

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal.....	i - ix
GFOA Certificate of Achievement	x
Organization Chart	xi
List of Principal Officials	xii
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT.....	1 - 3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4 - 18
<u>BASIC FINANCIAL STATEMENTS:</u>	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet - Governmental Funds	21
Reconciliation of Balance Sheet to Statement of Net Position of Governmental Activities.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund.....	25 - 31

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
FINANCIAL SECTION (CONTINUED)	
<u>BASIC FINANCIAL STATEMENTS (CONTINUED):</u>	
Statement of Net Position - Proprietary Funds	32
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	33
Statement of Cash Flows - Proprietary Funds	34
Statement of Fiduciary and Plan Net Position - Fiduciary Funds	35
Statement of Changes in Fiduciary and Plan Net Position - Fiduciary Funds	36
Notes to Financial Statements	37 - 70
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Funding Progress - Political Subdivision Pension Plan (unaudited)	71
Schedule of Funding Progress and Schedule of Employer Contributions - Other Post Employment Benefits (unaudited)	72
<u>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</u>	
Description of Nonmajor Governmental Funds	73
Combining Balance Sheet - Nonmajor Governmental Funds	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	75
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Special Revenue Funds	76 - 78
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	79
Description of Internal Service Funds	80
Combining Statement of Net Position - Internal Service Funds	81

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014
TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
FINANCIAL SECTION (CONTINUED)	
<u>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (CONTINUED)</u>	
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position - Internal Service Fund	82
Combining Statement of Cash Flows	83
OTHER SCHEDULES	
Schedule of Changes in Property Taxes Receivable - General Fund.....	84
Schedule of Debt Service Requirements - General Obligation Bonds.....	85 - 86
Schedule of Debt Service Requirements - Business-type Activities Debt Obligations.....	87 - 88
Schedule of Expenditures of Federal and State Awards.....	89
Schedule of Utility Rate Structure and Number of Customers (unaudited).....	90
Schedule of Unaccounted for Water (unaudited)	91
Schedule of Official Bonds of Principal Officials (unaudited)	92
STATISTICAL SECTION (not covered by Independent Auditor's Report)	
<u>Financial Trends</u>	
Net Position By Component.....	93
Changes in Net Position, Last Two Fiscal Years.....	94 - 95
Fund Balances, Governmental Funds	96
General Governmental Revenues (By Source) and Other Financing Sources	97 - 98
<u>Revenue Capacity</u>	
Assessed and Estimated Actual Value of Property (unaudited).....	99
Direct and Overlapping Property Tax Rates (unaudited)	100
Principal Property Tax Payers (unaudited)	101
Property Tax Levies and Collections (unaudited)	102
Taxable Sales By Category (unaudited)	103

CITY OF BRENTWOOD, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014
TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
STATISTICAL SECTION (CONTINUED) (not covered by Independent Auditor's Report)	
<u>Revenue Capacity (continued)</u>	
Direct and Overlapping Sales Tax Rates (unaudited).....	104
Principal Sales Tax Remitters (unaudited).....	105
<u>Debt Capacity</u>	
Ratios of Outstanding Debt by Type (unaudited).....	106
Ratios of General Bonded Debt Outstanding and Legal Debt Margin (unaudited).....	107
Direct and Overlapping Governmental Activities Debt (unaudited).....	108
Pledged Revenue Coverage (unaudited).....	109
<u>Demographic and Economic Information</u>	
Demographic and Economic Statistics (unaudited).....	110
Principal Employers (unaudited).....	111
<u>Operating Information</u>	
Full-Time Equivalent City Government Employees by Function/Program (unaudited).....	112
Operating Indicators by Function Program (unaudited).....	113
Capital Asset Statistics by Function Program (unaudited).....	114
 OTHER REPORTS SECTION:	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	115 - 116

INTRODUCTORY SECTION

BETSY CROSSLEY
MAYOR

JILL BURGIN
VICE-MAYOR

KIRK BEDNAR
CITY MANAGER



COMMISSIONERS
ANNE DUNN
ROD FREEMAN
MARK W. GORMAN
RHEA E. LITTLE, III
REGINA SMITHSON

City of Brentwood

December 22, 2014

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, 2014 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, 2014.

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, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Brentwood’s financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The City was not required to undergo a single audit for the year ended June 30, 2014 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 resident population according to the 2010 U.S. Census of 37,060. 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, fire and rescue, and emergency communications), street maintenance, parks, library, public improvements, planning, codes enforcement and general administrative services. The City also provides water distribution and sewer collection services through the Water and Sewer Fund, a business-type activities fund that has been included as an integral part of the City of Brentwood's financial statements. Electric power is provided by the Nashville Electric Service (NES) and the Middle Tennessee Electric Cooperative. Piedmont Gas Company and Atmos Energy Corporation provide natural gas service in the City.

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

may be modified by the City Commission during the formal review, is adopted by resolution in June.

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

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

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

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

Amendments may be made to the original appropriations ordinance at any time during a current fiscal year. Except for emergency expenditures, however, increased appropriations may be made only after the city manager has certified in writing that sufficient unappropriated revenue will be available to cover the additional expenditures.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison begins on page 25. The special revenue funds and debt service fund comparison begin on pages 76 and 79, respectively.

Factors Affecting Financial Condition

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

Local economy. The local economy in Brentwood and the Nashville/Middle Tennessee area as a whole continues its strong recovery from the Great Recession compared to many communities and regions across the USA. The City of Brentwood and Williamson County benefit from having the highest per capita income and the lowest unemployment rates in the State of Tennessee. Williamson County is also the 16th wealthiest county in the United States based on median household income. The most recently available statistics for June 2014 indicates a 5.7 percent unemployment rate for Brentwood compared to a county rate of 5.4 percent, a statewide rate of 6.6 percent and national jobless rate of 6.3 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 37,060 in 2010. The census figures reflect a strong but manageable rate of growth (roughly 6.0% annually) from 1970 to 2010. On average, about 825 new residents moved into the City and 266 new homes were constructed annually for 40 years. Note that for 2013, US Census Bureau estimates the City's population at 40,021, and a special census is underway in FY 2015 that will establish a new population level effective July 1, 2015.

The strength of the Brentwood economy is reflected in the growth in the tax base. The total valuation for new building related permits issued during the 2013-2014 fiscal year was \$195,398,990 with 971 permits being issued. In fiscal year 2014, Brentwood had a total assessed value of taxable property of \$2,504,023,018 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 as of June 30, 2014 revealed a direct vacancy rate of 3.4% in the Brentwood area. This vacancy rate is very favorable with overall rates in the Nashville office market and across the United States United States.

Many companies locate their national or regional corporate headquarters or offices in Brentwood. The diversity of employment opportunities in the community is significant with the City not dependent on a single, large employer. As employers, they represent diverse economic sectors that include health, retail, telecommunications and financial services. Tractor Supply (retail), Comdata (financial services), AT&T (communications), Brookdale Senior Living (senior residences management) and Lattimore, Black, Morgan & Cain, P.C. (financial services) are examples of companies who have chosen to locate their national or regional offices in Brentwood.

The Cool Springs Galleria is located adjacent to the City's southern limits with Brentwood's City limits surrounding the mall on three sides. Since its opening in 1991, the mall has facilitated significant retail development in the Cool Springs area and is now the largest concentration of retail development in the State of Tennessee. This includes significant retail development inside

the adjacent Brentwood area resulting in subsequent growth in local sales tax collections. Additional retail development has also occurred in the northern commercial area of the City to serve the office and resident population. The growth in local sales tax collections in the past ten years has allowed the City to maintain a balanced revenue/tax structure and not be heavily dependent on the property tax to fund municipal services. It has also allowed the City to maintain the same effective property tax rate for the past twenty-three (23) years through FY 2014.

Of the 50 largest cities in Tennessee, Brentwood ranked number one (1) as the most business-friendly community in the State for the second time according to a recent study by the Beacon Center of Tennessee. The ranking considered three measures: business taxation; economic vitality measures such as job growth and high median income; and community allure, including crime rates and education.

The Brentwood/Williamson County community is firmly committed to providing a quality public education system second to none in the United States. Local students are routinely admitted to the highest ranked colleges and universities across the nation. Both Brentwood and Ravenwood High Schools are consistently ranked among the top schools in the nation and Tennessee. Williamson County provides first class facilities and has been very responsive in meeting the growth in student enrollment by constructing new schools, as needed.

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

Funding for the CIP program is generally balanced among local sources (pay-as-you-go), inter-governmental funding and the issuance of General Obligation and Water/Sewer Revenue Bonds. Highlights of the FY 2015-20 CIP include:

- Improvements to Smith Park and Flagpole Area Parkland
- Concord Road Improvements (east of Sunset Rd and from Jones Pkwy to Arrowhead Dr.)
- Franklin Road Improvements (from Concord Rd to Moores Lane)
- Development of a regional public safety communication network
- 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.** As the United States continues its slow recovery from the "Great Recession", there remains a degree of uncertainty about significant economic growth during the next five years. Fortunately, the City of Brentwood again ended fiscal year 2013-2014 in excellent financial condition due to conservative financial management. General Fund revenue growth greatly exceeded amended budget estimates by \$3,632,764 while expenditures were under the revised appropriation by \$920,023. Even after taking into account special year-end appropriations transfers from the General Fund to the Capital

Projects Fund (\$5,231,520) for the purchase of an additional 78+ acres to be added to Smith Park as well as advance funding for various capital improvements in fiscal year 2015, the fund balance increased by \$1,362,774 from the previous fiscal year (from \$34,035,839 to \$35,398,613). As noted earlier, this positive increase was possible due to continued conservative revenue estimates, an improving local economy, and a strong Hall Income Tax revenue distribution. Looking ahead to fiscal year 2014-2015 and beyond, we anticipate continued moderate revenue growth from the key tax sources such as property taxes, local sales taxes and state shared revenues. While our local sales tax growth has lagged behind that of our neighboring communities, several development and redevelopment projects either approved or already underway will provide additional new retail and restaurant options in the next 12-24 months. Also, the special census underway in FY 2015 will allow the City to capture additional state shared revenues beginning July 1, 2015 based on a more accurate population count reflective of the growth in the community since the 2010 federal census. However, the uncertainty in the national economy and current sentiment in the state legislature toward future elimination of the Hall Income Tax could affect the City's financial position in future years. To continue to meet expenditure obligations in challenging areas such as salaries, health insurance and retirement benefits without a property tax increase or use of reserves to fund on-going operations, the City will continue to focus on controlling expenses and doing "more with less." From a short-term perspective, the staff is confident that the fiscal year 2015-2016 General Fund budget will be balanced without a property tax increase and done in a way that does not reduce essential services or affect the quality of life in Brentwood, assuming no radical revenue adjustments imposed by the state legislature.

- ***Local Housing Market.*** Brentwood continues to be one of the most desirable communities in which to live in the Nashville/Middle Tennessee area. After the dramatic slowdown in new housing starts in calendar years 2009 (68) and 2010 (140) associated with the Great Recession, starts have returned to the historic annual average and totaled 229 in fiscal year 2014. Housing prices are increasing, reflecting the status of the housing market in Williamson County and throughout most of Middle TN. The majority of new home development includes prices in the \$600,000 - \$1,000,000 range. The resale of existing homes also shows strong activity, with the average monthly median price in calendar year 2014 to date over \$620,000, a 9% increase from 2013. Artificially low interest rates due to the monetary policies of the Federal Reserve Bank are helping to stimulate demand for housing in America today. While this is positive for the country short term, there are still many unknowns in the future for housing that could adversely affect our local housing market.
- ***Demands on Infrastructure.*** As Brentwood moves closer to build out of available land within the city limits, attention must be given to ensuring that our infrastructure is sufficient to serve the community at build out. While traffic continues to be the primary infrastructure concern for most residents, it is also the one infrastructure issue least controlled by the city. With an interstate highway bisecting the city from north to south and all of our major arterial roads being state highways, we do not have control of improvement decisions and funding for the most heavily traveled routes through town. In addition, the strong pace of development in our surrounding area means that traffic growth through Brentwood will continue even after build out within Brentwood itself. Finally, simply widening roads, adding interstate exits, etc. as a strategy to address traffic problems is not financially sustainable for either the city or the state. Thus, incremental capacity and traffic signal technology improvements will be the focus of

transportation funding in the years to come while the Nashville region strives to reach a consensus on a plan for regional mass transit in the future. Besides transportation, policies related to the long-term capacity of the water and sewer utility infrastructure are the other challenge facing the city in the next few years. Efforts to continue expansion of the city's water system capacity are underway, but policy decisions related to rate structures and conservation incentives will be addressed in the development of a financial model for the Water and Sewer Fund in calendar year 2015. Also in calendar year 2015, efforts related to modeling of the city's sewer system along with regulatory approval of Phase II sewer rehabilitation plans and long-term capacity projections will provide a clearer picture of the need for additional wastewater capacity to serve the community through build out.

Relevant financial policies. The City's fund balance policy states that the City maintain a minimum unassigned general fund reserve in excess of forty percent (40%) of annual operating expenses. Such fund balance shall serve cash flow needs, protect against unforeseen emergencies and enhance the credit worthiness of the City. The City exceeded this fiscal policy objective by ending FY 2014 with an unassigned fund balance for the general fund of \$30,701,075, or 82% of FY 2014 general fund expenditures, including year-end transfers to the Capital Projects Fund.

In addition, the city strives to maintain an unallocated fund balance in the Debt Service Fund equal to one (1) year's General Obligation debt service requirement. This policy objective was also met, as the FY 2014 ending fund balance in the Debt Service Fund was \$3,706,319 compared to new debt service payments for FY 2015 of \$3,441,955.

Major Initiatives for the Year - The significant projects, events and accomplishments during the City's 2013-2014 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 July, 2013. 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 2014-2019, including a realistic financing and debt management plan.
- **Stable Property Tax Rate** - The City of Brentwood property tax rate that was approved in June 2014 for the new fiscal year beginning July 1, 2014 – June 30, 2015 will be \$.44 per \$100 of assessed value, which represents the same effective tax rate for the 24th 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 \$462,000 being \$508 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 2014-2015 fiscal year.

- ***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 2014-2015 budget will be 6.5 versus 8.54 in fiscal year 1990-1991 or 24% 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 81 additional full-time employees (333 rather than 252) with additional personnel cost to the General Fund of \$6.7 million annually. Funding would have required a 61% increase in the City property taxes, a corresponding \$6.7 million or 19% cut in current General Fund services or a combination of tax increases and service reductions.
- ***Development and Expansion of Marcella Vivrette Smith Park*** - With the anticipated build-out of the City in the next 10-15 years and the more favorable cost of land due to the economic slowdown, the City undertook a significant step to insure the permanent preservation of a significant amount of open space for future generations to enjoy with the purchase of 320 acres of the Ravenswood Farm. The land cost was \$10 million with the initial \$5 million paid in December 2010 and the remaining \$5 million paid in December 2011 from the proceeds of the August 2011 General Obligation bond issue. Construction on Phase I improvements to the park and renovation of the historic Ravenswood mansion began in spring 2013 with the mansion hosting its first event in August of 2014 and Phase I of the park opening in November of 2014. In addition, the City Commission voted in October 2013 to exercise an option to purchase an additional 80 acres adjacent to the new park for \$2.9 million.
- ***New Commercial Development Activity*** - Significant commercial development continued during FY 2014. Construction of the new corporate headquarters for Tractor Supply Company was completed in summer of 2014. This project consists of two connected buildings totaling 260,000 square feet. The Mallory Park commercial development continued to experience strong demand highlighted by the opening of three new car dealerships for Porsche, Audi, and Mini Cooper, and the approval for a new BMW dealership. Redevelopment of the Synergy Office Park, now known as CityPark Brentwood, began in early 2014 and includes a new 125 room hotel and over 60,000 square feet of new retail space. The first phase of the retail space will open in early 2015 with the hotel expected to open in early 2016. Construction of the 393 unit Tapestry condo/apartment development is expected to be complete in early 2015. Finally, approval was given to a redevelopment plan for the 17 acre site at the corner of Maryland Way and Franklin Road in the heart of the northern commercial district. Plans call for a 600,000 square foot mixed-use office and retail development. The first phase of development, to be complete in fall of 2016, will include an office building which will serve as the new headquarters for Lattimore, Black, Morgan & Cain P.C., one of the city's largest employers that will be relocating from an existing office building within Maryland Farms.

Awards and Acknowledgements

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brentwood for its comprehensive annual financial report for the year ended June 30, 2013. This was the twenty-eighth consecutive year (fiscal years ended 1986-2013) 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, 2013. This represents the twenty-second 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,



Kirk Bednar
City Manager



Carson K. Swinford
Finance Director



Government Finance Officers Association

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

Presented to

**City of Brentwood
Tennessee**

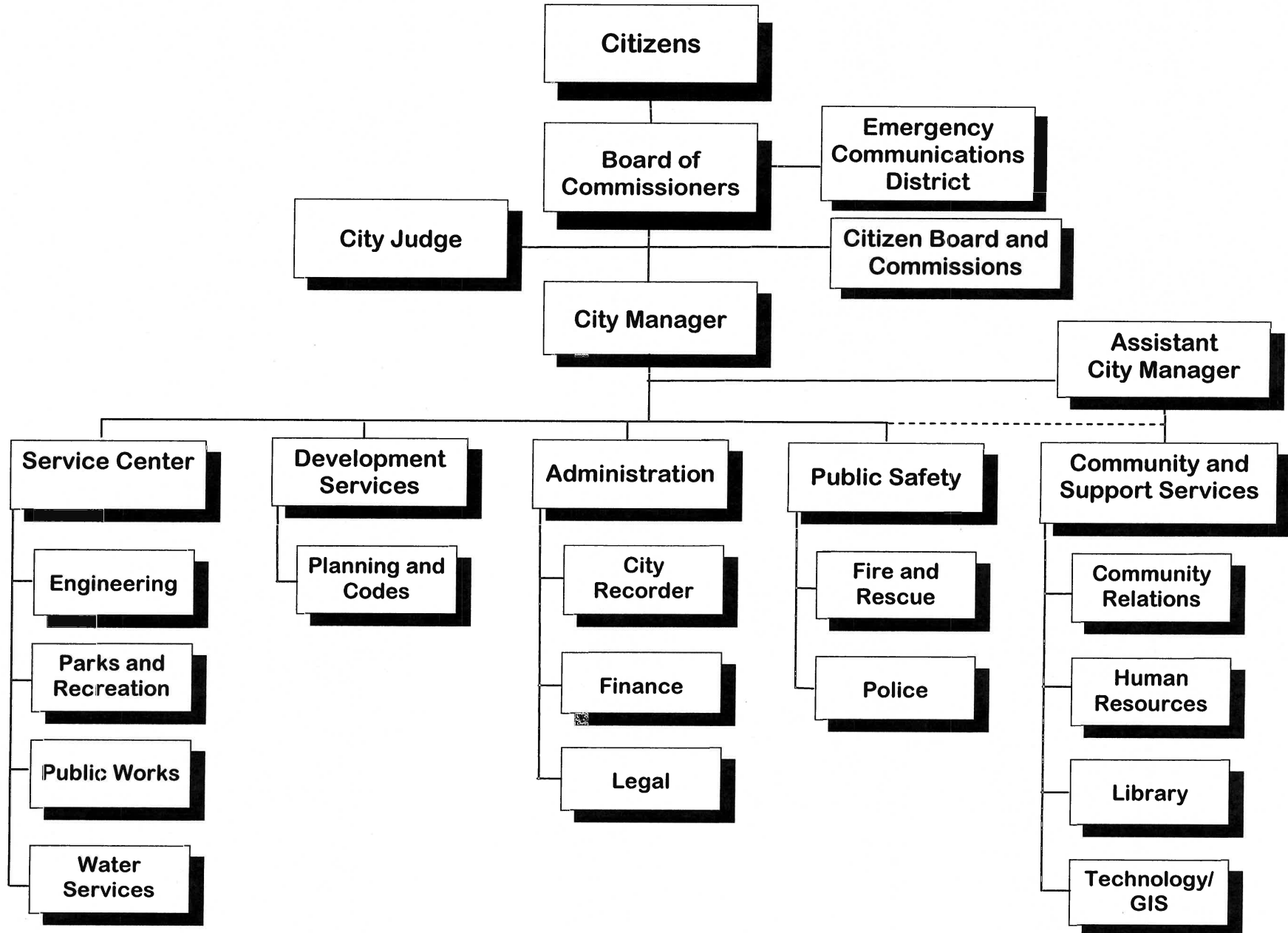
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013



Executive Director/CEO

City of Brentwood Organizational Chart



**CITY OF BRENTWOOD
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2014**

Elected:

Mayor	Betsy Crossley
Vice Mayor	Jill Burgin
Commissioner	Anne Dunn
Commissioner	Rod Freeman
Commissioner	Mark Gorman
Commissioner	Rhea E. Little, III
Commissioner	Regina R. Smithson

Appointed:

City Manager	Kirk E. Bednar
Assistant City Manager	Jay Evans
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	Jeff Hughes
Fire Chief	Brian Goss
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



KraftCPAs
PLLC

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Brentwood, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Brentwood, Tennessee, as of June 30, 2014, and the respective changes in financial position, budgetary comparison information for the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 18, the Schedule of Funding Progress - Political Subdivision Pension Plan on page 71 and the Schedule of Funding Progress and Schedule of Employer Contributions - Other Post Employment Benefits on page 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brentwood, Tennessee's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules on pages 73 through 81, the combining and individual internal service fund statements on pages 82 through 83 and the other schedules on pages 84 through 92 and the statistical section on pages 93 through 114 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the combining and individual internal service fund statements and the other schedules on pages 84 through 89 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the combining and individual internal service fund statements and the financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages i to xii, other schedules on pages 90 through 92 and the statistical section on pages 93 - 114 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014 on our consideration of the City of Brentwood, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Brentwood, Tennessee's internal control over financial reporting and compliance.

Kray CPAs PLLC

Nashville, Tennessee
December 22, 2014

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, 2014. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

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

Financial Highlights

- The assets and deferred outflows of the City of Brentwood exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$322,596,401 (net position). Of this amount, \$77,726,411 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$10,126,586 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 \$55,557,675, an increase of \$4,446,084 in comparison with the prior year. Approximately 55% of this total amount, \$30,701,075 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$30,701,075, or 82% of FY 2014 final 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 \$4,060,000 during the current fiscal year. The key factor in this increase was the net effect of bond proceeds from a General Obligation Public Improvement Bonds issuance payable by water and sewer revenues (\$3.3M), bond proceeds from a General Obligation Public Improvement Bonds (\$4.9M) and the payment of principal amounts for existing General Obligation debt (\$2.5M) and Water & Sewer debt (\$1.6M).

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-70 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 71-72 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 73 - 83 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Brentwood, assets and deferred outflows exceeded liabilities and deferred inflows by \$322,596,401 as of June 30, 2014.

City of Brentwood, Tennessee
Net Position - Primary Government
June 30, 2014 and 2013
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 77,233	\$ 71,263	\$ 37,254	\$ 34,997	\$114,487	\$ 106,260
Capital Assets	219,775	212,910	71,458	70,387	291,233	283,297
Total Assets	297,008	284,173	108,712	105,384	405,720	389,557
Deferred Outflows of Resources	794	878	33	36	827	914
Long-term Liabilities Outstanding	33,393	30,902	28,821	27,068	62,214	57,970
Other Liabilities	6,368	5,298	3,204	2,989	9,572	8,287
Total Liabilities	39,761	36,200	32,025	30,057	71,786	66,257
Deferred Inflows of Resources	12,164	11,745	-	-	12,164	11,745
Net Position:						
Net investment in capital assets	190,264	185,861	50,452	51,490	240,716	237,351
Restricted	4,154	4,960	-	-	4,154	4,960
Unrestricted	51,459	46,285	26,267	23,873	77,726	70,158
Total Net Position	<u>\$ 245,877</u>	<u>\$ 237,106</u>	<u>\$ 76,719</u>	<u>\$ 75,363</u>	<u>\$322,596</u>	<u>\$ 312,469</u>

By far the largest portion of the City of Brentwood's net position (75%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Brentwood uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Brentwood's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position represents resources that are subject to restrictions as to how they may be used. These include net position restricted for roads and streets (\$382,211), capital projects (\$2,232,769), community development projects (\$1,130,208) and drug enforcement and education (\$408,363).

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

Governmental activities. Governmental activities increased the City of Brentwood's net position by \$8,770,301 accounting for 87% of the total growth in the net position of the City of Brentwood. The primary factors underlying this increase include:

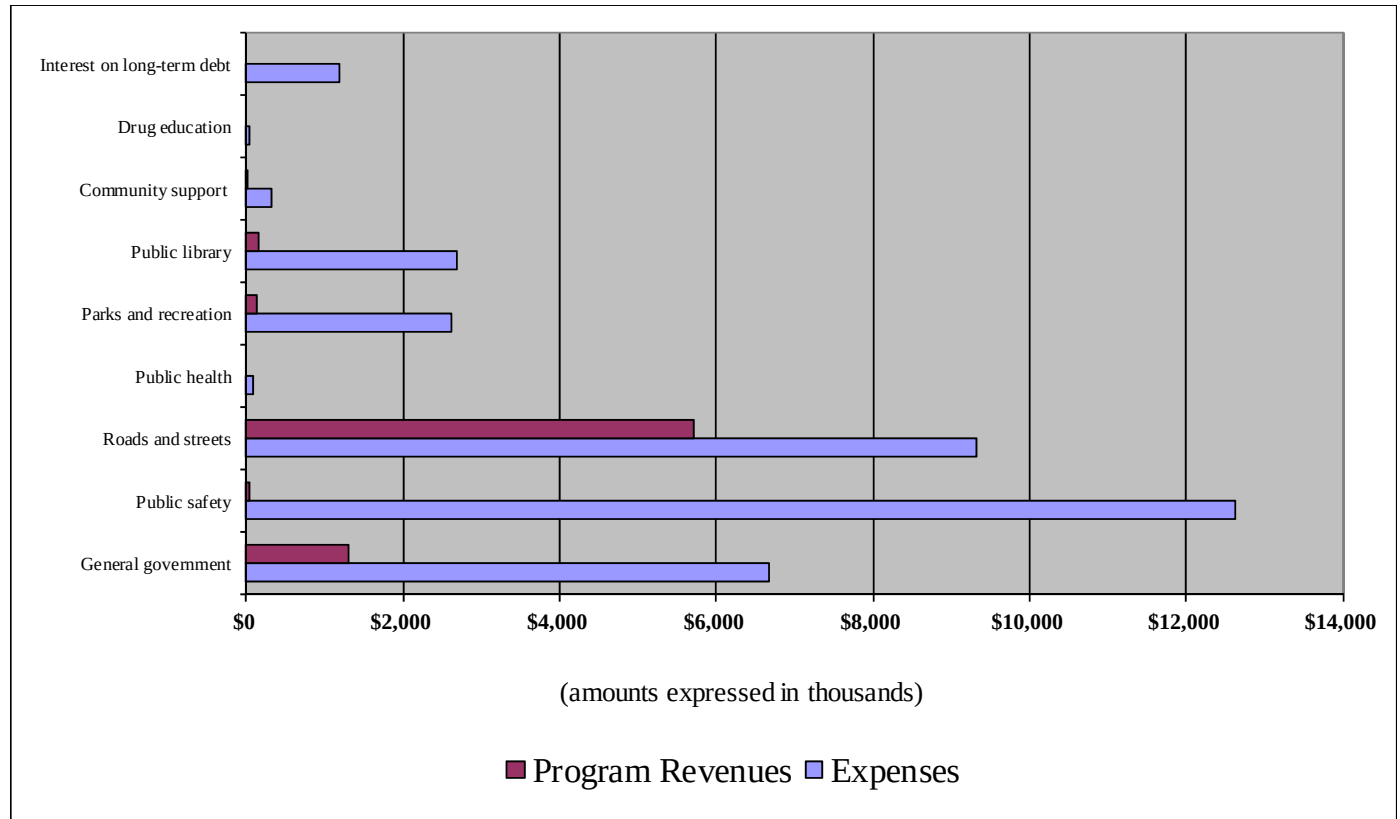
- Donated capital assets from developers were \$4,107,635, primarily from the valuation of streets accepted by the City of Brentwood in FY 2014.
- State Income Tax (Hall Tax) net collections were \$3,237,239, \$2,337,239 higher than conservative budget estimates of \$900,000.
- Local sales tax collections were \$12,954,622, a \$191,949 (1.50%) increase over last year's collections and were \$939,622 (7.82%) higher than FY 2014 original budget estimates.
- Total actual General Fund expenditures (excluding committed funds budgeted separately) were approximately \$920,023 less than the amended budget amount of \$38,161,400.

The City's Changes in Net Position
For the year ended June 30, 2014 and 2013
(amounts expressed in thousands)

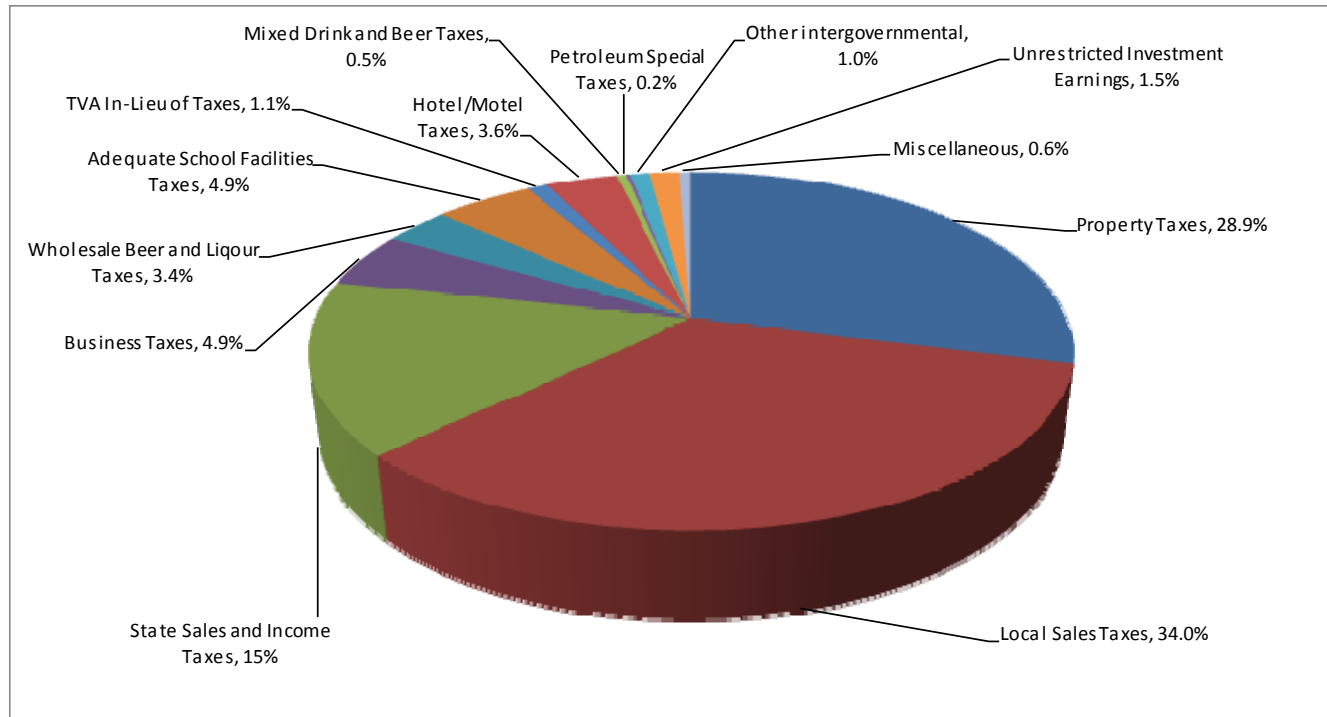
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Charges for services	\$ 2,278	\$ 3,132	\$ 15,687	\$ 15,301	\$ 17,965	\$ 18,433
Operating grants and contributions	1,004	1,020	239	271	1,243	1,291
Capital grants and contributions	4,108	7,833	2,763	2,822	6,871	10,655
General revenues:						
Property taxes	11,030	10,738	-	-	11,030	10,738
Local option sales tax	12,955	12,763	-	-	12,955	12,763
Hotel/motel taxes	1,362	1,165	-	-	1,362	1,165
Wholesale beer and liquor taxes	1,283	1,286	-	-	1,283	1,286
Adequate schools facilities taxes	616	494	-	-	616	494
Other taxes	536	527	-	-	536	527
State sales tax	2,648	2,562	-	-	2,648	2,562
State income tax	3,237	3,270	-	-	3,237	3,270
Business tax	1,882	1,640	-	-	1,882	1,640
TVA in-lieu of tax	410	423	-	-	410	423
Mixed drink and beer tax	182	160	-	-	182	160
Petroleum special tax	76	76	-	-	76	76
Corporate excise tax	49	21	-	-	49	21
Telecommunications tax	4	3	-	-	4	3
Other intergovernmental	344	135	-	-	344	135
Unrestricted investment earnings	566	622	84	173	650	795
Miscellaneous	214	481	-	-	214	481
Total Revenues	44,784	48,351	18,773	18,567	63,557	66,918
Expenses:						
General government	6,675	6,854	-	-	6,675	6,854
Public safety	12,624	12,275	-	-	12,624	12,275
Roads and streets	9,318	9,341	-	-	9,318	9,341
Public health	88	81	-	-	88	81
Parks and recreation	2,631	2,635	-	-	2,631	2,635
Public library	2,695	2,573	-	-	2,695	2,573
Community support	312	281	-	-	312	281
Drug education	53	25	-	-	53	25
Interest on long-term debt	1,198	925	-	-	1,198	925
Water and sewer	-	-	15,955	14,508	15,955	14,508
Rental facilities	-	-	657	636	657	636
Emergency Communications	-	-	1,224	1,194	1,224	1,194
Total expenses	35,594	34,990	17,836	16,338	53,430	51,328
Increase in net position before transfers	9,190	13,361	937	2,229	10,127	15,590
Transfers	(419)	(549)	419	549	-	-
Increase in net position	8,771	12,812	1,356	2,778	10,127	15,590
Net position - beginning	237,106	224,294	75,363	72,585	312,469	296,879
Net position - ending	<u>\$245,877</u>	<u>\$237,106</u>	<u>\$ 76,719</u>	<u>\$ 75,363</u>	<u>\$322,596</u>	<u>\$312,469</u>

Expenses and Program Revenues – Governmental Activities

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



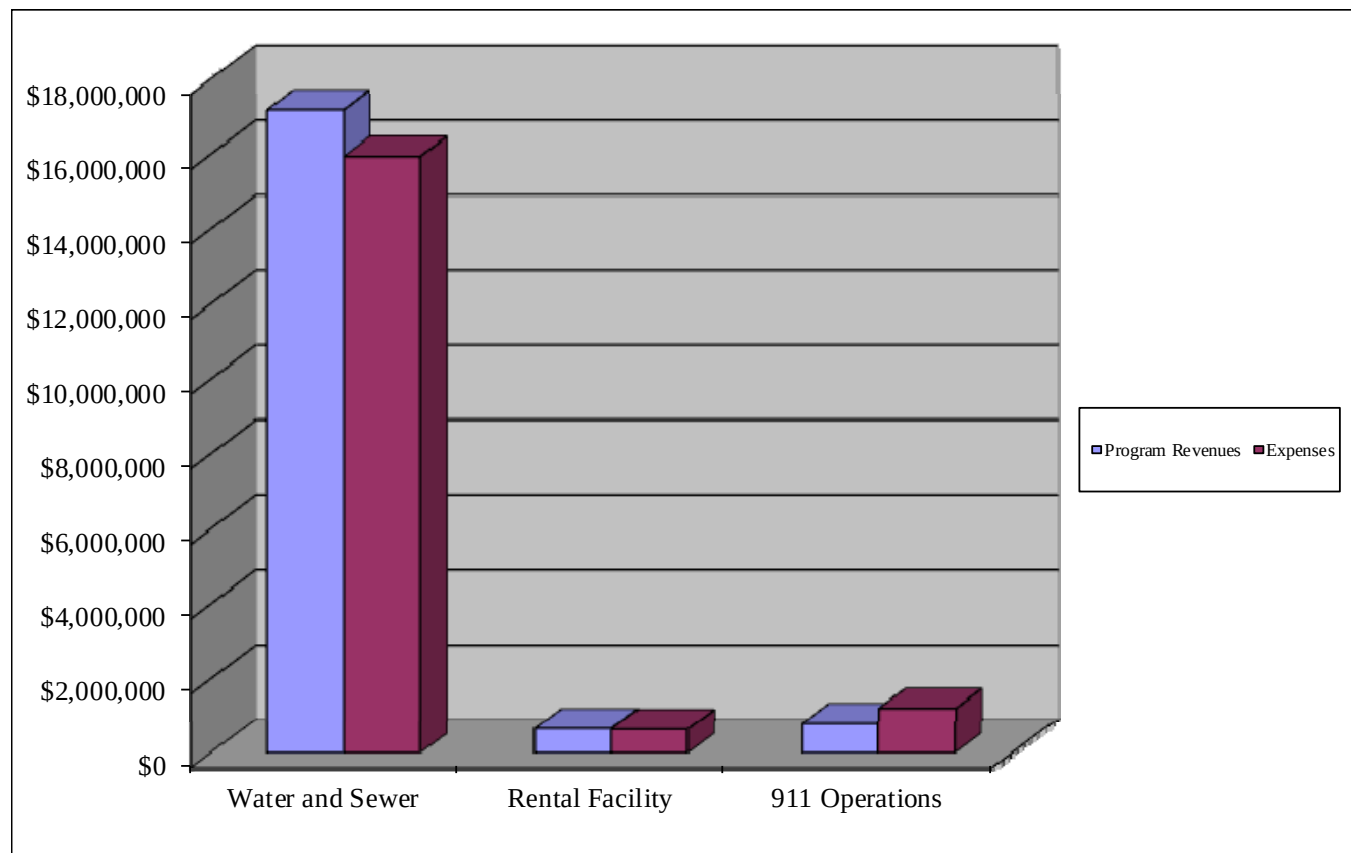
Revenue by Source - Governmental Activities



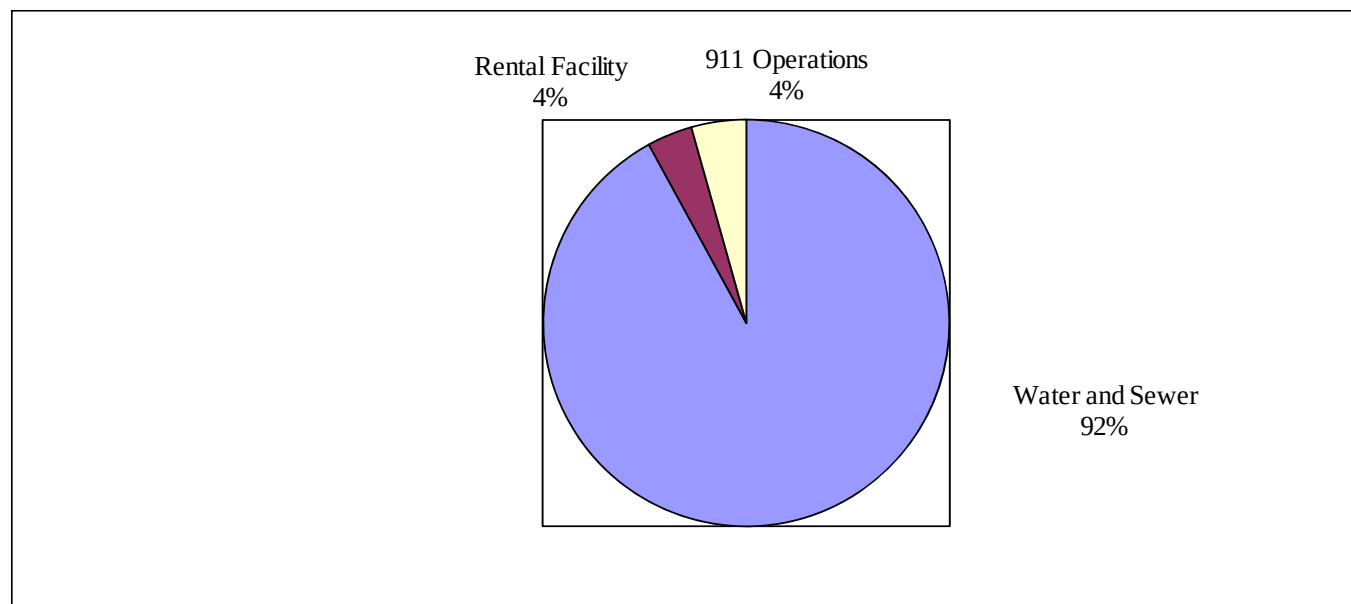
Business-type activities. Business-type activities increased the City of Brentwood's net position by \$1,356,285 accounting for 13% of the total growth in the government's net position. Key elements of this increase are as follows:

- The City's Water and Sewer Fund accounts for 95% of the increase in business-type net position, with a net income of \$1,289,705 for the year. This reflects a decrease of \$798,725 from the prior year, primarily due to:
 1. Water Purchased showed an increase of \$489,202 from FY 2013 due to the extra costs associated with a dryer spring/early summer.
 2. A \$334,574 charge in FY 2014 for the non-capitalized costs for the Harpeth Valley water line connector.
- The City's Municipal Center Fund accounts for 2% of the increase in business-type net position and recorded net income of \$23,324 for the year, a decrease of \$208,340 from the previous year. The decrease is mainly due to:
 1. A one-time FY 2013 operating transfer from the Capital Projects Fund of \$130,000 for HVAC replacements.
 2. A decrease in rental income of \$53,808 in FY 2014 associated with the vacancy of the Chamber of Commerce, a long-time tenant.
- The Emergency Communications District (ECD) accounts for less than 1% of the increase in business-type net position and recorded net income of \$8,753, a decrease of \$412,897 from the previous year and primarily due to:
 - o A one-time FY 2013 reimbursement of \$300,000 from the Tennessee Emergency Communication Board (TECB) for Next Generation 911 equipment.
 - o An \$82,134 decrease in total operating revenues in FY 2014 associated with lower 911 telephone service charge fees due to decreased business and residential landline usage.
- The allocation of the internal service fund net position to the business type activities resulted in an additional \$34,503 (3%) increase in net position at an entity-wide level.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

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

Asset, Liabilities, and Fund Balances

Total Governmental Funds

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Total assets	<u>\$ 78,791,378</u>	<u>\$ 67,770,161</u>
Total liabilities	<u>\$ 11,069,530</u>	<u>\$ 4,913,508</u>
Total deferred inflows of resources	<u>12,164,173</u>	<u>11,745,062</u>
Fund balances:		
Nonspendable	23,877	283,514
Restricted	3,023,343	3,975,821
Committed	21,809,380	17,291,325
Unassigned	<u>30,701,075</u>	<u>29,560,931</u>
Total fund balances	<u>55,557,675</u>	<u>51,111,591</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 78,791,378</u>	<u>\$ 67,770,161</u>

As of the end of the current fiscal year, the City of Brentwood's governmental funds reported combined ending fund balances of \$55,557,675, an increase of \$4,446,084 in comparison with the prior year amount. Approximately 55% of this total amount (\$30,701,075) constitutes unassigned fund balance, which is available for spending at the government's discretion. Per the City's Fund Balance Policy and pursuant to GASB Statement No. 54, the remainder of fund balance is classified as to nonspendable (\$23,877), restricted for a specific purpose per enabling legislation (street repairs - \$382,211, drug enforcement and education - \$408,363 and capital projects - \$2,232,769) and committed for a specific purpose per action by the Board of Commissioners (capital projects - \$13,429,400, debt service - \$3,706,319, equipment replacement - \$2,260,826, facilities maintenance - \$1,521,512 and post-employment benefits - \$891,323).

The general fund is the chief operating fund of the City of Brentwood. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$30,701,075. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 82% of total fiscal year 2014 general fund expenditures (including transfers).

Changes in Fund Balances of Governmental Funds
For the year ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
REVENUES		
Taxes	\$ 27,166,209	\$ 26,478,832
Licenses and permits	1,609,529	2,419,665
Fines and fees	307,980	367,427
Charges for services	360,633	344,521
Intergovernmental	10,496,352	9,803,416
Uses of money and property	566,443	621,825
Other	<u>213,000</u>	<u>481,604</u>
TOTAL REVENUES	<u>40,720,146</u>	<u>40,517,290</u>
EXPENDITURES		
Current:		
General government	6,061,451	6,130,364
Public safety	12,898,119	12,178,507
Roads and streets	5,146,761	4,631,107
Public health	88,068	81,182
Parks and recreation	1,993,508	1,969,273
Public library	2,255,226	2,141,269
Community support	312,295	280,627
Drug education	30,717	11,879
Capital outlay	8,611,260	3,783,204
Debt service	<u>3,447,781</u>	<u>3,351,916</u>
TOTAL EXPENDITURES	<u>40,845,186</u>	<u>34,559,328</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(125,040)</u>	<u>5,957,962</u>
OTHER FINANCING SOURCES (USES)		
Transfers in/out (net)	(418,700)	(548,700)
Proceeds of general obligation bonds	4,895,000	-
Proceeds of refunding bonds	1,005,000	-
Payment to refunded bond escrow agent	(1,035,464)	-
Bond premium/discount (net)	<u>125,288</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,571,124</u>	<u>(548,700)</u>
NET CHANGES IN FUND BALANCES	4,446,084	5,409,262
FUND BALANCE, BEGINNING OF YEAR	<u>51,111,591</u>	<u>45,702,329</u>
FUND BALANCE, END OF YEAR	<u>\$ 55,557,675</u>	<u>\$ 51,111,591</u>

The fund balance of the City of Brentwood's general fund (including committed activity budgeted separately) increased by \$1,362,774 during the current fiscal year. Key highlights in this fund for 2014 include:

- Total revenues exceeded amended budgetary projections by \$3,632,764.
- Local sales tax collections were \$12,954,622 a \$191,949 (1.50%) increase over last year's collections and, due to conservative budgeting, were \$939,622 (7.82%) higher than FY 2014 original budget estimates (\$154,622 higher than amended budget estimates).
- Wholesale Beer tax collections were \$56,293 lower than FY 2013 collections but, again due to conservative budgeting, \$19,133 (3.19%) higher than FY 2014 original budget estimates.
- Wholesale Liquor tax collections increased \$52,310 (8.56%) over previous year's collections and were \$113,373 (20.61%) higher than FY 2014 original budget estimates (\$73,373 higher than FY 2014 amended budget estimates).
- Business tax collections showed a \$392,651 (26.37%) increase over the previous year and were \$606,556 (47.57%) higher than FY 2014 budget estimates (\$206,556 higher than FY 2014 amended budget estimates).
- The Hotel/Motel tax collections increased \$197,726 (14.51%) over previous year's collections and were \$302,325 (28.52%) higher than FY 2014 original budget estimates (\$112,325 or 8.99% higher than amended budget estimates).
- CATV Franchise Tax collections were \$44,691 (10.52%) higher than FY 2014 budget estimates
- Building Permits were basically flat compared to the previous year (\$9,634 decrease in collections) but, due to conservative budgeting, were \$166,548 (27.76%) higher than FY 2014 budget estimates (\$96,548 higher than FY 2014 amended budget estimates).
- State-shared sales tax collections were \$86,127 (3.36%) higher than FY 2013 collections and \$147,788 higher than FY 2014 original budget estimates (\$47,788 or 2% higher than amended budget estimates).
- State Income Tax (Hall Tax) net collections were \$3,237,239 for FY 2014, a decrease of \$32,404 compared to prior year net collections but \$2,337,239 higher than FY 2014 budget estimates. As you know, we conservatively budget \$900,000 in this account each year due to the fluctuations on market returns on investments and national economic conditions.
- The general fund departments demonstrated fiscal responsibility by under-spending the appropriated budget by \$920,023.

The debt service fund has a total fund balance of \$3,706,319, all of which is committed for the future payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$6,116. Principal payments increased \$9,445 and interest payments increased \$6,310 over FY 2013 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 \$13,429,400, all of which is committed for the funding of major capital improvements of the City. The current year net increase of \$4,041,904 includes special year-end appropriation transfers of \$5,231,520 from the General Fund to fund certain proposed capital projects in the FY 2014 and 2015 budget. Additional details of FY 2014 budget appropriations and major capital expenditures are addressed on pages 16-17 of this narrative overview.

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$22,728,219, for the Municipal Center Fund, \$1,668,909 and for the Emergency Communications District, \$1,606,111. The total increase in net position for the funds was \$1,289,705, \$23,324 and \$8,753, respectively. Other factors concerning the finances of these funds have previously been addressed in the discussion of the City of Brentwood's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and final amended budget (\$1,646,670 increase in revenues and \$5,333,190 in current year appropriations) can be summarized as follows:

Revenues

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

Local Sales Tax	\$ 785,000
State Sales Taxes	100,000
Hotel Taxes	190,000
Business Taxes	400,000
Building Permits	70,000
Wholesale Liquor Taxes	40,000
Transfer From Equipment Replacement Fund	17,400
Assistance to Firefighters Grant	42,270
Safety Grant	<u>2,000</u>
Total Change in Budgeted Revenues	<u>\$ 1,646,670</u>

The following increases to current year appropriations were made:

Appropriations

1. A special FY 2014 year-end appropriation transfer of \$1,545,000 from the General Fund to the Capital Projects Fund funded through projected excess revenue collections in the current year to pay for certain proposed FY 2015 capital projects and equipment. The projects include funding for upgrades and expansion of the City's radio communication system (\$1,000,000), Smith Park Phase Two design and paving (\$250,000), Flagpole Park master planning and engineering (\$140,000), Traffic Signal equipment (\$105,000) and funding for improvements to the drive-up book drop at the library (\$50,000).
2. A special FY 2014 year-end transfer of \$2,936,520 from the General Fund unassigned fund balance to the Capital Projects fund for the purchase of the additional 78 acres at Smith Park approved in October 2013 plus associated legal and closing expenses.
3. A special FY 2014 year-end transfer of \$750,000 from the General Fund unassigned fund balance to the Capital Projects fund for right of way acquisition funding for the Franklin Road widening project.
4. An appropriation increase to the Fire Department activity for \$44,270 for (1) a Fire Safety House approved at the September 9, 2013 City Commission meeting with 90% funding provided by a FEMA grant (\$42,270) and (2) citywide safety equipment approved at the July 22, 2013 City Commission meeting with funding provided by a TML "Safety Partner" matching grant program (\$2,000).
5. An appropriation increase to the Public Works activity of \$40,000 for truck/equipment rental (\$26,000) and overtime salaries (\$14,000) for brush pickup and disposal related to the late winter ice storm.
6. An appropriation increase to the Technology Department activity of \$17,400 for the City's portion of the cost of a new high speed notification service in partnership with Williamson County and Franklin as approved at the January 13, 2014 City Commission meeting with funding provided by accumulated funds and transfer from the Equipment Replacement Fund.

The General Fund unassigned fund balance at June 30, 2014 is \$30,701,075. Even with this reduction due to the appropriation amendments, the unassigned fund balance exceeds the adopted 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 \$154,622 greater than budgeted projections due to a thriving retail market.
2. Real and Personal Property Taxes were \$250,179 greater than budget projections due to new development over the past year.
3. Hotel/Motel tax collections were \$112,235 greater than budget projections due to continuing strong occupancy levels in Brentwood hotels
4. Licenses and Permits were \$208,727 more than budgeted projections primarily due to Building, Plumbing and Mechanical Permit collections of \$876,253 exceeding budgeted projections by \$156,253 due to robust residential and commercial development activity.
5. State income tax collections exceeded budgeted projections by \$2,337,239 due to conservative budgeting and higher investment market returns.

Business Tax collections were \$206,556 higher than budgeted projections due to conservative budgeting and from the State's ability to review Federal and State databases on businesses for cross checking/auditing/compliance.

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, 2014 amounts to \$291,232,952 (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 8 streets (or sections of streets) within the city limits as public streets, with a valuation (including right-of way and easements) of \$4,062,750;
- Purchase of an additional 80 acres adjacent to the Marcella Vivrette Smith Park.
- Pumper Fire Truck for Fire and Rescue Department
- HVAC Boiler Replacements at Library
- Groundmaster 4500D Mower for Parks Department
- Fire Safety House for the Fire and Rescue Department
- Traffic Maintenance van for use in the Public's Works Traffic Operations division.
- FY 2014 system-wide upgrade of traffic signal controllers and associated equipment and software
- A remote computer monitoring system for all back-up generators
- An outdoor warning siren
- 4 defibrillators with accessories for the Fire and Rescue Department
- Brush Chipper Truck for the Public Works Department
- Various building and system additions and improvements were completed in the Water and Sewer Fund at a cost of \$2,721,763.

City of Brentwood Capital Assets
(net of depreciation)
June 30, 2014 and 2013
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$106,814	\$ 102,047	\$ 1,124	\$ 1,114	\$107,938	\$ 103,161
Buildings and improvements	16,215	16,720	1,751	1,878	17,966	18,598
Utility plant in service	-	-	65,522	63,547	65,522	63,547
Improvements other than buildings	2,705	3,155	1,435	1,390	4,140	4,545
Machinery and equipment	6,711	6,663	1,544	1,855	8,255	8,518
Infrastructure	80,361	82,079	-	-	80,361	82,079
Construction in progress	<u>6,969</u>	<u>2,246</u>	<u>82</u>	<u>603</u>	<u>7,051</u>	<u>2,849</u>
Total Assets	<u>\$219,775</u>	<u>\$ 212,910</u>	<u>\$ 71,458</u>	<u>\$ 70,387</u>	<u>\$291,233</u>	<u>\$ 283,297</u>

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

Long-term bonded debt. At the end of the current fiscal year, the City of Brentwood had total long-term bonded debt outstanding of \$58,375,000. Of this amount, \$48,590,000 comprises debt backed by the full faith and credit of the City and \$9,785,000 comprises bonds secured 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, 2014 and 2013
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 29,700	\$ 27,310	\$ 18,890	\$ 15,710	\$ 48,590	\$ 43,020
Revenue and tax bonds	<u>-</u>	<u>-</u>	<u>9,785</u>	<u>11,295</u>	<u>9,785</u>	<u>11,295</u>
Total bonds	29,700	27,310	28,675	27,005	58,375	54,315
Premiums (discounts), net	<u>707</u>	<u>617</u>	<u>146</u>	<u>63</u>	<u>853</u>	<u>680</u>
Total	<u>\$ 30,407</u>	<u>\$ 27,927</u>	<u>\$ 28,821</u>	<u>\$ 27,068</u>	<u>\$ 59,228</u>	<u>\$ 54,995</u>

The City of Brentwood's total long-term debt increased by \$4,060,000 (7%) during the current fiscal year. The key factor in this increase was the net effect of bond proceeds from a General Obligation Public Improvement Bonds issuance payable by water and sewer revenues (\$3.3M), bond proceeds from a General Obligation Public Improvement Bonds (\$4.9M) and the payment of principal amounts for existing General Obligation debt (\$2.5M) and Water & Sewer debt (\$1.6M).

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 \$58,375,000 translates to approximately \$1,459 per capita (excluding discounts and premiums) using the 2014 US Bureau estimated 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 5.7%, a decrease from 6.2% a year ago. This compares to the county's rate of 5.4%, the state's average unemployment rate of 6.6% and the national average rate of 6.3%.
- The direct office space vacancy rate of the City of Brentwood's central business district was 3.4% as of June 2014.
- 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 2015 fiscal year.

During the current fiscal year, the total unassigned fund balance in the general fund increased to \$30,701,075. The City of Brentwood has not appropriated any of this amount for spending in the 2015 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
www.brentwood-tn.org

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET POSITION

JUNE 30, 2014

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 56,396,646	\$ 26,138,721	\$ 82,535,367
Property tax receivable	11,318,610	-	11,318,610
Sales tax receivable	1,069,838	-	1,069,838
Intergovernmental revenue receivable	5,011,008	-	5,011,008
Accounts receivable	437,309	2,510,092	2,947,401
Internal balances	(257,532)	257,532	-
Inventories	68,352	249,270	317,622
Prepaid expenses	20,568	9,050	29,618
Restricted assets:			
Cash	1,538,571	7,969,446	9,508,017
Capital assets:			
Utility plant in service	-	103,866,472	103,866,472
Land	106,813,683	1,124,830	107,938,513
Buildings and structures	22,383,331	4,309,312	26,692,643
Improvements other than buildings	11,669,239	2,425,726	14,094,965
Furniture, machinery and equipment	19,483,588	4,641,879	24,125,467
Infrastructure	197,697,320	-	197,697,320
Construction in progress	6,969,262	82,273	7,051,535
Accumulated depreciation	(145,241,791)	(44,992,172)	(190,233,963)
Other post employment benefits asset	1,629,078	120,000	1,749,078
TOTAL ASSETS	297,007,080	108,712,431	405,719,511
DEFERRED OUTFLOWS OF RESOURCES	794,352	33,268	827,620
LIABILITIES			
Accounts payable	2,399,981	2,231,047	4,631,028
Claims payable	164,789	-	164,789
Accrued salaries and benefits	533,841	398,189	932,030
Accrued interest	372,146	290,201	662,347
Other payables	2,679,877	97,771	2,777,648
Liabilities payable from restricted assets	217,565	187,463	405,028
Long-term liabilities:			
Due within one year	3,555,000	1,445,000	5,000,000
Due in more than one year	29,837,544	27,376,143	57,213,687
TOTAL LIABILITIES	39,760,743	32,025,814	71,786,557
DEFERRED INFLOWS OF RESOURCES	12,164,173	-	12,164,173
NET POSITION			
Net investment in capital assets	190,264,011	50,452,428	240,716,439
Restricted for:			
Roads and streets	382,211	-	382,211
Capital projects	2,232,769	-	2,232,769
Drug enforcement and education	408,363	-	408,363
Community development projects	1,130,208	-	1,130,208
Unrestricted	51,458,954	26,267,457	77,726,411
TOTAL NET POSITION	\$ 245,876,516	\$ 76,719,885	\$ 322,596,401

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government:							
Governmental Activities:							
General government	\$ 6,674,735	\$ 1,273,686	\$ 110	\$ 44,885	\$ (5,356,054)	\$ -	\$ (5,356,054)
Public safety	12,623,784	-	42,127	-	(12,581,657)	-	(12,581,657)
Roads and streets	9,317,989	703,350	958,819	4,062,750	(3,593,070)	-	(3,593,070)
Public health	88,068	-	-	-	(88,068)	-	(88,068)
Parks and recreation	2,630,573	124,736	-	-	(2,505,837)	-	(2,505,837)
Public library	2,695,163	148,520	3,000	-	(2,543,643)	-	(2,543,643)
Community support	312,295	27,850	-	-	(284,445)	-	(284,445)
Drug education	53,055	-	-	-	(53,055)	-	(53,055)
Interest and issuance costs on long-term debt	1,198,233	-	-	-	(1,198,233)	-	(1,198,233)
Total governmental activities	35,593,895	2,278,142	1,004,056	4,107,635	(28,204,062)	-	(28,204,062)
Business-type activities:							
Water and Sewer	15,954,570	14,434,478	-	2,762,989	-	1,242,897	1,242,897
Rental facilities	656,642	675,285	-	-	-	18,643	18,643
911 operations	1,224,118	576,880	238,727	-	-	(408,511)	(408,511)
Total business-type activities	17,835,330	15,686,643	238,727	2,762,989	-	853,029	853,029
Total primary government	\$ 53,429,225	\$ 17,964,785	\$ 1,242,783	\$ 6,870,624	(28,204,062)	853,029	(27,351,033)
General Revenues:							
Taxes:							
Property taxes					11,030,338	-	11,030,338
Local option sales tax					12,954,622	-	12,954,622
Hotel/motel taxes					1,362,325	-	1,362,325
Wholesale beer and liquor taxes					1,282,506	-	1,282,506
Adequate schools facilities taxes					616,142	-	616,142
Other taxes					536,418	-	536,418
Unrestricted intergovernmental taxes:							
State sales tax					2,647,788	-	2,647,788
State income tax					3,237,239	-	3,237,239
Business tax					1,881,556	-	1,881,556
TVA in-lieu tax					410,018	-	410,018
Mixed drink and beer tax					182,131	-	182,131
Petroleum special tax					75,841	-	75,841
Corporate excise tax					48,993	-	48,993
Telecommunications tax					3,791	-	3,791
Other intergovernmental					343,912	-	343,912
Unrestricted investment earnings					566,443	84,556	650,999
Miscellaneous					213,000	-	213,000
Transfers					(418,700)	418,700	-
Total general revenues and transfers					36,974,363	503,256	37,477,619
Change in net position					8,770,301	1,356,285	10,126,586
Net Position - beginning					237,106,215	75,363,600	312,469,815
Net Position - ending					\$ 245,876,516	\$ 76,719,885	\$ 322,596,401

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS:					
Cash and cash equivalents	\$ 39,029,369	\$ 3,706,319	\$ 8,648,317	\$ 2,812,283	\$ 54,196,288
Receivables:					
Property tax	11,318,610	-	-	-	11,318,610
Sales tax	1,069,838	-	-	-	1,069,838
Intergovernmental	4,787,930	-	-	223,078	5,011,008
Accounts	367,575	-	32,851	-	400,426
Miscellaneous	-	-	-	721	721
Due from other funds:					
Emergency Communications District	519	-	-	-	519
General Fund	-	-	5,231,520	-	5,231,520
Prepaid items and deposits	20,568	-	-	-	20,568
Inventories of supplies	3,309	-	-	-	3,309
Restricted assets:					
Cash and cash equivalents	16,997	-	1,113,932	407,642	1,538,571
TOTAL ASSETS	<u>\$ 56,614,715</u>	<u>\$ 3,706,319</u>	<u>\$ 15,026,620</u>	<u>\$ 3,443,724</u>	<u>\$ 78,791,378</u>
LIABILITIES:					
Accounts payable	563,214	-	1,379,655	420,381	2,363,250
Accrued salaries	533,841	-	-	-	533,841
Due to other funds:					
Capital Projects Fund	5,231,520	-	-	-	5,231,520
Fuel Fund	43,477	-	-	-	43,477
Other payables	2,679,877	-	-	-	2,679,877
Retainage payable	-	-	217,565	-	217,565
TOTAL LIABILITIES	<u>9,051,929</u>	<u>-</u>	<u>1,597,220</u>	<u>420,381</u>	<u>11,069,530</u>
DEFERRED INFLOWS OF RESOURCES	<u>12,164,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,164,173</u>
FUND BALANCES:					
Fund balance:					
Nonspendable	23,877	-	-	-	23,877
Restricted for street repairs	-	-	-	382,211	382,211
Restricted for drug enforcement and education	-	-	-	408,363	408,363
Restricted for capital projects	-	-	-	2,232,769	2,232,769
Committed to capital projects	-	-	13,429,400	-	13,429,400
Committed to debt service	-	3,706,319	-	-	3,706,319
Committed to equipment replacement	2,260,826	-	-	-	2,260,826
Committed to facilities maintenance	1,521,512	-	-	-	1,521,512
Committed to funding post employment benefits	891,323	-	-	-	891,323
Unassigned	30,701,075	-	-	-	30,701,075
TOTAL FUND BALANCES	<u>35,398,613</u>	<u>3,706,319</u>	<u>13,429,400</u>	<u>3,023,343</u>	<u>55,557,675</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 56,614,715</u>	<u>\$ 3,706,319</u>	<u>\$ 15,026,620</u>	<u>\$ 3,443,724</u>	<u>\$ 78,791,378</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

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

JUNE 30, 2014

Total Governmental Funds Balances		\$ 55,557,675
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds Balance Sheet		219,774,632
Net other post employment benefits asset in governmental activities is not a current financial resource and therefore are not reported in the governmental funds Balance Sheet		1,629,078
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due		(372,146)
The internal service funds are used by management to charge the cost of fuel supplies and health insurance premiums to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position		1,885,469
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	(29,700,000)	
Less deferred charges on refunding bonds	794,352	
Less bond discount	9,075	
Add bond premium	(716,063)	
Compensated absences	<u>(2,985,556)</u>	
		<u>(32,598,192)</u>
Net Position of Governmental Activities		<u>\$ 245,876,516</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, 2014

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 27,166,209	\$ -	\$ -	\$ -	\$ 27,166,209
Licenses and permits	1,008,427	-	-	601,102	1,609,529
Fines and fees	307,980	-	-	-	307,980
Charges for services	360,633	-	-	-	360,633
Intergovernmental	8,922,387	-	(996)	1,574,961	10,496,352
Uses of money and property	514,771	11,256	33,586	6,830	566,443
Other	93,154	-	34,500	85,346	213,000
TOTAL REVENUES	38,373,561	11,256	67,090	2,268,239	40,720,146
EXPENDITURES					
Current:					
General government	6,056,590	4,861	-	-	6,061,451
Public safety	12,898,119	-	-	-	12,898,119
Roads and streets	4,106,761	-	-	1,040,000	5,146,761
Public health	88,068	-	-	-	88,068
Parks and recreation	1,993,508	-	-	-	1,993,508
Public library	2,255,226	-	-	-	2,255,226
Community support	312,295	-	-	-	312,295
Drug education	-	-	-	30,717	30,717
Capital outlay	-	-	8,611,260	-	8,611,260
Debt service	-	3,381,317	66,464	-	3,447,781
TOTAL EXPENDITURES	27,710,567	3,386,178	8,677,724	1,070,717	40,845,186
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,662,994	(3,374,922)	(8,610,634)	1,197,522	(125,040)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,350,000	7,681,520	-	11,031,520
Transfers out	(9,300,220)	-	-	(2,150,000)	(11,450,220)
Issuance of refunding bonds	-	1,005,000	-	-	1,005,000
Payment to refunded bond escrow agent	-	(1,035,464)	-	-	(1,035,464)
Bond premium	-	49,270	76,018	-	125,288
Issuance of general obligation bonds	-	-	4,895,000	-	4,895,000
TOTAL OTHER FINANCING SOURCES (USES)	(9,300,220)	3,368,806	12,652,538	(2,150,000)	4,571,124
NET CHANGE IN FUND BALANCE	1,362,774	(6,116)	4,041,904	(952,478)	4,446,084
FUND BALANCE, BEGINNING OF YEAR	34,035,839	3,712,435	9,387,496	3,975,821	51,111,591
FUND BALANCE, END OF YEAR	\$ 35,398,613	\$ 3,706,319	\$ 13,429,400	\$ 3,023,343	\$ 55,557,675

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, 2014

Net Change in Fund Balance - Governmental Funds \$ 4,446,084

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	11,210,103
Donated capital assets from developers and State	4,062,750
Disposition of unrecovered book cost on disposed assets	(14,153)
Depreciation expense	(8,394,483)

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities	2,475,000
--	-----------

Interest is accrued on the outstanding bonds in the Statement of Activities, whereas in the governmental funds, an interest expenditure is reported when due:

Accrued interest on debt obligations at June 30, 2014	(372,146)
Accrued interest on debt obligations at June 30, 2013	195,063

The internal service funds are used by management to charge the cost of fuel supplies and health insurance premiums to the individual funds. The changes in net position of the internal service funds are reported with governmental activities in the Statement of Activities	210,929
---	---------

Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term obligations for governmental activities	(5,900,000)
---	-------------

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

Payments to refunded bond escrow agent	1,035,464
Bond premium	(125,288)
Amortization of bond premium/discount	45,790
Amortization of deferred amount on refunding	(94,159)

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

Change in accrual for compensated absences	<u>(10,653)</u>
--	-----------------

Change in Net Position of Governmental Activities \$ 8,770,301

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, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes:				
Local sales tax	\$ 12,015,000	\$ 12,800,000	\$ 12,954,622	\$ 154,622
Real and personal property	10,450,000	10,450,000	10,700,179	250,179
Public utility property tax	360,000	360,000	330,159	(29,841)
Hotel/motel taxes	1,060,000	1,250,000	1,362,325	112,325
Wholesale beer tax	600,000	600,000	619,133	19,133
Wholesale liquor tax	550,000	590,000	663,373	73,373
Television franchise tax	425,000	425,000	469,691	44,691
Other	65,000	65,000	66,727	1,727
Licenses and permits	729,700	799,700	1,008,427	208,727
Fines and fees	310,000	310,000	307,980	(2,020)
Charges for services	335,600	335,600	360,633	25,033
Intergovernmental:				
State sales tax	2,500,000	2,600,000	2,647,788	47,788
State income tax	900,000	900,000	3,237,239	2,337,239
Business tax	1,275,000	1,675,000	1,881,556	206,556
TVA in-lieu of tax	420,000	420,000	410,018	(9,982)
Mixed drink tax	130,000	130,000	164,595	34,595
Beer tax	18,000	18,000	17,536	(464)
Petroleum special tax	75,000	75,000	75,841	841
Corporate excise tax	15,000	15,000	48,993	33,993
Telecommunications tax	3,000	3,000	3,791	791
Other	149,050	193,320	200,533	7,213
Uses of money and property:				
Interest earnings	65,000	65,000	70,221	5,221
Other	279,000	279,000	305,303	26,303
Other	<u>130,500</u>	<u>130,500</u>	<u>215,221</u>	<u>84,721</u>
TOTAL REVENUES	<u>32,859,850</u>	<u>34,489,120</u>	<u>38,121,884</u>	<u>3,632,764</u>
EXPENDITURES				
Current:				
General government:				
City Commission:				
Personnel services	142,730	142,730	139,924	(2,806)
Professional services	15,000	15,000	12,325	(2,675)
Other costs	15,000	15,000	8,839	(6,161)

(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, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
City Court:				
Personnel services	\$ 25,000	\$ 25,000	\$ 25,080	\$ 80
Other costs	12,600	12,600	2,092	(10,508)
City Manager's office:				
Personnel services	382,485	382,485	377,993	(4,492)
Supplies and materials	4,500	4,500	4,506	6
Professional services	6,000	6,000	3,500	(2,500)
Other costs	2,750	2,750	1,463	(1,287)
Capital outlay	-	-	-	-
Elections:				
Board of commission	-	-	-	-
Finance:				
Personnel services	616,385	616,385	600,790	(15,595)
Supplies and materials	44,300	44,300	31,911	(12,389)
Professional services	142,000	142,000	116,602	(25,398)
Repairs and maintenance	48,000	48,000	42,933	(5,067)
Other costs	5,500	5,500	2,807	(2,693)
City recorder:				
Personnel services	97,745	97,745	97,259	(486)
Supplies and materials	1,300	1,300	418	(882)
Professional services	7,000	7,000	2,133	(4,867)
Repairs and maintenance	11,500	11,500	10,416	(1,084)
Other costs	5,200	5,200	4,160	(1,040)
Legal services:				
Personnel services	193,135	193,135	188,254	(4,881)
Supplies and materials	15,300	15,300	16,001	701
Professional services	50,000	50,000	37,200	(12,800)
Other costs	500	500	102	(398)
Information/technology:				
Personnel services	506,660	506,660	470,135	(36,525)
Supplies and materials	7,400	7,400	4,806	(2,594)
Professional services	35,000	35,000	50,401	15,401
Repairs and maintenance	91,000	108,400	81,852	(26,548)
Other costs	88,500	88,500	64,039	(24,461)
Capital outlay	393,000	393,000	375,000	(18,000)

(Continued on next page)

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

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

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
GIS:				
Personnel services	\$ 259,555	\$ 259,555	\$ 250,314	\$ (9,241)
Supplies and materials	4,100	4,100	3,235	(865)
Professional services	20,000	20,000	4,750	(15,250)
Repairs and maintenance	28,000	28,000	26,319	(1,681)
Other costs	500	500	65	(435)
Capital outlay	-	-	-	-
Human resources:				
Personnel services	264,955	264,955	262,483	(2,472)
Supplies and materials	5,600	5,600	3,737	(1,863)
Professional services	79,550	79,550	70,285	(9,265)
Other costs	41,450	41,450	38,020	(3,430)
Community relations:				
Personnel services	195,040	195,040	174,437	(20,603)
Supplies and materials	30,350	30,350	21,061	(9,289)
Professional services	25,000	25,000	24,058	(942)
Repairs and maintenance	43,000	43,000	46,215	3,215
Other costs	52,600	52,600	44,818	(7,782)
Planning and development:				
Personnel services	320,035	320,035	308,686	(11,349)
Supplies and materials	13,500	13,500	11,143	(2,357)
Professional services	13,000	13,000	8,925	(4,075)
Repairs and maintenance	41,200	41,200	37,105	(4,095)
Other costs	7,250	7,250	3,452	(3,798)
Capital outlay	-	-	-	-
Codes enforcement:				
Personnel services	726,530	726,530	713,836	(12,694)
Supplies and materials	30,000	30,000	22,437	(7,563)
Professional services	8,000	8,000	2,010	(5,990)
Repairs and maintenance	8,000	8,000	3,312	(4,688)
Other costs	14,600	14,600	10,961	(3,639)
Capital outlay	46,400	46,400	-	(46,400)
Municipal Center:				
Rent expense	623,135	623,135	623,135	-
Insurance/other benefits:				
Personnel	698,300	698,300	666,658	(31,642)
Other	76,100	76,100	70,034	(6,066)
Total general government	<u>6,641,240</u>	<u>6,658,640</u>	<u>6,224,432</u>	<u>(434,208)</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, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Public safety:				
Police department:				
Personnel services	\$ 5,275,410	\$ 5,275,410	\$ 5,204,511	\$ (70,899)
Supplies and materials	404,000	404,000	342,189	(61,811)
Professional services	56,000	56,000	75,853	19,853
Repairs and maintenance	194,500	194,500	127,806	(66,694)
Other costs	152,900	152,900	134,916	(17,984)
Capital outlay	377,500	377,500	376,149	(1,351)
Fire and Rescue department:				
Personnel services	5,562,375	5,562,375	5,554,665	(7,710)
Supplies and materials	140,300	140,300	152,363	12,063
Professional services	33,000	33,000	36,338	3,338
Repairs and maintenance	94,500	94,500	112,566	18,066
Other costs	282,350	282,350	277,017	(5,333)
Capital outlay	318,950	345,820	355,562	9,742
Brentwood Safety Center East:				
Supplies and materials	5,500	5,500	5,112	(388)
Professional services	1,000	1,000	1,513	513
Repairs and maintenance	27,000	27,000	34,614	7,614
Other costs	30,650	30,650	32,896	2,246
Total public safety	<u>12,955,935</u>	<u>12,982,805</u>	<u>12,824,070</u>	<u>(158,735)</u>
Roads and streets:				
Public works:				
Personnel	1,258,315	1,272,315	1,240,930	(31,385)
Supplies and materials	254,500	254,500	277,641	23,141
Professional services	5,000	5,000	2,449	(2,551)
Repairs and maintenance	920,000	920,000	898,680	(21,320)
Other	61,200	87,200	69,328	(17,872)
Capital outlay	224,200	224,200	221,516	(2,684)
Storm drainage:				
Capital outlay	50,000	50,000	25,173	(24,827)

(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, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Traffic Signalization:				
Street lighting	\$ 455,000	\$ 455,000	\$ 501,101	\$ 46,101
Personnel services	160,040	160,040	157,679	(2,361)
Supplies and materials	28,000	28,000	21,734	(6,266)
Professional services	25,000	25,000	10,085	(14,915)
Repairs and maintenance	22,000	22,000	11,941	(10,059)
Other	26,400	26,400	25,730	(670)
Capital outlay	16,500	16,500	15,995	(505)
Service center:				
Personnel services	92,320	92,320	84,760	(7,560)
Supplies and materials	18,850	18,850	18,893	43
Professional services	7,000	7,000	12,293	5,293
Repairs and maintenance	72,500	72,500	81,942	9,442
Other costs	66,150	66,150	52,023	(14,127)
Engineering services:				
Personnel services	470,795	470,795	455,949	(14,846)
Supplies and materials	11,500	11,500	10,420	(1,080)
Professional services	15,000	15,000	1,690	(13,310)
Repairs and maintenance	3,000	3,000	2,163	(837)
Other costs	24,500	24,500	18,425	(6,075)
Total roads and streets	<u>4,287,770</u>	<u>4,327,770</u>	<u>4,218,540</u>	<u>(109,230)</u>
Public health:				
Co. Health Dept. Contract	15,000	15,000	15,000	-
Co. Animal Control Contract	<u>70,000</u>	<u>70,000</u>	<u>73,068</u>	<u>3,068</u>
Total public health	<u>85,000</u>	<u>85,000</u>	<u>88,068</u>	<u>3,068</u>
Parks and recreation:				
Personnel services	1,080,420	1,080,420	1,031,624	(48,796)
Supplies and materials	119,600	119,600	126,185	6,585
Professional services	1,000	1,000	-	(1,000)
Repairs and maintenance	437,500	437,500	387,714	(49,786)
Other costs	337,300	337,300	287,232	(50,068)
Capital outlay	<u>69,000</u>	<u>69,000</u>	<u>68,941</u>	<u>(59)</u>
Total parks and recreation	<u>2,044,820</u>	<u>2,044,820</u>	<u>1,901,696</u>	<u>(143,124)</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, 2014

	<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>		
Public library:				
Personnel services	\$ 1,255,745	\$ 1,255,745	\$ 1,236,444	\$ (19,301)
Supplies and materials	446,500	446,500	386,424	(60,076)
Professional services	60,000	60,000	76,612	16,612
Repairs and maintenance	229,500	229,500	228,910	(590)
Other costs	244,300	244,300	233,131	(11,169)
Capital outlay	-	-	10,535	10,535
Total public library	<u>2,236,045</u>	<u>2,236,045</u>	<u>2,172,056</u>	<u>(63,989)</u>
Community support:				
Education	216,000	216,000	215,250	(750)
Chamber of Commerce	10,000	10,000	10,000	-
Crockett Historic Center	<u>100,100</u>	<u>100,100</u>	<u>87,045</u>	<u>(13,055)</u>
Total community support	<u>326,100</u>	<u>326,100</u>	<u>312,295</u>	<u>(13,805)</u>
TOTAL EXPENDITURES	<u>28,576,910</u>	<u>28,661,180</u>	<u>27,741,157</u>	<u>(920,023)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,282,940</u>	<u>5,827,940</u>	<u>10,380,727</u>	<u>4,552,787</u>
OTHER FINANCING USES				
Transfers to Debt Service Fund	(3,350,000)	(3,350,000)	(3,350,000)	-
Transfers to Emergency Communication District	(418,700)	(418,700)	(418,700)	-
Transfers to Capital Projects Fund	(300,000)	(5,531,520)	(5,531,520)	-
Transfers to Committed - Facilities Maintenance	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>(4,268,700)</u>	<u>(9,500,220)</u>	<u>(9,500,220)</u>	<u>-</u>
CHANGE IN FUND BALANCE - GENERAL FUND - AS BUDGETED	<u>14,240</u>	<u>(3,672,280)</u>	<u>880,507</u>	<u>4,552,787</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, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
COMMITTED ACTIVITY BUDGETED SEPARATELY				
Equipment replacement:				
Transfers from other departments	\$ 1,208,500	\$ 1,191,100	\$ 1,191,100	\$ -
Interest income	3,000	3,000	6,207	3,207
Other income	7,500	7,500	126,973	119,473
Equipment expenditures	<u>(560,000)</u>	<u>(1,138,600)</u>	<u>(1,055,528)</u>	<u>(83,072)</u>
Net change - equipment replacement	<u>659,000</u>	<u>63,000</u>	<u>268,752</u>	<u>39,608</u>
Facilities maintenance:				
Intergovernmental revenues	-	44,885	44,885	-
Committed transfer from General Fund	200,000	200,000	200,000	-
Interest income	3,000	3,000	4,017	1,017
Maintenance expenditures	<u>(235,000)</u>	<u>(318,170)</u>	<u>(204,982)</u>	<u>(113,188)</u>
Net change - facilities maintenance	<u>(32,000)</u>	<u>(70,285)</u>	<u>43,920</u>	<u>(112,171)</u>
Post employment benefits:				
Transfers from other departments	167,545	(32,455)	167,545	200,000
Interest income	<u>1,000</u>	<u>1,000</u>	<u>2,050</u>	<u>1,050</u>
Net change - post employment benefits	<u>168,545</u>	<u>(31,455)</u>	<u>169,595</u>	<u>201,050</u>
NET CHANGE IN FUND BALANCE	<u>\$ 809,785</u>	<u>\$ (3,711,020)</u>	1,362,774	<u>\$ 5,073,794</u>
FUND BALANCE, BEGINNING OF YEAR			<u>34,035,839</u>	
FUND BALANCE, END OF YEAR			<u>\$ 35,398,613</u>	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2014

	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	\$ 22,782,811	\$ 1,701,944	\$ 1,653,966	\$ 26,138,721	\$ 2,200,358
Receivables:					
Accounts	1,245,575	-	87,253	1,332,828	36,162
Due from other funds:					
General Fund	-	-	-	-	43,477
State Street Aid	-	-	-	-	-
Water and Sewer	-	-	-	-	6,167
Emergency Communications District	-	2,650	-	2,650	-
Unbilled utility revenue	1,177,264	-	-	1,177,264	-
Inventories of supplies	249,270	-	-	249,270	65,043
Prepaid expenses	-	-	9,050	9,050	-
Restricted cash and cash equivalents	7,969,446	-	-	7,969,446	-
Total Current Assets	33,424,366	1,704,594	1,750,269	36,879,229	2,351,207
Noncurrent Assets:					
Property, plant and equipment, net of accumulated depreciation	67,348,394	3,124,868	985,058	71,458,320	-
Other post employment benefits asset	120,000	-	-	120,000	-
Total Noncurrent Assets	67,468,394	3,124,868	985,058	71,578,320	-
Total Assets	100,892,760	4,829,462	2,735,327	108,457,549	2,351,207
DEFERRED OUTFLOWS OF RESOURCES					-
Advance refundings of debt	33,268	-	-	33,268	-
LIABILITIES					
Current Liabilities (payable from current assets):					
Current maturities of long-term debt	1,445,000	-	-	1,445,000	-
Accounts payable	2,186,900	35,685	8,462	2,231,047	36,731
Claims payable	-	-	-	-	164,789
Accrued salaries	52,165	-	22,139	74,304	-
Accrued interest	290,201	-	-	290,201	-
Due to other funds:					
Due to General Fund	-	-	519	519	-
Due to Fuel Fund	6,167	-	-	6,167	-
Due to Municipal Center	-	-	2,650	2,650	-
Other payables	88,648	-	9,123	97,771	-
Compensated absences payable	222,620	-	101,265	323,885	-
Current liabilities (payable from restricted assets):					
Retainage payable	187,463	-	-	187,463	-
Total Current Liabilities (payable from current assets)	4,479,164	35,685	144,158	4,659,007	201,520
Noncurrent Liabilities:					
Long-term debt, net of current maturities	27,376,143	-	-	27,376,143	-
Total Noncurrent Liabilities	27,376,143	-	-	27,376,143	-
Total Liabilities	31,855,307	35,685	144,158	32,035,150	201,520
NET POSITION					
Net investment in capital assets	46,342,502	3,124,868	985,058	50,452,428	-
Unrestricted	22,728,219	1,668,909	1,606,111	26,003,239	2,149,687
TOTAL NET POSITION	<u>\$ 69,070,721</u>	<u>\$ 4,793,777</u>	<u>\$ 2,591,169</u>	76,455,667	<u>\$ 2,149,687</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				264,218	
Net position of business-type activities				<u>\$ 76,719,885</u>	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL	
OPERATING REVENUES					
Water sales, pledged as security on revenue bonds	\$ 7,290,592	\$ -	\$ -	\$ 7,290,592	\$ -
Sewer service charges, pledged as security on revenue bonds	6,543,858	-	-	6,543,858	-
Rental income	-	675,285	-	675,285	-
911 Fees	-	-	576,880	576,880	-
Internal charges	-	-	-	-	3,388,806
Other	600,028	-	238,727	838,755	172,163
TOTAL OPERATING REVENUES	14,434,478	675,285	815,607	15,925,370	3,560,969
OPERATING EXPENSES					
Water purchased	4,805,013	-	-	4,805,013	-
Depreciation and amortization	2,716,986	291,758	169,813	3,178,557	-
Materials and supplies	435,230	-	45,458	480,688	448,938
Sewerage treatment charges	3,338,451	-	-	3,338,451	-
Salaries and benefits	1,909,229	-	818,862	2,728,091	2,871,920
Maintenance	1,310,741	157,858	83,579	1,552,178	-
Utilities	280,353	154,047	-	434,400	-
Professional services	100,076	33,167	19,810	153,053	-
Communications	8,362	9,434	75,749	93,545	-
Other	206,827	10,378	16,648	233,853	-
TOTAL OPERATING EXPENSES	15,111,268	656,642	1,229,919	16,997,829	3,320,858
OPERATING INCOME	(676,790)	18,643	(414,312)	(1,072,459)	240,111
NONOPERATING REVENUES (EXPENSES)					
Interest income	75,510	4,681	4,365	84,556	5,321
Interest expense	(872,004)	-	-	(872,004)	-
TECB grants and reimbursements	-	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(796,494)	4,681	4,365	(787,448)	5,321
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,473,284)	23,324	(409,947)	(1,859,907)	245,432
CAPITAL CONTRIBUTIONS - TAP FEES	2,762,989	-	-	2,762,989	-
TRANSFERS IN	-	-	418,700	418,700	-
TRANSFERS OUT	-	-	-	-	-
CHANGE IN NET POSITION	1,289,705	23,324	8,753	1,321,782	245,432
TOTAL NET POSITION, BEGINNING OF YEAR	67,781,016	4,770,453	2,582,416		1,904,255
TOTAL NET POSITION, END OF YEAR	\$ 69,070,721	\$ 4,793,777	\$ 2,591,169		\$ 2,149,687
Adjustment to reflect the consolidation of internal service funds related to enterprise funds				34,503	
Change in net position of business-type activities				\$ 1,356,285	

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER AND SEWER FUND	MUNICIPAL CENTER FUND	EMERGENCY COMMUNICATIONS DISTRICT	TOTAL ENTERPRISE FUNDS	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 14,133,817	\$ 675,285	\$ 819,605	\$ 15,628,707	\$ -
Receipts from internal services provided	-	-	-	-	3,529,983
Payments to suppliers	(10,083,640)	(520,025)	(285,250)	(10,888,915)	(3,396,250)
Payments to employees	(1,877,139)	-	(791,628)	(2,668,767)	-
Net cash provided by (used in) operating activities	<u>2,173,038</u>	<u>155,260</u>	<u>(257,273)</u>	<u>2,071,025</u>	<u>133,733</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts on interfund borrowing	-	-	-	-	-
Transfers from general fund	-	-	-	-	-
Contribution/transfer from general fund	-	-	418,700	418,700	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>418,700</u>	<u>418,700</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(4,192,570)	(33,240)	(13,414)	(4,239,224)	-
TECB grants and reimbursements received	-	-	-	-	-
Proceeds from water and sewer tap fees	2,762,989	-	-	2,762,989	-
Restricted cash used to fund capital asset additions	354,070	-	-	354,070	-
Proceeds from bond issue	3,890,000	-	-	3,890,000	-
Principal paid on long-term debt	(2,220,000)	-	-	(2,220,000)	-
Interest paid on long-term debt	(784,561)	-	-	(784,561)	-
Net cash provided by (used in) capital and related financing activities	<u>(190,072)</u>	<u>(33,240)</u>	<u>(13,414)</u>	<u>(236,726)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	<u>75,510</u>	<u>4,681</u>	<u>4,365</u>	<u>84,556</u>	<u>5,321</u>
Net cash provided by investing activities	<u>75,510</u>	<u>4,681</u>	<u>4,365</u>	<u>84,556</u>	<u>5,321</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>2,058,476</u>	<u>126,701</u>	<u>152,378</u>	<u>2,337,555</u>	<u>139,054</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>20,724,335</u>	<u>1,575,243</u>	<u>1,501,588</u>	<u>23,801,166</u>	<u>2,061,304</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,782,811</u>	<u>\$ 1,701,944</u>	<u>\$ 1,653,966</u>	<u>\$ 26,138,721</u>	<u>\$ 2,200,358</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income	\$ (676,790)	\$ 18,643	\$ (414,312)	\$ (1,072,459)	\$ 240,111
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,716,986	291,758	169,813	3,178,557	-
(Increase) decrease in:					
Accounts receivable	(188,520)	-	3,998	(184,522)	(21,561)
Due from general fund	-	-	-	-	(8,176)
Unbilled utility revenue	(112,141)	-	-	(112,141)	-
Inventories of supplies	74,423	-	-	74,423	(28,318)
Prepaid expenses	1,472	-	(4,600)	(3,128)	-
Increase (decrease) in:					
Accounts payable	276,986	(155,141)	6,875	128,720	(60,476)
Due to (from) other funds	23,047	-	(37,216)	(14,169)	(1,248)
Deposits	-	-	-	-	-
Accrued expenses	57,575	-	18,169	75,744	13,401
TOTAL ADJUSTMENTS	<u>2,849,828</u>	<u>136,617</u>	<u>157,039</u>	<u>3,143,484</u>	<u>(106,378)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,173,038</u>	<u>\$ 155,260</u>	<u>\$ (257,273)</u>	<u>\$ 2,071,025</u>	<u>\$ 133,733</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Capitalized interest	<u>\$ 11,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,671</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY AND PLAN NET POSITION

JUNE 30, 2014

	POST EMPLOYMENT BENEFITS TRUST	DONATIONS HELD IN TRUST
ASSETS		
Cash and cash equivalents	\$ -	\$ 326,020
Accounts receivable	-	2,500
Investments held in trust, at fair value:		
Mutual funds - balanced funds	6,985,822	-
Prepaid expenses	-	10,827
TOTAL ASSETS	6,985,822	339,347
LIABILITIES		
Accounts payable	12,151	24,393
TOTAL LIABILITIES	12,151	24,393
NET POSITION		
Held in trust for other post employment benefits	6,973,671	-
Held in trust for donations	-	314,954
TOTAL NET POSITION	\$ 6,973,671	\$ 314,954

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY AND PLAN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

	POST EMPLOYMENT BENEFITS TRUST	DONATIONS HELD IN TRUST
ADDITIONS		
Contributions:		
Other post employment benefits	\$ 570,067	\$ -
Outside sources	-	165,273
Investment earnings:		
Net appreciation (depreciation) in value of investments	682,704	-
Total Additions	1,252,771	165,273
DEDUCTIONS		
Benefits	68,523	-
Administrative expense	2,000	-
Donations expense	-	119,253
Total Deductions	70,523	119,253
Change in Net Position	1,182,248	46,020
NET POSITION		
Beginning of year	5,791,423	268,934
End of year	\$ 6,973,671	\$ 314,954

See accompanying notes to financial statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

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

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

Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The Brentwood Emergency Communications District (the "District") was established in September 2002 and, in accordance with §24-52 of the *Brentwood Municipal Code*, the Board of Commissioners of the City of Brentwood, Tennessee shall act as the Board of Directors for the District. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Under *Government Accounting Standards*, the District as a separate fund presented in the proprietary fund statements. 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).

As of June 30, 2014 and for the year then ended, the City had no discretely presented component units which were required to be included in these financial statements.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary water and sewer and the municipal center funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. The principal operating revenues of the emergency communications district 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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

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.

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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Additionally unspent bond proceeds are included in this classification.

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, \$11,671 of capitalized interest was recorded.

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

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

Long-term Obligations

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

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Equity Classification

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

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

The restricted fund balances consist of the following:

- *State Street Aid Fund* - This fund is restricted by State law for use in construction and maintenance of city streets and certain related street expenditures. Streets are defined as streets, highways, avenues, boulevards, public owned right-of-ways, bridges, tunnels, public parking areas, and other public ways dedicated to public use.
- *Drug Fund* - This fund is restricted under State law for the enforcement of the drug laws, drug education programs, drug treatment and non-recurring general law enforcement expenditures.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Equity Classification (Continued)

- *Public Works Fund* - This fund was established by the Tennessee General Assembly in 1987 by a Private Act and is restricted for use in construction of transportation infrastructure associated with the demands from new development.
- *Adequate School Facilities* - This fund was established by the Tennessee General Assembly in 1987 by a Private Act and is restricted for the purpose of providing public facilities and related capital improvements associated with new residential development. The tax is collected by Williamson County and distributed to the cities in the county on a per capita basis.

Fund balances classified as committed are as follows:

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

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

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

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

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

Taxes were levied at the rate of \$.44 per \$100 of assessed valuation for the year ended June 30, 2014.

Payments may be made during the period from October 1 through February 28 and are delinquent on March 1. Current tax collections of \$10,473,750 were reported as revenue for the year ended June 30, 2014, and were approximately 98.5% of the tax levy.

Of the \$11,318,610 property taxes receivable, \$11,100,760 represents the estimated 2014 property taxes to be billed October 2014. This receivable is reported in the Balance Sheet - Governmental Funds with offsetting deferred inflow of resources for the amounts not available at June 30, 2014. Amounts available at June 30, 2014 have been recorded as revenue in the governmental fund statements.

Use of Estimates

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

Excess Expenditures

For the year ended June 30, 2014, expenditures did not exceed appropriations in any fund.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 3 - DEPOSITS

The City's cash and cash equivalents at June 30, 2014 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, 2014, the City's deposits were fully insured or collateralized.

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

Carrying amount of deposits	\$ 92,042,214
Cash on hand	<u>1,170</u>
Total	<u>\$ 92,043,384</u>
Cash and cash equivalents	\$ 82,535,367
Cash and cash equivalents - restricted	<u>9,508,017</u>
Total	<u>\$ 92,043,384</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 3 - DEPOSITS (CONTINUED)

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 one hundred nine days at June 30, 2014. The Pool does not have a credit rating.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 102,046,513	\$ 4,767,170	\$ -	\$ 106,813,683
Construction in progress	<u>2,245,727</u>	<u>4,723,535</u>	<u>-</u>	<u>6,969,262</u>
Total capital assets not being depreciated	<u>104,292,240</u>	<u>9,490,705</u>	<u>-</u>	<u>113,782,945</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	22,383,331	-	-	22,383,331
Improvements other than buildings	11,669,239	-	-	11,669,239
Machinery and equipment	18,969,416	1,388,511	(874,339)	19,483,588
Infrastructure	<u>193,303,683</u>	<u>4,393,637</u>	<u>-</u>	<u>197,697,320</u>
Total capital assets being depreciated:	<u>246,325,669</u>	<u>5,782,148</u>	<u>(874,339)</u>	<u>251,233,478</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(5,663,217)	(505,271)	-	(6,168,488)
Improvements other than buildings	(8,514,014)	(449,998)	-	(8,964,012)
Machinery and equipment	(12,305,275)	(1,327,734)	860,186	(12,772,823)
Infrastructure	<u>(111,224,988)</u>	<u>(6,111,480)</u>	<u>-</u>	<u>(117,336,468)</u>
Total accumulated depreciation	<u>(137,707,494)</u>	<u>(8,394,483)</u>	<u>860,186</u>	<u>(145,241,791)</u>
Governmental activities capital assets, net	<u>\$ 212,910,415</u>	<u>\$ 6,878,370</u>	<u>\$ (14,153)</u>	<u>\$ 219,774,632</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

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	\$ 1,114,571	\$ 10,259	\$ -	\$ 1,124,830
Construction in progress	<u>603,020</u>	<u>4,134,709</u>	<u>(4,655,456)</u>	<u>82,273</u>
Total capital assets not being depreciated	<u>1,717,591</u>	<u>4,144,968</u>	<u>(4,655,456)</u>	<u>1,207,103</u>
 <u>Capital assets being depreciated:</u>				
Utility plant in service	99,319,325	4,547,147	-	103,866,472
Buildings, structures and improvements	4,309,312	-	-	4,309,312
Improvements other than buildings	2,238,921	186,805	-	2,425,726
Machinery, equipment and vehicles	<u>4,611,112</u>	<u>30,767</u>	<u>-</u>	<u>4,641,879</u>
Total capital assets being depreciated:	<u>110,478,670</u>	<u>4,764,719</u>	<u>-</u>	<u>115,243,389</u>
 <u>Less accumulated depreciation for:</u>				
Utility plant in service	(35,772,535)	(2,572,372)	-	(38,344,907)
Buildings, structures and improvements	(2,431,270)	(126,854)	-	(2,558,124)
Improvements other than buildings	(848,745)	(142,214)	-	(990,959)
Machinery, equipment and vehicles	<u>(2,756,288)</u>	<u>(341,894)</u>	<u>-</u>	<u>(3,098,182)</u>
Total accumulated depreciation	<u>(41,808,838)</u>	<u>(3,183,334)</u>	<u>-</u>	<u>(44,992,172)</u>
 Business-type activities capital assets, net	<u>\$ 70,387,423</u>	<u>\$ 5,726,353</u>	<u>\$ (4,655,456)</u>	<u>\$ 71,458,320</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to function/programs for the year ended June 30, 2014, as follows:

Governmental activities:

General government	\$ 432,091
Public safety	628,765
Roads and streets	6,160,585
Parks and recreation	705,502
Public library	445,202
Drug education	<u>22,338</u>

Total depreciation expense - governmental activities	<u>\$ 8,394,483</u>
--	---------------------

Business-type activities:

Municipal center	\$ 291,758
Water and sewer	2,721,763
Emergency Communications District	<u>169,813</u>

Total depreciation expense - business-type activities	<u>\$ 3,183,334</u>
---	---------------------

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 5 - INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to charges between funds that are outstanding as of June 30, 2014, and are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental activities:		
General fund	\$ 519	\$ 5,274,997
Capital projects fund	5,231,520	-
Internal service funds	49,644	-
Internal payable created by internal service fund elimination	-	264,218
	<u>5,281,683</u>	<u>5,539,215</u>
Net governmental activities payable		<u>\$ 257,532</u>
Business-type activities:		
Water and sewer fund	\$ -	\$ 6,167
Municipal center fund	2,650	-
Emergency Communications District	-	3,169
Internal receivable created by internal service fund elimination	264,218	-
	<u>266,868</u>	<u>9,336</u>
Net business-type activities receivable	<u>\$ 257,532</u>	

Interfund transfers for the year ended June 30, 2014 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	<u>Transfer In:</u>				
	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Municipal Center</u>	<u>Emergency Communications District</u>	<u>Totals</u>
Transfer Out:					
General Fund	\$ 3,350,000	\$ 5,531,520	\$ -	\$ 418,700	\$ 9,300,220
Nonmajor Governmental Funds	-	2,150,000	-	-	2,150,000
Total Transfers	<u>\$ 3,350,000</u>	<u>\$ 7,681,520</u>	<u>\$ -</u>	<u>\$ 418,700</u>	<u>\$ 11,450,220</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 5 - INTERFUND TRANSACTIONS (CONTINUED)

Interfund revenues and expenses for the year ended June 30, 2014, 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 \$623,135 and \$31,800, respectively, for the year ended June 30, 2014 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, 2014. 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 water and sewer fund and Emergency Communications District contributed a total of \$72,648 (\$53,640 and \$19,008, respectively) to the Post Employment Benefits Trust Fund for retiree benefits for the year ended June 30, 2014. These amounts are included in expenditures for the respective funds. The General Fund transferred \$497,424 from the current year contributions to the Post Employment Benefits Trust for the year ended June 30, 2014 (see Note 12).

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 6 - LONG-TERM LIABILITIES

Changes in Long-Term Liabilities:

During the year ended June 30, 2014, the changes in long-term liabilities were as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due within</u> <u>one year</u>
Government Activities:					
General obligation bonds	\$ 27,310,000	\$ 5,900,000	\$ 3,510,000	\$ 29,700,000	\$ 2,555,000
Less:					
Unamortized (discount) premium	<u>616,990</u>	<u>125,288</u>	<u>35,290</u>	<u>706,988</u>	<u>-</u>
Total bonds	27,926,990	6,025,288	3,545,290	30,406,988	2,555,000
Compensated absences	<u>2,974,903</u>	<u>1,178,637</u>	<u>1,167,984</u>	<u>2,985,556</u>	<u>1,000,000</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 30,901,893</u>	<u>\$ 7,203,925</u>	<u>\$ 4,713,274</u>	<u>\$ 33,392,544</u>	<u>\$ 3,555,000</u>
Business-type Activities:					
Revenue and tax bonds	\$ 11,295,000	\$ -	\$ 1,510,000	\$ 9,785,000	\$ 1,445,000
General obligation bonds	<u>15,710,000</u>	<u>3,890,000</u>	<u>710,000</u>	<u>18,890,000</u>	<u>-</u>
Total bonds	27,005,000	3,890,000	2,220,000	28,675,000	1,445,000
Less: deferred amounts					
Unamortized (discount) premium	<u>63,131</u>	<u>80,513</u>	<u>(2,499)</u>	<u>146,143</u>	<u>-</u>
Total Business-type Activities					
Long-term Liabilities	<u>\$ 27,068,131</u>	<u>\$ 3,970,513</u>	<u>\$ 2,217,501</u>	<u>\$ 28,821,143</u>	<u>\$ 1,445,000</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Description of Long-Term Liabilities:

Amounts payable at June 30, 2014, were as follows:

Governmental Activities:

\$6,300,000 2003 General Obligation Refunding Bonds (portion not refunded) due on September 1, 2014, at 3.8% interest	\$ 320,000
\$4,800,000 2006 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2015, at varying rates of interest from 3.75% to 3.90%	470,000
\$2,430,000 2006 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2015, at varying rates of interest from 3.75% to 3.90%	2,395,000
\$4,935,000 2007 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2028, at a fixed rate of interest of 3.83%	3,840,000
\$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%	4,045,000
\$7,385,000 2011 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2024, at varying rates of interest from 2.00% to 3.00%	5,085,000
\$4,845,000 2011 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2031, at varying rates of interest from 3.00% to 3.625%	4,475,000

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of Long-Term Liabilities (Continued)

Governmental Activities (Continued):

\$3,250,000 2012 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2025, at a fixed rate of interest of 2.00%	\$ 3,170,000
---	--------------

\$4,895,000 2013 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2033, at varying rates of interest from 2.00% to 3.75%	4,895,000
--	-----------

\$1,005,000 2013 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2025, at varying rates of interest from 2.00% to 3.00%	<u>1,005,000</u>
---	------------------

Total General Obligation Debt	29,700,000
-------------------------------	------------

Unamortized premium (discount)	<u>706,988</u>
--------------------------------	----------------

Total General Obligation Bonds, net of unamortized charge	<u><u>\$30,406,988</u></u>
---	----------------------------

Business-type activities debt:

Revenue and Tax Bonds:

\$3,620,000 2003 Sewer Revenue and Tax Refunding Bonds (portion not refunded) due in annual installments through September 1, 2015, at 3.90% interest	\$ 225,000
---	------------

\$1,775,000 2006 Water Revenue and Tax Refunding Bonds due in increasing annual installments through September 1, 2020, at varying rates of interest from 3.75% to 3.85%	1,430,000
--	-----------

\$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%	8,130,000
--	-----------

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Description of Long-Term Liabilities (Continued)

Business-type activities debt (continued):

\$10,000,000 2010 General Obligation Public Improvement Bonds due in increasing annual installments through March 1, 2031, at varying rates of interest from 2.00% to 4.00%	\$ 8,725,000
\$6,560,000 2012 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2031, at varying rates of interest from 2.00% to 2.63%	6,275,000
\$3,300,000 2013 General Obligation Public Improvement Bonds due in increasing annual installments through September 1, 2033, at varying rates of interest from 2.00% to 3.75%	3,300,000
\$590,000 2013 General Obligation Refunding Bonds due in increasing annual installments through September 1, 2017, at varying rates of interest from 2.00% to 3.00%	<u>590,000</u>
Total business-type activities debt	28,675,000
Unamortized premium (discount)	<u>146,143</u>
Total Business-type Activities Debt, net of unamortized charge	<u><u>\$28,821,143</u></u>

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

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

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Bond Issuance and Current Refunding

The City issued \$9,790,000 in General Obligation Refunding and Public Improvement Bonds, Series 2013, to refund certain outstanding debt of the City (\$1,005,000 of Public Refunding Bonds and \$590,000 of Sewer Revenue and Tax Bonds), to fund a land purchase and park improvements (\$4,895,000) and to construct improvements and extensions to water and sewer systems (\$3,300,000). The new refunding bonds bear interest at rates ranging from 2.00% to 3.00%. The City refunded \$1,035,000 of 2003 Public Refunding Bonds and \$610,000 of 2003 Sewer Revenue and Tax Refunding Bonds with interest rates of 4.10%.

The reacquisition price exceeded the net carrying amount of the old debt by \$47,898. This amount is being presented as a deferred outflow of resources and amortized over the remaining life of the refunding debt. The refunded debt reduced the City's total debt service payments by \$133,878 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$135,747.

Debt Service Requirements

The annual debt service requirements to maturity for all long-term obligations outstanding as of June 30, 2014, are as follows:

Year	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>Bonds</u>		<u>Bonds</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,555,000	\$ 919,288	\$ 1,445,000	\$ 859,033	\$ 4,000,000	\$ 1,778,321
2016	2,615,000	811,824	1,835,000	823,216	4,450,000	1,635,040
2017	2,260,000	744,892	1,750,000	777,289	4,010,000	1,522,181
2018	2,330,000	682,859	1,770,000	727,653	4,100,000	1,410,512
2019	2,070,000	610,296	1,595,000	677,061	3,665,000	1,287,357
2020-2024	8,815,000	2,188,165	8,350,000	2,682,972	17,165,000	4,871,137
2025-2029	6,290,000	1,060,037	8,835,000	1,485,196	15,125,000	2,545,233
2030-2034	<u>2,765,000</u>	<u>235,616</u>	<u>3,095,000</u>	<u>212,869</u>	<u>5,860,000</u>	<u>448,485</u>
Totals	<u>\$ 29,700,000</u>	<u>\$7,252,977</u>	<u>\$ 28,675,000</u>	<u>\$8,245,289</u>	<u>\$58,375,000</u>	<u>\$ 15,498,266</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 7 - DEFERRED OUTFLOWS (INFLOWS) OF RESOURCES

Deferred outflows (inflows) of resources consist of the following at June 30, 2014:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<u>Deferred outflows of resources:</u>		
Advance refundings of debt	<u>\$ 794,352</u>	<u>\$ 33,268</u>
 <u>Deferred inflows of resources:</u>		
Property taxes:		
Delinquent taxes	144,438	\$ -
2014 estimated levy	11,100,760	-
Estimated 2014 Hall Income tax	900,000	-
Other	<u>18,975</u>	<u>-</u>
	<u>\$ 12,164,173</u>	<u>\$ -</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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 8 - RISK MANAGEMENT (CONTINUED)

Beginning with calendar 2010, the City modified its fully insured employee group health insurance plan to include a high-deductible (\$5,000) and high max out-of-pocket (\$6,500) plan coupled with a City-funded Health Reimbursement Arrangement (HRA). The HRA was implemented to effectively limit the employee deductible and max out-of-pocket to \$1,000 (\$2,000 for dependent coverage). The City established the Insurance Fund, which functions as an internal service fund, to account and finance its HRA claims obligations and insurance premiums related to employee health and vision insurance coverage. Effective January 1, 2011, the City terminated its fully insured employee group health insurance plan, and established a partially self-funded insurance plan coupled with a the existing city funded HRA. Under the partially self-funded insurance plan, which is administered by Blue Cross Blue Shield of Tennessee, the City is liable through the HRA for up to \$5,500 of the first \$6,500 of individual employee claims with the employee being liable for up to \$1,000 out of pocket. The City then assumes liability for additional individual medical claims up to \$70,000. To help mitigate losses from high-dollar medical claims beyond the HRA combined City and employee liability of \$75,500 and the employee's out of pocket maximum of \$1,000 (total of \$75,500 funded amount), the City purchased catastrophic insurance coverage plans for Specific Stop Loss and Aggregate Stop Loss coverage. Specific Stop Loss coverage limits the City's potential liability for a single catastrophic claim by covering all costs for an individual member once those costs exceed \$70,000 over and above the HRA funded amount and employee out of pocket maximum. Aggregate stop loss coverage caps the City's liability for all claims in the entire plan at an agreed upon dollar amount. In calendar year 2014, the aggregate stop loss threshold is \$1.9 million.

Revenues of the fund include budgeted amounts from each City fund with personnel assigned to it, as well as employee payroll deductions from those employees who elect to cover dependents under the city's plan. Expenses of the fund include premium costs of for the City's stop-loss coverage, administrative fees charged by Blue Cross Blue Shield, HRA claims expenses, and medical claim expenses from the partially self-funded health plans and fully insured vision plans. Other expenses include the CareHere Clinic and healthcare consultant services. The HRA and partially self-funded plans are administered by Blue Cross/Blue Shield and the City is invoiced weekly for such claims. HRA liabilities also include an amount for claims that have been incurred prior to June 30, 2014, but not reported (IBNRs).

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 8 - RISK MANAGEMENT (CONTINUED)

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

	<u>2014</u>	<u>2013</u>
Unpaid claims, beginning of fiscal year	\$ 151,388	\$ 86,327
Incurred claims	2,270,474	2,162,442
Claim payments	<u>(2,257,073)</u>	<u>(2,097,381)</u>
Unpaid claims, end of fiscal year	<u>\$ 164,789</u>	<u>\$ 151,388</u>

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

NOTE 9 - 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. 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, 2014

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

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

	General Fund		
	Governmental Funds	Budget to Actual	
	(p. 23)	(p. 25 - 31)	Difference
REVENUES			
Intergovernmental	\$ 8,922,387	\$ 8,687,890	\$ 234,497
Uses of money and property	\$ 514,771	\$ 375,524	\$ 139,247
Other	\$ 93,154	\$ 215,221	\$ (122,067)
EXPENDITURES			
General government	\$ 6,056,590	\$ 6,224,432	\$ 167,842
Public safety	\$ 12,898,119	\$ 12,824,070	\$ (74,049)
Roads and streets	\$ 4,106,761	\$ 4,218,540	\$ 111,779
Parks and recreation	\$ 1,993,508	\$ 1,901,696	\$ (91,812)
Public library	\$ 2,255,226	\$ 2,172,056	\$ (83,170)
OTHER FINANCING USES			
Transfers out	\$ 9,300,220	\$ 9,500,220	\$ 200,000
COMMITTED ACTIVITY BUDGETED SEPARATELY			
Net change - equipment replacement	\$ -	\$ 268,752	\$ (268,752)
Net change - facilities maintenance	\$ -	\$ 43,920	\$ (43,920)
Net change - post employment benefits	\$ -	\$ 169,595	\$ (169,595)
NET CHANGE IN FUND BALANCE	\$ 1,362,774	\$ 1,362,774	\$ -

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

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, 2014 totaled \$273,189.

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, 2013, the date of the latest actuarial valuation:

Plan Description and Contributions Information

	<u>General Government</u>	<u>Fire/Police</u>	<u>Total</u>
Active employees	124	119	243
Retired employees	<u>6</u>	<u>10</u>	<u>16</u>
Total	<u>130</u>	<u>129</u>	<u>259</u>
Participating employers			<u>1</u>

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

Employees are fully eligible for post retirement 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.

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 2014, the City's General Fund, Water and Sewer Fund and Emergency Communications District collectively contributed \$570,067 to the Trust and withdrew \$68,523 to pay benefits. The prefunding will reduce the annual required contribution in future years. All contributions were made by the employer (no contributions by active or retired employees). Employer contributions are calculated as 4.62 percent of covered payroll.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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	\$ 585,990
Interest on net OPEB obligation	(107,568)
Adjustment to annual required contribution	<u>91,645</u>
Annual OPEB cost (expense)	570,067
Contributions made	<u>(570,067)</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><u>\$ (1,749,078)</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, and the two preceding years were as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation (Asset)</u>
2014	\$ 570,067	100 %	\$ (1,749,078)
2013	635,575	100	(1,749,078)
2012	582,210	100	(1,749,078)

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the plan was 61.2 percent funded. The actuarial accrued liability for benefits was \$9,569,585, and the actuarial value of assets was \$5,853,881 resulting in an unfunded actuarial accrued liability (UAAL) of \$3,715,704. The covered payroll (annual payroll of active employees covered by the plan) was \$12,672,263 and the ratio of the UAAL to the covered payroll was 29.3 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 include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2013 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, 2014 was twenty-three 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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

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 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. The City has authorized mandatory retirement for public safety officers. Public safety officers can retire at age 55 with five years of service or at any age with 25 years of service and receive a supplemental bridge payment between the mandatory retirement age and 62. 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.tn.gov/tcrs/PS.

Funding Policy

The City had previously adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll. As of January 1, 2010, the City has elected to discontinue the non-contributory provision for all future hires. This will require all new hires to contribute 5% of earnable compensation. Employees who were employed prior to January 1, 2010 will continue to be eligible for the noncontributory provision.

The City is required to contribute at an actuarially determined rate; the rate for the year ending June 30, 2014 was an aggregate 16.85% of annual covered payroll, which includes public safety employees at 18.62% and all other employees at 15.12%. The contribution requirement of plan members is set by state statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

Annual Pension Cost

For the year ended June 30, 2014, the City's annual pension cost of \$2,269,893 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2011 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 3.0 percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 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 ten-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, 2011 was two years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2014	\$2,269,893	100.00%	\$0.00
2013	\$2,210,115	100.00%	\$0.00
2012	\$2,152,533	100.00%	\$0.00

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 92.37% percent funded. The actuarial accrued liability for benefits was \$43.48 million, and the actuarial value of assets was \$40.16 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.32 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12.84 million, and the ratio of the UAAL to the covered payroll was 25.85%.

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.

CITY OF BRENTWOOD, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (CONTINUED)

(dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2013	\$ 40,161	\$ 43,479	\$ 3,318	92.37%	\$ 12,835	25.85%
July 1, 2011	\$ 33,003	\$ 34,138	\$ 1,135	96.68%	\$ 12,818	8.85%
July 1, 2009	\$ 24,111	\$ 25,877	\$ 1,766	93.18%	\$ 12,952	13.63%

NOTE 14 - COMMITMENTS

Construction commitments amounting to approximately \$8,556,000 were outstanding as of June 30, 2014.

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. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from the comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this statement are effective for financial periods beginning after June 15, 2014, and the City will implement this standard for the fiscal year ending June 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF FUNDING PROGRESS

POLITICAL SUBDIVISION PENSION PLAN
SUPPLEMENTARY INFORMATION (Unaudited)

JUNE 30, 2014

(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, 2013	\$ 40,161	\$ 43,479	\$ 3,318	92.37%	\$ 12,835	25.85%
July 1, 2011	\$ 33,003	\$ 34,138	\$ 1,135	96.68%	\$ 12,818	8.85%
July 1, 2009	\$ 24,111	\$ 25,877	\$ 1,766	93.18%	\$ 12,952	13.63%

The Governmental Accounting Standards Board ("GASB") requires the plan to prepare a Schedule of Funding Progress using the entry age actuarial cost method.

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, 2014

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>
01/01/09	\$ 2,776,979	\$ 7,535,684	\$ 4,758,705	36.9%	\$ 12,792,110	37.2%
01/01/11	\$ 4,179,023	\$ 8,260,634	\$ 4,081,611	50.6%	\$ 12,472,750	32.7%
01/01/13	\$ 5,853,881	\$ 9,569,585	\$ 3,715,704	61.2%	\$ 12,672,263	29.2%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Employer Contributions</u>		
<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2012	\$ 621,571	93.7 %
2013	652,143	97.5
2014	585,990	97.3

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.

Non Major Capital Projects Funds

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

Adequate Schools Facility Fund - This fund accounts for all revenue and expenditures from the City's share of Williamson County's Adequate Schools Facilities Tax collections. The funds are to be used to provide public facilities associated with new development. Williamson County has requested that the funds provided to cities under this private act be 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, 2014

	<u>SPECIAL REVENUE</u>		<u>CAPITAL PROJECTS</u>		<u>TOTAL</u>
	<u>STATE</u> <u>STREET AID</u>	<u>DRUG</u>	<u>PUBLIC WORKS</u> <u>PROJECT</u>	<u>ADEQUATE</u> <u>SCHOOL</u> <u>FACILITIES</u>	<u>NONMAJOR</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 628,812	\$ -	\$ 1,093,894	\$ 1,089,577	\$ 2,812,283
Receivables:					
Taxes	173,780	-	-	49,298	223,078
Miscellaneous	-	721	-	-	721
Restricted assets:					
Cash and cash equivalents	-	407,642	-	-	407,642
TOTAL ASSETS	<u>\$ 802,592</u>	<u>\$ 408,363</u>	<u>\$ 1,093,894</u>	<u>\$ 1,138,875</u>	<u>\$ 3,443,724</u>
<u>LIABILITIES</u>					
Accounts payable	<u>\$ 420,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,381</u>
TOTAL LIABILITIES	<u>420,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>420,381</u>
<u>FUND BALANCE</u>					
Restricted for capital projects	-	-	1,093,894	1,138,875	2,232,769
Restricted for street repairs	382,211	-	-	-	382,211
Restricted for drug enforcement and education	-	408,363	-	-	408,363
TOTAL FUND BALANCE	<u>382,211</u>	<u>408,363</u>	<u>1,093,894</u>	<u>1,138,875</u>	<u>3,023,343</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 802,592</u>	<u>\$ 408,363</u>	<u>\$ 1,093,894</u>	<u>\$ 1,138,875</u>	<u>\$ 3,443,724</u>

CITY OF BRENTWOOD, TENNESSEE

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>SPECIAL REVENUE</u>		<u>CAPITAL PROJECTS</u>		<u>TOTAL</u>
	<u>STATE</u>		<u>PUBLIC WORKS</u>	<u>ADEQUATE</u>	<u>NONMAJOR</u>
	<u>STREET AID</u>	<u>DRUG</u>	<u>PROJECT</u>	<u>SCHOOL</u>	<u>GOVERNMENTAL</u>
				<u>FACILITIES</u>	<u>FUNDS</u>
REVENUES					
Licenses and permits	\$ -	\$ -	\$ 601,102	\$ -	\$ 601,102
Intergovernmental:					
Gasoline and motor fuel tax	657,473	-	-	-	657,473
Three cent tax	195,833	-	-	-	195,833
Gas 1989 tax	105,513	-	-	-	105,513
Adequate schools facilities tax	-	-	-	616,142	616,142
Uses of money and property	1,743	970	2,141	1,976	6,830
Other	-	85,346	-	-	85,346
TOTAL REVENUES	<u>960,562</u>	<u>86,316</u>	<u>603,243</u>	<u>618,118</u>	<u>2,268,239</u>
EXPENDITURES					
Current:					
Roads and streets	1,040,000	-	-	-	1,040,000
Drug education	-	30,717	-	-	30,717
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>1,040,000</u>	<u>30,717</u>	<u>-</u>	<u>-</u>	<u>1,070,717</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(79,438)</u>	<u>55,599</u>	<u>603,243</u>	<u>618,118</u>	<u>1,197,522</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(1,400,000)	(750,000)	(2,150,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(1,400,000)</u>	<u>(750,000)</u>	<u>(2,150,000)</u>
NET CHANGE IN FUND BALANCE	(79,438)	55,599	(796,757)	(131,882)	(952,478)
FUND BALANCE, BEGINNING OF YEAR	<u>461,649</u>	<u>352,764</u>	<u>1,890,651</u>	<u>1,270,757</u>	<u>3,975,821</u>
FUND BALANCE, END OF YEAR	<u>\$ 382,211</u>	<u>\$ 408,363</u>	<u>\$ 1,093,894</u>	<u>\$ 1,138,875</u>	<u>\$ 3,023,343</u>

CITY OF BRENTWOOD, TENNESSEE

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

SPECIAL REVENUE FUNDS

	STATE STREET AID FUND				DRUG FUND			
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNT	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES								
Licenses and permits:								
Public works project fees	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Edmondson Branch fees	-		-	-	-	-	-	-
Intergovernmental:								
Gasoline and motor fuel tax	950,000	950,000	657,473	(292,527)	-	-	-	-
Three cent tax	-	-	195,833	195,833	-	-	-	-
Gas 1989 tax	-	-	105,513	105,513	-	-	-	-
Adequate school facilities tax	-	-	-	-	-	-	-	-
Uses of money and property:								
Interest earnings	1,000	1,000	1,743	743	500	500	970	470
Other:								
Drug related fines and contributions	-	-	-	-	20,000	34,320	85,346	51,026
TOTAL REVENUES	951,000	951,000	960,562	9,562	20,500	34,820	86,316	51,496
EXPENDITURES								
Current:								
Roads and streets - street repairs	1,040,000	1,040,000	1,040,000	-	-	-	-	-
Drug education	-	-	-	-	20,000	34,320	30,717	(3,603)
Capital outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,040,000	1,040,000	1,040,000	-	20,000	34,320	30,717	(3,603)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(89,000)	(89,000)	(79,438)	9,562	500	500	55,599	55,099
OTHER FINANCING SOURCES (USES)								
Transfers to Capital Projects Fund	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ (89,000)	\$ (89,000)	(79,438)	\$ 9,562	\$ 500	\$ 500	55,599	\$ 55,099
FUND BALANCE, BEGINNING OF YEAR			461,649				352,764	
FUND BALANCE, END OF YEAR			\$ 382,211				\$ 408,363	

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	CAPITAL PROJECTS FUNDS					
	PUBLIC WORKS PROJECT FUND			ADEQUATE SCHOOL FACILITIES FUND		
	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	ORIGINAL AND FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES						
Licenses and permits:						
Public works project fees	\$ 500,000	\$ 592,211	\$ 92,211	\$ -	\$ -	\$ -
Edmondson Branch fees	-	8,891	8,891	-	-	-
Intergovernmental:						
Gasoline and motor fuel tax	-	-	-	-	-	-
Three cent tax	-	-	-	-	-	-
Gas 1989 tax	-	-	-	-	-	-
Adequate school facilities tax	-	-	-	450,000	616,142	166,142
Uses of money and property:						
Interest earnings	4,000	2,141	(1,859)	3,000	1,976	(1,024)
Other:						
Drug related fines and contributions	-	-	-	-	-	-
TOTAL REVENUES	504,000	603,243	99,243	453,000	618,118	165,118
EXPENDITURES						
Current:						
Roads and streets - street repairs	-	-	-	-	-	-
Drug education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	504,000	603,243	99,243	453,000	618,118	165,118
OTHER FINANCING SOURCES (USES)						
Transfers to Capital Projects Fund	(1,400,000)	(1,400,000)	-	(750,000)	(750,000)	-
Total Other Financing Sources (Uses)	(1,400,000)	(1,400,000)	-	(750,000)	(750,000)	-
NET CHANGE IN FUND BALANCE	\$ (896,000)	(796,757)	\$ 99,243	\$ (297,000)	(131,882)	\$ 165,118
FUND BALANCE, BEGINNING OF YEAR		1,890,651			1,270,757	
FUND BALANCE, END OF YEAR		\$ 1,093,894			\$ 1,138,875	

(Continued on next page)

CITY OF BRENTWOOD, TENNESSEE

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	TOTALS			
	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES				
Licenses and permits:				
Public works project fees	\$ 500,000	\$ 500,000	\$ 592,211	\$ 92,211
Edmondson Branch fees	-	-	8,891	8,891
Intergovernmental:				
Gasoline and motor fuel tax	950,000	950,000	657,473	(292,527)
Three cent tax	-	-	195,833	195,833
Gas 1989 tax	-	-	105,513	105,513
Adequate school facilities tax	450,000	450,000	616,142	166,142
Uses of money and property:				
Interest earnings	8,500	8,500	6,830	(1,670)
Other:				
Drug related fines and contributions	20,000	34,320	85,346	51,026
TOTAL REVENUES	1,928,500	1,942,820	2,268,239	325,419
EXPENDITURES				
Current:				
Roads and streets - street repairs	1,040,000	1,040,000	1,040,000	-
Drug education	20,000	34,320	30,717	(3,603)
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	1,060,000	1,074,320	1,070,717	(3,603)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	868,500	868,500	1,197,522	329,022
OTHER FINANCING SOURCES (USES)				
Transfers to Capital Projects Fund	(2,150,000)	(2,150,000)	(2,150,000)	-
Total Other Financing Sources (Uses)	(2,150,000)	(2,150,000)	(2,150,000)	-
NET CHANGE IN FUND BALANCE	\$ (1,281,500)	\$ (1,281,500)	(952,478)	\$ 329,022
FUND BALANCE, BEGINNING OF YEAR			3,975,821	
FUND BALANCE, END OF YEAR			\$ 3,023,343	

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, 2014

	<u>ORIGINAL AMOUNTS</u>	<u>FINAL AMOUNTS</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
REVENUES				
Uses of money and property:				
Interest earnings	<u>\$ 9,500</u>	<u>\$ 9,500</u>	<u>\$ 11,256</u>	<u>\$ 1,756</u>
EXPENDITURES				
Debt service:				
Principal	2,475,000	2,475,000	2,475,000	-
Interest	922,395	922,395	892,672	(29,723)
Issuance costs	-	13,700	13,645	(55)
Other:				
Bank service charges	<u>6,000</u>	<u>6,000</u>	<u>4,861</u>	<u>(1,139)</u>
TOTAL EXPENDITURES	<u>3,403,395</u>	<u>3,417,095</u>	<u>3,386,178</u>	<u>(30,917)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(3,393,895)</u>	<u>(3,407,595)</u>	<u>(3,374,922)</u>	<u>(32,673)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Historic Commission	-	-	-	-
Transfers from General Fund	3,350,000	3,350,000	3,350,000	-
Proceeds of refunding bonds	-	1,005,000	1,005,000	-
Bond premium	-	50,000	49,270	(730)
Payment to refunded bond escrow agent	<u>-</u>	<u>(1,041,300)</u>	<u>(1,035,464)</u>	<u>(5,836)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,350,000</u>	<u>3,363,700</u>	<u>3,368,806</u>	<u>(6,566)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (43,895)</u>	<u>\$ (43,895)</u>	<u>(6,116)</u>	<u>\$ 37,779</u>
FUND BALANCE, BEGINNING OF YEAR			<u>3,712,435</u>	
FUND BALANCE, END OF YEAR			<u>\$ 3,706,319</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.

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

CITY OF BRENTWOOD, TENNESSEE

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

JUNE 30, 2014

	<u>FUEL</u>	<u>INSURANCE</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 236,404	\$ 1,963,954	\$ 2,200,358
Receivables:			
Accounts	-	36,162	36,162
Due From General Fund	43,477	-	43,477
Due From Water and Sewer Fund	6,167	-	6,167
Inventory	<u>65,043</u>	<u>-</u>	<u>65,043</u>
Total Assets	<u>351,091</u>	<u>2,000,116</u>	<u>2,351,207</u>
LIABILITIES			
Accounts payable	6,269	30,462	36,731
Claims payable	<u>-</u>	<u>164,789</u>	<u>164,789</u>
Total Liabilities	<u>6,269</u>	<u>195,251</u>	<u>201,520</u>
NET POSITION			
Unrestricted	<u>344,822</u>	<u>1,804,865</u>	<u>2,149,687</u>
TOTAL NET POSITION	<u>\$ 344,822</u>	<u>\$ 1,804,865</u>	<u>\$ 2,149,687</u>

CITY OF BRENTWOOD, TENNESSEE

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>FUEL</u>	<u>INSURANCE</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for sales and services	\$ 549,715	\$ 2,839,091	\$ 3,388,806
Other	<u>-</u>	<u>172,163</u>	<u>172,163</u>
TOTAL OPERATING REVENUES	<u>549,715</u>	<u>3,011,254</u>	<u>3,560,969</u>
OPERATING EXPENSES			
Costs of sales and services	<u>448,938</u>	<u>2,871,920</u>	<u>3,320,858</u>
TOTAL OPERATING EXPENSES	<u>448,938</u>	<u>2,871,920</u>	<u>3,320,858</u>
OPERATING INCOME	<u>100,777</u>	<u>139,334</u>	<u>240,111</u>
NONOPERATING REVENUES			
Investment earnings	491	4,830	5,321
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NONOPERATING REVENUES	<u>491</u>	<u>4,830</u>	<u>5,321</u>
CHANGE IN NET POSITION	101,268	144,164	245,432
TOTAL NET POSITION - BEGINNING OF YEAR	<u>243,554</u>	<u>1,660,701</u>	<u>1,904,255</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 344,822</u>	<u>\$ 1,804,865</u>	<u>\$ 2,149,687</u>

CITY OF BRENTWOOD, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>FUEL</u>	<u>INSURANCE</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 540,291	\$ 2,989,692	\$ 3,529,983
Payments to suppliers	(475,915)	(2,920,335)	(3,396,250)
Payments to employees	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>64,376</u>	<u>69,357</u>	<u>133,733</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>491</u>	<u>4,830</u>	<u>5,321</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	64,867	74,187	139,054
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>171,537</u>	<u>1,889,767</u>	<u>2,061,304</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 236,404</u>	<u>\$ 1,963,954</u>	<u>\$ 2,200,358</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	<u>\$ 100,777</u>	<u>\$ 139,334</u>	<u>\$ 240,111</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
(Increase) decrease in:			
Accounts receivable	-	(21,561)	(21,561)
Due from General Fund	(8,176)	-	(8,176)
Due from Water and Sewer Fund	(1,248)	-	(1,248)
Inventory	(28,318)	-	(28,318)
Increase (decrease) in:			
Accounts payable	1,341	(61,817)	(60,476)
Claims payable	<u>-</u>	<u>13,401</u>	<u>13,401</u>
TOTAL ADJUSTMENTS	<u>(36,401)</u>	<u>(69,977)</u>	<u>(106,378)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 64,376</u>	<u>\$ 69,357</u>	<u>\$ 133,733</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2014

<u>Tax Year</u>	<u>BALANCE JUNE 30, 2013</u>	<u>LEVY</u>	<u>COLLECTIONS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE JUNE 30, 2014</u>
2013	\$ -	\$ 10,637,930	\$ (10,473,750)	\$ -	\$ 164,180
2012	156,567	-	(139,775)	-	16,792
2011	34,305	-	(28,378)	-	5,927
2010	9,604	-	(2,616)	-	6,988
2009	10,947	-	(3,475)	-	7,472
2008	8,666	-	(2,021)	-	6,645
2007	4,775	-	(993)	-	3,782
2006	2,981	-	(640)	-	2,341
2005	4,108	-	(1,436)	-	2,672
2004	1,686	-	(635)	-	1,051
2003	<u>5,873</u>	<u>-</u>	<u>(1,111)</u>	<u>(4,762)</u>	<u>-</u>
Total	<u>\$ 239,512</u>	# <u>\$ 10,637,930</u>	<u>\$ (10,654,830)</u>	<u>\$ (4,762)</u>	217,850
Estimated 2014 Tax Levy					<u>11,100,760</u>
					<u>\$ 11,318,610</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, 2014

Year	2003 G.O. Refunding Bonds		2006 G.O. Refunding Bonds		2006 G. O. Public Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 320,000	\$ 47,855	\$ 265,000	\$ 75,805	\$ 230,000	\$ 13,313
2016	-	-	270,000	65,493	240,000	4,500
2017	-	-	280,000	54,711	-	-
2018	-	-	295,000	43,461	-	-
2019	-	-	305,000	31,758	-	-
2020	-	-	315,000	19,516	-	-
2021	-	-	325,000	6,630	-	-
2022	-	-	340,000	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
	<u>\$ 320,000</u>	<u>\$ 47,855</u>	<u>\$ 2,395,000</u>	<u>\$ 297,374</u>	<u>\$ 470,000</u>	<u>\$ 17,813</u>

Year	2011 G.O. Refunding Bonds		2011 G.O. Public Improvement Bonds		2012 G.O. Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 910,000	\$ 114,562	\$ 200,000	\$ 138,050	\$ 35,000	\$ 63,050
2016	930,000	96,163	195,000	132,125	40,000	62,300
2017	540,000	81,462	200,000	126,200	280,000	59,100
2018	550,000	67,813	205,000	120,125	285,000	53,450
2019	580,000	50,862	215,000	113,825	295,000	47,650
2020	590,000	33,313	220,000	107,300	300,000	41,700
2021	190,000	22,562	225,000	100,625	305,000	35,650
2022	195,000	18,469	235,000	93,725	315,000	29,450
2023	195,000	13,838	240,000	86,600	320,000	23,100
2024	200,000	8,775	250,000	79,250	325,000	16,650
2025	205,000	3,075	255,000	71,675	330,000	10,100
2026	-	-	265,000	63,875	340,000	3,400
2027	-	-	270,000	55,681	-	-
2028	-	-	280,000	46,913	-	-
2029	-	-	290,000	37,469	-	-
2030	-	-	300,000	27,512	-	-
2031	-	-	310,000	17,025	-	-
2032	-	-	320,000	5,800	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
	<u>\$ 5,085,000</u>	<u>\$ 510,894</u>	<u>\$ 4,475,000</u>	<u>\$ 1,423,775</u>	<u>\$ 3,170,000</u>	<u>\$ 445,600</u>

CITY OF BRENTWOOD, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS - GENERAL OBLIGATION BONDS
JUNE 30, 2014

Year	2007 G.O.		2009 G.O.	
	Public Improvement Bonds		Public Improvement Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 215,000	\$ 147,072	\$ 190,000	\$ 155,869
2016	220,000	138,837	200,000	151,118
2017	230,000	130,412	200,000	142,119
2018	235,000	121,603	210,000	136,119
2019	245,000	112,602	220,000	129,819
2020	255,000	103,219	230,000	120,193
2021	265,000	93,452	235,000	110,131
2022	275,000	83,303	245,000	100,731
2023	285,000	72,770	255,000	89,706
2024	300,000	61,855	260,000	81,100
2025	310,000	50,365	270,000	72,000
2026	320,000	38,492	280,000	61,200
2027	335,000	26,235	295,000	50,000
2028	350,000	13,405	305,000	38,200
2029			320,000	26,000
2030	-	-	330,000	13,200
	<u>\$ 3,840,000</u>	<u>\$ 1,193,622</u>	<u>\$ 4,045,000</u>	<u>\$ 1,477,505</u>

Year	2013 G.O.		2013 G.O.		Totals Bonds	
	Refunding Bonds		Public Improvement Bonds		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ -	\$ 23,354	\$ 190,000	\$ 140,358	\$ 2,555,000	\$ 919,288
2016	325,000	23,550	195,000	137,738	2,615,000	811,824
2017	335,000	17,050	195,000	133,838	2,260,000	744,892
2018	345,000	10,350	205,000	129,938	2,330,000	682,859
2019	-	-	210,000	123,780	2,070,000	610,296
2020	-	-	215,000	117,488	2,125,000	542,729
2021	-	-	220,000	111,038	1,765,000	480,088
2022	-	-	225,000	106,638	1,830,000	432,316
2023	-	-	230,000	102,138	1,525,000	388,152
2024	-	-	235,000	97,250	1,570,000	344,880
2025	-	-	240,000	91,669	1,610,000	298,884
2026	-	-	245,000	85,669	1,450,000	252,636
2027	-	-	255,000	79,238	1,155,000	211,154
2028	-	-	260,000	71,588	1,195,000	170,106
2029	-	-	270,000	63,788	880,000	127,257
2030	-	-	280,000	55,013	910,000	95,725
2031	-	-	290,000	45,213	600,000	62,238
2032	-	-	300,000	35,953	620,000	41,753
2033	-	-	310,000	23,712	310,000	23,712
2034	-	-	325,000	12,188	325,000	12,188
	<u>\$ 1,005,000</u>	<u>\$ 74,304</u>	<u>\$ 4,895,000</u>	<u>\$ 1,764,235</u>	<u>\$ 29,700,000</u>	<u>\$ 7,252,977</u>

CITY OF BRENTWOOD, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS - BUSINESS-TYPE ACTIVITIES DEBT
JUNE 30, 2014

Year	2003 Water Revenue and Tax Refunding Bonds		2006 Sewer Revenue and Tax Refunding Bonds		2008 Water and Sewer Revenue and Tax Bonds		2010 G.O. Public Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ -	\$ 4,290	\$ 185,000	\$ 50,496	\$ 410,000	\$ 314,939	\$ 430,000	\$ 248,281
2016	195,000	4,875	185,000	43,559	425,000	301,614	435,000	239,681
2017	30,000	585	195,000	36,434	440,000	287,801	440,000	230,981
2018	-	-	205,000	28,934	455,000	272,401	450,000	217,781
2019	-	-	210,000	21,153	470,000	255,339	460,000	208,781
2020	-	-	220,000	13,035	490,000	237,714	465,000	199,006
2021	-	-	230,000	-	510,000	218,849	480,000	187,963
2022	-	-	-	-	530,000	199,214	490,000	175,963
2023	-	-	-	-	555,000	178,279	500,000	163,100
2024	-	-	-	-	575,000	156,356	515,000	149,350
2025	-	-	-	-	600,000	133,356	530,000	135,188
2026	-	-	-	-	625,000	109,356	545,000	120,613
2027	-	-	-	-	655,000	84,356	560,000	104,263
2028	-	-	-	-	680,000	57,338	580,000	87,463
2029	-	-	-	-	710,000	29,288	595,000	69,338
2030	-	-	-	-	-	-	615,000	50,000
2031	-	-	-	-	-	-	635,000	25,400
	<u>\$ 225,000</u>	<u>\$ 9,750</u>	<u>\$ 1,430,000</u>	<u>\$ 193,611</u>	<u>\$ 8,130,000</u>	<u>\$ 2,836,200</u>	<u>\$ 8,725,000</u>	<u>\$ 2,613,152</u>

Year	2012 G.O. Public Improvement Bonds		2013 G.O. Refunding Bonds		2013 G.O. Public Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 290,000	\$ 132,638	\$ -	\$ 13,834	\$ 130,000	\$ 94,555
2016	295,000	126,787	170,000	13,950	130,000	92,750
2017	305,000	120,788	205,000	10,550	135,000	90,150
2018	310,000	114,637	215,000	6,450	135,000	87,450
2019	315,000	108,388	-	-	140,000	83,400
2020	320,000	102,037	-	-	145,000	79,200
2021	330,000	95,538	-	-	150,000	74,850
2022	335,000	88,887	-	-	150,000	71,850
2023	340,000	82,138	-	-	155,000	68,850
2024	705,000	75,237	-	-	160,000	65,556
2025	365,000	68,188	-	-	165,000	61,756
2026	370,000	60,987	-	-	165,000	57,631
2027	380,000	98,606	-	-	170,000	53,300
2028	390,000	36,294	-	-	175,000	48,200
2029	395,000	26,725	-	-	180,000	42,950
2030	410,000	16,406	-	-	190,000	37,100
2031	420,000	5,513	-	-	195,000	30,450
2032	-	-	-	-	200,000	23,625
2033	-	-	-	-	210,000	16,125
2034	-	-	-	-	220,000	8,250
	<u>\$ 6,275,000</u>	<u>\$ 1,359,794</u>	<u>\$ 590,000</u>	<u>\$ 44,784</u>	<u>\$ 3,300,000</u>	<u>\$ 1,187,998</u>

CITY OF BRENTWOOD, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS - BUSINESS-TYPE ACTIVITIES DEBT (CONTINUED)
JUNE 30, 2014

<u>Year</u>	<u>Total Debt Requirements</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,445,000	\$ 859,033
2016	1,835,000	823,216
2017	1,750,000	777,289
2018	1,770,000	727,653
2019	1,595,000	677,061
2020	1,640,000	630,992
2021	1,700,000	577,200
2022	1,505,000	535,914
2023	1,550,000	492,367
2024	1,955,000	446,499
2025	1,660,000	398,488
2026	1,705,000	348,587
2027	1,765,000	340,525
2028	1,825,000	229,295
2029	1,880,000	168,301
2030	1,215,000	103,506
2031	1,250,000	61,363
2032	200,000	23,625
2033	210,000	16,125
2034	220,000	8,250
	<u>\$ 28,675,000</u>	<u>\$ 8,245,289</u>

CITY OF BRENTWOOD, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

Grant Description	Federal CFDA#	Grant Number	Grant Period	Federal Grant Amount	State Grant Amount	Accrued (Deferred) 7/1/2013	Other Adjustments	Federal Receipts	State Receipts	Expenditures	Accrued (Deferred) 6/30/2014
FEDERAL AWARDS:											
US DEPARTMENT OF HOMELAND SECURITY											
Passed through the Tennessee Emergency Management Agency:											
Assistance to Fire Fighters Grant Program - Fire Prevention and Safety Grants	97.044	EMW-2012-FP-00566	6/11/13-12/11/13	\$ 42,300		\$ -	\$ -	\$ 42,300	\$ -	\$ 42,300	\$ -
TOTAL US DEPARTMENT OF HOMELAND SECURITY						-	-	42,300	-	42,300	-
US DEPARTMENT OF JUSTICE											
Equitable Sharing Program	16.922	N/A	7/1/02-6/30/14	\$ -		(306,910)	843	40,926	-	-	(348,679)
TOTAL BUREAU OF JUSTICE ASSISTANCE						(306,910)	843	40,926	-	-	(348,679)
TOTAL EXPENDITURES OF FEDERAL AWARDS						<u>\$ (306,910)</u>	<u>\$ 843</u>	<u>\$ 83,226</u>	<u>\$ -</u>	<u>\$ 42,300</u>	<u>\$ (348,679)</u>
STATE AWARDS:											
State of Tennessee											
GIS Mapping Maintenance Grant	N/A	ECD Res 2008-01	01/15/2008-06/30/2014	\$ 10,000		\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -
Clean Tennessee Energy Grant	N/A	32701-01381	8/1/2012-07/31/2014	\$ 44,885		44,885	-	-	44,885	-	-
TOTAL EXPENDITURES OF STATE AWARDS						<u>\$ 44,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,885</u>	<u>\$ 10,000</u>	<u>\$ -</u>

NOTE 1 - BASIS OF PRESENTATION

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

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

CITY OF BRENTWOOD, TENNESSEE

UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Number of Customers</u>		
Water	9,016		
Sewer	10,713		
	<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		0.84	per 1,000 gallons
Sewer			
<i>In City Limits:</i>			
Residential customers - First 2,000 gallons	\$	14.53	(minimum bill)
Next 8,000 gallons		5.09	per 1,000 gallons
Over 10,000 gallons		5.81	per 1,000 gallons
<i>Commercial office, institutional and certain other commercial customers</i>			
Minimum bill, per square foot of building	\$	0.009084	(approx. per ft ²)
Up to 10,000 gallons total usage, per 1,000		6.36	per 1,000 gallons
Over 10,000 gallons, per 1,000 gallons		7.26	per 1,000 gallons
<i>Commercial retail customers - Minimum bill, per unit or tenant space</i>			
Up to 10,000 gallons total usage, per 1,000 gallons	\$	18.16	(minimum bill)
Over 10,000 gallons, per 1,000 gallons		6.36	per 1,000 gallons
		7.26	per 1,000 gallons
<i>Outside City Limits (Sewer Only customers):</i>			
Residential customers - First 2,000 gallons	\$	15.29	(minimum bill)
Next 8,000 gallons		5.35	per 1,000 gallons
Over 10,000 gallons		6.11	per 1,000 gallons
<i>Commercial office, institutional and certain other commercial customers</i>			
Minimum bill, per square foot of building	\$	0.009538	(approx. per ft ²)
Up to 10,000 gallons total usage, per 1,000		6.69	per 1,000 gallons
Over 10,000 gallons, per 1,000 gallons		7.63	per 1,000 gallons
<i>Commercial retail customers (sewer only); 105% institutional</i>			
Minimum bill, per unit or tenant space	\$	19.08	(minimum bill)
Up to 10,000 gallons total usage, per 1,000 gallons		6.69	per 1,000 gallons
Over 10,000 gallons, per 1,000 gallons		7.63	per 1,000 gallons
Wastewater treatment surcharge for all Brentwood Sewer customers		1.10	per 1,000 gallons



AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0

American Water Works Association

?	Click to access definition
+	Click to add a comment

Water Audit Report for: **City of Brentwood Water Services Department (0000069)**
Reporting Year: **2014** **6/2013 - 7/2014**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: **MILLION GALLONS (US) PER YEAR**

To select the correct data grading for each input, determine the highest grade where

WATER SUPPLIED

		Enter grading in column 'E' and 'J' ----->				Master Meter and Supply Error Adjustments			
						Pcnt:		Value:	
Volume from own sources:	+	?	n/a		MG/Yr	+	?		MG/Yr
Water imported:	+	?	9	1,865.208	MG/Yr	+	?	8	0.00%
Water exported:	+	?	n/a		MG/Yr	+	?		MG/Yr

WATER SUPPLIED: **1,865.208** MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	+	?	10	1,301.213	MG/Yr	Click here: ? for help using option buttons below
Billed unmetered:	+	?	8	17.857	MG/Yr	
Unbilled metered:	+	?	10	11.279	MG/Yr	
Unbilled unmetered:	+	?	10	15.981	MG/Yr	

AUTHORIZED CONSUMPTION: **1,346.330** MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

518.878 MG/Yr

Apparent Losses

Unauthorized consumption: **4.663** MG/Yr
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	+	?	8	33.654	MG/Yr
Systematic data handling errors:	+	?	9	0.050	MG/Yr

Apparent Losses: **38.367** MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **480.511** MG/Yr

WATER LOSSES: **518.878** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **546.138** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+	?	10	211.5	miles
Number of <u>active AND inactive</u> service connections:	+	?	10	9,450	
Service connection density:	?			45	conn./mile main

Are customer meters typically located at the curbside or property line? **Yes**

Average length of customer service line: **?** (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: **?** **8** **70.0** psi

COST DATA

Total annual cost of operating water system:	+	?	8	\$8,417,686	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	8	\$5.60	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	10	\$2,500.00	\$/Million gallons ☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 88 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Water imported

2: Unauthorized consumption

3: Billed unmetered

CITY OF BRENTWOOD
LIST OF PRINCIPAL OFFICIALS AND BONDED AMOUNTS
JUNE 30, 2014

Elected:

		<u>Blanket Bond Amount</u>
Mayor	Betsy Crossley	\$500,000
Vice Mayor	Jill Burgin	\$500,000
Commissioner	Anne Dunn	\$500,000
Commissioner	Rod Freeman	\$500,000
Commissioner	Mark Gorman	\$500,000
Commissioner	Rhea E. Little, III	\$500,000
Commissioner	Regina R. Smithson	\$500,000

Appointed:

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

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.	93 - 98
<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.	99 - 105
<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.	106 - 109
<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.	110 - 111
<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.	112 - 114

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/POSITION BY COMPONENT (UNAUDITED)

LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 119,610,848	\$ 119,009,889	\$ 135,812,978	\$ 139,216,762	\$ 157,618,661	\$ 161,999,322	\$ 171,916,717	\$ 178,649,136	\$ 185,860,823	\$ 190,264,011
Restricted	2,774,389	2,621,325	1,238,048	3,230,842 ⁽²⁾	3,447,290	7,036,941	6,615,744	5,521,606	4,960,235 ⁽⁴⁾	4,153,551
Unrestricted	<u>25,135,008 ⁽¹⁾</u>	<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>	<u>34,754,804</u>	<u>40,473,973</u>	<u>46,285,157 ⁽³⁾</u>	<u>51,458,954</u>
Total governmental activities net position	<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>	<u>\$ 213,287,265</u>	<u>\$ 224,644,715</u>	<u>\$ 237,106,215</u>	<u>\$ 245,876,516</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 41,920,206	\$ 45,220,609	\$ 46,036,765	\$ 50,097,841	\$ 45,581,522	\$ 49,282,442	\$ 41,833,117	\$ 51,006,423	\$ 51,490,226	\$ 50,452,428
Restricted	269,708	269,708	269,708	269,708	179,823	-	-	120,000	- ⁽⁴⁾	-
Unrestricted	<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>	<u>25,853,129</u>	<u>21,681,193</u>	<u>23,873,374 ⁽³⁾</u>	<u>26,267,457</u>
Total business-type activities net position	<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>	<u>\$ 67,686,246</u>	<u>\$ 72,807,616</u>	<u>\$ 75,363,600</u>	<u>\$ 76,719,885</u>
Primary government										
Net investment in capital assets	\$ 161,531,054	\$ 164,230,498	\$ 181,849,743	\$ 189,314,603	\$ 203,200,183	\$ 211,281,764	\$ 213,749,834	\$ 229,655,559	\$ 237,351,049	\$ 240,716,439
Restricted	3,044,097	2,891,033	1,507,756	3,500,550	3,627,113	7,036,941	6,615,744	5,641,606	4,960,235 ⁽⁴⁾	4,153,551
Unrestricted	<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>	<u>60,607,933</u>	<u>62,155,166</u>	<u>70,158,531 ⁽³⁾</u>	<u>77,726,411</u>
Total primary government net position	<u>\$ 195,504,120 ⁽¹⁾</u>	<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>	<u>\$ 280,973,511</u>	<u>\$ 297,452,331</u>	<u>\$ 312,469,815</u>	<u>\$ 322,596,401</u>

⁽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 2008 in connection with the adoption of GASB Statement 45 for amounts previously transferred from governmental funds to Post Employment Benefits Fund resulting in overfunding upon implementation.

⁽³⁾ GASB Statement No. 63 and 65 were implemented in FY 2013 and changed the name of governmental activities and business-type/proprietary fund net assets to net position. Additionally, these statements introduced the concept of deferred inflows of resources and deferred outflows of resources for items previously classified as assets and liabilities. These changes are applicable for fiscal years beginning in 2013.

⁽⁴⁾ OPEB assets previously reported as restricted have been reclassified as a component of unrestricted net position beginning in 2013.

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN NET ASSETS/POSITION (UNAUDITED)

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES										
Governmental Activities:										
General government	\$ 4,507,895	\$ 5,364,225	\$ 5,179,031	\$ 5,671,314	\$ 6,477,468	\$ 6,100,293	\$ 5,875,080	\$ 6,597,201	\$ 6,853,667	\$ 6,674,735
Public safety	9,212,802	10,043,600	10,354,861	11,582,486	11,906,523	11,901,013	12,260,875	12,123,456	12,274,641	12,623,784
Roads and streets	7,051,097	6,134,385	7,999,238	8,608,854	9,813,754	9,550,587	10,968,394	8,724,793	9,340,924	9,317,989
Public health	71,764	63,753	76,310	80,890	80,858	78,519	81,248	79,638	81,182	88,068
Parks and recreation	1,805,863	2,535,784	2,113,051	2,214,424	2,257,828	2,253,977	2,475,591	2,527,115	2,635,324	2,630,573
Public library	1,705,640	1,828,744	1,917,705	2,059,858	2,179,852	2,277,395	2,447,976	2,422,613	2,573,378	2,695,163
Community support	239,793	261,678	264,226	259,756	256,220	258,112	265,068	294,259	280,627	312,295
Drug education	14,837	108,669	58,279	63,604	60,117	113,392	66,972	74,485	24,818	53,055
Facilities maintenance projects	-	-	-	131,616	134,359	413,745	-	-	-	-
Other	19,553	10,368	-	-	-	-	-	-	-	-
Interest on long-term debt	1,108,444	1,001,149	1,141,649	1,230,022	1,148,236	1,145,000	1,152,676	930,474	925,012	1,198,233
Total governmental activities	25,737,688	27,352,355	29,104,350	31,902,824	34,315,215	34,092,033	35,593,880	33,774,034	34,989,573	35,593,895
Business-type activities:										
Water and Sewer	\$ 9,032,664	\$ 9,751,321	\$ 10,105,203	\$ 11,551,025	\$ 11,671,952	\$ 12,150,791	\$ 13,092,399	\$ 13,140,446	\$ 14,507,961	\$ 15,954,570
Rental facilities	422,084	463,648	475,793	507,356	584,900	515,425	564,841	613,469	635,621	656,642
911 operations	681,704	788,595	842,061	889,135	898,577	922,375	1,064,637	1,149,062	1,194,308	1,224,118
Total business-type activities	10,136,452	11,003,564	11,423,057	12,947,516	13,155,429	13,588,591	14,721,877	14,902,977	16,337,890	17,835,330
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 35,874,140	\$ 38,355,919	\$ 40,527,407	\$ 44,850,340	\$ 47,470,644	\$ 47,680,624	\$ 50,315,757	\$ 48,677,011	\$ 51,327,463	\$ 53,429,225
PROGRAM REVENUES										
Governmental Activities:										
Charges for services:										
General government	\$ 226,857	\$ 392,005	\$ 457,610	\$ 631,595	\$ 572,763 ⁽¹⁾	\$ 826,573	\$ 951,096	\$ 1,206,745	\$ 1,332,955	\$ 1,273,686
Roads and streets	43,697	55,324	64,741	35,646	41,210 ⁽¹⁾	409,300	360,927	676,355	1,514,944	703,350
Parks and recreation	27,275	29,101	67,650	90,933	92,498	98,336	116,950	125,154	112,905	124,736
Public library	93,996	125,556	138,322	137,032	136,250	147,013	156,372	156,636	140,832	148,520
Community support	24,877	24,341	23,841	24,325	22,686	25,141	29,430	29,631	29,977	27,850
Operating grants and contributions	1,046,504	1,039,004	915,641	1,026,577	1,007,259	1,487,877	1,424,021	1,006,999	1,020,125	1,004,056
Capital grants and contributions	3,339,186	-	17,294,640	6,909,990	13,452,200 ⁽¹⁾	8,604,638	4,508,465	7,711,481	7,833,395	4,107,635
Total governmental activities and program revenues	4,802,392	1,665,331	18,962,445	8,856,098	15,324,866	11,598,878	7,547,261	10,913,001	11,985,133	7,389,833
Business-type activities:										
Charges for services:										
Water and Sewer	9,763,637	10,580,466	11,452,036	12,484,931	13,209,778	12,658,635	13,879,189	14,539,927	13,946,250	14,434,478
Rental facilities	449,008	490,188	478,347	496,971	509,673	556,317	611,567	676,488	728,213	675,285
911 operations	451,578	538,212	620,309	623,926	652,548	648,731	663,715	660,316	626,587	576,880
Operating grants and contributions	-	-	-	-	-	-	189,153	207,911	271,154	238,727
Capital grants and contributions	1,910,115	2,485,002	3,451,033	949,505	957,013	809,958	1,653,925	3,163,900	2,822,068	2,762,989
Total business-type activities program revenues	12,574,338	14,093,868	16,001,725	14,555,333	15,329,012	14,673,641	16,997,549	19,248,542	18,394,272	18,688,359
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 17,376,730	\$ 15,759,199	\$ 34,964,170	\$ 23,411,431	\$ 30,653,878	\$ 26,272,519	\$ 24,544,810	\$ 30,161,543	\$ 30,379,405	\$ 26,078,192
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (20,935,296)	\$ (25,687,024)	\$ (10,141,905)	\$ (23,046,726)	\$ (18,990,349)	\$ (22,493,155)	\$ (28,046,619)	\$ (22,861,033)	\$ (23,004,440)	\$ (28,204,062)
Business-type activities	2,437,886	3,090,304	4,578,668	1,607,817	2,173,583	1,085,050	2,275,672	4,345,565	2,056,382	853,029
TOTAL PRIMARY GOVERNMENT NET EXPENSE	\$ (18,497,410)	\$ (22,596,720)	\$ (5,563,237)	\$ (21,438,909)	\$ (16,816,766)	\$ (21,408,105)	\$ (25,770,947)	\$ (18,515,468)	\$ (20,948,058)	\$ (27,351,033)

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN NET ASSETS/POSITION (UNAUDITED) (CONTINUED)

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS/POSITION										
Governmental activities:										
Taxes										
Property taxes	\$ 8,473,452	\$ 8,929,991	\$ 9,305,843	\$ 9,948,350	\$ 10,349,458	\$ 10,666,669	\$ 10,910,998	\$ 10,857,220	\$ 10,738,390	\$ 11,030,338
Local option taxes	8,691,778	10,098,176	10,510,078	10,897,522	10,261,708	10,173,406	11,027,909	12,005,650	12,762,673	12,954,622
Hotel/Motel taxes	-	-	-	-	-	-	-	1,144,406 ⁽²⁾	1,164,600	1,362,325
Wholesale beer and liquor taxes	-	-	-	-	-	-	-	1,230,697 ⁽²⁾	1,286,492	1,282,506
State sales and income taxes	-	-	-	-	- ⁽¹⁾	4,326,647	4,552,428	- ⁽²⁾	-	-
Other business taxes	-	-	-	-	- ⁽¹⁾	3,732,842	3,945,296	- ⁽²⁾	-	-
Adequate schools facilities taxes	-	-	-	-	- ⁽¹⁾	218,990	332,178	412,451	494,233	616,142
Licenses and permits	1,709,803	3,315,881	3,770,901	4,025,144	3,871,297 ⁽¹⁾	-	-	-	-	-
Other taxes	2,894,347	1,930,755	1,680,610	1,146,517	631,364 ⁽¹⁾	767,240	817,978	536,547 ⁽²⁾	526,677	536,418
State sales, income, and other taxes	3,425,382	4,170,870	5,500,693	6,744,510	6,612,992 ⁽¹⁾	-	-	-	-	-
Unrestricted intergovernmental taxes:										
State sales	-	-	-	-	-	-	-	2,513,971 ⁽²⁾	2,561,661	2,647,788
Income	-	-	-	-	-	-	-	2,284,851 ⁽²⁾	3,269,643	3,237,239
Business	-	-	-	-	-	-	-	1,339,121 ⁽²⁾	1,639,950	1,881,556
TVA in-lieu	-	-	-	-	-	-	-	428,175 ⁽²⁾	422,625	410,018
Mixed drink and beer	-	-	-	-	-	-	-	152,273 ⁽²⁾	160,299	182,131
Petroleum special	-	-	-	-	-	-	-	76,063 ⁽²⁾	75,935	75,841
Corporate excise	-	-	-	-	-	-	-	11,633 ⁽²⁾	20,662	48,993
Telecommunications	-	-	-	-	-	-	-	2,301 ⁽²⁾	3,312	3,791
Other intergovernmental	-	-	-	-	-	-	-	142,463 ⁽²⁾	134,971	343,912
Unrestricted earnings	731,403	1,287,069	2,129,264	1,883,205	1,099,457	731,313	817,401	578,871	621,825	566,443
Miscellaneous	106,310	532,213	512,712	1,548,023	724,916	370,192	236,284	293,655	481,604	213,000
Loss on disposal of capital assets	-	-	(84,698)	-	-	-	-	-	-	-
Contributions to Post Employment Benefit Fund	(300,000)	(617,000)	(620,000)	-	-	-	-	-	-	-
Transfers	(250,000)	(263,400)	(332,000)	(395,000)	(413,000)	(1,418,700)	(418,700)	(422,950)	(548,700)	(418,700)
Total government activities	<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>	<u>32,221,772</u>	<u>33,587,398</u>	<u>35,816,852</u>	<u>36,974,363</u>
Business-type activities										
Unrestricted investment earnings	129,629	307,198	511,043	452,359	157,106	92,519	250,252	156,503	173,623	84,556
Contributions to Post Employment Benefit Fund	-	(60,000)	(60,000)	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	196,352	-	-
Transfers	250,000	263,400	332,000	395,000	413,000	1,418,700	418,700	422,950	548,700	418,700
Total business-type activities	<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>	<u>668,952</u>	<u>775,805</u>	<u>722,323</u>	<u>503,256</u>
TOTAL PRIMARY GOVERNMENT	<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>	<u>\$ 32,890,724</u>	<u>\$ 34,363,203</u>	<u>\$ 36,539,175</u>	<u>\$ 37,477,619</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 4,547,179	\$ 3,697,531	\$ 29,845,685	\$ 12,751,545	\$ 14,147,843	\$ 7,075,444	\$ 4,175,153	\$ 10,726,365	\$ 12,812,412	\$ 8,770,301
Business-type activities	<u>2,817,515</u>	<u>3,600,902</u>	<u>5,361,711</u>	<u>2,455,176</u>	<u>2,743,689</u>	<u>2,596,269</u>	<u>2,944,624</u>	<u>5,121,370</u>	<u>2,778,705</u>	<u>1,356,285</u>
TOTAL PRIMARY GOVERNMENT	<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>	<u>\$ 7,119,777</u>	<u>\$ 15,847,735</u>	<u>\$ 15,591,117</u>	<u>\$ 10,126,586</u>

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

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

NOTE: See Note on page 93.

CITY OF BRENTWOOD, TENNESSEE

FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	16,508,469	18,477,195	18,511,792	23,074,729	24,948,669	25,383,963	-	-	-	-
Nonspendable	-	-	-	-	-	-	106,295 (1)	40,995	283,514	23,877
Committed	-	-	-	-	-	-	2,055,889 (1)	3,841,285	4,191,394	4,673,661
Unassigned	-	-	-	-	-	-	23,215,831 (1)	26,545,794	29,560,931	30,701,075
Total general fund	<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>	<u>\$ 25,378,015</u>	<u>\$ 30,428,074</u>	<u>\$ 34,035,839</u>	<u>\$ 35,398,613</u>
All Other Governmental Funds										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved										
Reserved for debt services	2,952,006	3,023,388	3,537,262	4,192,274	3,732,563	3,979,063	-	-	-	-
Reserved for capital projects	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	568,726	561,571	581,731	589,004	485,175	392,214	-	-	-	-
Reserved for drug enforcement and education	94,649	142,077	104,779	49,439	118,447	151,811	-	-	-	-
Restricted										
Restricted for street repairs	-	-	-	-	-	-	397,129 (1)	358,999	461,649	382,211
Restricted for drug enforcement and education	-	-	-	-	-	-	186,549 (1)	284,486	352,764	408,363
Restricted for capital projects	-	-	-	-	-	-	1,967,705 (1)	2,237,084	3,161,408	2,232,769
Committed										
Committed to capital projects	-	-	-	-	-	-	9,258,181 (1)	8,600,375	9,387,496	13,429,400
Committed to debt service	-	-	-	-	-	-	3,942,590 (1)	3,793,311	3,712,435	3,706,319
Total all other governmental funds	<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>	<u>\$ 15,752,154</u>	<u>\$ 15,274,255</u>	<u>\$ 17,075,752</u>	<u>\$ 20,159,062</u>

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

CITY OF BRENTWOOD, TENNESSEE

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
REVENUES										
Taxes	\$ 20,059,577	\$ 22,344,048	\$ 23,586,822	\$ 24,871,016	\$ 24,482,463	\$ 24,572,917	\$ 25,884,203	\$ 25,774,520	\$ 26,478,832	\$ 27,166,209
Licenses and permits	1,709,803	1,930,755	1,680,610	1,146,517	631,364	843,301	1,000,864	1,448,508	2,419,665	1,609,529
Fines and fees	226,857	392,005	457,610	631,595	572,763	378,878	277,949	373,100	367,427	307,980
Charges for services	189,845	234,322	294,554	287,936	292,644	284,184	335,962	372,913	344,521	360,633
Intergovernmental	4,471,886	5,209,874	6,416,334	7,771,087	7,620,251	6,501,066	7,338,849	9,411,861	9,803,416	10,496,352
Uses of money and property	731,403	1,287,069	2,129,264	1,883,205	1,099,457	729,251	806,996	571,595	621,825	566,443
Other revenues	<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>	<u>236,284</u>	<u>293,655</u>	<u>481,604</u>	<u>213,000</u>
TOTAL REVENUES	<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>	<u>35,881,107</u>	<u>38,246,152</u>	<u>40,517,290</u>	<u>40,720,146</u>
EXPENDITURES										
General government	4,220,253	4,457,292	4,727,232	5,175,337	5,527,562	5,306,980	5,380,604	5,710,028	6,130,364	6,061,451
Public safety	8,713,433	9,405,597	10,009,079	10,863,119	11,379,395	11,477,366	12,387,195	11,859,078	12,178,507	12,898,119
Roads and streets	3,180,765	3,676,825	3,822,056	4,317,743	4,437,408	4,478,022	5,129,091	4,739,856	4,631,107	5,146,761
Public health	71,764	63,753	76,310	80,890	80,858	78,519	81,248	79,638	81,182	88,068
Parks and recreation	1,125,016	1,284,465	1,458,493	1,582,625	1,640,627	1,615,046	1,737,854	1,794,215	1,969,273	1,993,508
Public library	1,518,773	1,645,071	1,755,700	1,845,720	1,982,039	1,974,656	2,020,271	2,001,510	2,141,269	2,255,226
Community support	239,793	241,243	264,226	259,756	256,220	258,112	265,068	294,259	280,627	312,295
Drug education	10,628	31,593	22,414	33,962	25,418	25,278	16,861	14,935	11,879	30,717
Facility maintenance	-	-	-	131,616	134,359	413,745	-	-	-	-
Other	-	5,395	-	-	-	-	-	-	-	-
Capital outlay	5,800,950	4,692,511	6,435,501	5,349,986	10,251,368	6,043,040	11,060,955	8,914,483	3,783,204	8,611,260
Contribution to Post Employment Benefits Fund	300,000	617,000	620,000	- *	-	-	-	-	-	-
Debt service										
Principal	1,971,459	2,182,830	1,809,255	2,055,795	2,277,460	1,919,256	2,141,197	2,243,292	2,465,555	2,475,000
Interest	1,073,377	967,277	1,098,161	1,070,861	1,140,915	1,146,167	1,114,176	1,021,856	886,361	892,672
Bond issue costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,078</u>	<u>-</u>	<u>80,109</u>
Total expenditures	<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>	<u>41,334,520</u>	<u>38,871,228</u>	<u>34,559,328</u>	<u>40,845,186</u>
Excess of revenues										
over (under) expenditures	<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>	<u>(5,453,413)</u>	<u>(625,076)</u>	<u>5,957,962</u>	<u>(125,040)</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 5,722,750	\$ 7,267,668	\$ 11,922,523	\$ 5,842,792	\$ 6,652,545	\$ 5,142,275	\$ 9,366,500	\$ 5,582,436	\$ 7,490,000	\$ 11,031,520
Transfers out	(5,972,750)	(7,531,068)	(12,254,523)	(6,237,792)	(7,065,545)	(7,060,975)	(9,785,200)	(6,155,386)	(8,038,700)	(11,450,220)
Proceeds of general obligation bonds	-	4,800,000	-	4,935,000	-	4,760,000	-	4,845,000	-	4,895,000
Proceeds of refunding bonds	-	2,430,000	-	-	-	-	-	10,635,000	-	1,005,000
Payment of refunded bond escrow agent	-	(2,398,471)	-	-	-	-	-	(10,924,444)	-	(1,035,464)
Bond discount	-	(68,320)	-	-	-	-	-	-	-	-
Bond premium	-	-	-	-	-	168,943	-	583,545	-	125,288
Total other financing sources (uses)	<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>	<u>(418,700)</u>	<u>4,566,151</u>	<u>(548,700)</u>	<u>4,571,124</u>
Net Change in Fund Balance	<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>	<u>\$ (5,872,113)</u>	<u>\$ 3,941,075</u>	<u>\$ 5,409,262</u>	<u>\$ 4,446,084</u>
Debt service as a percentage of noncapital expenditures	<u>13.6</u> %	<u>12.8</u> %	<u>11.4</u> %	<u>11.4</u> %	<u>11.8</u> %	<u>4.0</u> %	<u>3.7</u> %	<u>3.4</u> %	<u>3.0</u> %	<u>3.0</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
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 %
2011	503,799,096	1,513,661,397	21,053,881	78,964,295	2,117,478,669	0.49	7,654,188,725	27.66 %
2012	624,223,809	1,626,787,010	19,035,100	78,672,001	2,348,717,920	0.44	8,408,400,132	27.93 %
2013	615,081,282	1,661,897,110	19,319,400	79,521,200	2,375,818,992	0.44	8,528,935,376	27.86 %
2014	620,333,962	1,703,757,635	18,731,900	74,740,734	2,417,564,231	0.44	8,693,902,911	27.81 %

* The fiscal year listed corresponds to the preceding tax year levy (2014 fiscal year would represent the 2013 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 RATE *
	CITY OF BRENTWOOD	WILLIAMSON COUNTY
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
2011	.49 / 100	2.26 / 100
2012	.44 / 100	2.26 / 100
2013	.44 / 100	2.26 / 100
2014	.44 / 100	2.26 / 100

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

** The fiscal year listed corresponds to the preceding tax year levy (2014 fiscal year would represent the 2013 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 2014				FY 2005			
	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value	
Highwoods/Tenn Holdings LP	\$ 61,898,600	1	2.47 %		\$ 48,055,880	2	3.57 %	
Bellsouth Telecommunication	37,076,800	2	1.48		66,096,445	1	4.91	
Boyle Investments	35,185,200	3	1.41		-		-	
Duke Realty	33,153,200	4	1.32		10,190,480	4	0.76	
Brentwood Place Holding	23,202,400	5	0.93		-		-	
PEM Investments	19,199,500	6	0.77		-		-	
Heritage Retirement Facility	17,840,000	7	0.71		-		-	
Hospitality Properties Trust	16,966,300	8	0.68		-		-	
Gateway Kentfield Inc	11,257,700	9	0.45		8,627,640	6	0.64	
BRE DDR Cool Springs	9,867,100	10	0.39		-		-	
Wells Fargo XII-Reit Joint	-		-		8,563,120	7	0.64	
Williams, W. Fred, Trustee	-		-		5,840,000	10	0.43	
SBP Nashville, LLC	-		-		37,356,300	3	2.77	
Brentwood Retail LP	-		-		9,314,760	5	0.69	
Developers Diversified	-		-		8,375,960	8	0.62	
GC Finance LLC	-		-		7,535,285	9	0.56	
Total	<u>\$ 265,646,800</u>		<u>10.61 %</u>		<u>\$ 209,955,870</u>		<u>15.59 %</u>	
Total Assessment	<u>\$ 2,504,023,018</u>	**			<u>\$ 1,347,161,558</u>	***		

* Source: - 2005 and 2014 Williamson County Assessment

** Total Assessment Value for Tax Year 2013 (includes public utility 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	
2005	\$ 7,935,424	\$ 7,802,864	98.3%	\$ 131,509	\$ 7,934,373	100.0%	
2006	8,448,015	8,153,723	96.5%	291,620	8,445,343	100.0%	
2007	8,885,916	8,761,268	98.6%	122,307	8,883,575	100.0%	
2008	9,497,764	9,329,872	98.2%	164,110	9,493,982	100.0%	
2009	10,034,692	9,835,526	98.0%	192,521	10,028,047	99.9%	
2010	10,262,147	9,983,488	97.3%	271,187	10,254,675	99.9%	
2011	10,356,406	10,098,663	97.5%	250,755	10,349,418	97.5%	
2012	10,335,554	10,224,371	98.9%	105,256	10,329,627	99.9%	
2013	10,453,923	10,297,356	98.5%	139,770	10,437,126	99.8%	
2014	10,637,930	10,473,750	98.5%	-	10,473,750	98.5%	

Taxes are assessed as of January 1 and are due October 1 of each year. Taxes become delinquent after February 28 of the following year and a combined interest/penalty of 1.5% accrues on the first day of each month that taxes remain delinquent (18% annually). Effective with Tax Year 13

* The fiscal year listed corresponds to the preceding tax year levy (2014 fiscal year would represent the 2013 tax levy).
This represents the period for which the taxes were levied.

CITY OF BRENTWOOD

LOCAL TAXABLE SALES BY CATEGORY (UNAUDITED)

LAST TEN CALENDAR YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Category										
1 Apparel Stores	\$ 27,990,504	\$ 33,110,402	\$ 36,340,515	\$ 36,791,744	\$ 34,207,950	\$ 35,603,335	\$ 36,114,319	\$ 42,427,613	\$ 44,738,731	\$ 46,359,901
2 General Merchandise Stores	69,488,049	79,666,952	93,667,544	96,290,678	102,124,500	103,554,734	106,921,963	112,677,316	124,020,891	133,660,538
3 Food Stores	83,882,703	105,320,600	112,792,481	122,265,370	124,903,787	121,282,425	123,553,923	129,922,134	131,628,738	135,434,922
4 Eating and Drinking Places	52,467,863	58,916,383	66,998,444	66,639,721	64,569,999	62,775,480	64,343,637	69,334,673	74,552,538	77,800,464
5 Furniture Stores	125,675,063	136,502,232	147,860,607	131,089,288	106,871,146	84,004,301	90,529,601	94,945,616	99,606,068	101,560,402
6 Building Materials	53,168,017	58,559,976	62,973,618	58,975,759	49,997,120	42,539,665	43,710,523	45,675,018	54,197,346	553,443,104
7 MV Dealers and Service Stations	26,755,315	28,685,813	27,846,907	29,598,430	27,848,660	26,799,004	28,419,425	30,486,891	32,776,910	34,299,124
8 Other Retail	63,870,654	83,541,019	95,137,484	116,873,769	125,201,075	117,644,106	125,540,882	124,362,484	135,444,730	143,958,140
9 All Other Outlets	148,750,965	170,248,876	183,311,997	188,341,509	197,290,451	179,229,331	200,435,674	228,466,741	286,917,847	283,432,803
Total	<u>\$ 652,049,133</u>	<u>\$ 754,552,253</u>	<u>\$ 826,929,597</u>	<u>\$ 846,866,268</u>	<u>\$ 833,014,688</u>	<u>\$ 773,432,381</u>	<u>\$ 819,569,947</u>	<u>\$ 878,298,486</u>	<u>\$ 983,883,799</u>	<u>\$ 1,011,850,598</u>

Source: Tennessee Department of Revenue, Research Section

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

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING SALES TAX RATES (UNAUDITED)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Williamson County</u>	<u>State of Tennessee</u>
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
2011	1.125	1.125	7.00
2012	1.125	1.125	7.00
2013	1.125	1.125	7.00
2014	1.125	1.125	7.00

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

CITY OF BRENTWOOD, TENNESSEE

REVENUE CAPACITY INFORMATION

LOCAL SALES TAX REVENUE BY INDUSTRY, PRINCIPAL EMPLOYERS, FISCAL YEARS 2005 AND 2014

Sector	Fiscal Year 2005			
	Number of Filers	% of Total	Tax Liability	% of Total
1 Retail Trade	599	51.24%	\$12,161,435	77.49%
2 Services	346	29.60%	\$2,293,892	14.62%
3 Manufacturing	55	4.70%	\$457,828	2.92%
4 Wholesale Trade	86	7.36%	\$185,746	1.18%
5 Construction	25	2.14%	\$199,138	1.27%
6 Finance Insurance Real Estate	15	1.28%	\$7,069	0.05%
7 Transportation and Utilities	11	0.94%	\$213,299	1.36%
8 Agriculture	10	0.86%	\$25,600	0.16%
9 Other, Non Classified	22	1.88%	\$150,843	0.96%
Total	1169	100.00%	\$15,694,850	100.00%

Sector	Fiscal Year 2014			
	Number of Filers	% of Total	Tax Liability	% of Total
1 Retail Trade	598	47.27%	\$16,654,006	73.58%
2 Services	373	29.49%	\$3,365,995	14.87%
3 Manufacturing	52	4.11%	\$233,566	0.99%
4 Wholesale Trade	97	7.67%	\$894,352	3.95%
5 Construction	21	1.66%	\$253,694	1.12%
6 Finance Insurance Real Estate	16	1.26%	\$173,411	0.77%
7 Transportation and Utilities	13	1.03%	\$484,319	2.14%
8 Agriculture	12	0.95%	\$20,395	0.09%
9 Other, Non Classified	83	6.56%	\$563,282	2.49%
Total	1265	100.00%	\$22,643,020	100.00%

Source: Tennessee Department of Revenue, Research Section

Notes:

1. Figures subject to revision due to amended taxpayer returns.
2. Figures represent local sales tax collected by taxpayers during the period, not disbursements from the Department of Revenue. Thus, amounts presented above do not match to amounts reflected within the financial report.
3. Changes in local telecommunications sourcing rules in 2003 reduced the number of taxpayers reporting in Transportation and Utilities.
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>		
2005	\$ 23,841,564	\$	9,124,546	\$ 1,186,957	\$ 34,153,067	51.17 %	\$ 1,115
2006	26,521,854		7,800,506	947,104	35,269,464	49.13	1,152
2007	24,783,304		6,953,348	699,459	32,436,111	59.77	920
2008	27,734,754		6,056,754	443,768	34,235,276	56.63	971
2009	25,531,204		15,115,227	179,770	40,826,201	50.14	1,158
2010	28,612,374		14,153,311	-	42,765,685	52.80	1,224
2011	26,540,378		23,151,846	-	49,692,224	46.53	1,350
2012	29,436,074		28,318,417	-	57,754,491	41.21	1,558
2013	27,926,990		27,068,131	-	54,995,121	43.28	1,484
2014	30,406,988		28,821,143	-	59,228,131	38.50	1,480

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

*Calculated information provided on page 110 (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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General bonded debt outstanding general obligation bonds	<u>\$ 23,842</u>	<u>\$ 26,522</u>	<u>\$ 24,783</u>	<u>\$ 27,735</u>	<u>\$ 25,531</u>	<u>\$ 28,612</u>	<u>\$ 26,540</u>	<u>\$ 29,436</u>	<u>\$ 27,927</u>	<u>\$ 30,407</u>
Percentage of estimated actual property value**	1.77%	1.85%	1.37%	1.43%	1.25%	1.37%	1.27%	1.25%	1.18%	1.26%
Per capita***	778.70	866.25	702.83	786.53	724.04	820.00	723.15	794.28	753.56	759.78
Less: Amounts set aside to repay general debt	<u>2,952</u>	<u>3,023</u>	<u>3,537</u>	<u>3,865</u>	<u>3,732</u>	<u>3,979</u>	<u>3,943</u>	<u>3,793</u>	<u>3,712</u>	<u>3,706</u>
Total net debt applicable to debt limit	<u>\$ 20,890</u>	<u>\$ 23,499</u>	<u>\$ 21,246</u>	<u>\$ 23,870</u>	<u>\$ 21,799</u>	<u>\$ 24,936</u>	<u>\$ 22,597</u>	<u>\$ 25,643</u>	<u>\$ 24,215</u>	<u>\$ 26,701</u>
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 99 (Demographic and Economic Statistics).

CITY OF BRENTWOOD, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)

AS OF JUNE 30, 2014

<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	\$ 30,407	100.0%	\$ 30,407
Overlapping:			
Williamson County	<u>462,165</u>	28.8%	<u>133,204</u>
Total	<u>\$ 492,572</u>		<u>\$ 163,611</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 6/30/2013.

(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	
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
2011	15,386,840	9,967,900	5,418,940	1,030,000	513,266	1,543,266	3.51
2012	17,844,323	9,834,663	8,009,660	1,055,000	513,251	1,568,251	5.11
2013	16,625,776	11,119,462	5,506,314	875,000	454,353	1,329,353	4.14
2014	17,181,977	12,394,282	4,787,695	1,510,000	392,735	1,902,735	2.52

*Includes nonoperating revenues (includes water and sewer tap fees beginning in 2002).

**Does not include depreciation and amortization.

CITY OF BRENTWOOD, TENNESSEE

DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)

LAST TEN CALENDAR YEARS

CALENDAR YEAR	POPULATION		PERSONAL INCOME (IN THOUSANDS OF DOLLARS) ^a	PER CAPITA PERSONAL INCOME ^a	MEDIAN AGE ^a	SCHOOL ENROLLMENT ^b	UNEMPLOYMENT RATE ^c
2005	30,617	¹	1,747,527	N/A	42.3	8,528	3.9%
2006	30,617	¹	1,732,953	56,601	42.9	8,872	3.9%
2007	35,262	²	1,938,705	54,980	43.3	9,512	3.4%
2008	35,262	²	1,938,705	54,980	43.3	10,422	5.0%
2009	35,262	²	2,046,959	58,050	43.7	10,136	7.1%
2010	35,262	²	2,279,265	64,638	44.0	10,896	6.1%
2011	37,060	³	2,327,553	62,805	44.0	11,292	6.7%
2012	37,060	³	2,380,030	64,221	44.0	11,155	5.9%
2013	37,060	³	2,380,030	64,221 ⁵	40.3	11,078	6.2%
2014	40,021	⁴	2,280,357	56,979	43.3	11,312	5.7%

¹ Based on 2004 special census report

² Based on 2006 special census report

³ Based on 2010 US Bureau of the Census report

⁴ Based on 2014 US Bureau of the Census estimate

⁵ 2012 is most recent year available

^a Source - Williamson Economic Development Council

^b Source - Williamson County Public Schools and Private School with Brentwood Student Enrollment

^c Source - U.S. Department of Labor, Bureau of Labor Statistics

CITY OF BRENTWOOD, TENNESSEE

PRINCIPAL EMPLOYERS (UNAUDITED)

CURRENT YEAR AND NINE YEARS AGO

	<u>2014</u>			<u>2005</u>		
<u>EMPLOYER</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>
Comdata	1,107	1	6.09 %	800	1	5.14 %
Tractor Supply Company	854	2	4.70	350	5	2.25
HCA	985	3	5.42	210	9	1.35
AT&T	515	4	2.83	500	2	3.21
DaVita	500	5	2.75	-		-
Brookdale Senior Living	470	6	2.59	-		-
The Lampo Group (Dave Ramsey)	439	7	2.42	-		-
Cogent	400	8	2.20	-		-
Lattimore Black Morgan & Cain	300	9	1.65	-		-
City of Brentwood	270	10	1.49	227	7	1.46
Community Health Systems				475	3	3.05
Gambro Healthcare	-		-	350	4	2.25
EMI Christian Music Group	-		-	300	6	1.93
ICON Clinical Research, Inc.				218	8	1.40
Private Business				196	10	1.26
Total	<u>5,840</u>		<u>32.14 %</u>	<u>3,879</u>		<u>23.30 %</u>
Total employment	<u><u>18,168</u></u> *			<u><u>15,559</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

<u>FUNCTION/PROGRAM</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
GENERAL GOVT.										
City Manager	1	1	2	2	2	2	2	2	2	2
Administration	3	3	3	3	3	3	3	3	3	3
Finance	7	7	8	7	7	7	7.5	7.5	7.5	7
Human Resources	2	2	1	3	3	3	3	3	3	3
Information Technology	3	4	4	4.5	4.5	4.5	4.5	5.5	4.5	4.5
Planning and Development	4	4	4	4	4	3	3	3	3	3
Codes	9	9	8	9.5	9.5	9.0	9.5	8.5	9	8.5
GIS	-	-	2	4	3.5	4.5	4.5	3	3	3
	<u>29</u>	<u>30</u>	<u>32</u>	<u>37</u>	<u>36.5</u>	<u>36.0</u>	<u>37.0</u>	<u>35.5</u>	<u>35</u>	<u>34</u>
POLICE										
Officers	55	54	62	58	58	55.0	55.0	56.0	54	56
Civilians	13	13	10	12	13	13.5	14.0	15.0	14	16.5
FIRE										
Firefighters & Officers	57	57	57	58	61	61	63	61	63	62
Civilians	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Engineering	4	4	4	5	4	4	4	4	4	4
Public Works - Streets	20	22	19	22	22.5	22.5	22	22	22	23
UTILITES										
Water	12	11	11	12	13	13	12	13	13	13
Wastewater	12	12	12	13	13	12	12	13	12	13
PARKS & RECREATION	16	19	17	17	18	19	18	17	20	21
LIBRARY	<u>23</u>	<u>23</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>28</u>	<u>26</u>	<u>28.5</u>	<u>29</u>	<u>26</u>
Total	<u>242</u>	<u>246</u>	<u>251</u>	<u>261</u>	<u>266</u>	<u>265</u>	<u>264</u>	<u>266</u>	<u>267</u>	<u>270</u>

Source: City of Brentwood Personnel Department

CITY OF BRENTWOOD

OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

<u>FUNCTION/PROGRAM</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government										
Building permits issued	1,337	1,629	1,410	1,160	795	909	968	979	974	971
Building related inspections	16,962	16,078	14,035	14,299	12,320	8,908	9,778	10,318	10,639	10,095
Police										
Physical arrests	740	812	965	1,234	1,251	964	1,082	1,244	1,078	1137
Parking violations	62	58	36	178	122	44	73	70	68	95
Traffic violations	7,407	8,464	11,002	11,068	8,805	6,632	5,963	6,282	5,875	5019
Fire										
Emergency responses	2,232	2,408	2,467	2,441	2,455	2,473	2,622	2,742	2,721	2,961
Fires extinguished	87	123	112	78	86	67	102	92	81	79
Inspections (Commercial)	434	453	470	482	488	492	494	1,407	716	732
Public Works										
Street resurfacing (miles)	19.28	25.35	17.68	18.76	21.98	18.85	20.60	18.06	16.9	22.20
Potholes repaired	367	258	228	244	471	723	352	389	188	285
Library										
Volumes in collection	119,317	124,866	133,778	143,822	150,610	155,541	165,714	226,180	270,953	316,811
Total volumes borrowed	550,593	458,589	480,268	523,914	566,798	624,000	678,533	653,297	655,761	680,510
Water										
New connections	148	128	111	326	80	77	144	172	161	176
Water main breaks	9	9	13	27	11	15	15	12	13	12
Monthly average daily flow	105,000,000	105,000,000	153,305,000	162,000,000	159,000,000	142,754,333	147,709,000	153,415,000	150,165,000	156,000,000
Wastewater										
Average daily sewage treatment (thousands of gallons)	5,851.00	6,137.00	5,589.00	5,900.00	5,380.00	5,385.00	4,540.00	4,400.00	5,200.00	5,050.00

Source: Various City Departments

CITY OF BRENTWOOD

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)

LAST TEN FISCAL YEARS

<u>FUNCTION/PROGRAM</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	59	64	65	70	66	67	67	66	65	67
Fire Stations	4	4	4	4	4	4	4	4	4	4
Public Works										
Streets (miles)	417	417	417	422	424	456	459	461	466	487
Streetlights	2,600	2,607	3,249	3,289	3,354	3,401	3,422	3,439	3491	3513
Traffic signals	35	39	40	42	42	43	44	46	46	46
Parks and Recreation										
Acreage	455	560	580	580	580	610	862	862	966	966
Playgrounds	3	3	4	4	4	4	4	4	4	4
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	15	15	15	15	15	15	15	15	15	15
Water										
Water mains (miles) *	216	216	235	198	220	205	206	206	208	213
Fire hydrants	2,100	2,045	2,100	2,231	2,290	2,320	2,339	2,036	2411	2438
Storage capacity (thousand of gallons)	14,000	14,000	14,790	14,790	14,790	14,520	14,020	14,020	14,020	14,020
Wastewater										
Sanitary sewers (miles)	240	245	260	260	260	269	269	268	277	281

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Brentwood, Tennessee (the "City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Handwritten signature of Y. Kraft in black ink.

Nashville, Tennessee
December 22, 2014