

Financial Statements

TOWN OF ENGLEWOOD, TENNESSEE

Year Ended June 30, 2010

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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, 2010, 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 in the first paragraph 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, Solid Waste Management Fund and 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 on pages 3 to 9 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 on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Town of Englewood, Tennessee's basic financial statements. 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 basic financial statements. The schedule of expenditures of federal and state awards 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 other supplementary information as listed in the table of contents 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 13, 2010 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.

A handwritten signature in black ink that reads "Mitchell Emert & Hill". The signature is written in a cursive, flowing style.

December 13, 2010

TOWN OF ENGLEWOOD
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ENGLEWOOD, TN. 37329
PHONE (423) 887-7224
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Management's Discussion and Analysis For the Year Ended June 30, 2010

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, 2010. 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 2010 by \$5,953,701 (\$5,800,780 in 2009).
- The Town of Englewood Primary Government's net assets increased by \$152,920 (\$14,279 in 2009) or 2.6 percent during 2010 (0.3 percent during 2009).
- At 2010 year-end, the Town's governmental funds reported combined ending fund balances of \$661,527 a decrease of \$52,999 for 2010. At 2009 year-end, the Town's governmental funds reported combined ending fund balances of \$714,536 an increase of \$39,622 for 2009. Of the total fund balances, \$496,187 (\$554,870 in 2009) is unreserved and available for ongoing operations.
- At June 30, 2010 the unreserved General Fund Balance was \$496,187 (\$554,870 in 2009) or 75 percent (86 percent in 2009) 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 30 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 \$5,953,701 (\$5,800,780 in 2009).

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>2010</u>	<u>2009</u>
ASSETS		
Current assets	\$ 1,548,213	\$ 1,682,409
Capital assets, net of accumulated depreciation	<u>5,880,878</u>	<u>5,755,873</u>
Total Assets	<u>\$ 7,429,091</u>	<u>\$ 7,438,282</u>

LIABILITIES

Current liabilities	\$ 415,928	\$ 430,228
Non-current liabilities	<u>1,059,465</u>	<u>1,207,274</u>
Total Liabilities	1,475,393	1,637,502

NET ASSETS

Invested in capital assets, net of related debt	4,762,527	4,451,557
Restricted	165,351	159,666
Unrestricted	<u>1,025,823</u>	<u>1,189,558</u>
Total Net Assets	<u>5,953,701</u>	<u>5,800,781</u>

Total Liabilities and Net Assets **\$7,429,091** **\$ 7,438,282**

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>2010</u>	<u>2009</u>
REVENUE		
Program revenue:		
Fees, fines and charges for services	\$ 1,160,689	\$ 1,140,242
Operating grants and contributions	57,891	56,880
Capital grants and contributions	245,838	0
General revenue:		
Local taxes	296,504	295,439
State and federal	141,757	130,485
Miscellaneous	26,651	10,177
Investment income	<u>24,352</u>	<u>29,399</u>
	<u>1,953,682</u>	<u>1,662,622</u>
EXPENSES		
General government	217,663	215,887
Public safety	271,459	259,854
Highways and streets	104,515	74,841
Solid waste collection and disposal	57,083	55,265
Interest on long-term debt	405	7,236
Public welfare	118,889	71,859
Natural gas	270,996	274,319
Water and sewer	<u>759,753</u>	<u>689,080</u>
	<u>1,800,762</u>	<u>1,648,342</u>
Increase in net assets	152,920	14,279
Net assets at the beginning of the year	<u>5,800,781</u>	<u>5,786,502</u>
Net assets at the end of the year	<u>\$ 5,953,701</u>	<u>\$ 5,800,781</u>

Governmental Activities - Governmental activities increased the Town's net assets by \$8,701 (\$59,434 in 2009).

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 \$144,219 in 2010 and decreased the Town's net assets by \$45,154 in 2009. This increase was mainly due to the CDBG grant which the Town received for sewer improvements. The Water and Sewer Fund reported an increase of \$117,962 in 2010 and a decrease of \$52,013 in 2009 and the Natural Gas Fund reported an increase of \$26,257 in 2010 and \$6,858 in 2009.

Capital Assets

The Town's investment in capital assets as of June 30, 2010 was \$5,880,878 (\$5,755,873 in 2009) net of accumulated depreciation.

	<u>2010</u>	<u>2009</u>
Land	\$ 146,709	\$ 146,709
Buildings	462,627	462,627
Utility Plant	4,023,353	3,771,332
Office equipment	10,378	10,378
Equipment	4,011,896	3,948,184
Vehicles	271,254	262,754
Land improvements	70,732	46,522
Accumulated depreciation	<u>(3,116,071)</u>	<u>(2,892,633)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,880,878</u>	<u>\$ 5,755,873</u>

The major capital asset additions during 2010 were due to the following:

Equipment	\$ 63,712
Vehicles	8,500
Land improvements	24,210
Utility plant	252,021

Debt Administration

At June 30, 2010, the proprietary funds had outstanding debt of \$909,312 (\$1,072,375 in 2009) consisting of the following:

	2010	2009
Water and Sewer Revenue Bonds	\$ 504,173	\$ 512,590
Tennessee Municipal Bond Fund Capital Outlay notes	210,161	352,678
State Revolving Fund loan	194,978	207,107
Total Debt-Principal	909,312	1,072,375
Less: Current Portion Due	(35,067)	(74,140)
Total Long-term Debt-Principal	<u>\$ 874,245</u>	<u>\$ 998,235</u>

During 2010 the Town retired \$163,063 (\$71,230 in 2009) on its proprietary funds debt.

At June 30, 2010, the General Fund had outstanding debt of \$209,039 (\$231,941 in 2009) consisting of the following:

	2010	2009
Capital outlay notes	\$ 209,039	\$ 231,940
Less: Current Portion Due	(23,819)	(22,901)
Total Long-term Debt-Principal	<u>\$ 185,220</u>	<u>\$ 209,039</u>

During 2010 the Town retired \$22,901 (\$22,002 in 2009) 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 \$58,683 in 2010 and increased by \$19,751 in 2009.

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 \$222,889 (\$316,995 in 2009). The unrestricted net assets for the Natural Gas Fund were \$270,158 (\$284,054 in 2009).

General Fund Budgetary Highlights

During 2010, there were no significant changes in original budget revenues. Original budget expenditures increased by \$153,476 due to increases in budgeted expenditures for general repairs and maintenance and repairs and maintenance for the community swimming pool. Also, there were capital purchase funds added, which were for the playground equipment and for highway and street repairs. During 2009, there were no changes in original budget revenues. Original budget expenditures increased by \$65,477 due to increases in budgeted expenditures for the weather alert system and fire department capital purchases.

Economic Factors and Next Year's Budgets and Rates

The Board of Commissioners approved the budget for the year ending June 30, 2011. The estimated revenues and appropriations did not vary significantly from the budget for the year ended June 30, 2010.

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, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 254,613	\$ 369,045	\$ 623,658
Certificate of deposit	360,000	180,000	540,000
Accounts receivable, net of allowance for uncollectible accounts	0	60,289	60,289
Property taxes receivable, net of allowance for uncollectible accounts	190,044	0	190,044
Grant receivable	0	25,715	25,715
Due from other governments	31,302	0	31,302
Interfund balances	5,100	(5,100)	0
Taxes receivable	15,373	0	15,373
Natural gas for resale	0	39,685	39,685
Prepaid insurance	22,148	0	22,148
Capital assets not being depreciated	107,080	39,629	146,709
Depreciable capital assets, net of accumulated depreciation	<u>719,188</u>	<u>5,014,981</u>	<u>5,734,169</u>
TOTAL ASSETS	<u><u>\$ 1,704,848</u></u>	<u><u>\$ 5,724,244</u></u>	<u><u>\$ 7,429,091</u></u>

See the accompanying notes to the financial statements.

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 2,211	\$ 38,217	\$ 40,428
Accrued vacation	3,428	3,320	6,748
Deferred revenue	174,739	0	174,739
Current portion of long-term debt	23,819	35,067	58,886
Customer deposits	75	135,052	135,127
Long-term debt, net of current portion	<u>185,220</u>	<u>874,245</u>	<u>1,059,465</u>
TOTAL LIABILITIES	389,492	1,085,901	1,475,393
NET ASSETS			
Invested in capital assets, net of related debt	617,229	4,145,298	4,762,527
Restricted:			
Drug	43,275	0	43,275
Solid waste management	122,076	0	122,076
Unrestricted	<u>532,776</u>	<u>493,047</u>	<u>1,025,823</u>
TOTAL NET ASSETS	<u>1,315,356</u>	<u>4,638,345</u>	<u>5,953,701</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,704,848</u>	<u>\$ 5,724,244</u>	<u>\$ 7,429,091</u>

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

	<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	\$ 217,663	\$ 493	\$ 0	\$ 0
Public safety	271,459	163,597	2,875	0
Public welfare	118,889	15,270	14,716	0
Streets and highways	104,515	0	40,299	0
Solid waste collection and disposal	57,083	60,557	0	0
Interest on long-term debt	405	0	0	0
Total Governmental Activities	770,013	239,917	57,891	0
Business-Type Activities:				
Water and sewer	759,753	625,768	0	245,838
Natural gas	270,996	295,005	0	0
Total Business-Type Activities	1,030,749	920,773	0	245,838
	<u>\$ 1,800,762</u>	<u>\$ 1,160,689</u>	<u>\$ 57,891</u>	<u>\$ 245,838</u>

Net (Expense)Revenue and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (217,170)	\$ 0	\$ (217,170)
(104,987)	0	(104,987)
(88,902)	0	(88,902)
(64,215)	0	(64,215)
3,474	0	3,474
(405)	0	(405)
(472,205)	0	(472,205)
0	111,853	111,853
0	24,008	24,008
0	135,862	135,862
0	135,862	135,862
\$ (472,205)	\$ 135,862	\$ (336,343)

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

(continued)

Year Ended June 30, 2010

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

TOTAL GENERAL REVENUE

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
\$ (472,205)	\$ 135,862	\$ (336,343)
176,467	0	\$ 176,467
3,125	0	3,125
9,834	0	9,834
69,818	0	69,818
6,689	0	6,689
23,528	0	23,528
7,043	0	7,043
141,757	0	141,757
15,995	8,357	24,352
26,651	0	26,651
480,906	8,357	489,263
8,701	144,219	152,920
1,306,655	4,494,126	5,800,781
\$ 1,315,356	\$ 4,638,345	\$ 5,953,701

TOWN OF ENGLEWOOD, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2010

	<u>General Fund</u>	<u>Solid Waste Management Fund</u>
ASSETS		
Cash	\$ 176,742	\$ 37,014
Certificate of deposit	280,000	80,000
Property taxes receivable, net of allowance for uncollectible accounts of \$2,000	190,044	0
Due from other governments	31,302	0
Due from other funds	0	5,100
Taxes receivable	15,373	0
Prepaid insurance	<u>22,148</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 715,609</u>	<u>\$ 122,114</u>
LIABILITIES		
Accounts payable	\$ 2,172	\$ 38
Accrued vacation	1,578	0
Due to other funds	4,267	0
Deposits	75	0
Deferred revenue	<u>211,329</u>	<u>0</u>
TOTAL LIABILITIES	219,422	38
FUND BALANCE		
Unreserved	<u>496,187</u>	<u>122,076</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 715,609</u>	<u>\$ 122,114</u>

See the accompanying notes to the financial statements.

<u>Drug Fund</u>	<u>Total</u>
\$ 40,857	\$ 254,613
0	360,000
0	190,044
0	31,302
4,267	9,368
0	15,373
<u>0</u>	<u>22,148</u>
<u>\$ 45,124</u>	<u>\$ 882,847</u>
\$ 0	\$ 2,211
1,849	3,428
0	4,267
0	75
<u>0</u>	<u>211,329</u>
1,849	221,310
<u>43,275</u>	<u>661,537</u>
<u>\$ 45,124</u>	<u>\$ 882,847</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

June 30, 2010

Total Fund Balance - Governmental Funds	\$ 661,537
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.	826,268
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.	36,590
Long-term liabilities are not due in the current period and, therefore, are not reported in the governmental funds balance sheet.	<u>(209,039)</u>
Net Assets of Governmental Activities	<u>\$ 1,315,356</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, 2010

	<u>General Fund</u>	<u>Solid Waste Management Fund</u>
REVENUE		
Taxes:		
Property tax	\$ 178,992	\$ 0
Interest and penalty	3,125	0
In-Lieu of tax payments	9,834	0
Local sales tax	66,713	0
Business tax	6,625	0
Wholesale beer tax	21,677	0
Cable TV franchise tax	7,043	0
Intergovernmental	184,000	0
Licenses and permits	130	0
Charges for services	14,457	60,557
Fines and forfeitures	148,345	0
Donations	10,450	0
Interest	15,189	641
Rent	11,875	0
Police auction	12,385	0
Insurance recoveries	2,525	0
Miscellaneous	918	123
	<hr/>	<hr/>
TOTAL REVENUE	694,283	61,321

<u>Drug Fund</u>	<u>Total</u>
\$ 0	\$ 178,992
0	3,125
0	9,834
0	66,713
0	6,625
0	21,677
0	7,043
4,267	188,268
0	130
0	75,014
15,252	163,597
475	10,925
165	15,995
0	11,875
0	12,385
0	2,525
1	1,042
20,159	775,764

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2010

	<u>General Fund</u>	<u>Solid Waste Management Fund</u>
EXPENDITURES		
Current:		
General government	206,914	0
Public safety	222,350	0
Public welfare	116,768	0
Streets and highways	95,707	0
Waste management	0	52,659
Capital outlay	87,922	0
Debt service	23,306	0
	<u>752,966</u>	<u>52,659</u>
	(DEFICIENCY) EXCESS OF REVENUE	
	OVER EXPENDITURES	8,662
	(58,683)	
FUND BALANCES AT THE BEGINNING OF THE YEAR	<u>554,870</u>	<u>113,414</u>
FUND BALANCES AT THE END OF THE YEAR	<u>\$ 496,187</u>	<u>\$ 122,076</u>

See the accompanying notes to the financial statements.

<u>Drug Fund</u>	<u>Total</u>
0	206,914
23,137	245,487
0	116,768
0	95,707
0	52,659
0	87,922
0	23,306
<u>23,137</u>	<u>828,762</u>
(2,977)	(52,999)
<u>46,252</u>	<u>714,536</u>
<u>\$ 43,275</u>	<u>\$ 661,537</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, 2010

(Deficiency) of Revenue Over Expenditures - Governmental Funds	\$ (52,999)
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	87,922
Depreciation expense	(52,074)
Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities.	22,901
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, 2009	(33,639)
Deferred taxes - June 30, 2010	<u>36,589</u>
Change in Net Assets of Governmental Activities	<u>\$ 8,701</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, 2010

	Budget		Actual	Variance
	Original	Final		Over (Under)
REVENUE				
Taxes:				
Property tax	\$ 185,200	\$ 185,200	\$ 178,992	\$ (6,208)
Interest and penalty	4,500	4,500	3,125	(1,375)
In-Lieu of tax payments	10,000	10,000	9,834	(166)
Local sales tax	70,000	70,000	66,713	(3,287)
Business tax	7,500	7,500	6,625	(875)
Wholesale beer tax	25,000	25,000	21,677	(3,323)
Cable TV franchise tax	7,000	7,000	7,043	43
	<u>309,200</u>	<u>309,200</u>	<u>294,009</u>	<u>(15,191)</u>
Intergovernmental:				
State income tax	8,000	8,000	5,676	(2,324)
State beer tax	500	500	788	288
State sales tax	120,000	120,000	101,236	(18,764)
State gasoline and motor fuel tax	47,000	47,000	42,310	(4,690)
Corporate excise tax	5,000	5,000	4,851	(149)
Telecommunications tax	300	300	138	(162)
TVA In-Lieu of tax payment	12,000	12,000	23,187	11,187
City streets and transportation funds	5,000	5,000	3,414	(1,586)
State law enforcement grant	2,400	3,385	2,400	(985)
	<u>200,200</u>	<u>201,185</u>	<u>184,000</u>	<u>(17,185)</u>
Fines and forfeitures	133,500	133,500	148,345	14,845
Building permits	600	600	130	(470)

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2010

	Budget		Actual	Variance Over (Under)
	Original	Final		
Charges for services:				
Community pool admittance fees	4,500	4,500	7,895	3,395
Community pool rental fees	2,500	2,500	3,307	807
Community pool concessions	1,500	1,500	2,367	867
Accident report charges	500	500	162	(338)
Library charges	500	500	726	226
Park and recreation charges	100	100	0	(100)
	<u>9,600</u>	<u>9,600</u>	<u>14,457</u>	<u>4,857</u>
Other revenue:				
Rent	9,100	9,500	11,875	2,375
Interest	17,000	17,000	15,189	(1,811)
Donations	12,000	13,001	10,450	(2,551)
Police auction	8,000	8,000	12,385	4,385
Insurance recoveries	0	2,525	2,525	0
Miscellaneous revenue	2,200	2,200	918	(1,282)
	<u>48,300</u>	<u>52,226</u>	<u>53,342</u>	<u>1,116</u>
TOTAL REVENUE	701,400	706,311	694,283	(12,028)
EXPENDITURES				
Judicial:				
Other professional services	3,000	3,000	3,000	0
Financial administration:				
Salaries and wages	32,500	32,500	26,593	(5,907)
Repairs and maintenance	200	200	150	(50)
Travel	1,000	1,000	606	(394)
Office supplies and materials	4,500	4,500	2,801	(1,699)
	<u>38,200</u>	<u>38,200</u>	<u>30,149</u>	<u>(8,051)</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2010

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
General government:				
Salaries and wages	26,000	26,000	27,126	1,126
OASDI employer's share	18,000	18,000	18,789	789
Health insurance	25,000	25,000	17,384	(7,616)
Retirement	2,500	2,500	3,757	1,257
Death benefit plan	1,500	1,500	851	(649)
Unemployment insurance	1,000	1,000	1,886	886
Employee training	1,000	1,000	1,204	204
Postage	1,000	1,000	296	(704)
Publicity, subscriptions and dues	3,000	3,000	3,367	367
Accounting and auditing services	7,000	7,000	7,000	0
State planning services	6,750	6,750	6,750	0
Other professional services	15,000	15,000	16,406	1,406
Insurance	55,000	55,000	44,624	(10,376)
Utilities	4,650	4,650	4,446	(204)
Telephone	3,000	3,000	3,002	2
Repair and maintenance	2,000	9,100	8,640	(460)
Operating supplies	2,000	2,527	2,429	(98)
Travel	750	750	538	(212)
Animal control	0	0	425	425
Donations	500	900	1,359	459
	<u>175,650</u>	<u>183,677</u>	<u>170,279</u>	<u>(13,398)</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2010

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Police department:				
Salaries and wages	160,000	160,000	163,994	3,994
Employee education and training	750	750	740	(10)
Memberships and registration fees	0	0	0	0
Utilities	2,500	2,500	2,570	70
Telephone	2,000	2,000	2,266	266
Professional services	10,000	10,000	2,331	(7,669)
Repairs and maintenance	4,500	8,338	8,423	85
Small items of equipment	1,000	1,000	494	(506)
Supplies	1,000	1,000	1,162	162
Travel	200	200	77	(123)
Computer - laptop grant	0	985	94	(892)
Operating supplies	1,100	1,100	1,082	(18)
Clothing and uniforms	2,000	2,000	603	(1,397)
Gas, oil and grease	15,000	15,000	13,611	(1,389)
	<u>200,050</u>	<u>204,874</u>	<u>197,446</u>	<u>(7,427)</u>
Fire department:				
Employee training	1,000	1,000	917	(83)
Professional services	10,000	10,000	2,349	(7,651)
Utilities	7,200	7,200	6,916	(284)
Telephone	500	500	475	(25)
Gas, oil and grease	3,500	3,500	1,717	(1,783)
Repairs and maintenance	5,000	5,000	5,859	859
Operating supplies	550	550	490	(60)
Clothing and uniforms	1,000	1,000	0	(1,000)
Insurance	1,500	1,500	1,500	0
Small items of equipment	2,500	2,500	4,680	2,180
	<u>32,750</u>	<u>32,750</u>	<u>24,904</u>	<u>(7,846)</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2010

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
City attorney:				
Other professional services	4,000	4,000	3,487	(513)
Highways and streets:				
Salaries and wages	21,000	21,000	19,093	(1,907)
Operating supplies	1,000	1,000	872	(128)
Repairs and maintenance	2,000	2,000	1,519	(481)
Machinery equipment and parts	1,000	30,605	31,267	662
Gas, oil and grease	2,500	2,500	781	(1,719)
Metal culverts	500	500	0	(500)
Utilities	36,000	36,000	29,585	(6,415)
Roads, streets, and parking	<u>30,000</u>	<u>30,000</u>	<u>12,591</u>	<u>(17,409)</u>
	94,000	123,605	95,707	(27,898)
Community swimming pool:				
Salaries and wages	13,000	13,000	14,893	1,893
Memberships and registration fees	340	340	340	0
Utilities	3,500	3,500	1,797	(1,703)
Telephone	150	150	275	125
Repairs and maintenance	5,000	47,000	47,333	333
Operating supplies	500	500	597	97
Chemical supplies	6,000	6,000	1,930	(4,070)
Supplies for resale	<u>1,000</u>	<u>1,000</u>	<u>1,521</u>	<u>521</u>
	29,490	71,490	68,686	(2,804)

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2010

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Parks and recreation:				
Salaries and wages	2,200	2,200	2,952	752
Utilities	500	500	532	32
Repairs and maintenance	3,000	13,019	17,017	3,998
Operating supplies	500	500	122	(378)
	<u>6,200</u>	<u>16,219</u>	<u>20,623</u>	<u>4,405</u>
Library:				
Salaries and wages	13,310	13,310	13,482	172
OASDI Employer's share	1,500	1,500	1,500	0
Postage	50	50	50	0
Books, catalogues and brochures	500	1,501	1,467	(34)
Utilities	7,300	7,300	6,904	(396)
Telephone	1,000	1,000	978	(22)
Accounting and auditing services	150	150	150	0
Repairs and maintenance	400	400	282	(118)
Operating supplies	500	500	645	145
Insurance	2,000	2,000	2,000	0
	<u>26,710</u>	<u>27,711</u>	<u>27,458</u>	<u>(253)</u>
Capital outlay:				
Highways and streets	50,000	50,000	24,210	(25,790)
Parks and recreation	0	58,000	63,712	5,712
	<u>50,000</u>	<u>108,000</u>	<u>87,922</u>	<u>(20,078)</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2010

	Budget		Actual	Variance Over (Under)
	Original	Final		
Debt service:				
Note principal	21,000	21,000	19,427	(1,573)
Interest expense	<u>11,000</u>	<u>11,000</u>	<u>3,879</u>	<u>(7,121)</u>
	<u>32,000</u>	<u>32,000</u>	<u>23,306</u>	<u>(8,694)</u>
TOTAL EXPENDITURES	<u>692,050</u>	<u>845,526</u>	<u>752,966</u>	<u>(92,559)</u>
EXCESS(DEFICIENCY) OF REVENUE OVER EXPENDITURES	9,350	(139,215)	(58,683)	80,532
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>139,215</u>	<u>554,870</u>	<u>415,655</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 9,350</u>	<u>\$ 0</u>	<u>\$ 496,187</u>	<u>\$ 496,187</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, 2010

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
Charges for services	\$ 60,000	\$ 60,000	\$ 60,557	\$ 557
Interest earned	2,550	2,550	641	(1,909)
Miscellaneous refunds	<u>1,200</u>	<u>1,200</u>	<u>123</u>	<u>(1,077)</u>
TOTAL REVENUE	63,750	63,750	61,321	(2,429)
EXPENDITURES				
Salaries and wages	26,000	26,000	24,494	(1,506)
OASDI employer's share	2,500	2,500	1,842	(658)
Employee benefits	3,500	1,000	152	(848)
Accounting and auditing services	2,500	2,500	2,500	0
Repairs and maintenance	4,000	4,000	4,198	198
Landfill services	13,000	13,000	10,409	(2,591)
Clothing and uniforms	250	250	174	(76)
Office supplies	3,000	3,895	2,181	(1,714)
Gas, oil and grease	5,000	5,000	2,708	(2,292)
Insurance	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>0</u>
TOTAL EXPENDITURES	<u>63,750</u>	<u>62,145</u>	<u>52,659</u>	<u>(9,486)</u>
EXCESS OF REVENUE OVER EXPENDITURES	0	1,605	8,662	7,057
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>113,414</u>	<u>113,414</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 1,605</u>	<u>\$ 122,076</u>	<u>\$ 120,471</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
DRUG FUND**

Year Ended June 30, 2010

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
Drug related fines	\$ 8,000	\$ 8,000	\$ 15,252	\$ 7,252
Camera grant	0	5,000	4,267	(733)
Seized vehicle fee	10,500	10,500	0	(10,500)
Drug seizure money	5,000	5,000	0	(5,000)
Miscellaneous	220	220	641	421
TOTAL REVENUE	23,720	28,720	20,160	(8,560)
EXPENDITURES				
Salaries and wages	5,500	5,500	7,029	1,529
OASDI employer's share	350	350	382	32
GHSO camera grant	0	5,000	5,000	0
Investigative funds	8,000	8,000	3,000	(5,000)
Other professional services	4,000	4,000	1,824	(2,176)
Repairs and maintenance	3,000	3,000	597	(2,403)
Travel and training	1,100	1,100	0	(1,100)
DARE program supplies	1,500	1,500	1,308	(192)
Operating supplies	270	4,047	3,998	(49)
TOTAL EXPENDITURES	23,720	32,497	23,137	(9,360)
(DEFICIENCY) OF REVENUE OVER EXPENDITURES	0	(3,777)	(2,977)	800
FUND BALANCE AT THE BEGINNING OF THE YEAR	0	3,777	46,252	42,475
FUND BALANCE AT THE END OF THE YEAR	\$ 0	\$ 0	\$ 43,275	\$ 43,275

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2010

<u>ASSETS</u>	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
CURRENT ASSETS			
Cash	\$ 289,168	\$ 259,877	\$ 549,045
Accounts receivable, net of allowance for uncollectible accounts of \$1,380	60,289	0	60,289
Grant receivable	25,715	0	25,715
Due from other funds	0	2,606	2,606
Natural gas for resale	0	39,685	39,685
	<hr/>	<hr/>	<hr/>
TOTAL CURRENT ASSETS	375,172	302,169	677,341
CAPITAL ASSETS			
Land	39,372	257	39,629
Buildings	76,568	0	76,568
Utility plant	3,724,626	298,728	4,023,354
Equipment	3,503,863	0	3,503,863
Vehicles	13,585	27,582	41,167
	<hr/>	<hr/>	<hr/>
	7,358,014	326,567	7,684,581
Accumulated depreciation	<u>(2,384,801)</u>	<u>(245,170)</u>	<u>(2,629,971)</u>
	<hr/>	<hr/>	<hr/>
	4,973,213	81,397	5,054,610
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 5,348,384</u>	<u>\$ 383,566</u>	<u>\$ 5,731,951</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	\$ 31,766	\$ 6,451	\$ 38,217
Accrued vacation	1,851	1,469	3,320
Customer deposits	110,959	24,090	135,050
Due to other funds	7,707	0	7,707
Current portion of long-term debt	<u>32,875</u>	<u>2,192</u>	<u>35,067</u>
TOTAL CURRENT LIABILITIES	185,158	34,203	219,361
LONG-TERM DEBT,			
net of current portion	<u>845,828</u>	<u>28,417</u>	<u>874,245</u>
TOTAL LIABILITIES	1,030,986	62,620	1,093,606
NET ASSETS			
Invested in capital assets, net of related debt	4,094,510	50,788	4,145,298
Unrestricted	<u>222,889</u>	<u>270,158</u>	<u>493,047</u>
	<u>4,317,399</u>	<u>320,946</u>	<u>4,638,345</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,348,384</u>	<u>\$ 383,566</u>	<u>\$ 5,731,951</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

Year Ended June 30, 2010

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
OPERATING REVENUE			
Sales	\$ 598,571	\$ 286,167	\$ 884,737
Other operating revenue	<u>27,197</u>	<u>8,838</u>	<u>36,035</u>
TOTAL OPERATING REVENUE	625,768	295,005	920,773
OPERATING EXPENSES			
Purchased water/gas	97,358	172,132	269,490
Purification	136,441	0	136,441
Transmission and distribution	114,339	36,855	151,194
Sewer collection lines	7,108	0	7,108
Sewer treatment and disposal	85,583	0	85,583
Customer accounting and collection	36,386	3,462	39,849
Administrative and general expense	91,193	42,404	133,597
Depreciation	<u>161,677</u>	<u>9,687</u>	<u>171,364</u>
TOTAL OPERATING EXPENSES	<u>730,085</u>	<u>264,540</u>	<u>994,626</u>
(LOSS)INCOME FROM OPERATIONS	(104,317)	30,464	(73,853)
NON-OPERATING REVENUE(EXPENSE)			
Interest income	6,108	2,249	8,357
Interest expense	<u>(29,667)</u>	<u>(6,456)</u>	<u>(36,123)</u>
	<u>(23,559)</u>	<u>(4,207)</u>	<u>(27,766)</u>
(LOSS)INCOME BEFORE CAPITAL CONTRIBUTIONS	(127,876)	26,257	(101,619)
CAPITAL CONTRIBUTIONS	<u>245,838</u>	<u>0</u>	<u>245,838</u>
CHANGES IN NET ASSETS	117,962	26,257	144,219

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2010

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
NET ASSETS AT THE BEGINNING OF THE YEAR	<u>4,199,437</u>	<u>294,689</u>	<u>4,494,126</u>
NET ASSETS AT THE END OF THE YEAR	<u>\$ 4,317,399</u>	<u>\$ 320,946</u>	<u>\$ 4,638,345</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended June 30, 2010

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
CASH PROVIDED(USED) BY OPERATING ACTIVITIES			
Cash received from customers	\$ 625,589	\$ 329,930	\$ 955,519
Cash paid to employees	(184,341)	(41,645)	(225,986)
Cash paid to suppliers	<u>(373,634)</u>	<u>(129,923)</u>	<u>(503,557)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	67,614	158,362	225,976
CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments of long-term debt	(121,723)	(41,340)	(163,063)
Interest paid on debt	(29,667)	(6,456)	(36,123)
Capital contributions	220,124	0	220,124
Acquisition of capital assets	<u>(252,021)</u>	<u>(8,500)</u>	<u>(260,521)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(183,287)	(56,296)	(239,583)
CASH PROVIDED(USED) BY INVESTING ACTIVITIES			
Interest received	<u>6,108</u>	<u>2,249</u>	<u>8,357</u>
NET (DECREASE)INCREASE IN CASH	(109,565)	104,315	(5,249)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>398,733</u>	<u>155,562</u>	<u>554,295</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 289,168</u>	<u>\$ 259,877</u>	<u>\$ 549,045</u>

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2010

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
RECONCILIATION OF (LOSS)INCOME FROM OPERATIONS TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES			
(Loss)income from operations	\$ (104,317)	\$ 30,464	\$ (73,853)
Adjustments to reconcile (loss)income from operations to net cash provided by operating activities:			
Depreciation	161,677	9,687	171,364
(Increase)decrease in:			
Accounts receivable	(4,270)	0	(4,270)
Inventory	0	78,713	78,713
Due from other funds	0	33,874	33,874
Increase(decrease) in:			
Accounts payable	27,899	3,104	31,004
Accrued vacation	(2,477)	1,469	(1,007)
Due to other funds	(14,990)	0	(14,990)
Customer deposits	4,093	1,050	5,143
	<u>171,932</u>	<u>127,898</u>	<u>299,830</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 67,614</u>	<u>\$ 158,362</u>	<u>\$ 225,976</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE A - DESCRIPTION OF ORGANIZATION

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 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 Town of Englewood, Tennessee. As of June 30, 2010 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, 2010

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. Revenue is recognized as soon as it is 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 uncollectible 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, 2010

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, 2010.

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 revenue 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, 2010

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, 2010 has been calculated as follows:

Governmental activities:

Capital assets	\$ 1,312,368
Accumulated depreciation	(486,100)
Principal balance on long-term debt	<u>(209,039)</u>
	<u>\$ 617,229</u>

Business-type activities:

Water and Sewer Fund:	
Capital assets	\$ 7,358,014
Accumulated depreciation	(2,384,801)
Principal balance of bonds and notes payable	<u>(878,703)</u>
	<u>\$ 4,094,510</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2010

Natural Gas Fund:	
Capital assets	\$ 326,567
Accumulated depreciation	(245,170)
Principal balance of bonds and notes payable	<u>(30,609)</u>
	<u>\$ 50,788</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 net assets because their use is limited to drug enforcement. Net assets of the solid waste management fund are classified as restricted net assets because their use is limited to solid waste expenditures. 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

This category includes 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 Mayor and Board of 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 Mayor and Board of Commissioners. Unused appropriations lapse at the end of the year.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2010

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.

Materials and supplies

Materials and supplies of the proprietary funds 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, 2010, is as follows:

Governmental Funds	\$ 2,000
Proprietary Funds	1,380

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2010

NOTE C - 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, 2010 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)	254,413	369,045	623,458
Certificates of deposit	<u>360,000</u>	<u>180,000</u>	<u>540,000</u>
Total	<u>\$ 614,613</u>	<u>\$ 549,045</u>	<u>\$ 1,163,658</u>

The State of Tennessee law 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 local government 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.

Town policy dictates that collateral meet certain requirements, such as, be deposited in an institution which participates in the State of Tennessee Bank 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. The State of Tennessee Bank 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 insured in accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*.

All cash balances at June 30, 2010 are fully insured through the Federal Deposit Insurance Corporation or the State of Tennessee Bank Collateral Pool.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2010

NOTE D – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 was as follows:

	<u>Balance</u> <u>7/1/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/10</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	24,210	0	70,732
Vehicles	230,087	0	0	230,087
Office equipment	10,378	0	0	10,378
Equipment	<u>444,320</u>	<u>63,712</u>	<u>0</u>	<u>508,032</u>
	1,117,366	87,922	0	1,205,288
<u>Accumulated depreciation</u>				
Buildings	(68,353)	(9,695)	0	(78,048)
Land improvements	(7,082)	(2,575)	0	(9,657)
Vehicles	(103,112)	(21,328)	0	(124,440)
Office equipment	(10,378)	(0)	0	(10,378)
Equipment	<u>(245,101)</u>	<u>(18,475)</u>	<u>0</u>	<u>(263,576)</u>
	<u>(434,026)</u>	<u>(52,074)</u>	<u>0</u>	<u>(486,100)</u>
	<u>\$ 790,420</u>	<u>\$ 35,848</u>	<u>\$ 0</u>	<u>\$ 826,268</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2010

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

General government	\$ 10,748
Public safety	25,972
Public welfare	2,121
Streets and highways	8,808
Solid waste collection and disposal	<u>4,424</u>
	<u>\$ 52,074</u>

	<u>Balance</u> <u>7/1/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/10</u>
Business-Type Activities:				
Water and Sewer Fund				
<u>Capital assets not being depreciated</u>				
Land	\$ 39,372	\$ 0	\$ 0	\$ 39,372
<u>Capital assets being depreciated</u>				
Buildings	76,568	0	0	76,568
Utility plant	3,472,604	252,021	0	3,724,625
Equipment	3,503,863	0	0	3,503,863
Vehicles	<u>13,585</u>	<u>0</u>	<u>0</u>	<u>13,585</u>
	7,066,620	252,021	0	7,318,641
<u>Accumulated depreciation</u>				
Buildings	(27,634)	(1,160)	0	(28,794)
Utility plant	(1,117,429)	(74,678)	0	(1,192,107)
Equipment	(1,070,928)	(84,480)	0	(1,155,408)
Vehicles	<u>(7,133)</u>	<u>(1,359)</u>	<u>0</u>	<u>(8,492)</u>
	<u>(2,223,124)</u>	<u>(161,677)</u>	<u>0</u>	<u>(2,384,801)</u>
	<u>\$ 4,882,868</u>	<u>\$ 90,344</u>	<u>\$ 0</u>	<u>\$ 4,973,213</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2010

	<u>Balance</u> <u>7/1/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/10</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>8,500</u>	<u>0</u>	<u>27,582</u>
	317,810	8,500	0	326,310
<u>Accumulated depreciation</u>				
Utility plant	(225,464)	(7,779)	0	(233,243)
Vehicles	<u>(10,018)</u>	<u>(1,908)</u>	<u>0</u>	<u>(11,927)</u>
	<u>(235,483)</u>	<u>(9,687)</u>	<u>0</u>	<u>(245,170)</u>
	<u>\$ 82,585</u>	<u>\$ (1,187)</u>	<u>\$ 0</u>	<u>\$ 81,397</u>

NOTE E – LONG-TERM DEBT

Long-term debt at June 30, 2010, 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	\$ 194,931
Note payable, due in monthly installments of \$858, including interest at 4.54%	<u>14,108</u>
	209,039
Less current maturities	<u>(23,819)</u>
	<u>\$ 185,220</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2010

Business-Type Activities:

Water and Sewer Revenue Bonds, Series 2001 due in monthly installments of \$2,724, including interest at 4.75%	\$ 504,173
Natural Gas Bond, Series 2001, variable interest rate due in annual installments of varying amounts, including interest through 2021	210,161
2006 State Revolving Fund Loan, interest rate of 0.00% due in monthly payments of \$933 until 2027	<u>194,978</u>
	909,312
Less current maturities	<u>(35,067)</u>
	<u>\$ 874,245</u>

Maturities of long-term debt as of June 30, 2010 are as follows:

Governmental Activities:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 23,819	\$ 7,260	\$ 31,079
2012	18,680	6,381	25,061
2013	14,917	5,829	20,746
2014	15,398	5,307	20,705
2015	15,880	4,768	20,648
2016	16,361	4,212	20,573
2017	17,323	3,639	20,962
2018	17,804	3,033	20,837
2019	18,286	2,410	20,696
2020	19,248	1,770	21,018
2021	19,729	1,096	20,825
2022	<u>11,594</u>	<u>406</u>	<u>12,000</u>
	<u>\$ 209,039</u>	<u>\$ 46,111</u>	<u>\$ 255,150</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2010

Business-Type Activities:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 35,067	\$ 31,218	\$ 66,285
2012	36,014	30,263	66,277
2013	36,983	29,269	66,252
2014	37,972	28,235	66,207
2015	38,986	27,159	66,145
2016	40,021	26,043	66,064
2017	41,603	24,882	66,485
2018	42,690	23,660	66,350
2019	43,807	22,391	66,198
2020	45,470	21,074	66,544
2021	46,646	19,691	66,337
2022	38,560	18,259	56,819
2023	26,785	17,099	43,884
2024	27,542	16,342	43,884
2025	28,335	15,549	43,884
2026	29,167	14,717	43,884
2027	30,040	13,844	43,884
2028	24,404	12,930	37,334
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	2,416	32,688
2038	31,742	946	32,688
2039	396	10	406
	<u>\$ 909,312</u>	<u>\$ 460,691</u>	<u>\$ 1,370,003</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2010

Changes in long-term debt for the year ended June 30, 2010 were as follows:

	<u>Balance</u> <u>6/30/09</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/10</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Natural Gas Bond, Series 2001	\$ 208,405	\$ 0	\$ 13,474	\$ 194,931	\$ 13,955
Note payable	<u>23,535</u>	<u>0</u>	<u>9,427</u>	<u>14,108</u>	<u>9,864</u>
	<u>\$ 231,940</u>	<u>\$ 0</u>	<u>\$ 22,901</u>	<u>\$ 209,039</u>	<u>\$ 23,819</u>
<u>Business-Type Activities:</u>					
Water and Sewer Revenue Bonds, Series 2001	\$ 512,590	\$ 0	\$ 8,417	\$ 504,173	\$ 8,826
Natural Gas Bond, Series 2001	224,688	0	14,527	210,161	15,045
Capital Outlay Note, Series 2000	127,990	0	127,990	0	0
2006 State Revolving Fund Loan	<u>207,107</u>	<u>0</u>	<u>12,129</u>	<u>194,978</u>	<u>11,196</u>
	<u>\$ 1,072,375</u>	<u>\$ 0</u>	<u>\$ 163,063</u>	<u>\$ 909,312</u>	<u>\$ 35,067</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2010

NOTE F - INTERFUND RECEIVABLES AND PAYABLES

Amounts due from and due to other funds at June 30, 2010 are summarized as follows:

Due To	Due From		Total
	General Fund	Water and Sewer Fund	
Governmental Activities:			
Solid Waste Management Fund	\$ 0	\$ 5,100	\$ 5,100
Drug Fund	4,267	0	4,267
Business-Type Activities:			
Natural Gas Fund	0	2,606	2,606
	\$ 4,267	\$ 7,707	\$ 11,974

NOTE G - 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 ended June 30, 2010 was \$7,157.

NOTE H - 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.

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.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF ENGLEWOOD, TENNESSEE

INVESTMENTS

June 30, 2010

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
<u>General Fund – Certificates of Deposit</u>			
Southeast Bank	0.78%	6/2/11	\$ 100,000
Southeast Bank	0.78%	6/2/11	100,000
Citizens	1.27%	3/18/11	80,000
 <u>Solid Waste Management Fund – Certificate of Deposit</u>			
Citizens Bank	1.27%	3/18/11	80,000
 <u>Water and Sewer Fund – Certificate of Deposit</u>			
Athens Federal Bank	1.00%	3/18/11	80,000
 <u>Natural Gas Fund – Certificate of Deposit</u>			
Athens Federal Bank	1.00%	3/18/11	<u>100,000</u>
			<u>\$ 540,000</u>

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

PROPERTY TAXES RECEIVABLE

June 30, 2010

<u>Year of Levy</u>	<u>Rate</u>	<u>Total Assessment</u>	<u>Levy</u>	<u>Balance June 30, 2009</u>
2010	\$ 1.162	\$ 15,038,514	\$ 174,739	\$ 0
2009	1.162	15,348,718	178,367	178,367
2008	1.44	12,222,148	177,491	15,880
2007	1.44	12,250,553	176,408	3,155
2006	1.44	12,168,483	175,226	1,136
2005	1.44	12,036,208	173,321	<u>159</u>
				<u>\$ 198,697</u>

Property taxes unpaid for 2005 through 2008 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, 2010</u>
\$ 174,739	\$ 0	\$ 0	\$ 174,739
0	1,108	163,458	13,801
0	0	13,256	2,624
0	0	2,417	738
0	0	1,065	71
<u>0</u>	<u>0</u>	<u>87</u>	<u>71</u>
<u>\$ 174,739</u>	<u>\$ 1,108</u>	<u>\$ 180,284</u>	<u>\$ 192,044</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

June 30, 2010

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Governmental Activities:</u>			
Natural Gas Bond, Series 2001			
Year ending June 30,			
2011	\$ 13,955	\$ 6,823	\$ 20,778
2012	14,436	6,334	20,770
2013	14,917	5,829	20,746
2014	15,398	5,307	20,705
2015	15,880	4,768	20,648
2016	16,361	4,212	20,573
2017	17,323	3,639	20,962
2018	17,804	3,033	20,837
2019	18,286	2,410	20,696
2020	19,248	1,770	21,018
2021	19,729	1,096	20,825
2022	11,594	406	12,000
	<u>\$ 194,931</u>	<u>\$ 45,627</u>	<u>\$ 240,558</u>
Note payable			
Year ending June 30,			
2011	\$ 9,864	\$ 437	\$ 10,301
2012	4,244	47	4,291
	<u>\$ 14,108</u>	<u>\$ 484</u>	<u>\$ 14,592</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2010

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Business-Type Activities:</u>			
Water and Sewer Revenue Bonds, Series 2001			
Year ending June 30,			
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, 2010

	<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>\$ 504,173</u>	<u>\$ 411,496</u>	<u>\$ 915,669</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2010

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006 State Revolving Fund Loan			
Year ending June 30,			
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	4,646	0	4,646
	<u>\$ 194,978</u>	<u>\$ 0</u>	<u>\$ 194,978</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2010

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Natural Gas Bond, Series 2001			
Year ending June 30,			
2011	\$ 15,045	\$ 7,356	\$ 22,401
2012	15,564	6,829	22,393
2013	16,083	6,285	22,368
2014	16,601	5,722	22,323
2015	17,121	5,140	22,261
2016	17,639	4,541	22,180
2017	18,677	3,923	22,600
2018	19,195	3,270	22,465
2019	19,714	2,599	22,313
2020	20,752	1,908	22,660
2021	21,271	1,182	22,453
2022	12,499	440	12,939
	<u>\$ 210,161</u>	<u>\$ 49,195</u>	<u>\$ 259,356</u>

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2010

<u>CFDA Number</u>	<u>Project Number</u>	<u>Program Name</u>	<u>Federal Grantor/ Pass-Through Grantor</u>
14.228	GG-09-28320-00	CDBG Sewer System Improvements I & I	U.S. Department of Housing and Urban Development/ Tennessee Department of Economic Community Development
20.600	K8-10-42	High Visibility Law Enforcement	U.S. Department of Transportation/ Tennessee Department of Transportation

See the accompanying independent accountants' audit report.

<u>Receivable July 1, 2009</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Receivable June 30, 2010</u>
\$ 0	\$ 220,123	\$ 245,838	\$ 25,715
<u>0</u>	<u>4,267</u>	<u>4,267</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 224,390</u>	<u>\$ 250,105</u>	<u>\$ 25,715</u>

TOWN OF ENGLEWOOD, TENNESSEE

INSURANCE COVERAGE

June 30, 2010

<u>Description</u>	<u>Amount of Coverage</u>
Property insurance - fire and extended coverage on building and contents	\$ 7,460,100
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	50,000
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, 2010

<u>WATER AND SEWER</u>	<u>Inside City</u>	<u>Outside City</u>
Utility Rates		
Meter Size		
3/4"-minimum monthly bill	\$ 9.24	\$ 18.48
2"-minimum monthly bill	29.38	58.76
4"-minimum monthly bill	99.36	198.72
 All over 2,500 gallons per 1,000 gallons	 4.26	 8.52

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

NUMBER OF METERED CUSTOMERS

Water – 1,397
Sewer – 581

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 - 311

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

UNACCOUNTED FOR WATER

June 30, 2010

(All amounts in gallons)

Water Treated and Purchased:

Water pumped (potable)	63,958,000
Water purchased	<u>54,822,000</u>
	118,780,000

Accounted for Water:

Water sold	63,642,800
Metered for consumption (in house usage)	14,282,558
Fire department usage	170,000
Flushing	747,000
Tank cleaning and filling	2,560,000
Street cleaning	0
Bulk sales	0
Water bill adjustments	<u>0</u>
Total Accounted for Water	<u>81,402,358</u>

Unaccounted for Water 37,377,642

Percent Unaccounted for Water 31%

Other: 0

Explain Other: None

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

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, 2010 and have issued our report thereon dated December 13, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

A handwritten signature in black ink that reads "Mitchell Ewert & Hill". The signature is written in a cursive, flowing style.

December 13, 2010