

Financial Statements

TOWN OF ENGLEWOOD, TENNESSEE

Year Ended June 30, 2015

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

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

Report on the Financial Statements

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, 2015 and the related notes to the financial statements, which collectively comprise Town of Englewood, Tennessee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Town of Englewood, Tennessee as of June 30, 2015, and the respective changes in its financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and drug fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Town of Englewood, Tennessee's basic financial statements. The accompanying supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The schedules of investments, property taxes receivable, long-term debt requirements and expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of investments, property taxes receivable, long-term debt requirements, and expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedules of utility rates and metered customers, water utility reporting worksheet, water utility performance indicators and principal officials have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016 on our consideration of Town of Englewood, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Englewood, Tennessee's internal control over financial reporting and compliance.

Mitchell Emert + Hill

March 28, 2016

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Management's Discussion and Analysis For the Year Ended June 30, 2015

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, 2015. 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 were more than its liabilities at June 30, 2015 by \$5,664,283 (\$5,549,346 in 2014).
- The Town's net position increased by \$114,937 (decreased \$185,769 in 2014) or 2 percent during the year ended June 30, 2015 (3.2 percent during 2014).
- At June 30, 2015 the Town's governmental funds reported combined ending fund balances of \$650,242, an increase of \$198,901 from June 30, 2014. At June 30, 2014 the Town's governmental funds reported combined ending fund balances of \$451,341, a decrease of \$25,436 from June 30, 2013. Of the total fund balances, \$586,818 (\$390,418 in 2014) is unassigned and available for ongoing operations.
- At June 30, 2015 the unassigned general fund balance was \$586,818 (\$390,418 in 2014) or 72 percent (47 percent in 2014) 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's basic financial statements. The Town's basic financial statements are comprised of three 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 position* presents information on all the Town's assets and liabilities with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenue 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 revenue (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 11 to 13 of this report.

Fund Financial Statements - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, 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 Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds 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 two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures and changes in fund balances for the general fund and the drug fund, both of which are considered to be major funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for both major funds and are presented on pages 19 to 27.

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 fund financial statements. The proprietary fund financial statements are presented on pages 28 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 control and compliance.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2015 the Town's assets exceeded its liabilities by \$5,664,283 (\$5,549,346 in 2014).

By far, the largest portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings, utility facilities, machinery and equipment), less any related debt used to acquire those assets that is 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 June 30 the Town's statement of net position consisted of the following:

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets	\$ 1,721,692	\$ 1,386,435
Capital assets, net of accumulated depreciation	<u>5,128,230</u>	<u>5,325,208</u>
Total Assets	<u>\$ 6,849,922</u>	<u>\$ 6,711,643</u>
LIABILITIES		
Current liabilities	\$ 234,386	\$ 242,264
Noncurrent liabilities	<u>733,771</u>	<u>706,359</u>
Total Liabilities	968,157	948,623
DEFERRED INFLOW OF RESOURCES		
Deferred tax revenue	217,481	213,674
NET POSITION		
Net investment in capital assets	4,350,625	4,571,041
Restricted	41,405	38,903
Unrestricted	<u>1,272,254</u>	<u>939,402</u>
Total Net Position	<u>5,664,283</u>	<u>5,549,346</u>
	<u>\$ 6,849,922</u>	<u>\$ 6,711,643</u>

A portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position 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 ended June 30, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
REVENUE		
Program revenue:		
Fees, fines and charges for services	\$ 1,457,867	\$ 1,330,968
Operating grants and contributions	62,584	50,559
General revenue:		
Local taxes	344,793	325,279
Intergovernmental	155,553	144,207
Miscellaneous	3,188	15,731
Interest income	<u>2,230</u>	<u>1,498</u>
	<u>2,026,214</u>	<u>1,868,242</u>

	<u>2015</u>	<u>2014</u>
EXPENSES		
General government	235,494	260,870
Public safety	374,723	362,013
Highways and streets	78,864	98,114
Solid waste collection and disposal	73,277	74,689
Interest on long-term debt	1,953	1,301
Public welfare	76,497	76,207
Natural gas	219,130	285,299
Water and sewer	<u>851,339</u>	<u>895,519</u>
	<u>1,911,277</u>	<u>2,054,012</u>
Increase(Decrease) in net position	114,937	(185,769)
Net position at the beginning of the year	<u>5,549,346</u>	<u>5,735,115</u>
Net position at the end of the year	<u>\$ 5,664,283</u>	<u>\$ 5,549,346</u>

Governmental Activities - Governmental activities during the year ended June 30, 2015 increased the Town's net position by \$125,646 (decrease of \$47,532 in 2014).

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

Business Type Activities - Business-type activities during the year ended June 30, 2015 decreased the Town's net position by \$10,710 (\$138,237 in 2014). The water and sewer fund reported a decrease of \$1,874 (\$82,688 in 2014) and the natural gas fund reported a decrease of \$8,835 (\$55,549 in 2014).

Capital Assets

The Town's investment in capital assets as of June 30, 2015 was \$5,128,230 (\$5,325,208 in 2014).

	<u>2015</u>	<u>2014</u>
Land	\$ 146,709	\$ 146,709
Buildings	512,774	512,774
Utility Plant	7,517,124	7,507,660
Office equipment	12,746	12,746
Equipment	527,839	527,839
Vehicles	428,156	384,563
Land improvements	78,022	78,022
Accumulated depreciation	<u>(4,095,140)</u>	<u>(3,845,105)</u>
	<u>\$ 5,128,230</u>	<u>\$ 5,325,208</u>

The major capital asset additions during the year ended June 30, 2015 were as follows:

Vehicles	\$ 64,000
Utility plant	9,464

Additional information on capital assets can be found in Note D to the financial statements.

Debt Administration

At June 30, 2015 the proprietary funds had outstanding debt of \$785,893 (\$830,747 in 2014) consisting of the following:

	<u>2015</u>	<u>2014</u>
Revenue bonds	\$ 455,545	\$ 466,214
Capital outlay notes	87,961	95,950
State Revolving Fund loan	138,998	150,194
Interfund loan	<u>103,389</u>	<u>118,389</u>
Total debt-principal	785,893	830,747
Less: current portion due	<u>(45,263)</u>	<u>(44,525)</u>
Total long-term debt-principal	<u>\$ 740,630</u>	<u>\$ 786,222</u>

During the year ended June 30, 2015, the Town retired \$44,854 (\$50,421 in 2014) on its proprietary funds debt.

At June 30, 2015 the general fund had outstanding debt of \$95,101 (\$41,809 in 2014) consisting of the following:

	<u>2015</u>	<u>2014</u>
Capital outlay notes	\$ 95,101	\$ 41,809
Less: current portion due	<u>(13,571)</u>	<u>(3,283)</u>
Total long-term debt-principal	<u>\$ 81,530</u>	<u>\$ 38,526</u>

During the year ended June 30, 2015, the Town retired \$5,708 (\$3,191 in 2014) 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund's fund balance increased by \$196,399 during the year ended June 30, 2015 (decreased \$29,041 in 2014).

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

At June 30, 2015 the unrestricted net position for the water and sewer fund was \$276,467 (\$240,299 in 2014). At June 30, 2015 the unrestricted net position for the natural gas fund was \$234,940 (\$239,440 in 2014).

General Fund Budgetary Highlights

During the year ended June 30, 2015, final amended budgeted revenue and expenditures of the general fund did not change from the original budgeted amounts.

Economic Factors and Next Year's Budgets and Rates

The budget has been approved for the year ending June 30, 2016. Property tax rates for the 2016 tax year are the same as the prior year.

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:

Tony Hawn, Mayor
Town of Englewood, Tennessee
111 S. Niota Road
Englewood, TN 37329
Telephone (423) 887-7224

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Cash	\$ 550,255	\$ 570,365	\$ 1,120,620
Certificates of deposit	51,569	82,924	134,493
Accounts receivable, net of allowance for uncollectible accounts	0	99,692	99,692
Property taxes receivable, net of allowance for uncollectible accounts	244,626	0	244,626
Due from other governments	38,934	0	38,934
Taxes receivable	15,503	0	15,503
Internal balances	(407)	407	0
Natural gas for resale	0	45,803	45,803
Prepaid expenses	22,020	0	22,020
Capital assets not being depreciated	107,080	39,629	146,709
Capital assets being depreciated, net of accumulated depreciation	<u>689,208</u>	<u>4,292,313</u>	<u>4,981,521</u>
	<u>\$ 1,718,788</u>	<u>\$ 5,131,134</u>	<u>\$ 6,849,922</u>

See the accompanying notes to the financial statements.

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Accounts payable	\$ 5,105	\$ 18,247	\$ 23,352
Accrued vacation	1,025	6,204	7,229
Current portion of long-term debt	13,571	30,263	43,834
Customer deposits	25	159,946	159,971
Long-term debt, net of current portion	<u>81,530</u>	<u>652,241</u>	<u>733,771</u>
TOTAL LIABILITIES	101,256	866,901	968,157
DEFERRED INFLOW OF RESOURCES			
Deferred tax revenue	217,481	0	217,481
NET POSITION			
Net investment in capital assets	701,187	3,649,438	4,350,625
Restricted for drug enforcement	41,405	0	41,405
Unrestricted	<u>657,458</u>	<u>614,796</u>	<u>1,272,254</u>
TOTAL NET POSITION	<u>1,400,050</u>	<u>4,264,234</u>	<u>5,664,283</u>
	<u>\$ 1,718,788</u>	<u>\$ 5,131,134</u>	<u>\$ 6,849,922</u>

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

	<u>Expenses</u>	<u>Program Revenue</u>	
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental Activities:			
General government	\$ 235,494	\$ 5,311	\$ 775
Public safety	374,723	318,996	8,954
Public welfare	76,497	14,399	12,407
Streets and highways	78,864	0	40,448
Solid waste collection and disposal	73,277	60,574	0
Interest on long-term debt	1,953	0	0
Total Governmental Activities	840,809	399,279	62,584
Business-Type Activities:			
Water and sewer	851,339	848,530	0
Natural gas	219,130	210,058	0
Total Business-Type Activities	1,070,468	1,058,588	0
	<u>\$ 1,911,277</u>	<u>\$ 1,457,867</u>	<u>\$ 62,584</u>

Net (Expense)Revenue and
Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
\$ (229,408)	\$ 0	\$ (229,408)
(46,773)	0	(46,773)
(49,691)	0	(49,691)
(38,417)	0	(38,417)
(12,703)	0	(12,703)
<u>(1,953)</u>	<u>0</u>	<u>(1,953)</u>
(378,946)	0	(378,946)
0	(2,809)	(2,809)
<u>0</u>	<u>(9,072)</u>	<u>(9,072)</u>
0	(11,881)	(11,881)
<u>0</u>	<u>(11,881)</u>	<u>(11,881)</u>
<u>\$ (378,946)</u>	<u>\$ (11,881)</u>	<u>\$ (390,826)</u>

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

(continued)

Year Ended June 30, 2015

NET (EXPENSE) 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 POSITION

NET POSITION AT THE BEGINNING OF THE YEAR

NET POSITION AT THE END OF THE YEAR

See the accompanying notes to the financial statements.

Net (Expense)Revenue and
Changes In Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (378,946)	\$ (11,881)	\$ (390,826)
203,707	0	\$ 203,707
1,754	0	1,754
12,730	0	12,730
75,349	0	75,349
8,316	0	8,316
29,069	0	29,069
13,868	0	13,868
155,553	0	155,553
1,059	1,171	2,230
3,188	0	3,188
504,592	1,171	505,763
125,646	(10,710)	114,937
1,274,403	4,274,943	5,549,346
\$ 1,400,050	\$ 4,264,234	\$ 5,664,283

TOWN OF ENGLEWOOD, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2015

	<u>General Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
ASSETS			
Cash	\$ 508,850	\$ 41,405	\$ 550,255
Certificate of deposit	51,569	0	51,569
Property taxes receivable, net of allowance for uncollectible accounts of \$5,000	244,626	0	244,626
Due from other governments	38,934	0	38,934
Due from other funds	5,236	0	5,236
Taxes receivable	15,503	0	15,503
Prepaid expenses	22,020	0	22,020
	<u>\$ 886,738</u>	<u>\$ 41,405</u>	<u>\$ 928,143</u>
LIABILITIES			
Accounts payable	\$ 5,105	\$ 0	\$ 5,105
Due to other funds	5,643	0	5,643
Customer deposits	25	0	25
Accrued vacation	1,025	0	1,025
	<u>11,798</u>	<u>0</u>	<u>11,798</u>
DEFERRED INFLOW OF RESOURCES			
Deferred tax revenue	266,103	0	266,103
FUND BALANCES			
Nonspendable	22,020	0	22,020
Restricted	0	41,405	41,405
Unassigned	586,818	0	586,818
TOTAL FUND BALANCES	<u>608,838</u>	<u>41,405</u>	<u>650,242</u>
	<u>\$ 886,738</u>	<u>\$ 41,405</u>	<u>\$ 928,143</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

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

June 30, 2015

Total Fund Balance - Governmental Funds	\$ 650,242
Capital assets used in governmental activities are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	796,288
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.	48,622
Long-term liabilities are not due in the current period and, therefore, are not reported in the governmental funds balance sheet.	<u>(95,101)</u>
Net Position of Governmental Activities	<u>\$ 1,400,050</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, 2015

	<u>General Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
REVENUE			
Taxes:			
Property tax	\$ 202,996	\$ 0	\$ 202,996
Interest and penalty	1,754	0	1,754
In-Lieu of tax payments	12,730	0	12,730
Local sales tax	75,551	0	75,551
Business tax	8,376	0	8,376
Wholesale beer tax	29,069	0	29,069
Cable TV franchise tax	13,868	0	13,868
Intergovernmental	204,006	0	204,006
Licenses and permits	1,105	0	1,105
Charges for services	74,504	0	74,504
Fines and forfeitures	311,978	7,018	318,996
Donations	13,182	0	13,182
Interest	959	100	1,059
Rent	4,675	0	4,675
Miscellaneous	3,191	0	3,191
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE	957,943	7,118	965,061

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2015

	<u>General Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
EXPENDITURES			
Current:			
General government	212,740	0	212,740
Public safety	335,660	4,616	340,276
Public welfare	70,386	0	70,386
Streets and highways	72,528	0	72,528
Waste management	57,568	0	57,568
Capital outlay	64,000	0	64,000
Debt service	7,661	0	7,661
TOTAL EXPENDITURES	<u>820,543</u>	<u>4,616</u>	<u>825,159</u>
EXCESS OF REVENUE OVER EXPENDITURES	137,399	2,502	139,901
OTHER FINANCING SOURCE			
Proceeds from capital outlay note	<u>59,000</u>	<u>0</u>	<u>59,000</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCE OVER EXPENDITURES	196,399	2,502	198,901
FUND BALANCES AT THE BEGINNING OF THE YEAR			
	<u>412,438</u>	<u>38,903</u>	<u>451,341</u>
FUND BALANCES AT THE END OF THE YEAR	<u>\$ 608,838</u>	<u>\$ 41,405</u>	<u>\$ 650,242</u>

See the accompanying notes to the financial statements.

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, 2015

Excess of Revenue and Other Financing Source Over Expenditures	\$ 198,901
<p>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:</p>	
Acquisition of capital assets	64,000
Depreciation expense	(79,406)
Loss on disposal of capital asset	(5,952)
<p>Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities.</p>	5,708
<p>Proceeds from long-term debt provide current financial resources in governmental funds; however, the issuance of debt increases long-term obligations for governmental activities,</p>	(59,000)
<p>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:</p>	
Deferred taxes - June 30, 2014	(47,225)
Deferred taxes - June 30, 2015	48,622
	<hr/>
Change in Net Position of Governmental Activities	<u>\$ 125,646</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, 2015

	Budget		Actual	Variance
	Original	Final		Over (Under)
REVENUE				
Taxes:				
Property tax	\$ 174,147	\$ 174,147	\$ 202,996	\$ 28,849
Interest and penalty	2,082	2,082	1,754	(328)
In-Lieu of tax payments	10,777	10,777	12,730	1,953
Local sales tax	70,437	70,437	75,551	5,114
Business tax	7,689	7,689	8,376	687
Wholesale beer tax	26,847	26,847	29,069	2,222
Cable TV franchise tax	19,539	19,539	13,868	(5,671)
	<u>311,518</u>	<u>311,518</u>	<u>344,344</u>	<u>32,826</u>
Intergovernmental:				
State income tax	4,171	4,171	8,538	4,367
State beer tax	1,326	1,326	733	(593)
State sales tax	105,378	105,378	115,350	9,972
State gasoline and motor fuel tax	39,313	39,313	40,174	861
Corporate excise tax	599	599	3,397	2,798
Telecommunications tax	125	125	152	27
TVA In-Lieu of tax payment	23,189	23,189	23,583	394
City streets and transportation funds	3,140	3,140	3,126	(14)
Highway safety grant	4,966	4,966	5,000	34
TML safety grant	0	0	1,000	1,000
State law enforcement grant	2,400	2,400	2,954	554
	<u>184,607</u>	<u>184,607</u>	<u>204,006</u>	<u>19,399</u>
Fines and forfeitures	152,749	152,749	311,978	159,229
Licenses and permits	590	590	1,105	515

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Charges for services:				
Community pool admittance fees	10,784	10,784	8,722	(2,062)
Community pool rental fees	4,145	4,145	3,150	(995)
Community pool concessions	2,967	2,967	1,519	(1,448)
Solid waste collection fees	60,926	60,926	60,574	(352)
Accident report charges	209	209	156	(53)
Library charges	289	289	183	(106)
Park and recreation charges	225	225	200	(25)
	<u>79,545</u>	<u>79,545</u>	<u>74,504</u>	<u>(5,041)</u>
Other revenue:				
Rent	12,200	12,200	4,675	(7,525)
Interest	1,922	1,922	959	(963)
Donations	11,430	11,430	13,182	1,752
Police auction	11,153	11,153	0	(11,153)
Miscellaneous revenue	162,178	162,178	3,191	(158,987)
	<u>198,883</u>	<u>198,883</u>	<u>22,007</u>	<u>(176,876)</u>
TOTAL REVENUE	927,892	927,892	957,943	30,051
EXPENDITURES				
Financial administration:				
Salaries and wages	40,228	40,228	38,631	(1,597)
OASDI employer's share	2,920	2,920	3,020	100
Retirement	807	807	856	49
Death benefit plan	161	161	47	(114)
Unemployment insurance	147	147	255	108

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2015

	Budget		Actual	Variance
	Original	Final		Over (Under)
Financial administration (continued):				
Travel	95	95	0	(95)
Gas, oil and grease	448	448	378	(70)
Computer equipment	467	467	209	(258)
Office supplies and materials	1,200	1,200	1,149	(51)
	<u>46,473</u>	<u>46,473</u>	<u>44,546</u>	<u>(1,927)</u>
Judicial:				
Other professional services	1,500	1,500	3,750	2,250
General government:				
Salaries and wages	31,291	31,291	50,455	19,164
OASDI employer's share	2,330	2,330	3,941	1,611
Health insurance	5,538	5,538	7,618	2,080
Retirement	378	378	417	39
Death benefit plan	154	154	47	(107)
Unemployment insurance	228	228	313	85
Employee training	763	763	1,000	237
Postage	352	352	493	141
Publicity, subscriptions and dues	3,667	3,667	3,035	(632)
Accounting and auditing services	7,000	7,000	6,250	(750)
State planning services	6,750	6,750	6,750	0
Other professional services	50,421	50,421	18,434	(31,988)
Insurance	40,759	40,759	47,000	6,241
Utilities	4,477	4,477	3,284	(1,193)
Telephone	2,722	2,722	3,101	379
Repair and maintenance	7,156	7,156	1,219	(5,937)
Operating supplies	2,284	2,284	5,271	2,987
Weather alert system	0	0	45	45
Clothing and uniforms	470	470	502	32

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
General government (continued):				
Travel	838	838	535	(303)
Computer equipment	419	419	1,484	1,065
Donations	1,087	1,087	500	(587)
	<u>169,084</u>	<u>169,084</u>	<u>161,694</u>	<u>(7,390)</u>
Police department:				
Salaries and wages	163,701	163,701	185,279	21,578
OASDI employer's share	12,310	12,310	14,773	2,463
Health insurance	15,765	15,765	22,726	6,961
Retirement	2,228	2,228	0	(2,228)
Death benefit plan	693	693	260	(433)
Unemployment insurance	1,022	1,022	1,370	348
Employee education and training	885	885	863	(22)
Utilities	2,456	2,456	2,013	(443)
Telephone	2,266	2,266	1,878	(388)
Professional services	24,852	24,852	33,838	8,986
Small items of equipment	24,013	19,047	8,233	(10,814)
Supplies	1,137	1,137	1,254	117
Travel	1,630	1,630	895	(735)
Operating supplies	2,033	2,033	1,571	(462)
Clothing and uniforms	623	623	1,045	422
Gas, oil and grease	22,783	22,783	21,075	(1,708)
	<u>278,397</u>	<u>273,431</u>	<u>297,073</u>	<u>23,642</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
Fire department:				
Employee training	325	325	1,071	746
Volunteers	0	0	283	283
Utilities	8,764	8,764	9,214	450
Telephone	454	454	949	495
Dues	0	0	125	125
Gas, oil and grease	2,833	2,833	1,772	(1,061)
Repairs and maintenance	6,117	6,117	7,455	1,338
Operating supplies	10,892	10,892	10,848	(44)
Insurance	1,500	1,500	1,500	0
Small items of equipment	<u>6,500</u>	<u>6,500</u>	<u>5,372</u>	<u>(1,128)</u>
	37,385	37,385	38,588	1,203
City attorney:				
Other professional services	2,000	2,000	2,750	750
Highways and streets:				
Salaries and wages	26,469	26,469	23,083	(3,386)
OASDI employer's share	1,870	1,870	1,788	(82)
Health insurance	0	0	5,249	5,249
Death benefit plan	0	0	31	31
Unemployment insurance	238	238	231	(7)
Operating supplies	959	959	0	(959)
Repairs and maintenance	2,218	2,218	2,055	(163)
Machinery equipment and parts	2,083	2,083	48	(2,035)
Gas, oil and grease	996	996	983	(13)
Utilities	32,903	32,903	32,322	(581)
Roads, streets, and parking	<u>22,204</u>	<u>22,204</u>	<u>6,737</u>	<u>(15,467)</u>
	89,940	89,940	72,528	(17,412)

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Community swimming pool:				
Salaries and wages	14,132	14,132	11,369	(2,763)
OASDI employer's share	1,081	1,081	870	(211)
Unemployment insurance	227	227	227	0
Memberships and registration fees	340	340	340	0
Utilities	2,016	2,016	5,849	3,833
Telephone	176	176	148	(28)
Repairs and maintenance	5,887	5,887	6,319	432
Operating supplies	413	413	360	(53)
Chemical supplies	1,914	1,914	2,136	222
Supplies for resale	1,034	1,034	835	(199)
	<u>27,220</u>	<u>27,220</u>	<u>28,453</u>	<u>1,233</u>
Parks and recreation:				
Salaries and wages	10,843	10,843	7,848	(2,995)
OASDI employer's share	822	822	0	(822)
Unemployment insurance	169	169	146	(23)
Utilities	878	878	1,045	167
Repairs and maintenance	12,256	12,256	4,312	(7,944)
Operating supplies	1,371	1,371	503	(868)
	<u>26,339</u>	<u>26,339</u>	<u>13,853</u>	<u>(12,486)</u>
Library:				
Salaries and wages	13,712	13,712	13,863	151
OASDI employer's share	1,047	1,047	1,102	55
Unemployment insurance	144	144	176	32
Health insurance	0	0	1,740	1,740
Books, catalogues and brochures	271	271	584	313
Utilities	8,801	8,801	6,185	(2,616)

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Library (continued):				
Telephone	1,465	1,465	1,474	9
Accounting and auditing services	150	150	150	0
Other professional services	0	0	115	115
Repairs and maintenance	0	0	60	60
Operating supplies	802	802	316	(486)
Computer equipment	1,275	1,275	1,314	40
Insurance	<u>2,000</u>	<u>2,000</u>	<u>1,000</u>	<u>(1,000)</u>
	29,667	29,667	28,080	(1,587)
Solid waste management:				
Salaries and wages	24,633	24,633	25,370	737
OASDI employer's share	1,749	1,749	1,787	38
Unemployment insurance	349	349	506	157
Accounting and auditing services	2,500	2,500	2,500	0
Repairs and maintenance	196	196	3,505	3,309
Landfill services	10,247	10,247	12,531	2,284
Clothing and uniforms	647	647	270	(377)
Office supplies	2,013	2,013	1,978	(35)
Gas, oil and grease	4,401	4,401	4,121	(280)
Insurance	<u>4,500</u>	<u>4,500</u>	<u>5,000</u>	<u>500</u>
	51,235	51,235	57,568	6,333
Capital outlay:				
Police	0	4,966	64,000	59,034

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Debt service:				
Note principal	2,360	2,360	5,708	3,348
Interest expense	890	890	1,953	1,063
	<u>3,250</u>	<u>3,250</u>	<u>7,661</u>	<u>4,411</u>
TOTAL EXPENDITURES	<u>762,490</u>	<u>762,490</u>	<u>820,543</u>	<u>58,053</u>
EXCESS OF REVENUE OVER EXPENDITURES	165,402	165,402	137,399	(28,003)
OTHER FINANCING SOURCE				
Proceeds from capital outlay note	<u>0</u>	<u>0</u>	<u>59,000</u>	<u>59,000</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCE OVER EXPENDITURES	165,402	165,402	196,399	30,997
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>412,438</u>	<u>412,438</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$165,402</u>	<u>\$165,402</u>	<u>\$ 608,838</u>	<u>\$ 443,436</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, 2015

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
Drug related fines	\$ 10,492	\$ 10,492	\$ 7,018	\$ (3,474)
Miscellaneous	88	88	100	12
TOTAL REVENUE	10,580	10,580	7,118	(3,462)
EXPENDITURES				
Salaries and wages	2,321	2,321	2,586	265
OASDI employer's share	236	236	193	(43)
Unemployment insurance	10	10	13	3
Operating supplies	16	16	14	(2)
Other professional services	0	0	174	174
Repairs and maintenance	3,458	3,458	1,635	(1,823)
Travel and training	244	244	0	(244)
TOTAL EXPENDITURES	6,285	6,285	4,616	(1,669)
EXCESS OF REVENUE OVER EXPENDITURES	4,295	4,295	2,502	(1,793)
FUND BALANCE AT THE BEGINNING OF THE YEAR	0	0	38,903	38,903
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 4,295</u>	<u>\$ 4,295</u>	<u>\$ 41,405</u>	<u>\$ 37,110</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2015

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 456,424	\$ 113,941	\$ 570,365
Certificates of deposit	82,924	0	82,924
Accounts receivable, net of allowance for uncollectible accounts of \$5,000	99,692	0	99,692
Due from other funds	4,174	4,738	8,911
Natural gas for resale	<u>0</u>	<u>45,803</u>	<u>45,803</u>
TOTAL CURRENT ASSETS	643,214	164,482	807,696
CAPITAL ASSETS			
Land	39,372	257	39,629
Buildings	97,401	0	97,401
Utility plant	7,263,389	253,735	7,517,124
Equipment	69,580	15,000	84,580
Vehicles	<u>9,867</u>	<u>40,131</u>	<u>49,998</u>
	7,479,610	309,123	7,788,733
Accumulated depreciation	<u>(3,212,227)</u>	<u>(244,564)</u>	<u>(3,456,791)</u>
	4,267,383	64,559	4,331,942
OTHER ASSETS			
Loan receivable from water and sewer fund	<u>0</u>	<u>103,389</u>	<u>103,389</u>
TOTAL ASSETS	<u>\$ 4,910,597</u>	<u>\$ 332,430</u>	<u>\$ 5,243,027</u>

See the accompanying notes to the financial statements.

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
<u>LIABILITIES AND NET POSITION</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 14,106	\$ 4,141	\$ 18,247
Accrued vacation	6,204	0	6,204
Customer deposits	131,155	28,790	159,946
Due to other funds	8,504	0	8,504
Current portion of long-term debt	<u>44,137</u>	<u>1,126</u>	<u>45,263</u>
TOTAL CURRENT LIABILITIES	204,106	34,058	238,164
LONG-TERM DEBT			
Bonds and notes payable	640,855	11,386	652,241
Loan payable to natural gas fund	<u>88,389</u>	<u>0</u>	<u>88,389</u>
	<u>729,244</u>	<u>11,386</u>	<u>740,630</u>
TOTAL LIABILITIES	933,350	45,444	978,794
NET POSITION			
Net investment in capital assets	3,597,390	52,046	3,649,438
Unrestricted	<u>379,857</u>	<u>234,940</u>	<u>614,796</u>
	<u>3,977,247</u>	<u>286,986</u>	<u>4,264,234</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,910,597</u>	<u>\$ 332,430</u>	<u>\$ 5,243,027</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

Year Ended June 30, 2015

	Water and Sewer Fund	Natural Gas Fund	Totals
OPERATING REVENUE			
Sales	\$ 818,081	\$ 206,529	\$ 1,024,611
Other operating revenue	30,449	3,528	33,977
TOTAL OPERATING REVENUE	848,530	210,058	1,058,588
OPERATING EXPENSES			
Purchased water/gas	99,177	93,886	193,064
Purification	203,987	0	203,987
Transmission and distribution	115,452	64,548	179,999
Sewer collection lines	18,621	0	18,621
Sewer treatment and disposal	92,012	0	92,012
Customer accounting and collection	35,348	5,027	40,374
Administrative and general expense	83,430	49,387	132,817
Depreciation	179,327	5,758	185,084
TOTAL OPERATING EXPENSES	827,353	218,605	1,045,959
INCOME(LOSS) FROM OPERATIONS	21,177	(8,548)	12,629
NONOPERATING REVENUE(EXPENSE)			
Interest income	935	236	1,171
Interest expense	(23,986)	(524)	(24,510)
	(23,051)	(288)	(23,339)
CHANGES IN NET POSITION	(1,874)	(8,835)	(10,710)
NET POSITION AT THE			
BEGINNING OF THE YEAR	3,979,122	295,822	4,274,943
NET POSITION AT THE			
END OF THE YEAR	\$ 3,977,247	\$ 286,986	\$ 4,264,234

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended June 30, 2015

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
CASH PROVIDED(USED) BY OPERATING ACTIVITIES			
Cash received from customers	\$ 867,307	\$ 210,058	\$ 1,077,365
Cash paid to employees	(243,220)	(61,628)	(304,848)
Cash paid to suppliers	<u>(442,131)</u>	<u>(166,123)</u>	<u>(608,254)</u>
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	181,956	(17,694)	164,263
CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on long-term debt	(43,431)	(1,423)	(44,854)
Acquisition of property and equipment	(9,464)	0	(9,464)
Interest paid on debt	<u>(23,986)</u>	<u>(524)</u>	<u>(24,510)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(76,881)	(1,947)	(78,828)
CASH PROVIDED(USED) BY INVESTING ACTIVITIES			
Collections on note receivable	0	15,000	15,000
Interest received	<u>935</u>	<u>236</u>	<u>1,171</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>935</u>	<u>15,236</u>	<u>16,171</u>
NET INCREASE(DECREASE) IN CASH	106,011	(4,404)	101,607
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>433,337</u>	<u>118,346</u>	<u>551,682</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 539,348</u>	<u>\$ 113,941</u>	<u>\$ 653,289</u>

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2015

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
RECONCILIATION OF INCOME(LOSS) FROM OPERATIONS TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES			
Income(loss) from operations	\$ 21,177	\$ (8,548)	\$ 12,629
Adjustments to reconcile income(loss) from operations to net cash provided(used) by operating activities:			
Depreciation	179,327	5,758	185,084
(Decrease) in:			
Accounts receivable	(18,777)	0	(18,777)
Inventory	0	(5,740)	(5,740)
Due from other funds	(4,174)	(1,409)	(5,583)
Increase(decrease) in:			
Accounts payable	4,099	(9,130)	(5,030)
Accrued vacation	1,138	0	1,138
Due to other funds	(8)	0	(8)
Customer deposits	(825)	1,375	550
	<u>160,780</u>	<u>(9,146)</u>	<u>151,634</u>
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	<u>\$ 181,956</u>	<u>\$ (17,694)</u>	<u>\$ 164,263</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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 that have been formed under applicable state laws, or separate and distinct units of government apart from Town of Englewood, Tennessee. As of June 30, 2015 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, which consist of the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the Town. As a general rule, the effect of interfund activity has been eliminated from these statements. 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, 2015

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. Property taxes are recognized as revenue in the year for which they are levied. 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 1, 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 1 of the ensuing fiscal year. Such taxes become delinquent on March 1. Property tax revenue is recognized when levied to the extent that they result in current receivables; that is if they are received within 60 days of the end of the 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 general 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 McMinn County Clerk and Master for collection.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

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 *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 a 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, 2015.

Proprietary funds financial statements include a statement of net position, a statement of revenue, expenses and changes in net position and a statement of cash flows for each major proprietary fund. Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the statement of net position. The statement of revenue, expenses and changes in net position presents increases (revenue) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned while expenses are recognized in the period in which the liability is incurred.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds principal ongoing operations. The principal operating revenue of the Town's proprietary fund 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 nonoperating revenue and expenses.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

Governmental 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 position groups:

Net investment in capital assets

This category includes capital assets, net of accumulated depreciation and outstanding principal balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Net investment in capital assets at June 30, 2015 has been calculated as follows:

Governmental activities:

Capital assets	\$ 1,434,638
Accumulated depreciation	(638,350)
Principal balance of long-term debt	<u>(95,101)</u>
	<u>\$ 701,187</u>

Business-Type activities:

Water and Sewer Fund:

Capital assets	\$ 7,479,609
Accumulated depreciation	(3,212,227)
Principal balance of long-term debt	<u>(669,992)</u>
	<u>\$ 3,597,390</u>

Natural Gas Fund:

Capital assets	\$ 309,123
Accumulated depreciation	(244,564)
Principal balance of long-term debt	<u>(12,512)</u>
	<u>\$ 52,046</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

Restricted

This category includes net position 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. Certain net position of the general fund is restricted for drug enforcement. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted

This category includes net position that is not subject to externally imposed stipulations and that do not meet the definition of "restricted" or "net investment in capital assets". Unrestricted net position may be designated for specific purposes by action of the Mayor and Board of Commissioners or may otherwise be limited by contractual agreements with outside parties.

Fund Balances

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes standards for fund balance classifications for state and local governments and requires that resources be classified for accounting reporting purposes into the following fund balances:

Nonspendable Fund Balance

Fund balances reported as nonspendable in the accompanying financial statements represent amounts for prepaid expenses or inventory.

Restricted Fund Balance

Fund balances reported as restricted in the accompanying financial statements represent amounts restricted to specific purposes by externally imposed restrictions or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

Fund balances reported as committed in the accompanying financial statements represent amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Mayor and Board of Commissioners commit resources for specific purposes by passing ordinances.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

Assigned Fund Balance

Fund balances reported as assigned in the accompanying financial statements represent amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by the Mayor and Board of Commissioners.

Unassigned Fund Balance

In accordance with generally accepted accounting principles, the general fund is the only fund of the Town that reports amounts for unassigned fund balance. This classification represents fund balance that is not nonspendable and has not been committed to specific purposes within the general fund.

The Town would typically use restricted resources first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Budgets and Budgetary Accounting

The Mayor and Board of Commissioners are 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.

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.

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

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

Inventory

Inventory of the proprietary funds (primarily materials and supplies and stored natural gas) 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.

Allowance for Uncollectible Accounts

An allowance for uncollectible accounts is provided based upon historical trends. The allowance for uncollectible accounts at June 30, 2015 was as follows:

Governmental funds	\$	5,000
Proprietary funds		5,000

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

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 represents money on deposit in various banks. Cash and investments are stated at cost, which approximates market value. Carrying amounts at June 30, 2015 were as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Totals</u>
Cash on hand	\$ 200	\$ 0	\$ 200
Bank deposits (checking and savings accounts)	550,055	570,365	1,120,420
Certificates of deposit	<u>51,569</u>	<u>82,924</u>	<u>134,493</u>
Totals	<u>\$ 601,824</u>	<u>\$ 653,289</u>	<u>\$ 1,255,113</u>

State of Tennessee law authorizes the Town to invest in obligations of the United States of America or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States of America 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 Tennessee Department of Treasury Local Government Investment Pool (LGIP). The LGIP 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.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee Bank Collateral Pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

All cash balances of the Town at June 30, 2015 were entirely insured through the Federal Deposit Insurance Corporation, the State of Tennessee Bank Collateral Pool or collateral held by the Town or by its agent in the Town's name.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

NOTE D – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>7/1/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/15</u>
Governmental Activities:				
<u>Capital assets not being depreciated</u>				
Land	\$ 107,080	\$ 0	\$ 0	\$ 107,080
<u>Capital assets being depreciated</u>				
Buildings	415,373	0	0	415,373
Land improvements	78,022	0	0	78,022
Vehicles	334,565	64,000	(20,407)	378,158
Office equipment	7,263	0	0	7,263
Equipment	<u>448,742</u>	<u>0</u>	<u>0</u>	<u>448,742</u>
	1,283,965	64,000	(20,407)	1,327,558
<u>Accumulated depreciation</u>				
Buildings	(120,399)	(12,626)	0	(133,025)
Land improvements	(24,717)	(5,042)	0	(29,759)
Vehicles	(138,945)	(35,040)	14,455	(159,530)
Office equipment	(3,992)	(1,198)	0	(5,190)
Equipment	<u>(285,347)</u>	<u>(25,500)</u>	<u>0</u>	<u>(310,847)</u>
	<u>(573,399)</u>	<u>(79,406)</u>	<u>14,455</u>	<u>(638,350)</u>
	<u>\$ 817,646</u>	<u>\$ (15,406)</u>	<u>\$ (5,952)</u>	<u>\$ 796,288</u>

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

General government	\$ 19,399
Public safety	28,494
Public welfare	9,467
Streets and highways	6,336
Solid waste collection and disposal	<u>15,710</u>
	<u>\$ 79,406</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

	<u>Balance</u> <u>7/1/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/15</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	97,401	0	0	97,401
Utility plant	7,253,925	9,464	0	7,263,389
Equipment	64,097	0	0	64,097
Office equipment	5,483	0	0	5,483
Vehicles	<u>9,867</u>	<u>0</u>	<u>0</u>	<u>9,867</u>
	7,430,773	9,464	0	7,440,237
<u>Accumulated depreciation</u>				
Buildings	(36,664)	(3,614)	0	(40,278)
Utility plant	(2,976,810)	(168,954)	0	(3,145,764)
Equipment	(9,766)	(6,047)	0	(15,813)
Office equipment	(2,238)	(378)	0	(2,616)
Vehicles	<u>(7,422)</u>	<u>(334)</u>	<u>0</u>	<u>(7,756)</u>
	<u>(3,032,900)</u>	<u>(179,327)</u>	<u>0</u>	<u>(3,212,227)</u>
	<u>\$ 4,437,245</u>	<u>\$ (169,863)</u>	<u>\$ 0</u>	<u>\$ 4,267,383</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

	<u>Balance</u> <u>7/1/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/15</u>
Natural Gas Fund				
<u>Capital assets not being depreciated</u>				
Land	\$ 257	\$ 0	\$ 0	\$ 257
<u>Capital assets being depreciated</u>				
Utility plant	253,735	0	0	253,735
Equipment	15,000	0	0	15,000
Vehicles	<u>40,131</u>	<u>0</u>	<u>0</u>	<u>40,131</u>
	308,866	0	0	308,866
<u>Accumulated depreciation</u>				
Utility plant	(207,210)	(3,998)	0	(211,208)
Equipment	(1,875)	(1,500)	0	(3,375)
Vehicles	<u>(29,721)</u>	<u>(260)</u>	<u>0</u>	<u>(29,981)</u>
	<u>(238,806)</u>	<u>(5,758)</u>	<u>0</u>	<u>(244,564)</u>
	<u>\$ 70,317</u>	<u>\$ (5,758)</u>	<u>\$ 0</u>	<u>\$ 64,559</u>

Certain capital assets have been reclassified from the prior year to more accurately reflect the classification of the Town's capital assets.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

NOTE E – LONG-TERM DEBT

Long-term debt at June 30, 2015 consisted of the following:

Governmental Activities:

General Obligation Capital Outlay Note, Series 2013 due in semi-annual installments of \$2,246, including interest at 2.89% through 2025	\$ 38,526
Capital lease due in monthly installments of \$545 including interest at 7.598% through 2019 with a bargain purchase option at the end of the lease	28,288
Capital lease due in monthly installments of \$545 including interest at 7.598% through 2019 with a bargain purchase option at the end of the lease	<u>28,287</u>
	95,101
Less current maturities	<u>(13,571)</u>
	<u>\$ 81,530</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

Business-Type Activities:

Water and Sewer Revenue Bonds, Series 2001 due in monthly installments of \$2,724, including interest at 4.75% through 2039	\$ 455,545
General Obligation Capital Outlay Note, Series 2013 for the water and sewer fund due in semi-annual installments of \$5,240, including interest at 2.89% through 2025	75,449
General Obligation Capital Outlay Note, Series 2013 for the natural gas fund due in semi-annual installments of \$5,240, including interest at 2.89% through 2025	12,512
2006 State Revolving Fund Loan, interest rate of 0.00% due in monthly installments of \$933 through 2027	138,998
Water and sewer fund loan payable to the natural gas fund, interest rate of 0.00%, due in annual installments of \$15,000 through 2022	<u>103,389</u>
	785,893
Less current maturities	<u>(45,263)</u>
	<u>\$ 740,630</u>

Maturities of long-term debt as of June 30, 2015 are as follows:

Governmental Activities:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 13,571	\$ 4,005	\$ 17,576
2017	14,478	3,098	17,576
2018	15,445	2,131	17,576
2019	27,189	1,121	28,310
2020	3,785	706	4,491

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

Governmental Activities (continued):

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	3,895	596	4,491
2022	4,007	484	4,491
2023	4,123	368	4,491
2024	4,242	249	4,491
2025	<u>4,365</u>	<u>126</u>	<u>4,491</u>
	<u>\$ 95,101</u>	<u>\$ 12,883</u>	<u>\$ 107,984</u>

Business-Type Activities:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 45,263	\$ 24,100	\$ 69,363
2017	46,035	23,328	69,364
2018	46,839	22,525	69,364
2019	47,677	21,687	69,364
2020	48,551	20,813	69,364
2021	49,463	19,901	69,364
2022	48,803	18,950	67,753
2023	36,406	17,957	54,363
2024	37,441	16,923	54,364
2025	36,587	15,843	52,430
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

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

Business-Type Activities (continued):

Year Ending June 30,	Principal	Interest	Totals
2036	28,871	3,817	32,688
2037	30,272	2,416	32,688
2038	31,742	946	32,688
2039	<u>395</u>	<u>10</u>	<u>405</u>
	<u>\$ 785,893</u>	<u>\$ 311,584</u>	<u>\$ 1,097,477</u>

Changes in long-term debt for the year ended June 30, 2015 were as follows:

	Balance 7/1/14	Proceeds	Payments	Balance 6/30/15	Due Within One Year
<u>Governmental Activities:</u>					
Capital Outlay Note, Series 2013	\$ 41,809	\$ 0	\$ 3,283	\$ 38,526	\$ 3,378
Capital Lease	0	29,500	1,213	28,287	5,096
Capital Lease	<u>0</u>	<u>29,500</u>	<u>1,212</u>	<u>28,288</u>	<u>5,097</u>
	<u>\$ 41,809</u>	<u>\$ 59,000</u>	<u>\$ 5,708</u>	<u>\$ 95,101</u>	<u>\$ 13,571</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

	<u>Balance</u> <u>7/1/14</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/15</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<u>Business-Type Activities:</u>					
Water and Sewer Revenue Bonds, Series 2001	\$ 466,214	\$ 0	\$ 10,669	\$ 455,545	\$ 11,186
2006 State Revolving Fund Loan	150,194	0	11,196	138,998	11,196
Capital Outlay Note, Series 2013	82,015	0	6,566	75,449	6,755
Capital Outlay Note, Series 2013	13,935	0	1,423	12,512	1,126
Water and sewer fund loan payable to natural gas fund	<u>118,389</u>	<u>0</u>	<u>15,000</u>	<u>103,389</u>	<u>15,000</u>
	<u>\$ 830,747</u>	<u>\$ 0</u>	<u>\$ 44,854</u>	<u>\$ 785,893</u>	<u>\$ 45,263</u>

NOTE F - INTERFUND RECEIVABLES AND PAYABLES

Amounts due from and due to other funds at June 30, 2015, resulting from short-term advances for shared costs, are summarized as follows:

<u>Due To</u>	<u>Due From</u>		
	<u>General Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
<u>Governmental Activities:</u>			
General fund	\$ 0	\$ 5,236	\$ 5,236
<u>Business-Type Activities:</u>			
Natural gas fund	1,469	3,268	4,738
Water and sewer fund	<u>4,174</u>	<u>0</u>	<u>4,174</u>
	<u>\$ 5,643</u>	<u>\$ 8,504</u>	<u>\$ 14,147</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2015

NOTE G - RETIREMENT PLAN

The Town provides a SIMPLE IRA retirement savings plan for employees. All employees earning at least \$5,000 in any two preceding years and expected to earn at least \$5,000 in the current year are eligible to participate in the plan. There are different options available which detail how the Town can contribute to the plan. The first option allows the Town to contribute a dollar-for-dollar match of up to 3% for each eligible employee who is contributing to the plan. The second option allows the Town to make nonelective contributions equal to 2% of each eligible employee's compensation per year. Retirement expense for the year ended June 30, 2015 was \$2,326.

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 Risk Management Pool (the 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.

NOTE I – EXPENDITURES EXCEEDED APPROPRIATIONS

During the year ended June 30, 2015, expenditures exceeded appropriations in the general fund by \$58,053.

NOTE J - COMMITMENT

During the year ended June 30, 2013, the Town entered into a five year contract with the McMinn County Emergency Communications Board for dispatching services totaling \$157,188 through 2018. As of June 30, 2015, \$96,174 of the commitment remained.

SUPPLEMENTARY INFORMATION

TOWN OF ENGLEWOOD, TENNESSEE

INVESTMENTS

June 30, 2015

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
<u>General Fund – Certificate of Deposit</u> Citizens Bank	0.20%	8/18/15	\$ 51,569
<u>Water and Sewer Fund – Certificate of Deposit</u> Citizens Bank	0.20%	8/18/15	<u>82,924</u>
			<u>\$ 134,493</u>

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

PROPERTY TAXES RECEIVABLE

June 30, 2015

<u>Year of Levy</u>	<u>Rate</u>	<u>Total Assessment</u>	<u>Levy</u>	<u>Balance June 30, 2014</u>
2015	\$ 1.440	\$ 15,104,072	\$ 217,481	\$ 0
2014	1.440	14,839,556	213,674	213,674
2013	1.250	15,046,855	188,125	13,501
2012	1.162	15,496,461	179,069	6,968
2011	1.162	15,324,319	178,131	5,861
2010	1.162	15,038,514	174,739	2,598
2009	1.162	15,348,718	178,367	320
2008	1.440	12,222,148	177,491	185
2007	1.440	12,250,553	176,408	0
2006	1.440	12,168,483	175,226	0
2005	1.440	12,036,208	173,321	0
				<u>\$ 243,108</u>

Property taxes unpaid for 2008 through 2013 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, 2015</u>
\$ 217,481	\$ 0	\$ 0	\$ 217,481
0	(7,967)	194,401	11,306
0	0	5,064	8,437
0	0	1,373	5,595
0	0	1,895	3,966
0	0	233	2,365
0	0	30	290
0	0	0	185
0	0	0	0
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 217,481</u>	<u>\$ (7,967)</u>	<u>\$ 202,996</u>	<u>\$ 249,626</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

June 30, 2015

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Governmental Activities:</u>			
Capital Outlay Note, Series 2013			
Year ending June 30,			
2016	\$ 3,378	\$ 1,113	\$ 4,491
2017	3,475	1,016	4,491
2018	3,576	915	4,491
2019	3,679	812	4,491
2020	3,785	706	4,491
2021	3,895	596	4,491
2022	4,007	484	4,491
2023	4,123	368	4,491
2024	4,242	249	4,491
2025	4,366	125	4,491
	<u>\$ 38,526</u>	<u>\$ 6,384</u>	<u>\$ 44,910</u>
Capital Lease			
Year ending June 30,			
2016	\$ 5,097	\$ 1,446	\$ 6,543
2017	5,501	1,041	6,542
2018	5,935	608	6,543
2019	11,755	155	11,910
	<u>\$ 28,288</u>	<u>\$ 3,250</u>	<u>\$ 31,538</u>
Capital Lease			
Year ending June 30,			
2016	\$ 5,096	\$ 1,446	\$ 6,542
2017	5,502	1,041	6,543
2018	5,934	608	6,542
2019	11,755	154	11,909
	<u>\$ 28,287</u>	<u>\$ 3,249</u>	<u>\$ 31,536</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2015

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Business-Type Activities:</u>			
Water and Sewer Revenue Bonds, Series 2001			
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
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>\$ 455,545</u>	<u>\$ 296,684</u>	<u>\$ 752,229</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2015

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006 State Revolving Fund Loan			
Year ending June 30,			
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>\$ 138,998</u>	<u>\$ 0</u>	<u>\$ 138,998</u>
Capital Outlay Note, Series 2013			
Year ending June 30,			
2016	\$ 6,755	\$ 2,227	\$ 8,982
2017	6,951	2,032	8,983
2018	7,152	1,831	8,983
2019	7,358	1,624	8,982
2020	7,571	1,411	8,982
2021	7,790	1,193	8,983
2022	8,015	967	8,982
2023	8,246	736	8,982
2024	8,485	498	8,983
2025	7,126	252	7,378
	<u>\$ 75,449</u>	<u>\$ 12,771</u>	<u>\$ 88,220</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2015

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Loan payable to natural gas fund			
Year ending June 30,			
2016	\$ 15,000	\$ 0	\$ 15,000
2017	15,000	0	15,000
2018	15,000	0	15,000
2019	15,000	0	15,000
2020	15,000	0	15,000
2021	15,000	0	15,000
2022	13,389	0	13,389
	<u>\$ 103,389</u>	<u>\$ 0</u>	<u>\$ 103,389</u>
Capital Outlay Note, Series 2013			
Year ending June 30,			
2016	\$ 1,126	\$ 371	\$ 1,497
2017	1,158	339	1,497
2018	1,192	305	1,497
2019	1,226	271	1,497
2020	1,262	235	1,497
2021	1,298	199	1,497
2022	1,336	161	1,497
2023	1,374	123	1,497
2024	1,414	83	1,497
2025	1,126	42	1,168
	<u>\$ 12,512</u>	<u>\$ 2,129</u>	<u>\$ 14,641</u>

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS

June 30, 2015

	<u>Inside Town</u>	<u>Outside Town</u>
<u>WATER</u>		
Utility Rates		
Residential		
First 2,500 gallons (3/4" meter, minimum monthly bill)	\$ 12.94	\$ 24.70
First 2,500 gallons (1" meter, minimum monthly bill)	24.86	49.05
First 2,500 gallons (2" meter, minimum monthly bill)	41.29	78.83
First 2,500 gallons (4" meter, minimum monthly bill)	139.94	267.16
Over 2,500 gallons (per thousand)	6.02	11.50
Commercial		
First 2,500 gallons (3/4" meter, minimum monthly bill)	\$ 20.71	\$ 39.96
First 2,500 gallons (1" meter, minimum monthly bill)	39.97	77.13
First 2,500 gallons (2" meter, minimum monthly bill)	66.07	127.48
First 2,500 gallons (4" meter, minimum monthly bill)	224.09	432.37
Over 2,500 gallons (per thousand)	11.82	11.82

Water tap fee ranges from \$750.00 to \$900.00 (depending on size of tap)

SEWER

Sewer charges for all residential customers is 140% of monthly water bill.

	<u>Small Business</u>	<u>Large Business</u>
Commercial		
First 2,500 gallons	\$ 29.00	\$ 55.95
Over 2,500 gallons (per thousand)	16.55	31.92

Sewer tap fee is cost plus 10%

NATURAL GAS

Natural gas rates are based on a purchase gas adjustment mechanism which is computed each month based on the cost of gas.

METERED CUSTOMERS

	<u>Total</u>
Water	1,431
Sewer	593
Natural Gas	294

See the accompanying independent accountants' audit report.

AWWA Free Water Audit Software: Reporting Worksheet

W AS v6.0
American Water Works Association
Copyright © 2014. All Rights Reserved.

Water Audit Report for: **Englewood Water & Gas (0000224)**
Reporting Year: **2015** 7/2014 - 6/2015

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

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

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

<----- Enter grading in column 'E' and 'J' ----->

WATER SUPPLIED

Volume from own sources:	<input type="text" value="9"/>	<input type="text" value="75.478"/>	MG/Yr
Water imported:	<input type="text" value="9"/>	<input type="text" value="39.613"/>	MG/Yr
Water exported:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr

Master Meter and Supply Error Adjustments

Pcnt:	<input type="text" value="1.00%"/>	<input type="radio"/>	<input type="radio"/>	Value:	<input type="text"/>	MG/Yr
	<input type="text" value="1.00%"/>	<input type="radio"/>	<input type="radio"/>		<input type="text"/>	MG/Yr
	<input type="text" value="1.00%"/>	<input checked="" type="radio"/>	<input type="radio"/>		<input type="text"/>	MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

WATER SUPPLIED: 113.951 MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	<input type="text" value="6"/>	<input type="text" value="58.256"/>	MG/Yr
Billed unmetered:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled metered:	<input type="text" value="10"/>	<input type="text" value="25.948"/>	MG/Yr
Unbilled unmetered:	<input type="text" value="1"/>	<input type="text" value="1.424"/>	MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

AUTHORIZED CONSUMPTION: 85.628 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption) 28.323 MG/Yr

Apparent Losses

Unauthorized consumption:	<input type="text" value="1"/>	<input type="text" value="0.285"/>	MG/Yr
Customer metering inaccuracies:	<input type="text" value="5"/>	<input type="text" value="4.666"/>	MG/Yr
Systematic data handling errors:	<input type="text" value="1"/>	<input type="text" value="0.146"/>	MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Apparent Losses: 5.096 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **23.227** MG/Yr

WATER LOSSES: 28.323 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **55.695** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	<input type="text" value="6"/>	<input type="text" value="70.0"/>	miles
Number of active AND inactive service connections:	<input type="text" value="8"/>	<input type="text" value="1,479"/>	
Service connection density:	<input type="text" value="1"/>	<input type="text" value="21"/>	conn./mile main

Are customer meters typically located at the curbstop or property line? (length of service line, beyond the property boundary, that is the responsibility of the utility)

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

Average operating pressure: psi

COST DATA

Total annual cost of operating water system:	<input type="text" value="10"/>	<input type="text" value="\$577.010"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="10"/>	<input type="text" value="\$14.28"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="text" value="10"/>	<input type="text" value="\$1,578.22"/>	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 82 out of 100 *****

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

PRIORITY AREAS FOR ATTENTION:

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

- 1: Billed metered
- 2: Customer metering inaccuracies
- 3: Unauthorized consumption

See the accompanying independent accountants' audit report.



Water Audit Report for: **Englewood Water & Gas (0000224)**
Reporting Year: **2015** | **7/2014 - 6/2015**

***** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 *****

System Attributes:

Apparent Losses:	5.096	MG/Yr
+ Real Losses:	23.227	MG/Yr
= Water Losses:	28.323	MG/Yr

? Unavoidable Annual Real Losses (UARL): **14.25** MG/Yr

Annual cost of Apparent Losses: **\$72,773**

Annual cost of Real Losses: **\$36,657** Valued at **Variable Production Cost**
Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial: { Non-revenue water as percent by volume of Water Supplied: **48.9%**
 Non-revenue water as percent by cost of operating system: **26.5%** Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: **9.44** gallons/connection/day
 Real Losses per service connection per day: **N/A** gallons/connection/day
 Real Losses per length of main per day*: **909.08** gallons/mile/day
 Real Losses per service connection per day per psi pressure: **N/A** gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): **23.23** million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]: **1.63**

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

PRINCIPAL OFFICIALS

June 30, 2015

Tony Hawn, Mayor and acting Town Manager
Alan Phillips, Vice Mayor
Jerry Shirk, Commissioner
Richard Raper, Commissioner
Wes Atwell, Commissioner
Haley Guidry, City Recorder

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

<u>Federal Grantor/ Pass-Through Grantor</u>	<u>CFDA#</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>Federal Awards</u>			
U.S. Department of Transportation/ Tennessee Department of Transportation	20.600	Z15GHS117	\$ 5,000

NOTE 1 – BASIS OF PRESENTATION

This schedule summarizes the expenditures of Town of Englewood, Tennessee under programs of the federal and state governments for the year ended June 30, 2015. This schedule is presented using the modified accrual basis of accounting.

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, 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, the financial statements of the governmental activities, business-type activities and each major fund of Town of Englewood, Tennessee as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Town of Englewood, Tennessee's basic financial statements, and have issued our report thereon dated March 28, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Town of Englewood, Tennessee in a separate letter dated March 28, 2016.

Purpose of this Report

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

Mitchell Emert & Hill

March 28, 2016

TOWN OF ENGLEWOOD, TENNESSEE

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

There were no prior year findings.