financial services), AT&T and Aspect Communications (communications), Renal Advantage Inc. and American HomePatient (healthcare management) are examples of companies who have chosen to locate their national or regional offices in Brentwood.

In mid-November 2005, Nissan USA announced that it was relocating its North American headquarters from the Los Angeles area to a new office building in the I-65-Cool Springs area, just south of the City of Brentwood. In late July 2008, a 450,000 square foot headquarters

building was officially occupied by more than 1,200 executive level and support personnel. As a result of this major corporate relocation, numerous other businesses and new jobs are expected in Brentwood, Franklin and Williamson County in the years ahead.

The Cool Springs Galleria is located adjacent to the City's southern limits with Brentwood's City limits surrounding mall on three sides. Since its opening in 1991, the mall facilitated other retail development to the point that the Cool Springs area now has the largest concentration of retail development in the State of Tennessee. This includes significant retail development inside the adjacent Brentwood area and subsequent growth in local sales tax collections. Additional retail development has also occurred in the northern commercial area of the City to serve the office and resident population. The growth in local sales tax collections 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 seventeen years.

The Brentwood/Williamson County community is firmly committed to providing a quality public education system second to none in the United States. In 1999, the *Wall Street Journal* ranked the Williamson County Schools fifth in the nation for students receiving the best education for the lowest cost. Local students are routinely admitted to the highest ranked colleges and universities across the nation. Roughly 95% of Brentwood and Ravenwood High Schools seniors going on to institutions of higher learning after graduation. Recently, Brentwood High School placed 227 among Newsweek magazines top 1,000 list, based on the number of students taking the Advanced Placement exam. Finally, Williamson County provides first class facilities and has been very responsive in meeting the growth in student enrollment by constructing new schools as needed.

MAJOR ACCOMPLISHMENTS - For the Year. The significant projects, events and accomplishments during the City's 2007-2008 fiscal year included the following:

- The City of Brentwood's financial position remains strong with an Aaa bond rating from Moody's Investors Services in December 2007. The City has maintained the highest possible bond rating since January 2000. We are fortunate that both Williamson County and the adjoining City of Franklin also have Aaa bond ratings, reflecting an overall strong local economy and tax base.
- 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 2007-2008 fiscal year.
- The City Commission responsibly addressed the infrastructure demands of a growing community through formulation, update, adoption and implementation of the City's six-year capital improvements program for FY 2008-2013, including a financing and debt management plan. In December 2007, \$4,935,000 in 20 year, fixed rate bonds were issued at a true interest cost of 3.91%. Because of our strong financial position, the City was also able to make a special operating transfer of \$1.2 million from the General Fund to the Capital Projects Fund due to excess revenue collections in the current year over original budget estimates. The transfer was possible due to the lack of need to increase further the amount in the unreserved fund balance

that currently exceeds the minimum 40% (of the annual General Fund budget) as targeted in the fiscal policies of the City. Such transfers also reduce the amount of long-term debt that would otherwise be needed to fund capital needs.

- The City of Brentwood property tax rate that was approved in June 2008 for the new fiscal year beginning July 1, 2008 – June 30, 2009 will be \$.49 per \$100 of assessed value, which represents the same effective tax rate for the eighteenth 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 \$420,000 being \$515 annually.
- Well in advance of the fiscal year 2008-2009 requirement from the Governmental Accounting Standards Board (GASB 45) to expense post employment benefit obligations for retiree health and life insurance coverage, the City undertook an actuarial study in fiscal year 2004-2005 to determine the future financial obligations to the City. In a fiscally responsible manner, the Board of Commissioners moved immediately rather than delaying three years to begin appropriating funds annually in the fiscal year 2005-2006 to meet this commitment. Also during fiscal year 2005-2006, the City Commission modified the City's post employment benefit program to reduce the City's future financial obligations for eligible employees hired after July 1, 2005. The City worked with the State of Tennessee to provide a legal mechanism for establishment of an irrevocable trust to ensure a financially sound program according to GASB standards. Establishment of this trust was completed in fiscal year 2007-2008 with associated prior and current funding officially transferred to this trust to cover the cost of retiree health obligations, which will increase significantly beginning in the year 2016.
- Brentwood is 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) from a growing population and service area. The result is that the number of full-time employees per 1,000 residents for the adopted fiscal year 2008-2009 budget will be 6.69 versus 8.54 in fiscal year 1990-1991 or 21.7% 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 67 additional full-time employees (310 rather than 241) with an additional cost to the General Fund of \$4.6 million annually. Funding would have required a 53% increase in the City property taxes, a corresponding \$5.27 million cut in current General Fund services or a combination of tax increases and service reductions.
- In December 2007, the City entered into an agreed order with the Tennessee Department of Environment and Conservation and the Metropolitan Government of Nashville and Davidson County to undertake over the next six years a comprehensive assessment of City owned and mutually used sewer lines and other facilities to identify locations for repair and upgrades. Certain sewer trunk lines built prior to 1985 were poorly constructed using substandard materials (compared to today's pipe materials) and located within and/or close to streams. This allowed for storm water infiltration during significant rainfall events and subsequent discharges and line overflows into those streams. This multi-year program was initiated in Fiscal Year 2007-2008 with an initial investment of \$10 million to identify and rehabilitate

existing trunk line sections with major infiltration problems, primarily through slip line technology. The City expects to spend as much as \$30 million over the next six years with funding provided through a 25% increase in sewer rates and increases in sewer tap fees that were authorized in April 2008. While costly, the agreed order will serve our long term interests by creating a more reliable collection system to serve the community for the next 30 years. Such improvements will also lower potential wastewater treatment expenses by reducing the amount of metered storm water that must be treated by Metro Nashville at their wastewater treatment facilities on the Cumberland River.

- The City continued to make investments in upgrading substandard roads and extending the bikeway network to facilitate safer traffic movement and to provide alternative transportation systems. The projects underway include right-of-way acquisition for improvements to Concord Road (from Edmondson Pike to Sunset Road); construction of improvements to Split Log Road (from Wilson Pike to Ragsdale Road); and initial design for improvements to Edmondson Pike (from Smithson Lane to the Davidson County line) and Franklin Road (from Concord Road to Moores Lane).

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

- ***Local Housing Market.*** Brentwood continues to be one of the most desirable communities in which to live in the Nashville/Middle Tennessee area. However, consistent with national trends, there has been a dramatic slowdown in new housing starts. In calendar year 2007, the City had 283 new housing starts compared to a record high of 635 in 2004. Housing starts in calendar year 2008 are expected to decline to about 110 units annually based on permits issued in the first six months of the year. With concerns nationally about the excess in housing inventory, less favorable credit markets, etc., Brentwood is fortunate that the number of new housing starts began to decline in 2005 to become more in line with market demand. By avoiding an overbuilding of new housing stock, the Brentwood real estate market has remained relatively stable compared to other fast growing areas in the United States. There has been no significant change in the median and average value of homes compared to sales of existing homes a year ago. Median real estate values today are still 18% higher than for sales in calendar year 2005. While no one can predict accurately the future value of homes and credit market trends with the uncertain national economy, new housing starts are not expected to return to the historic average of 250-300 units annually for several years. Fortunately, the City of Brentwood is not reliant on the collection of fees associated with new development to fund basic operations. In addition, the assessed values of existing property on the tax roll as determined by the Williamson County Property Assessor every four years are traditionally lower than actual market value; accordingly, the City will not be facing the challenge of a declining value in the tax base that communities in other states are facing and will be facing in the next year.
- ***Local Revenue Growth Trends.*** The City of Brentwood ended fiscal year 2007-2008 in excellent financial condition. General Fund revenue growth greatly exceeded amended budget estimates by \$3,547,580 while expenditures were under the revised appropriation by \$1,007,157. The unreserved fund balance increased from the previous fiscal year by \$4,562,937 (from \$18,511,792 to \$23,074,729). In light of the economic uncertainty at the

national level, the City was very conservative in revenue estimates for the new fiscal year 2008-2009. Accordingly, the City expects to balance the new budget by year-end but without the exceptional level of surplus achieved in the current year. In addition, the staff does not anticipate the need to undertake mid-year service reductions or expenditure deferrals to achieve a balanced budget. Looking ahead to fiscal year 2009-2010 and assuming a continual downturn in the economy, the anticipated decline in the growth of property tax from fewer housing starts and slower growth in local sales tax collections will present greater challenges in addressing potential cost increases and balancing the operating budget. However, the staff is confident that the fiscal year 2009-2010 budget will be balanced without a property tax increase and done in a manner that does not sacrifice service delivery or the quality of life in Brentwood.

- ***Metro Nashville Lawsuit/Wastewater Treatment Rates.*** The City of Brentwood, along with two other wholesale customers, have been sued by Metro Nashville, alleging the three cities owe for past due billings for sewage treatment charges, as well as capital cost allocations alleged to have been incurred by Metro on the three cities' behalf. The complaint against Brentwood alleges that the City owed \$1,049,505, as of the time the lawsuit was filed, for accumulated unpaid billings since the 2006 rate increase, along with \$2,578,178 in capital costs for improvements to Metro's sewer system which it alleges are chargeable to Brentwood. The City and the other cities are strongly contesting the merits of the lawsuit. Concurrently, Brentwood has come together with the nine other wholesale customers to form a unified association to respond to Metro Nashville Water/Sewer Services effort to unilaterally force a significantly higher rate adjustment for trunk and treatment services. With the change in administration in Nashville, the City is optimistic that the current lawsuit and rate increases can be successfully resolved through mediation in fiscal year 2008-2009 so that the wholesale customers pay only their fair share of truck and treatment cost and no more. Should there be a significant increase in wholesale customer trunk and treatment rates, the City will be able to pass on the additional cost to our residential customers through a surcharge to the base sewer bill as authorized in April 2008.

Debt Administration.

The City's total outstanding bonded debt of \$34,978,768 is rated Aaa by Moody's Investors Service, the highest rating possible. The rating confirms the City's commitment to sound financial management and the City's strong and diverse economic base.

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

Risk management. The City's risk management program includes various risk control techniques, including employee accident prevention training. The City maintains insurance coverage through the Tennessee Municipal League Risk Management Pool, and meets the Pool's guidelines and complies with its rules and regulations. Additional information on the City of

Brentwood's risk management activity can be found in Note 8 of the notes to the financial statements.

Pension and other postemployment benefits. The City participates in the Tennessee Consolidated Retirement System (TCRS). The plan is non-contributory, meaning the employees do not make direct contributions to the plan. The City makes contributions to the TCRS on the employee's behalf. Employees become vested after five (5) years of full-time employment and shall be eligible for benefits upon retirement, based on their age, their number of years of employment, and the average of the member's five (5) highest consecutive years of salary. The City of Brentwood also provides postretirement health care and life insurance benefits for certain retirees who meet the City's eligibility requirements. For detailed information on the City's pension and postemployment benefits, please refer to notes 11-12 of the financial statements.

Awards and Acknowledgements

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brentwood for its comprehensive annual financial report for the year ended June 30, 2007. This was the twenty-second consecutive year (fiscal years ended 1986-2007) 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, 2007. This represents the fifteenth consecutive year the City has met or exceeded the program's requirements. This award represents the highest recognition possible in governmental budgeting.

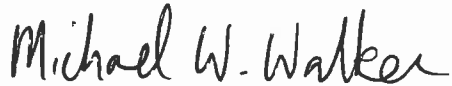
The award program critiques the budget document on its proficiency as a policy document, a financial plan, an operations guide and as a communications device. The award is valid for a period of one year. Management will continue to improve the City's budget based on comments and suggestions from the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

Acknowledgments. The efforts of the members of the Finance Department office staff and the cooperation of each of the City's departments were essential in the preparation of this report.

Specific appreciation is expressed to City Treasurer Karen Harper on her preparation and thoroughness throughout the audit process.

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

Respectfully submitted,

Handwritten signature of Michael W. Walker in black ink.

Michael W. Walker
City Manager

Handwritten signature of Carson K. Swinford in black ink.

Carson K. Swinford
Finance Director

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Brentwood
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Oliver S. Cox

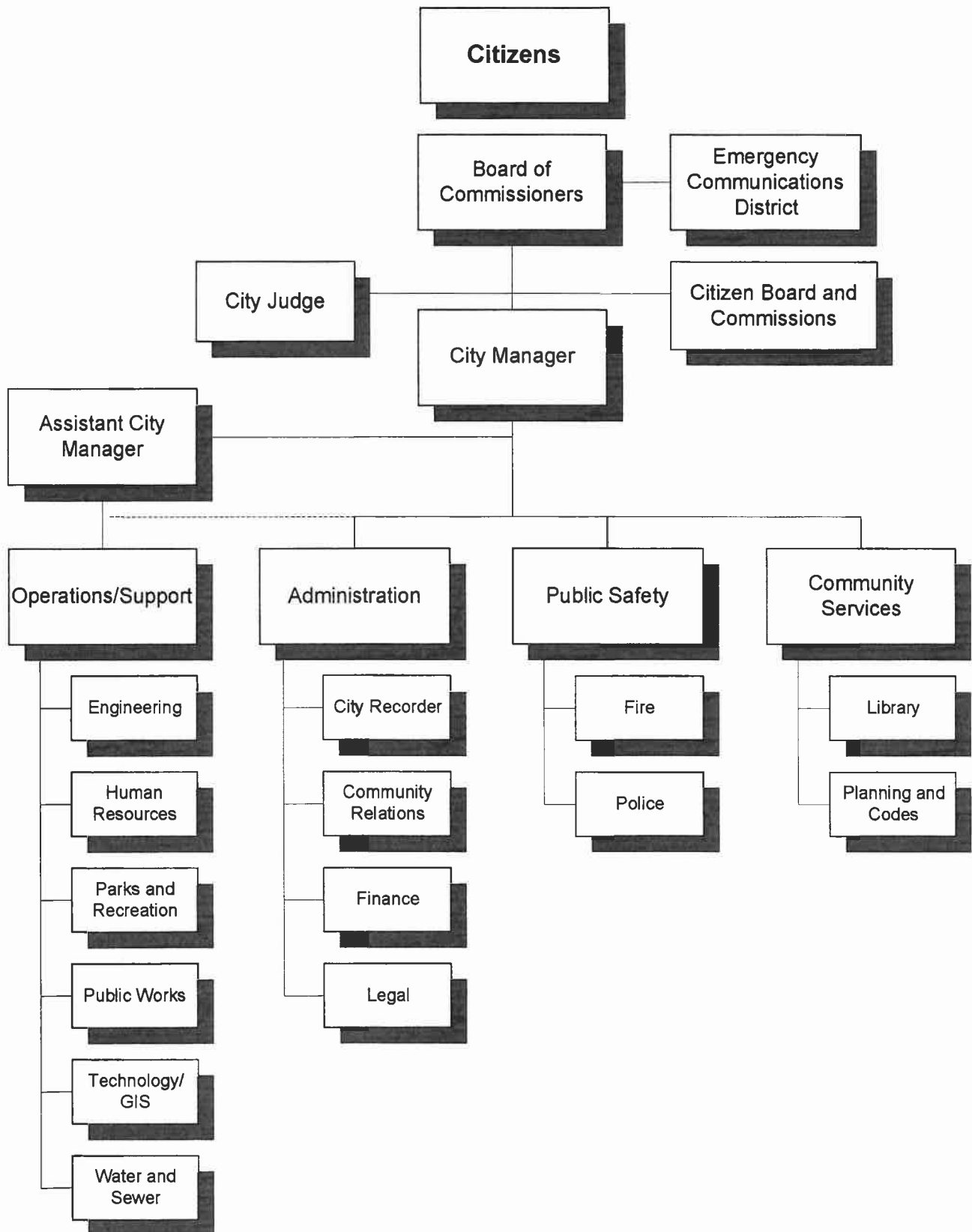
President

Jeffrey R. Emswiler

Executive Director

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City of Brentwood Organization Chart



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**CITY OF BRENTWOOD
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2008**

Elected:

Mayor	Joe Reagan
Vice Mayor	Paul L. Webb
Commissioner	Betsy S. Crossley
Commissioner	Anne Dunn
Commissioner	G. Alex Noble, Jr.
Commissioner	Regina R. Smithson
Commissioner	Brian J. Sweeney

Appointed:

City Manager	Michael W. Walker
Assistant City Manager	Kirk E. Bednar
City Attorney	Roger A. Horner
City Recorder	Deborah Hedgepath
Finance Director	Carson K. Swinford
City Treasurer	Karen W. Harper
Human Resource Director	Michael Worsham
Police Chief	Ricky V. Watson
Fire Chief	Kenneth V. Lane
Planning and Codes Director	Joseph P. Lassus
Public Works Director	Jeff Donegan
Engineering Director	Mike Harris
Water and Sewer Director	Chris Milton
Library Director	Charles A. Sherrill
Community Relations Director	Linda Lynch
Parks and Recreation Director	David M. Bunt
Technology Director	John I. Allman, IV
City Judge	Thomas Schlater

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, Tennessee (the "City"), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the Table of Contents, pages 19 through 60 inclusive. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, Tennessee, as of June 30, 2008, and the respective changes in financial position, cash flows and major fund budget to actual comparisons, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Management's Discussion and Analysis on pages 3 through 18, the Schedule of Funding Progress - Political Subdivision Pension Plan on page 61 and the Schedule of Funding Progress and Schedule of Employer Contributions - Other Post Employment Benefits on page 62 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brentwood's basic financial statements. The accompanying financial information listed in the introductory information on pages i through xiii, combining and individual nonmajor fund statements on pages 64 through 70, the financial schedules on pages 71 through 78, and statistical sections on pages 79 through 100 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kraft CPAs PLLC

Nashville, Tennessee
December 30, 2008

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Management's Discussion and Analysis

As management of the City of Brentwood, Tennessee (the "City" or the "City of Brentwood"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

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

Financial Highlights

- The assets of the City of Brentwood exceeded its liabilities at the close of the most recent fiscal year by \$247,290,489 (net assets). Please note this includes a restated increase in the beginning net assets of \$1,688,006 for the net other post employment benefits assets (see Note 11). Of this amount, \$54,475,336 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$15,206,721 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 \$49,382,282, an increase of \$9,911,969 in comparison with the prior year. Approximately 47% of this total amount, \$23,074,729, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$23,074,729, or 77% of FY 2009 budgeted operating general fund expenditures. This demonstrates the City's fiscal discipline and places the City in a strong financial position to meet unexpected emergencies, uncertainties at the State level or a general slowdown in the economy.
- The City of Brentwood's total debt increased by \$1,704,309 during the current fiscal year. The key factor in this increase was the net effect of bond proceeds from a General Obligation issuance (\$4.9M) and the payment of principal amounts for existing General Obligation debt (\$1.8M) and Water & Sewer debt (\$1.1M).

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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 - 29 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 30 - 32 of this report.

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

The basic fiduciary fund financial statements can be found on pages 33 - 34 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 35 - 60 of this report.

Other information. Include 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 61 - 62. The combining statements referred to earlier in connection with the debt service and nonmajor governmental funds are presented immediately following the required supplementary information on pensions and other post employment benefits. Combining and individual fund statements can be found on pages 63 - 70 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Brentwood, assets exceeded liabilities by \$247,290,489 as of June 30, 2008.

City of Brentwood, Tennessee
Net Assets - Primary Government
June 30, 2008 and 2007
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and Other Assets	\$ 64,093	\$ 55,037	\$ 11,867	\$ 12,828	\$ 75,960	\$ 67,865
Capital Assets	167,655	161,372	56,598	53,690	224,253	215,062
Total Assets	231,748	216,409	68,465	66,518	300,213	282,927
Long-term Liabilities Outstanding	30,493	27,137	6,501	7,653	36,994	34,790
Other Liabilities	13,366	14,135	2,562	1,918	15,928	16,053
Total Liabilities	43,859	41,272	9,063	9,571	52,922	50,843
Net Assets:						
Invested in Capital Assets, net of related debt	139,217	135,813	50,098	46,037	189,315	181,850
Restricted	3,231	2,926	270	270	3,501	3,196
Unrestricted	45,441	36,398	9,034	10,640	54,475	47,038
Total Net Assets	\$ 187,889	\$ 175,137	\$ 59,402	\$ 56,947	\$ 247,291	\$ 232,084

By far the largest portion of the City of Brentwood's net assets (77%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Brentwood uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Brentwood's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets represents resources that are subject to restrictions as to how they may be used. These include net assets restricted for capital projects (\$424,521), roads and streets (\$589,004), community development projects (\$303,269), facilities maintenance projects (\$176,603), other post employment benefits (\$1,688,006) and other purposes (\$49,439).

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

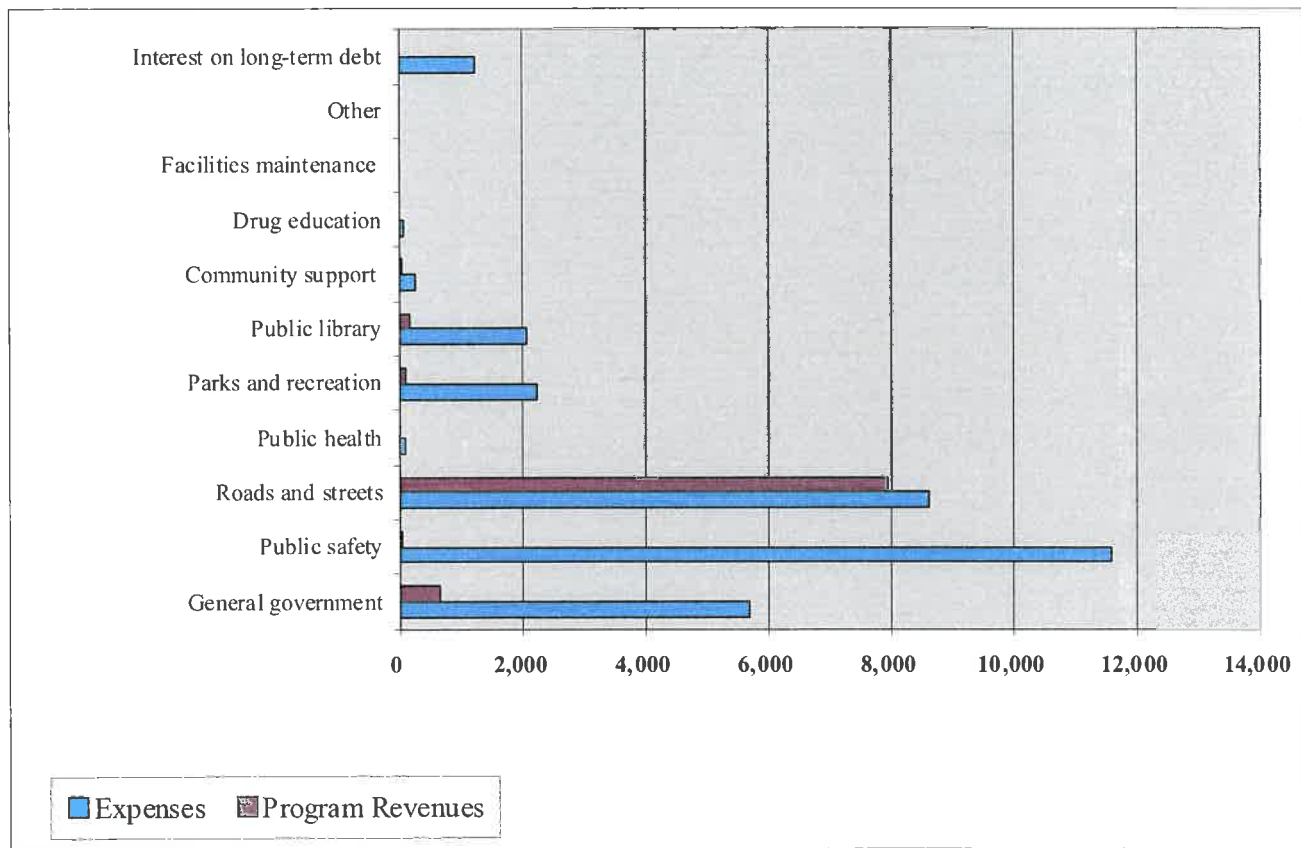
Governmental activities. Governmental activities increased the City of Brentwood's net assets by \$12,751,545, accounting for 84% of the total growth in the net assets of the City of Brentwood. Key elements of this increase are as follows:

The City's Changes in Net Assets
For the year ended June 30, 2008 and 2007
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Charges for services	\$ 920	\$ 752	\$ 14,555	\$ 16,002	\$ 15,475	\$ 16,754
Operating grants and contributions	1,026	915	-	-	1,026	915
Capital grants and contributions	6,910	17,295	-	-	6,910	17,295
General revenues:						
Property taxes	9,948	9,306	-	-	9,948	9,306
Local option sales tax	10,898	10,510	-	-	10,898	10,510
Other business taxes	4,025	3,771	-	-	4,025	3,771
Licenses and permits	1,146	1,680	-	-	1,146	1,680
State sales tax, income tax, other taxes and contributions not restricted to specific programs	6,745	5,501	-	-	6,745	5,501
Unrestricted investment earnings	1,883	2,129	452	511	2,335	2,640
Miscellaneous	1,548	513	-	-	1,548	513
Total Revenues	45,049	52,372	15,007	16,513	60,056	68,885
Expenses:						
General government	5,671	5,264	-	-	5,671	5,264
Public safety	11,582	10,355	-	-	11,582	10,355
Roads and streets	8,608	7,999	-	-	8,608	7,999
Public health	81	76	-	-	81	76
Parks and recreation	2,214	2,113	-	-	2,214	2,113
Public library	2,060	1,918	-	-	2,060	1,918
Community support	260	264	-	-	260	264
Drug education	64	58	-	-	64	58
Facilities maintenance projects	132	-	-	-	132	-
Interest on long-term debt	1,230	1,142	-	-	1,230	1,142
Contribution to Post Employment Benefits Fund	-	620	-	60	-	680
Water and Sewer	-	-	11,551	10,105	11,551	10,105
Rental facilities	-	-	507	476	507	476
Emergency Communications	-	-	889	842	889	842
Total expenses	31,902	29,809	12,947	11,483	44,849	41,292
Increase in net assets before transfers	13,147	22,563	2,060	5,030	15,207	27,593
Transfers	(395)	(332)	395	332	-	-
Increase in net assets	12,752	22,231	2,455	5,362	15,207	27,593
Net assets - beginning	175,137	152,906	56,947	51,585	232,084	204,491
Net assets - ending	\$187,889	\$175,137	\$ 59,402	\$ 56,947	\$247,291	\$232,084

- Property taxes of \$9,948,350 were received in FY 2008, an increase of \$642,507 (7%) over the previous year, a result of the increase in the property tax base.
- Local sales taxes of \$10,897,522 were collected in FY 2008, an increase of \$387,444 (4%) over the previous year due to growth in new taxable sales over FY 2007
- Other business taxes of \$4,025,144 were collected in FY 2008, an increase of \$254,243 (7%) over FY 2007. This increase was primarily due to: (1) Business tax collections of \$1,406,195 an increase of \$71,532 (5%) over FY 2007 collections, due to a healthy local economy, (2) Hotel/Motel tax collections of \$1,178,083, an increase of \$100,357 (9%) over prior year collections, due to increased room occupancy, and (3) Wholesale Liquor tax collections of \$449,333, an increase of \$40,559 (10%) over prior year collections.
- Intergovernmental Revenues of \$6,744,510 were received in FY 2008, an increase of \$1,243,817 (23%) over FY 2007 collections, due mainly to: (1) State Income Tax of \$3,097,330, an increase of \$722,128 (30%) over prior year collections, a result of increased investment market returns, (2) State Sales Tax of \$2,526,559, an increase of \$284,817 (13%) over FY 2007 collections and (3) TVA Pilot Tax of \$327,355, an increase of \$73,283 (29%) over the previous year. Items 2 and 3 were primarily due to a special census effective in July 2007, resulting in an increase in Brentwood's population to 35,262, therefore increasing the City's share of State-Shared revenues.
- Private Source Revenues of \$1,460,561 were received in the Capital Projects Fund in FY 2008, an increase of \$1,056,431 over FY 2007.
- Donated capital assets from developers and State amounted to \$6,909,990 primarily from the valuation of streets accepted by the City of Brentwood in fiscal year 2008.

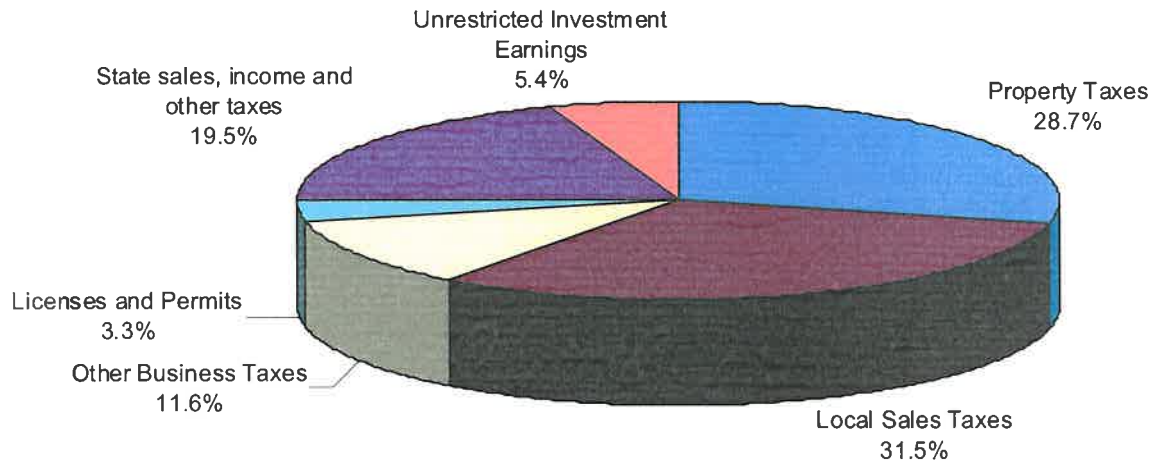
Expenses and Program Revenues – Governmental Activities



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

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Revenue by Source – Governmental Activities

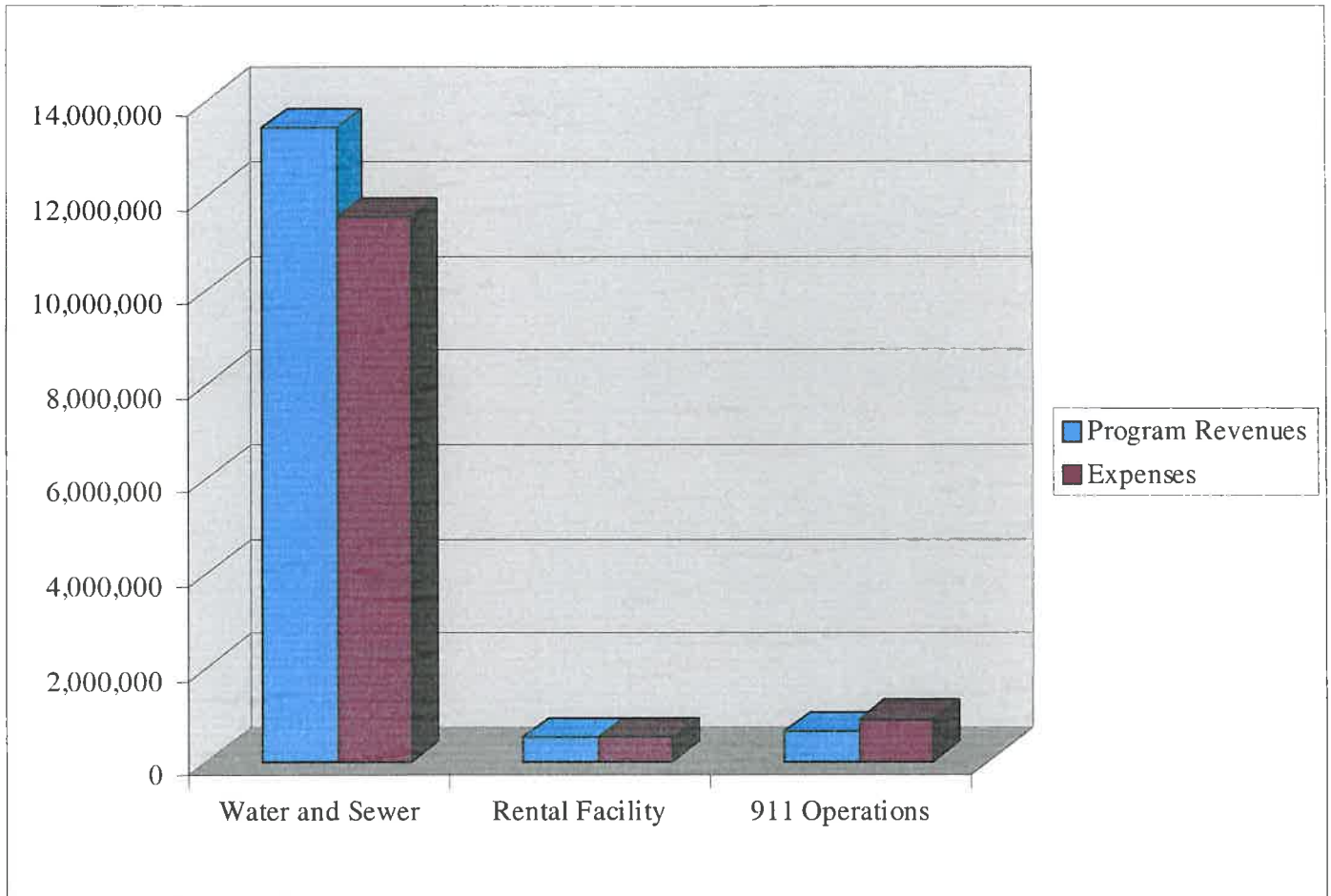


Business-type activities. Business-type activities increased the City of Brentwood's net assets by \$2,455,176, accounting for 16% of the total growth in the government's net assets. Key elements of this increase are as follows:

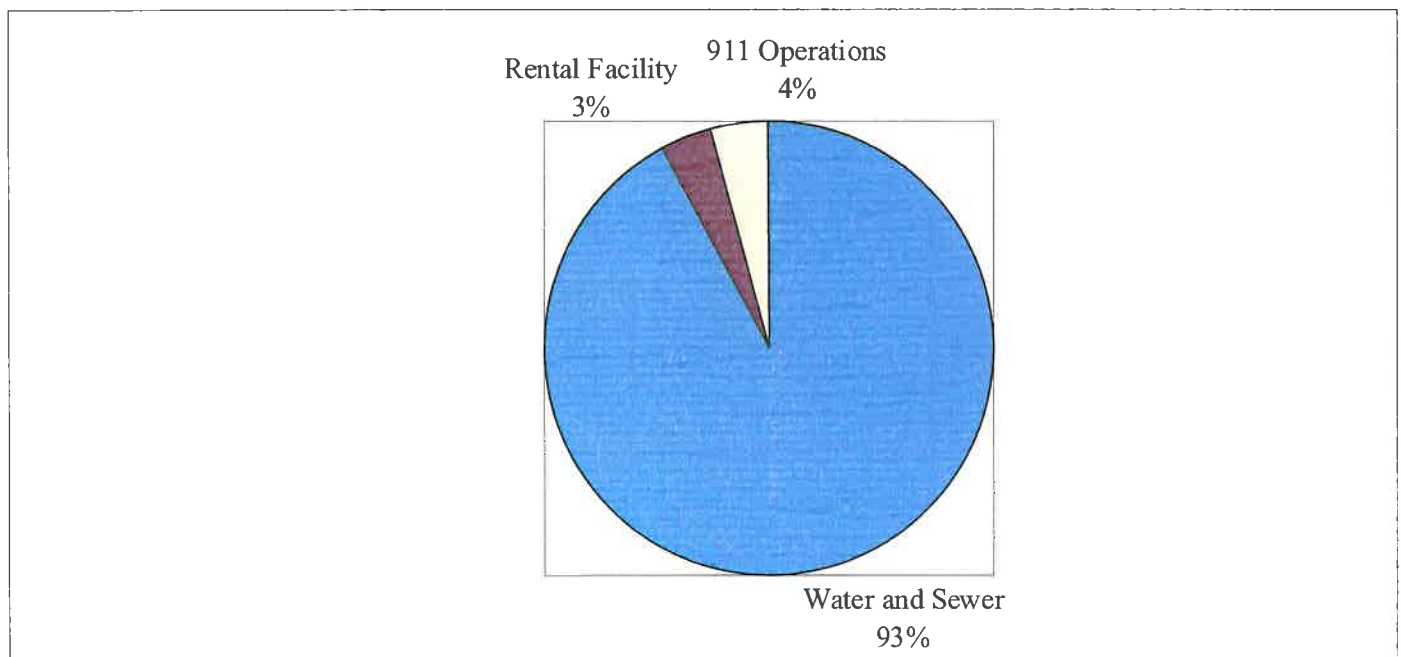
- The City's Water and Sewer Fund accounts for the majority (92%) of the increase in business-type net assets, with a net income of \$2,259,901 for the year. This is a decrease of \$2,908,531 from the prior year. The decrease in net income can mainly be attributed to the decrease in sewer tap (\$508,003), water tap (\$205,025) and grinder pump (\$109,900) revenues. In addition, the City received income of \$1,788,500 from the special water tap fees assessed on the new development in the service area taken over from the Nolensville/College Grove Utility District in FY 2007.
- The City's Municipal Center Fund recorded net income of \$27,877 for the year, a decrease of \$57,016 from the previous year.
- The Emergency Communications District (ECD) recorded net income of \$167,398 an increase of \$59,012 from the previous year.

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Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



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Financial Analysis of the Government's Funds

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

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

Asset, Liabilities, and Fund Balances

Total Governmental Funds

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Total assets	<u>\$ 62,441,253</u>	<u>\$ 53,495,104</u>
Total liabilities	<u>\$ 13,058,971</u>	<u>\$ 14,024,791</u>
Fund balances:		
Reserved	26,307,553	20,958,521
Unreserved	<u>23,074,729</u>	<u>18,511,792</u>
Total fund balances	<u>49,382,282</u>	<u>39,470,313</u>
Total liabilities and fund balances	<u>\$ 62,441,253</u>	<u>\$ 53,495,104</u>

As of the end of the current fiscal year, the City of Brentwood's governmental funds reported combined ending fund balances of \$49,382,282, an increase of \$9,911,969 in comparison with the prior year. Approximately 47% of this total amount (\$23,074,729) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for future debt service obligations (\$3,864,768), capital projects (\$21,627,739), roads and streets (\$589,004), facilities repairs (\$176,603) and drug enforcement and education (\$49,439).

The general fund is the chief operating fund of the City of Brentwood. At the end of the current fiscal year, unreserved fund balance of the general fund was \$23,074,729. A measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 79% of total general fund expenditures (including transfers).

Changes in Fund Balances of Governmental Funds
For the year ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
REVENUES		
Taxes	\$ 24,871,016	\$ 23,586,822
Licenses and permits	1,146,517	1,680,610
Fines and fees	631,595	457,610
Charges for services	287,936	294,554
Intergovernmental	7,771,087	6,416,334
Uses of money and property	1,883,205	2,129,264
Other	<u>1,548,023</u>	<u>512,712</u>
TOTAL REVENUES	<u>38,139,379</u>	<u>35,077,906</u>
EXPENDITURES		
Current:		
General government	5,175,337	4,727,232
Public safety	10,863,119	10,009,079
Roads and streets	4,317,743	3,822,056
Public health	80,890	76,310
Parks and recreation	1,582,625	1,458,493
Public library	1,845,720	1,755,700
Community support	259,756	264,226
Drug education	33,962	22,414
Facilities maintenance projects	131,616	-
Capital outlay	5,349,986	6,435,501
Contribution to Post Employment Benefit Fund	-	620,000
Debt service	<u>3,126,656</u>	<u>2,907,416</u>
TOTAL EXPENDITURES	<u>32,767,410</u>	<u>32,098,427</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,371,969</u>	<u>2,979,479</u>
OTHER FINANCING SOURCES (USES)		
Transfers in/out (net)	(395,000)	(332,000)
Proceeds of general obligation bonds	<u>4,935,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,540,000</u>	<u>(332,000)</u>
NET CHANGES IN FUND BALANCES	9,911,969	2,647,479
FUND BALANCE, BEGINNING OF YEAR	<u>39,470,313</u>	<u>36,822,834</u>
FUND BALANCE, END OF YEAR	<u>\$ 49,382,282</u>	<u>\$ 39,470,313</u>

The fund balance of the City of Brentwood's general fund increased by \$4,562,937 during the current fiscal year. Key factors in this fund for 2008 are mentioned previously and include:

- Local sales tax increased by \$387,444 (4%) compared to the previous year, a result of the growth of taxable sales at commercial businesses.
- State Income Tax (Hall Tax) increased by \$722,128 (30%) over FY 2007 due to higher investment market returns.
- The State Shared Sales tax increased by \$284,817 (13%) from the previous year.
- Residential and commercial property tax collections increased by \$642,507 (7%) over the previous year, a result of the increase in the property tax base.
- Wholesale Liquor tax increased by \$40,559 (10%) compared to FY 2007, the result of having additional commercial liquor stores in the Cool Springs area of Brentwood.
- Hotel/Motel tax revenue increased by \$100,357 (9%) compared to FY 2007 due to increased room occupancy.
- The general fund departments demonstrated fiscal responsibility by under-spending the appropriated budget by \$1,007,157.

The debt service fund has a total fund balance of \$3,864,768, all of which is reserved for the future payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$327,506. Principal payments increased \$246,540 and interest payments decreased \$113,037 over FY 2007 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 \$19,212,687 all of which is reserved for the funding of major capital improvements of the City. The current year net increase of \$3,688,137 is mainly attributable to proceeds from a FY 2008 GO Bond issuance of \$4,935,000 and a year-end operating transfer from the General Fund to the Capital Projects Fund of \$1,200,000 to pay for certain proposed capital improvement projects in FY 2009.

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

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$7,492,290, for the Municipal Center Fund, \$815,026 and for the Emergency Communications District, \$726,799. The total growth in net assets for the funds was \$2,259,901, \$27,877 and \$167,398, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Brentwood's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and final amended budget (\$1,212,625 increase in revenues and current year appropriations) can be summarized as follows:

Revenues

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

Local Sales Tax	\$ 600,000
Property Tax Collections	500,000
Interest Income	100,000
State Community Enhancement Grants	<u>12,625</u>
Total Change in Budgeted Revenues	<u>\$1,212,625</u>

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

Appropriations

- An Operating Transfer from the General Fund to the Capital Projects Fund of \$1,200,000 funded through projected excess revenue collections in the current year to pay for certain proposed capital improvement projects in FY 2009. These projects include traffic signal upgrades (\$225,000), Split Log road improvements (\$200,000), service center additions and improvements (\$175,000), radio system and other technology upgrades (\$255,000) and other miscellaneous projects.
- Increasing the appropriation for the Police activity by \$8,500 for firearms equipment and accessories purchased from Law Enforcement Targets and Porta Target. Funding was provided by State Community Enhancement Grants.
- Increasing the appropriation for the Fire activity by \$4,125 for a Defibrillator purchased from Foremost Equipment. Funding was provided by State Community Enhancement Grants.

This total General Fund appropriation increase of \$1,212,625 was made possible by higher than estimated revenues and the exceptionally strong position of the General Fund. The General Fund unrestricted fund balance at June 30, 2008, after factoring in the fund balance transfer referenced above is \$23,074,729. With this reduction due to the appropriation amendment, the fund balance still exceeds the stated budget policy objective of maintaining a minimum of 40% reserves (based on the amount of the annual budget appropriation) for future needs and emergencies.

Capital Asset and Debt Administration

Capital assets. The City of Brentwood's investment in capital assets for its governmental and business type activities as of June 30, 2008, amounts to \$224,253,758 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements, machinery and equipment, park facilities, roads and bridges.

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

- The acceptance of 19 streets (or sections of streets) within the city limits as public streets, with a valuation (including right-of way) of \$6,909,990.
- Improvements to various parks including Crockett, Tower and Deerwood Arboretum.
- Installation of new Court Software.
- Acquisition of a Chipper Truck for the Public Works Department.
- Installation of a new records management software system for the Police Department.
- Installation of an Electric Partition for the Library
- Two new emergency warning sirens.
- An emergency standby generator.
- A License Plate Recognition System with three cameras.
- Various building and system additions and improvements were completed in the Water and Sewer Fund at a cost of \$3,820,611.

City of Brentwood Capital Assets
(net of depreciation)
June 30, 2008 and 2007
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 74,012	\$ 71,473	\$ 743	\$ 611	\$ 74,755	\$ 72,084
Buildings and improvements	13,554	13,916	1,863	1,961	15,417	15,877
Utility plant in service	-	-	50,355	48,848	50,355	48,848
Improvements other than buildings	5,260	5,614	436	471	5,696	6,085
Machinery and equipment	4,645	4,770	969	730	5,614	5,500
Infrastructure	64,672	63,867	-	-	64,672	63,867
Construction in progress	<u>5,512</u>	<u>1,732</u>	<u>2,232</u>	<u>1,069</u>	<u>7,744</u>	<u>2,801</u>
Total Assets	<u>\$ 167,655</u>	<u>\$ 161,372</u>	<u>\$56,598</u>	<u>\$ 53,690</u>	<u>\$ 224,253</u>	<u>\$215,062</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 \$34,978,768. Of this amount, \$28,305,000 comprises debt backed by the full faith and credit of the City and \$6,673,768 comprises bonds secured solely by specified revenue sources (i.e. revenue bonds).

City of Brentwood Outstanding Debt
General Obligation and Revenue Bonds
June 30, 2008 and 2007
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation bonds	\$28,305	\$25,405	\$ -	\$ -	\$28,305	\$25,405
Revenue and tax bonds	-	-	6,230	7,170	6,230	7,170
State of Tennessee loan revenue bonds	-	-	444	699	444	699
Total	<u>\$28,305</u>	<u>\$25,405</u>	<u>\$ 6,674</u>	<u>\$ 7,869</u>	<u>\$34,979</u>	<u>\$33,274</u>

The City of Brentwood's total long-term debt increased by \$1,704,309 (5%) during the current fiscal year. The key factor in this increase was the net effect of bond proceeds from a December 2007 General Obligation issuance (\$4.9M) and the payment of principal amounts for existing General Obligation debt (\$2.1M) and Water /Sewer debt (\$1.2M).

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

State statutes set no limit for the amount of general obligation debt a governmental entity may issue. The total long-term bonded debt outstanding for the City of Brentwood of \$34,978,768 translates to approximately \$992 per capita using the 2007 special census population.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Williamson County is currently 4.8%, an increase from a rate of 3.3% a year ago. This compares favorably to the state's average unemployment rate of 6.8% and the national average rate of 5.7%.
- The office space occupancy rate of the City of Brentwood's central business district was 92% for 2008.
- 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 2008 fiscal year.

During the current fiscal year, the total fund balance in the general fund increased to \$23,074,729. The City of Brentwood has not appropriated any of this amount for spending in the 2008 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Brentwood's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Brentwood
Attn: Finance Director
PO Box 788
Brentwood, Tennessee 37024-0788
E-mail: financedirector@brentwood-tn.org

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CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET ASSETS

JUNE 30, 2008

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 36,064,734	\$ 9,135,862	\$ 45,200,596
Property tax receivable	10,332,491	-	10,332,491
Sales tax receivable	1,241,661	-	1,241,661
Intergovernmental revenue receivable	4,160,302	-	4,160,302
Accounts receivable	187,515	1,978,183	2,165,698
Internal balances	(153,531)	153,531	-
Inventories	69,508	115,302	184,810
Investments	10,000,000	-	10,000,000
Restricted assets:			
Cash	263,454	132,552	396,006
Investments	39,815	-	39,815
Capital assets:			
Utility plant in service	-	75,262,314	75,262,314
Land	74,011,390	742,738	74,754,128
Buildings and structures	16,912,701	3,748,476	20,661,177
Improvements other than buildings	11,044,968	844,114	11,889,082
Furniture, machinery and equipment	13,336,575	3,065,164	16,401,739
Infrastructure	147,898,132	-	147,898,132
Construction in progress	5,512,130	2,231,695	7,743,825
Accumulated depreciation	(101,060,501)	(29,296,138)	(130,356,639)
Other post employment benefits asset	1,688,006	-	1,688,006
Other noncurrent assets	199,459	351,688	551,147
Total assets	<u>231,748,809</u>	<u>68,465,481</u>	<u>300,214,290</u>
LIABILITIES			
Accounts payable	980,548	1,559,227	2,539,775
Accrued salaries and benefits	263,091	233,750	496,841
Accrued interest	409,537	75,524	485,061
Other payables	181,658	562,569	744,227
Liabilities payable from restricted assets	312,636	132,225	444,861
Unearned revenue and other funds held	11,219,367	-	11,219,367
Long-term liabilities:			
Due within one year	3,255,000	1,243,998	4,498,998
Due in more than one year	27,238,147	5,256,524	32,494,671
Total liabilities	<u>43,859,984</u>	<u>9,063,817</u>	<u>52,923,801</u>
NET ASSETS			
Invested in capital assets, net of related debt	139,216,762	50,097,841	189,314,603
Restricted for:			
Roads and streets	589,004	-	589,004
Capital projects	424,521	-	424,521
Facilities maintenance projects	176,603	-	176,603
Debt retirement	-	269,708	269,708
Community development projects	303,269	-	303,269
Other purposes	49,439	-	49,439
Other post employment benefits	1,688,006	-	1,688,006
Unrestricted	45,441,221	9,034,115	54,475,336
Total net assets	<u>\$ 187,888,825</u>	<u>\$ 59,401,664</u>	<u>\$ 247,290,489</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government:							
Governmental Activities:							
General government	\$ 5,671,314	\$ 631,595	\$ -	\$ -	\$ (5,039,719)	\$ -	\$ (5,039,719)
Public safety	11,582,486	-	32,791	-	(11,549,695)	-	(11,549,695)
Roads and streets	8,608,854	35,646	988,786	6,909,990	(674,432)	-	(674,432)
Public health	80,890	-	-	-	(80,890)	-	(80,890)
Parks and recreation	2,214,424	90,933	-	-	(2,123,491)	-	(2,123,491)
Public library	2,059,858	137,032	5,000	-	(1,917,826)	-	(1,917,826)
Community support	259,756	24,325	-	-	(235,431)	-	(235,431)
Drug education	63,604	-	-	-	(63,604)	-	(63,604)
Facilities maintenance projects	131,616	-	-	-	(131,616)	-	(131,616)
Interest on long-term debt	1,230,022	-	-	-	(1,230,022)	-	(1,230,022)
Total governmental activities	31,902,824	919,531	1,026,577	6,909,990	(23,046,726)	-	(23,046,726)
Business-type activities:							
Water and Sewer	11,551,025	13,434,436	-	-	-	1,883,411	1,883,411
Rental facilities	507,356	496,971	-	-	-	(10,385)	(10,385)
911 operations	889,135	623,926	-	-	-	(265,209)	(265,209)
Total business-type activities	12,947,516	14,555,333	-	-	-	1,607,817	1,607,817
Total primary government	\$ 44,850,340	\$ 15,474,864	\$ 1,026,577	\$ 6,909,990	(23,046,726)	1,607,817	(21,438,909)
General Revenues:							
Taxes:							
Property taxes					9,948,350	-	9,948,350
Local option sales tax					10,897,522	-	10,897,522
Other business taxes					4,025,144	-	4,025,144
Licenses and permits					1,146,517	-	1,146,517
Intergovernmental					6,744,510	-	6,744,510
Unrestricted investment earnings					1,883,205	452,359	2,335,564
Miscellaneous					1,548,023	-	1,548,023
Transfers					(395,000)	395,000	-
Total general revenues and transfers					35,798,271	847,359	36,645,630
Change in net assets					12,751,545	2,455,176	15,206,721
Net Assets - beginning, as restated - See Note 11					175,137,280	56,946,488	232,083,768
Net Assets - ending					\$ 187,888,825	\$ 59,401,664	\$ 247,290,489

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2008

ASSETS	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 14,682,488	\$ 1,897,768	\$ 16,374,531	\$ 3,109,947	\$ 36,064,734
Receivables:					
Property tax	10,332,491	-	-	-	10,332,491
Sales tax	1,241,661	-	-	-	1,241,661
Intergovernmental	3,963,858	-	-	196,444	4,160,302
Accounts	179,043	-	-	-	179,043
Miscellaneous	-	-	-	8,472	8,472
Due from other funds:					
Water and Sewer	15,151	-	-	-	15,151
Emergency Communications District	1,045	-	-	-	1,045
General Fund	-	-	30,879	5,877	36,756
Equipment Replacement Fund	26,887	-	-	-	26,887
Drug Fund	1,934	-	-	-	1,934
Inventories of supplies	69,508	-	-	-	69,508
Investments	5,000,000	2,000,000	3,000,000	-	10,000,000
Restricted assets:					
Cash and cash equivalents	88,285	-	167,664	7,505	263,454
Investments	39,815	-	-	-	39,815
TOTAL ASSETS	\$ 35,642,166	\$ 3,897,768	\$ 19,573,074	\$ 3,328,245	\$ 62,441,253
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 715,692	\$ -	\$ 197,593	\$ 67,263	\$ 980,548
Accrued salaries	263,091	-	-	-	263,091
Due to other funds:					
General Fund	-	-	-	28,821	28,821
Water and Sewer Fund	928	33,000	-	2,063	35,991
Emergency Communication	103	-	-	-	103
Capital Projects Fund	30,879	-	-	-	30,879
Facilities Maintenance Fund	2,595	-	-	-	2,595
Drug Fund	3,282	-	-	-	3,282
Other payables	181,658	-	-	-	181,658
Retainage payable	149,842	-	162,794	-	312,636
Unearned revenues and other funds held	11,219,367	-	-	-	11,219,367
TOTAL LIABILITIES	12,567,437	33,000	360,387	98,147	13,058,971
COMMITMENTS AND CONTINGENCIES					
FUND BALANCES:					
Fund balance:					
Reserved for debt service	-	3,864,768	-	-	3,864,768
Reserved for capital projects	-	-	19,212,687	2,415,052	21,627,739
Reserved for facilities repairs	-	-	-	176,603	176,603
Reserved for street repairs	-	-	-	589,004	589,004
Reserved for drug enforcement and education	-	-	-	49,439	49,439
Unreserved	23,074,729	-	-	-	23,074,729
TOTAL FUND BALANCES	23,074,729	3,864,768	19,212,687	3,230,098	49,382,282
TOTAL LIABILITIES AND FUND BALANCES	\$ 35,642,166	\$ 3,897,768	\$ 19,573,074	\$ 3,328,245	\$ 62,441,253

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

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

JUNE 30, 2008

Total Governmental Funds Balances	\$ 49,382,282
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	167,655,395
Net other post employment benefits assets resulting from contributions in excess of annual required contributions arising from prior year contributions to fiduciary funds to prefund OPEB trust	1,688,006
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.	(409,537)
Interfund payable, not due and payable in current period and therefore not reported in governmental funds	(133,633)
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	(28,305,000)
Less deferred charges on refunding bonds	413,660
Less bond discount	156,586
Less bond issuance costs	199,459
Compensated absences	<u>(2,758,393)</u>
	<u>(30,293,688)</u>
Net Assets of Governmental Activities	<u>\$ 187,888,825</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES					
Taxes	\$ 24,871,016	\$ -	\$ -	\$ -	\$ 24,871,016
Licenses and permits	806,996	-	-	339,521	1,146,517
Fines and fees	631,595	-	-	-	631,595
Charges for services	287,936	-	-	-	287,936
Intergovernmental	6,411,329	-	29,000	1,330,758	7,771,087
Uses of money and property	881,664	205,302	675,567	120,672	1,883,205
Other	31,214	-	1,460,561	56,248	1,548,023
TOTAL REVENUES	<u>33,921,750</u>	<u>205,302</u>	<u>2,165,128</u>	<u>1,847,199</u>	<u>38,139,379</u>
EXPENDITURES					
Current:					
General government	5,171,168	4,169	-	-	5,175,337
Public safety	10,863,119	-	-	-	10,863,119
Roads and streets	3,317,743	-	-	1,000,000	4,317,743
Public health	80,890	-	-	-	80,890
Parks and recreation	1,582,625	-	-	-	1,582,625
Public library	1,845,720	-	-	-	1,845,720
Community support	259,756	-	-	-	259,756
Drug education	-	-	-	33,962	33,962
Facilities maintenance projects	-	-	-	131,616	131,616
Capital outlay	-	-	4,826,254	523,732	5,349,986
Debt service	-	3,040,919	85,737	-	3,126,656
TOTAL EXPENDITURES	<u>23,121,021</u>	<u>3,045,088</u>	<u>4,911,991</u>	<u>1,689,310</u>	<u>32,767,410</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,800,729</u>	<u>(2,839,786)</u>	<u>(2,746,863)</u>	<u>157,889</u>	<u>5,371,969</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,167,292	1,500,000	1,175,500	5,842,792
Transfers out	(6,237,792)	-	-	-	(6,237,792)
Issuance of general obligation bonds	-	-	4,935,000	-	4,935,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,237,792)</u>	<u>3,167,292</u>	<u>6,435,000</u>	<u>1,175,500</u>	<u>4,540,000</u>
NET CHANGE IN FUND BALANCE	4,562,937	327,506	3,688,137	1,333,389	9,911,969
FUND BALANCE, BEGINNING OF YEAR	<u>18,511,792</u>	<u>3,537,262</u>	<u>15,524,550</u>	<u>1,896,709</u>	<u>39,470,313</u>
FUND BALANCE, END OF YEAR	<u>\$ 23,074,729</u>	<u>\$ 3,864,768</u>	<u>\$ 19,212,687</u>	<u>\$ 3,230,098</u>	<u>\$ 49,382,282</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, 2008

Net Change in Fund Balance - Governmental Funds **\$ 9,911,969**

Amounts reported for governmental activities in the Statement of Activities different from amounts reported for governmental funds in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

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

Acquisition of capital assets	6,276,274
Donated Capital Assets from Developers and State	6,909,990
Loss on disposal of assets	(15,255)
Depreciation expense	(6,888,020)

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities. 2,035,000

Repayment of interfund borrowing is an expenditure in the governmental funds, but reduces internal balances in governmental activities 20,795

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, 2008	(409,537)
Accrued interest on debt obligations at June 30, 2007	227,083

Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term obligations for governmental activities. (4,935,000)

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

Bond issue costs	85,738
Amortization of bond related costs	(62,445)

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

Change in accrual for compensated absences	<u>(405,047)</u>
--	------------------

Change in Net Assets of Governmental Activities **\$ 12,751,545**

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, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u> <u>OVER</u> <u>(UNDER)</u>
REVENUES				
Taxes:				
Local sales tax	\$ 10,200,000	\$ 10,800,000	\$ 10,897,522	\$ 97,522
Real and personal property	8,900,000	9,400,000	9,531,010	131,010
Public utility property tax	378,500	378,500	417,340	38,840
Business	1,167,800	1,167,800	1,428,519	260,719
Hotel/Motel taxes	955,000	955,000	1,178,084	223,084
Other	1,299,000	1,299,000	1,418,541	119,541
Licenses and permits	940,000	940,000	806,996	(133,004)
Fines and fees	310,000	310,000	631,595	321,595
Charges for services	242,000	242,000	287,936	45,936
Intergovernmental:				
State sales tax	2,440,000	2,440,000	2,526,559	86,559
State income tax	900,000	900,000	3,097,330	2,197,330
Other	706,045	718,670	787,440	68,770
Uses of money and property				
Interest earnings	460,000	560,000	618,926	58,926
Other	247,200	247,200	262,738	15,538
Other	16,000	16,000	31,214	15,214
TOTAL REVENUES	<u>29,161,545</u>	<u>30,374,170</u>	<u>33,921,750</u>	<u>3,547,580</u>
EXPENDITURES				
Current:				
General government:				
City Commission:				
Personnel Services	142,650	142,650	131,575	(11,075)
Other costs	36,200	35,275	28,080	(7,195)
Capital outlay	1,000	1,925	1,910	(15)
City Court:				
Personnel Services	26,835	26,835	26,627	(208)
Other costs	600	600	-	(600)
City Manager's office:				
Personnel Services	353,245	355,445	355,415	(30)
Other costs	9,320	10,920	10,902	(18)
Capital outlay	500	500	-	(500)

(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, 2008

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u>
				<u>OVER</u>
				<u>(UNDER)</u>
Elections:				
Board of commission	\$ 30,000	\$ 30,000	\$ 22,616	\$ (7,384)
Finance:				
Personnel Services	610,735	540,700	526,446	(14,254)
Other costs	161,500	161,500	98,807	(62,693)
Capital outlay	1,500	1,500	546	(954)
City recorder:				
Personnel Services	85,640	85,640	84,416	(1,224)
Other costs	17,700	19,650	19,638	(12)
Legal services:				
Personnel Services	175,340	177,540	177,522	(18)
Other costs	96,000	81,125	24,346	(56,779)
Capital outlay	-	625	598	(27)
Information/technology:				
Personnel Services	397,545	397,545	377,898	(19,647)
Other costs	99,020	99,020	78,434	(20,586)
Capital outlay	68,900	68,900	37,361	(31,539)
GIS				
Personnel Services	281,695	281,695	240,732	(40,963)
Other costs	24,250	24,250	15,189	(9,061)
Capital outlay	25,000	25,000	24,545	(455)
Human resources:				
Personnel Services	264,360	334,395	273,894	(60,501)
Other costs	50,175	49,650	44,368	(5,282)
Capital outlay	-	525	499	(26)
Community relations:				
Personnel Services	113,700	113,700	111,057	(2,643)
Other costs	159,000	159,000	125,399	(33,601)
Planning and development:				
Personnel Services	389,275	387,175	370,743	(16,432)
Other costs	83,795	85,895	85,884	(11)
Capital outlay	4,800	4,800	2,915	(1,885)

(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, 2008

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Codes enforcement:				
Personnel Services	\$ 665,320	\$ 666,620	\$ 666,556	\$ (64)
Other costs	67,980	67,980	54,185	(13,795)
Capital outlay	32,000	30,700	28,299	(2,401)
Municipal Center:				
Rent expense	370,000	370,000	370,000	-
Insurance/other benefits:				
Personnel	683,335	633,835	628,411	(5,424)
Other	<u>45,200</u>	<u>126,200</u>	<u>125,355</u>	<u>(845)</u>
Total general government	<u>5,574,115</u>	<u>5,599,315</u>	<u>5,171,168</u>	<u>(428,147)</u>
Public safety:				
Police department:				
Personnel Services	4,937,365	4,937,365	4,905,189	(32,176)
Other costs	574,950	566,750	520,773	(45,977)
Capital outlay	99,300	116,000	115,947	(53)
Fire department:				
Personnel Services	4,909,190	4,874,290	4,807,503	(66,787)
Other costs	387,635	417,835	417,782	(53)
Capital outlay	29,650	38,475	38,392	(83)
Brentwood Safety Center East:				
Other costs	61,920	61,920	57,533	(4,387)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public safety	<u>11,000,010</u>	<u>11,012,635</u>	<u>10,863,119</u>	<u>(149,516)</u>
Roads and streets:				
Public works:				
Personnel	1,144,030	1,144,030	1,070,160	(73,870)
Other	882,600	832,850	824,423	(8,427)
Capital outlay	68,000	68,000	57,854	(10,146)

(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, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Storm drainage:				
Other costs	\$ -	\$ -	\$ -	\$ -
Capital outlay	50,000	50,000	43,101	(6,899)
Street lighting/traffic signals:				
Utilities	372,000	390,250	390,202	(48)
Personnel	99,935	99,935	94,524	(5,411)
Other	111,700	106,550	57,566	(48,984)
Capital outlay	12,000	17,150	17,120	(30)
Service center:				
Personnel Services	107,005	107,005	87,505	(19,500)
Other costs	170,710	170,710	159,597	(11,113)
Engineering services:				
Personnel Services	524,765	524,765	474,095	(50,670)
Other costs	64,100	64,100	21,005	(43,095)
Capital outlay	25,500	25,500	20,591	(4,909)
Total roads and streets	<u>3,632,345</u>	<u>3,600,845</u>	<u>3,317,743</u>	<u>(283,102)</u>
Public health:				
Co. Health Dept. Contract	15,000	15,000	15,000	-
Co. Animal Control Contract	<u>61,600</u>	<u>65,900</u>	<u>65,890</u>	<u>(10)</u>
Total public health	<u>76,600</u>	<u>80,900</u>	<u>80,890</u>	<u>(10)</u>
Parks and recreation:				
Personnel Services	846,700	844,300	802,001	(42,299)
Other costs	695,435	697,835	697,759	(76)
Capital outlay	<u>85,000</u>	<u>85,000</u>	<u>82,865</u>	<u>(2,135)</u>
Total parks and recreation	<u>1,627,135</u>	<u>1,627,135</u>	<u>1,582,625</u>	<u>(44,510)</u>

(Continued on next page)

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2008

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Public library:				
Personnel Services	\$ 1,153,790	\$ 1,153,790	\$ 1,095,279	\$ (58,511)
Other costs	772,050	765,650	728,084	(37,566)
Capital outlay	16,000	22,400	22,357	(43)
Total public library	1,941,840	1,941,840	1,845,720	(96,120)
Community support:				
Education	225,000	225,000	225,000	-
Economic development	10,000	10,000	10,000	-
International exchange	5,000	5,000	-	(5,000)
Crockett Historic Center	21,508	23,508	23,267	(241)
Tree committee	2,000	2,000	1,489	(511)
Total community support	263,508	265,508	259,756	(5,752)
TOTAL EXPENDITURES	24,115,553	24,128,178	23,121,021	(1,007,157)
EXCESS OF REVENUES OVER EXPENDITURES	5,045,992	6,245,992	10,800,729	4,554,737
OTHER FINANCING USES				
Transfers to Debt Service Fund	(3,167,292)	(3,167,292)	(3,167,292)	-
Transfers to Emergency Communication Fund	(395,000)	(395,000)	(395,000)	-
Transfers to Capital Projects Fund	(300,000)	(1,500,000)	(1,500,000)	-
Transfers to Facility Maintenance Fund	(300,000)	(300,000)	(300,000)	-
Transfers to Equipment Replacement Fund	(875,500)	(875,500)	(875,500)	-
TOTAL OTHER FINANCING USES	(5,037,792)	(6,237,792)	(6,237,792)	-
NET CHANGE IN FUND BALANCE	\$ 8,200	\$ 8,200	\$ 4,562,937	\$ 4,554,737
FUND BALANCE, BEGINNING OF YEAR			18,511,792	
FUND BALANCE, END OF YEAR			\$ 23,074,729	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2008

	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 7,543,919	\$ 833,817	\$ 758,126	\$ 9,135,862
Receivables:				
Accounts	638,466	-	62,087	700,553
Due from other funds:				
General Fund	928	-	103	1,031
Equipment Replacement	2,063	-	-	2,063
Capital Projects	-	-	-	-
Debt service	33,000	-	-	33,000
Water and Sewer	-	-	-	-
Unbilled utility revenue	1,277,630	-	-	1,277,630
Inventories of supplies	115,302	-	-	115,302
Restricted cash and cash equivalents	132,552	-	-	132,552
Total Current Assets	9,743,860	833,817	820,316	11,397,993
Noncurrent Assets:				
Debt service escrow (state loan)	269,708	-	-	269,708
Property, plant and equipment, net of accumulated depreciation	53,792,794	2,574,276	231,293	56,598,363
Bond issue costs and discounts, net of amortization	81,980	-	-	81,980
Due from governmental activities	133,633	-	-	133,633
Total Noncurrent Assets	54,278,115	2,574,276	231,293	57,083,684
Total Assets	64,021,975	3,408,093	1,051,609	68,481,677
LIABILITIES				
Current Liabilities (payable from current assets):				
Current maturities of long-term debt	1,243,998	-	-	1,243,998
Accounts payable	1,514,634	18,791	25,802	1,559,227
Accrued salaries	24,382	-	9,764	34,146
Accrued interest	75,524	-	-	75,524
Due to General Fund	15,151	-	1,045	16,196
Due to Capital Projects Fund	-	-	-	-
Due to Emergency Communications District	-	-	-	-
Other payables	561,982	-	587	562,569
Compensated absences payable	143,285	-	56,319	199,604
Current liabilities (payable from restricted assets):				
Retainage payable	132,225	-	-	132,225
Total Current Liabilities (payable from current assets)	3,711,181	18,791	93,517	3,823,489
Noncurrent Liabilities:				
Long-term debt, net of current maturities	5,256,524	-	-	5,256,524
Total Noncurrent Liabilities	5,256,524	-	-	5,256,524
Total Liabilities	8,967,705	18,791	93,517	9,080,013
NET ASSETS				
Invested in capital assets, net of related debt	47,292,272	2,574,276	231,293	50,097,841
Restricted for debt service	269,708	-	-	269,708
Unrestricted	7,492,290	815,026	726,799	9,034,115
TOTAL NET ASSETS	\$ 55,054,270	\$ 3,389,302	\$ 958,092	\$ 59,401,664

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>WATER AND SEWER FUND</u>	<u>MUNICIPAL CENTER FUND</u>	<u>EMERGENCY COMMUNICATIONS DISTRICT</u>	<u>TOTAL</u>
OPERATING REVENUES				
Water sales, pledged as security on revenue bonds	\$ 7,246,448	\$ -	\$ -	\$ 7,246,448
Sewer service charges, pledged as security on revenue bonds	4,808,429	-	-	4,808,429
Rental income	-	496,971	-	496,971
911 Fees	-	-	509,845	509,845
Other	<u>1,379,559</u>	<u>-</u>	<u>114,081</u>	<u>1,493,640</u>
TOTAL OPERATING REVENUES	<u>13,434,436</u>	<u>496,971</u>	<u>623,926</u>	<u>14,555,333</u>
OPERATING EXPENSES				
Water purchased	4,121,183	-	-	4,121,183
Depreciation and amortization	2,005,789	169,643	64,446	2,239,878
Sewerage treatment charges	1,796,257	-	-	1,796,257
Salaries and benefits	1,595,345	-	666,406	2,261,751
Maintenance	731,728	132,201	24,061	887,990
Utilities	299,260	125,178	-	424,438
Professional services	211,075	25,448	7,955	244,478
Communications	-	44,690	94,203	138,893
Other	<u>532,641</u>	<u>10,196</u>	<u>32,064</u>	<u>574,901</u>
TOTAL OPERATING EXPENSES	<u>11,293,278</u>	<u>507,356</u>	<u>889,135</u>	<u>12,689,769</u>
OPERATING INCOME (LOSS)	<u>2,141,158</u>	<u>(10,385)</u>	<u>(265,209)</u>	<u>1,865,564</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	376,490	38,262	37,607	452,359
Interest expense	<u>(257,747)</u>	<u>-</u>	<u>-</u>	<u>(257,747)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>118,743</u>	<u>38,262</u>	<u>37,607</u>	<u>194,612</u>
TRANSFERS IN	-	-	395,000	395,000
CHANGE IN NET ASSETS	2,259,901	27,877	167,398	2,455,176
TOTAL NET ASSETS, BEGINNING OF YEAR	<u>52,794,369</u>	<u>3,361,425</u>	<u>790,694</u>	<u>56,946,488</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 55,054,270</u>	<u>\$ 3,389,302</u>	<u>\$ 958,092</u>	<u>\$ 59,401,664</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	BUSINESS - TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 13,811,810	\$ 496,971	\$ 623,050	\$ 14,931,831
Payments to suppliers	(7,487,531)	(336,881)	(252,766)	(8,077,178)
Payments to employees	(1,567,307)	-	(658,964)	(2,226,271)
Net cash provided by (used in) operating activities	4,756,972	160,090	(288,680)	4,628,382
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net receipts (payments) on interfund borrowing	(154,166)	-	-	(154,166)
Contribution (transfer) from General Fund	-	-	395,000	395,000
Net cash provided by (used in) noncapital financing activities	(154,166)	-	395,000	240,834
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(4,826,319)	(44,242)	(108,517)	(4,979,078)
Principal paid on long-term debt	(1,195,691)	-	-	(1,195,691)
Interest paid on long-term debt	(286,250)	-	-	(286,250)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(6,308,260)	(44,242)	(108,517)	(6,461,019)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	376,490	38,262	37,607	452,359
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,328,964)	154,110	35,410	(1,139,444)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,005,435	679,707	722,716	10,407,858
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,676,471	\$ 833,817	\$ 758,126	\$ 9,268,414
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 2,141,158	\$ (10,385)	\$ (265,209)	\$ 1,865,564
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	2,005,789	169,643	64,446	2,239,878
(Increase) decrease in:				
Accounts receivable	506,438	-	(876)	505,562
Unbilled utility revenue	(129,064)	-	-	(129,064)
Inventories of supplies	5,282	-	-	5,282
Increase (decrease) in:				
Accounts payable	248,218	2,837	(79,867)	171,188
Due to (from) other funds	(402,085)	(2,005)	(14,616)	(418,706)
Accrued expenses	381,236	-	7,442	388,678
TOTAL ADJUSTMENTS	2,615,814	170,475	(23,471)	2,762,818
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 4,756,972	\$ 160,090	\$ (288,680)	\$ 4,628,382
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Capitalized interest	\$ 61,967	\$ -	\$ -	\$ 61,967

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY AND PLAN NET ASSETS

JUNE 30, 2008

	POST EMPLOYMENT BENEFITS FIDUCIARY FUND	POST EMPLOYMENT BENEFITS TRUST	TOTAL
ASSETS			
Cash and cash equivalents	\$ 109,049	\$ -	\$ 109,049
Investments held in trust, at fair value			
Mutual funds - balanced funds	-	2,173,389	2,173,389
TOTAL ASSETS	109,049	2,173,389	2,282,438
NET ASSETS HELD IN TRUST FOR BENEFITS			
Fund balance reserved for employee's post employment benefits	109,049	-	109,049
Net assets held in trust for other post employment benefits	-	2,173,389	2,173,389
TOTAL NET ASSETS	\$ 109,049	\$ 2,173,389	\$ 2,282,438

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY AND PLAN NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	POST EMPLOYMENT BENEFITS FIDUCIARY FUND	POST EMPLOYMENT BENEFITS TRUST	TOTAL
ADDITIONS			
Contributions:			
Employer	\$ 610,160	\$ -	\$ 610,160
Investment earnings:			
Net appreciation (depreciation) in value of investments	-	(86,611)	(86,611)
Interest	<u>34,120</u>	<u>-</u>	<u>34,120</u>
Total Additions	<u>644,280</u>	<u>(86,611)</u>	<u>557,669</u>
DEDUCTIONS			
Benefits	26,006	-	26,006
Administrative expense	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Deductions	<u>27,506</u>	<u>-</u>	<u>27,506</u>
Change in Net Assets	<u>616,774</u>	<u>(86,611)</u>	<u>530,163</u>
NET ASSETS HELD IN TRUST FOR BENEFITS			
Beginning of year	1,752,275	-	1,752,275
Transfers from fiduciary fund to trust	<u>(2,260,000)</u>	<u>2,260,000</u>	<u>-</u>
End of year	<u>\$ 109,049</u>	<u>\$ 2,173,389</u>	<u>\$ 2,282,438</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

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

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

Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The Brentwood Emergency Communications District was established in September 2002 and, in accordance with § 24-52 of the *Brentwood Municipal Code*, the Board of Commissioners of the City of Brentwood, Tennessee shall act as the Board of Directors for the District. Due to the "shared governing body" with the primary government, the Emergency Communications District is presented as a blended component unit within the proprietary funds of the June 30, 2008 Comprehensive Annual Financial Report. A separately audited financial statement is prepared for the Emergency Communications District and may be obtained by contacting the Director of Finance (see page 18 for information). Each discretely presented component unit, if any, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. As of June 30, 2008 and for the year then ended, the City had no discretely presented component units which were required to be included in these financial statements.

Government-wide and fund financial statements

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

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The *Post Employment Benefits Fund* accumulates funds for the payment of post employment life and health insurance benefits for qualified employees as determined under City policy based on minimum age and years of service at the time of retirement. During 2008, the City established a formal trust to accumulate and fund other post employment benefits (see Note 11). This trust is held within the Post Employment Benefits Fund.

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

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

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

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

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

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

Investments

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

Receivables

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

Interfund Receivables/Payables

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories of Supplies and Prepaid Items

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

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

Restricted Assets

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

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, \$61,967 of capitalized interest was recorded

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

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

Long-term Obligations

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

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

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

Fund Equity

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

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

Taxes were levied at the rate of \$.49 per \$100 of assessed valuation for the year ended June 30, 2008.

Payments may be made during the period from October 1 through February 28 and are delinquent on March 1. Current tax collections of \$9,329,872 were reported as revenue for the year ended June 30, 2008, and were approximately 98.2% of the tax levy.

Of the \$10,332,491 property taxes receivable, \$10,034,692 represents the estimated net realizable 2008 property taxes. This receivable is reported in the Balance Sheet - Governmental Funds with offsetting deferred revenue for the amounts not available at June 30, 2008. Amounts available at June 30, 2008 have been recorded as revenue in the governmental fund statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

Excess Expenditures

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

NOTE 3 - DEPOSITS AND INVESTMENTS

The City's cash and cash equivalents and investments at June 30, 2008 were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks determine the aggregate balance of their public fund accounts for the City. The amount of collateral required to secure these public deposits must be equal to 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

Custodial risk is the risk that in the event of a bank failing, the City's deposits may not be returned to it. The government does not have a formalized written policy for custodial risk. As of June 30, 2008, the City's deposits were fully insured or collateralized.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Carrying amount of deposits	\$ 55,629,927
Deposits in State of Tennessee Local Government Investment Pool	4,870
Cash on hand	<u>1,620</u>
Total	<u>\$ 55,636,417</u>
Cash and cash equivalents	\$ 45,200,596
Cash and cash equivalents - restricted	396,006
Investments	10,000,000
Investments - restricted	<u>39,815</u>
Total	<u>\$ 55,636,417</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 71,472,490	\$ 2,538,900	\$ -	\$ 74,011,390
Construction in progress	<u>1,732,082</u>	<u>3,780,048</u>	<u>-</u>	<u>5,512,130</u>
Total capital assets not being depreciated	<u>73,204,572</u>	<u>6,318,948</u>	<u>-</u>	<u>79,523,520</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	16,912,701	-	-	16,912,701
Improvements other than buildings	10,846,134	198,834	-	11,044,968
Machinery and equipment	12,740,775	873,233	(277,433)	13,336,575
Infrastructure	<u>142,102,883</u>	<u>5,795,249</u>	<u>-</u>	<u>147,898,132</u>
Total capital assets being depreciated:	<u>182,602,493</u>	<u>6,867,316</u>	<u>(277,433)</u>	<u>189,192,376</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(2,996,857)	(361,448)	-	(3,358,305)
Improvements other than buildings	(5,231,712)	(552,874)	-	(5,784,586)
Machinery and equipment	(7,970,390)	(983,533)	262,178	(8,691,745)
Infrastructure	<u>(78,235,700)</u>	<u>(4,990,165)</u>	<u>-</u>	<u>(83,225,865)</u>
Total accumulated depreciation	<u>(94,434,659)</u>	<u>(6,888,020)</u>	<u>262,178</u>	<u>(101,060,501)</u>
Governmental activities capital assets, net	<u>\$161,372,406</u>	<u>\$ 6,298,244</u>	<u>\$ (15,255)</u>	<u>\$167,655,395</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 610,716	\$ 132,022	\$ -	\$ 742,738
Construction in progress	<u>1,069,141</u>	<u>4,544,057</u>	<u>(3,381,503)</u>	<u>2,231,695</u>
Total capital assets not being depreciated	<u>1,679,857</u>	<u>4,676,079</u>	<u>(3,381,503)</u>	<u>2,974,433</u>
 <u>Capital assets being depreciated:</u>				
Utility plant in service	71,883,960	3,378,354	-	75,262,314
Buildings, structures and improvements	3,748,476	-	-	3,748,476
Improvements other than buildings	820,733	23,381	-	844,114
Machinery, equipment and vehicles	<u>2,723,316</u>	<u>439,614</u>	<u>(97,766)</u>	<u>3,065,164</u>
Total capital assets being depreciated:	<u>79,176,485</u>	<u>3,841,349</u>	<u>(97,766)</u>	<u>82,920,068</u>
 <u>Less accumulated depreciation for:</u>				
Utility plant in service	(23,035,771)	(1,871,093)	-	(24,906,864)
Buildings, structures and improvements	(1,787,980)	(97,730)	-	(1,885,710)
Improvements other than buildings	(349,811)	(57,897)	-	(407,708)
Machinery, equipment and vehicles	<u>(1,993,209)</u>	<u>(200,413)</u>	<u>97,766</u>	<u>(2,095,856)</u>
Total accumulated depreciation	<u>(27,166,771)</u>	<u>(2,227,133)</u>	<u>97,766</u>	<u>(29,296,138)</u>
 Business-type activities capital assets, net	<u>\$ 53,689,571</u>	<u>\$ 6,290,295</u>	<u>\$ (3,381,503)</u>	<u>\$ 56,598,363</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to function/programs for the year ended June 30, 2008, as follows:

Governmental activities:

General government	\$ 254,464
Public safety	601,673
Roads and streets	5,075,678
Parks and recreation	740,292
Public library	187,941
Drug education	<u>27,972</u>

Total depreciation expense - governmental activities	<u>\$ 6,888,020</u>
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Business-type activities:

Municipal Center	\$ 169,643
Water and sewer	1,993,044
Emergency Communications District	<u>64,446</u>

Total depreciation expense - business-type activities	<u>\$ 2,227,133</u>
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NOTE 5 - INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to charges between funds that are outstanding as of June 30, 2008, and are as follows:

Fund	Interfund Receivable	Interfund Payable
General fund	\$ 45,017	\$ 37,787
Debt service fund	-	33,000
Capital projects fund	30,879	-
Nonmajor funds	5,877	30,884
Water and sewer fund	169,624	15,151
Emergency communications	<u>103</u>	<u>1,045</u>
	251,500	117,867
Government wide statements (governmental activities)	<u>-</u>	<u>133,633</u>
Total interfund receivables (payables)	<u>\$ 251,500</u>	<u>\$ 251,500</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 5 - INTERFUND TRANSACTIONS (CONTINUED)

Interfund transfers for the year ended June 30, 2008 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	Nonmajor Governmental	Emergency Communications	
Transfer Out:					
General Fund	<u>\$3,167,292</u>	<u>\$ 1,500,000</u>	<u>\$ 1,175,500</u>	<u>\$ 395,000</u>	<u>\$ 6,237,792</u>
Total Transfers	<u>\$3,167,292</u>	<u>\$ 1,500,000</u>	<u>\$ 1,175,500</u>	<u>\$ 395,000</u>	<u>\$ 6,237,792</u>

Interfund revenues and expenses for the year ended June 30, 2008, included the payment of rental fees for fire hydrant usage totaling \$100,000 by the general fund to the water and sewer enterprise fund. Such amount is included in public safety expenditures reported by the general fund and other operating revenues reported by the water and sewer enterprise fund for the year. The general fund also paid the municipal center enterprise fund rents totaling \$370,000 for the year ended June 30, 2008 for its use of the Municipal Center Building. Such amounts are included in the general government expenditures reported by the general fund and operating revenues reported by the municipal center enterprise fund for the year. In addition, the water and sewer enterprise fund paid the general fund \$100,000 for its space at the City's Service Center for the year ended June 30, 2008. Such amount is included in uses of money and property reported by the general fund and in other operating expenses reported by the water and sewer enterprise fund for the year. The general fund, water and sewer fund and Emergency Communications District contributed \$528,905, \$60,000 and \$21,255, respectively, to the Post Employment Benefits Fund for the year ended June 30, 2008. These amounts are included in expenditures for the respective funds.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 6 - LONG-TERM LIABILITIES

Changes in Long-Term Liabilities:

During the year ended June 30, 2008, the changes in long-term liabilities were as follows:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due within one year
Government Activities:					
General obligation bonds	\$ 25,405,000	\$ 4,935,000	\$ 2,035,000	\$ 28,305,000	\$ 2,255,000
Less: Unamortized deferred charge on advance refunding	(621,696)	-	(51,450)	(570,246)	-
Total bonds	24,783,304	4,935,000	1,983,550	27,734,754	2,255,000
Compensated absences	2,353,346	1,500,519	1,095,472	2,758,393	1,000,000
Total Governmental Activities					
Long-term Liabilities	<u>\$ 27,136,650</u>	<u>\$ 6,435,519</u>	<u>\$ 3,079,022</u>	<u>\$ 30,493,147</u>	<u>\$ 3,255,000</u>
Business-type Activities:					
Revenue and tax bonds	\$ 7,170,000	\$ -	\$ 940,000	\$ 6,230,000	\$ 980,000
State of Tennessee loan program	699,459	-	255,691	443,768	263,998
	7,869,459	-	1,195,691	6,673,768	1,243,998
Less: Unamortized deferred charge on advance refunding	(216,652)	-	(43,406)	(173,246)	-
Total Business-type Activities					
Long-term Liabilities	<u>\$ 7,652,807</u>	<u>\$ -</u>	<u>\$ 1,152,285</u>	<u>\$ 6,500,522</u>	<u>\$ 1,243,998</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Description of long-term liabilities:

Amounts payable at June 30, 2008, were as follows:

\$1,955,000 1999 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2013, at varying rates of interest from 4.15% to 4.40%	\$ 1,105,000
\$5,000,000 2000 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2020, at an interest rate of 4.90%	230,000
\$3,030,000 2001 General Obligation Public Improvement Refunding Bonds due in increasing annual installments through May 1, 2009, at an interest rate of 4.25%	435,000
\$5,525,000 2002 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2019, at varying rates of interest from 3.80% to 4.80%	5,395,000
\$4,425,000 2002 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2022, at varying rates of interest from 3.75% to 4.85%	1,270,000
\$6,300,000 2003 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2017, at varying rates of interest from 3.00% to 4.10%	4,620,000

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CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of long-term liabilities (Continued)

\$3,685,000 2004 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2024, at varying rates of interest from 2.625% to 4.45%	\$ 3,260,000
\$2,430,000 2006 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2021, at varying rates of interest from 3.75% to 3.90%	2,430,000
\$4,800,000 2006 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2025, at varying rates of interest from 3.75% to 4.05%	4,625,000
\$4,935,000 2007 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2028, at a fixed rate of interest of 3.83%	<u>4,935,000</u>
Total General Obligation Debt	28,305,000
Unamortized charge on advance refunding	<u>(570,246)</u>
Total General Obligation Bonds, net of unamortized charge	<u>\$27,734,754</u>

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CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of long-term liabilities (Continued)

Business-type activities debt:

Revenue and Tax Bonds:

\$1,200,000 1999 Sewer Revenue and Tax Refunding Bonds due in increasing annual installments through September 1, 2013, at varying rates of interest from 4.15% to 4.4%	\$ 760,000
\$1,955,000 2001 Sewer Revenue and Tax Refunding Bonds due in increasing annual installments through May 1, 2009, at interest rate of 4.25%	355,000
\$3,000,000 2001 Water Revenue and Tax Bonds due in increasing annual installments through March 1, 2021, at varying rates of interest from 4.00% to 4.20%	570,000
\$3,620,000 2003 Sewer Revenue and Tax Refunding Bonds due in increasing annual installments through September 1, 2017, at varying rates of interest from 3.00% to 4.10%	2,770,000
\$1,775,000 2006 Water Revenue and Tax Refunding Bonds due in increasing annual installments through September 1, 2020, at varying rates of interest from 3.75% to 3.85%	<u>1,775,000</u>
Total Revenue and Tax Bonds	<u>6,230,000</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of long-term liabilities (Continued)

\$2,990,906 State Loan Program Revenue Bonds, payable in monthly installments through February 1, 2011, at an interest rate of approximately 3.3%.	<u>\$ 443,768</u>
Total Business-type Activities Debt	6,673,768
Unamortized charge on advance refunding	<u>(173,246)</u>
Total Business-type Activities Debt, net of unamortized charge	<u>\$ 6,500,522</u>

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Debt Service Requirements

The annual debt service requirements to maturity for all long-term obligations outstanding as of June 30, 2008, are as follows:

Governmental Activities				
Year	Bonds			
	Principal	Interest		
2009	\$ 2,255,000	\$1,038,256		
2010	1,895,000	908,432		
2011	1,955,000	932,515		
2012	2,040,000	858,012		
2013	1,930,000	780,548		
2014-2018	9,485,000	2,682,493		
2019-2023	5,625,000	1,136,247		
2024-2028	3,120,000	274,640		
Totals	<u>\$ 28,305,000</u>	<u>\$8,611,143</u>		

Business-type Activities						
Year	Bonds		State Loan Program		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 980,000	\$ 226,104	\$ 263,998	\$ 14,417	\$ 1,243,998	\$ 240,521
2010	640,000	200,710	179,770	5,841	819,770	206,551
2011	665,000	178,539	-	-	665,000	178,539
2012	685,000	155,132	-	-	685,000	155,132
2013	490,000	126,426	-	-	490,000	126,426
2014-2018	2,110,000	363,791	-	-	2,110,000	363,791
2019-2021	660,000	43,229	-	-	660,000	43,229
Totals	<u>\$ 6,230,000</u>	<u>\$1,293,931</u>	<u>\$ 443,768</u>	<u>\$ 20,258</u>	<u>\$ 6,673,768</u>	<u>\$1,314,189</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 7 - UNEARNED REVENUES AND OTHER FUNDS HELD

Unearned revenues consist of the following at June 30, 2008:

Property taxes:

Delinquent taxes	\$ 232,978
2008 estimated levy	10,034,692
Estimated 2008 Hall Income tax	700,000
Other	<u>251,697</u>
	<u>\$ 11,219,367</u>

NOTE 8 - RISK MANAGEMENT

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

NOTE 9 - CONTINGENT LIABILITIES

The City is currently a defendant in a lawsuit filed in July 2007 in which The Metropolitan Government of Nashville and Davidson County, Tennessee ("Metro") is asserting that the City owes approximately \$2.6 million for sewer plant upgrades, plus approximately \$1.05 million in incremental sewer treatment fees billed by Metro, but unpaid by the City for the period from August 2006 through June 30, 2007. The City has paid Metro at the last stated contract rate (which expired in 2000) for sewer treatment fees, and has accrued approximately \$528,000 for what they believe are reasonable increases in fees for the period noted and through the current fiscal year end. At the present time, a settlement is in process of being negotiated, and the City does not believe settlement amounts will exceed what has been presently accrued as of June 30, 2008.

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 10 - DEFERRED COMPENSATION PLAN

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

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

Upon two years of full-time service, the City matches, on a dollar for dollar basis, a maximum of up to 3% of the employee's base salary. The City's match for the year ended June 30, 2008 totaled \$256,609.

NOTE 11 - 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, 2007, the date of the latest actuarial valuation:

	<u>General Government</u>	<u>Fire/Police</u>	<u>Total</u>
Active employees	113	116	229
Retired employees	<u>9</u>	<u>-</u>	<u>9</u>
Total	<u>122</u>	<u>116</u>	<u>238</u>
Participating employers			<u>1</u>

Benefits Provided

Employees are fully eligible for postretirement medical and life insurance once they reach the age of 55 with 20 years of service. For employees hired prior to July 1, 2005, the City will pay 100 percent and 50 percent of total cost of premiums for retirees and dependents, respectively. For employees hired post July 1, 2005, the City will pay the cost of premiums based on years of service at time of retirement, and dependent's cost of premiums will be paid entirely by the retiree. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. Once the retiree reaches age 65, the City will reimburse a portion of a Medicare Supplemental Plan purchased by the retiree based on a defined percentage, determined by length of service and retirement date.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

The contribution requirements are established and may be amended by the City Commissioners. The required contribution is based on an actuarial valuation utilizing the entry age normal method. For fiscal year 2008, the City prefunded a trust account, administered by ICMA Retirement Corporation, in the amount of \$2,260,000, which included the current year annual required contribution of \$598,000, less amounts paid as premium 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 5.3 percent of covered payroll.

Transition Period

The City adopted GASB Statement 45 for the year ending June 30, 2008. The statement was implemented prospectively, assuming a net OPEB obligation of zero at the beginning of the fiscal year. Due to prefunding of the trust in 2008 from funds accumulated in the City's Other Post Employment Benefits fiduciary fund over the last four years, an other post employment benefit asset was created in the amount of \$1,688,006, as shown below, and has been recorded as an adjustment to opening net assets in the government wide financial statements in the same amount.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset):

Annual required contribution	<u>\$ 598,000</u>
Annual OPEB cost (expense)	598,000
Contributions made	<u>(2,286,006)</u>
Increase in net OPEB obligation	(1,688,006)
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation (asset) - end of year	<u>\$ (1,688,006)</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/08	\$ 598,000	382 %	\$(1,688,006)

Funded Status and Funding Progress

As of January 1, 2007, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$5,544,000, and the actuarial value of assets was \$ 0, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,544,000. The covered payroll (annual payroll of active employees covered by the plan) was \$11,302,574 and the ratio of the UAAL to the covered payroll was 49.1 percent.

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used to 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, 2007 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6.15 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of ten percent initially, reduced by decrements to an ultimate rate of five percent after five years. Both rates include a six percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2008 was twenty nine years.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 12 - EMPLOYEE RETIREMENT SYSTEM AND PLAN

Plan Description

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

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

Funding Policy

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

The City is required to contribute at an actuarially determined rate; the rate for the year ending June 30, 2008 was 14.80% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 12 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

Annual Pension Cost

For the year ended June 30, 2008, the City's annual pension cost of \$1,834,232 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2005 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005 was 10 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$1,834,232	100.00%	\$0.00
6/30/07	\$1,720,555	100.00%	\$0.00
6/30/06	\$1,506,686	100.00%	\$0.00

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 79.20% percent funded. The actuarial accrued liability for benefits was \$25.11 million, and the actuarial value of assets was \$19.89 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.22 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11.79 million, and the ratio of the UAAL to the covered payroll was 44.29% percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

NOTE 12 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

Funded Status and Funding Progress (Continued)

(dollar amounts in thousands)						
Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$ 19,892	\$ 25,115	\$ 5,223	79.20%	\$ 11,794	44.29%

NOTE 13 - COMMITMENTS AND SUBSEQUENT EVENTS

Construction commitments amounting to approximately \$2,490,000 were outstanding as of June 30, 2008.

On September 4, 2008, the City issued \$10,000,000 of Water and Sewer Revenue Bonds, Series 2008. Interest will be payable annually on March 1 and September 1, and the bonds are due March 1, 2029.

NOTE 14 - ECONOMIC DEPENDENCY

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

NOTE 15 - NEW PRONOUNCEMENTS

The GASB has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2007.

The GASB has issued Statement No. 50, *Pension Disclosures*. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2007 except for the requirement for plans that use the aggregate actuarial cost method to present a schedule of funding progress using the entry age actuarial cost method which is effective for the actuarial valuations as of June 15, 2007.

The GASB has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FUNDING PROGRESS

POLITICAL SUBDIVISION PENSION PLAN
SUPPLEMENTARY INFORMATION (Unaudited)

JUNE 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$ 19,892	\$ 25,115	\$ 5,223	79.20%	\$ 11,794	44.29%
July 1, 2005	\$ 14,811	\$ 17,393	\$ 2,582	85.15%	\$ 10,298	25.07%
July 1, 2003	\$ 11,417	\$ 14,327	\$ 2,910	79.69%	\$ 9,159	31.77%

Changes in Actuarial Assumptions

An actuarial valuation was performed as of July 1, 2007 which established contribution rates effective July 1, 2008. As a result of the June 30, 2000 experience study, changes were made to two of the significant actuarial assumptions as follows: 1) projected salary increase of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries) and 2) projected 3.5 percent annual increases in the Social Security wage base.

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FUNDING PROGRESS
AND
SCHEDULE OF EMPLOYER CONTRIBUTIONS

OTHER POST EMPLOYMENT BENEFITS
SUPPLEMENTAL INFORMATION (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL) -</u> <u>Unit Credit</u>	<u>Unfunded</u> <u>Aal (UAAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered Payroll</u>
01/01/07	\$ -	\$ 5,146,000	\$ 5,146,000	0.0%	\$ 11,302,574	45.5%
01/01/04	\$ -	\$ 4,461,000	\$ 4,461,000	0.0%	\$ 9,712,109	45.9%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Employer Contributions</u>		
<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
06/30/08	\$ 598,000	377.9 %

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

Facilities Maintenance Fund – This fund accounts for the accumulation of funds over multiple fiscal years for extraordinary maintenance and repairs of non-enterprise, City owned facilities. Funding is provided through annual transfers from the General Fund.

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

CITY OF BRENTWOOD, TENNESSEE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

SPECIAL REVENUE

ASSETS AND OTHER DEBITS	SPECIAL REVENUE					
	STATE STREET AID	DRUG	PUBLIC WORKS PROJECT	EQUIPMENT REPLACEMENT	FACILITIES MAINTENANCE	ADEQUATE SCHOOL FACILITIES
ASSETS:						
Cash and cash equivalents	\$ 422,348	\$ 48,409	\$ 424,521	\$ 1,710,945	\$ 187,294	\$ 316,430
Receivables:						
Taxes	166,656	-	-	-	-	29,788
Due From General Fund	-	3,282	-	-	2,595	-
Miscellaneous	-	5,435	-	3,037	-	-
Restricted assets:						
Cash and cash equivalents	-	7,505	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 589,004</u>	<u>\$ 64,631</u>	<u>\$ 424,521</u>	<u>\$ 1,713,982</u>	<u>\$ 189,889</u>	<u>\$ 346,218</u>
LIABILITIES:						
Accounts payable	\$ -	\$ 13,258	\$ -	\$ 40,719	\$ 13,286	\$ -
Due to General Fund	-	1,934	-	26,887	-	-
Due to Other Funds	-	-	-	2,063	-	-
TOTAL LIABILITIES	<u>-</u>	<u>15,192</u>	<u>-</u>	<u>69,669</u>	<u>13,286</u>	<u>-</u>
COMMITMENTS AND CONTINGENCIES						
EQUITY AND OTHER CREDITS						
Fund balance:						
Reserved for capital projects	-	-	424,521	1,644,313	-	346,218
Reserved for maintenance projects	-	-	-	-	176,603	-
Reserved for street repairs	589,004	-	-	-	-	-
Reserved for drug enforcement and education	-	49,439	-	-	-	-
TOTAL EQUITY AND OTHER CREDITS	<u>589,004</u>	<u>49,439</u>	<u>424,521</u>	<u>1,644,313</u>	<u>176,603</u>	<u>346,218</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 589,004</u>	<u>\$ 64,631</u>	<u>\$ 424,521</u>	<u>\$ 1,713,982</u>	<u>\$ 189,889</u>	<u>\$ 346,218</u>

TOTAL
NONMAJOR
GOVERNMENTAL
FUNDS

\$ 3,109,947

196,444

5,877

8,472

7,505

\$ 3,328,245

\$ 67,263

28,821

2,063

98,147

2,415,052

176,603

589,004

49,439

3,230,098

\$ 3,328,245

CITY OF BRENTWOOD, TENNESSEE

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

FOR THE YEAR ENDED JUNE 30, 2008

SPECIAL REVENUE

	STATE STREET AID	DRUG	PUBLIC WORKS PROJECT	EQUIPMENT REPLACEMENT	FACILITIES MAINTENANCE	ADEQUATE SCHOOL FACILITIES
REVENUES						
Licenses and permits	\$ -	\$ -	\$ 339,521	\$ -	\$ -	\$ -
Intergovernmental	988,786	-	-	-	-	341,972
Uses of money and property	18,487	3,534	8,602	77,584	8,219	4,246
Other	-	44,158	-	12,090	-	-
TOTAL REVENUES	1,007,273	47,692	348,123	89,674	8,219	346,218
EXPENDITURES						
Current:						
Roads and streets	1,000,000	-	-	-	-	-
Drug education	-	33,962	-	-	-	-
Facilities maintenance projects	-	-	-	-	131,616	-
Capital outlay	-	69,070	-	454,662	-	-
TOTAL EXPENDITURES	1,000,000	103,032	-	454,662	131,616	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,273	(55,340)	348,123	(364,988)	(123,397)	346,218
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	875,500	300,000	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	875,500	300,000	-
NET CHANGE IN FUND BALANCE	7,273	(55,340)	348,123	510,512	176,603	346,218
FUND BALANCE, BEGINNING OF YEAR	581,731	104,779	76,398	1,133,801	-	-
FUND BALANCE, END OF YEAR	\$ 589,004	\$ 49,439	\$ 424,521	\$ 1,644,313	\$ 176,603	\$ 346,218

TOTAL
NONMAJOR
GOVERNMENTAL
FUNDS

\$ 339,521
1,330,758
120,672

56,248

1,847,199

1,000,000
33,962
131,616

523,732

1,689,310

157,889

1,175,500

-

1,175,500

1,333,389

1,896,709

\$ 3,230,098

CITY OF BRENTWOOD, TENNESSEE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

BUDGET (GAAP BASIS) AND ACTUAL

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	STATE STREET AID FUND			DRUG FUND			
	ORIGINAL AND 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Edmondson Branch fees	-	-	-	-	-	-	-
Intergovernmental:							
State fuel taxes	965,000	988,786	23,786	-	-	-	-
Adequate school facilities tax	-	-	-	-	-	-	-
Uses of money and property:							
Interest earnings	10,000	18,487	8,487	2,000	2,000	3,534	1,534
Other:							
Gain on sale of equipment	-	-	-	-	-	5,027	5,027
Drug related fines and contributions	-	-	-	25,000	25,000	39,131	14,131
TOTAL REVENUES	975,000	1,007,273	32,273	27,000	27,000	47,692	20,692
EXPENDITURES							
Current:							
Roads and streets - street repairs	1,000,000	1,000,000	-	-	-	-	-
Drug education	-	-	-	20,000	34,000	33,962	(38)
Facilities maintenance projects	-	-	-	-	-	-	-
Capital outlay	-	-	-	84,000	70,000	69,070	(930)
TOTAL EXPENDITURES	1,000,000	1,000,000	-	104,000	104,000	103,032	(968)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(25,000)	7,273	32,273	(77,000)	(77,000)	(55,340)	21,660
OTHER FINANCING SOURCES (USES)							
Transfers from General Fund	-	-	-	-	-	-	-
Transfers to Capital Projects Fund	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ (25,000)	7,273	\$ 32,273	\$ (77,000)	\$ (77,000)	(55,340)	\$ 21,660
FUND BALANCE, BEGINNING OF YEAR		581,731				104,779	
FUND BALANCE, END OF YEAR		<u>\$ 589,004</u>				<u>\$ 49,439</u>	

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

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

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	PUBLIC WORKS PROJECT FUND			EQUIPMENT REPLACEMENT FUND		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES						
Licenses and permits:						
Public works project fees	\$ 300,000	\$ 310,306	\$ 10,306	\$ -	\$ -	\$ -
Edmondson Branch fees	-	29,215	29,215	-	-	-
Intergovernmental:						
State fuel taxes	-	-	-	-	-	-
Adequate school facilities tax	-	-	-	-	-	-
Uses of money and property:						
Interest earnings	8,000	8,602	602	40,000	77,584	37,584
Other:						
Gain on sale of equipment	-	-	-	-	12,090	12,090
Drug related fines and contributions	-	-	-	-	-	-
TOTAL REVENUES	308,000	348,123	40,123	40,000	89,674	49,674
EXPENDITURES						
Current:						
Roads and streets - street repairs	-	-	-	-	-	-
Drug education	-	-	-	-	-	-
Projects	-	-	-	-	-	-
Capital outlay	-	-	-	1,260,000	454,662	(805,338)
TOTAL EXPENDITURES	-	-	-	1,260,000	454,662	(805,338)
EXCESS (DEFICIENCY) OF						
REVENUES OVER (UNDER)						
EXPENDITURES	308,000	348,123	40,123	(1,220,000)	(364,988)	855,012
OTHER FINANCING SOURCES (USES)						
Transfers from General Fund	-	-	-	875,500	875,500	-
Transfers to Capital Projects Fund	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	875,500	875,500	-
NET CHANGE IN FUND BALANCE	\$ 308,000	348,123	\$ 40,123	\$ (344,500)	510,512	\$ 855,012
FUND BALANCE, BEGINNING OF YEAR		76,398			1,133,801	
FUND BALANCE, END OF YEAR		\$ 424,521			\$ 1,644,313	

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

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

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	FACILITIES MAINTENANCE 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Edmondson Branch fees	-	-	-	-	-	-
Intergovernmental:						
State fuel taxes	-	-	-	-	-	-
Adequate school facilities tax	-	-	-	720,000	341,972	(378,028)
Uses of money and property:						
Interest earnings	8,000	8,219	219	10,000	4,246	(5,754)
Other:						
Gain on sale of equipment	-	-	-	-	-	-
Drug related fines and contributions	-	-	-	-	-	-
TOTAL REVENUES	8,000	8,219	219	730,000	346,218	(383,782)
EXPENDITURES						
Current:						
Roads and streets - street repairs	-	-	-	-	-	-
Drug education	-	-	-	-	-	-
Facilities maintenance projects	140,000	131,616	(8,384)	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	140,000	131,616	(8,384)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(132,000)	(123,397)	8,603	730,000	346,218	(383,782)
OTHER FINANCING SOURCES (USES)						
Transfers from General Fund	(300,000)	300,000	600,000	-	-	-
Transfers to Capital Projects Fund	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(300,000)	300,000	600,000	-	-	-
NET CHANGE IN FUND BALANCE	\$ (432,000)	176,603	\$ 608,603	\$ 730,000	346,218	\$ (383,782)
FUND BALANCE, BEGINNING OF YEAR		-			-	
FUND BALANCE, END OF YEAR		\$ 176,603			\$ 346,218	

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

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

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>TOTALS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
	<u>BUDGETED</u>	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>OVER</u>
	<u>AMOUNTS</u>	<u>AMOUNTS</u>		<u>(UNDER)</u>
REVENUES				
Licenses and permits:				
Public works project fees	\$ 300,000	\$ 300,000	\$ 310,306	\$ 10,306
Edmondson Branch fees	-	-	29,215	29,215
Intergovernmental:				
State fuel taxes	965,000	965,000	988,786	23,786
Adequate school facilities tax	720,000	720,000	341,972	(378,028)
Uses of money and property:				
Interest earnings	78,000	78,000	120,672	42,672
Other:				
Gain on sale of equipment	-	-	17,117	17,117
Drug related fines and contributions	25,000	25,000	39,131	14,131
TOTAL REVENUES	<u>2,088,000</u>	<u>2,088,000</u>	<u>1,847,199</u>	<u>(240,801)</u>
EXPENDITURES				
Current:				
Roads and streets - street repairs	1,000,000	1,000,000	1,000,000	-
Drug education	20,000	20,000	33,962	13,962
Facilities maintenance projects	140,000	140,000	131,616	(8,384)
Capital outlay	1,344,000	1,344,000	523,732	(820,268)
TOTAL EXPENDITURES	<u>2,504,000</u>	<u>2,504,000</u>	<u>1,689,310</u>	<u>(814,690)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(416,000)</u>	<u>(416,000)</u>	<u>157,889</u>	<u>573,889</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers from General Fund	575,500	575,500	1,175,500	600,000
Operating transfers to Capital Projects Fund	-	-	-	-
Total Other Financing Sources (Uses)	<u>575,500</u>	<u>575,500</u>	<u>1,175,500</u>	<u>600,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 159,500</u>	<u>\$ 159,500</u>	<u>1,333,389</u>	<u>\$ 1,173,889</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,896,709</u>	
FUND BALANCE, END OF YEAR			<u>\$ 3,230,098</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, 2008

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u> <u>FINAL BUDGET</u> <u>OVER</u> <u>(UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Uses of money and property:				
Interest earnings	\$ 125,000	\$ 125,000	\$ 205,302	\$ 80,302
EXPENDITURES				
Debt service:				
Principal	2,055,795	2,055,795	2,055,795	-
Interest	1,010,135	1,010,135	985,124	(25,011)
Issuance costs	25,000	25,000	-	(25,000)
Other:				
Bank service charges	6,000	6,000	4,169	(1,831)
TOTAL EXPENDITURES	3,096,930	3,096,930	3,045,088	(51,842)
DEFICIENCY OF REVENUES UNDER				
EXPENDITURES	(2,971,930)	(2,971,930)	(2,839,786)	132,144
OTHER FINANCING SOURCES (USES)				
Transfers from Historic Commission	17,295	17,295	17,292	(3)
Transfers from General Fund	3,150,000	3,150,000	3,150,000	-
TOTAL OTHER FINANCING SOURCES (USES)	3,167,295	3,167,295	3,167,292	(3)
NET CHANGE IN FUND BALANCE	\$ 195,365	\$ 195,365	327,506	\$ 132,141
FUND BALANCE, BEGINNING OF YEAR			3,537,262	
FUND BALANCE, END OF YEAR			\$ 3,864,768	

FINANCIAL SCHEDULE SECTION

CITY OF BRENTWOOD, TENNESSEE

CAPITAL ASSETS USED IN THE OPERATION OF THE GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2008

<u>FUNCTION AND ACTIVITY</u>	<u>LAND</u>	<u>BUILDINGS AND STRUCTURES</u>	<u>IMPROVEMENTS OTHER THAN</u>			<u>INFRASTRUCTURE</u>	<u>CONSTRUCTION IN PROGRESS</u>	<u>TOTALS</u>
			<u>BUILDINGS</u>	<u>EQUIPMENT</u>	<u>OTHER THAN BUILDINGS</u>			
General government:								
Finance/administration	\$ -	\$ -	\$ -	\$ 341,007	\$ -	\$ -	\$ 1,152	\$ 342,159
Planning and development	-	-	-	568,740	-	-	-	568,740
Other - unclassified	10,600	250,209	184,081	1,822,726	80,775	80,775	63,143	2,411,534
Total General Government	10,600	250,209	184,081	2,732,473	80,775	80,775	64,295	3,322,433
Public Safety:								
Police	-	7,500	-	3,139,987	-	-	175,652	3,323,139
Fire	501,573	4,191,895	47,425	3,398,803	-	-	45,773	8,185,469
Total Public Safety	501,573	4,199,395	47,425	6,538,790	-	-	221,425	11,508,608
Roads and Streets:								
Public works	70,554,437	1,475,589	-	1,777,837	145,040,806	145,040,806	5,006,883	223,855,552
Other	411,162	767,003	-	806,681	168,144	168,144	3,000	2,155,990
Total Roads and Streets	70,965,599	2,242,592	-	2,584,518	145,208,950	145,208,950	5,009,883	226,011,542
Parks and Recreation	2,533,618	2,968,996	10,456,532	696,928	2,608,407	2,608,407	55,120	19,319,601
Public Library	-	7,251,509	356,930	615,991	-	-	161,407	8,385,837
Drug Special Revenue Fund	-	-	-	167,875	-	-	-	167,875
Total governmental funds capital assets	\$ 74,011,390	\$ 16,912,701	\$ 11,044,968	\$ 13,336,575	\$ 147,898,132	\$ 5,512,130	\$ 5,512,130	\$ 268,715,896

CITY OF BRENTWOOD, TENNESSEE

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2008

<u>FUNCTION AND ACTIVITY</u>	<u>BALANCE</u> <u>JULY 1, 2007</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>TRANSFERS</u>	<u>BALANCE</u> <u>JUNE 30, 2008</u>
General government:					
Finance and administration	\$ 354,961	\$ 1,152	\$ (13,954)	\$ -	\$ 342,159
Planning and development	590,572	18,481	(40,313)	-	568,740
Other - unclassified	2,185,840	205,001	-	20,693	2,411,534
Public safety:					
Police department	2,852,448	545,831	(75,140)	-	3,323,139
Fire department	8,229,530	86,506	(130,567)	-	8,185,469
Roads and streets	214,266,184	11,762,817	(17,459)	-	226,011,542
Parks and recreation	19,047,120	293,174	-	(20,693)	19,319,601
Public library	8,179,935	205,902	-	-	8,385,837
Drug special revenue fund	<u>100,475</u>	<u>67,400</u>	<u>-</u>	<u>-</u>	<u>167,875</u>
Total governmental funds capital assets	<u>\$ 255,807,065</u>	<u>\$ 13,186,264</u>	<u>\$ (277,433)</u>	<u>\$ -</u>	<u>\$ 268,715,896</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS

JUNE 30, 2008

	<u>Amount</u>
<u>MAJOR GOVERNMENTAL FUNDS</u>	
<u>General Fund</u>	
Pinnacle - demand deposits	\$ 14,769,153
Pinnacle - Certificate of Deposit	5,000,000
Bancorpsouth - Certificate of Deposit	39,815
Cash on hand	<u>1,620</u>
Total General Fund	<u>19,810,588</u>
<u>Debt Service Fund</u>	
Pinnacle - demand deposits	1,897,768
Pinnacle - Certificate of Deposit	<u>2,000,000</u>
Total Debt Service Fund	<u>3,897,768</u>
<u>Capital Projects Fund</u>	
Pinnacle - demand deposits	16,374,531
Tennessee Commerce Bank - demand deposits	162,794
Pinnacle - Certificate of Deposit	3,000,000
Local Government Investment Pool	<u>4,870</u>
Total Capital Projects Fund	<u>19,542,195</u>
<u>NONMAJOR GOVERNMENTAL FUNDS</u>	
<u>State Street Aid</u>	
Pinnacle - demand deposits	422,348
<u>Drug Fund</u>	
Pinnacle - demand deposits	55,914
<u>Public Works Project Fund</u>	
Pinnacle - demand deposits	424,521
<u>Equipment Replacement Fund</u>	
Pinnacle - demand deposits	1,710,945
<u>Facilities Maintenance Fund</u>	
Pinnacle - demand deposits	187,294
<u>Adequate School Facilities Fund</u>	
Pinnacle - demand deposits	<u>316,430</u>
Total Nonmajor Governmental Funds	<u>3,117,452</u>
<u>MAJOR PROPRIETARY FUNDS</u>	
<u>Water and Sewer Fund</u>	
Pinnacle - demand deposits	<u>7,676,471</u>
<u>Municipal Center Fund</u>	
Pinnacle - demand deposits	<u>833,817</u>
<u>Emergency Communications District</u>	
Pinnacle - demand deposits	<u>758,126</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 55,636,417</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2008

<u>Fiscal</u> <u>Year</u>	<u>BALANCE</u> <u>JUNE 30, 2007</u>	<u>LEVY</u>	<u>COLLECTIONS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2008</u>
2008	\$ -	\$ 9,497,764	\$ (9,329,872)	\$ -	\$ 167,892
2007	124,648	-	(102,751)	-	21,897
2006	39,921	-	(33,521)	-	6,400
2005	12,113	-	(6,433)	-	5,680
2004	6,513	-	(878)	-	5,635
2003	14,630	-	(53)	-	14,577
2002	14,320	-	(1,630)	-	12,690
2001	37,171	-	(1,146)	-	36,025
2000	17,502	-	(664)	-	16,838
1999	10,164	-	-	-	10,164
1998	9,034	-	-	(9,034)	-
1997	3,615	-	-	(3,615)	-
1996	<u>3,447</u>	<u>-</u>	<u>-</u>	<u>(3,447)</u>	<u>-</u>
Total	<u>\$ 293,078</u>	<u>\$ 9,497,764</u>	<u>\$ (9,476,948)</u>	<u>\$ (16,096)</u>	<u>\$ 297,798</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, 2008

Year	1999 G.O. Refunding Bonds		2000 G.O. Bonds		2001 G.O. Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 205,000	\$ 42,986	\$ 230,000	\$ 11,270	\$ 435,000	\$ 18,488
2010	170,000	35,163	-	-	-	-
2011	170,000	27,979	-	-	-	-
2012	180,000	20,498	-	-	-	-
2013	185,000	12,604	-	-	-	-
2014	195,000	4,290	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
	<u>\$ 1,105,000</u>	<u>\$ 143,520</u>	<u>\$ 230,000</u>	<u>\$ 11,270</u>	<u>\$ 435,000</u>	<u>\$ 18,488</u>

Year	2003 G.O. Refunding Bonds		2004 G.O. Public Improvement Bonds		2006 G.O. Public Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 705,000	\$ 149,018	\$ 145,000	\$ 118,503	\$ 185,000	\$ 174,304
2010	735,000	127,418	150,000	114,538	190,000	167,273
2011	750,000	104,205	155,000	110,305	200,000	159,960
2012	475,000	83,705	155,000	105,810	205,000	152,366
2013	295,000	70,230	160,000	100,925	215,000	144,491
2014	305,000	59,501	165,000	95,642	220,000	136,335
2015	320,000	47,855	175,000	89,945	230,000	127,898
2016	330,000	35,340	180,000	83,820	240,000	119,085
2017	345,000	21,833	185,000	77,340	245,000	109,991
2018	360,000	7,380	190,000	70,495	255,000	100,616
2019	-	-	205,000	63,085	265,000	90,866
2020	-	-	210,000	54,990	275,000	80,673
2021	-	-	220,000	46,280	285,000	69,961
2022	-	-	230,000	36,940	300,000	58,625
2023	-	-	235,000	27,058	310,000	46,575
2024	-	-	245,000	16,676	320,000	33,975
2025	-	-	255,000	5,674	335,000	20,875
2026	-	-	-	-	350,000	7,088
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
	<u>\$ 4,620,000</u>	<u>\$ 706,485</u>	<u>\$ 3,260,000</u>	<u>\$ 1,218,026</u>	<u>\$ 4,625,000</u>	<u>\$ 1,800,957</u>

2002 G. O. Refunding Bonds		2002 G.O. Bonds	
Principal	Interest	Principal	Interest
\$ 25,000	\$ 241,475	\$ 190,000	\$ 51,725
270,000	235,600	200,000	44,600
280,000	224,390	205,000	36,800
610,000	205,618	215,000	28,600
635,000	178,844	225,000	19,785
660,000	150,348	235,000	10,223
690,000	119,965	-	-
725,000	87,593	-	-
350,000	62,780	-	-
365,000	46,065	-	-
385,000	28,344	-	-
400,000	9,600	-	-
-	-	-	-
-	-	-	-
<u>\$ 5,395,000</u>	<u>\$ 1,590,622</u>	<u>\$ 1,270,000</u>	<u>\$ 191,733</u>

2006 G.O. Refunding Bonds		2007 G.O. Public Improvement Bonds		Totals Bonds	
Principal	Interest	Principal	Interest	Principal	Interest
\$ -	\$ -	\$ 135,000	\$ 230,487	\$ 2,255,000	\$ 1,038,256
-	-	180,000	183,840	1,895,000	908,432
10,000	91,930	185,000	176,946	1,955,000	932,515
10,000	91,555	190,000	169,860	2,040,000	858,012
15,000	91,086	200,000	162,583	1,930,000	780,548
265,000	85,836	205,000	154,923	2,250,000	697,098
270,000	75,805	215,000	147,072	1,900,000	608,540
280,000	65,493	220,000	138,837	1,975,000	530,168
295,000	54,711	230,000	130,412	1,650,000	457,067
305,000	43,461	235,000	121,603	1,710,000	389,620
315,000	31,758	245,000	112,602	1,415,000	326,655
325,000	19,516	255,000	103,219	1,465,000	267,998
340,000	6,630	265,000	93,452	1,110,000	216,323
-	-	275,000	83,303	805,000	178,868
-	-	285,000	72,770	830,000	146,403
-	-	300,000	61,855	865,000	112,506
-	-	310,000	50,365	900,000	76,914
-	-	320,000	38,492	670,000	45,580
-	-	335,000	26,235	335,000	26,235
-	-	350,000	13,405	350,000	13,405
<u>\$ 2,430,000</u>	<u>\$ 657,781</u>	<u>\$ 4,935,000</u>	<u>\$ 2,272,261</u>	<u>\$ 28,305,000</u>	<u>\$ 8,611,143</u>

CITY OF BRENTWOOD, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS - BUSINESS-TYPE ACTIVITIES DEBT
JUNE 30, 2008

Year	1999 Sewer Revenue and Tax Refunding Bonds		2001 Sewer Revenue and Tax Refunding Bonds		2001 Water Revenue and Tax Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 115,000	\$ 30,146	\$ 355,000	\$ 15,088	\$ 135,000	\$ 23,315
2010	120,000	25,240	-	-	140,000	17,915
2011	125,000	20,064	-	-	145,000	12,245
2012	125,000	14,720	-	-	150,000	6,300
2013	135,000	9,096	-	-	-	-
2014	140,000	3,080	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
	<u>\$ 760,000</u>	<u>\$ 102,346</u>	<u>\$ 355,000</u>	<u>\$ 15,088</u>	<u>\$ 570,000</u>	<u>\$ 59,775</u>

Year	2006 Water Revenue and Tax Refunding Bonds		Totals Bonds		State Loan Program Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ -	\$ 66,903	\$ 980,000	\$ 226,104	\$ 263,998	\$ 14,417
2010	-	66,903	640,000	200,710	179,770	5,841
2011	-	66,903	665,000	178,539	-	-
2012	-	66,903	685,000	155,132	-	-
2013	170,000	63,715	490,000	126,426	-	-
2014	175,000	57,246	505,000	103,528	-	-
2015	185,000	50,496	380,000	86,964	-	-
2016	185,000	43,559	390,000	72,884	-	-
2017	195,000	36,434	405,000	58,056	-	-
2018	205,000	28,934	430,000	42,359	-	-
2019	210,000	21,153	210,000	25,766	-	-
2020	220,000	13,035	220,000	13,035	-	-
2021	230,000	4,428	230,000	4,428	-	-
2022	-	-	-	-	-	-
	<u>\$ 1,775,000</u>	<u>\$ 586,612</u>	<u>\$ 6,230,000</u>	<u>\$ 1,293,931</u>	<u>\$ 443,768</u>	<u>\$ 20,258</u>

2003 Sewer Revenue
and Tax Refunding Bonds

Principal	Interest
\$ 375,000	\$ 90,652
380,000	79,327
395,000	67,209
410,000	53,615
185,000	43,202
190,000	36,468
195,000	29,325
205,000	21,622
210,000	13,425
225,000	4,613
-	-
-	-
-	-
-	-
<u>2,770,000</u>	<u>439,458</u>
\$ 2,770,000	\$ 439,458

Total Debt Requirements

Principal	Interest
\$ 1,243,998	\$ 240,521
819,770	206,551
665,000	178,539
685,000	155,132
490,000	126,426
505,000	103,528
380,000	86,964
390,000	72,884
405,000	58,056
430,000	42,359
210,000	25,766
220,000	13,035
230,000	4,428
-	-
<u>6,673,768</u>	<u>1,314,189</u>
\$ 6,673,768	\$ 1,314,189

CITY OF BRENTWOOD, TENNESSEE

UTILITY RATE STRUCTURE, NUMBER OF CUSTOMERS AND UNACCOUNTED FOR WATER

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Number of Customers</u>		
Water	8,205		
Sewer	9,711		
	<u>Rate Structure</u>		
Water			
<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 ²)	
Usage exceeding 1 gallon per square foot (up to 10,000 gallons)	4.07	per 1,000 gallons	
Thereafter	4.65	per 1,000 gallons	
Sewer			
<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	
<i>Commercial office, institutional and certain other commercial customers</i>			
Minimum bill, per square foot of building	\$ 0.009084	(approx. per ft ²)	
Up to 10,000 gallons total usage, per 1,000	6.36	per 1,000 gallons	
Over 10,000 gallons, per 1,000 gallons	7.26	per 1,000 gallons	
<i>Commercial retail customers - Minimum bill, per unit or tenant space</i>			
Up to 10,000 gallons total usage, per 1,000 gallons	\$ 18.16	(minimum bill)	
Over 10,000 gallons, per 1,000 gallons	6.36	per 1,000 gallons	
	7.26	per 1,000 gallons	
<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	
<i>Commercial office, institutional and certain other commercial customers</i>			
Minimum bill, per square foot of building	\$ 0.009538	(approx. per ft ²)	
Up to 10,000 gallons total usage, per 1,000	6.69	per 1,000 gallons	
Over 10,000 gallons, per 1,000 gallons	7.63	per 1,000 gallons	
<i>Commercial retail customers (sewer only); 105% institutional</i>			
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	

Water Loss Percentage

Gallons lost as a % of total gallons purchased	20.6%
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CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2008

Grant Description	Federal CFDA#	Grant Number	Grant Period	Federal Grant Amount	State Grant Amount	Accrued (Deferred) 7/1/06	Other Adjustments	Federal Receipts	State Receipts	Expenditures	Accrued (Deferred) 6/30/07
FEDERAL AWARDS:											
FEDERAL EMERGENCY MANAGEMENT AGENCY											
Passed through the Tennessee Emergency Management Agency:											
Disaster Assistance	97.088	HSFEEM-05-P-5142	N/A	\$ 98,414	\$ -	\$ 4,574	\$ -	\$ -	\$ -	\$ -	\$ 4,574
TOTAL FEDERAL EMERGENCY MANAGEMENT						4,574	-	-	-	-	4,574
BUREAU OF JUSTICE ASSISTANCE											
Bulletproof Vest Grant	16.607	N/A	7/01/2002 - 9/30/08	\$ 1,128	-	-	-	1,128	-	1,128	-
TOTAL BUREAU OF JUSTICE ASSISTANCE						-	-	1,128	-	1,128	-
TOTAL EXPENDITURES OF FEDERAL AWARDS						\$ 4,574	\$ -	\$ 1,128	\$ -	\$ 1,128	\$ 4,574
STATE AWARDS:											
State of Tennessee											
Department of State, Tennessee State Library and Archives Technology Grant	N/A	Z-08-212195	3/01/08 - 8/01/08		N/A	\$ -	\$ -	\$ -	\$ 6,700	\$ 6,673	\$ (27)
GIS Mapping Maintenance Grant	N/A	Z-03-016965	7/1/08 - 1/14/08		N/A	-	-	-	5,425	5,425	-
GIS Mapping Maintenance Grant	N/A	Z-08-211908	1/15/08 - 6/30/12		N/A	-	-	-	4,575	4,575	-
TOTAL EXPENDITURES OF STATE AWARDS						\$ -	\$ -	\$ -	\$ 16,700	\$ 16,673	\$ (27)
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS						\$ 4,574	\$ -	\$ 1,128	\$ 16,700	\$ 17,801	\$ 4,547

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal and State Awards includes the grant activity of the City of Brentwood, Tennessee and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements.

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STATISTICAL SECTION

(Not Covered by Report of Independent Certified Public Accountants)

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

CONTENTS

	<u>Page</u>
<u>Financial Trends</u>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	79 - 84
<u>Revenue Capacity</u>	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	85 - 91
<u>Debt Capacity</u>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	92 - 95
<u>Demographic and Economic Information</u>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	96 - 97
<u>Operating Information</u>	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	98 - 100

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

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CITY OF BRENTWOOD, TENNESSEE

NET ASSETS BY COMPONENT (UNAUDITED)

LAST SEVEN FISCAL YEARS

	FISCAL YEAR						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities							
Invested in capital assets, net of related debt	\$ 111,507,818	\$ 114,258,066	\$ 115,634,124	\$ 119,610,848	\$ 119,009,889	\$ 135,812,978	\$ 139,216,762
Restricted	1,779,755	2,146,192	2,584,725	2,774,389	2,621,325	1,238,048	3,230,842 ⁽²⁾
Unrestricted	26,245,771	26,543,145	28,721,929	25,135,008 ⁽¹⁾	29,586,562	36,398,248	45,441,221
Total governmental activities net assets	\$ 139,533,344	\$ 142,947,403	\$ 146,940,778	\$ 147,520,245	\$ 151,217,776	\$ 173,449,274	\$ 187,888,825
Business-type activities							
Invested in capital assets, net of related debt	\$ 35,705,366	\$ 38,641,105	\$ 39,366,472	\$ 41,920,206	\$ 45,220,609	\$ 46,036,765	\$ 50,097,841
Restricted	269,708	269,708	269,708	269,708	269,708	269,708	269,708
Unrestricted	4,767,441	4,153,065	5,530,180	5,793,961	6,094,460	10,640,015	9,034,115
Total business-type activities net assets	\$ 40,742,515	\$ 43,063,878	\$ 45,166,360	\$ 47,983,875	\$ 51,584,777	\$ 56,946,488	\$ 59,401,664
Primary government							
Invested in capital assets, net of related debt	\$ 147,213,184	\$ 152,899,171	\$ 155,000,596	\$ 161,531,054	\$ 164,230,498	\$ 181,849,743	\$ 189,314,603
Restricted	2,049,463	2,415,900	2,854,433	3,044,097	2,891,033	1,507,756	3,500,550
Unrestricted	31,013,212	30,696,210	34,252,109	30,928,969	35,681,022	47,038,263	54,475,336
Total primary government net assets	\$ 180,275,859	\$ 186,011,281	\$ 192,107,138	\$ 195,504,120 ⁽¹⁾	\$ 202,802,553	\$ 230,395,762	\$ 247,290,489

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

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

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

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN NET ASSETS (UNAUDITED)

LAST SEVEN FISCAL YEARS

	FISCAL YEAR						
	2002	2003	2004	2005	2006	2007	2008
EXPENSES							
Governmental Activities							
General government	\$ 3,316,423	\$ 3,698,287	\$ 4,000,165	\$ 4,507,895	\$ 5,364,225	\$ 5,179,031	\$ 5,671,314
Public safety	7,912,829	8,749,676	8,208,457	9,212,802	10,043,600	10,354,861	11,582,486
Roads and streets	6,255,259	7,126,358	7,605,857	7,051,097	6,134,385	7,995,238	8,608,854
Public health	50,407	51,481	61,668	71,764	63,753	76,310	80,890
Parks and recreation	1,435,002	2,097,688	1,636,532	1,805,863	2,535,784	2,113,051	2,214,424
Public library	1,437,096	1,624,828	1,612,919	1,705,640	1,828,744	1,917,705	2,059,858
Community support	192,150	273,959	259,765	239,793	261,678	264,226	259,756
Drug education	16,282	17,174	17,051	14,837	108,669	58,279	63,604
Facilities maintenance projects	-	-	-	-	-	-	131,616
Other	3,626	5,160	15,012	19,553	10,368	-	-
Interest on long-term debt	1,115,403	1,123,385	1,010,769	1,108,444	1,001,149	1,141,649	1,230,022
Total governmental activities	21,734,477	24,767,996	24,428,195	25,737,688	27,352,355	29,104,350	31,902,824
Business-type activities:							
Water and Sewer	7,782,407	8,766,131	8,946,321	9,032,664	9,751,321	10,105,203	11,551,025
Rental facilities	414,450	445,070	447,752	422,084	463,648	475,793	507,356
911 operations	-	-	673,869	681,704	788,595	842,061	889,135
Total business-type activities	8,196,857	9,211,201	10,067,942	10,136,452	11,003,564	11,423,057	12,947,516
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 29,931,334	\$ 33,979,197	\$ 34,496,137	\$ 35,874,140	\$ 38,355,919	\$ 40,527,407	\$ 44,850,340
PROGRAM REVENUES							
Governmental Activities:							
Charges for services:							
General government	\$ 193,582	\$ 233,958	\$ 230,690	\$ 226,857	\$ 392,005	\$ 457,610	\$ 631,595
Roads and streets	27,000	33,669	46,124	43,697	55,324	64,741	35,646
Parks and recreation	22,551	12,515	22,764	27,275	29,101	67,650	90,933
Public library	81,087	85,458	95,863	93,996	125,556	138,322	137,032
Community support	20,231	19,081	21,973	24,877	24,341	23,841	24,325
Operating grants and contributions	663,100	747,889	762,606	1,046,504	1,039,004	915,641	1,026,577
Capital grants and contributions	-	4,233,595	4,050,713	3,339,186	-	17,294,640	6,909,990
Total governmental activities and program revenues	1,007,551	5,366,165	5,230,733	4,802,392	1,665,331	18,962,445	8,856,098
Business-type activities:							
Charges for services:							
Water and Sewer	10,280,933	10,494,678	10,905,650	11,673,752	13,065,468	14,903,069	13,434,436
Rental facilities	389,208	448,253	437,162	449,008	490,188	478,347	496,971
911 operations	-	279,944	431,622	451,578	538,212	620,309	623,926
Operating grants and contributions	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-
Total business-type activities program revenues	10,670,141	11,222,875	11,774,434	12,574,338	14,093,868	16,001,725	14,555,333
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 11,677,692	\$ 16,589,040	\$ 17,005,167	\$ 17,376,730	\$ 15,759,199	\$ 34,964,170	\$ 23,411,431

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN NET ASSETS (UNAUDITED) (CONTINUED)

LAST SEVEN FISCAL YEARS

	FISCAL YEAR						
	2002	2003	2004	2005	2006	2007	2008
NET (EXPENSE)/REVENUE							
Governmental activities	\$ (20,726,926)	\$ (19,401,831)	\$ (19,197,462)	\$ (20,935,296)	\$ (25,687,024)	\$ (10,141,905)	\$ (23,046,726)
Business-type activities	<u>2,473,284</u>	<u>2,011,674</u>	<u>1,706,492</u>	<u>2,437,886</u>	<u>3,090,304</u>	<u>4,578,668</u>	<u>1,607,817</u>
TOTAL PRIMARY GOVERNMENT NET EXPENSE	<u>\$ (18,253,642)</u>	<u>\$ (17,390,157)</u>	<u>\$ (17,490,970)</u>	<u>\$ (18,497,410)</u>	<u>\$ (22,596,720)</u>	<u>\$ (5,563,237)</u>	<u>\$ (21,438,909)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS							
Governmental activities:							
Taxes							
Property taxes	\$ 7,648,716	\$ 8,109,218	\$ 8,218,733	\$ 8,473,452	\$ 8,929,991	\$ 9,305,843	\$ 9,948,350
Local option taxes	<u>7,644,789</u>	<u>7,765,996</u>	<u>7,882,242</u>	<u>8,691,778</u>	<u>10,098,176</u>	<u>10,510,078</u>	<u>10,897,522</u>
Licenses and permits	1,432,356	1,595,673	1,990,455	1,709,803	3,315,881	3,770,901	4,025,144
Other taxes	<u>1,065,976</u>	<u>1,094,616</u>	<u>1,834,238</u>	<u>2,894,347</u>	<u>1,930,755</u>	<u>1,680,610</u>	<u>1,146,517</u>
Sale sales, income, and other taxes	3,780,028	3,573,964	3,081,239	3,425,382	4,170,870	5,500,693	6,744,510
Unrestricted earnings	<u>786,729</u>	<u>499,447</u>	<u>436,363</u>	<u>731,403</u>	<u>1,287,069</u>	<u>2,129,264</u>	<u>1,883,205</u>
Miscellaneous	98,843	429,150	64,603	106,310	532,213	512,712	1,548,023
Loss on disposal of capital assets	-	(2,174)	-	-	-	(84,698)	-
Contributions to Post Employment Benefit Fund	-	-	-	(300,000)	(617,000)	(620,000)	-
Transfers	<u>-</u>	<u>(250,000)</u>	<u>(317,036)</u>	<u>(250,000)</u>	<u>(263,400)</u>	<u>(332,000)</u>	<u>(395,000)</u>
Total government activities	<u>22,457,437</u>	<u>22,815,890</u>	<u>23,190,837</u>	<u>25,482,475</u>	<u>29,384,555</u>	<u>32,373,403</u>	<u>35,798,271</u>
Business-type activities							
Unrestricted investment earnings	209,876	59,689	78,954	129,629	307,198	511,043	452,359
Contributions to Post Employment Benefit Fund	-	-	-	-	(60,000)	(60,000)	-
Transfers	<u>-</u>	<u>250,000</u>	<u>317,036</u>	<u>250,000</u>	<u>263,400</u>	<u>332,000</u>	<u>395,000</u>
Total business-type activities	<u>209,876</u>	<u>309,689</u>	<u>395,990</u>	<u>379,629</u>	<u>510,598</u>	<u>783,043</u>	<u>847,359</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 22,667,313</u>	<u>\$ 23,125,579</u>	<u>\$ 23,586,827</u>	<u>\$ 25,862,104</u>	<u>\$ 29,895,153</u>	<u>\$ 33,156,446</u>	<u>\$ 36,645,630</u>
CHANGE IN NET ASSETS							
Governmental activities	\$ 1,730,511	\$ 3,414,059	\$ 3,993,375	\$ 4,547,179	\$ 3,697,531	\$ 29,845,685	\$ 12,883,161
Business-type activities	<u>2,683,160</u>	<u>2,321,363</u>	<u>2,102,482</u>	<u>2,817,515</u>	<u>3,600,902</u>	<u>5,361,711</u>	<u>2,455,176</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 4,413,671</u>	<u>\$ 5,735,422</u>	<u>\$ 6,095,857</u>	<u>\$ 7,364,694</u>	<u>\$ 7,298,433</u>	<u>\$ 35,207,396</u>	<u>\$ 15,338,337</u>

CITY OF BRENTWOOD, TENNESSEE

FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,340,062	11,452,090	14,187,576	17,038,588	14,080,418	14,682,705	16,508,469	18,477,195	18,511,792	23,074,729
Total general fund	<u>\$ 9,340,062</u>	<u>\$ 11,452,090</u>	<u>\$ 14,187,576</u>	<u>\$ 17,038,588</u>	<u>\$ 14,080,418</u>	<u>\$ 14,682,705</u>	<u>\$ 16,508,469</u>	<u>\$ 18,477,195</u>	<u>\$ 18,511,792</u>	<u>\$ 23,074,729</u>
All Other Governmental Funds										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved										
Reserved for debt services	2,331,572	2,499,952	2,777,528	2,896,376	2,927,189	2,954,569	2,952,006	3,023,388	3,537,262	3,864,768
Reserved for capital projects	4,346,909	10,490,459	3,747,077	5,854,488	9,277,744	12,459,881	9,539,741	14,618,603	16,734,749	21,627,739
Reserved for facilities repairs	-	-	-	-	-	-	-	-	-	176,603
Reserved for street repairs	192,658	332,709	391,458	411,206	426,405	436,285	568,726	561,571	581,731	589,004
Reserved for drug enforcement and education	12,892	19,633	50,715	63,541	80,621	110,618	94,649	142,077	104,779	49,439
Total all other governmental funds	<u>\$ 6,884,031</u>	<u>\$ 13,342,753</u>	<u>\$ 6,966,778</u>	<u>\$ 9,225,611</u>	<u>\$ 12,711,959</u>	<u>\$ 15,961,353</u>	<u>\$ 13,155,122</u>	<u>\$ 18,345,639</u>	<u>\$ 20,958,521</u>	<u>\$ 26,307,553</u>

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
REVENUES										
Taxes	\$ 13,967,041	\$ 15,556,655	\$ 16,467,521	\$ 16,012,683	\$ 16,888,286	\$ 17,740,061	\$ 20,059,577	\$ 22,344,048	\$ 23,586,822	\$ 24,871,016
Licenses and permits	1,063,628	530,945	745,512	1,432,356	1,595,673	1,990,455	1,709,803	1,930,755	1,680,610	1,146,517
Fines and fees	184,145	191,895	209,596	193,582	233,958	230,690	226,857	392,005	457,610	631,595
Charges for services	99,399	139,830	126,134	150,869	150,722	186,724	189,845	234,322	294,554	287,936
Intergovernmental	3,984,371	4,020,980	4,430,779	4,443,128	4,321,853	3,843,845	4,471,886	5,209,874	6,416,334	7,771,087
Uses of money and property	1,877,101	1,528,044	1,609,349	786,729	499,447	436,363	731,403	1,287,069	2,129,264	1,883,205
Other revenues	31,794	65,377	63,393	98,843	429,151	64,603	106,310	532,213	512,712	1,548,023
TOTAL REVENUES	21,207,479	22,033,726	23,652,284	23,118,190	24,119,090	24,492,741	27,495,681	31,930,286	35,077,906	38,139,379
EXPENDITURES										
General government	2,471,079	2,518,629	2,852,441	3,166,656	3,533,496	3,917,644	4,220,253	4,457,292	4,727,232	5,175,337
Public safety	5,187,357	5,753,262	6,106,661	7,727,574	8,216,680	8,050,701	8,713,433	9,405,597	10,009,079	10,863,119
Roads and streets	1,960,215	2,016,888	2,328,418	2,523,168	3,157,457	3,188,370	3,180,765	3,676,825	3,822,056	4,317,743
Public health	58,722	59,820	47,955	50,407	51,481	61,668	71,764	63,753	76,310	80,890
Parks and recreation	807,826	858,316	860,067	938,071	1,033,789	1,083,375	1,125,016	1,284,465	1,458,493	1,582,625
Public library	954,538	1,026,194	1,119,074	1,241,578	1,429,472	1,464,382	1,518,773	1,645,071	1,755,700	1,845,720
Community support	147,117	180,940	160,703	174,410	254,373	238,031	239,793	241,243	264,226	259,756
Drug education	4,995	22,130	13,195	15,931	12,965	12,842	10,628	31,593	22,414	33,962
Facility maintenance	-	-	-	-	-	-	-	-	-	131,616
Other	21,780	32,178	34,443	3,626	5,160	4,920	-	5,395	-	-
Capital outlay	5,179,821	3,767,882	11,525,319	6,103,653	2,909,224	3,024,562	5,800,950	4,692,511	6,435,501	5,349,986
Contribution to Post Employment Benefits Fund	-	-	-	-	-	-	300,000	617,000	620,000	- *
Debt service										
Interest	999,829	923,707	1,132,089	1,047,671	1,142,662	992,536	1,073,377	967,277	1,098,161	2,055,795
Principal	1,300,400	1,236,235	1,312,134	1,516,235	1,594,153	1,885,285	1,971,459	2,182,830	1,809,255	1,070,861
Total expenditures	19,093,679	18,396,181	27,492,499	24,508,980	23,340,912	23,924,316	28,226,211	29,270,852	32,098,427	32,767,410
Excess of revenues over (under) expenditures	2,113,800	3,637,545	(3,840,215)	(1,390,790)	778,178	568,425	(730,530)	2,659,434	2,979,479	5,371,969

*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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 4,315,000	\$ 5,345,000	\$ 4,500,000	\$ 5,455,000	\$ 5,550,000	\$ 7,891,000	\$ 5,722,750	\$ 7,267,668	\$ 11,922,523	\$ 5,842,792
Transfers out	(4,315,000)	(5,345,000)	(4,500,000)	(5,455,000)	(5,800,000)	(8,241,500)	(5,972,750)	(7,531,068)	(12,254,523)	(6,237,792)
Proceeds of general obligation bonds	-	5,000,000	-	4,425,000	-	3,685,000	-	4,800,000	-	4,935,000
Proceeds of refunding bonds	1,933,550	-	3,032,399	5,525,000	6,300,000	-	-	2,430,000	-	-
Payment of refunded bond escrow agent	(1,954,928)	-	(3,018,280)	(5,442,996)	(6,213,361)	-	-	(2,398,471)	-	-
Bond discount	(9,824)	(66,795)	(11,314)	(154,009)	(86,639)	(51,181)	-	(68,320)	-	-
Total other financing sources (uses)	(31,202)	4,933,205	2,805	4,352,995	(250,000)	3,283,319	(250,000)	4,499,809	(332,000)	4,540,000
Net Change in Fund Balance	\$ 2,082,598	\$ 8,570,750	\$ (3,837,410)	\$ 2,962,205	\$ 528,178	\$ 3,851,744	\$ (980,530)	\$ 7,159,243	\$ 2,647,479	\$ 9,911,969
Debt service as a percentage of noncapital expenditures	16.5 %	14.8 %	15.3 %	13.9 %	13.4 %	13.8 %	13.6 %	12.8 %	11.3 %	11.4 %

CITY OF BRENTWOOD, TENNESSEE

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY (UNAUDITED)

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

* The fiscal year listed corresponds to the preceding tax year levy (2008 fiscal year would represent the 2007 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

<u>FISCAL YEAR **</u>	<u>DIRECT RATE</u>	<u>OVERLAPPING</u>
	<u>CITY OF</u> <u>BRENTWOOD</u>	<u>RATE *</u> <u>WILLIAMSON</u> <u>COUNTY</u>
1999	\$.73 / 100	\$ 2.91 / 100
2000	.73 / 100	2.91 / 100
2001	.73 / 100	2.91 / 100
2002	.59 / 100	2.57 / 100
2003	.59 / 100	2.57 / 100
2004	.59 / 100	2.79 / 100
2005	.59 / 100	2.79 / 100
2006	.59 / 100	2.79 / 100
2007	.49 / 100	2.26 / 100
2008	.49 / 100	2.26 / 100

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

** The fiscal year listed corresponds to the preceding tax year levy (2008 fiscal year would represent the 2007 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

	FY 2008			FY 1999		
TAXPAYER	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value
Bellsouth Telecommunication	\$ 52,831,383	1	2.65 %	\$ 63,755,208	1	7.39 %
Highwoods/Tenn Holdings LB	31,244,560	2	1.57	6,405,120	7	0.74
UCS/Proventure-Synergy	22,023,320	3	1.11	-	-	-
Duke Realty LP	16,186,160	4	0.81	-	-	-
AT&T Mobility	15,731,826	5	0.79	-	-	-
PEM Cool Springs H LLC	12,811,120	6	0.64	-	-	-
Heritage Retirement Fac	11,362,600	7	0.57	-	-	-
Brentwood Retail II Corp	10,641,480	8	0.53	7,648,560	5	0.89
Wells Fund XII-Reit Joint	9,344,000	9	0.47	-	-	-
Gateway Kentfield	9,072,160	10	0.46	-	-	-
Highwoods/Forsyth LP	-	-	-	5,343,240	8	0.62
Service Merchandise Company, Inc.	-	-	-	10,724,882	3	1.24
Williams, W. Fred, Trustee	-	-	-	13,563,520	2	1.57
Koger Office Parks	-	-	-	9,176,400	4	1.06
Northwestern Mutual	-	-	-	5,770,600	9	0.67
Principal Mutual Life	-	-	-	5,116,760	10	0.59
Springvest Associates LP	-	-	-	6,418,960	6	0.74
Total	\$ 191,248,609		9.60 %	\$ 133,923,250		15.52 %
Total Assessment	\$ 1,991,154,964	**		\$ 862,795,387	***	

* Source: - 1999 and 2008 Williamson County Assessment

** Total Assessment Value for Tax Year 2008

*** Comptroller of the Treasury Office of Assessed Properties

CITY OF BRENTWOOD

PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)

LAST TEN YEARS

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
1999	\$ 6,369,408	\$ 6,274,712	98.5%	\$ 84,532	\$ 6,359,244	99.8%
2000	6,847,053	6,734,519	98.4%	95,696	6,830,215	99.8%
2001	6,998,153	6,788,687	97.0%	173,441	6,962,128	99.5%
2002	7,288,260	7,111,642	97.6%	163,928	7,275,570	99.8%
2003	7,359,856	7,252,397	98.5%	92,882	7,345,279	99.8%
2004	7,545,119	7,419,009	98.3%	120,475	7,539,484	99.9%
2005	7,935,424	7,802,864	98.3%	126,880	7,929,744	99.9%
2006	8,448,015	8,153,723	96.5%	287,892	8,441,615	99.9%
2007	8,885,916	8,761,268	98.6%	102,751	8,864,019	99.8%
2008	9,497,764	9,329,872	98.2%	-	9,329,872	98.2%

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

* The fiscal year listed corresponds to the preceding tax year levy (2008 fiscal year would represent the 2007 tax levy).
This represents the period for which the taxes were levied.

CITY OF BRENTWOOD, TENNESSEE

TAXABLE SALES BY CATEGORY (UNAUDITED)

LAST TEN CALENDAR YEARS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Apparel stores	\$ 9,912,017	\$ 23,723,225	\$ 21,359,004	\$ 18,737,690	\$ 21,632,712	\$ 24,338,837	\$ 28,153,688	\$ 33,176,460	\$ 36,457,952	\$ 36,942,894
General merchandise	7,125,554	28,830,839	46,236,814	47,309,337	53,182,206	59,671,979	69,488,049	79,666,952	93,660,949	96,290,678
Food stores	78,342,153	80,202,622	74,524,758	70,510,655	63,603,432	72,234,838	84,458,519	105,320,600	115,270,158	122,697,493
Eating and drinking establishments	42,415,382	43,449,080	50,713,596	50,275,927	45,522,175	46,851,981	51,765,342	59,831,570	65,246,260	66,842,320
Home furnishings and appliances	57,801,223	103,231,405	115,476,309	113,639,490	112,718,865	116,455,912	128,593,275	136,363,416	132,412,981	129,993,697
Building materials and farm tools	52,691,702	55,443,658	50,354,021	40,537,254	41,154,270	45,042,058	53,174,769	58,575,236	62,970,713	59,187,537
Auto dealers, supplies, and service stations	10,380,235	14,986,422	18,309,588	20,683,524	21,817,433	24,583,902	26,465,210	27,832,270	26,828,090	28,238,061
Other retail stores	42,213,712	50,724,012	54,307,251	53,700,244	64,228,381	62,715,173	68,611,909	89,553,218	102,239,437	123,263,920
All other outlets	175,106,310	155,862,809	184,965,178	188,895,364	157,129,029	142,956,303	150,830,862	168,440,298	186,754,941	189,557,442

Total	\$ 475,988,288	\$ 556,454,072	\$ 616,246,519	\$ 604,289,485	\$ 580,988,503	\$ 594,850,983	\$ 661,541,623	\$ 758,760,020	\$ 821,841,481	\$ 853,014,042
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City/County direct sales tax	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
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Source: Tennessee Department of Revenue, Research Division.

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING SALES TAX RATES (UNAUDITED)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Williamson County</u>	<u>State of Tennessee</u>
1999	1.125 %	1.125 %	6.00 %
2000	1.125	1.125	6.00
2001	1.125	1.125	6.00
2002	1.125	1.125	6.00
2003	1.125	1.125	7.00
2004	1.125	1.125	7.00
2005	1.125	1.125	7.00
2006	1.125	1.125	7.00
2007	1.125	1.125	7.00
2008	1.125	1.125	7.00

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

CITY OF BRENTWOOD, TENNESSEE

SALES TAX REVENUE PAYERS BY INDUSTRY (UNAUDITED)

FISCAL YEARS 1999 AND 2008

Sector	1999				2008			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	510	50	\$ 7,667,888	67	579	48	\$ 14,803,537	77
2 Services	328	31	2,180,586	19	356	29	2,942,290	15
3 Manufacturing	53	5	462,574	4	56	5	570,353	3
4 Wholesale Trade	66	6	237,289	2	101	8	206,176	1
5 Construction	23	2	191,178	2	23	2	142,029	1
6 Finance Insurance Real Estate	21	2	16,302	-	10	1	7,191	-
7 Transportation and Utilities	26	2	556,113	5	13	1	365,473	2
8 Agriculture	14	1	25,282	-	12	1	29,390	-
9 Other, Non Classified	10	1	137,633	1	61	5	168,590	1
Total	1,051	100	\$ 11,474,845	100	1,211	100	\$ 19,235,029	100

Source: Tennessee Department of Revenue, Research Division.

Notes:

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

CITY OF BRENTWOOD, TENNESSEE

RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)

LAST TEN FISCAL YEARS

FISCAL YEAR	GOVERNMENT ACTIVITIES		BUSINESS TYPE ACTIVITIES			TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME *		PER CAPITA *
	GENERAL OBLIGATION BONDS	WATER & SEWER REVENUE BONDS	STATE/TML WATER LOANS						
1999	\$ 20,272,065	\$ 13,520,000	\$ 2,224,431		\$	36,016,496	32.37	%	\$ 1,539
2000	23,775,000	12,355,000	2,095,217			38,225,217	31.16		1,630
2001	22,535,000	14,170,000	1,954,186			38,659,186	35.47		1,445
2002	25,790,000	12,970,000	1,809,196			40,569,196	33.80		1,517
2003	24,565,000	12,000,000	1,644,258			38,209,258	36.29		1,429
2004	26,380,000	10,720,000	1,419,262			38,519,262	45.37		1,258
2005	24,430,000	9,385,000	1,186,957			35,001,957	49.93		1,143
2006	27,195,000	8,065,000	947,104			36,207,104	47.86		1,183
2007	25,405,000	7,170,000	699,459			33,274,459	58.26		944
2008	23,615,000	6,275,000	443,768			30,333,768	63.91		860

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

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

CITY OF BRENTWOOD

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

LAST TEN FISCAL YEARS

	FISCAL YEAR									
<i>(dollars in thousands, except per capita)</i>	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General bonded debt outstanding										
general obligation bonds	\$ 20,272	\$ 23,775	\$ 22,535	\$ 25,790	\$ 24,565	\$ 26,380	\$ 24,430	\$ 27,195	\$ 25,405	\$ 23,615
Percentage of estimated actual										
property value**	2.54%	2.75%	2.49%	2.27%	1.97%	2.06%	1.81%	1.89%	1.41%	1.22%
Per capita***	866.33	1,014.08	842.59	964.36	918.56	861.61	797.92	888.23	720.46	669.70
Less: Amounts set aside to repay general debt	2,332	2,500	2,778	2,896	2,927	2,955	2,952	3,023	3,537	3,865
Total net debt applicable to debt limit	\$ 17,940	\$ 21,275	\$ 19,757	\$ 22,894	\$ 21,638	\$ 23,425	\$ 21,478	\$ 24,172	\$ 21,868	\$ 19,750
Legal debt limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legal debt margin as a percentage										
of the debt limit*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

** Property value obtained from page 81 (Assessed and Estimated Actual Value of Property)

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

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)

AS OF JUNE 30, 2008

<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	\$ 28,305	100.0%	\$ 28,305
Overlapping:			
Williamson County	<u>401,344</u>	28.6%	<u>114,940</u>
Total	<u>\$ 429,649</u>		<u>\$ 143,245</u>

(1) Determined by ratio of assessed valuation of property subject to taxation in City of Brentwood to valuation of property subject to taxation in Williamson County as of 6/30/2008

(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	
1999	\$ 7,823,211	\$ 4,247,068	\$ 3,576,143	\$ 1,200,909	\$ 680,431	\$ 1,881,340	1.90
2000	8,196,249	4,658,988	3,537,261	1,165,002	614,839	1,779,841	1.99
2001	10,220,200	5,169,932	5,050,268	1,225,001	555,813	1,780,814	2.84
2002	10,481,682	5,513,158	4,968,524	1,200,000	652,953	1,852,953	2.68
2003	10,547,074	6,441,834	4,105,240	1,185,000	582,659	1,767,659	2.32
2004	10,971,029	6,654,397	4,316,632	1,280,000	468,904	1,748,904	2.47
2005	11,781,930	6,771,726	5,010,204	1,335,000	415,304	1,750,304	2.86
2006	13,320,702	7,551,700	5,769,002	1,365,000	321,380	1,686,380	3.42
2007	15,333,635	7,824,784	7,508,851	895,000	327,361	1,222,361	6.14
2008	13,810,926	9,287,489	4,523,437	940,000	235,022	1,175,022	3.85

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

**Does not include depreciation and amortization.

***Does not include payments on State loans.

CITY OF BRENTWOOD, TENNESSEE

DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)

LAST TEN CALENDAR YEARS

CALENDAR YEAR	POPULATION	PERSONAL INCOME		PER CAPITA		MEDIAN AGE ^a	SCHOOL ENROLLMENT ^b	UNEMPLOYMENT RATE ^c
		(IN THOUSANDS OF DOLLARS) ^a		PERSONAL INCOME ^a				
1999	¹ 23,400	\$ 1,165,835	\$	49,822		39.1	5,957	2.0%
2000	² 23,445	1,191,217		50,809		38.4	6,101	1.9%
2001	¹ 26,745	1,371,056		51,264		38.3	6,135	2.1%
2002	³ 26,743	1,371,056		N/A		40.2	6,731	2.4%
2003	³ 26,743	1,386,705		51,853		41.2	7,112	2.7%
2004	⁴ 30,617	1,747,527		57,077		42.0	7,768	2.8%
2005	⁴ 30,617	1,747,527		N/A		36.9	8,528	4.2%
2006	⁴ 30,617	1,732,953		56,601		42.9	8,872	3.1%
2007	⁵ 35,262	1,938,705		54,980		43.3	9,512	3.3%
2008	⁵ 35,262	1,938,705		54,980		43.3	10,422	4.7%

¹ Based on City Planning Department estimate.

² Based on 2000 US Bureau of the Census report

³ Based on 2002 special census report

⁴ Based on 2004 special census report

⁵ Based on 2006 special census report

^a Source - Williamson Economic Development Council

^b Williamson County Public Schools located in Brentwood

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

CITY OF BRENTWOOD, TENNESSEE

PRINCIPAL EMPLOYERS (UNAUDITED)

CURRENT YEAR AND NINE YEARS AGO

	2008			1999		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Comdata	864	1	5.16 %	800	2	6.85 %
AT&T/Cingular Wireless	800	2	4.78	600	3	5.14
Tractor Supply Company	425	3	2.54	-		-
Aspect Communications	300	4	1.79	-		-
Lattimore Black Morgan & Cain	325	5	1.94	-		-
City of Brentwood	294	6	1.76	209	7	1.79
EMI Christian Music Group	250	7	1.49	-		-
The Lampo Group (Dave Ramsey)	226	8	1.35			
LifePoint Hospitals Inc	200	9	1.19			
American Retirement Corp	200	10	1.19			
Service Merchandise	-		-	1,377	1	11.79
FISL-Madison Financial	-		-	375	4	3.21
Quorum	-		-	300	5	2.57
The Murray Ohio Manufacturing Co.	-		-	178	8	1.52
Kroger Company	-		-	165	9	1.41
YMCA	-		-	250	6	2.14
Tennessee Baptist Convention	-		-	100	10	0.86
Total	3,884		23.19 %	4,354		37.27 %
Total employment	16,746 *			11,683 *		

Source:

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

CITY OF BRENTWOOD

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

LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	FULL-TIME EQUIVALENT EMPLOYEES AS OF JUNE 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
GENERAL GOVT.										
City Manager	1	1	1	1	1	1	1	1	2	2
Administration	3	3	3	3	3	3	3	3	3	3
Finance	5	5	6	7	7	7	7	7	8	7
Human Resources	2	2	2	2	2	2	2	2	1	3
Information Technology	1	2	2	3	3	3	3	4	4	4.5
Planning and Development	4	4	4	4	4	4	4	4	4	4
Codes	5	5	7	7	8	7	9	9	8	9.5
GIS	-	-	-	-	-	-	-	-	2	4
	21	22	25	27	28	27	29	30	32	37
POLICE										
Officers	44	52	51	53	55	55	55	54	62	58
Civilians	11	10	10	11	12	13	13	13	10	12
FIRE										
Firefighters & Officers	41	41	41	55	55	55	57	57	57	58
Civilians	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Engineering	2	2	2	2	2	3	4	4	4	5
Public Works - Streets	16	17	18	21	21	21	20	22	19	22
UTILITIES										
Water	11	11	11	11	11	11	12	11	11	12
Wastewater	10	10	11	10	11	10	12	12	12	13
PARKS & RECREATION										
	9	9	11	10	15	15	16	19	17	17
LIBRARY										
	11	11	11	11	21	23	23	23	26	26
TOTAL REGULAR FULL-TIME	177	186	192	212	232	234	242	246	251	261

Source: City of Brentwood Personnel Department

CITY OF BRENTWOOD

OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	FISCAL YEAR									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Building permits issued	709	748	717	1,171	1,706	1,807	1,337	1,629	1,410	1,160
Building inspections conducted	3,834	5,196	8,226	12,002	14,421	17,824	18,184	17,332	15,960	16,049
Police										
Physical arrests	867	820	814	807	809	728	740	812	965	1,234
Parking Violations	140	133	85	104	104	65	62	58	36	178
Traffic Violations	3,666	4,475	3,425	3,827	5,954	5,094	7,407	8,464	11,002	11,068
Fire										
Emergency responses	1,838	1,842	2,111	2,074	2,178	2,261	2,232	2,408	2,467	2,441
Fires extinguished	120	146	144	103	89	78	87	123	112	78
Inspections (Commercial)	288	253	319	289	347	421	434	453	470	482
Public Works										
Street resurfacing (miles)	14.44	16.95	19.10	19.68	22.23	23.01	19.28	25.35	17.68	18.76
Potholes repaired	103	104	201	292	379	326	367	258	228	244
Library										
Volumes in collection	81,669	92,296	95,694	97,954	103,220	109,977	119,317	124,866	133,778	143,822
Total volumes borrowed	335,997	419,501	432,424	459,065	506,633	542,802	550,593	458,589	480,268	523,914
Water										
New connections	164	112	135	181	173	162	148	128	111	326
Water main breaks	7	11	6	7	6	7	9	9	13	27
Monthly average daily flow	92,470,000	93,000,000	93,000,000	104,666,500	104,666,500	104,666,500	105,000,000	105,000,000	153,305,000	162,000,000
Wastewater										
Average daily sewage treatment (thousands of gallons)	4,250.06	4,396.16	4,682.73	6,056.46	6,340.26	7,018.00	5,851.00	6,137.00	5,589.00	5,900.00

Source: Various City Departments

CITY OF BRENTWOOD

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	FISCAL YEAR									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	43	48	54	54	61	59	59	64	65	70
Fire Stations	3	3	3	4	4	4	4	4	4	4
Public Works										
Streets (miles)	317	317	317	342	351	351	417	417	417	422
Streetlights	1,900	2,025	2,110	2,165	2,565	2,565	2,600	2,607	3,249	3,289
Traffic signals	31	35	35	35	35	35	35	39	40	42
Parks and Recreation										
Acreage	379	379	379	379	379	397	455	560	580	580
Playgrounds	3	3	3	3	3	3	3	3	4	4
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	8	10	10	12	12	15	15	15	15	15
Water										
Water mains (miles)	167	181	194	194	208	216	216	216	235	198 *
Fire hydrants	1,321	1,321	1,511	1,671	1,671	1,912	2,100	2,045	2,100	2,231
Storage capacity (thousand of gallons)	9,000	10,300	10,300	10,300	12,288	14,000	14,000	14,000	14,790	14,790
Wastewater										
Sanitary sewers (miles)	168	187	204	204	220	235	240	245	260	260

Source: Various City Departments

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

OTHER REPORT SECTION

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, Tennessee (the "City"), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We noted other matters that we reported to the City's management in a separate letter dated December 30, 2008.

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

Kraft CPAs PLLC

Nashville, Tennessee
December 30, 2008

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