

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

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, 2010

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INTRODUCTORY SECTION

BETSY S. CROSSLEY
MAYOR
RHEA E. LITTLE, III
VICE-MAYOR
MICHAEL W. WALKER
CITY MANAGER



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

City of Brentwood

December 15, 2010

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, 2010 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, 2010.

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, 2010, are free of material misstatements. 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, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City was required to undergo a single audit for the year ended June 30, 2010 as prescribed by the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*.

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

Profile of the Government

The City of Brentwood is located in middle Tennessee in the northern part of Williamson County, adjacent to the southern border of Metropolitan Nashville-Davidson County. Since the mid-1990's, Middle Tennessee and specifically Williamson County has been the top growth area of the state, and one of the top growth areas in the country. The City of Brentwood currently occupies a land area of 41.3 square miles and has a 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 Nashville Gas Company and Atmos Energy Corporation provide natural gas service in the City.

The annual budget serves as the foundation for the City of Brentwood's financial planning and control. The budget preparation process begins in late fall when City departments begin preparation of six-year Capital Improvements Program requests. During December, the staff initiates the review and evaluation of each request in light of available revenues and in accordance with the City's overall goals and objectives. In early 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 expanded work programs. By late January, a work session is held with the City Commission to review initial revenue projections and receive initial policy guidance on appropriate service levels and personnel policies. Budget requests and supporting documentation are then prepared by individual departments and submitted in February for the Finance Department and the City Manager's review.

During February, the Finance Department staff reviews initial budget submissions and prepares information for the 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 manger has certified in writing that sufficient unappropriated revenue will be available to cover the additional expenditures.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison begins on page 25. The special revenue funds and debt service fund comparison begin on pages 69 and 74, respectively.

Factors Affecting Financial Condition

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

Local economy. While the local economy is clearly feeling the effects of the slowdown in the national economy, Brentwood and the Nashville/Middle Tennessee area in total appear to be weathering the slowdown better than most other communities and regions across the USA. 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 median household income. The most recently available statistics for June 2010 indicates a 6.1 percent unemployment rate for Brentwood compared to a county rate of 7.5 percent, a statewide rate of 10.0 percent and national jobless rate of 9.6 percent.

The City's official population has steadily increased from 4,099 in 1970; to 9,433 in 1980, to 16,392 in 1990, to 23,445 in 2000, and to 35,262 in the most recent special census conducted in 2007. 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 2009-2010 fiscal year was \$75,696,941 with 909 permits being issued. In fiscal year 2010, Brentwood had a total assessed value of taxable property of \$2,182,916,991 which ranks among the highest of any city in the State of Tennessee regardless of size and population.

The Brentwood area has one of the largest concentrations of suburban office space in the Nashville Metropolitan area with 6.3 million square feet of rentable office space. Over 20,000 people are employed in the office complexes in Brentwood. The latest market survey revealed a vacancy rate of 9.8% in the Brentwood area, an increase of .2% from last year's vacancy rate of 9.6%. 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. As employers, they represent diverse economic sectors that include health, retail, telecommunications and financial services. Tractor Supply (retail), Comdata (financial services), BellSouth 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.

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 has facilitated significant 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 resulting in subsequent growth in local sales tax collections. Additional retail development has also occurred in the northern commercial area of the City to serve the office and resident population. The growth in local sales tax collections in the past ten years has allowed the City to maintain a balanced revenue/tax structure and not be heavily dependent on the property tax to fund municipal services. It has also allowed the City to maintain the same effective property tax rate for the past twenty (20) years.

The Brentwood/Williamson County community is firmly committed to providing a quality public education system second to none in the United States. Local students are routinely admitted to the highest ranked colleges and universities across the nation. Roughly 95% of Brentwood and Ravenwood High School seniors go on to institutions of higher learning after graduation. Williamson County provides first class facilities and has been very responsive in meeting the growth in student enrollment by constructing new schools as needed.

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

Funding for the CIP program is generally balanced among local sources (pay-as-you-go), inter-governmental funding and the issuance of General Obligation and Water/Sewer Public Improvement Bonds. Highlights of the FY 2011-16 CIP include:

- Upgrade and expansion of the Emergency Communications Center
- Improvements to Concord Road (east of Edmondson Pike)
- Improvements to Split Log Road
- Brentwood Sewer System Rehabilitation
- Water System Capacity Improvements

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

- **Local Revenue Growth Trends.** The United States is approaching the third year of the "Great Recession" with much uncertainty about significant economic growth and recovery during the new decade. Fortunately, the City of Brentwood again ended fiscal year 2009-2010 in excellent financial condition. General Fund revenue growth greatly exceeded amended budget estimates by \$1,383,797 while expenditures were under the revised appropriation by \$1,040,472. After taking into account special year-end appropriations transfers totaling \$2M for establishment of the Health Insurance Fund, renovations to the Municipal Center, and matching local funds in response to the Great Flood of May 1-2, 2010, the unreserved fund balance still increased from the previous fiscal year by \$435,294 (from \$24,948,669 to \$25,383,963. In light of this economic uncertainty, the City continues to be conservative in projecting revenue estimates for the new fiscal year 2010-2011. Looking ahead to fiscal year 2011-2012 and beyond, we anticipate a positive but much slower rate of revenue growth than

in the “boom years” of 2003-2008 from the key tax sources including property taxes, local sales taxes and state shared revenues. To continue to balance the budget without a property tax increase or use of reserves to fund on-going operations, the City must continue to focus on controlling expenses and to do “more with less.” The staff is confident that the upcoming fiscal year 2011-2012 General Fund budget can be balanced without a property tax increase and done in a way that does not reduce essential services or affect the quality of life in Brentwood.

- **Local Housing Market.** Brentwood continues to be one of the most desirable communities in which to live in the Nashville/Middle Tennessee area. However, consistent with the current economic downturn and national housing trends, there has been a dramatic slowdown in new housing starts in recent years. In calendar year 2009, the City had 68 new housing starts compared to a record high of 635 in 2004. Housing starts in calendar year 2010 are improving and are expected to exceed 130 dwelling units based on permits issued in the first six months of the year. With continuing concerns nationally about excess housing inventory, foreclosures, significantly declining real estate values, and the availability of credit, Brentwood is fortunate that the values in the housing market has remained relatively stable compared to other fast growing areas in the United States. While there has been a decline in values, the median housing prices are only 7% lower compared to sales in calendar year 2006. While new housing starts are improving in Brentwood, they are not expected to return to the historic average of 250-300 units annually for several years. Fortunately, the City of Brentwood budget is not reliant on the collection of fees associated with new development, so the slowdown has not significantly impacted overall funding of 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 established at a lower amount than actual market value; accordingly, when the next reappraisal is completed in 2011 for fiscal year 2011-2012, the City does not anticipate the same level of challenge facing communities in other states with significantly declining assessed property values in the tax base.

Relevant financial policies. The City’s fund balance policy states that the City maintain a minimum unallocated general fund reserve in excess of forty percent (40%) of annual operating expenses. Such fund balance shall serve cash flow needs, protect against unforeseen emergencies and enhance the credit worthiness of the City. The City exceeded this fiscal policy objective by ending FY 2010 with an unreserved fund balance for the general fund of \$25,383,963, or 82% of FY 2010 general fund expenditures.

In addition, the city strives to maintain an unallocated fund balance in the Debt Service Fund equal to one (1) year’s General Obligation debt service requirement. This policy objective was also met, as the FY 2010 ending fund balance in the Debt Service Fund was \$3,979,063 and new debt service payments for FY 2011 of \$3,261,385.

Major Initiatives for the Year - The significant projects, events and accomplishments during the City's 2009-2010 fiscal year included the following:

- ***Credit Quality*** - The City of Brentwood's financial position remains exceptionally strong with an Aaa bond rating from Moody's Investors Services and an AAA rating from Standard and Poor's, both reaffirmed by the rating agencies in August 2010. The City has maintained the highest possible bond rating since January 2000.
- ***Capital Improvements Funded*** - The City Commission responsibly addressed the infrastructure demands of the community through formulation, update, adoption and implementation of the City's six-year capital improvements program for FY 2010-2015, including a financing and debt management plan. In November 2009, \$4.8M in 20 year, fixed rate, General Obligation Bonds were issued at a true interest cost of 3.53%. Because of our strong financial position, the City was also able to make a special year-end operating transfer of \$1 million from the General Fund to the Municipal Center Fund to undertake improvements that enhance the functionality and appearance of the 23 year-old building. This transfer was possible due to excess revenue collections in the current year over the original budget estimates and the unreserved fund balance that currently exceeds the minimum 40% (of annual General Fund expenditures) as outlined in the fiscal policies of the City. Such transfers reduce the amount of long-term debt that would otherwise be needed to fund capital needs.
- ***Stable Property Tax Rate*** - The City of Brentwood property tax rate that was approved in June 2010 for the new fiscal year beginning July 1, 2010 – June 30, 2011 will be \$.49 per \$100 of assessed value, which represents the same effective tax rate for the twentieth (20) 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.
- ***Proactive Focus*** - The City Commission continued to focus staff efforts on identifying and addressing the long-term needs of the City through formal adoption of a non-routine work plan setting goals and objectives for all City departments for the 2010-2011 fiscal year.
- ***Addressing Health Insurance Costs*** - In an effort to better control rising employee group health insurance costs, the City shifted from a traditional fully insured program to a high deductible plan with a City funded Health Reimbursement Arrangement (HRA). The plan was adopted as of January 1, 2010 with the City self insuring the first \$4,500 of claims for non-routine services. Annual savings of \$225,000 are expected in calendar year 2010 after payment of claim obligations under the new program. A separate Health Insurance Fund was also created and initially funded with a special operating transfer of \$500,000 from the unreserved fund balance of the General Fund, \$62,500 from the Water and Sewer Fund and \$26,500 from the Emergency Communications District. This will ensure a strong financial position for the new fund to handle the calculated risks in funding a partially self-insured program and to reduce dramatic rate increases over a multi-year period.

- ***Addressing Pension Funding Obligations*** - With rising costs associated with the City's contribution to the Tennessee Consolidated Retirement System (TCRS), the General Assembly passed a law in June 2009 that allows, by local option, non-contributory jurisdictions to require newly hired, eligible employees to contribute 5% of their salary toward the cost of the defined benefit retirement program. The City Commission adopted this option in September 2009 which became effective with all new eligible employees hired on or after January 1, 2010. While the significant savings from adoption will be in future years, the City chose to take the initial projected savings in FY 2011 to contribute more to TCRS than was actuarially determined to be required to further strengthen the City's future financial position in the state retirement system.
- ***Productivity Improvement*** - Brentwood is strongly committed to improving the productivity and responsiveness of City departments through the effective use of new technology and equipment in daily operations. This on-going focus has kept the overall growth in City staffing levels low while enabling the City to be responsive to expanding service demands (police, fire, parks, public works, library, inspections, etc). The result is that the number of full-time employees per 1,000 residents for the adopted fiscal year 2010-2011 budget will be 6.78 versus 8.54 in fiscal year 1990-1991, or 21% 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 63 additional full-time employees (307 rather than 244) with an additional cost to the General Fund of \$5 million annually. Funding would have required a 47% increase in the City property taxes, a corresponding \$5 million or 17% cut in current General Fund services or a combination of tax increases and service reductions.
- ***Settlement of Wastewater Treatment Lawsuit*** - In November 2009, the City reached an out of court settlement with the Metropolitan Government of Nashville and Davidson County (Metro) regarding the cost of wastewater treatment services. Brentwood, along with several other cities and utility districts served by Metro, had refused to pay portions of a November, 2006 rate increase imposed by Metro, and asserted that: (1) the increase was not approved by any action of Metro's governing body; (2) there was no new contract or contract amendment to support the rate increase; and (3) the increase included expenses that should not have been allocated to customers outside Metro. Metro filed a lawsuit alleging Brentwood owed \$1 million in past due billings for sewage treatment charges since 2006. The lawsuit also sought \$2.5 million in capital costs for improvements to Metro's sewer system which it alleged were chargeable to Brentwood. With the new agreement in place, the lawsuit was dismissed, eliminating the \$3.6 million claim against Brentwood. Under the agreement, Brentwood made a retroactive payment of \$851,284.95 to Metro for services rendered since July 1, 2007, based on a mutually agreed upon interim rate. In anticipation that a settlement of the lawsuit would likely require both a rate increase and a retroactive payment to some extent, Brentwood implemented a 25 percent increase in monthly sewer service rates in April, 2008 and accrued funds in the Water and Sewer Fund on a monthly basis to cover the lump sum payment. Going forward, the rate increase for transport and treatment sewage rates to be paid by Brentwood to Metro is being funded through a wastewater treatment surcharge that was added to all Brentwood sewer customer bills due after July 1, 2009. The surcharge mechanism, as authorized by the Board of Commissioners, gives the City the ability to immediately pass on to its sewer customers any future rate increases from Metro.

- ***Relief from Sewer Moratorium*** - In 2006, the Tennessee Department of Environment and Conservation (“TDEC”) approved an agreed order in which the City and Metro Nashville agreed on a corrective action plan to address overflows at the primary pumping station operated by Metro that transports most of the sewage from the western two-thirds of Brentwood for treatment by Metro. The order imposed a moratorium on future sewer connections which had not yet been approved; however, property in the eastern portion of the Brentwood, where most new development and growth is occurring, was not affected. Additionally, the moratorium exempted properties for which the City had already made a legal commitment to provide sewer service. As a result, the sewer moratorium had a limited impact to date on development in the community. The implementation of TDEC’s order does require a significant capital investment by the City to rehabilitate certain sewer lines to eliminate storm water infiltration into the lines. Approximately \$10 million in sewer related capital expenditures have been completed as of June 2010. The work thus far has been more successful than anticipated; accordingly, TDEC has granted additional capacity of 767,000 gallons per day back into the City’s system, which equates to the sewer requirements from 2,200 additional single-family homes. In addition, the City has documented additional flow reductions to the pumping station in excess of 1,000,000 gallons per day, which at Metro Nashville’s current rate schedule is saving the City over \$600,000 per year. Additional relaxation of the moratorium is anticipated in the next few years as capital work continues but, at this point, there are currently no parcels or potential new development being impeded by the sewer moratorium.

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, 2009. This was the twenty-fourth consecutive year (fiscal years ended 1986-2009) 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.

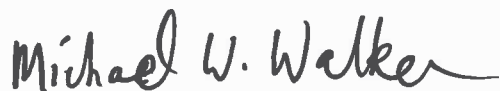
Distinguished Budget Presentation Award. The City has been recognized by the Government Finance Officers Association of the United States and Canada (GFOA) with the Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2009. This represents the eighteenth consecutive year the City has met or exceeded the program's requirements. This award represents the highest recognition possible in governmental budgeting.

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

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

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

Respectfully submitted,



Michael W. Walker
City Manager



Carson K. Swinford
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Brentwood
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

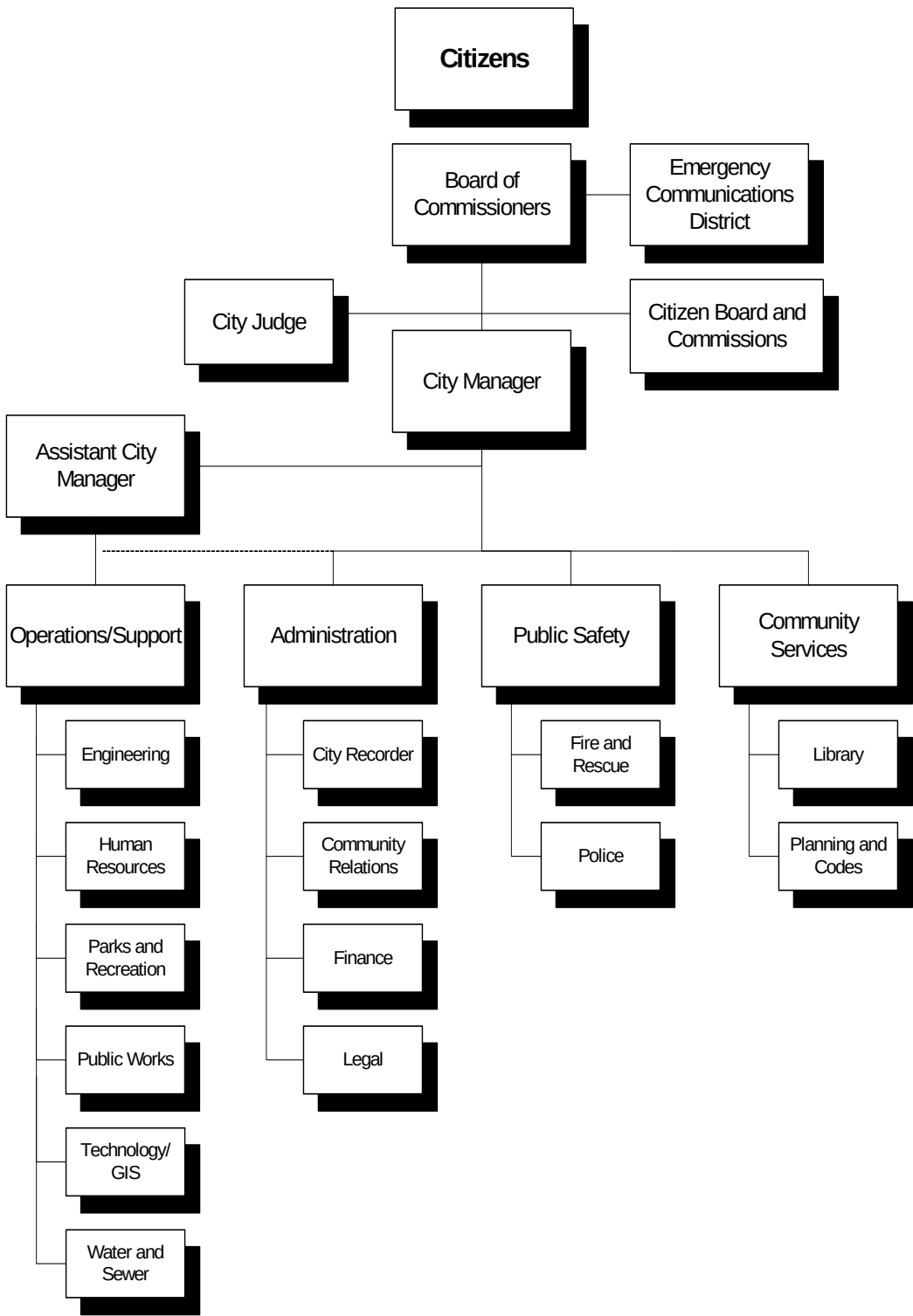
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Brentwood Organization Chart



**CITY OF BRENTWOOD
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2010**

Elected:

Mayor	Betsy S. Crossley
Vice Mayor	Rhea E. Little, III
Commissioner	Anne Dunn
Commissioner	Joe Reagan
Commissioner	Regina R. Smithson
Commissioner	Brian J. Sweeney
Commissioner	Paul L. Webb, CPA

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	Jeff Dobson
Public Works Director	Jeff Donegan
Engineering Director	Mike Harris
Water and Sewer Director	Chris Milton
Library Director	Susan Earl
Community Relations Director	Linda Lynch
Parks and Recreation Director	David M. Bunt
Technology Director	John I. Allman, IV
City Judge	Laurie Jewett

FINANCIAL SECTION

INDEPENDENT AUDITORS' 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, 2010, which collectively comprise the City's basic financial statements as listed in the Table of Contents, pages 19 through 63 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on internal control over financial reporting. Accordingly, we express no opinion. An audit also includes 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. 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, 2010, 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 15, 2010 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.

Management's Discussion and Analysis on pages 3 through 18, the Schedule of Funding Progress - Political Subdivision Pension Plan on page 64, the Schedule of Funding Progress and Schedule of Employer Contributions - Other Post Employment Benefits on page 65, 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 66 through 73, combining and individual internal service fund statements on pages 75 through 77, the financial schedules on pages 78 through 83, the Schedule of Expenditures of Federal and State Awards on page 84, the financial information on pages 85 and 86 and the statistical sections on pages 87 through 108 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 15, 2010

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, 2010. 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 \$273,853,734 (net assets). Of this amount, \$55,535,029 (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 \$9,671,713 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 \$47,002,282, an increase of \$1,953,845 in comparison with the prior year. Approximately 54% of this total amount, \$25,383,963, 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 \$25,383,963, or 79% of FY 2010 final budgeted general fund expenditures. This demonstrates the City's fiscal discipline and places the City in a strong financial position to meet unexpected emergencies, uncertainties at the State level or the current slowdown in the economy.
- The City of Brentwood's total debt increased by \$1,690,230 during the current fiscal year. The key factor in this increase was the net effect of bond proceeds from a General Obligation Improvement Bond issuance (\$4.8M) and the payment of principal amounts for existing General Obligation debt (\$1.9M) and Water & Sewer debt (\$1.2M).

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, community support, drug education, facilities maintenance projects, fuel supplies, health insurance premiums and claims and interest on long-term debt. The business-type activities of the City of Brentwood include the Water and Sewer Fund, Municipal Center Fund and Emergency Communications District.

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Brentwood, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Brentwood can be divided into 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 nine 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 six 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 uses internal service funds to account for its fuel purchases and health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 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 three fiduciary funds: (1) the Post Employment Benefits Fund, (2) the Post Employment Benefits Trust and (3) the Donations Held in Trust 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 - 63 of this report.

Other information. Included in Required Supplementary Information, the City of Brentwood's progress in funding its obligation to provide pension benefits and other post employment benefits to its employees is presented, which can be found on pages 64 - 65 of this report. The combining statements referred to earlier in connection with the debt service, nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and other post employment benefits. Combining and individual fund statements can be found on pages 66 - 77 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 \$273,853,734 as of June 30, 2010.

City of Brentwood, Tennessee
Net Assets - Primary Government
June 30, 2010 and 2009
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$ 66,074	\$ 61,236	\$ 17,540	\$ 19,504	\$ 83,614	\$ 80,740
Capital Assets	<u>190,612</u>	<u>183,780</u>	<u>63,436</u>	<u>60,877</u>	<u>254,048</u>	<u>244,657</u>
Total Assets	<u>256,686</u>	<u>245,016</u>	<u>80,976</u>	<u>80,381</u>	<u>337,662</u>	<u>325,397</u>
Long-term Liabilities Outstanding	31,400	28,414	14,153	15,295	45,553	43,709
Other Liabilities	<u>16,174</u>	<u>14,565</u>	<u>2,081</u>	<u>2,940</u>	<u>18,255</u>	<u>17,505</u>
Total Liabilities	<u>47,574</u>	<u>42,979</u>	<u>16,234</u>	<u>18,235</u>	<u>63,808</u>	<u>61,214</u>
Net Assets:						
Invested in Capital Assets, net of related debt	161,999	157,619	49,282	45,582	211,281	203,201
Restricted	7,037	3,447	-	180	7,037	3,627
Unrestricted	<u>40,076</u>	<u>40,971</u>	<u>15,460</u>	<u>16,384</u>	<u>55,536</u>	<u>57,355</u>
Total Net Assets	<u>\$ 209,112</u>	<u>\$ 202,037</u>	<u>\$ 64,742</u>	<u>\$ 62,146</u>	<u>\$ 273,854</u>	<u>\$ 264,183</u>

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 roads and streets (\$392,214), capital projects (\$552,375), facilities maintenance projects (\$1,220,217), community development projects (\$2,971,246), other post employment benefits (\$1,749,078) and other purposes (\$151,811).

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 \$7,075,444, accounting for 73% of the total growth in the net assets of the City of Brentwood. The primary factor underlying the increase was donated capital assets from developers of \$8,437,028.

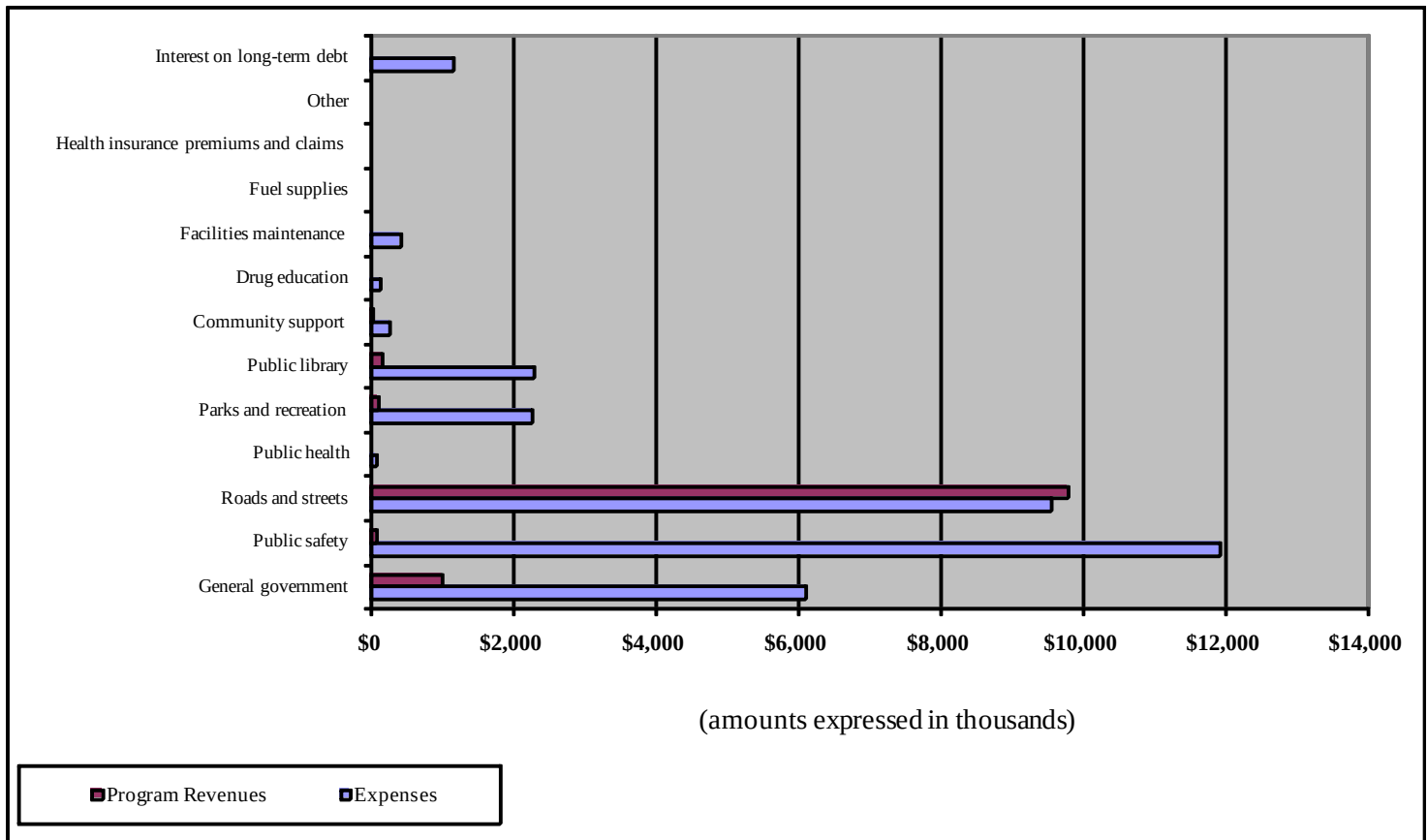
The City's Changes in Net Assets

For the year ended June 30, 2010 and 2009

(amounts expressed in thousands)

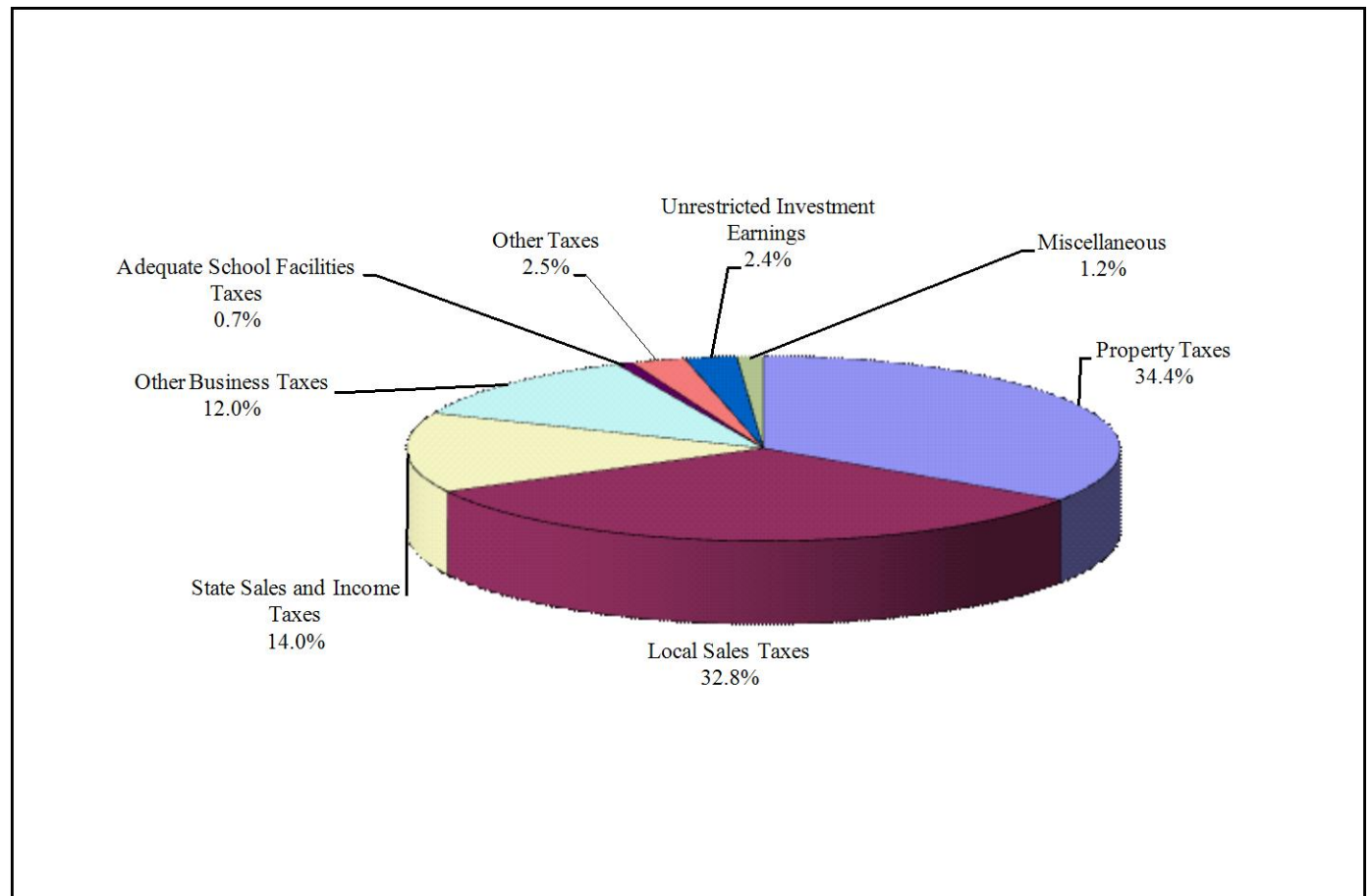
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Charges for services	\$ 1,506	\$ 1,497	\$ 14,673	\$ 15,329	\$ 16,179	\$ 16,826
Operating grants and contributions	1,488	1,007	-	-	1,488	1,007
Capital grants and contributions	8,605	13,469	-	-	8,605	13,469
General revenues:						
Property taxes	10,667	10,350	-	-	10,667	10,350
Local option sales tax	10,173	10,262	-	-	10,173	10,262
State sales and income taxes	4,327	5,617	-	-	4,327	5,617
Other business taxes	3,733	3,871	-	-	3,733	3,871
Adequate schools facilities taxes	219	192	-	-	219	192
Other taxes	767	787	-	-	767	787
Unrestricted investment earnings	731	1,099	93	157	824	1,256
Miscellaneous	370	725	-	-	370	725
Total Revenues	<u>42,586</u>	<u>48,876</u>	<u>14,766</u>	<u>15,486</u>	<u>57,352</u>	<u>64,362</u>
Expenses:						
General government	6,100	6,477	-	-	6,100	6,477
Public safety	11,901	11,907	-	-	11,901	11,907
Roads and streets	9,551	9,814	-	-	9,551	9,814
Public health	79	81	-	-	79	81
Parks and recreation	2,254	2,258	-	-	2,254	2,258
Public library	2,277	2,180	-	-	2,277	2,180
Community support	258	256	-	-	258	256
Drug education	113	60	-	-	113	60
Facilities maintenance projects	414	134	-	-	414	134
Interest on long-term debt	1,145	1,148	-	-	1,145	1,148
Water and sewer	-	-	12,151	11,672	12,151	11,672
Rental facilities	-	-	516	585	516	585
Emergency Communications	-	-	922	898	922	898
Total expenses	<u>34,092</u>	<u>34,315</u>	<u>13,589</u>	<u>13,155</u>	<u>47,681</u>	<u>47,470</u>
Increase in net assets before transfers	8,494	14,561	1,177	2,331	9,671	16,892
Transfers	<u>(1,419)</u>	<u>(413)</u>	<u>1,419</u>	<u>413</u>	<u>-</u>	<u>-</u>
Increase in net assets	7,075	14,148	2,596	2,744	9,671	16,892
Net assets - beginning	<u>202,037</u>	<u>187,889</u>	<u>62,146</u>	<u>59,402</u>	<u>264,183</u>	<u>247,291</u>
Net assets - ending	<u>\$ 209,112</u>	<u>\$ 202,037</u>	<u>\$ 64,742</u>	<u>\$ 62,146</u>	<u>\$ 273,854</u>	<u>\$ 264,183</u>

Expenses and Program Revenues – Governmental Activities



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

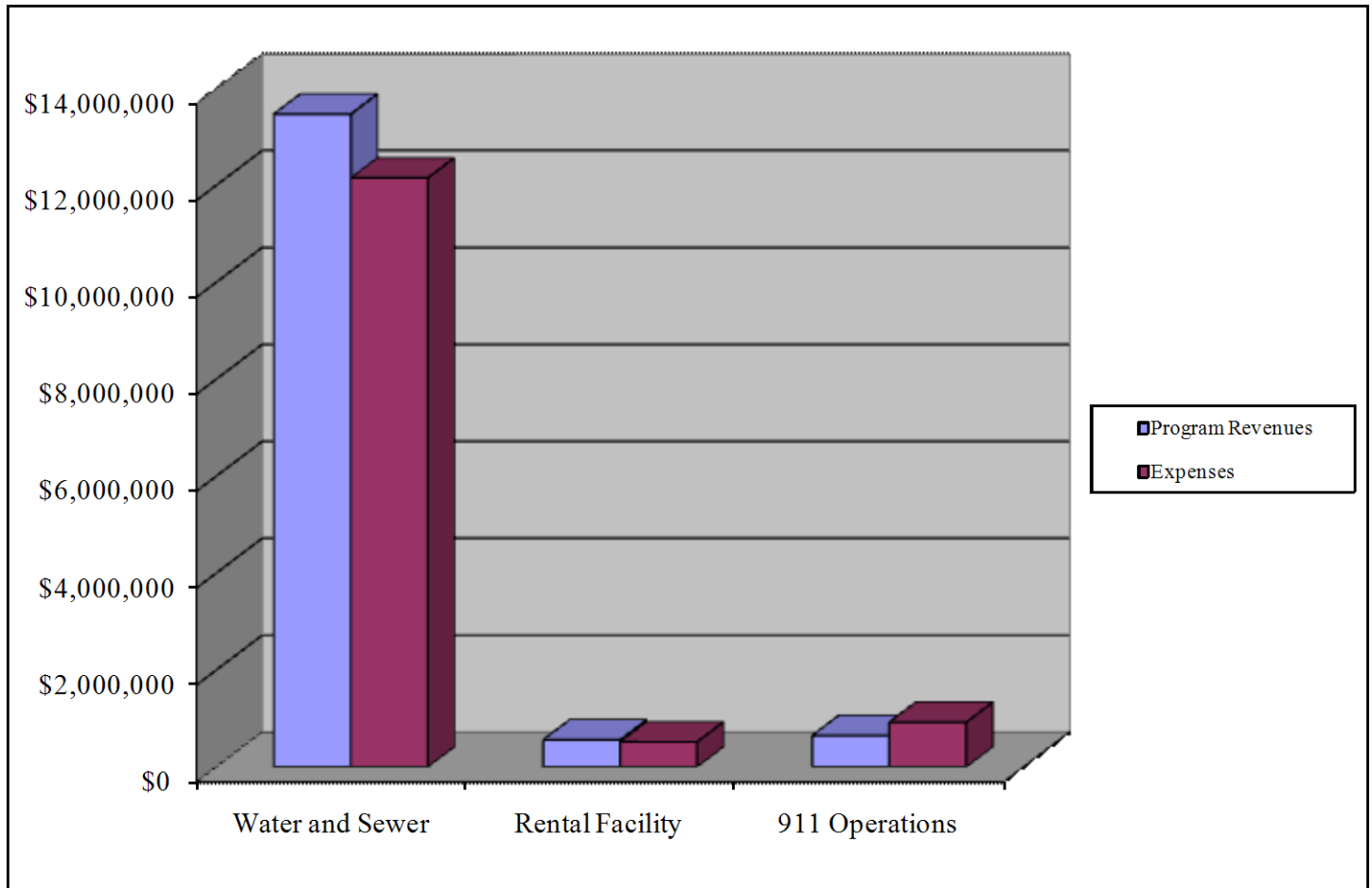
Revenue by Source – Governmental Activities



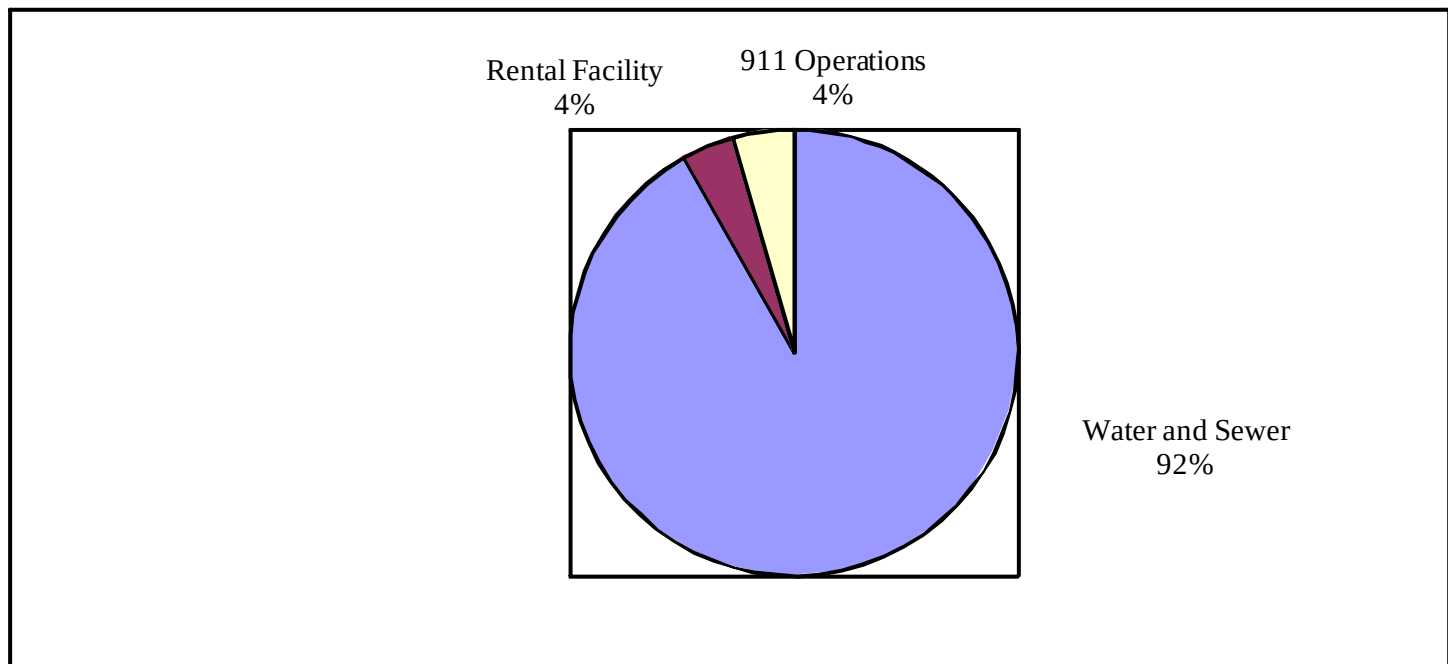
Business-type activities. Business-type activities increased the City of Brentwood's net assets by \$2,474,538 accounting for 26% of the total growth in the government's net assets. Key elements of this increase are as follows:

- The City's Water and Sewer Fund accounts for 53% of the increase in business-type net assets, with a net income of \$1,308,124 for the year. This reflects a decrease of \$1,312,877 from the prior year, primarily due to a decrease in total water sales (\$966,825) due to an unusually wet summer in 2009 (FY 2010) resulting in less water usage/irrigation and water-tap fees for areas ceded by N/CG Utility District are to be paid at the time of platting, but no subdivisions were platted in that area in FY 2010 (\$437,000 received in FY 2009).
- The City's Municipal Center Fund accounts for 42% of the increase in business-type net assets, and recorded net income of \$1,046,613 for the year, an increase of \$1,109,039 from the previous year. The increase was due mainly to a special year-end appropriation and transfer from the General Fund to the Municipal Center Fund of \$1,000,000 to systematically fund future improvements to the 23 year-old facility over the next 10 years.
- The Emergency Communications District (ECD) recorded net income of \$119,801, an increase of \$65,313 from the previous year and primarily due to additional carrier cost funding of \$42,050 and dispatcher training funding of \$12,000 provided by the Tennessee Emergency Communications Board.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

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

Asset, Liabilities, and Fund Balances Total Governmental Funds June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Total assets	<u>\$ 63,492,181</u>	<u>\$ 59,540,471</u>
Total liabilities	<u>\$ 16,489,899</u>	<u>\$ 14,342,032</u>
Fund balances:		
Reserved	21,618,319	20,249,770
Unreserved	<u>25,383,963</u>	<u>24,948,669</u>
Total fund balances	<u>47,002,282</u>	<u>45,198,439</u>
Total liabilities and fund balances	<u>\$ 63,492,181</u>	<u>\$ 59,540,471</u>

As of the end of the current fiscal year, the City of Brentwood's governmental funds reported combined ending fund balances of \$47,002,282, an increase of \$1,953,845 in comparison with the prior year. Approximately 54% of this total amount (\$25,383,963) 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 (\$3,979,063), capital projects (\$16,342,312), roads and streets (\$392,214), facilities repairs (\$752,919), and drug enforcement and education (\$151,811).

The general fund is the chief operating fund of the City of Brentwood. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$25,383,963. As 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 82% of total fiscal year 2010 general fund expenditures (including transfers).

Changes in Fund Balances of Governmental Funds
For the year ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
REVENUES		
Taxes	\$ 24,572,917	\$ 24,482,463
Licenses and permits	843,301	631,364
Fines and fees	378,878	572,763
Charges for services	284,184	292,644
Intergovernmental	6,501,066	7,620,251
Uses of money and property	729,251	1,099,457
Other	<u>370,192</u>	<u>663,844</u>
TOTAL REVENUES	<u>33,679,789</u>	<u>35,362,786</u>
EXPENDITURES		
Current:		
General government	5,306,980	5,527,562
Public safety	11,477,366	11,379,395
Roads and streets	4,478,022	4,437,408
Public health	78,519	80,858
Parks and recreation	1,615,046	1,640,627
Public library	1,974,656	1,982,039
Community support	258,112	256,220
Drug education	25,278	25,418
Facilities maintenance projects	413,745	134,359
Capital outlay	6,043,040	10,251,368
Debt service	<u>3,065,423</u>	<u>3,418,375</u>
TOTAL EXPENDITURES	<u>34,736,187</u>	<u>39,133,629</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,056,398)</u>	<u>(3,770,843)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in/out (net)	(1,918,700)	(413,000)
Proceeds of general obligation bonds	4,760,000	-
Bond premium/discount (net)	<u>168,943</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,010,243</u>	<u>(413,000)</u>
NET CHANGES IN FUND BALANCES	1,953,845	(4,183,843)
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED - Note 17	<u>45,048,437</u>	<u>49,382,282</u>
FUND BALANCE, END OF YEAR	<u>\$ 47,002,282</u>	<u>\$ 45,198,439</u>

The fund balance of the City of Brentwood's general fund increased by \$435,294 during the current fiscal year. This positive fund increase includes three special year-end appropriation transfers from the General Fund to other City funds totaling \$2M that is explained in detail in the General Fund Budgetary Highlights Section below. Key highlights in this fund for 2010 include:

- Total revenues exceeded budgetary projections by \$1,383,797
- The general fund departments demonstrated fiscal responsibility by under-spending the appropriated budget by \$1,040,472.

The debt service fund has a total fund balance of \$3,979,063, 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 \$246,500. Principal payments decreased \$358,204 and interest payments decreased \$84,557 over FY 2009 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 \$13,811,672, all of which is reserved for the funding of major capital improvements of the City. The current year net increase of \$250,928 is mainly attributable to FY 2010 expenditures of \$5.2M for several capital projects including various repairs to flood damaged property, Brentwood Library renovations to existing space and implementation of a Radio Frequency Identification Circulation and Security System, expansion of the City's Fiber Optic Network and other capital projects addressed in the Capital Asset Administration Section of this letter. In addition, General Obligation Bond Proceeds (including premium) of \$4.9M and Intergovernmental and Private Source Income totaling \$350K were received in FY 2010.

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 \$12,212,742, for the Municipal Center Fund, \$1,969,439 and for the Emergency Communications District, \$1,155,268. The total increase (decrease) in net assets for the funds was \$1,308,124, \$1,046,613 and \$119,801, 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 (\$73,200 increase in revenues and \$2,073,200 in current year appropriations) can be summarized as follows:

Revenues

Increases were made to the following accounts for (1) anticipated FEMA and TEMA reimbursements for flood damage expenses incurred by the City and (2) funding received from the DOJ for a detective's participation in the Federal Drug Task Force.

FEMA Reimb – Flood Recovery	\$45,600
TEMA Reimb – Flood Recovery	7,600
DOJ – DEA Task Force Reimb	<u>20,000</u>
Total Change in Budgeted Revenues	<u>\$73,200</u>

The following increases to current year appropriations were made:

Appropriations

1. A special appropriation from the unreserved fund balance in the General Fund to the Municipal Center Fund of \$1,000,000 to systematically fund future improvements to the 23 year-old facility over the next 10 years.
2. A special appropriation from the unreserved fund balance in the General Fund to the Facilities Maintenance Fund of \$500,000 to fund the local share of cost for expenditures associated with emergency repairs to City property and infrastructure caused by the May 1-2, 2010 flood event.
3. A special appropriation from the unreserved fund balance in the General Fund to the Health Insurance Internal Service Fund of \$500,000 that was previously committed by the Board effective January 1, 2010 to provide base financial support and cash-flow for the newly created, partially self insured group health insurance program.
4. Increasing the appropriation for overtime expenses and related benefits (FICA and TCRS) for the following departments by a total of \$53,200 in response to the May 1-2, 2010 flood event:

Fire and Rescue Activity	\$ 25,820
Police Activity	9,660
Public Works Activity	8,800
Parks and Recreation Activity	7,265
Engineering Activity	1,185
Library Activity	<u>470</u>
Total	<u>\$ 53,200</u>

5. Increasing the appropriation in the Police salaries overtime line item account by \$20,000 for a detective's participation in the Federal Drug Task Force. Funding (revenue) to reimburse this cost is provided by the Federal Department of Justice.

The General Fund unrestricted fund balance at June 30, 2010 is \$25,383,963. Even with this reduction due to the appropriation amendment, the fund balance exceeds the stated budget policy objective of maintaining a minimum of 40% reserves (based on the amount of the annual budget appropriation) for future needs and emergencies.

Significant differences (greater than \$100K) between the final amended budget and actual amounts can be summarized as follows:

1. Local Sales tax was \$101,594 less than budgeted projections due to reduced consumer spending associated with the current economic recession.
2. Combined real, personal and public utility property tax was \$271,669 higher than budgeted projections and is due to completed new taxable property placed on the tax rolls in FY 2010.
3. FY 2010 business tax collections exceeded budgeted projections by \$142,894 and is due to conservative budgeting and new businesses opening in Brentwood.
4. Fines and fees were \$196,122 less than budget estimates and is primarily due to lower municipal court fines and court costs.
5. State income tax collections exceeded budgeted projections by \$1,170,725 and is due to conservative budgeting and higher investment market returns.
6. The Police department personnel services were lower than budget estimates by \$142,242 and is primarily due to the retirement of the Assistant Police Chief and the timing of filling vacancies during the year.

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, 2010, amounts to \$254,047,449 (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 17 streets (or sections of streets) within the city limits as public streets, with a valuation (including right-of way and easements) of \$8,437,028;
- Brentwood Library renovations to existing space and implementation of a Radio Frequency Identification Circulation and Security System;
- Expansion of the City's Fiber Optic Network;
- Substantial completion of improvements to Split Log Road;
- Improvements to Edmondson Pike from north of Smithson Lane to the Davidson County Line;
- Replacement of 7 Police Unit Vehicles, including the K-9 Unit;
- Acquisition of Records/Court Management Software;
- Acquisition of a thermal imaging camera to be used by the Police Department;
- Acquisition of vehicles for use by the Codes and Parks Departments;
- Additions and improvements to the Service Center;
- Improvements to Wilson Pike at Old Smyrna Road;
- Acquisition of a Dump Truck for use by the Public Works Department;
- Design and construction of small sections of road and sidewalk improvements that facilitate redevelopment efforts in the Town Center Area;
- Drainage improvements in the Southern Woods subdivision including cleaning the drainage way, straightening of slopes and placement of rip-rap;
- Improvements and updates to the Deerwood Arboretum, the City's primary "tree" park to make the natural areas more attractive and safe for users;
- Various building and system additions and improvements were completed in the Water and Sewer Fund at a cost of \$12,448,124.

City of Brentwood Capital Assets
(net of depreciation)
June 30, 2010 and 2009
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 83,519	\$ 79,732	\$ 1,058	\$ 743	\$ 84,577	\$ 80,475
Buildings and improvements	18,014	13,286	1,905	1,765	19,919	15,051
Utility plant in service	-	-	58,968	49,241	58,968	49,241
Improvements other than buildings	4,513	4,969	452	435	4,965	5,404
Machinery and equipment	5,385	5,358	716	843	6,101	6,201
Infrastructure	78,127	69,463	-	-	78,127	69,463
Construction in progress	1,054	10,972	337	7,850	1,391	18,822
Total Assets	\$190,612	\$ 183,780	\$ 63,436	\$ 60,877	\$254,048	\$ 244,657

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 \$43,170,000. Of this amount, \$28,915,000 comprises debt backed by the full faith and credit of the City and \$14,255,000 comprises bonds secured solely by specified revenue sources (i.e. revenue bonds). All debt is through the issuance of bonds for periods not exceeding 20 years at fixed interest rates.

**City of Brentwood Outstanding Debt
General Obligation and Revenue Bonds
June 30, 2010 and 2009
(amounts expressed in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General obligation bonds	\$ 28,915	\$ 26,050	\$ -	\$ -	\$ 28,915	\$ 26,050
Revenue and tax bonds	-	-	14,255	15,250	14,255	15,250
State of Tennessee loan revenue bonds	-	-	-	180	-	180
Total	<u>\$ 28,915</u>	<u>\$ 26,050</u>	<u>\$ 14,255</u>	<u>\$ 15,430</u>	<u>\$ 43,170</u>	<u>\$ 41,480</u>

The City of Brentwood's total long-term debt increased by \$1,690,230 (4%) during the current fiscal year. The key factor in this increase was the net effect of bond proceeds from a Series 2009 General Obligation Bond issuance (\$4.8M) and the payment of principal amounts for existing General Obligation debt (\$1.9M) and Water /Sewer debt (\$1.2M).

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

State statutes set no limit for the amount of general obligation debt a governmental entity may issue. The total long-term bonded debt outstanding for the City of Brentwood of \$43,170,000 translates to approximately \$1,124 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 City of Brentwood is currently 6.1%, a decrease from 7.1% a year ago. This compares favorably to the county's rate of 7.5%, the state's average unemployment rate of 10.0% and the national average rate of 9.6%.
- The office space vacancy rate of the City of Brentwood's central business district was 9.8% for 2010.
- 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 2011 fiscal year.

During the current fiscal year, the total fund balance in the general fund increased to \$25,383,963. The City of Brentwood has not appropriated any of this amount for spending in the 2011 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

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET ASSETS

JUNE 30, 2010

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 20,780,204	\$ 8,790,883	\$ 29,571,087
Property tax receivable	10,766,899	-	10,766,899
Sales tax receivable	1,127,648	-	1,127,648
Intergovernmental revenue receivable	4,341,246	-	4,341,246
Accounts receivable	215,656	1,908,448	2,124,104
Internal balances	(222,611)	222,611	-
Inventories	47,578	212,504	260,082
Prepaid expenses	36,091	10,680	46,771
Investments	24,000,000	6,000,000	30,000,000
Restricted assets:			
Cash	2,971,246	212,431	3,183,677
Capital assets:			
Utility plant in service	-	87,876,654	87,876,654
Land	83,519,063	1,058,421	84,577,484
Buildings and structures	22,167,329	3,988,476	26,155,805
Improvements other than buildings	11,431,362	983,012	12,414,374
Furniture, machinery and equipment	15,480,057	3,053,183	18,533,240
Infrastructure	172,210,111	-	172,210,111
Construction in progress	1,053,871	336,553	1,390,424
Accumulated depreciation	(115,250,097)	(33,860,546)	(149,110,643)
Other post employment benefits asset	1,749,078	-	1,749,078
Other noncurrent assets	260,746	182,549	443,295
Total assets	256,685,477	80,975,859	337,661,336
LIABILITIES			
Accounts payable	2,143,787	1,160,470	3,304,257
Accrued salaries and benefits	363,311	302,692	666,003
Accrued interest	378,301	178,628	556,929
Other payables	499,309	282,149	781,458
Liabilities payable from restricted assets	1,171,891	156,987	1,328,878
Unearned revenue	11,616,486	-	11,616,486
Long-term liabilities:			
Due within one year	3,125,000	1,030,000	4,155,000
Due in more than one year	28,275,280	13,123,311	41,398,591
Total liabilities	47,573,365	16,234,237	63,807,602
NET ASSETS			
Invested in capital assets, net of related debt	161,999,322	49,282,442	211,281,764
Restricted for:			
Roads and streets	392,214	-	392,214
Capital projects	552,375	-	552,375
Facilities maintenance projects	1,220,217	-	1,220,217
Community development projects	2,971,246	-	2,971,246
Other purposes	151,811	-	151,811
Other post employment benefits	1,749,078	-	1,749,078
Unrestricted	40,075,849	15,459,180	55,535,029
Total net assets	\$ 209,112,112	\$ 64,741,622	\$ 273,853,734

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

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	\$ 6,100,293	\$ 826,573	\$ -	\$ 167,610	\$ (5,106,110)	\$ -	\$ (5,106,110)
Public safety	11,901,013	-	84,003	-	(11,817,010)	-	(11,817,010)
Roads and streets	9,550,587	409,300	936,576	8,437,028	232,317	-	232,317
Public health	78,519	-	-	-	(78,519)	-	(78,519)
Parks and recreation	2,253,977	98,336	-	-	(2,155,641)	-	(2,155,641)
Public library	2,277,395	147,013	-	-	(2,130,382)	-	(2,130,382)
Community support	258,112	25,141	-	-	(232,971)	-	(232,971)
Drug education	113,392	-	-	-	(113,392)	-	(113,392)
Facilities maintenance projects	413,745	-	467,298	-	53,553	-	53,553
Interest on long-term debt	1,145,000	-	-	-	(1,145,000)	-	(1,145,000)
Total governmental activities	34,092,033	1,506,363	1,487,877	8,604,638	(22,493,155)	-	(22,493,155)
Business-type activities:							
Water and Sewer	12,150,791	13,468,593	-	-	-	1,317,802	1,317,802
Rental facilities	515,425	556,317	-	-	-	40,892	40,892
911 operations	922,375	648,731	-	-	-	(273,644)	(273,644)
Total business-type activities	13,588,591	14,673,641	-	-	-	1,085,050	1,085,050
Total primary government	\$ 47,680,624	\$ 16,180,004	\$ 1,487,877	\$ 8,604,638	(22,493,155)	1,085,050	(21,408,105)
General Revenues:							
Taxes:							
Property taxes					10,666,669	-	10,666,669
Local option sales tax					10,173,406	-	10,173,406
State sales and income taxes					4,326,647	-	4,326,647
Other business taxes					3,732,842	-	3,732,842
Adequate schools facilities taxes					218,990	-	218,990
Other taxes					767,240	-	767,240
Unrestricted investment earnings					731,313	92,519	823,832
Miscellaneous					370,192	-	370,192
Transfers					(1,418,700)	1,418,700	-
Total general revenues and transfers					29,568,599	1,511,219	31,079,818
Change in net assets					7,075,444	2,596,269	9,671,713
Net Assets - beginning					202,036,668	62,145,353	264,182,021
Net Assets - ending					\$ 209,112,112	\$ 64,741,622	\$ 273,853,734

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2010

ASSETS	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 13,863,224	\$ 12,063	\$ 2,991,106	\$ 3,053,160	\$ 19,919,553
Receivables:					
Property tax	10,766,899	-	-	-	10,766,899
Sales tax	1,127,648	-	-	-	1,127,648
Intergovernmental	3,670,631	-	-	670,615	4,341,246
Accounts	215,656	-	-	-	215,656
Due from other funds:					
Water and Sewer	1,719	-	-	(3,004)	(1,285)
Emergency Communications District	-	-	-	3,004	3,004
General Fund	-	-	-	20,447	20,447
Facilities Maintenance Fund	-	-	50,000	-	50,000
Capital Projects Fund	5,278	-	-	-	5,278
Fuel Fund	33,055	-	-	-	33,055
Prepaid expenses	36,091	-	-	-	36,091
Inventories of supplies	3,343	-	-	-	3,343
Investments	10,000,000	4,000,000	9,000,000	1,000,000	24,000,000
Restricted assets:					
Cash and cash equivalents	-	-	2,819,435	151,811	2,971,246
TOTAL ASSETS	\$ 39,723,544	\$ 4,012,063	\$ 14,860,541	\$ 4,896,033	\$ 63,492,181
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 610,336	\$ -	\$ 977,106	\$ 551,151	\$ 2,138,593
Accrued salaries	363,311	-	-	-	363,311
Due to other funds:					
General Fund	-	-	5,278	-	5,278
Equipment Replacement Fund	12,530	-	-	-	12,530
Water and Sewer Fund	2,142	33,000	-	-	35,142
Capital Projects Fund	-	-	-	50,000	50,000
Facilities Maintenance Fund	72	-	-	-	72
Drug Fund	7,845	-	-	-	7,845
Fuel Fund	30,429	-	-	-	30,429
Health Insurance Fund	118,879	-	-	-	118,879
Other payables	472,145	-	-	-	472,145
Retainage payable	1,105,406	-	66,485	-	1,171,891
Unearned revenues	11,616,486	-	-	467,298	12,083,784
TOTAL LIABILITIES	14,339,581	33,000	1,048,869	1,068,449	16,489,899
COMMITMENTS AND CONTINGENCIES					
FUND BALANCES:					
Fund balance:					
Reserved for debt service	-	3,979,063	-	-	3,979,063
Reserved for capital projects	-	-	13,811,672	2,530,640	16,342,312
Reserved for facilities repairs	-	-	-	752,919	752,919
Reserved for street repairs	-	-	-	392,214	392,214
Reserved for drug enforcement and education	-	-	-	151,811	151,811
Unreserved	25,383,963	-	-	-	25,383,963
TOTAL FUND BALANCES	25,383,963	3,979,063	13,811,672	3,827,584	47,002,282
TOTAL LIABILITIES AND FUND BALANCES	\$ 39,723,544	\$ 4,012,063	\$ 14,860,541	\$ 4,896,033	\$ 63,492,181

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

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

JUNE 30, 2010

Total Governmental Funds Balances	\$ 47,002,282
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	190,611,696
Net other post employment benefits asset in governmental activities are not current financial resources and therefore are not reported in the governmental funds Balance Sheet	1,749,078
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due	(378,301)
Interfund payable, not due and payable in current period and therefore not reported in governmental funds	(86,917)
The internal service funds are used by management to charge the cost of fuel supplies and health insurance premiums to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	886,510
Grant receivable earned in the current period was not received within 60 days therefore not earned in governmental funds	467,298
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	(28,915,000)
Less deferred charges on refunding bonds	336,639
Less bond discount	130,706
Add bond premium	(164,719)
Less bond issuance costs	260,746
Compensated absences	<u>(2,787,906)</u>
	<u>(31,139,534)</u>
Net Assets of Governmental Activities	<u><u>\$ 209,112,112</u></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, 2010

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 24,572,917	\$ -	\$ -	\$ -	\$ 24,572,917
Licenses and permits	485,325	-	-	357,976	843,301
Fines and fees	378,878	-	-	-	378,878
Charges for services	284,184	-	-	-	284,184
Intergovernmental	5,177,890	-	167,610	1,155,566	6,501,066
Uses of money and property	527,356	58,121	125,752	18,022	729,251
Other	74,522	-	181,573	114,097	370,192
TOTAL REVENUES	<u>31,501,072</u>	<u>58,121</u>	<u>474,935</u>	<u>1,645,661</u>	<u>33,679,789</u>
EXPENDITURES					
Current:					
General government	5,304,198	2,782	-	-	5,306,980
Public safety	11,477,366	-	-	-	11,477,366
Roads and streets	3,446,906	-	-	1,031,116	4,478,022
Public health	78,519	-	-	-	78,519
Parks and recreation	1,615,046	-	-	-	1,615,046
Public library	1,974,656	-	-	-	1,974,656
Community support	258,112	-	-	-	258,112
Drug education	-	-	-	25,278	25,278
Facilities maintenance projects	-	-	-	413,745	413,745
Capital outlay	-	-	5,213,141	829,899	6,043,040
Debt service	-	2,975,614	89,809	-	3,065,423
TOTAL EXPENDITURES	<u>24,154,803</u>	<u>2,978,396</u>	<u>5,302,950</u>	<u>2,300,038</u>	<u>34,736,187</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,346,269</u>	<u>(2,920,275)</u>	<u>(4,828,015)</u>	<u>(654,377)</u>	<u>(1,056,398)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,166,775	150,000	1,825,500	5,142,275
Transfers out	(6,910,975)	-	-	(150,000)	(7,060,975)
Bond premium	-	-	168,943	-	168,943
Issuance of general obligation bonds	-	-	4,760,000	-	4,760,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,910,975)</u>	<u>3,166,775</u>	<u>5,078,943</u>	<u>1,675,500</u>	<u>3,010,243</u>
NET CHANGE IN FUND BALANCE	435,294	246,500	250,928	1,021,123	1,953,845
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED - SEE NOTE 17	<u>24,948,669</u>	<u>3,732,563</u>	<u>13,560,744</u>	<u>2,806,461</u>	<u>45,048,437</u>
FUND BALANCE, END OF YEAR	<u>\$ 25,383,963</u>	<u>\$ 3,979,063</u>	<u>\$ 13,811,672</u>	<u>\$ 3,827,584</u>	<u>\$ 47,002,282</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, 2010

Net Change in Fund Balance - Governmental Funds **\$ 1,953,845**

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

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

Acquisition of capital assets	6,196,119
Donated capital assets from developers and State	8,437,028
Depreciation expense	(7,801,285)

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities	1,895,000
--	-----------

Repayment of interfund borrowing is an expenditure in the governmental funds, but reduces internal balances in governmental activities	24,256
--	--------

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, 2010	(378,301)
Accrued interest on debt obligations at June 30, 2009	352,269

Grant receivable earned in the current period was not received within 60 days therefore not earned in governmental funds	467,298
--	---------

The internal service funds are used by management to charge the cost of fuel supplies and health insurance premiums to the individual funds. The changes in net assets of the internal service funds are reported with governmental activities in the Statement of Activities.	736,508
--	---------

Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term obligations for governmental activities.	(4,760,000)
--	-------------

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 premium	(168,943)
Bond issue costs	89,809
Amortization of bond related costs	(62,610)

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	94,451
--	--------

Change in Net Assets of Governmental Activities	<u>\$ 7,075,444</u>
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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, 2010

	<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	\$ 10,275,000	\$ 10,275,000	\$ 10,173,406	\$ (101,594)
Real and personal property	10,035,000	10,035,000	10,158,436	123,436
Public utility property tax	360,000	360,000	508,233	148,233
Business	1,119,000	1,119,000	1,261,894	142,894
Hotel/Motel taxes	990,000	990,000	956,904	(33,096)
Other	1,430,000	1,450,000	1,514,044	64,044
Licenses and permits	415,250	415,250	485,325	70,075
Fines and fees	575,000	575,000	378,878	(196,122)
Charges for services	271,600	271,600	284,184	12,584
Intergovernmental:				
State sales tax	2,300,000	2,300,000	2,255,922	(44,078)
State income tax	900,000	900,000	2,070,725	1,170,725
Other	829,525	882,725	851,243	(31,482)
Uses of money and property				
Interest earnings	250,000	250,000	232,492	(17,508)
Other	279,200	279,200	294,864	15,664
Other	14,500	14,500	74,522	60,022
TOTAL REVENUES	30,044,075	30,117,275	31,501,072	1,383,797
EXPENDITURES				
Current:				
General government:				
City Commission:				
Personnel services	134,000	134,000	129,655	(4,345)
Other costs	30,500	30,500	23,662	(6,838)
Capital outlay	1,000	1,000	-	(1,000)
City Court:				
Personnel services	26,835	26,835	26,092	(743)
Other costs	600	600	163	(437)
City Manager's office:				
Personnel services	383,265	383,265	380,156	(3,109)
Other costs	10,700	10,700	9,027	(1,673)
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, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET</u> <u>OVER</u> <u>(UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Elections:				
Board of commission	\$ -	\$ -	\$ -	\$ -
Finance:				
Personnel services	646,160	649,160	648,768	(392)
Other costs	177,700	174,700	118,840	(55,860)
Capital outlay	2,000	2,000	81	(1,919)
City recorder:				
Personnel services	87,385	87,385	86,328	(1,057)
Other costs	26,950	26,950	22,748	(4,202)
Legal services:				
Personnel services	171,000	171,000	169,537	(1,463)
Other costs	63,500	63,500	18,043	(45,457)
Information/technology:				
Personnel services	404,130	404,130	398,441	(5,689)
Other costs	122,500	119,500	87,934	(31,566)
Capital outlay	321,500	324,500	324,062	(438)
GIS				
Personnel services	244,895	244,895	233,258	(11,637)
Other costs	50,970	50,970	32,344	(18,626)
Capital outlay	5,000	5,000	3,900	(1,100)
Human resources:				
Personnel services	241,640	241,640	240,457	(1,183)
Other costs	116,630	116,630	86,878	(29,752)
Capital outlay	1,000	1,000	-	(1,000)
Community relations:				
Personnel services	113,475	113,475	110,383	(3,092)
Other costs	154,200	154,200	114,399	(39,801)
Planning and development:				
Personnel services	398,085	373,085	316,969	(56,116)
Other costs	81,350	81,350	59,059	(22,291)
Capital outlay	1,410	26,410	25,773	(637)

(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, 2010

	<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>	
Codes enforcement:				
Personnel services	\$ 700,825	\$ 700,825	\$ 681,512	\$ (19,313)
Other costs	48,100	48,100	40,431	(7,669)
Capital outlay	17,180	17,180	15,258	(1,922)
Municipal Center:				
Rent expense	413,400	413,400	413,400	-
Insurance/other benefits:				
Personnel	791,980	791,980	749,599	(42,381)
Other	45,200	45,200	37,041	(8,159)
Total general government	<u>6,035,565</u>	<u>6,035,565</u>	<u>5,604,198</u>	<u>(431,367)</u>
Public safety:				
Police department:				
Personnel services	5,112,140	5,141,800	4,999,558	(142,242)
Other costs	618,000	584,000	571,482	(12,518)
Capital outlay	356,000	371,000	370,045	(955)
Fire and Rescue department:				
Personnel services	5,296,625	5,322,445	5,311,079	(11,366)
Other costs	433,235	433,235	419,258	(13,977)
Capital outlay	256,250	290,250	289,844	(406)
Brentwood Safety Center East:				
Other costs	62,320	81,320	81,040	(280)
Capital outlay	<u>500</u>	<u>500</u>	<u>60</u>	<u>(440)</u>
Total public safety	<u>12,135,070</u>	<u>12,224,550</u>	<u>12,042,366</u>	<u>(182,184)</u>
Roads and streets:				
Public works:				
Personnel	1,177,970	1,186,770	1,168,272	(18,498)
Other	982,100	982,100	927,809	(54,291)
Capital outlay	157,000	157,000	151,836	(5,164)

(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, 2010

	<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>	
Storm drainage:				
Capital outlay	\$ 50,000	\$ 50,000	\$ 24,695	\$ (25,305)
Street lighting/traffic signals:				
Utilities	445,000	445,000	409,088	(35,912)
Personnel services	107,195	107,195	106,195	(1,000)
Other	104,100	104,100	89,559	(14,541)
Capital outlay	16,500	16,500	8,423	(8,077)
Service center:				
Personnel services	99,095	99,095	96,808	(2,287)
Other costs	167,150	167,150	142,003	(25,147)
Engineering services:				
Personnel services	466,145	467,330	454,219	(13,111)
Other costs	49,950	49,950	19,499	(30,451)
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Total roads and streets	<u>3,825,205</u>	<u>3,835,190</u>	<u>3,598,406</u>	<u>(236,784)</u>
Public health:				
Co. Health Dept. Contract	15,000	15,000	15,000	-
Co. Animal Control Contract	<u>66,040</u>	<u>66,040</u>	<u>63,519</u>	<u>(2,521)</u>
Total public health	<u>81,040</u>	<u>81,040</u>	<u>78,519</u>	<u>(2,521)</u>
Parks and recreation:				
Personnel services	892,695	899,960	880,572	(19,388)
Other costs	817,500	756,000	675,401	(80,599)
Capital outlay	<u>41,000</u>	<u>68,500</u>	<u>68,073</u>	<u>(427)</u>
Total parks and recreation	<u>1,751,195</u>	<u>1,724,460</u>	<u>1,624,046</u>	<u>(100,414)</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, 2010

	<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	\$ 1,164,775	\$ 1,165,245	\$ 1,132,882	\$ (32,363)
Other costs	875,400	873,800	832,211	(41,589)
Capital outlay	<u>8,000</u>	<u>9,600</u>	<u>9,563</u>	<u>(37)</u>
Total public library	<u>2,048,175</u>	<u>2,048,645</u>	<u>1,974,656</u>	<u>(73,989)</u>
Community support:				
Education	225,000	225,000	225,000	-
Chamber of Commerce	10,000	10,000	10,000	-
Crockett Historic Center	<u>53,100</u>	<u>53,100</u>	<u>39,887</u>	<u>(13,213)</u>
Total community support	<u>288,100</u>	<u>288,100</u>	<u>274,887</u>	<u>(13,213)</u>
TOTAL EXPENDITURES	<u>26,164,350</u>	<u>26,237,550</u>	<u>25,197,078</u>	<u>(1,040,472)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,879,725</u>	<u>3,879,725</u>	<u>6,303,994</u>	<u>2,424,269</u>
OTHER FINANCING USES				
Transfers to Debt Service Fund	(3,150,000)	(3,150,000)	(3,150,000)	-
Transfers to Emergency Communication Fund	(418,700)	(418,700)	(418,700)	-
Transfers to Municipal Center	-	(1,000,000)	(1,000,000)	-
Transfers to Facility Maintenance Fund	(300,000)	(800,000)	(800,000)	-
Transfers to Health Insurance Fund	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>(3,868,700)</u>	<u>(5,868,700)</u>	<u>(5,868,700)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 11,025</u>	<u>\$ (1,988,975)</u>	435,294	<u>\$ 2,424,269</u>
FUND BALANCE, BEGINNING OF YEAR			<u>24,948,669</u>	
FUND BALANCE, END OF YEAR			<u>\$ 25,383,963</u>	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 6,618,487	\$ 980,509	\$ 1,191,887	\$ 8,790,883	\$ 860,651
Receivables:					
Accounts	651,308	2,205	69,587	723,100	-
Due from other funds:					
General Fund	2,142	-	-	2,142	149,308
Debt service	33,000	-	-	33,000	-
Water and Sewer	-	-	-	-	16,456
Emergency Communications District	-	2,033	-	2,033	3,004
Unbilled utility revenue	1,185,348	-	-	1,185,348	-
Inventories of supplies	212,504	-	-	212,504	44,235
Prepaid expenses	200	9,880	600	10,680	-
Investments	5,000,000	1,000,000	-	6,000,000	-
Restricted cash and cash equivalents	212,431	-	-	212,431	-
Total Current Assets	13,915,420	1,994,627	1,262,074	17,172,121	1,073,654
Noncurrent Assets:					
Property, plant and equipment, net of accumulated depreciation	60,923,964	2,404,050	107,739	63,435,753	-
Bond issue costs and discounts, net of amortization	182,549	-	-	182,549	-
Due from governmental activities	86,917	-	-	86,917	-
Total Noncurrent Assets	61,193,430	2,404,050	107,739	63,705,219	-
Total Assets	75,108,850	4,398,677	1,369,813	80,877,340	1,073,654
LIABILITIES					
Current Liabilities (payable from current assets):					
Current maturities of long-term debt	1,030,000	-	-	1,030,000	-
Accounts payable	1,119,776	25,188	15,506	1,160,470	5,194
Accrued salaries	34,820	-	14,249	49,069	-
Accrued interest	178,628	-	-	178,628	-
Due from other funds:					
Due to General Fund	1,719	-	-	1,719	33,055
Due to Health Insurance Fund	12,005	-	3,004	15,009	-
Due to Fuel Fund	4,451	-	-	4,451	-
Due to Municipal Center	-	-	2,033	2,033	-
Other payables	280,777	-	1,372	282,149	27,164
Compensated absences payable	182,981	-	70,642	253,623	-
Current liabilities (payable from restricted assets):					
Retainage payable	156,987	-	-	156,987	-
Total Current Liabilities (payable from current assets)	3,002,144	25,188	106,806	3,134,138	65,413
Noncurrent Liabilities:					
Long-term debt, net of current maturities	13,123,311	-	-	13,123,311	-
Total Noncurrent Liabilities	13,123,311	-	-	13,123,311	-
Total Liabilities	16,125,455	25,188	106,806	16,257,449	65,413
NET ASSETS					
Invested in capital assets, net of related debt	46,770,653	2,404,050	107,739	49,282,442	-
Unrestricted	12,212,742	1,969,439	1,155,268	15,337,449	1,008,241
TOTAL NET ASSETS	\$ 58,983,395	\$ 4,373,489	\$ 1,263,007	64,619,891	\$ 1,008,241
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				121,731	
Net assets of business-type activities				<u><u>\$ 64,741,622</u></u>	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>
	<u>WATER AND SEWER FUND</u>	<u>MUNICIPAL CENTER FUND</u>	<u>EMERGENCY COMMUNICATIONS DISTRICT</u>	<u>TOTAL</u>	
OPERATING REVENUES					
Water sales, pledged as security on revenue bonds	\$ 5,996,801	\$ -	\$ -	\$ 5,996,801	\$ -
Sewer service charges, pledged as security on revenue bonds	6,080,734	-	-	6,080,734	-
Rental income	-	555,817	-	555,817	-
911 Fees	-	-	491,114	491,114	-
Internal charges	-	-	-	-	1,461,477
Other	<u>1,391,058</u>	<u>500</u>	<u>157,617</u>	<u>1,549,175</u>	<u>-</u>
TOTAL OPERATING REVENUES	<u>13,468,593</u>	<u>556,317</u>	<u>648,731</u>	<u>14,673,641</u>	<u>1,461,477</u>
OPERATING EXPENSES					
Water purchased	3,445,089	-	-	3,445,089	-
Depreciation and amortization	2,237,849	181,205	61,383	2,480,437	-
Materials and supplies	-	-	-	-	305,261
Sewerage treatment charges	2,604,044	-	-	2,604,044	-
Salaries and benefits	1,737,941	-	669,533	2,407,474	889,039
Maintenance	807,587	135,747	-	943,334	-
Utilities	250,305	133,056	-	383,361	-
Professional services	110,007	25,407	73,783	209,197	-
Communications	-	28,755	109,538	138,293	-
Other	<u>561,886</u>	<u>11,255</u>	<u>13,220</u>	<u>586,361</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>11,754,708</u>	<u>515,425</u>	<u>927,457</u>	<u>13,197,590</u>	<u>1,194,300</u>
OPERATING INCOME (LOSS)	<u>1,713,885</u>	<u>40,892</u>	<u>(278,726)</u>	<u>1,476,051</u>	<u>267,177</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	80,471	5,721	6,327	92,519	2,062
Interest expense	<u>(423,732)</u>	<u>-</u>	<u>-</u>	<u>(423,732)</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(343,261)</u>	<u>5,721</u>	<u>6,327</u>	<u>(331,213)</u>	<u>2,062</u>
TRANSFERS IN	<u>-</u>	<u>1,000,000</u>	<u>418,700</u>	<u>1,418,700</u>	<u>589,000</u>
TRANSFERS OUT	<u>(62,500)</u>	<u>-</u>	<u>(26,500)</u>	<u>(89,000)</u>	<u>-</u>
CHANGE IN NET ASSETS	1,308,124	1,046,613	119,801	2,474,538	858,239
TOTAL NET ASSETS, BEGINNING OF YEAR, AS RESTATED - SEE NOTE 17	<u>57,675,271</u>	<u>3,326,876</u>	<u>1,143,206</u>		<u>150,002</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 58,983,395</u>	<u>\$ 4,373,489</u>	<u>\$ 1,263,007</u>		<u>\$ 1,008,241</u>
Adjustment to reflect the consolidation of internal service funds related to enterprise funds				<u>121,731</u>	
Change in net assets of business-type activities				<u>\$ 2,596,269</u>	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL</u>
	<u>WATER AND SEWER</u>	<u>MUNICIPAL</u>	<u>EMERGENCY</u>	<u>TOTAL</u>	<u>ACTIVITIES -</u>
	<u>FUND</u>	<u>CENTER</u>	<u>COMMUNICATIONS</u>	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
			<u>DISTRICT</u>	<u>FUNDS</u>	<u>FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 13,448,752	\$ 544,232	\$ 668,851	\$ 14,661,835	\$ -
Receipts from internal services provided	-	-	-	-	1,292,709
Payments to suppliers	(8,641,097)	(329,484)	(189,523)	(9,160,104)	(1,173,122)
Payments to employees	(1,723,834)	-	(663,741)	(2,387,575)	-
Net cash provided by (used in) operating activities	<u>3,083,821</u>	<u>214,748</u>	<u>(184,413)</u>	<u>3,114,156</u>	<u>119,587</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Net receipts (payments) on interfund borrowing	24,256	-	-	24,256	-
Transfers from general fund	-	1,000,000	-	1,000,000	-
Transfer to health insurance fund	(62,500)	-	(26,500)	(89,000)	-
Contribution (transfer) from general fund	-	-	418,700	418,700	-
Net cash provided by (used in) noncapital financing activities	<u>(38,244)</u>	<u>1,000,000</u>	<u>392,200</u>	<u>1,353,956</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(4,859,054)	(107,117)	(547)	(4,966,718)	-
Purchase of investments	(5,000,000)	(1,000,000)	-	(6,000,000)	-
Principal paid on long-term debt	(994,947)	-	-	(994,947)	-
Interest paid on long-term debt	<u>(553,122)</u>	<u>-</u>	<u>-</u>	<u>(553,122)</u>	<u>-</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(11,407,123)</u>	<u>(1,107,117)</u>	<u>(547)</u>	<u>(12,514,787)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	<u>80,471</u>	<u>5,721</u>	<u>6,327</u>	<u>92,519</u>	<u>2,062</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(8,281,075)</u>	<u>113,352</u>	<u>213,567</u>	<u>(7,954,156)</u>	<u>121,649</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>15,111,993</u>	<u>867,157</u>	<u>978,320</u>	<u>16,957,470</u>	<u>150,002</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,830,918</u>	<u>\$ 980,509</u>	<u>\$ 1,191,887</u>	<u>\$ 9,003,314</u>	<u>\$ 271,651</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 1,713,885	\$ 40,892	\$ (278,726)	\$ 1,476,051	\$ 267,177
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	2,237,849	181,205	61,383	2,480,437	-
(Increase) decrease in:					
Accounts receivable	17,773	(2,205)	20,120	35,688	-
Due from general fund	-	-	-	-	(149,308)
Unbilled utility revenue	(37,614)	-	-	(37,614)	-
Inventories of supplies	(88,480)	-	-	(88,480)	(44,235)
Prepaid expenses	(200)	(9,880)	(600)	(10,680)	-
Increase (decrease) in:					
Accounts payable	(70,558)	6,769	10,075	(53,714)	5,194
Due to (from) other funds	14,209	(2,033)	(3,829)	8,347	13,595
Accrued expenses	<u>(703,043)</u>	<u>-</u>	<u>7,164</u>	<u>(695,879)</u>	<u>27,164</u>
TOTAL ADJUSTMENTS	<u>1,369,936</u>	<u>173,856</u>	<u>94,313</u>	<u>1,638,105</u>	<u>(147,590)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 3,083,821</u>	<u>\$ 214,748</u>	<u>\$ (184,413)</u>	<u>\$ 3,114,156</u>	<u>\$ 119,587</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Capitalized interest	<u>\$ 151,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,554</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY AND PLAN NET ASSETS

JUNE 30, 2010

	POST EMPLOYMENT BENEFITS FIDUCIARY FUND	POST EMPLOYMENT BENEFITS TRUST	DONATIONS HELD IN TRUST	TOTAL
ASSETS				
Cash and cash equivalents	\$ 500,740	\$ -	\$ 187,380	\$ 688,120
Investments held in trust, at fair value:				
Mutual funds - balanced funds	-	3,238,826	-	3,238,826
Due from City of Brentwood General Fund	11	-	25	36
Prepaid expenses	-	-	1,430	1,430
TOTAL ASSETS	500,751	3,238,826	188,835	3,928,412
LIABILITIES				
Accounts payable	-	-	13,992	13,992
TOTAL LIABILITIES	-	-	13,992	13,992
NET ASSETS HELD IN TRUST FOR BENEFITS				
Net assets reserved for employee's post employment benefits	500,751	-	-	500,751
Net assets held in trust for other post employment benefits	-	3,238,826	-	3,238,826
Net assets held in trust for donations	-	-	174,843	174,843
TOTAL NET ASSETS	\$ 500,751	\$ 3,238,826	\$ 174,843	\$ 3,914,420

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, 2010

	POST EMPLOYMENT BENEFITS FIDUCIARY FUND	POST EMPLOYMENT BENEFITS TRUST	DONATIONS HELD IN TRUST	TOTAL
ADDITIONS				
Contributions:				
Employer	\$ 199,534	\$ -	\$ -	\$ 199,534
Annual required contribution to other post employment benefits trust	-	566,846	-	566,846
Outside sources	-	-	108,446	108,446
Investment earnings:				
Net appreciation (depreciation) in value of investments	-	240,983	-	240,983
Interest	<u>2,438</u>	<u>-</u>	<u>-</u>	<u>2,438</u>
Total Additions	<u>201,972</u>	<u>807,829</u>	<u>108,446</u>	<u>1,118,247</u>
DEDUCTIONS				
Benefits	23,761	-	-	23,761
Administrative expense	2,000	-	-	2,000
Donations expense	<u>-</u>	<u>-</u>	<u>146,916</u>	<u>146,916</u>
Total Deductions	<u>25,761</u>	<u>-</u>	<u>146,916</u>	<u>172,677</u>
Change in Net Assets	176,211	807,829	(38,470)	945,570
NET ASSETS HELD IN TRUST				
Beginning of year	<u>324,540</u>	<u>2,430,997</u>	<u>213,313</u>	<u>2,968,850</u>
End of year	<u>\$ 500,751</u>	<u>\$ 3,238,826</u>	<u>\$ 174,843</u>	<u>\$ 3,914,420</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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, 2010 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, 2010 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, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The *Post Employment Benefits Fund* accumulates funds for the payment of current year post employment life and health insurance benefits for qualified employees and accumulates reserve funds for the payment of retirement leave benefits.

The *Post Employment Benefits Trust* was established in 2008 to accumulate and fund other post employment benefits (predominantly retiree health and life insurance) for qualified employees based on minimum age and years of service as actuarially determined (see Note 12).

The *Donations Held in Trust Fund* accumulates and maintains certain accounts funded through private donations, which include the Employee Assistance Trust, the Public Safety Employees Trust, Friends of the Library, the Historic Trust, and Concert Series, each of which are not used for City planned operations.

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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost and consist primarily of demand deposits, short-term (original maturities of three months or less) certificates of deposit and investments in the Local Government Investment Pool of the State of Tennessee.

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

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

Investments

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

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

Interfund Receivables/Payables

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

Inventories of Supplies and Prepaid Items

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

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

Restricted Assets

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

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, \$151,554 of capitalized interest was recorded.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Compensated Absences

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

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

Long-term Obligations

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations (Continued)

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

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.

Property Taxes

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

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

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

Taxes were levied at the rate of \$.49 per \$100 of assessed valuation for the year ended June 30, 2010.

Payments may be made during the period from October 1 through February 28 and are delinquent on March 1. Current tax collections of \$9,984,045 were reported as revenue for the year ended June 30, 2010, and were approximately 97.3% of the tax levy.

Of the \$10,766,899 property taxes receivable, \$10,356,406 represents the estimated 2010 property taxes to be billed October 2010. This receivable is reported in the Balance Sheet - Governmental Funds with offsetting deferred revenue for the amounts not available at June 30, 2010. Amounts available at June 30, 2010 have been recorded as revenue in the governmental fund statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

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, 2010 were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks determine the aggregate balance of their public fund accounts for the City. The amount of collateral required to secure these public deposits must be equal to 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

Custodial risk is the risk that, in the event of a bank failing, the City's deposits may not be returned. The City minimizes this risk by requiring full collateralization on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit, except when the institution issuing the certificate of deposit belongs to the State of Tennessee Bank collateral Pool. As of June 30, 2010, the City's deposits were fully insured or collateralized.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

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	\$ 62,748,181
Deposits in State of Tennessee Local Government Investment Pool	4,963
Cash on hand	<u>1,620</u>
Total	<u>\$ 62,754,764</u>
Cash and cash equivalents	\$ 29,571,087
Cash and cash equivalents - restricted	3,183,677
Investments	<u>30,000,000</u>
Total	<u>\$ 62,754,764</u>

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

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

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

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

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

For purposes of disclosing interest rate risk on the deposits held by the Local Government Investment Pool (the "Pool"), interest rate risk is based on the average maturity of the pool's investments, which was eighty-two days at June 30, 2010. The Pool does not have a credit rating.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 79,731,690	\$ 3,787,373	\$ -	\$ 83,519,063
Construction in progress	<u>10,971,778</u>	<u>3,664,711</u>	<u>(13,582,618)</u>	<u>1,053,871</u>
Total capital assets not being depreciated	<u>90,703,468</u>	<u>7,452,084</u>	<u>(13,582,618)</u>	<u>84,572,934</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	17,007,125	5,160,204	-	22,167,329
Improvements other than buildings	11,321,253	110,109	-	11,431,362
Machinery and equipment	14,447,379	1,247,050	(214,372)	15,480,057
Infrastructure	<u>157,963,793</u>	<u>14,246,318</u>	<u>-</u>	<u>172,210,111</u>
Total capital assets being depreciated:	<u>200,739,550</u>	<u>20,763,681</u>	<u>(214,372)</u>	<u>221,288,859</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(3,721,427)	(432,287)	-	(4,153,714)
Improvements other than buildings	(6,352,493)	(565,596)	-	(6,918,089)
Machinery and equipment	(9,088,826)	(1,219,794)	214,372	(10,094,248)
Infrastructure	<u>(88,500,438)</u>	<u>(5,583,608)</u>	<u>-</u>	<u>(94,084,046)</u>
Total accumulated depreciation	<u>(107,663,184)</u>	<u>(7,801,285)</u>	<u>214,372</u>	<u>(115,250,097)</u>
Governmental activities capital assets, net	<u>\$ 183,779,834</u>	<u>\$ 20,414,480</u>	<u>\$ (13,582,618)</u>	<u>\$ 190,611,696</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

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	\$ 742,738	\$ 315,683	\$ -	\$ 1,058,421
Construction in progress	<u>7,850,576</u>	<u>4,633,374</u>	<u>(12,147,397)</u>	<u>336,553</u>
Total capital assets not being depreciated	<u>8,593,314</u>	<u>4,949,057</u>	<u>(12,147,397)</u>	<u>1,394,974</u>
 <u>Capital assets being depreciated:</u>				
Utility plant in service	76,069,488	11,807,166	-	87,876,654
Buildings, structures and improvements	3,748,476	240,000	-	3,988,476
Improvements other than buildings	902,046	80,966	-	983,012
Machinery, equipment and vehicles	<u>2,941,209</u>	<u>111,974</u>	<u>-</u>	<u>3,053,183</u>
Total capital assets being depreciated:	<u>83,661,219</u>	<u>12,240,106</u>	<u>-</u>	<u>95,901,325</u>
 <u>Less accumulated depreciation for:</u>				
Utility plant in service	(26,828,620)	(2,079,725)	-	(28,908,345)
Buildings, structures and improvements	(1,983,440)	(100,130)	-	(2,083,570)
Improvements other than buildings	(467,516)	(63,839)	-	(531,355)
Machinery, equipment and vehicles	<u>(2,098,438)</u>	<u>(238,838)</u>	<u>-</u>	<u>(2,337,276)</u>
Total accumulated depreciation	<u>(31,378,014)</u>	<u>(2,482,532)</u>	<u>-</u>	<u>(33,860,546)</u>
 Business-type activities capital assets, net	<u>\$ 60,876,519</u>	<u>\$ 14,706,631</u>	<u>\$ (12,147,397)</u>	<u>\$ 63,435,753</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to function/programs for the year ended June 30, 2010, as follows:

Governmental activities:

General government	\$ 344,516
Public safety	644,548
Roads and streets	5,677,112
Parks and recreation	761,962
Public library	316,493
Community support	
Drug education	<u>56,654</u>

Total depreciation expense - governmental activities	<u>\$ 7,801,285</u>
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Business-type activities:

Municipal center	\$ 181,205
Water and sewer	2,217,544
Emergency Communications District	<u>61,383</u>

Total depreciation expense - business-type activities	<u>\$ 2,460,132</u>
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Business-type activities increases include cost and accumulated depreciation transfers of \$22,400 for a fully-depreciated asset transferred into the water and sewer department during 2010.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 5 - INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to charges between funds that are outstanding as of June 30, 2010, and are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 40,052	\$ 171,897
Debt service fund	-	33,000
Capital projects fund	50,000	5,278
Nonmajor funds	20,447	50,000
Water and sewer fund	122,059	18,175
Municipal center fund	2,033	-
Emergency Communications District	-	5,037
Internal Service Funds	<u>168,768</u>	<u>33,055</u>
	403,359	316,442
Government wide statements (governmental activities)	<u>-</u>	<u>86,917</u>
Total interfund receivables (payables)	<u>\$ 403,359</u>	<u>\$ 403,359</u>

Interfund transfers for the year ended June 30, 2010 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

Transfer Out:	Transfer In:						Totals
	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Municipal Center	Emergency Communications District	Internal Service Funds	
General Fund	\$ 3,166,775	\$ -	\$ 1,825,500	\$ 1,000,000	\$ 418,700	\$ 500,000	\$ 6,910,975
Nonmajor Governmental Funds	-	150,000	-	-	-	-	150,000
Water and Sewer Fund	-	-	-	-	-	62,500	62,500
Emergency Communications District	-	-	-	-	-	26,500	26,500
Total Transfers	<u>\$ 3,166,775</u>	<u>\$ 150,000</u>	<u>\$ 1,825,500</u>	<u>\$ 1,000,000</u>	<u>\$ 418,700</u>	<u>\$ 589,000</u>	<u>\$ 7,149,975</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 5 - INTERFUND TRANSACTIONS (CONTINUED)

Interfund revenues and expenses for the year ended June 30, 2010, included the payment of rental fees for fire hydrant usage totaling \$100,000 by the general fund to the water and sewer enterprise fund. Such amount is included in public safety expenditures reported by the general fund and other operating revenues reported by the water and sewer enterprise fund for the year. The general fund and Emergency Communications District also paid the municipal center enterprise fund rents totaling \$413,400 and \$10,600, respectively, for the year ended June 30, 2010 for its use of the Municipal Center Building. Such amounts are included in the general government expenditures reported by the general fund and operating revenues reported by the municipal center enterprise fund for the year. In addition, the water and sewer enterprise fund paid the general fund \$125,000 and \$138,000 for its space at the City's Service Center and GIS Mapping Fee, respectively, for the year ended June 30, 2010. 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 a total of \$648,300 (\$567,045, \$60,000 and \$21,255, respectively), to the Post Employment Benefits Fiduciary Fund for retiree benefits for the year ended June 30, 2010. These amounts are included in expenditures for the respective funds. Additionally, the General Fund contributed \$118,080 to the Post Employment Benefits Fiduciary Fund to fund future retiree leave payouts. The Post Employment Benefits Fiduciary Fund transferred \$566,846 from the current year contributions to the Post Employment Benefits Trust for the year ended June 30, 2010 (see Note 12).

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 6 - LONG-TERM LIABILITIES

Changes in Long-Term Liabilities:

During the year ended June 30, 2010, the changes in long-term liabilities were as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due within</u> <u>one year</u>
Government Activities:					
General obligation bonds	\$ 26,050,000	\$ 4,760,000	\$ 1,895,000	\$ 28,915,000	\$ 2,125,000
Less: Unamortized deferred charge on advance refunding	<u>(518,796)</u>	<u>168,943</u>	<u>(47,227)</u>	<u>(302,626)</u>	<u>-</u>
Total bonds	25,531,204	4,928,943	1,847,773	28,612,374	2,125,000
Compensated absences	<u>2,882,357</u>	<u>1,143,375</u>	<u>1,237,826</u>	<u>2,787,906</u>	<u>1,000,000</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 28,413,561</u>	<u>\$ 6,072,318</u>	<u>\$ 3,085,599</u>	<u>\$ 31,400,280</u>	<u>\$ 3,125,000</u>
Business-type Activities:					
Revenue and tax bonds	\$ 15,250,000	\$ -	\$ 995,000	\$ 14,255,000	\$ 1,030,000
State of Tennessee loan program	<u>179,770</u>	<u>-</u>	<u>179,770</u>	<u>-</u>	<u>-</u>
	15,429,770	-	1,174,770	14,255,000	1,030,000
Less: Unamortized deferred charge on advance refunding	<u>(134,773)</u>	<u>-</u>	<u>(33,084)</u>	<u>(101,689)</u>	<u>-</u>
Total Business-type Activities					
Long-term Liabilities	<u>\$ 15,294,997</u>	<u>\$ -</u>	<u>\$ 1,141,686</u>	<u>\$ 14,153,311</u>	<u>\$ 1,030,000</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Description of Long-Term Liabilities:

Amounts payable at June 30, 2010, were as follows:

Governmental Activities:

\$1,955,000 1999 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2013, at varying rates of interest from 4.25% to 4.40%	\$ 730,000
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\$5,525,000 2002 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2019, at varying rates of interest from 4.15% to 4.80%	5,100,000
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\$4,425,000 2002 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2022, at varying rates of interest from 4.00% to 4.85%	880,000
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\$6,300,000 2003 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2017, at varying rates of interest from 3.25% to 4.10%	3,180,000
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\$3,685,000 2004 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2024, at varying rates of interest from 2.80% to 4.45%	2,965,000
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\$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%	4,250,000
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\$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
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CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of Long-Term Liabilities (Continued)

Governmental Activities (Continued):

\$4,935,000 2007 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2028, at a fixed rate of interest of 3.83%	\$ 4,620,000
\$4,760,000 2009 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2030, at varying rates of interest from 2.50 % to 4.50%	<u>4,760,000</u>
Total General Obligation Debt	28,915,000
Unamortized charge on advance refunding	<u>(302,626)</u>
Total General Obligation Bonds, net of unamortized charge	<u>\$28,612,374</u>

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 4.25% to 4.40%	\$ 525,000
\$3,000,000 2001 Water Revenue and Tax Bonds due in increasing annual installments through March 1, 2012, at varying rates of interest from 4.00% to 4.75%	295,000
\$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 3.25% to 4.10%	2,015,000

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of Long-Term Liabilities (Continued)

Business-type activities debt (continued):

\$1,775,000 2006 Water Revenue and Tax Refunding Bonds due in increasing annual installments through September 1, 2020, at varying rates of interest from 3.75% to 3.85%	\$ 1,775,000
\$10,000,000 2008 Water and Sewer Revenue and Tax Bonds due in increasing annual installments through March 1, 2029, at varying rates of interest from 3.00% to 4.125%	<u>9,645,000</u>
Total Revenue and Tax Bonds	14,255,000
Unamortized charge on advance refunding	<u>(101,689)</u>
Total Business-type Activities Debt, net of unamortized charge	<u>\$ 14,153,311</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, 2010

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, 2010, are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Bonds		Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 2,125,000	\$1,107,184	\$ 1,030,000	\$ 526,810	\$ 3,155,000	\$ 1,633,994
2012	2,215,000	1,028,431	1,055,000	490,977	3,270,000	1,519,408
2013	2,115,000	946,592	875,000	454,352	2,990,000	1,400,944
2014	2,435,000	857,592	900,000	423,583	3,335,000	1,281,175
2015	2,090,000	764,409	790,000	394,760	2,880,000	1,159,169
2016-2020	9,275,000	2,650,876	3,935,000	1,537,644	13,210,000	4,188,520
2021-2025	5,775,000	1,184,682	3,000,000	890,482	8,775,000	2,075,164
2026-2030	2,885,000	273,820	2,670,000	280,338	5,555,000	554,158
Totals	<u>\$ 28,915,000</u>	<u>\$8,813,586</u>	<u>\$ 14,255,000</u>	<u>\$4,998,946</u>	<u>\$43,170,000</u>	<u>\$ 13,812,532</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 7 - UNEARNED REVENUES

Unearned revenues consist of the following at June 30, 2010:

Property taxes:

Delinquent taxes	\$ 360,080
2010 estimated levy	10,356,406
Estimated 2010 Hall Income tax	<u>900,000</u>
	<u>\$ 11,616,486</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.

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 8 - RISK MANAGEMENT (CONTINUED)

Revenues of the fund include budgeted amounts from each City fund with personnel assigned to it, as well as employee payroll deductions from those employees who elect to cover dependents under the city's plan. Expenses of the fund include the premium costs of the City's fully insured health and vision plans as well as HRA claims expenses. The HRA is administered by Blue Cross/Blue Shield and the City is invoiced weekly for such claims. HRA Liabilities also include an amount for claims that have been incurred prior to June 30, 2010, but not reported (IBNRs).

A change in the balances of claims liabilities during the fiscal year is as follows:

	<u>2010</u>
Unpaid claims, beginning of fiscal year	\$ -
Incurred claims	171,101
Claim payments	<u>(143,937)</u>
Unpaid claims, end of fiscal year	<u>\$ 27,164</u>

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 9 - RECONCILIATION OF BUDGETARY EXPENDITURES PER GENERAL FUND TO STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS

For the budget ordinance, the City records certain expenditures within general fund departments as opposed to transfers to the equipment replacement special revenue fund. These items are reclassified as transfers in preparation of the CAFR to properly eliminate the transfers at a government-wide level. The following schedule presents a reconciliation of the net change in expenditures, other financing uses and fund balance between the Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Funds and Statement of Revenues, Expenditures and Change in Fund Balance - Budget to Actual General Fund:

EXPENDITURES	General Fund		
	Governmental Funds	Budget to Actual	
	(p. 23)	(p. 25 - 29)	Difference
Current:			
General government	\$ 5,304,198	\$ 5,604,198	\$ (300,000)
Public Safety	11,477,366	12,042,366	(565,000)
Roads and Streets	3,446,906	3,598,406	(151,500)
Public Health	78,519	78,519	-
Parks and Recreation	1,615,046	1,624,046	(9,000)
Public library	1,974,656	1,974,656	-
Community support	258,112	274,887	(16,775)
TOTAL EXPENDITURES	24,154,803	25,197,078	(1,042,275)
OTHER FINANCING USES			
Transfers out	6,910,975	5,868,700	1,042,275
TOTAL OTHER FINANCING USES	6,910,975	5,868,700	1,042,275
NET CHANGE IN FUND BALANCE	\$ 435,294	\$ 435,294	\$ -

NOTE 10 - CONTINGENT LIABILITIES

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the City's financial position. The City has recorded a liability for a land settlement of approximately \$242,000 in the water and sewer fund at June 30, 2010. No other provision for any liability resulting from such litigation has been made in the accompanying financial statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 11 - DEFERRED COMPENSATION PLANS

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

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

Upon two years of full-time service, the City matches, on a dollar for dollar basis, a maximum of up to 3% of the employee's base salary. The City's match for the year ended June 30, 2010 totaled \$280,709.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Contributions Information

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

Membership in the plan consisted of the following at January 1, 2009, the date of the latest actuarial valuation:

	<u>General Government</u>	<u>Fire/Police</u>	<u>Total</u>
Active employees	124	114	238
Retired employees	<u>9</u>	<u>-</u>	<u>9</u>
Total	<u>133</u>	<u>114</u>	<u>247</u>
Participating employers			<u><u>1</u></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 with the City. For employees hired prior to July 1, 2005, the City will pay 100 percent and 50 percent of total cost of premiums for retirees and dependents, respectively. For employees hired post July 1, 2005, the City will pay a portion of the cost of premiums based on years of service at time of retirement, and dependent's cost of premiums will be paid entirely by the retiree. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. For retirees who have reached age 65, were hired prior to July 1, 2005 and retired after July 1, 2002, the City reimburses the cost of a Medicare supplement up to 50% of the City's cost for employee coverage under the group insurance plan.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

The contribution requirements are established and may be amended by the Board of Commissioners. The required contribution is based on an actuarial valuation utilizing the entry age normal method. During 2008, the City prefunded a trust account, administered by ICMA Retirement Corporation, in the amount of \$2,260,000, which included the 2008 annual required contribution of \$598,000, less amounts paid as premium benefits. For fiscal year 2010, the City contributed \$566,846 to the Trust and paid benefits of \$23,761. 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 4.98 percent of covered payroll.

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	\$ 636,866
Interest on net OPEB obligation	(107,568)
Adjustment to annual required contribution	<u>61,309</u>
Annual OPEB cost (expense)	590,607
Contributions made	<u>(590,607)</u>
Increase in net OPEB obligation	-
Net OPEB obligation (asset) - beginning of year	<u>(1,749,078)</u>
Net OPEB obligation (asset) - end of year	<u>\$ (1,749,078)</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 12 - 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 2010 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 (Asset)</u>
6/30/08	\$ 598,000	382 %	\$ (1,688,006)
6/30/09	493,846	112	(1,749,078)
6/30/10	590,607	100	(1,749,078)

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the plan was 32.3 percent funded. The actuarial accrued liability for benefits was \$7,137,913, and the actuarial value of assets was \$2,300,104, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,837,809. The covered payroll (annual payroll of active employees covered by the plan) was \$11,876,269 and the ratio of the UAAL to the covered payroll was 40.7 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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

In the January 1, 2009 actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 6.15 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of nine percent initially, reduced by decrements to an ultimate rate of five percent after eight years. Both rates include a six percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010 was twenty-seven years.

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

NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND 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/.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

Funding Policy

For eligible employees hired before January 1, 2010, the City adopted a noncontributory retirement plan by assuming employee contributions up to 5% of annual covered payroll.

For eligible employees hired after January 1, 2010, the City adopted a new Tennessee Consolidated Retirement System program that requires a 5% employee payroll contribution toward the cost of the retirement system.

The City is required to contribute at an actuarially determined rate; the rate for the year ending June 30, 2010 was an aggregate 15.27% of annual covered payroll, which includes public safety employees at 16.61% and all other employees at 13.86%. 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.

Annual Pension Cost

For the year ended June 30, 2010, the City's annual pension cost of \$1,977,054 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2007 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, 2007 was eight years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$1,977,054	100.00%	\$0.00
6/30/09	\$2,013,531	100.00%	\$0.00
6/30/08	\$1,834,232	100.00%	\$0.00

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 73.61% percent funded. The actuarial accrued liability for benefits was \$32.76 million, and the actuarial value of assets was \$24.11 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$8.64 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12.95 million, and the ratio of the UAAL to the covered payroll was 66.74%.

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.

(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, 2009	\$ 24,211	\$ 32,755	\$ 8,644	73.61%	\$ 12,952	66.74%
July 1, 2007	\$ 19,892	\$ 25,114	\$ 5,222	79.21%	\$ 11,794	44.28%

NOTE 14 - COMMITMENTS AND SUBSEQUENT EVENTS

Construction commitments amounting to approximately \$8,840,000 were outstanding as of June 30, 2010.

On September 13, 2010, the City issued \$10,000,000 of Water and Sewer Public Improvement Bonds, Series 2010. Interest will be payable semi-annually on March 1 and September 1, and the bonds are due March 1, 2031.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

NOTE 14 - COMMITMENTS AND SUBSEQUENT EVENTS (CONTINUED)

On November 15, 2010, the City announced plans to purchase approximately 320 acres of land known as the Ravenswood Farm for \$10 million to use primarily as a park and for permanent space. The City will also have the option to purchase approximately 80 acres of additional land on this property on or before December 31, 2013 for \$3 million. The proposed land purchase is subject to approval by the City Commission, and if approved by ordinance, the closing on the transaction is scheduled on or before December 30, 2010.

NOTE 15 - ECONOMIC DEPENDENCY

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

NOTE 16 - NEW PRONOUNCEMENTS

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement is intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The requirements of this statement are effective for financial periods beginning after June 15, 2010.

NOTE 17 - PRIOR PERIOD ADJUSTMENT

During 2010, the City reviewed the fund type of the Fuel Fund, which was established in 2009 as a non-major special revenue fund with an initial operating transfer, and determined that it met the criteria of an internal service fund. As such, the opening fund balances have been reclassified as follows:

	Non-major Governmental Funds	Internal Service Funds
Net assets/fund balance, beginning of year, as previously presented	\$ 2,956,463	\$ -
Reclassification of Fuel Fund from special revenue fund to internal service fund	<u>(150,002)</u>	<u>150,002</u>
Net assets/fund balance, beginning of year - as restated	<u>\$ 2,806,461</u>	<u>\$ 150,002</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FUNDING PROGRESS

POLITICAL SUBDIVISION PENSION PLAN
SUPPLEMENTARY INFORMATION (Unaudited)

JUNE 30, 2010

(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, 2009	\$ 24,111	\$ 32,755	\$ 8,644	73.61%	\$ 12,952	66.74%
July 1, 2007	\$ 19,892	\$ 25,114	\$ 5,222	79.21%	\$ 11,794	44.28%

The Governmental Accounting Standards Board ("GASB") requires the plan to prepare a Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method change was made during the year of the 2007 actuarial valuation date, therefore only the two most recent valuations are presented.

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, 2010

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Unit Credit</u>	<u>Unfunded Aal (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
01/01/07	\$ -	\$ 5,544,000	\$ 5,544,000	0.0%	\$ 11,302,574	49.1%
01/01/09	\$ 2,300,104	\$ 7,137,913	\$ 4,837,809	32.2%	\$ 11,876,269	40.7%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Employer Contributions</u>		
<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed *</u>
2008	\$ 598,000	382.3 %
2009	493,846	112.4
2010	590,607	100

* Includes projected employer payment for retiree benefits in total contribution.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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, 2010

	SPECIAL REVENUE						TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>ASSETS AND OTHER DEBITS</u>	<u>STATE STREET AID</u>	<u>DRUG</u>	<u>PUBLIC WORKS PROJECT</u>	<u>EQUIPMENT REPLACEMENT</u>	<u>FACILITIES MAINTENANCE</u>	<u>ADEQUATE SCHOOL FACILITIES</u>	
ASSETS:							
Cash and cash equivalents	\$ 607,979	\$ -	\$ 552,375	\$ 266,242	\$ 892,944	\$ 733,620	\$ 3,053,160
Receivables:							
Taxes	172,089	-	-	-	-	31,228	203,317
Due From General Fund	-	7,845	-	12,530	72	-	20,447
Due from Federal Government	-	-	-	-	467,298	-	467,298
Investments	-	-	-	1,000,000	-	-	1,000,000
Restricted assets:							
Cash and cash equivalents	-	151,811	-	-	-	-	151,811
TOTAL ASSETS AND OTHER DEBITS	\$ 780,068	\$ 159,656	\$ 552,375	\$ 1,278,772	\$ 1,360,314	\$ 764,848	\$ 4,896,033
LIABILITIES:							
Accounts payable	\$ 387,854	\$ 7,845	\$ -	\$ 65,355	\$ 90,097	\$ -	\$ 551,151
Due to General Fund	-	-	-	-	-	-	-
Due to Capital Projects Fund	-	-	-	-	50,000	-	50,000
Deferred revenue	-	-	-	-	467,298	-	467,298
TOTAL LIABILITIES	387,854	7,845	-	65,355	607,395	-	1,068,449
COMMITMENTS AND CONTINGENCIES							
EQUITY AND OTHER CREDITS							
Fund balance:							
Reserved for capital projects	-	-	552,375	1,213,417	-	764,848	2,530,640
Reserved for maintenance projects	-	-	-	-	752,919	-	752,919
Reserved for street repairs	392,214	-	-	-	-	-	392,214
Reserved for fuel purchases	-	-	-	-	-	-	-
Reserved for health insurance and claims	-	-	-	-	-	-	-
Reserved for drug enforcement and education	-	151,811	-	-	-	-	151,811
TOTAL EQUITY AND OTHER CREDITS	392,214	151,811	552,375	1,213,417	752,919	764,848	3,827,584
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 780,068	\$ 159,656	\$ 552,375	\$ 1,278,772	\$ 1,360,314	\$ 764,848	\$ 4,896,033

CITY OF BRENTWOOD, TENNESSEE

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

FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE						TOTAL NONMAJOR GOVERNMENTAL FUNDS
	STATE STREET AID	DRUG	PUBLIC WORKS PROJECT	EQUIPMENT REPLACEMENT	FACILITIES MAINTENANCE	ADEQUATE SCHOOL FACILITIES	
REVENUES							
Licenses and permits	\$ -	\$ -	\$ 357,976	\$ -	\$ -	\$ -	\$ 357,976
Intergovernmental	936,576	-	-	-	-	218,990	1,155,566
Uses of money and property	1,579	614	1,665	7,641	3,346	3,177	18,022
Other	-	97,343	-	16,754	-	-	114,097
TOTAL REVENUES	938,155	97,957	359,641	24,395	3,346	222,167	1,645,661
EXPENDITURES							
Current:							
Roads and streets	1,031,116	-	-	-	-	-	1,031,116
Drug education	-	25,278	-	-	-	-	25,278
Facilities maintenance projects	-	-	-	-	413,745	-	413,745
Capital outlay	-	39,315	-	790,584	-	-	829,899
TOTAL EXPENDITURES	1,031,116	64,593	-	790,584	413,745	-	2,300,038
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(92,961)	33,364	359,641	(766,189)	(410,399)	222,167	(654,377)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	1,025,500	800,000	-	1,825,500
Transfers out	-	-	(150,000)	-	-	-	(150,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(150,000)	1,025,500	800,000	-	1,675,500
NET CHANGE IN FUND BALANCE	(92,961)	33,364	209,641	259,311	389,601	222,167	1,021,123
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED - NOTE 17	485,175	118,447	342,734	954,106	363,318	542,681	2,806,461
FUND BALANCE, END OF YEAR	\$ 392,214	\$ 151,811	\$ 552,375	\$ 1,213,417	\$ 752,919	\$ 764,848	\$ 3,827,584

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, 2010

	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	880,000	936,576	56,576	-	-	-	-
Adequate school facilities tax	-	-	-	-	-	-	-
Uses of money and property:							
Interest earnings	10,000	1,579	(8,421)	2,000	2,000	614	(1,386)
Other:							
Gain on sale of equipment	-	-	-	-	-	-	-
Drug related fines and contributions	-	-	-	25,000	56,000	97,343	41,343
TOTAL REVENUES	<u>890,000</u>	<u>938,155</u>	<u>48,155</u>	<u>27,000</u>	<u>58,000</u>	<u>97,957</u>	<u>39,957</u>
EXPENDITURES							
Current:							
Roads and streets - street repairs	1,040,000	1,031,116	(8,884)	-	-	-	-
Drug education	-	-	-	29,000	28,600	25,278	(3,322)
Facilities maintenance projects	-	-	-	-	-	-	-
Capital outlay	-	-	-	8,000	39,400	39,315	(85)
TOTAL EXPENDITURES	<u>1,040,000</u>	<u>1,031,116</u>	<u>(8,884)</u>	<u>37,000</u>	<u>68,000</u>	<u>64,593</u>	<u>(3,407)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(150,000)</u>	<u>(92,961)</u>	<u>57,039</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>33,364</u>	<u>43,364</u>
OTHER FINANCING SOURCES (USES)							
Transfers from General Fund	-	-	-	-	-	-	-
Transfers to Capital Projects Fund	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ (150,000)</u>	<u>(92,961)</u>	<u>\$ 57,039</u>	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>33,364</u>	<u>\$ 43,364</u>
FUND BALANCE, BEGINNING OF YEAR		<u>485,175</u>				<u>118,447</u>	
FUND BALANCE, END OF YEAR		<u>\$ 392,214</u>				<u>\$ 151,811</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, 2010

	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	\$ 45,000	\$ 335,112	\$ 290,112	\$ -	\$ -	\$ -
Edmondson Branch fees	-	22,864	22,864	-	-	-
Intergovernmental:						
State fuel taxes	-	-	-	-	-	-
Adequate school facilities tax	-	-	-	-	-	-
Uses of money and property:						
Interest earnings	8,000	1,665	(6,335)	7,000	7,641	641
Other:						
Gain on sale of equipment	-	-	-	-	16,754	16,754
Drug related fines and contributions	-	-	-	-	-	-
TOTAL REVENUES	53,000	359,641	306,641	7,000	24,395	17,395
EXPENDITURES						
Current:						
Roads and streets - street repairs	-	-	-	-	-	-
Drug education	-	-	-	-	-	-
Projects	-	-	-	-	-	-
Capital outlay	-	-	-	1,395,000	790,584	(604,416)
TOTAL EXPENDITURES	-	-	-	1,395,000	790,584	(604,416)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	53,000	359,641	306,641	(1,388,000)	(766,189)	621,811
OTHER FINANCING SOURCES (USES)						
Transfers from General Fund	-	-	-	1,025,500	1,025,500	-
Transfers to Capital Projects Fund	(150,000)	(150,000)	-	-	-	-
Total Other Financing Sources (Uses)	(150,000)	(150,000)	-	1,025,500	1,025,500	-
NET CHANGE IN FUND BALANCE	\$ (97,000)	209,641	\$ 306,641	\$ (362,500)	259,311	\$ 621,811
FUND BALANCE, BEGINNING OF YEAR		342,734			954,106	
FUND BALANCE, END OF YEAR		\$ 552,375			\$ 1,213,417	

(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, 2010

	<u>FACILITIES MAINTENANCE FUND</u>				<u>ADEQUATE SCHOOL FACILITIES FUND</u>		
	<u>ORIGINAL BUDGETED AMOUNTS</u>	<u>FINAL BUDGETED AMOUNT</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
REVENUES							
Licenses and permits:							
Public works project fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Edmondson Branch fees	-	-	-	-	-	-	-
Intergovernmental:							
State fuel taxes	-	-	-	-	-	-	-
Adequate school facilities tax	-	-	-	-	110,000	218,990	108,990
Uses of money and property:							
Interest earnings	4,000	4,000	3,346	(654)	2,000	3,177	1,177
Other:							
Gain on sale of equipment	-	-	-	-	-	-	-
Drug related fines and contributions	-	-	-	-	-	-	-
TOTAL REVENUES	<u>4,000</u>	<u>4,000</u>	<u>3,346</u>	<u>(654)</u>	<u>112,000</u>	<u>222,167</u>	<u>110,167</u>
EXPENDITURES							
Current:							
Roads and streets - street repairs	-	-	-	-	-	-	-
Drug education	-	-	-	-	-	-	-
Facilities maintenance projects	105,000	605,000	413,745	(191,255)	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>105,000</u>	<u>605,000</u>	<u>413,745</u>	<u>(191,255)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF							
REVENUES OVER (UNDER)							
EXPENDITURES	<u>(101,000)</u>	<u>(601,000)</u>	<u>(410,399)</u>	<u>190,601</u>	<u>112,000</u>	<u>222,167</u>	<u>110,167</u>
OTHER FINANCING SOURCES (USES)							
Transfers from General Fund	300,000	800,000	800,000	-	-	-	-
Transfers to Capital Projects Fund	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>300,000</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 199,000</u>	<u>\$ 199,000</u>	<u>389,601</u>	<u>\$ 190,601</u>	<u>\$ 112,000</u>	<u>222,167</u>	<u>\$ 110,167</u>
FUND BALANCE, BEGINNING OF YEAR			<u>363,318</u>			<u>542,681</u>	
FUND BALANCE, END OF YEAR			<u>\$ 752,919</u>			<u>\$ 764,848</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, 2010

	TOTALS			
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES				
Licenses and permits:				
Public works project fees	\$ 45,000	\$ 45,000	\$ 335,112	\$ 290,112
Edmondson Branch fees	-	-	22,864	22,864
Intergovernmental:				
State fuel taxes	880,000	880,000	936,576	56,576
Adequate school facilities tax	110,000	110,000	218,990	108,990
Uses of money and property:				
Interest earnings	33,000	33,000	18,022	(14,978)
Other:				
Gain on sale of equipment	-	-	16,754	16,754
Drug related fines and contributions	25,000	56,000	97,343	41,343
TOTAL REVENUES	<u>1,093,000</u>	<u>1,124,000</u>	<u>1,645,661</u>	<u>521,661</u>
EXPENDITURES				
Current:				
Roads and streets - street repairs	1,040,000	1,040,000	1,031,116	(8,884)
Drug education	29,000	28,600	25,278	(3,322)
Facilities maintenance projects	105,000	605,000	413,745	(191,255)
Capital outlay	<u>1,403,000</u>	<u>1,434,400</u>	<u>829,899</u>	<u>(604,501)</u>
TOTAL EXPENDITURES	<u>2,577,000</u>	<u>3,108,000</u>	<u>2,300,038</u>	<u>(807,962)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,484,000)</u>	<u>(1,984,000)</u>	<u>(654,377)</u>	<u>1,329,623</u>
OTHER FINANCING SOURCES (USES)				
Transfers from General Fund	1,325,500	1,825,500	1,825,500	-
Transfers to Capital Projects Fund	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,175,500</u>	<u>1,675,500</u>	<u>1,675,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (308,500)</u>	1,021,123	<u>\$ 1,329,623</u>
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED - SEE NOTE 17			<u>2,806,461</u>	
FUND BALANCE, END OF YEAR			<u>\$ 3,827,584</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, 2010

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Uses of money and property:				
Interest earnings	<u>\$ 37,500</u>	<u>\$ 37,500</u>	<u>\$ 58,121</u>	<u>\$ 20,621</u>
EXPENDITURES				
Debt service:				
Principal	1,917,460	1,919,256	1,919,256	-
Interest	1,060,100	1,058,304	1,056,358	(1,946)
Issuance costs	50,000	50,000	-	(50,000)
Other:				
Bank service charges	<u>6,000</u>	<u>6,000</u>	<u>2,782</u>	<u>(3,218)</u>
TOTAL EXPENDITURES	<u>3,033,560</u>	<u>3,033,560</u>	<u>2,978,396</u>	<u>(55,164)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,996,060)</u>	<u>(2,996,060)</u>	<u>(2,920,275)</u>	<u>75,785</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Historic Commission	16,775	16,775	16,775	-
Transfers from General Fund	<u>3,150,000</u>	<u>3,150,000</u>	<u>3,150,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,166,775</u>	<u>3,166,775</u>	<u>3,166,775</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 170,715</u>	<u>\$ 170,715</u>	246,500	<u>\$ 75,785</u>
FUND BALANCE, BEGINNING OF YEAR			<u>3,732,563</u>	
FUND BALANCE, END OF YEAR			<u>\$ 3,979,063</u>	

INTERNAL SERVICE FUNDS

Internal Service Funds

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

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

CITY OF BRENTWOOD, TENNESSEE

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

JUNE 30, 2010

	<u>FUEL</u>	<u>HEALTH INSURANCE</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 189,891	\$ 670,760	\$ 860,651
Receivables:			
Due From General Fund	30,429	118,879	149,308
Due From Water and Sewer Fund	4,451	12,005	16,456
Due from Emergency Communications District	-	3,004	3,004
Inventory	<u>44,235</u>	<u>-</u>	<u>44,235</u>
Total Assets	<u>269,006</u>	<u>804,648</u>	<u>1,073,654</u>
LIABILITIES			
Accounts payable	5,194	-	5,194
Due to General Fund	33,055	-	33,055
Other payables	<u>-</u>	<u>27,164</u>	<u>27,164</u>
Total Liabilities	<u>38,249</u>	<u>27,164</u>	<u>65,413</u>
NET ASSETS			
Unrestricted	<u>230,757</u>	<u>777,484</u>	<u>1,008,241</u>
TOTAL NET ASSETS	<u>\$ 230,757</u>	<u>\$ 777,484</u>	<u>\$ 1,008,241</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BRENTWOOD, TENNESSEE

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>FUEL</u>	<u>HEALTH INSURANCE</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for sales and services	<u>\$ 385,296</u>	<u>\$ 1,076,181</u>	<u>\$ 1,461,477</u>
TOTAL OPERATING REVENUES	<u>385,296</u>	<u>1,076,181</u>	<u>1,461,477</u>
OPERATING EXPENSES			
Costs of sales and services	<u>305,261</u>	<u>889,039</u>	<u>1,194,300</u>
TOTAL OPERATING EXPENSES	<u>305,261</u>	<u>889,039</u>	<u>1,194,300</u>
OPERATING INCOME	<u>80,035</u>	<u>187,142</u>	<u>267,177</u>
NONOPERATING REVENUES			
Investment earnings	720	1,342	2,062
Transfers in	<u>-</u>	<u>589,000</u>	<u>589,000</u>
TOTAL NONOPERATING REVENUES	<u>720</u>	<u>590,342</u>	<u>591,062</u>
CHANGE IN NET ASSETS	80,755	777,484	858,239
TOTAL NET ASSETS - BEGINNING OF YEAR, as restated - Note 17	<u>150,002</u>	<u>-</u>	<u>150,002</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 230,757</u>	<u>\$ 777,484</u>	<u>\$ 1,008,241</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BRENTWOOD, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>FUEL</u>	<u>HEALTH INSURANCE</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 350,416	\$ 942,293	\$ 1,292,709
Payments to suppliers	<u>(311,247)</u>	<u>(861,875)</u>	<u>(1,173,122)</u>
Net cash provided by operating activities	<u>39,169</u>	<u>80,418</u>	<u>119,587</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from General Fund	-	500,000	500,000
Transfer from Water and Sewer Fund	-	62,500	62,500
Transfer from Emergency Communications District	<u>-</u>	<u>26,500</u>	<u>26,500</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>589,000</u>	<u>589,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>720</u>	<u>1,342</u>	<u>2,062</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	39,889	670,760	710,649
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>150,002</u>	<u>-</u>	<u>150,002</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 189,891</u>	<u>\$ 670,760</u>	<u>\$ 860,651</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	<u>\$ 80,035</u>	<u>\$ 187,142</u>	<u>\$ 267,177</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
(Increase) decrease in:			
Due from General Fund	(30,429)	(118,879)	(149,308)
Inventories of supplies	(44,235)	-	(44,235)
Increase (decrease) in:			
Accounts payable	5,194	-	5,194
Due to (from) other funds	28,604	(15,009)	13,595
Accrued expenses	<u>-</u>	<u>27,164</u>	<u>27,164</u>
TOTAL ADJUSTMENTS	<u>(40,866)</u>	<u>(106,724)</u>	<u>(147,590)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 39,169</u>	<u>\$ 80,418</u>	<u>\$ 119,587</u>

See accompanying notes to financial statements.

FINANCIAL SCHEDULE SECTION

CITY OF BRENTWOOD, TENNESSEE

CAPITAL ASSETS USED IN THE OPERATION OF THE GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2010

<u>FUNCTION AND ACTIVITY</u>	<u>LAND</u>	<u>BUILDINGS AND STRUCTURES</u>	<u>IMPROVEMENTS OTHER THAN BUILDINGS</u>	<u>EQUIPMENT</u>	<u>INFRASTRUCTURE</u>	<u>CONSTRUCTION IN PROGRESS</u>	<u>TOTALS</u>
General government:							
Finance/administration	\$ -	\$ -	\$ -	\$ 341,007	\$ -	\$ 12,919	\$ 353,926
Planning and development	-	-	-	495,406	-	-	495,406
Other - unclassified	<u>10,600</u>	<u>298,860</u>	<u>233,289</u>	<u>2,596,035</u>	<u>195,356</u>	<u>-</u>	<u>3,334,140</u>
Total General Government	<u>10,600</u>	<u>298,860</u>	<u>233,289</u>	<u>3,432,448</u>	<u>195,356</u>	<u>12,919</u>	<u>4,183,472</u>
Public Safety:							
Police	-	7,500	-	3,156,620	-	-	3,164,120
Fire	<u>501,573</u>	<u>4,237,668</u>	<u>47,425</u>	<u>4,154,922</u>	<u>-</u>	<u>-</u>	<u>8,941,588</u>
Total Public Safety	<u>501,573</u>	<u>4,245,168</u>	<u>47,425</u>	<u>7,311,542</u>	<u>-</u>	<u>-</u>	<u>12,105,708</u>
Roads and Streets:							
Public works	79,262,110	1,475,589	-	1,914,929	168,788,645	1,040,952	252,482,225
Other	<u>411,162</u>	<u>1,242,209</u>	<u>9,040</u>	<u>415,897</u>	<u>369,856</u>	<u>-</u>	<u>2,448,164</u>
Total Roads and Streets	<u>79,673,272</u>	<u>2,717,798</u>	<u>9,040</u>	<u>2,330,826</u>	<u>169,158,501</u>	<u>1,040,952</u>	<u>254,930,389</u>
Parks and Recreation	<u>3,333,618</u>	<u>2,968,996</u>	<u>10,765,024</u>	<u>758,691</u>	<u>2,856,254</u>	<u>-</u>	<u>20,682,583</u>
Public Library	<u>-</u>	<u>11,936,507</u>	<u>376,584</u>	<u>1,320,023</u>	<u>-</u>	<u>-</u>	<u>13,633,114</u>
Drug Special Revenue Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>326,527</u>	<u>-</u>	<u>-</u>	<u>326,527</u>
Total governmental funds capital assets	<u>\$ 83,519,063</u>	<u>\$ 22,167,329</u>	<u>\$ 11,431,362</u>	<u>\$ 15,480,057</u>	<u>\$ 172,210,111</u>	<u>\$ 1,053,871</u>	<u>\$ 305,861,793</u>

CITY OF BRENTWOOD, TENNESSEE

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2010

<u>FUNCTION AND ACTIVITY</u>	<u>BALANCE</u> <u>JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>TRANSFERS</u>	<u>BALANCE</u> <u>JUNE 30, 2010</u>
General government:					
Finance and administration	\$ 353,926	\$ -	\$ -	\$ -	\$ 353,926
Planning and development	460,055	35,351	-	-	495,406
Other - unclassified	3,152,260	270,952	(89,071)	-	3,334,141
Public safety:					
Police department	3,251,310	175,164	(111,557)	(150,797)	3,164,120
Fire department	8,925,993	15,595	-	-	8,941,588
Roads and streets	242,043,922	21,067,205	(8,180,738)	-	254,930,389
Parks and recreation	20,571,692	145,556	(34,665)	-	20,682,583
Public library	12,515,985	6,498,087	(5,380,959)	-	13,633,113
Drug special revenue fund	<u>167,875</u>	<u>7,855</u>	<u>-</u>	<u>150,797</u>	<u>326,527</u>
Total governmental funds capital assets	<u>\$ 291,443,018</u>	<u>\$ 28,215,765</u>	<u>\$ (13,796,990)</u>	<u>\$ -</u>	<u>\$ 305,861,793</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS

JUNE 30, 2010

	<u>Amount</u>
<u>MAJOR GOVERNMENTAL FUNDS</u>	
<u>General Fund</u>	
Pinnacle - demand deposits	\$ 13,861,604
Pinnacle - Certificate of Deposit	10,000,000
Cash on hand	<u>1,620</u>
Total General Fund	<u>23,863,224</u>
<u>Debt Service Fund</u>	
Pinnacle - demand deposits	12,063
Pinnacle - Certificate of Deposit	<u>4,000,000</u>
Total Debt Service Fund	<u>4,012,063</u>
<u>Capital Projects Fund</u>	
Pinnacle - demand deposits	5,795,578
Tennessee Commerce Bank - demand deposits	10,000
Pinnacle - Certificate of Deposit	9,000,000
Local Government Investment Pool	<u>4,963</u>
Total Capital Projects Fund	<u>14,810,541</u>
<u>NONMAJOR GOVERNMENTAL FUNDS</u>	
<u>State Street Aid</u>	
Pinnacle - demand deposits	607,979
<u>Drug Fund</u>	
Pinnacle - demand deposits	151,811
<u>Public Works Project Fund</u>	
Pinnacle - demand deposits	552,375
<u>Equipment Replacement Fund</u>	
Pinnacle - demand deposits	266,242
Pinnacle - Certificate of Deposit	1,000,000
<u>Facilities Maintenance Fund</u>	
Pinnacle - demand deposits	892,944
<u>Adequate School Facilities Fund</u>	
Pinnacle - demand deposits	<u>733,620</u>
Total Nonmajor Governmental Funds	<u>4,204,971</u>
<u>MAJOR PROPRIETARY FUNDS</u>	
<u>Water and Sewer Fund</u>	
Pinnacle - demand deposits	6,830,918
Pinnacle - Certificate of Deposit	<u>5,000,000</u>
Total Water and Sewer Fund	<u>11,830,918</u>
<u>Municipal Center Fund</u>	
Pinnacle - demand deposits	980,509
Pinnacle - Certificate of Deposit	<u>1,000,000</u>
Total Water and Sewer Fund	<u>1,980,509</u>
<u>Emergency Communications District</u>	
Pinnacle - demand deposits	<u>1,191,887</u>
<u>INTERNAL SERVICE FUNDS</u>	
<u>Fuel Fund</u>	
Pinnacle - demand deposits	189,891
<u>Health Insurance Fund</u>	
Pinnacle - demand deposits	<u>670,760</u>
Total Internal Service Funds	<u>860,651</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 62,754,764</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

<u>Fiscal</u> <u>Year</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>	<u>LEVY</u>	<u>COLLECTIONS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2010</u>
2010	\$ -	\$ 10,262,702	\$ (9,984,045)	\$ -	\$ 278,657
2009	199,166	-	(145,188)	-	53,978
2008	24,094	-	(18,784)	-	5,310
2007	3,893	-	(790)	-	3,103
2006	4,376	-	(767)	-	3,609
2005	1,623	-	(8)	-	1,615
2004	5,236	-	(40)	-	5,196
2003	12,683	-	(663)	-	12,020
2002	11,298	-	(44)	-	11,254
2001	35,751	-	-	-	35,751
2000	<u>16,811</u>	<u>-</u>	<u>-</u>	<u>(16,811)</u>	<u>-</u>
Total	<u>\$ 314,931</u>	<u>\$ 10,262,702</u>	<u>\$ (10,150,329)</u>	<u>\$ (16,811)</u>	<u>\$ 410,493</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, 2010

Year	1999 G.O. Refunding Bonds		2002 G.O. Refunding Bonds		2002 G.O. Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 170,000	\$ 27,979	\$ 280,000	\$ 224,390	\$ 205,000	\$ 36,800
2012	180,000	20,498	610,000	205,618	215,000	28,600
2013	185,000	12,604	635,000	178,844	225,000	19,785
2014	195,000	4,290	660,000	150,348	235,000	10,223
2015	-	-	690,000	119,965	-	-
2016	-	-	725,000	87,593	-	-
2017	-	-	350,000	62,780	-	-
2018	-	-	365,000	46,065	-	-
2019	-	-	385,000	28,344	-	-
2020	-	-	400,000	9,600	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
	<u>\$ 730,000</u>	<u>\$ 65,371</u>	<u>\$ 5,100,000</u>	<u>\$ 1,113,547</u>	<u>\$ 880,000</u>	<u>\$ 95,408</u>

Year	2006 G.O. Public Improvement Bonds		2006 G.O. Refunding Bonds		2007 G.O. Public Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 200,000	\$ 159,960	\$ 10,000	\$ 91,930	\$ 185,000	\$ 176,946
2012	205,000	152,366	10,000	91,555	190,000	169,860
2013	215,000	144,491	15,000	91,086	200,000	162,583
2014	220,000	136,335	265,000	85,836	205,000	154,923
2015	230,000	127,898	270,000	75,805	215,000	147,072
2016	240,000	119,085	280,000	65,493	220,000	138,837
2017	245,000	109,991	295,000	54,711	230,000	130,412
2018	255,000	100,616	305,000	43,461	235,000	121,603
2019	265,000	90,866	315,000	31,758	245,000	112,602
2020	275,000	80,673	325,000	19,516	255,000	103,219
2021	285,000	69,961	340,000	6,630	265,000	93,452
2022	300,000	58,625	-	-	275,000	83,303
2023	310,000	46,575	-	-	285,000	72,770
2024	320,000	33,975	-	-	300,000	61,855
2025	335,000	20,875	-	-	310,000	50,365
2026	350,000	7,088	-	-	320,000	38,492
2027	-	-	-	-	335,000	26,235
2028	-	-	-	-	350,000	13,405
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
	<u>\$ 4,250,000</u>	<u>\$ 1,459,380</u>	<u>\$ 2,430,000</u>	<u>\$ 657,781</u>	<u>\$ 4,620,000</u>	<u>\$ 1,857,934</u>

2003 G. O. Refunding Bonds		2004 G.O. Public Improvement Bonds	
Principal	Interest	Principal	Interest
\$ 750,000	\$ 104,205	\$ 155,000	\$ 110,305
475,000	83,705	155,000	105,810
295,000	70,230	160,000	100,925
305,000	59,501	165,000	95,642
320,000	47,855	175,000	89,945
330,000	35,340	180,000	83,820
345,000	21,833	185,000	77,340
360,000	7,380	190,000	70,495
-	-	205,000	63,085
-	-	210,000	54,990
-	-	220,000	46,280
-	-	230,000	36,940
-	-	235,000	27,058
-	-	245,000	16,676
-	-	255,000	5,674
<u>\$ 3,180,000</u>	<u>\$ 430,049</u>	<u>\$ 2,965,000</u>	<u>\$ 984,985</u>

2009 G.O. Public Improvement Bonds		Totals Bonds	
Principal	Interest	Principal	Interest
170,000	174,669	2,125,000	1,107,184
175,000	170,419	2,215,000	1,028,431
185,000	166,044	2,115,000	946,592
185,000	160,494	2,435,000	857,592
190,000	155,869	2,090,000	764,409
200,000	151,118	2,175,000	681,286
200,000	142,119	1,850,000	599,186
210,000	136,119	1,920,000	525,739
220,000	129,819	1,635,000	456,474
230,000	120,193	1,695,000	388,191
235,000	110,131	1,345,000	326,454
245,000	100,731	1,050,000	279,599
255,000	89,706	1,085,000	236,109
260,000	81,100	1,125,000	193,606
270,000	72,000	1,170,000	148,914
280,000	61,200	950,000	106,780
295,000	50,000	630,000	76,235
305,000	38,200	655,000	51,605
320,000	26,000	320,000	26,000
330,000	13,200	330,000	13,200
<u>\$ 4,760,000</u>	<u>\$ 2,149,131</u>	<u>\$ 28,915,000</u>	<u>\$ 8,813,586</u>

CITY OF BRENTWOOD, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS - BUSINESS-TYPE ACTIVITIES DEBT
JUNE 30, 2010

Year	1999 Sewer Revenue and Tax Refunding Bonds		2001 Water Revenue and Tax Bonds		2003 Sewer Revenue and Tax Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 125,000	\$ 20,064	\$ 145,000	\$ 12,245	\$ 395,000	\$ 67,209
2012	125,000	14,720	150,000	6,300	410,000	53,615
2013	135,000	9,096	-	-	185,000	43,202
2014	140,000	3,080	-	-	190,000	36,468
2015	-	-	-	-	195,000	29,325
2016	-	-	-	-	205,000	21,622
2017	-	-	-	-	210,000	13,425
2018	-	-	-	-	225,000	4,613
	<u>\$ 525,000</u>	<u>\$ 46,960</u>	<u>\$ 295,000</u>	<u>\$ 18,545</u>	<u>\$ 2,015,000</u>	<u>\$ 269,479</u>

Year	2006 Water Revenue and Tax Refunding Bonds		2008 Water and Sewer Revenue and Tax Bonds		Total Debt Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ -	\$ 66,903	\$ 365,000	\$ 360,389	\$ 1,030,000	\$ 526,810
2012	-	66,903	370,000	349,439	1,055,000	490,977
2013	170,000	63,715	385,000	338,339	875,000	454,352
2014	175,000	57,246	395,000	326,789	900,000	423,583
2015	185,000	50,496	410,000	314,939	790,000	394,760
2016	185,000	43,559	425,000	301,614	815,000	366,795
2017	195,000	36,434	440,000	287,801	845,000	337,660
2018	205,000	28,934	455,000	272,401	885,000	305,948
2019	210,000	21,153	470,000	255,339	680,000	276,492
2020	220,000	13,035	490,000	237,714	710,000	250,749
2021	230,000	4,428	510,000	218,849	740,000	223,277
2022	-	-	530,000	199,214	530,000	199,214
2023	-	-	555,000	178,279	555,000	178,279
2024	-	-	575,000	156,356	575,000	156,356
2025	-	-	600,000	133,356	600,000	133,356
2026	-	-	625,000	109,356	625,000	109,356
2027	-	-	655,000	84,356	655,000	84,356
2028	-	-	680,000	57,338	680,000	57,338
2029	-	-	710,000	29,288	710,000	29,288
	<u>\$ 1,775,000</u>	<u>\$ 452,806</u>	<u>\$ 9,645,000</u>	<u>\$ 4,211,156</u>	<u>\$ 14,255,000</u>	<u>\$ 4,998,946</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2010

Grant Description	Federal CFDA#	Grant Number	Grant Period	Federal Grant Amount	State Grant Amount	Accrued (Deferred) 7/1/2009	Other Adjustments	Federal Receipts	State Receipts	Expenditures	Accrued (Deferred) 6/30/2010
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)	\$ -	\$ -	\$ -	\$ -
Disaster Assistance - Flood	97.036 *	N/A	N/A	N/A		-	-	-	-	467,298	467,298
SAFER	97.044	EMW-2008-FF-00639	03/19/09 - 03/18/14	\$ 216,760		(19,508)	-	58,523	-	75,860	(2,171)
TOTAL FEDERAL EMERGENCY MANAGEMENT						(14,934)	(4,574)	58,523	-	543,158	465,127
BUREAU OF JUSTICE ASSISTANCE											
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-SB-B9-0447	03/01/09 - 02/28/13	\$ 11,178		-	-	11,178	-	11,178	-
Bulletproof Vest Grant	16.607	N/A	07/01/02 - 09/30/09	\$ 2,419		-	-	1,540	-	1,540	-
TOTAL BUREAU OF JUSTICE ASSISTANCE						-	-	12,718	-	12,718	-
DEPARTMENT OF ENERGY											
Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0001714	08/28/09 - 12/31/10	\$ 164,500		-	-	20,740	-	20,740	-
TOTAL EXPENDITURES OF FEDERAL AWARDS						\$ (14,934)	\$ (4,574)	\$ 91,981	\$ -	\$ 576,616	\$ 465,127
STATE AWARDS:											
State of Tennessee											
GIS Mapping Maintenance Grant	N/A	N/A	01/15/08 - 06/30/12			\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -
TOTAL EXPENDITURES OF STATE AWARDS						\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS						\$ (14,934)	\$ (4,574)	\$ 91,981	\$ 10,000	\$ 586,616	\$ 465,127

*Denotes major program.

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal and State Awards includes the grant activity of the City of Brentwood, Tennessee and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. This schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Not-For-Profit Organizations*.

CITY OF BRENTWOOD, TENNESSEE

UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Number of</u>		
	<u>Customers</u>		
Water	8,326		
Sewer	9,901		
	<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	
Water Surcharge	0.15	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	
Commercial office, institutional and certain other commercial customers			
Minimum bill, per square foot of building	\$ 0.009084	(approx. per ft ²)	
Up to 10,000 gallons total usage, per 1,000	6.36	per 1,000 gallons	
Over 10,000 gallons, per 1,000 gallons	7.26	per 1,000 gallons	
Commercial retail customers - Minimum bill, per unit or tenant space	\$ 18.16	(minimum bill)	
Up to 10,000 gallons total usage, per 1,000 gallons	6.36	per 1,000 gallons	
Over 10,000 gallons, per 1,000 gallons	7.26	per 1,000 gallons	
<i>Outside City Limits (Sewer Only customers):</i>			
Residential customers - First 2,000 gallons	\$ 15.29	(minimum bill)	
Next 8,000 gallons	5.35	per 1,000 gallons	
Over 10,000 gallons	6.11	per 1,000 gallons	
Commercial office, institutional and certain other commercial customers			
Minimum bill, per square foot of building	\$ 0.009538	(approx. per ft ²)	
Up to 10,000 gallons total usage, per 1,000	6.69	per 1,000 gallons	
Over 10,000 gallons, per 1,000 gallons	7.63	per 1,000 gallons	
Commercial retail customers (sewer only); 105% institutional			
Minimum bill, per unit or tenant space	\$ 19.08	(minimum bill)	
Up to 10,000 gallons total usage, per 1,000 gallons	6.69	per 1,000 gallons	
Over 10,000 gallons, per 1,000 gallons	7.63	per 1,000 gallons	
Wastewater treatment surcharge for all Brentwood Sewer customers	0.73	per 1,000 gallons	

CITY OF BRENTWOOD

SCHEDULE OF UNACCOUNTED FOR WATER (UNAUDITED)

JUNE 30, 2010

A	Water Treated and Purchased		
B	Water Pumped (potable)	<u>0</u>	
C	Water Purchased	<u>1,812,750,671</u>	
D	Total Water Treated and Purchased		<u>1,812,750,671</u>
E	Accounted for Water:		
F	Water Sold	<u>1,228,538,400</u>	
G	Metered for Consumption (in house usage)	<u>0</u>	
H	Fire Department(s) Usage	<u>14,000,000</u>	
I	Flushing	<u>14,000,000</u>	
J	Tank Cleaning/Filling	<u>0</u>	
K	Street Cleaning	<u>0</u>	
L	Bulk Sales	<u>0</u>	
M	Water Bill Adjustments	<u>(+/-) 98,893,600</u>	
N	Total Accounted for Water		<u>1,355,432,000</u>
O	Unaccounted for Water		<u>457,318,671</u>
P	Percent Unaccounted for Water		<u>25.228%</u>
Q	Other (explain)		

All amounts included in this schedule are supported by documentation on file at the water system.
If no support is on file for a line item or if the line item is not applicable, a "0" is shown.

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.	87 - 92
<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.	93 - 99
<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.	100 - 103
<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.	104 - 105
<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.	106 - 108

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

CITY OF BRENTWOOD, TENNESSEE

NET ASSETS BY COMPONENT (UNAUDITED)

LAST NINE FISCAL YEARS

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 157,618,661	\$ 161,999,322
Restricted	1,779,755	2,146,192	2,584,725	2,774,389	2,621,325	1,238,048	3,230,842 ⁽²⁾	3,447,290	7,036,941
Unrestricted	<u>26,245,771</u>	<u>26,543,145</u>	<u>28,721,929</u>	<u>25,135,008</u> ⁽¹⁾	<u>29,586,562</u>	<u>36,398,248</u>	<u>45,441,221</u>	<u>40,970,717</u>	<u>40,075,849</u>
Total governmental activities net assets	<u>\$ 139,533,344</u>	<u>\$ 142,947,403</u>	<u>\$ 146,940,778</u>	<u>\$ 147,520,245</u>	<u>\$ 151,217,776</u>	<u>\$ 173,449,274</u>	<u>\$ 187,888,825</u>	<u>\$ 202,036,668</u>	<u>\$ 209,112,112</u>
Business-type activities									
Invested in capital assets, net of related debt	\$ 35,705,366	\$ 38,641,105	\$ 39,366,472	\$ 41,920,206	\$ 45,220,609	\$ 46,036,765	\$ 50,097,841	\$ 45,581,522	\$ 49,282,442
Restricted	269,708	269,708	269,708	269,708	269,708	269,708	269,708	179,823	-
Unrestricted	<u>4,767,441</u>	<u>4,153,065</u>	<u>5,530,180</u>	<u>5,793,961</u>	<u>6,094,460</u>	<u>10,640,015</u>	<u>9,034,115</u>	<u>16,384,008</u>	<u>15,459,180</u>
Total business-type activities net assets	<u>\$ 40,742,515</u>	<u>\$ 43,063,878</u>	<u>\$ 45,166,360</u>	<u>\$ 47,983,875</u>	<u>\$ 51,584,777</u>	<u>\$ 56,946,488</u>	<u>\$ 59,401,664</u>	<u>\$ 62,145,353</u>	<u>\$ 64,741,622</u>
Primary government									
Invested in capital assets, net of related debt	\$ 147,213,184	\$ 152,899,171	\$ 155,000,596	\$ 161,531,054	\$ 164,230,498	\$ 181,849,743	\$ 189,314,603	\$ 203,200,183	\$ 211,281,764
Restricted	2,049,463	2,415,900	2,854,433	3,044,097	2,891,033	1,507,756	3,500,550	3,627,113	7,036,941
Unrestricted	<u>31,013,212</u>	<u>30,696,210</u>	<u>34,252,109</u>	<u>30,928,969</u>	<u>35,681,022</u>	<u>47,038,263</u>	<u>54,475,336</u>	<u>57,354,725</u>	<u>55,535,029</u>
Total primary government net assets	<u>\$ 180,275,859</u>	<u>\$ 186,011,281</u>	<u>\$ 192,107,138</u>	<u>\$ 195,504,120</u> ⁽¹⁾	<u>\$ 202,802,553</u>	<u>\$ 230,395,762</u>	<u>\$ 247,290,489</u>	<u>\$ 264,182,021</u>	<u>\$ 273,853,734</u>

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

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

⁽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 NINE FISCAL YEARS

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 6,477,468	\$ 6,100,293
Public safety	7,912,829	8,749,676	8,208,457	9,212,802	10,043,600	10,354,861	11,582,486	11,906,523	11,901,013
Roads and streets	6,255,259	7,126,358	7,605,857	7,051,097	6,134,385	7,999,238	8,608,854	9,813,754	9,550,587
Public health	50,407	51,481	61,668	71,764	63,753	76,310	80,890	80,858	78,519
Parks and recreation	1,435,002	2,097,688	1,636,532	1,805,863	2,535,784	2,113,051	2,214,424	2,257,828	2,253,977
Public library	1,437,096	1,624,828	1,612,919	1,705,640	1,828,744	1,917,705	2,059,858	2,179,852	2,277,395
Community support	192,150	273,959	259,765	239,793	261,678	264,226	259,756	256,220	258,112
Drug education	16,282	17,174	17,051	14,837	108,669	58,279	63,604	60,117	113,392
Facilities maintenance projects	-	-	-	-	-	-	131,616	134,359	413,745
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	1,148,236	1,145,000
Total governmental activities	21,734,477	24,767,996	24,428,195	25,737,688	27,352,355	29,104,350	31,902,824	34,315,215	34,092,033
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	11,671,952	12,150,791
Rental facilities	414,450	445,070	447,752	422,084	463,648	475,793	507,356	584,900	515,425
911 operations	-	-	673,869	681,704	788,595	842,061	889,135	898,577	922,375
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	13,155,429	13,588,591
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	\$ 47,470,644	\$ 47,680,624
PROGRAM REVENUES									
Governmental Activities:									
Charges for services:									
General government	\$ 193,582	\$ 233,958	\$ 230,690	\$ 226,857	\$ 392,005	\$ 457,610	\$ 631,595	\$ 572,763 ⁽¹⁾	\$ 826,573
Roads and streets	27,000	33,669	46,124	43,697	55,324	64,741	35,646	41,210 ⁽¹⁾	409,300
Parks and recreation	22,551	12,515	22,764	27,275	29,101	67,650	90,933	92,498	98,336
Public library	81,087	85,458	95,863	93,996	125,556	138,322	137,032	136,250	147,013
Community support	20,231	19,081	21,973	24,877	24,341	23,841	24,325	22,686	25,141
Operating grants and contributions	663,100	747,889	762,606	1,046,504	1,039,004	915,641	1,026,577	1,007,259	1,487,877
Capital grants and contributions	-	4,233,595	4,050,713	3,339,186	-	17,294,640	6,909,990	13,452,200 ⁽¹⁾	8,604,638
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	15,324,866	11,598,878
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	14,166,791	13,468,593
Rental facilities	389,208	448,253	437,162	449,008	490,188	478,347	496,971	509,673	556,317
911 operations	-	279,944	431,622	451,578	538,212	620,309	623,926	652,548	648,731
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	15,329,012	14,673,641
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	\$ 30,653,878	\$ 26,272,519

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN NET ASSETS (UNAUDITED) (CONTINUED)

LAST NINE FISCAL YEARS

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
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)	\$ (18,990,349)	\$ (22,493,155)
Business-type activities	2,473,284	2,011,674	1,706,492	2,437,886	3,090,304	4,578,668	1,607,817	2,173,583	1,085,050
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>	<u>\$ (16,816,766)</u>	<u>\$ (21,408,105)</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	\$ 10,349,458	\$ 10,666,669
Local option taxes	7,644,789	7,765,996	7,882,242	8,691,778	10,098,176	10,510,078	10,897,522	10,261,708	10,173,406
State sales and income taxes	-	-	-	-	-	-	-	- (1)	4,326,647
Other business taxes	-	-	-	-	-	-	-	- (1)	3,732,842
Adequate schools facilities taxes	-	-	-	-	-	-	-	- (1)	218,990
Licenses and permits	1,432,356	1,595,673	1,990,455	1,709,803	3,315,881	3,770,901	4,025,144	3,871,297 (1)	-
Other taxes	1,065,976	1,094,616	1,834,238	2,894,347	1,930,755	1,680,610	1,146,517	631,364 (1)	767,240
Sate 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	6,612,992 (1)	-
Unrestricted earnings	786,729	499,447	436,363	731,403	1,287,069	2,129,264	1,883,205	1,099,457	731,313
Miscellaneous	98,843	429,150	64,603	106,310	532,213	512,712	1,548,023	724,916	370,192
Loss on disposal of capital assets	-	(2,174)	-	-	-	(84,698)	-	-	-
Contributions to Post Employment Benefit Fund	-	-	-	(300,000)	(617,000)	(620,000)	-	-	-
Transfers	-	(250,000)	(317,036)	(250,000)	(263,400)	(332,000)	(395,000)	(413,000)	(1,418,700)
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>	<u>33,138,192</u>	<u>29,568,599</u>
Business-type activities									
Unrestricted investment earnings	209,876	59,689	78,954	129,629	307,198	511,043	452,359	157,106	92,519
Contributions to Post Employment Benefit Fund	-	-	-	-	(60,000)	(60,000)	-	-	-
Transfers	-	250,000	317,036	250,000	263,400	332,000	395,000	413,000	1,418,700
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>	<u>570,106</u>	<u>1,511,219</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>	<u>\$ 33,708,298</u>	<u>\$ 31,079,818</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	\$ 12,751,545	\$ 14,147,843	\$ 7,075,444
Business-type activities	2,683,160	2,321,363	2,102,482	2,817,515	3,600,902	5,361,711	2,455,176	2,743,689	2,596,269
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>\$ 15,206,721</u>	<u>\$ 16,891,532</u>	<u>\$ 9,671,713</u>

(1) In fiscal year 2010, management modified the presentation of certain accounts to better reflect revenues between general revenues and program revenues.

CITY OF BRENTWOOD, TENNESSEE

FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	<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>	<u>24,948,669</u>	<u>25,383,963</u>
Total general fund	<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>	<u>\$ 24,948,669</u>	<u>\$ 25,383,963</u>
 All Other Governmental Funds										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved										
Reserved for debt services	2,777,528	2,896,376	2,927,189	2,954,569	2,952,006	3,023,388	3,537,262	4,192,274	3,732,563	3,979,063
Reserved for capital projects	3,747,077	5,854,488	9,277,744	12,459,881	9,539,741	14,618,603	16,734,749	21,627,739	15,400,265	16,342,312
Reserved for facilities repairs	-	-	-	-	-	-	-	176,603	363,318	752,919
Reserved for street repairs	391,458	411,206	426,405	436,285	568,726	561,571	581,731	589,004	485,175	392,214
Reserved for drug enforcement and education	<u>50,715</u>	<u>63,541</u>	<u>80,621</u>	<u>110,618</u>	<u>94,649</u>	<u>142,077</u>	<u>104,779</u>	<u>49,439</u>	<u>118,447</u>	<u>151,811</u>
Total all other governmental funds	<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>\$ 26,635,059</u>	<u>\$ 20,099,768</u>	<u>\$ 21,618,319</u>

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUES										
Taxes	\$ 16,467,521	\$ 16,012,683	\$ 16,888,286	\$ 17,740,061	\$ 20,059,577	\$ 22,344,048	\$ 23,586,822	\$ 24,871,016	\$ 24,482,463	\$ 24,572,917
Licenses and permits	745,512	1,432,356	1,595,673	1,990,455	1,709,803	1,930,755	1,680,610	1,146,517	631,364	843,301
Fines and fees	209,596	193,582	233,958	230,690	226,857	392,005	457,610	631,595	572,763	378,878
Charges for services	126,134	150,869	150,722	186,724	189,845	234,322	294,554	287,936	292,644	284,184
Intergovernmental	4,430,779	4,443,128	4,321,853	3,843,845	4,471,886	5,209,874	6,416,334	7,771,087	7,620,251	6,501,066
Uses of money and property	1,609,349	786,729	499,447	436,363	731,403	1,287,069	2,129,264	1,883,205	1,099,457	729,251
Other revenues	<u>63,393</u>	<u>98,843</u>	<u>429,151</u>	<u>64,603</u>	<u>106,310</u>	<u>532,213</u>	<u>512,712</u>	<u>1,548,023</u>	<u>663,844</u>	<u>370,192</u>
TOTAL REVENUES	<u>23,652,284</u>	<u>23,118,190</u>	<u>24,119,090</u>	<u>24,492,741</u>	<u>27,495,681</u>	<u>31,930,286</u>	<u>35,077,906</u>	<u>38,139,379</u>	<u>35,362,786</u>	<u>33,679,789</u>
EXPENDITURES										
General government	2,852,441	3,166,656	3,533,496	3,917,644	4,220,253	4,457,292	4,727,232	5,175,337	5,527,562	5,306,980
Public safety	6,106,661	7,727,574	8,216,680	8,050,701	8,713,433	9,405,597	10,009,079	10,863,119	11,379,395	11,477,366
Roads and streets	2,328,418	2,523,168	3,157,457	3,188,370	3,180,765	3,676,825	3,822,056	4,317,743	4,437,408	4,478,022
Public health	47,955	50,407	51,481	61,668	71,764	63,753	76,310	80,890	80,858	78,519
Parks and recreation	860,067	938,071	1,033,789	1,083,375	1,125,016	1,284,465	1,458,493	1,582,625	1,640,627	1,615,046
Public library	1,119,074	1,241,578	1,429,472	1,464,382	1,518,773	1,645,071	1,755,700	1,845,720	1,982,039	1,974,656
Community support	160,703	174,410	254,373	238,031	239,793	241,243	264,226	259,756	256,220	258,112
Drug education	13,195	15,931	12,965	12,842	10,628	31,593	22,414	33,962	25,418	25,278
Facility maintenance	-	-	-	-	-	-	-	131,616	134,359	413,745
Other	34,443	3,626	5,160	4,920	-	5,395	-	-	-	-
Capital outlay	11,525,319	6,103,653	2,909,224	3,024,562	5,800,950	4,692,511	6,435,501	5,349,986	10,251,368	6,043,040
Contribution to Post Employment Benefits Fund	-	-	-	-	300,000	617,000	620,000	- *	-	-
Debt service										
Interest	1,132,089	1,047,671	1,142,662	992,536	1,073,377	967,277	1,098,161	2,055,795	2,277,460	1,919,256
Principal	<u>1,312,134</u>	<u>1,516,235</u>	<u>1,594,153</u>	<u>1,885,285</u>	<u>1,971,459</u>	<u>2,182,830</u>	<u>1,809,255</u>	<u>1,070,861</u>	<u>1,140,915</u>	<u>1,146,167</u>
Total expenditures	<u>27,492,499</u>	<u>24,508,980</u>	<u>23,340,912</u>	<u>23,924,316</u>	<u>28,226,211</u>	<u>29,270,852</u>	<u>32,098,427</u>	<u>32,767,410</u>	<u>39,133,629</u>	<u>34,736,187</u>
Excess of revenues over (under) expenditures	<u>(3,840,215)</u>	<u>(1,390,790)</u>	<u>778,178</u>	<u>568,425</u>	<u>(730,530)</u>	<u>2,659,434</u>	<u>2,979,479</u>	<u>5,371,969</u>	<u>(3,770,843)</u>	<u>(1,056,398)</u>

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

(continued on following page)

CITY OF BRENTWOOD, TENNESSEE

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

LAST TEN FISCAL YEARS

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 4,500,000	\$ 5,455,000	\$ 5,550,000	\$ 7,891,000	\$ 5,722,750	\$ 7,267,668	\$ 11,922,523	\$ 5,842,792	\$ 6,652,545	\$ 5,142,275
Transfers out	(4,500,000)	(5,455,000)	(5,800,000)	(8,241,500)	(5,972,750)	(7,531,068)	(12,254,523)	(6,237,792)	(7,065,545)	(7,060,975)
Proceeds of general obligation bonds	-	4,425,000	-	3,685,000	-	4,800,000	-	4,935,000	-	4,760,000
Proceeds of refunding bonds	3,032,399	5,525,000	6,300,000	-	-	2,430,000	-	-	-	-
Payment of refunded bond escrow agent	(3,018,280)	(5,442,996)	(6,213,361)	-	-	(2,398,471)	-	-	-	-
Bond discount	(11,314)	(154,009)	(86,639)	(51,181)	-	(68,320)	-	-	-	-
Bond premium	-	-	-	-	-	-	-	-	-	168,943
Total other financing sources (uses)	<u>2,805</u>	<u>4,352,995</u>	<u>(250,000)</u>	<u>3,283,319</u>	<u>(250,000)</u>	<u>4,499,809</u>	<u>(332,000)</u>	<u>4,540,000</u>	<u>(413,000)</u>	<u>3,010,243</u>
Net Change in Fund Balance	<u>\$ (3,837,410)</u>	<u>\$ 2,962,205</u>	<u>\$ 528,178</u>	<u>\$ 3,851,744</u>	<u>\$ (980,530)</u>	<u>\$ 7,159,243</u>	<u>\$ 5,039,969</u>	<u>\$ 9,911,969</u>	<u>\$ (4,183,843)</u>	<u>\$ 1,953,845</u>
Debt service as a percentage of noncapital expenditures	<u>15.3 %</u>	<u>13.9 %</u>	<u>13.4 %</u>	<u>13.8 %</u>	<u>13.6 %</u>	<u>12.8 %</u>	<u>11.4 %</u>	<u>11.4 %</u>	<u>11.8 %</u>	<u>10.7 %</u>

CITY OF BRENTWOOD, TENNESSEE

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY (UNAUDITED)

LAST TEN FISCAL YEARS

FISCAL YEAR *	COMMERCIAL	RESIDENTIAL	FARM	PERSONAL PROPERTY	TOTAL TAXABLE ASSESSED VALUE	TAX RATE	ESTIMATED ACTUAL TAXABLE VALUE	TAXABLE ASSESSED VALUE AS A PERCENTAGE OF ACTUAL TAXABLE VALUE
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 %
2009	498,379,173	1,457,432,287	22,325,822	69,298,089	2,047,435,371	0.49	7,362,074,632	27.81 %
2010	503,735,572	1,497,246,346	21,369,957	81,415,649	2,103,767,524	0.49	7,599,886,397	27.68 %

* The fiscal year listed corresponds to the preceding tax year levy (2010 fiscal year would represent the 2009 tax levy)
This represents the period for which the taxes were levied.

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING PROPERTY TAX RATES (UNAUDITED)

LAST TEN FISCAL YEARS

FISCAL YEAR **	DIRECT RATE	OVERLAPPING
	CITY OF BRENTWOOD	RATE * WILLIAMSON COUNTY
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
2009	.49 / 100	2.26 / 100
2010	.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 (2010 fiscal year would represent the 2009 tax levy). This represents the period for which the taxes were levied.

CITY OF BRENTWOOD, TENNESSEE

PRINCIPAL PROPERTY TAX PAYERS (UNAUDITED)

CURRENT YEAR AND NINE YEARS AGO

TAXPAYER	FY 2010			FY 2001		
	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value
Bellsouth Telecommunication	\$ 54,705,587	1	2.51 %	\$ 44,322,935	1	4.90 %
Highwoods/Tenn Holdings LP	38,579,560	2	1.77	16,916,960	2	1.87
A T & T Mobility LLC	33,638,702	3	1.54	-		-
UCM/Proventure-Synergy Bus	22,474,000	4	1.03	-		-
Duke Realty	22,437,248	5	1.03	7,153,040	7	0.79
Heritage Retirement Facility	20,236,068	6	0.93	-		-
PEM Cool Springs	12,771,280	7	0.59	-		-
Brentwood Place Holding	10,641,480	8	0.49	-		-
Wells Fargo XII-Reit Joint	9,344,000	9	0.43	-		-
Gateway Kentfield Inc	9,072,160	10	0.42	6,819,480	8	0.75
Williams, W. Fred, Trustee	-		-	13,563,520	3	1.50
Koger Office Parks	-		-	10,821,760	4	1.20
Service Merchandise	-		-	10,635,031	5	1.18
Brentwood Retail LP	-		-	7,648,560	6	0.85
Service-Hendon Cool Springs	-		-	5,856,360	9	0.65
Northwestern Mutual	-		-	5,770,600	10	0.64
Total	\$ 233,900,085		10.72 %	\$ 129,508,246		14.31 %
Total Assessment	\$ 2,182,916,991	**		\$ 904,925,905	***	

* Source: - 2001 and 2010 Williamson County Assessment

** Total Assessment Value for Tax Year 2009 (includes public utilities assessment)

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

CITY OF BRENTWOOD

PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)

LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY			TOTAL COLLECTIONS TO DATE		
		AMOUNT	PERCENTAGE OF LEVY	COLLECTIONS IN SUBSEQUENT YEARS	AMOUNT	PERCENTAGE OF LEVY	
2001	\$ 6,998,153	\$ 6,788,687	97.0%	\$ 173,715	\$ 6,962,402	99.5%	
2002	7,288,260	7,111,642	97.6%	165,364	7,276,962	99.8%	
2003	7,359,856	7,252,397	98.5%	95,439	7,347,173	99.8%	
2004	7,545,119	7,419,009	98.3%	120,914	7,539,883	99.9%	
2005	7,935,424	7,802,864	98.3%	130,945	7,933,801	100.0%	
2006	8,448,015	8,153,723	96.5%	290,683	8,443,639	99.9%	
2007	8,885,916	8,761,268	98.6%	121,545	8,882,023	100.0%	
2008	9,497,764	9,329,872	98.2%	162,426	9,473,670	99.7%	
2009	10,034,692	9,835,526	98.0%	145,188	9,835,526	98.0%	
2010	10,262,147	9,983,488	97.3%	-	9,983,488	97.3%	

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 (2010 fiscal year would represent the 2009 tax levy).
This represents the period for which the taxes were levied.

CITY OF BRENTWOOD, TENNESSEE

TAXABLE SALES BY CATEGORY (UNAUDITED)

LAST TEN CALENDAR YEARS

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Apparel stores	\$ 21,359,004	\$ 18,737,690	\$ 21,632,712	\$ 24,338,837	\$ 28,153,688	\$ 33,176,460	\$ 36,457,952	\$ 36,942,894	\$ 34,207,950	\$ 35,603,335
General merchandise	46,236,814	47,309,337	53,182,206	59,671,979	69,488,049	79,666,952	93,660,949	96,290,678	102,124,500	103,554,734
Food stores	74,524,758	70,510,655	63,603,432	72,234,838	84,458,519	105,320,600	115,270,158	122,697,493	124,903,787	121,282,425
Eating and drinking establishments	50,713,596	50,275,927	45,522,175	46,851,981	51,765,342	59,831,570	65,246,260	66,842,320	64,457,291	62,775,480
Home furnishings and appliances	115,476,309	113,639,490	112,718,865	116,455,912	128,593,275	136,363,416	132,412,981	129,993,697	105,808,265	85,532,460
Building materials and farm tools	50,354,021	40,537,254	41,154,270	45,042,058	53,174,769	58,575,236	62,970,713	59,187,537	49,994,620	42,657,486
Auto dealers, supplies, and service stations	18,309,588	20,683,524	21,817,433	24,583,902	26,465,210	27,832,270	26,828,090	28,238,061	26,832,050	25,803,112
Other retail stores	54,307,251	53,700,244	64,228,381	62,715,173	68,611,909	89,553,218	102,239,437	123,263,920	125,312,656	117,903,304
All other outlets	<u>184,965,178</u>	<u>188,895,364</u>	<u>157,129,029</u>	<u>142,956,303</u>	<u>150,830,862</u>	<u>168,440,298</u>	<u>186,754,941</u>	<u>189,557,442</u>	<u>198,143,158</u>	<u>179,316,885</u>
 Total	 <u>\$ 616,246,519</u>	 <u>\$ 604,289,485</u>	 <u>\$ 580,988,503</u>	 <u>\$ 594,850,983</u>	 <u>\$ 661,541,623</u>	 <u>\$ 758,760,020</u>	 <u>\$ 821,841,481</u>	 <u>\$ 853,014,042</u>	 <u>\$ 831,784,277</u>	 <u>\$ 774,429,221</u>
 City/County direct sales tax	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%	 2.25%

Source: Tennessee Department of Revenue, Research Division.

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING SALES TAX RATES (UNAUDITED)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Williamson County</u>	<u>State of Tennessee</u>
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
2009	1.125	1.125	7.00
2010	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 2001 AND 2010

Sector	2001				2010			
	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	529	48 %	\$ 9,516,389	73 %	591	47 %	\$ 13,564,230	76 %
2 Services	353	32	2,220,907	17	368	29	2,710,949	15
3 Manufacturing	55	5	443,931	3	62	5	351,403	2
4 Wholesale Trade	81	7	252,739	2	108	9	366,801	2
5 Construction	26	2	216,719	2	21	2	118,663	1
6 Finance Insurance Real Estate	17	2	4,156	-	12	1	83,615	1
7 Transportation and Utilities	10	1	145,411	1	14	1	358,652	2
8 Agriculture	13	1	26,569	-	12	1	23,524	-
9 Other, Non Classified	18	2	214,450	2	60	5	210,977	1
Total	<u>1,102</u>	<u>100 %</u>	<u>\$ 13,041,271</u>	<u>100 %</u>	<u>1,248</u>	<u>100 %</u>	<u>\$ 17,788,814</u>	<u>100 %</u>

Source: Tennessee Department of Revenue, Research Division.

Notes:

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

CITY OF BRENTWOOD, TENNESSEE

RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>GOVERNMENT ACTIVITIES</u>		<u>BUSINESS TYPE ACTIVITIES</u>			<u>PERCENTAGE OF PERSONAL INCOME *</u>		<u>PER CAPITA *</u>	
	<u>GENERAL OBLIGATION BONDS</u>		<u>WATER & SEWER REVENUE BONDS</u>	<u>STATE/TML WATER LOANS</u>	<u>TOTAL PRIMARY GOVERNMENT</u>				
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		28,305,000		6,230,000		443,768		34,978,768	55.43 992
2009		26,050,000		15,250,000		179,770		41,479,770	49.35 1,176
2010		28,915,000		14,255,000		-		43,170,000	52.80 1,224

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

*Calculated information provided on page 104 (Demographic and Economic Statistics).

CITY OF BRENTWOOD

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

LAST TEN FISCAL YEARS

<i>(dollars in thousands, except per capita)</i>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General bonded debt outstanding general obligation bonds	\$ 22,535	\$ 25,790	\$ 24,565	\$ 26,380	\$ 24,430	\$ 27,195	\$ 25,405	\$ 28,305	\$ 26,050	\$ 28,915
Percentage of estimated actual property value**	2.49%	2.27%	1.97%	2.06%	1.81%	1.89%	1.41%	1.46%	1.27%	1.37%
Per capita***	842.59	964.36	918.56	861.61	797.92	888.23	720.46	802.71	738.76	820.00
Less: Amounts set aside to repay general debt	<u>2,778</u>	<u>2,896</u>	<u>2,927</u>	<u>2,955</u>	<u>2,952</u>	<u>3,023</u>	<u>3,537</u>	<u>3,865</u>	<u>3,732</u>	<u>3,979</u>
Total net debt applicable to debt limit	\$ 19,757	\$ 22,894	\$ 21,638	\$ 23,425	\$ 21,478	\$ 24,172	\$ 21,868	\$ 24,440	\$ 22,318	\$ 24,936
Legal debt limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legal debt margin as a percentage of the debt limit*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

** Property value obtained from page 93 (Assessed and Estimated Actual Value of Property)

***Per capita information calculated with information obtained on page 100 (Demographic and Economic Statistics).

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)

AS OF JUNE 30, 2010

<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	\$ 28,915	100.0%	\$ 28,915
Overlapping:			
Williamson County	<u>465,771</u>	29.8%	<u>138,953</u>
Total	<u>\$ 494,686</u>		<u>\$ 167,868</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 6/30/2010.

(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	
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
2009	14,298,653	9,283,068	5,015,585	980,000	304,130	1,284,130	3.91
2010	13,549,064	9,367,100	4,181,964	995,000	423,732	1,418,732	2.95

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

**Does not include depreciation and amortization.

***Does not include payments on State loans.

CITY OF BRENTWOOD, TENNESSEE

DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)

LAST TEN CALENDAR YEARS

CALENDAR YEAR	POPULATION	PERSONAL INCOME (IN THOUSANDS OF DOLLARS) ^a	PER CAPITA PERSONAL INCOME ^a	MEDIAN AGE ^a	SCHOOL ENROLLMENT ^b	UNEMPLOYMENT RATE ^c
2001	26,745 ¹	\$ 1,371,056	\$ 51,264	38.3	6,135	1.2%
2002	26,743 ³	1,371,056	N/A	40.2	6,731	2.5%
2003	26,743 ³	1,386,705	51,853	41.2	7,112	2.6%
2004	30,617 ⁴	1,747,527	57,077	42.0	7,768	2.3%
2005	30,617 ⁴	1,747,527	N/A	36.9	8,528	3.9%
2006	30,617 ⁴	1,732,953	56,601	42.9	8,872	3.9%
2007	35,262 ⁵	1,938,705	54,980	43.3	9,512	3.4%
2008	35,262 ⁵	1,938,705	54,980	43.3	10,422	5.0%
2009	35,262 ⁵	2,046,959	58,050	43.7	10,136	7.1%
2010	35,262 ⁵	2,279,265	64,638	44.0	10,896	6.1%

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

EMPLOYER	2010			2001		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Comdata	864	1	5.33 %	763	1	6.39 %
AT&T	800	2	4.94	-		-
DaVita	500	3	3.08	-		-
Tractor Supply Company	500	4	3.08	-		-
Cogent Healthcare	400	5	2.47	-		-
LifePoint Hospitals Inc	309	6	1.91	-		-
Aspect Software	300	7	1.85	250	8	2.09
Lattimore Black Morgan & Cain	270	8	1.67	-		-
City of Brentwood	245	9	1.51	194	11	1.63
The Lampo Group (Dave Ramsey)	226	10	1.39	-		-
Delek (Mapco Express)	200	11	1.23	-		-
West End Music	200	12	1.23	-		-
Service Merchandise Holdings, Inc	-		-	550	2	4.61
BellSouth Telecommunications	-		-	500	3	4.19
FISI-Madison Financial	-		-	400	4	3.35
Cingular Wireless	-		-	350	5	2.93
Private Business	-		-	330	6	2.76
Doane Pet Care	-	102	-	268	7	2.25
EMI Christian Music Group	-		-	235	9	1.97
Community Health Systems	-		-	219	10	1.83
	<u>4,814</u>		<u>29.70 %</u>	<u>4,059</u>		<u>34.01 %</u>
Total employment	<u><u>16,210</u></u>	*		<u><u>11,935</u></u>	*	

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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GENERAL GOVT.										
City Manager	1	1	1	1	1	1	2	2	2	2
Administration	3	3	3	3	3	3	3	3	3	3
Finance	6	7	7	7	7	7	8	7	7	7
Human Resources	2	2	2	2	2	2	1	3	3	3
Information Technology	2	3	3	3	3	4	4	4.5	4.5	4.5
Planning and Development	4	4	4	4	4	4	4	4	4	3
Codes	7	7	8	7	9	9	8	9.5	9.5	9.0
GIS	-	-	-	-	-	-	2	4	3.5	4.5
	25	27	28	27	29	30	32	37	36.5	36.0
POLICE										
Officers	51	53	55	55	55	54	62	58	58	55.0
Civilians	10	11	12	13	13	13	10	12	13	13.5
FIRE										
Firefighters & Officers	41	55	55	55	57	57	57	58	61	61
Civilians	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Engineering	2	2	2	3	4	4	4	5	4	4
Public Works - Streets	18	21	21	21	20	22	19	22	22.5	22.5
UTILITES										
Water	11	11	11	11	12	11	11	12	13	13
Wastewater	11	10	11	10	12	12	12	13	13	12
PARKS & RECREATION	11	10	15	15	16	19	17	17	18	19
LIBRARY	11	11	21	23	23	23	26	26	26	28
TOTAL REGULAR FULL-TIME	192	212	232	234	242	246	251	261	266	265

Source: City of Brentwood Personnel Department

CITY OF BRENTWOOD

OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

<u>FUNCTION/PROGRAM</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government										
Building permits issued	717	1,171	1,706	1,807	1,337	1,629	1,410	1,160	795	909
Building inspections conducted	8,226	12,002	14,421	17,824	18,184	17,332	15,960	16,049	11,834	13,767
Police										
Physical arrests	814	807	809	728	740	812	965	1,234	1,251	964
Parking violations	85	104	104	65	62	58	36	178	122	44
Traffic violations	3,425	3,827	5,954	5,094	7,407	8,464	11,002	11,068	8,805	6,632
Fire										
Emergency responses	2,111	2,074	2,178	2,261	2,232	2,408	2,467	2,441	2,455	2,473
Fires extinguished	144	103	89	78	87	123	112	78	86	67
Inspections (Commercial)	319	289	347	421	434	453	470	482	488	492
Public Works										
Street resurfacing (miles)	19.10	19.68	22.23	23.01	19.28	25.35	17.68	18.76	21.98	18.85
Potholes repaired	201	292	379	326	367	258	228	244	471	723
Library										
Volumes in collection	95,694	97,954	103,220	109,977	119,317	124,866	133,778	143,822	150,610	155,541
Total volumes borrowed	432,424	459,065	506,633	542,802	550,593	458,589	480,268	523,914	566,798	624,000
Water										
New connections	135	181	173	162	148	128	111	326	80	77
Water main breaks	6	7	6	7	9	9	13	27	11	15
Monthly average daily flow	93,000,000	104,666,500	104,666,500	104,666,500	105,000,000	105,000,000	153,305,000	162,000,000	159,000,000	142,754,333
Wastewater										
Average daily sewage treatment (thousands of gallons)	4,682.73	6,056.46	6,340.26	7,018.00	5,851.00	6,137.00	5,589.00	5,900.00	5,380.00	5,385.00

Source: Various City Departments

CITY OF BRENTWOOD

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

<u>FUNCTION/PROGRAM</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	54	54	61	59	59	64	65	70	66	67
Fire Stations	3	4	4	4	4	4	4	4	4	4
Public Works										
Streets (miles)	317	342	351	351	417	417	417	422	424	456
Streetlights	2,110	2,165	2,565	2,565	2,600	2,607	3,249	3,289	3,354	3,401
Traffic signals	35	35	35	35	35	39	40	42	42	43
Parks and Recreation										
Acreage	379	379	379	397	455	560	580	580	580	610
Playgrounds	3	3	3	3	3	3	4	4	4	4
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	10	12	12	15	15	15	15	15	15	15
Water										
Water mains (miles) *	194	194	208	216	216	216	235	198	220	205
Fire hydrants	1,511	1,671	1,671	1,912	2,100	2,045	2,100	2,231	2,290	2,320
Storage capacity (thousand of gallons)	10,300	10,300	12,288	14,000	14,000	14,000	14,790	14,790	14,790	14,520
Wastewater										
Sanitary sewers (miles)	204	204	220	235	240	245	260	260	260	269

Source: Various City Departments

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

OTHER REPORTS SECTION

INDEPENDENT AUDITORS' 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 City of Brentwood, Tennessee (the "City"), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 15, 2010. 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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*.

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 CPA, PLLC

Nashville, Tennessee
December 15, 2010

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
WITH OMB CIRCULAR A-133

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

Compliance

We have audited the City of Brentwood, Tennessee's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. The City of Brentwood, Tennessee's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Brentwood, Tennessee's management. Our responsibility is to express an opinion on the City of Brentwood, Tennessee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Brentwood, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Brentwood, Tennessee's compliance with those requirements.

In our opinion, the City of Brentwood, Tennessee complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the City of Brentwood, Tennessee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Brentwood Tennessee's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

KraftCPAs PLLC

Nashville, Tennessee
December 15, 2010

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2010

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? s yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

 yes X no

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 yes X no