

Financial Statements

TOWN OF ENGLEWOOD, TENNESSEE

Year Ended June 30, 2008

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Mayor and Board of Commissioners
Town of Englewood, Tennessee
Englewood, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Town of Englewood, Tennessee as of and for the year ended June 30, 2008, which collectively comprise Town of Englewood's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of Town of Englewood, Tennessee as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, the Solid Waste Management Fund, and the Drug Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Town of Englewood's basic financial statements. The accompanying schedule of expenditures of federal and state grants is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2008 on our consideration of Town of Englewood, Tennessee's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mitchell Emert & Hill

December 1, 2008

TOWN OF ENGLEWOOD
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Management's Discussion and Analysis For the Year Ended June 30, 2008

The management of Town of Englewood, Tennessee (the Town) presents this management's discussion and analysis (MD&A) of the Town's financial condition and results of operations for the fiscal year ended June 30, 2008. This information should be read in conjunction with the accompanying financial statements.

This MD&A also presents an overview of the Town including the Water and Sewer and Natural Gas Funds, known as the Primary Government. The government-wide financial statements include only the primary government which is the total reporting entity.

Financial Highlights

The following are key financial highlights:

- The assets of the Town of Englewood Primary Government were more than its liabilities at year-end 2008 by \$5,786,502 (\$5,412,333 in 2007).
- The Town of Englewood Primary Government's net assets increased by \$374,170 (\$407,342 in 2007) or 7 percent during 2008 (8 percent during 2007).
- At 2008 year-end, the Town's governmental funds reported combined ending fund balances of \$687,872 a decrease of \$2,297 for 2008. At 2007 year-end, the Town's governmental funds reported combined ending fund balances of \$690,169 an increase of \$130,327 for 2007. Of the total fund balances, \$548,077 (\$562,288 in 2007) is unreserved and available for ongoing operations.
- At June 30, 2008 the unreserved General Fund Balance was \$548,077 (\$562,288 in 2007) or 84 percent (80 percent in 2007) of General Fund expenditures. This demonstrates the Town's fiscal discipline and will help meet unexpected emergencies and other uncertainties the Town may face during the course of everyday operations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Englewood's basic financial statements. The Town's basic financial statements are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, including budget comparisons, 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 Town's finances in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the Town 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 Town include the following:

- General government
- Public safety
- Public welfare
- Solid waste collection and disposal
- Streets and highways

The business-type of activities of the Town include water and sewer services provided by the Water and Sewer Fund and natural gas services provided by the Natural Gas Fund.

The government-wide financial statements can be found on pages 10 to 12 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. Town of Englewood, 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 Town can be divided into two categories: governmental funds and proprietary 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 the 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 revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheets and in the governmental fund statement of revenue, expenditures and changes in fund balances for the General Fund, Solid Waste Management Fund and the Drug Fund, all of which are considered to be major funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for all major funds and are presented on pages 18 to 26.

Proprietary Funds - Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The Town maintains one type of proprietary funds-enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has two enterprise funds to account for water distribution and sewer collections and natural gas distribution.

The Town's enterprise funds, the Water and Sewer Fund and the Natural Gas Fund, are major funds and are reported separately in the government-wide and fund financial statements. The proprietary fund financial statements are presented on pages 27 to 31 in the basic financial statements.

Notes to the Financial Statements - The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Internal Control and Compliance Section - This includes the auditors' report on the Town's internal controls and compliance.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded its liabilities by \$5,786,502 (\$5,412,333 in 2007).

By far, the largest portion of the Town's net assets reflects its investment in capital assets (e.g., land, buildings, water facilities, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services; consequently, these assets are *not* available for future spending. Although the investment in 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 long-term debt. At year-end the Town's statement of net assets consisted of the following:

	<u>2008</u>	<u>2007</u>
ASSETS		
Current assets	\$ 1,586,347	\$ 1,555,528
Capital assets, net of accumulated depreciation	<u>5,927,413</u>	<u>5,665,943</u>
Total Assets	<u>\$ 7,513,760</u>	<u>\$ 7,221,471</u>

LIABILITIES

Current liabilities	\$ 422,601	\$ 502,174
Non-current liabilities	<u>1,304,656</u>	<u>1,306,964</u>
Total Liabilities	1,727,257	1,809,138

NET ASSETS

Invested in capital assets, net of related debt	4,529,865	4,263,053
Restricted	41,337	34,761
Unrestricted	<u>1,215,298</u>	<u>1,114,518</u>
Total Net Assets	<u>5,786,502</u>	<u>5,412,333</u>

Total Liabilities and Net Assets **\$ 7,513,760** **\$ 7,221,471**

A portion of the Town's net assets represents resources that are subject to external restrictions on how they may be used. The unrestricted net assets may be used to meet the obligations to employees and creditors and to help fund next year's budget.

Following is a summary of financial activities for the Town during the fiscal year:

	<u>2008</u>	<u>2007</u>
REVENUE		
Program revenue:		
Fees, fines and charges for services	\$ 1,092,281	\$ 1,163,036
Operating grants and contributions	65,575	84,058
Capital grants and contributions	329,179	170,822
General revenue:		
Local taxes	295,708	295,335
State and federal	141,192	138,109
Miscellaneous	19,712	26,822
Investment income	<u>26,865</u>	<u>18,683</u>
	<u>1,970,512</u>	<u>1,896,865</u>
EXPENSES		
General government	215,836	201,397
Public safety	285,641	248,654
Highways and streets	85,866	61,644
Solid waste collection and disposal	62,145	60,007
Interest on long-term debt	9,382	11,151
Public welfare	50,786	60,245
Natural gas	214,781	239,992
Water and sewer	<u>671,906</u>	<u>606,432</u>
	<u>1,596,343</u>	<u>1,489,522</u>
Increase in net assets	374,170	407,342
Net assets at the beginning of the year	<u>5,412,332</u>	<u>5,004,990</u>
Net assets at the end of the year	<u>\$ 5,786,502</u>	<u>\$ 5,412,333</u>

Governmental Activities - Governmental activities increased the Town's net assets by \$12,385 (\$119,132 in 2007). The 2008 increase was primarily due to actual expenditures being significantly less than budgeted expenditures. The 2007 increase was primarily due to actual expenditures being significantly less than budgeted expenditures.

The Town's main source of revenue is from property tax, local option sales tax, local and state-shared taxes which consist of tax revenue shared by the State of Tennessee.

Business Type Activities - Business-type activities increased the Town's net assets by \$361,785 in 2008 and increased the Town's net assets by \$288,210 in 2007. The Water and Sewer Fund reported an increase of \$305,723 in 2008 and a increase of \$226,429 in 2007 and the Natural Gas Fund reported an increase of \$56,062 in 2008 and \$61,781 in 2007.

Capital Assets

The Town's investment in capital assets as of June 30, 2008 was \$5,665,943 (\$5,665,943 in 2007) net of accumulated depreciation.

	<u>2008</u>	<u>2007</u>
Land	\$ 146,709	\$ 146,709
Buildings	462,627	462,627
Utility Plant	3,771,332	3,051,432
Office equipment	10,378	10,378
Equipment	3,918,040	3,918,040
Vehicles	241,754	192,740
Construction in progress	0	300,007
Land improvements	46,522	46,522
Accumulated depreciation	<u>(2,669,949)</u>	<u>(2,462,513)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,927,413</u>	<u>\$ 5,665,943</u>

The major capital asset additions during 2008 were due to the following:

Additions:	
Utility plant	\$ 419,893
Vehicles	49,014

Debt Administration

At June 30, 2008, the proprietary funds had outstanding debt of \$1,130,647 (\$1,118,690 in 2007) consisting of the following:

	<u>2008</u>	<u>2007</u>
Water and Sewer Revenue Bonds	\$ 520,617	\$ 547,283
Tennessee Municipal Bond Fund Capital Outlay notes	391,727	445,227
State Revolving Fund loan	<u>218,302</u>	<u>126,180</u>
Total Debt-Principal	1,130,647	1,118,690
Less: Current Portion Due	<u>(67,973)</u>	<u>(71,996)</u>
Total Long-term Debt-Principal	<u>\$ 1,062,674</u>	<u>\$ 1,046,694</u>

During 2008 the Town retired \$85,764 (\$93,530 in 2007) on its proprietary funds debt.

At June 30, 2008, the General Fund had outstanding debt of \$266,900 (\$284,200 in 2007) consisting of the following:

	<u>2008</u>	<u>2007</u>
Capital outlay notes	\$ 266,900	\$ 284,200
Less: Current Portion Due	<u>(24,919)</u>	<u>(23,930)</u>
Total Long-term Debt-Principal	<u>\$ 241,981</u>	<u>\$ 260,270</u>

During 2008 the Town retired \$17,300 (\$12,845 in 2007) on its General Fund debt.

Additional information on debt can be found in Note E to the financial statements.

Financial Analysis of the Town's Funds

As previously discussed, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The General Fund's fund balance decreased by \$14,211 in 2008 and increased by \$95,756 in 2007

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

The unrestricted net assets for the Water and Sewer Fund were \$274,436 (\$227,051 in 2007). The unrestricted net assets for the Natural Gas Fund were \$258,549 (\$61,159 in 2007).

General Fund Budgetary Highlights

During 2008, original budget revenues increased by \$9,176 primarily due to interest revenues realized in excess of the original budgeting amounts. Original budget expenditures increased by \$94,533 due to increases in budgeted expenditures for small equipment, supplies and police and fire departments capital purchases. During 2007, original budget revenues increased by \$18,435 primarily due to grant revenues realized in excess of the original budgeting amounts. Original budget expenditures increased by \$95,164 due to increases in budgeted expenditures for small equipment, adult education program, computer equipment, and police and fire departments capital purchases

Economic Factors and Next Year's Budgets and Rates

The Board of Commissioners approved the budget for the year ending June 30, 2009. The estimated revenues and appropriations did not vary significantly from the budget for the year ended June 30, 2008.

Requests for Information

This MD&A and accompanying financial statements and notes are designed to provide our citizens, employees, creditors and regulatory agencies with an overview of the Town's finances. If you have any questions or need additional information, you may contact:

Robert Cass, Town Manager
Town of Englewood, Tennessee
111 S. Niota Road
Englewood, TN 37329
Telephone (423) 887-7224

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF NET ASSETS

June 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 425,822	\$ 516,870	\$ 942,691
Certificate of deposit	210,851	0	210,851
Accounts receivable, net of allowance for doubtful accounts	0	63,178	63,178
Property taxes receivable, net of allowance for doubtful accounts	193,223	0	193,223
Due from other governments	27,352	0	27,352
Taxes receivable	14,338	0	14,338
Natural gas for resale	0	98,696	98,696
Prepaid insurance	23,384	0	23,384
Other prepaid expenses	12,633	0	12,633
Capital assets not being depreciated	107,080	39,629	146,709
Depreciable capital assets, net of accumulated depreciation	<u>683,391</u>	<u>5,097,312</u>	<u>5,780,703</u>
 TOTAL ASSETS	 <u>\$ 1,698,073</u>	 <u>\$ 5,815,686</u>	 <u>\$ 7,513,760</u>

See the accompanying notes to the financial statements.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Accounts payable	\$ 3,044	\$ 15,921	\$ 18,966
Accrued vacation	3,266	5,044	8,310
Deferred revenue	177,491	0	177,491
Current portion of long-term debt	24,919	67,973	92,892
Customer deposits	150	124,793	124,943
Long-term debt, net of current portion	<u>241,982</u>	<u>1,062,674</u>	<u>1,304,656</u>
TOTAL LIABILITIES	450,852	1,276,405	1,727,257
NET ASSETS			
Invested in capital assets, net of related debt	523,570	4,006,295	4,529,865
Restricted	41,337	0	41,337
Unrestricted	<u>682,314</u>	<u>532,985</u>	<u>1,215,299</u>
TOTAL NET ASSETS	<u>1,247,221</u>	<u>4,539,281</u>	<u>5,786,502</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,698,073</u>	<u>\$ 5,815,686</u>	<u>\$ 7,513,760</u>

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 215,836	\$ 1,124	\$ 0	\$ 0
Public safety	285,641	110,075	8,074	0
Public welfare	50,786	10,601	9,451	0
Streets and highways	85,866	0	48,050	0
Solid waste collection and disposal	62,145	57,600	0	0
Interest on long-term debt	<u>9,382</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Governmental Activities	709,656	179,399	65,575	0
Business-Type Activities:				
Water and sewer	671,906	643,821	0	329,179
Natural gas	<u>214,781</u>	<u>269,060</u>	<u>0</u>	<u>0</u>
Total Business-Type Activities	<u>886,687</u>	<u>912,882</u>	<u>0</u>	<u>329,179</u>
	<u>\$ 1,596,343</u>	<u>\$ 1,092,281</u>	<u>\$ 65,575</u>	<u>\$ 329,179</u>

Net (Expense)Revenue and
Changes In Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (214,712)	\$ 0	\$ (214,712)
(167,492)	0	(167,492)
(30,734)	0	(30,734)
(37,816)	0	(37,816)
(4,546)	0	(4,546)
<u>(9,382)</u>	<u>0</u>	<u>(9,382)</u>
(464,682)	0	(464,682)
0	301,094	301,094
<u>0</u>	<u>54,279</u>	<u>54,279</u>
0	355,373	355,373
<u>0</u>	<u>355,373</u>	<u>355,373</u>
<u>\$ (464,682)</u>	<u>\$ 355,373</u>	<u>\$ (109,309)</u>

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

(continued)

Year Ended June 30, 2008

NET (EXPENSE)REVENUE FROM PROGRAM ACTIVITIES

General Revenue:

Taxes:

Property tax

Interest and penalty

In-Lieu of tax payments

Local sales tax

Business tax

Wholesale beer tax

Cable TV franchise tax

Intergovernmental

Interest

Miscellaneous

CHANGES IN NET ASSETS

NET ASSETS AT THE BEGINNING OF THE YEAR

NET ASSETS AT THE END OF THE YEAR

See the accompanying notes to the financial statements.

Net (Expense)Revenue and
Changes In Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (464,682)	\$ 355,373	\$ (109,309)
176,998	0	176,998
5,130	0	5,130
13,864	0	13,864
68,961	0	68,961
2,564	0	2,564
21,248	0	21,248
6,943	0	6,943
141,192	0	141,192
20,453	6,412	26,865
19,712	0	19,712
<u>477,066</u>	<u>6,412</u>	<u>483,478</u>
12,385	361,785	374,170
<u>1,234,837</u>	<u>4,177,495</u>	<u>5,412,332</u>
<u>\$ 1,247,221</u>	<u>\$ 4,539,281</u>	<u>\$ 5,786,502</u>

TOWN OF ENGLEWOOD, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2008

	<u>General Fund</u>	<u>Solid Waste Management Fund</u>
ASSETS		
Cash	\$ 286,027	\$ 98,458
Certificate of deposit	210,851	0
Property taxes receivable, net of allowance for doubtful accounts of \$4,000	193,223	0
Due from other governments	27,352	0
Taxes receivable	14,338	0
Prepaid insurance	23,384	0
Other prepaid expenses	<u>12,633</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 767,807</u>	<u>\$ 98,458</u>
LIABILITIES		
Accounts payable	\$ 3,044	\$ 0
Accrued vacation	3,266	0
Customer deposits	150	0
Deferred revenue	<u>213,270</u>	<u>0</u>
TOTAL LIABILITIES	219,730	0
FUND BALANCE		
Unreserved	<u>548,077</u>	<u>98,458</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 767,807</u>	<u>\$ 98,458</u>

See the accompanying notes to the financial statements.

<u>Drug Fund</u>	<u>Total</u>
\$ 41,337	\$ 425,822
0	210,851
0	193,223
0	27,352
0	14,338
0	23,384
<u>0</u>	<u>12,633</u>
<u>\$ 41,337</u>	<u>\$ 907,602</u>
\$ 0	\$ 3,044
0	3,266
0	150
<u>0</u>	<u>213,270</u>
0	219,730
<u>41,337</u>	<u>687,872</u>
<u>\$ 41,337</u>	<u>\$ 907,602</u>

TOWN OF ENGLEWOOD, TENNESSEE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

June 30, 2008

Total Fund Balance - Governmental Funds	\$ 687,872
Capital assets used in governmental activities are reported in the statement of net assets; however, they are not current financial resources and therefore are not reported in the governmental funds balance sheet.	790,471
Some of the Town's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures; therefore, they are reported as deferred revenue in the governmental funds balance sheet.	35,779
Long-term liabilities are not due in the current period and, therefore, are not reported in the governmental funds balance sheet.	<u>(266,901)</u>
Net Assets of Governmental Activities	<u>\$ 1,247,221</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year Ended June 30, 2008

	<u>General Fund</u>	<u>Solid Waste Management Fund</u>
REVENUE		
Taxes:		
Property tax	\$ 177,444	\$ 0
Interest and penalty	5,130	0
In lieu of tax payments	13,864	0
Local sales tax	68,906	0
Business tax	2,564	0
Wholesale beer tax	21,248	0
Cable TV franchise tax	6,943	0
Intergovernmental	198,397	0
Licenses and permits	418	0
Charges for services	10,507	57,600
Fines and forfeitures	92,070	0
Donations	9,287	0
Interest	18,402	2,033
Rent	8,700	0
Miscellaneous	4,255	973
	<hr/>	<hr/>
TOTAL REVENUE	638,135	60,606
EXPENDITURES		
Current:		
General government	204,207	0
Public safety	245,775	0
Public welfare	48,665	0
Streets and highways	78,004	0
Waste management	0	56,871
Capital outlay	49,014	0
Debt service	26,682	0
	<hr/>	<hr/>
TOTAL EXPENDITURES	652,346	56,871

<u>Drug Fund</u>	<u>Total</u>
\$ 0	\$ 177,444
0	5,130
0	13,864
0	68,906
0	2,564
0	21,248
0	6,943
0	198,397
0	418
0	68,107
18,005	110,075
0	9,287
18	20,453
0	8,700
<u>6,585</u>	<u>11,812</u>
24,607	723,348
0	204,207
16,428	262,202
0	48,665
0	78,004
0	56,871
0	49,014
<u>0</u>	<u>26,682</u>
<u>16,428</u>	<u>725,645</u>

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(continued)

Year Ended June 30, 2008

	<u>General Fund</u>	<u>Solid Waste Management Fund</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	(14,211)	3,734
FUND BALANCES AT THE BEGINNING OF THE YEAR	<u>562,288</u>	<u>94,724</u>
FUND BALANCES AT THE END OF THE YEAR	<u>\$ 548,077</u>	<u>\$ 98,458</u>

See the accompanying notes to the financial statements.

<u>Drug Fund</u>	<u>Total</u>
8,180	(2,297)
<u>33,157</u>	<u>690,169</u>
<u>\$ 41,337</u>	<u>\$ 687,872</u>

TOWN OF ENGLEWOOD, TENNESSEE

**RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2008

Excess of Revenue Over Expenditures - Governmental Funds	\$ (2,297)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Acquisition of capital assets	49,014
Depreciation expense	(50,325)
Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities.	17,300
Revenue reported in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental fund financial statements:	
Deferred taxes - June 30, 2007	(37,086)
Deferred taxes - June 30, 2008	<u>35,779</u>
Change in Net Assets of Governmental Activities	<u>\$ 12,385</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

Year Ended June 30, 2008

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
Taxes:				
Property tax	\$213,000	\$213,000	\$ 177,444	\$ (35,556)
Interest and penalty	5,000	5,000	5,130	130
In lieu of tax payments	15,000	15,000	13,864	(1,136)
Local sales tax	70,000	70,000	68,906	(1,094)
Business tax	6,000	6,000	2,564	(3,436)
Wholesale beer tax	17,000	17,000	21,248	4,248
Cable TV franchise tax	7,000	7,000	6,943	(57)
	<u>333,000</u>	<u>333,000</u>	<u>296,099</u>	<u>(36,901)</u>
Intergovernmental:				
State income tax	5,000	5,000	7,062	2,062
State beer tax	500	500	870	370
State sales tax	115,000	115,000	114,336	(665)
State gasoline and motor fuel tax	45,000	45,000	45,087	87
Corporate excise tax	5,000	5,000	3,179	(1,821)
Telecommunications tax	300	300	205	(95)
TVA In lieu of tax payment	20,000	20,000	15,952	(4,048)
City streets and transportation funds	4,000	4,000	3,469	(531)
Library grant	0	0	2,838	2,838
Governor's highway safety grant	0	5,000	0	(5,000)
State law enforcement grant	3,000	3,000	5,400	2,400
	<u>197,800</u>	<u>202,800</u>	<u>198,397</u>	<u>(4,403)</u>
Fines and forfeitures	107,500	107,500	92,070	(15,430)
Building permits	1,000	1,000	418	(583)

TOWN OF ENGLEWOOD, TENNESSEE

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

GENERAL FUND

(continued)

Year Ended June 30, 2008

	Budget		Actual	Variance Over (Under)
	Original	Final		
Charges for services:				
Community pool admittance fees	4,000	4,000	5,178	1,178
Community pool rental fees	2,500	2,500	2,539	39
Community pool concessions	2,500	2,500	1,889	(611)
Accident report charges	300	300	506	206
Library charges	600	600	370	(230)
Park and recreation charges	200	200	25	(175)
	<u>10,100</u>	<u>10,100</u>	<u>10,507</u>	<u>407</u>
Other revenue:				
Rent	8,500	8,500	8,700	200
Interest	13,200	13,200	18,402	5,202
Donations	11,000	14,976	9,287	(5,689)
Police auction	3,000	3,000	0	(3,000)
Miscellaneous revenue	4,900	5,100	4,255	(845)
	<u>40,600</u>	<u>44,776</u>	<u>40,644</u>	<u>(4,131)</u>
TOTAL REVENUE	690,000	699,176	638,135	(61,041)
EXPENDITURES				
Judicial:				
Other professional services	3,000	3,000	3,000	0
Financial administration:				
Salaries and wages	32,500	32,500	27,410	(5,090)
Repairs and maintenance	200	200	0	(200)
Travel	1,200	1,200	891	(309)
Office supplies and materials	5,500	5,500	2,346	(3,154)
	<u>39,400</u>	<u>39,400</u>	<u>30,647</u>	<u>(8,753)</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

GENERAL FUND

(continued)

Year Ended June 30, 2008

	Budget		Actual	Variance
	Original	Final		Over (Under)
General government:				
Salaries and wages	16,000	16,000	17,851	1,851
OASDI employer's share	14,000	14,000	15,771	1,771
Health insurance	23,500	23,500	25,209	1,709
Retirement	3,500	3,500	2,310	(1,190)
Death benefit plan	1,000	1,000	1,527	527
Unemployment insurance	2,500	2,500	635	(1,865)
Postage	1,500	1,500	1,032	(468)
Publicity, subscriptions and dues	3,500	3,700	3,925	225
Accounting and auditing services	5,000	5,000	5,000	0
State planning services	6,000	6,000	6,750	750
Other professional services	25,000	25,000	27,302	2,302
Other contractual services	800	800	720	(80)
Insurance	65,000	65,000	47,451	(17,549)
Utilities	6,000	6,000	3,617	(2,383)
Telephone	2,500	2,500	2,596	96
Repair and maintenance	3,000	3,000	1,276	(1,724)
Operating supplies	2,000	2,000	1,828	(172)
Travel	750	750	604	(146)
Animal control	5,000	5,000	1,300	(3,700)
Donations	1,500	1,500	857	(643)
	<u>188,050</u>	<u>188,250</u>	<u>167,560</u>	<u>(20,690)</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

GENERAL FUND

(continued)

Year Ended June 30, 2008

	Budget		Actual	Variance
	Original	Final		Over (Under)
Police department:				
Salaries and wages	155,000	155,000	148,304	(6,696)
Employee education and training	1,000	1,000	124	(876)
Memberships and registration fees	400	400	100	(300)
Utilities	1,200	1,200	600	(600)
Telephone	2,000	2,000	1,983	(17)
Professional services	10,000	10,000	9,362	(638)
Repairs and maintenance	7,000	6,620	6,293	(327)
Small items of equipment	1,000	1,000	617	(383)
Governors highway safety grant	0	7,499	6,917	(582)
Supplies	1,000	16,250	16,176	(74)
Travel	500	500	383	(117)
Operating supplies	1,500	1,500	798	(702)
Clothing and uniforms	1,500	1,500	1,504	4
DARE program supplies	0	3,976	3,436	(540)
Gas, oil and grease	13,000	13,000	14,943	1,943
	<u>195,100</u>	<u>221,444</u>	<u>211,539</u>	<u>(9,905)</u>
Fire department:				
Employee training	1,000	1,000	794	(206)
Professional services	10,000	10,000	9,137	(863)
Utilities	5,300	5,300	7,568	2,268
Telephone	800	800	463	(337)
Gas, oil and grease	2,000	2,000	3,094	1,094
Repairs and maintenance	6,000	6,000	9,521	3,521
Operating supplies	850	850	815	(35)
Clothing and uniforms	1,500	1,500	0	(1,500)
Insurance	1,500	1,500	0	(1,500)
Small items of equipment	3,000	20,370	2,844	(17,526)
	<u>31,950</u>	<u>49,320</u>	<u>34,235</u>	<u>(15,085)</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

GENERAL FUND

(continued)

Year Ended June 30, 2008

	Budget		Actual	Variance Over (Under)
	Original	Final		
City attorney:				
Other professional services	4,000	4,000	3,000	(1,000)
Highways and streets:				
Salaries and wages	21,000	21,000	10,052	(10,948)
Operating supplies	1,000	1,000	1,116	116
Repairs and maintenance	1,500	1,500	1,735	235
Machinery equipment and parts	1,000	1,000	658	(342)
Gas, oil and grease	2,500	2,500	1,853	(647)
Metal culverts	500	500	0	(500)
Utilities	33,000	33,000	26,454	(6,546)
Roads, streets, and parking	83,200	83,200	36,135	(47,065)
	<u>143,700</u>	<u>143,700</u>	<u>78,004</u>	<u>(65,697)</u>
Community swimming pool:				
Salaries and wages	12,000	12,000	8,814	(3,186)
Memberships and registration fees	500	500	340	(160)
Utilities	3,000	3,000	1,306	(1,694)
Telephone	150	150	39	(111)
Repairs and maintenance	5,000	5,000	1,829	(3,171)
Operating supplies	500	500	399	(101)
Chemical supplies	3,500	3,500	4,685	1,185
Supplies for resale	500	500	1,175	675
	<u>25,150</u>	<u>25,150</u>	<u>18,586</u>	<u>(6,564)</u>

TOWN OF ENGLEWOOD, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2008

	Budget		Actual	Variance Over (Under)
	Original	Final		
Parks and recreation:				
Salaries and wages	2,000	2,000	831	(1,169)
Utilities	1,000	1,000	465	(535)
Clothing and uniforms	0	0	117	117
Repairs and maintenance	4,000	4,000	1,339	(2,661)
Operating supplies	500	500	155	(345)
	<u>7,500</u>	<u>7,500</u>	<u>2,907</u>	<u>(4,593)</u>
Library:				
Salaries and wages	12,100	12,100	11,810	(290)
OASDI Employer's share	600	600	600	0
Postage	50	50	47	(3)
Books, catalogues and brochures	1,000	1,000	777	(223)
Utilities	5,500	5,500	7,568	2,068
Telephone	1,500	1,500	1,021	(479)
Accounting and auditing services	150	150	150	0
Repairs and maintenance	500	500	566	66
Operating supplies	1,250	1,250	1,030	(220)
Computer grant	0	1,604	1,603	(1)
Insurance	2,000	2,000	2,000	0
	<u>24,650</u>	<u>26,254</u>	<u>27,172</u>	<u>918</u>
Capital outlay:				
Fire department	0	8,200	8,200	0
Police department	0	40,814	40,814	0
	<u>0</u>	<u>49,014</u>	<u>49,014</u>	<u>0</u>

TOWN OF ENGLEWOOD, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2008

	Budget		Actual	Variance Over (Under)
	Original	Final		
Debt service:				
Note principal	17,110	17,110	17,300	190
Interest expense	11,691	11,691	9,382	(2,309)
	<u>28,801</u>	<u>28,801</u>	<u>26,682</u>	<u>(2,119)</u>
TOTAL EXPENDITURES	<u>691,301</u>	<u>785,834</u>	<u>652,346</u>	<u>(133,488)</u>
(DEFICIENCY) OF REVENUE OVER EXPENDITURES	(1,301)	(86,658)	(14,211)	72,447
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>1,301</u>	<u>86,658</u>	<u>562,288</u>	<u>475,630</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 548,077</u>	<u>\$ 548,077</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
SOLID WASTE MANAGEMENT FUND**

Year Ended June 30, 2008

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
Charges for services	\$ 63,000	\$ 63,000	\$ 57,600	\$ (5,400)
Interest earned	1,000	1,000	2,033	1,033
Miscellaneous refunds	2,000	2,000	973	(1,027)
TOTAL REVENUE	66,000	66,000	60,606	(5,394)
EXPENDITURES				
Salaries and wages	30,000	30,000	24,129	(5,871)
OASDI employer's share	2,000	2,000	2,000	0
Health insurance	3,000	3,000	3,000	0
Retirement	600	600	0	(600)
Accounting and auditing services	2,000	2,000	2,000	0
Repairs and maintenance	4,500	4,500	3,744	(756)
Landfill services	14,000	14,000	12,563	(1,437)
Other professional services	0	0	337	337
Office supplies	1,400	1,400	926	(474)
Gas, oil and grease	5,000	5,000	4,672	(328)
Insurance	3,500	3,500	3,500	0
TOTAL EXPENDITURES	66,000	66,000	56,871	(9,129)
EXCESS OF REVENUE OVER EXPENDITURES	0	0	3,734	3,734
FUND BALANCE AT THE BEGINNING OF THE YEAR	0	0	94,724	94,724
FUND BALANCE AT THE END OF THE YEAR	\$ 0	\$ 0	\$ 98,458	\$ 98,458

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

**STATEMENT REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
DRUG FUND**

Year Ended June 30, 2008

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
Drug related fines	\$ 9,000	\$ 9,000	\$ 9,789	\$ 789
Interest	10	10	18	8
Seized vehicle fee	350	350	1,320	970
Drug seizure money	1,300	1,300	6,896	5,596
Miscellaneous	200	200	6,585	6,385
TOTAL REVENUE	10,860	10,860	24,607	13,747
EXPENDITURES				
Salaries and wages	4,410	4,410	3,139	(1,271)
OASDI employer's share	200	200	262	62
Training	1,000	1,000	0	(1,000)
Investigative funds	2,900	2,900	2,900	0
Other professional services	200	200	1,309	1,109
Repairs and maintenance	1,200	1,200	345	(855)
Small items of equipment	0	11,000	7,858	(3,142)
Travel	100	100	0	(100)
Operating supplies	850	850	615	(235)
TOTAL EXPENDITURES	10,860	21,860	16,428	(5,432)
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	0	(11,000)	8,180	19,180
FUND BALANCE AT THE BEGINNING OF THE YEAR	0	11,000	33,157	22,157
FUND BALANCE AT THE END OF THE YEAR	\$ 0	\$ 0	\$ 41,337	\$ 41,337

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2008

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 321,799	\$ 195,070	\$ 516,870
Accounts receivable, net of allowance for doubtful accounts of \$24,750	63,178	0	63,178
Natural gas for resale	<u>0</u>	<u>98,696</u>	<u>98,696</u>
TOTAL CURRENT ASSETS	384,978	293,766	678,744
CAPITAL ASSETS			
Land	39,372	257	39,629
Buildings	76,568	0	76,568
Utility plant	3,472,604	298,728	3,771,332
Equipment	3,503,863	0	3,503,863
Vehicles	<u>13,585</u>	<u>19,082</u>	<u>32,667</u>
	7,105,992	318,067	7,424,059
Accumulated depreciation	<u>(2,061,322)</u>	<u>(225,795)</u>	<u>(2,287,117)</u>
	<u>5,044,670</u>	<u>92,272</u>	<u>5,136,942</u>
TOTAL ASSETS	<u>\$ 5,429,648</u>	<u>\$ 386,038</u>	<u>\$ 5,815,685</u>

See the accompanying notes to the financial statements.

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 3,468	\$ 12,454	\$ 15,921
Accrued vacation	3,816	1,228	5,044
Customer deposits	103,258	21,535	124,793
Current portion of long-term debt	<u>52,135</u>	<u>15,838</u>	<u>67,973</u>
TOTAL CURRENT LIABILITIES	162,677	51,055	213,731
LONG-TERM DEBT, net of current portion	<u>1,015,522</u>	<u>47,152</u>	<u>1,062,674</u>
TOTAL LIABILITIES	1,178,199	98,207	1,276,406
NET ASSETS			
Invested in capital assets, net of related debt	3,977,013	29,282	4,006,295
Unrestricted	<u>274,436</u>	<u>258,549</u>	<u>532,985</u>
	<u>4,251,449</u>	<u>287,831</u>	<u>4,539,280</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,429,648</u>	<u>\$ 386,038</u>	<u>\$ 5,815,685</u>

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

Year Ended June 30, 2008

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
OPERATING REVENUE			
Sales	\$ 615,300	\$ 265,885	\$ 881,186
Other operating revenue	<u>28,521</u>	<u>3,175</u>	<u>31,696</u>
	643,821	269,060	912,882
OPERATING EXPENSES			
Purchased water/gas	62,792	127,547	190,339
Purification	120,708	0	120,708
Transmission and distribution	81,003	29,154	110,157
Sewer collection lines	6,010	0	6,010
Sewer treatment and disposal	98,308	0	98,308
Customer accounting and collection	36,692	1,734	38,426
Administrative and general expense	60,776	36,607	97,383
Depreciation	<u>147,425</u>	<u>9,687</u>	<u>157,112</u>
	<u>613,714</u>	<u>204,730</u>	<u>818,444</u>
INCOME FROM OPERATIONS	30,107	64,331	94,438
NON-OPERATING REVENUE(EXPENSE)			
Interest income	4,629	1,783	6,412
Interest expense	<u>(58,191)</u>	<u>(10,052)</u>	<u>(68,243)</u>
	<u>(53,562)</u>	<u>(8,269)</u>	<u>(61,831)</u>
(LOSS)INCOME BEFORE CAPITAL CONTRIBUTIONS	(23,455)	56,062	32,607

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2008

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
CAPITAL CONTRIBUTIONS	<u>329,179</u>	<u>0</u>	<u>329,179</u>
CHANGES IN NET ASSETS	305,723	56,062	361,785
NET ASSETS AT THE BEGINNING OF THE YEAR	<u>3,945,726</u>	<u>231,769</u>	<u>4,177,495</u>
NET ASSETS AT THE END OF THE YEAR	<u>\$ 4,251,449</u>	<u>\$ 287,831</u>	<u>\$ 4,539,280</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended June 30, 2008

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
CASH PROVIDED(USED) BY OPERATING ACTIVITIES			
Cash received from customers	\$ 659,001	\$ 269,060	\$ 928,061
Cash paid to employees	(184,173)	(33,772)	(217,945)
Cash paid to suppliers	<u>(274,391)</u>	<u>(172,929)</u>	<u>(447,320)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	200,437	62,359	262,796
CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(419,893)	0	(419,893)
Principal repayments of long-term debt	(61,764)	(24,000)	(85,764)
Interest paid on debt	(58,191)	(10,052)	(68,243)
Proceeds received from issuance of long-term debt	97,721	0	97,721
Capital contributions	<u>329,179</u>	<u>0</u>	<u>329,179</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(112,949)	(34,052)	(147,001)
CASH PROVIDED BY INVESTING ACTIVITIES			
Interest received	<u>4,629</u>	<u>1,783</u>	<u>6,412</u>

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2008

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
NET INCREASE IN CASH	92,117	30,090	122,208
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>229,682</u>	<u>164,979</u>	<u>394,661</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 321,799</u>	<u>\$ 195,070</u>	<u>\$ 516,869</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Income from operations	\$ 30,107	\$ 64,331	\$ 94,438
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	147,425	9,687	157,112
(Increase)decrease in:			
Accounts receivable	119,263	0	119,263
Inventory	0	(26,870)	(26,870)
Increase(decrease) in:			
Accounts payable	(112,227)	12,483	(99,744)
Accrued vacation	3,816	1,228	5,044
Customer deposits	12,054	1,500	13,554
	<u>170,331</u>	<u>(1,972)</u>	<u>168,359</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 200,437</u>	<u>\$ 62,359</u>	<u>\$ 262,796</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE A - DESCRIPTION OF ORGANIZATION

The Town of Englewood, Tennessee (the Town) was originally incorporated on January 1, 1919, under the provisions of Chapter 30, Private Acts of 1919, as amended by the State of Tennessee. The Town operates under a mayor-board of commissioners form of government and provides the following services as authorized by its charter: public safety (police and fire), public works, water, sewer and gas utilities, public library, culture and recreation, and general administrative services.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town, for financial reporting purposes, includes all funds relevant to the operations of the Town of Englewood, Tennessee. The financial statements presented herein do not include agencies which have been formed under applicable state laws, or separate and distinct units of government apart from the Town of Englewood, Tennessee. As of June 30, 2008 and for the year then ended, the Town had no discretely presented component units which were required to be included in these financial statements.

Government-wide and fund financial statements

The government-wide financial statements, the statement of net assets and the statement of changes in net assets, report information on all of the nonfiduciary activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental revenue, 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 revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 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 revenue are reported instead as general revenue. 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.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008

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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. 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. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenue to be available if it is collected within 30 days of the end of the current fiscal period. Property taxes are considered 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.

All trade receivables are shown net of an allowance for doubtful accounts. Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. In Tennessee, this date is January 1st, and is referred to as the lien date. Revenue from property taxes, however, is recognized in the period for which the taxes are levied, which for the Town is October 1st of the ensuing fiscal year. Since the receivable for property taxes is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated amount for uncollectible taxes, is reported as deferred revenue in the fund financial statements and unearned revenue in the government-wide financial statements as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied and uncollected during the current fiscal year as well as the previous four fiscal years. These property taxes receivable are presented on the fund balance sheet with offsetting deferred revenue to reflect the amounts not available as of June 30. Property taxes collected within 60 days of year-end are considered available and are accrued as revenue. Property taxes collected later than 60 days after year end are not considered available and are accrued and reported as deferred revenue. An allowance for uncollectible taxes is also recorded representing the estimated amount of delinquent taxes receivable that will be filed with the court of collection. Delinquent taxes filed with the court for collection are considered uncollectible and are written off.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008

The Town reports the following major governmental funds:

The *general fund* is the Town'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 *solid waste management fund* is used to account for costs of garbage and solid waste disposal.

The *drug fund* is used to account for costs associated with drug investigation and control and officers' training.

The Town reports the following major proprietary funds:

The *water and sewer fund* accounts for the activities of the water and sewer departments, which operates and maintains a water distribution and sewer collection system for residents and businesses on user charge basis.

The *natural gas fund* accounts for the activities of the natural gas department, which operates and maintains a natural gas distribution 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 profit or loss similar to comparable private enterprises.

The Town had no internal service funds or fiduciary funds as of or for the year ended June 30, 2008.

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

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue 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 revenue of the Town's proprietary funds is charges to customers for sales and services. The Town also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary 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 non-operating revenue and expenses.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008

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

Government Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting reporting purposes into the following three net asset groups:

Invested in capital assets, net of related debt

This net asset category includes capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Invested in capital assets, net of related debt at June 30, 2008 has been calculated as follows:

Governmental activities:

Capital assets	\$ 1,173,303
Accumulated depreciation	(382,832)
Principal balance on long-term debt	<u>(266,900)</u>
	<u>\$ 523,570</u>

Business type activities:

Water and Sewer Fund:	
Capital assets	\$ 7,105,992
Accumulated depreciation	(2,061,322)
Principal balance of bonds and notes payable	<u>(1,067,657)</u>
	<u>\$ 3,977,013</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008

Natural Gas Fund:

Capital assets	\$ 318,067
Accumulated depreciation	(225,795)
Principal balance of bonds and notes payable	<u>(62,990)</u>
	<u>\$ 29,282</u>

Restricted

This category includes net assets whose use is subject to externally imposed stipulations that can be fulfilled by actions of the Town pursuant to those stipulations or that expire by the passage of time. Net assets of the drug fund are classified as restricted assets because their use is limited to drug enforcement. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted first, then unrestricted resources as they are needed.

Unrestricted

Net assets that are not subject to externally imposed stipulations and that do not meet the definition of "restricted" or "invested in capital assets, net of related debt". Unrestricted net assets may be designated for specific purposes by action of management or the Board of Commissioners or may otherwise be limited by contractual agreements with outside parties.

Budgets and Budgetary Accounting

The Board of Mayor and Commissioners is required to adopt, by ordinance, total budget appropriations by line item for all funds. The Town's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP). All budget amendments must be approved by the Board of Mayor and Commissioners. Unused appropriations lapse at the end of the year.

Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$1,000 or more. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 50 years.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008

Materials and supplies

Materials and supplies of the proprietary fund are valued at the lower of cost (determined on a first-in, first-out basis) or market. The cost of inventory items of the governmental fund types (primarily materials and supplies) are recorded as expenditures when purchased.

Compensated Absences

The Town's policy permits employees to accumulate earned but unused vacation benefits and sick day benefits. In the event of termination, the employee is paid for any unused vacation days.

Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Property Taxes

Property taxes are levied on October 1, and are due and payable at that time. Taxes become delinquent and begin accumulating interest and penalties the following March 1, and attach as an enforceable lien on property after one year of delinquency.

Allowance for Uncollectible Accounts

An allowance for uncollectible accounts receivables is provided based upon historical trends. The allowance for uncollectible accounts at June 30, 2008, is as follows:

Governmental Funds	\$ 4,000
Proprietary Funds	24,750

NOTE C - RISK MANAGEMENT

The Town 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 Town participates in the Tennessee Municipal League Insurance Risk Pool and pays an annual premium to the pool for its workers' compensation, general liability coverage, destruction of property and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008

The pooling agreement allows the pool to make additional assessments or refund surplus revenues to the Town. It is not possible to estimate the amount of such additional assessments or refunds.

NOTE D - CASH AND INVESTMENTS

Investments that have maturities of three months or less at the date of purchase are classified as cash equivalents. Cash and investments are stated at cost which approximates market value. Carrying amounts at June 30, 2008, are as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Cash on hand	\$ 200	\$ 0	\$ 200
Bank deposits (checking and savings accounts)	425,622	516,870	942,491
Certificates of deposit	<u>210,851</u>	<u>0</u>	<u>210,851</u>
Total	<u>\$ 636,673</u>	<u>\$ 516,870</u>	<u>\$ 1,153,542</u>

The State of Tennessee authorizes the Town to invest in obligations of the United States or its agencies, non-convertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the state treasurer's investment pool.

The pool contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool. Although the Town may participate in the state investment pool, it elects not to. Town policy dictates that collateral meet certain requirements, such as, be deposited in an institution which participates in the state collateral pool or be deposited in an escrow account in another institution for the benefit of the Town and must be a minimum of 105% of the value of the deposits placed in the institution less the amount protected by federal deposit insurance.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008

The state collateral pool is administered by the State of Tennessee. Members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional agreement, public fund accounts covered by the pool are considered to be classified as category one insured credit risk in accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*.

All of the Town's accounts are fully insured through the Federal Deposit Insurance Corporation or the Tennessee Bank Collateral Pool.

NOTE E – LONG-TERM DEBT

Long-term debt of the Town of Englewood, Tennessee at June 30, 2008, consisted of the following:

Governmental Activities:

Natural Gas Bond, Series 2001, variable interest rate due in annual installments of varying amounts including interest through 2020	\$ 234,356
Note payable, due in monthly installments of \$858, including interest at 4.54%	<u>32,544</u>
	266,900
Less current maturities	<u>(24,919)</u>
	<u>\$ 241,982</u>

Business-Type Activities:

Water and Sewer Revenue Bonds, Series 2001 due in monthly installments of \$2,724, including interest at 4.75%	\$ 520,617
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TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008

Natural Gas Bond, Series 2001, variable interest rate due in annual installments of varying amounts, including interest through 2021	225,737
Capital outlay note, interest rate 5.6%, due in annual installments of variable amounts, including interest through 2012	165,990
2006 State Revolving Fund Loan, repayment will begin January 2008, interest rate is 0%	<u>218,302</u>
	1,130,647
Less current maturities	<u>(67,973)</u>
	<u>\$ 1,062,674</u>

Maturities of long-term debt as of June 30, 2008 are as follows:

Governmental Activities:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 24,919	\$ 8,901	\$ 33,820
2010	25,927	7,919	33,846
2011	26,954	6,898	33,852
2012	21,924	5,905	27,829
2013	18,270	5,230	23,500
2014	18,860	4,584	23,444
2015	19,450	3,916	23,366
2016	20,040	3,227	23,267
2017	21,220	2,518	23,738
2018	21,810	1,767	23,577
2019	22,400	995	23,395
2020	<u>25,126</u>	<u>202</u>	<u>25,328</u>
	<u>\$ 266,900</u>	<u>\$ 52,062</u>	<u>\$ 318,962</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008

Business-Type Activities:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 67,973	\$ 42,612	\$ 110,585
2010	70,773	39,714	110,487
2011	73,592	36,670	110,262
2012	78,420	33,479	111,899
2013	33,300	30,142	63,442
2014	34,181	29,232	63,413
2015	35,085	28,285	63,370
2016	36,012	27,300	63,312
2017	37,036	26,273	63,309
2018	38,015	25,205	63,220
2019	38,802	24,094	62,896
2020	40,006	22,947	62,953
2021	39,252	21,749	61,001
2022	39,293	20,570	59,863
2023	40,355	19,379	59,734
2024	41,452	18,142	59,594
2025	42,245	16,857	59,102
2026	37,406	15,520	52,926
2027	31,062	14,131	45,193
2028	25,336	12,930	38,266
2029	20,718	11,970	32,688
2030	21,723	10,965	32,688
2031	22,778	9,910	32,688
2032	23,884	8,804	32,688
2033	25,043	7,645	32,688
2034	26,259	6,429	32,688
2035	27,534	5,154	32,688
2036	28,871	3,817	32,688
2037	30,272	2,419	32,691
2038	23,574	946	24,520
2039	395	10	405
	<u>\$ 1,130,647</u>	<u>\$ 573,300</u>	<u>\$ 1,703,947</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS
(continued)

June 30, 2008

Changes in long-term debt for the year ended June 30, 2008 were as follows:

	<u>Balance</u> <u>6/30/07</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/08</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Natural Gas Bond, Series 2001	\$ 243,045	\$ 0	\$ 8,690	\$ 234,356	\$ 15,910
Note payable	<u>41,155</u>	<u>0</u>	<u>8,610</u>	<u>32,544</u>	<u>9,009</u>
	<u>\$ 284,200</u>	<u>\$ 0</u>	<u>\$ 17,300</u>	<u>\$ 266,900</u>	<u>\$ 24,919</u>
<u>Business-Type Activities:</u>					
Water and Sewer Revenue Bonds, Series 2001	\$ 528,273	\$ 0	\$ 7,656	\$ 520,617	\$ 8,027
Water and Sewer Revenue Bonds, Series 1987	19,010	0	19,010	0	0
Natural Gas Bond, Series 2001	244,237	0	18,500	225,737	10,750
Capital Outlay Note, Series 2000	200,990	0	35,000	165,990	38,000
2006 State Revolving Fund Loan	<u>126,180</u>	<u>97,721</u>	<u>5,598</u>	<u>218,302</u>	<u>11,196</u>
	<u>\$ 1,118,690</u>	<u>\$ 97,721</u>	<u>\$ 85,764</u>	<u>\$ 1,130,647</u>	<u>\$ 67,973</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008

NOTE F - RETIREMENT PLAN

The Town has a defined contribution retirement plan for all eligible employees. The Plan provides for employer matching contributions up to three percent of total wages. Employees who have received at least \$5,000 in compensation during any of the two immediately preceding years and who are expected to receive at least \$5,000 in compensation during the current year are eligible to participate in the Plan. Retirement expense for the year ending June 30, 2008 was \$4,535.

NOTE G – CAPITAL ASSETS

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

	<u>Balance</u> <u>7/1/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/08</u>
Governmental Activities:				
<u>Capital assets not being depreciated</u>				
Land	\$ 107,080	\$ 0	\$ 0	\$ 107,080
<u>Capital assets being depreciated</u>				
Buildings	386,059	0	0	386,059
Land improvements	46,522	0	0	46,522
Vehicles	160,073	49,014	0	209,087
Office equipment	10,378	0	0	10,378
Equipment	<u>414,177</u>	<u>0</u>	<u>0</u>	<u>414,177</u>
	1,017,209	49,014	0	1,066,223
<u>Accumulated depreciation</u>				
Buildings	(48,599)	(10,007)	0	(58,606)
Land improvements	(4,756)	(1,163)	0	(5,919)
Vehicles	(69,946)	(15,324)	0	(85,270)
Office equipment	(7,437)	(2,076)	0	(9,513)
Equipment	<u>(201,769)</u>	<u>(21,755)</u>	<u>0</u>	<u>(223,524)</u>
	<u>(332,508)</u>	<u>(50,325)</u>	<u>0</u>	<u>(382,832)</u>
	<u>\$ 791,781</u>	<u>\$ (1,311)</u>	<u>\$ 0</u>	<u>\$ 790,471</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008

Depreciation expense is charged to the various governmental functions as follows:

General government	\$ 11,629
Public safety	23,439
Public welfare	2,121
Streets and highways	7,862
Solid waste collection and disposal	5,274
	<u>\$ 50,325</u>

	<u>Balance</u> <u>7/1/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/08</u>
Business-Type Activities:				
Water and Sewer Fund				
<u>Capital assets not being depreciated</u>				
Land	\$ 39,372	\$ 0	\$ 0	\$ 39,372
Construction in process	<u>300,007</u>	<u>0</u>	<u>300,007</u>	<u>0</u>
	339,379	0	300,007	39,372
<u>Capital assets being depreciated</u>				
Buildings	76,568	0	0	76,568
Utility plant	2,752,704	719,900	0	3,472,604
Equipment	3,503,863	0	0	3,503,863
Vehicles	<u>13,585</u>	<u>0</u>	<u>0</u>	<u>13,585</u>
	6,346,720	719,900	0	7,066,620
<u>Accumulated depreciation</u>				
Buildings	(25,314)	(1,160)	0	(26,474)
Utility plant	(983,995)	(59,168)	0	(1,043,163)
Equipment	(900,174)	(85,737)	0	(985,911)
Vehicles	<u>(4,415)</u>	<u>(1,359)</u>	<u>0</u>	<u>(5,774)</u>
	<u>(1,913,897)</u>	<u>(147,424)</u>	<u>0</u>	<u>(2,061,322)</u>
	<u>\$ 4,772,202</u>	<u>\$ 572,476</u>	<u>\$ 300,007</u>	<u>\$ 5,044,670</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2008

	<u>Balance</u> <u>7/1/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/08</u>
Natural Gas Fund				
<u>Capital assets not being depreciated</u>				
Land	\$ 257	\$ 0	\$ 0	\$ 257
<u>Capital assets being depreciated</u>				
Utility plant	298,728	0	0	298,728
Vehicles	<u>19,082</u>	<u>0</u>	<u>0</u>	<u>19,082</u>
	317,810	0	0	317,810
<u>Accumulated depreciation</u>				
Utility plant	(209,907)	(7,779)	0	(217,686)
Vehicles	<u>(6,202)</u>	<u>(1,908)</u>	<u>0</u>	<u>(8,110)</u>
	<u>(216,108)</u>	<u>(9,687)</u>	<u>0</u>	<u>(225,795)</u>
	<u>\$ 101,960</u>	<u>\$ (9,687)</u>	<u>\$ 0</u>	<u>\$ 92,272</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF ENGLEWOOD, TENNESSEE

INVESTMENTS

June 30, 2008

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
<u>General Fund – Certificate of Deposit</u>			
Peoples Bank	4.95%	10/18/08	\$ 107,012
Peoples Bank	5.55%	9/30/08	<u>103,839</u>
			<u>\$ 210,851</u>

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

PROPERTY TAXES RECEIVABLE

June 30, 2008

<u>Year of Levy</u>	<u>Rate</u>	<u>Total Assessment</u>	<u>Levy</u>	<u>Balance June 30, 2007</u>
2008	\$ 1.44	\$ 12,222,148	\$ 177,491	\$ 0
2007	1.44	12,250,553	176,408	176,408
2006	1.44	12,168,483	175,226	11,982
2005	1.44	12,036,208	173,321	3,922
2004	1.44	11,880,172	171,074	2,133
2003	1.44	11,417,666	164,896	1,200
2002	1.44	9,292,719	133,815	<u>939</u>
				<u>\$ 196,584</u>

Property taxes unpaid for 2002 through 2006 have been filed with the McMinn County Clerk and Master.

See the accompanying independent accountants' audit report.

<u>Taxes Levied</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Balance June 30, 2008</u>
\$ 177,491	\$ 0	\$ 0	\$ 177,491
0	590	161,810	15,188
0	0	9,057	2,924
0	0	3,126	796
0	0	2,030	103
0	0	480	720
<u>0</u>	<u>0</u>	<u>939</u>	<u>0</u>
<u>\$ 177,491</u>	<u>\$ 590</u>	<u>\$ 177,442</u>	<u>\$ 197,223</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

June 30, 2008

Governmental Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Natural Gas Bond, Series 2001			
Year ending June 30,			
2009	\$ 15,910	\$ 7,609	\$ 23,519
2010	16,500	7,045	23,545
2011	17,090	6,461	23,551
2012	17,680	5,856	23,536
2013	18,270	5,230	23,500
2014	18,860	4,584	23,444
2015	19,450	3,916	23,366
2016	20,040	3,227	23,267
2017	21,220	2,518	23,738
2018	21,810	1,767	23,577
2019	22,400	995	23,395
2020	25,126	202	25,328
	<u>\$ 234,356</u>	<u>\$ 49,410</u>	<u>\$ 283,766</u>

Note payable

Year ending June 30,			
2009	\$ 9,009	\$ 1,292	\$ 10,301
2010	9,427	874	10,301
2011	9,864	437	10,301
2012	4,245	47	4,292
	<u>\$ 32,545</u>	<u>\$ 2,650</u>	<u>\$ 35,195</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2008

Business-Type Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Water and Sewer Revenue Bonds, Series 2001			
Year ending June 30,			
2009	\$ 8,027	\$ 24,661	\$ 32,688
2010	8,417	24,271	32,688
2011	8,826	23,862	32,688
2012	9,254	23,434	32,688
2013	9,704	22,984	32,688
2014	10,175	22,513	32,688
2015	10,669	22,019	32,688
2016	11,186	21,502	32,688
2017	11,730	20,958	32,688
2018	12,299	20,389	32,688
2019	12,896	19,792	32,688
2020	13,522	19,166	32,688
2021	14,179	18,509	32,688
2022	14,867	17,821	32,688
2023	15,589	17,099	32,688
2024	16,346	16,342	32,688
2025	17,139	15,549	32,688
2026	17,971	14,717	32,688
2027	18,844	13,844	32,688
2028	19,758	12,930	32,688
2029	20,718	11,970	32,688
2030	21,723	10,965	32,688

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2008

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Water and Sewer Revenue Bonds, Series 2001 (continued)			
Year ending June 30,			
2031	22,778	9,910	32,688
2032	23,884	8,804	32,688
2033	25,043	7,645	32,688
2034	26,259	6,429	32,688
2035	27,534	5,154	32,688
2036	28,871	3,817	32,688
2037	30,272	2,416	32,688
2038	31,742	946	32,688
2039	395	10	405
	<u>\$ 520,617</u>	<u>\$ 460,428</u>	<u>\$ 981,045</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2008

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Water & Sewer State Revolving Loan			
Year ending June 30,			
2009	\$ 11,196	\$ 0	\$ 11,196
2010	11,196	0	11,196
2011	11,196	0	11,196
2012	11,196	0	11,196
2013	11,196	0	11,196
2014	11,196	0	11,196
2015	11,196	0	11,196
2016	11,196	0	11,196
2017	11,196	0	11,196
2018	11,196	0	11,196
2019	11,196	0	11,196
2020	11,196	0	11,196
2021	11,196	0	11,196
2022	11,196	0	11,196
2023	11,196	0	11,196
2024	11,196	0	11,196
2025	11,196	0	11,196
2026	11,196	0	11,196
2027	11,196	0	11,196
2028	<u>5,578</u>	<u>0</u>	<u>5,578</u>
	<u>\$ 218,302</u>	<u>\$ 0</u>	<u>\$ 218,302</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2008

Natural Gas Bond, Series 2001	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,			
2009	\$ 10,750	\$ 8,768	\$ 19,518
2010	11,160	8,387	19,547
2011	11,570	7,992	19,562
2012	11,980	7,582	19,562
2013	12,400	7,158	19,558
2014	12,810	6,719	19,529
2015	13,220	6,266	19,486
2016	13,630	5,798	19,428
2017	14,110	5,315	19,425
2018	14,520	4,816	19,336
2019	14,710	4,302	19,012
2020	15,288	3,781	19,069
2021	13,877	3,240	17,117
2022	13,230	2,749	15,979
2023	13,570	2,280	15,850
2024	13,910	1,800	15,710
2025	9,910	1,308	11,218
2026	4,069	803	4,872
2027	1,022	287	1,309
	<u>\$ 225,737</u>	<u>\$ 89,351</u>	<u>\$ 315,087</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2008

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Capital Outlay Note, Series 2000			
Year ending June 30,			
2009	\$ 38,000	\$ 9,183	\$ 47,183
2010	40,000	7,056	47,056
2011	42,000	4,816	46,816
2012	<u>45,990</u>	<u>2,463</u>	<u>48,453</u>
	<u>\$ 165,990</u>	<u>\$ 23,518</u>	<u>\$ 189,508</u>

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

EXPENDITURES OF FEDERAL AND STATE GRANTS

Year Ended June 30, 2008

<u>CFDA #</u>	<u>Project Number</u>	<u>Program Name</u>	<u>Federal Grantor/ Pass-Through Grantor</u>
14.228	GG-06-12373	2005 CDBG Sewer Treatment Plant Improvements	U.S. Department of Housing and Urban Development / Tennessee Department of Economic Community Development
66.458	SRF 2006-188	Clean Water State Revolving Loan	Environmental Protection Agency/State of Tennessee Department of Finance & Administration

See the accompanying independent accountants' audit report.

<u>Receivable July 1, 2007</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Receivable June 30, 2008</u>
\$ 104,083	\$ 433,261	\$ 329,179	\$ 0
<u>0</u>	<u>97,721</u>	<u>97,721</u>	<u>0</u>
<u>104,083</u>	<u>530,982</u>	<u>426,899</u>	<u>0</u>
<u>\$ 104,083</u>	<u>\$ 530,982</u>	<u>\$ 426,899</u>	<u>\$ 0</u>

TOWN OF ENGLEWOOD, TENNESSEE

INSURANCE COVERAGE

June 30, 2008

<u>Description</u>	<u>Amount of Coverage</u>
Property insurance - fire and extended coverage on building and contents	\$ 6,702,997
Automobile coverage	
Collision	Cash value/repair costs
Comprehensive	Cash value/repair costs
Liability insurance	
Comprehensive general	300,000
Law enforcement	700,000
Automobile	100,000
Errors and omissions (\$2,500 deductible)	1,000,000
Bonds	
Public Official Bond	25,000
Employee Dishonesty Bond	100,000
Forgery, altercation, theft, disappearance, destruction or computer fraud	100,000
Worker's Compensation	
Employer liability - statutory	700,000

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS

June 30, 2008

WATER AND SEWER

Utility Rates

Meter Size

3/4"-minimum monthly bill

2"-minimum monthly bill

4"-minimum monthly bill

All over 2,500 gallons per 1,000 gallons

	<u>Inside City</u>	<u>Outside City</u>
\$ 8.97	\$ 17.94	
28.38	56.76	
95.77	191.54	
4.10	8.20	

Sewer charges for all customers - 140% of monthly water bill

NUMBER OF METERED CUSTOMERS

Water – 1,420

Sewer – 584

NATURAL GAS

Natural gas rates are based on a Purchase Gas Adjustment mechanism which is computed each month based on the cost of gas.

NUMBER OF METERED CUSTOMERS - 329

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

SCHEDULE OF UNACCOUNTED FOR WATER

June 30, 2008

Water treated and purchased:

Water pumped (potable)	71,619,000
Water purchased	<u>38,627,000</u>
Total water treated and purchased	110,246,000

Accounted for water:

Water sold	67,633,100
Leaks	3,012,500
Fire Department	116,300
Water plant	11,839,000
Pool	<u>762,200</u>
Total accounted for water	<u>83,363,100</u>
Unaccounted for water	<u>26,882,900</u>
Percentage unaccounted for water	24%
Cost per 1,000 gallons of water	\$ 2.40
Cost of unaccounted for water	\$ 64,519

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

INDEPENDENT ACCOUNTANTS' 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

Mayor and Board of Commissioners
Town of Englewood, Tennessee
Englewood, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Town of Englewood, Tennessee as of and for the year ended June 30, 2008, which collectively comprise Town of Englewood's basic financial statements and have issued our report thereon dated December 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be a significant deficiency or material weakness

Compliance and Other Matters

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

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

Mitchell Emert & Hill

December 1, 2008