

*Financial Statements*

TOWN OF ENGLEWOOD, TENNESSEE

Year Ended June 30, 2014

## TABLE OF CONTENTS

	<u>Page Nos.</u>
INDEPENDENT ACCOUNTANTS' AUDIT REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12-13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	16-17
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenue, Expenditures and Changes in Fund Balance - Actual and Budget - General Fund	19-26
Statement of Revenue, Expenditures and Changes in Fund Balance - Actual and Budget - Drug Fund	27
Statement of Net Position - Proprietary Funds	28
Statement of Revenue, Expenses and Changes in Net Position - Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30-31

TABLE OF CONTENTS  
(continued)

	<u>Page Nos.</u>
Notes to the Financial Statements	32-48
<b>SUPPLEMENTARY INFORMATION</b>	
Investments	49
Property Taxes Receivable	50
Long-Term Debt Requirements	51-54
Utility Rates and Metered Customers	55
Water Utility Reporting Worksheet	56
Water Utility Performance Indicators	57
Principal Officials	58
<b>INTERNAL CONTROL AND COMPLIANCE</b>	
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 <i>Government Auditing Standards</i>	59-60
Prior Year Findings and Questioned Costs	61

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, 2014 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.

## ***Opinion***

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, 2014, 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 and the budgetary information on pages 19 to 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming 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 and long-term debt requirements 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 and long-term debt requirements 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 February 9, 2015 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*

February 9, 2015

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## **Management's Discussion and Analysis For the Year Ended June 30, 2014**

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, 2014. 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, 2014 by \$5,549,346 (\$5,735,115 in 2013).
- The Town's net position decreased by \$185,769 (\$92,190 in 2013) or 3.2 percent during the year ended June 30, 2014 (1.5 percent during 2013).
- 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. At June 30, 2013 the Town's governmental funds reported combined ending fund balances of \$476,777, a decrease of \$128,265 from June 30, 2012. Of the total fund balances, \$390,418 (\$419,459 in 2013) is unassigned and available for ongoing operations.
- At June 30, 2014 the unassigned general fund balance was \$390,418 (\$419,459 in 2013) or 47 percent (31 percent in 2013) 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 government'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, 2014 the Town's assets exceeded its liabilities by \$5,549,346 (\$5,735,115 in 2013).

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>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current assets	\$ 1,386,435	\$ 1,350,958
Capital assets, net of accumulated depreciation	<u>5,325,208</u>	<u>5,543,834</u>
<b>Total Assets</b>	<b><u>\$ 6,711,643</u></b>	<b><u>\$ 6,894,792</u></b>
<b>LIABILITIES</b>		
Current liabilities	\$ 242,264	\$ 215,781
Non-current liabilities	<u>706,359</u>	<u>755,771</u>
<b>Total Liabilities</b>	<b>948,623</b>	<b>971,552</b>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred revenue	213,674	188,125
<b>NET POSITION</b>		
Net investment in capital assets	4,571,041	4,756,055
Restricted	38,903	35,298
Unrestricted	<u>939,402</u>	<u>943,761</u>
<b>Total Net Position</b>	<b><u>5,549,346</u></b>	<b><u>5,735,115</u></b>
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>	<b><u>\$ 6,711,643</u></b>	<b><u>\$ 6,894,792</u></b>

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:

	<u>2014</u>	<u>2013</u>
<b>REVENUE</b>		
Program revenue:		
Fees, fines and charges for services	\$ 1,330,968	\$ 1,164,332
Operating grants and contributions	50,559	58,228
Capital grants and contributions	0	81,386
General revenue:		
Local taxes	325,279	321,914
Intergovernmental	144,207	138,207
Miscellaneous	15,731	5,173
Interest income	<u>1,498</u>	<u>3,668</u>
	<b>1,868,242</b>	<b>1,772,908</b>

	<u>2014</u>	<u>2013</u>
<b>EXPENSES</b>		
General government	260,870	235,674
Public safety	362,013	395,302
Highways and streets	98,114	96,844
Solid waste collection and disposal	74,689	69,877
Interest on long-term debt	1,301	7,317
Public welfare	76,207	86,045
Natural gas	285,299	205,724
Water and sewer	<u>895,519</u>	<u>768,315</u>
	<u>2,054,012</u>	<u>1,865,098</u>
<b>(Decrease) in net position</b>	(185,769)	(92,190)
<b>Net position at the beginning of the year</b>	<u>5,735,115</u>	<u>5,827,305</u>
<b>Net position at the end of the year</b>	<u>\$ 5,549,346</u>	<u>\$ 5,735,115</u>

Governmental Activities - Governmental activities during the year ended June 30, 2014 decreased the Town's net position by \$47,532 (\$71,047 in 2013).

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, 2014 decreased the Town's net position by \$138,237 (\$21,143 in 2013). The water and sewer fund reported a decrease of \$82,688 (\$27,474 in 2013) and the natural gas fund reported a decrease of \$55,549 (increase of \$6,331 in 2013).

### Capital Assets

The Town's investment in capital assets as of June 30, 2014 was \$5,325,208 (\$5,543,834 in 2013).

	<u>2014</u>	<u>2013</u>
Land	\$ 146,709	\$ 146,709
Buildings	509,375	501,754
Utility Plant	6,632,695	6,632,695
Office equipment	5,988	5,988
Equipment	1,412,963	1,412,963
Vehicles	384,563	358,916
Land improvements	78,022	70,732
Accumulated depreciation	<u>(3,845,105)</u>	<u>(3,585,920)</u>
	<u>\$ 5,325,208</u>	<u>\$ 5,543,834</u>

The major capital asset additions during the year ended June 30, 2014 were as follows:

Vehicle	\$ 25,647
Building improvements	7,621
Land improvements	7,290

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

**Debt Administration**

At June 30, 2014 the proprietary funds had outstanding debt of \$830,747 (\$881,168 in 2013) consisting of the following:

	<u>2014</u>	<u>2013</u>
Revenue bonds	\$ 466,214	\$ 476,389
Capital outlay notes	95,950	105,000
State Revolving Fund loan	150,194	161,390
Interfund loan	<u>118,389</u>	<u>138,389</u>
Total debt-principal	830,747	881,168
Less: current portion due	<u>(44,525)</u>	<u>(43,816)</u>
Total long-term debt-principal	<u>\$ 786,222</u>	<u>\$ 837,352</u>

During the year ended June 30, 2014, the Town retired \$50,421 (\$215,453 in 2013) on its proprietary funds debt.

At June 30, 2014 the general fund had outstanding debt of \$41,809 (\$45,000 in 2013) consisting of the following:

	<u>2014</u>	<u>2013</u>
Capital outlay notes	\$ 41,809	\$ 45,000
Less: current portion due	<u>(3,283)</u>	<u>(3,191)</u>
Total long-term debt-principal	<u>\$ 38,526</u>	<u>\$ 41,809</u>

During the year ended June 30, 2014, the Town retired \$3,191 (\$566,541 in 2013) 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 decreased by \$29,041 during the year ended June 30, 2014 (\$126,420 in 2013).

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, 2014 the unrestricted net position for the water and sewer fund was \$240,299 (\$173,846 in 2013). At June 30, 2014 the unrestricted net position for the natural gas fund was \$239,440 (\$289,806 in 2013).

## **General Fund Budgetary Highlights**

During the year ended June 30, 2014, final amended budgeted revenue of the general fund increased approximately \$20,000 from the original budgeted revenue due to increases in estimated equipment sales revenue. Final amended budgeted expenditures increased approximately \$60,000 from original budgeted expenditures due to salaries and wages.

## **Economic Factors and Next Year's Budgets and Rates**

The budget has been approved for the year ending June 30, 2015. The estimated revenue and appropriations did not vary significantly from the original budget for the year ended June 30, 2014. Property tax rates for the 2015 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:

Sondra Denton, CMFO  
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, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash	\$ 349,452	\$ 469,090	\$ 818,542
Certificates of deposit	51,363	82,593	133,957
Accounts receivable, net of allowance for uncollectible accounts	234	80,915	81,149
Property taxes receivable, net of allowance for uncollectible accounts	240,108	0	240,108
Due from other governments	33,704	0	33,704
Taxes receivable	16,893	0	16,893
Internal balances	5,184	(5,184)	0
Natural gas for resale	0	40,063	40,063
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>710,566</u>	<u>4,467,933</u>	<u>5,178,499</u>
	<u>\$ 1,536,604</u>	<u>\$ 5,175,039</u>	<u>\$ 6,711,643</u>

See the accompanying notes to the financial statements.

	Governmental Activities	Business-Type Activities	Totals
<b>LIABILITIES</b>			
Accounts payable	\$ 2,290	\$ 23,276	\$ 25,567
Accrued vacation	4,428	5,066	9,494
Current portion of long-term debt	3,283	44,525	47,808
Customer deposits	0	159,396	159,396
Long-term debt, net of current portion	<u>38,526</u>	<u>667,833</u>	<u>706,359</u>
<b>TOTAL LIABILITIES</b>	48,527	900,096	948,623
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred revenue	213,674	0	213,674
<b>NET POSITION</b>			
Net investment in capital assets	775,837	3,795,204	4,571,041
Restricted for drug enforcement	38,903	0	38,903
Unrestricted	<u>459,663</u>	<u>479,739</u>	<u>939,402</u>
<b>TOTAL NET POSITION</b>	<u>1,274,403</u>	<u>4,274,943</u>	<u>5,549,346</u>
	<u>\$ 1,536,604</u>	<u>\$ 5,175,039</u>	<u>\$ 6,711,643</u>



TOWN OF ENGLEWOOD, TENNESSEE

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2014

		<u>Program Revenue</u>	
	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Governmental Activities:</b>			
General government	\$ 260,870	\$ 16,901	\$ 0
Public safety	362,013	193,976	0
Public welfare	76,207	17,570	10,923
Streets and highways	98,114	0	39,636
Solid waste collection and disposal	74,689	60,770	0
Interest on long-term debt	<u>1,301</u>	<u>0</u>	<u>0</u>
Total Governmental Activities	873,194	289,217	50,559
<b>Business-Type Activities:</b>			
Water and sewer	895,519	812,324	0
Natural gas	<u>285,299</u>	<u>229,428</u>	<u>0</u>
Total Business-Type Activities	<u>1,180,817</u>	<u>1,041,752</u>	<u>0</u>
	<u>\$ 2,054,012</u>	<u>\$ 1,330,968</u>	<u>\$ 50,559</u>

Net (Expense)Revenue and  
Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
\$ (243,969)	\$ 0	\$ (243,969)
(168,037)	0	(168,037)
(47,713)	0	(47,713)
(58,478)	0	(58,478)
(13,920)	0	(13,920)
<u>(1,301)</u>	<u>0</u>	<u>(1,301)</u>
(533,418)	0	(533,418)
0	(83,195)	(83,195)
<u>0</u>	<u>(55,871)</u>	<u>(55,871)</u>
0	(139,066)	(139,066)
<u>0</u>	<u>(139,066)</u>	<u>(139,066)</u>
<u>\$ (533,418)</u>	<u>\$ (139,066)</u>	<u>\$ (672,484)</u>

TOWN OF ENGLEWOOD, TENNESSEE

**STATEMENT OF ACTIVITIES**

(continued)

Year Ended June 30, 2014

**NET (EXPENSE)REVENUE FROM PROGRAM ACTIVITIES**

**General Revenue:**

Taxes:

- Property tax
- Interest and penalty
- In-Lieu of tax payments
- Local sales tax
- Business tax
- Wholesale beer tax
- Cable TV franchise tax

Intergovernmental

Interest

Miscellaneous

Total General Revenue

**CHANGES IN NET 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

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Governmental Activities	Business-Type Activities	Totals
\$ (533,418)	\$ (139,066)	\$ (672,484)
185,079	0	\$ 185,079
1,744	0	1,744
9,757	0	9,757
79,606	0	79,606
4,254	0	4,254
30,746	0	30,746
14,093	0	14,093
144,207	0	144,207
669	829	1,498
15,731	0	15,731
485,886	829	486,715
(47,532)	(138,237)	(185,769)
1,321,935	4,413,180	5,735,115
\$ 1,274,403	\$ 4,274,943	\$ 5,549,346

TOWN OF ENGLEWOOD, TENNESSEE

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

June 30, 2014

	<u>General Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash	\$ 310,550	\$ 38,903	\$ 349,452
Certificate of deposit	51,363	0	51,363
Property taxes receivable, net of allowance for uncollectible accounts of \$3,000	240,108	0	240,108
Due from other governments	33,704	0	33,704
Due from other funds	5,184	0	5,184
Taxes receivable	16,893	0	16,893
Accounts receivable	234	0	234
Prepaid expenses	<u>22,020</u>	<u>0</u>	<u>22,020</u>
	<u>\$ 680,055</u>	<u>\$ 38,903</u>	<u>\$ 718,958</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,290	\$ 0	\$ 2,290
Accrued vacation	<u>4,428</u>	<u>0</u>	<u>4,428</u>
<b>TOTAL LIABILITIES</b>	6,718	0	6,718
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred revenue	260,898	0	260,898
<b>FUND BALANCES</b>			
Nonspendable	22,020	0	22,020
Restricted	0	38,903	38,903
Unassigned	<u>390,418</u>	<u>0</u>	<u>390,418</u>
<b>TOTAL FUND BALANCES</b>	<u>412,438</u>	<u>38,903</u>	<u>451,341</u>
	<u>\$ 680,055</u>	<u>\$ 38,903</u>	<u>\$ 718,958</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, 2014

<b>Total Fund Balance - Governmental Funds</b>	\$ 451,341
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.	817,646
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.	47,225
Long-term liabilities are not due in the current period and, therefore, are not reported in the governmental funds balance sheet.	<u>(41,809)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 1,274,403</u></b>

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, 2014

	<u>General Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
<b>REVENUE</b>			
Taxes:			
Property tax	\$ 177,251	\$ 0	\$ 177,251
Interest and penalty	1,744	0	1,744
In-Lieu of tax payments	9,757	0	9,757
Local sales tax	79,025	0	79,025
Business tax	4,202	0	4,202
Wholesale beer tax	30,746	0	30,746
Cable TV franchise tax	14,093	0	14,093
Intergovernmental	183,709	0	183,709
Licenses and permits	1,295	0	1,295
Charges for services	77,971	0	77,971
Fines and forfeitures	182,207	8,503	190,710
Donations	10,948	0	10,948
Interest	576	92	669
Rent	15,950	0	15,950
Police auction	3,265	0	3,265
Miscellaneous	15,731	0	15,731
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUE</b>	808,472	8,595	817,068

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2014

	<u>General Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
<b>EXPENDITURES</b>			
Current:			
General government	242,871	0	242,871
Public safety	329,981	4,991	334,972
Public welfare	71,222	0	71,222
Streets and highways	90,879	0	90,879
Waste management	57,510	0	57,510
Capital outlay	40,558	0	40,558
Debt service	4,492	0	4,492
<b>TOTAL EXPENDITURES</b>	<u>837,513</u>	<u>4,991</u>	<u>842,504</u>
<b>(DEFICIENCY)EXCESS OF REVENUE OVER EXPENDITURES</b>	(29,041)	3,605	(25,436)
<b>FUND BALANCES AT THE BEGINNING OF THE YEAR</b>	<u>441,479</u>	<u>35,298</u>	<u>476,777</u>
<b>FUND BALANCES AT THE END OF THE YEAR</b>	<u>\$ 412,438</u>	<u>\$ 38,903</u>	<u>\$ 451,341</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, 2014

<b>(Deficiency) of Revenue Over Expenditures - Governmental Funds</b>	<b>\$ (25,436)</b>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Acquisition of capital assets	40,558
Depreciation expense	(74,439)
Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities.	3,191
Revenue reported in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental fund financial statements:	
Deferred taxes - June 30, 2013	(38,630)
Deferred taxes - June 30, 2014	<u>47,225</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (47,532)</u></b>

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, 2014

	Budget		Actual	Variance
	Original	Final		Over (Under)
<b>REVENUE</b>				
Taxes:				
Property tax	\$ 205,535	\$ 205,535	\$ 177,251	\$ (28,284)
Interest and penalty	2,300	2,300	1,744	(556)
In-Lieu of tax payments	10,000	10,000	9,757	(243)
Local sales tax	74,000	74,000	79,025	5,025
Business tax	5,200	5,200	4,202	(998)
Wholesale beer tax	28,000	28,000	30,746	2,746
Cable TV franchise tax	18,000	18,000	14,093	(3,907)
	<u>343,035</u>	<u>343,035</u>	<u>316,820</u>	<u>(26,215)</u>
Intergovernmental:				
State income tax	7,000	7,000	6,399	(601)
State beer tax	681	681	725	44
State sales tax	95,340	95,340	109,172	13,832
State gasoline and motor fuel tax	48,210	48,210	39,786	(8,424)
Corporate excise tax	3,000	3,000	1,769	(1,231)
Telecommunications tax	100	100	156	56
TVA In-Lieu of tax payment	14,982	14,982	22,565	7,583
City streets and transportation funds	2,792	2,792	3,136	344
Highway safety grant	5,000	5,000	0	(5,000)
State law enforcement grant	3,000	3,000	0	(3,000)
	<u>180,105</u>	<u>180,105</u>	<u>183,709</u>	<u>3,604</u>
Fines and forfeitures	155,150	155,150	182,207	27,057
Licenses and permits	640	640	1,295	655

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Charges for services:				
Community pool admittance fees	10,000	10,000	10,901	901
Community pool rental fees	3,500	3,500	3,153	(347)
Community pool concessions	2,700	2,700	2,396	(304)
Solid waste collection fees	61,000	61,000	60,770	(230)
Accident report charges	200	200	281	81
Library charges	400	400	221	(179)
Park and recreation charges	150	150	250	100
	<u>77,950</u>	<u>77,950</u>	<u>77,971</u>	<u>21</u>
Other revenue:				
Rent	13,300	13,300	15,950	2,650
Interest	550	550	576	26
Donations	10,000	12,074	10,948	(1,126)
Police auction	0	3,265	3,265	0
Miscellaneous revenue	1,425	14,262	15,731	1,469
	<u>25,275</u>	<u>43,451</u>	<u>46,471</u>	<u>3,020</u>
<b>TOTAL REVENUE</b>	782,155	800,331	808,472	8,141
<b>EXPENDITURES</b>				
Financial administration:				
Salaries and wages	48,733	48,733	48,590	(143)
OASDI employer's share	3,700	3,700	3,678	(22)
Retirement	1,500	1,500	1,406	(94)
Death benefit plan	150	180	186	6
Unemployment insurance	300	420	267	(153)

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Financial administration (continued):				
Travel	100	100	88	(12)
Gas, oil and grease	250	350	350	0
Computer equipment	1,500	1,500	1,799	299
Office supplies and materials	1,200	1,200	1,335	135
	<u>57,433</u>	<u>57,683</u>	<u>57,699</u>	<u>16</u>
Judicial:				
Other professional services	1,500	3,000	3,000	0
General government:				
Salaries and wages	48,733	53,633	52,665	(968)
OASDI employer's share	3,700	4,440	3,692	(748)
Health insurance	4,400	4,746	4,746	0
Retirement	1,020	1,020	967	(53)
Death benefit plan	150	200	196	(4)
Unemployment insurance	205	405	241	(164)
Employee training	1,500	1,500	877	(623)
Postage	500	500	250	(250)
Publicity, subscriptions and dues	4,000	4,000	3,060	(940)
Accounting and auditing services	7,500	7,500	7,500	0
State planning services	6,750	6,750	6,750	0
Other professional services	42,000	38,000	31,497	(6,503)
Insurance	41,000	43,284	43,284	0
Utilities	4,000	4,200	3,544	(656)
Telephone	3,100	3,100	2,871	(229)
Repair and maintenance	6,000	6,075	5,492	(583)
Operating supplies	2,500	2,700	2,682	(18)
Weather alert system	1,600	1,600	1,288	(312)
Clothing and uniforms	500	500	262	(238)

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
General government (continued):				
Travel	500	500	783	283
Computer equipment	1,200	6,000	5,681	(319)
Donations	500	500	544	44
	<u>181,358</u>	<u>191,153</u>	<u>178,872</u>	<u>(12,281)</u>
Police department:				
Salaries and wages	156,550	175,550	183,811	8,261
OASDI employer's share	11,900	13,360	13,560	200
Health insurance	17,000	17,000	17,175	175
Retirement	1,800	800	793	(7)
Death benefit plan	900	900	863	(37)
Unemployment insurance	930	1,930	1,688	(242)
Employee education and training	1,000	1,000	235	(765)
Utilities	2,400	2,700	2,087	(613)
Telephone	3,000	3,000	2,205	(795)
Professional services	31,700	31,700	30,745	(955)
Small items of equipment	13,800	13,800	445	(13,355)
Supplies	1,500	1,500	1,752	252
Computer equipment	0	1,718	1,717	(1)
Travel	800	800	682	(118)
Operating supplies	1,900	1,900	1,595	(305)
Clothing and uniforms	1,000	1,000	809	(191)
Gas, oil and grease	20,000	20,000	20,000	0
	<u>266,180</u>	<u>288,658</u>	<u>280,164</u>	<u>(8,494)</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2014

	Budget		Actual	Variance Over (Under)
	Original	Final		
Fire department:				
Employee training	1,000	2,000	1,966	(35)
Volunteers	500	500	0	(500)
Utilities	7,900	10,600	10,091	(509)
Telephone	600	600	514	(86)
Dues	0	250	250	0
Gas, oil and grease	3,000	3,000	3,000	0
Repairs and maintenance	15,000	15,030	16,134	1,104
Operating supplies	10,850	10,850	10,844	(6)
Insurance	1,500	1,500	1,500	0
Small items of equipment	6,500	5,500	5,518	18
	<u>46,850</u>	<u>49,830</u>	<u>49,817</u>	<u>(13)</u>
City attorney:				
Other professional services	4,500	4,500	3,300	(1,200)
Highways and streets:				
Salaries and wages	21,605	28,165	27,644	(521)
OASDI employer's share	1,690	1,864	1,735	(129)
Health insurance	0	1,387	1,387	(0)
Retirement	0	0	14	14
Death benefit plan	180	180	48	(132)
Unemployment insurance	140	351	321	(30)
Operating supplies	1,000	1,000	1,549	549
Repairs and maintenance	1,700	1,700	9,253	7,553
Machinery equipment and parts	10,000	10,000	2,144	(7,856)
Gas, oil and grease	2,000	2,000	2,000	0
Utilities	22,000	28,900	28,622	(278)
Roads, streets, and parking	16,749	16,749	16,163	(586)
	<u>77,064</u>	<u>92,296</u>	<u>90,879</u>	<u>(1,417)</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Community swimming pool:				
Salaries and wages	14,000	14,000	13,111	(889)
OASDI employer's share	1,080	1,080	1,003	(77)
Unemployment insurance	90	210	228	18
Memberships and registration fees	350	350	340	(10)
Utilities	7,805	8,105	6,059	(2,046)
Telephone	200	200	192	(8)
Repairs and maintenance	8,764	1,474	2,375	901
Operating supplies	500	500	161	(339)
Chemical supplies	4,000	4,000	2,664	(1,336)
Supplies for resale	1,000	1,000	1,304	304
	<u>37,789</u>	<u>30,919</u>	<u>27,436</u>	<u>(3,483)</u>
Parks and recreation:				
Salaries and wages	5,000	10,025	10,552	527
OASDI employer's share	385	1,039	805	(234)
Unemployment insurance	35	236	199	(37)
Utilities	700	700	834	134
Repairs and maintenance	5,800	5,800	2,902	(2,898)
Operating supplies	1,500	1,500	484	(1,016)
	<u>13,420</u>	<u>19,300</u>	<u>15,776</u>	<u>(3,524)</u>
Library:				
Salaries and wages	14,353	14,553	14,400	(153)
OASDI employer's share	1,100	1,100	1,102	2
Unemployment insurance	100	185	212	27
Postage	50	50	49	(1)
Books, catalogues and brochures	500	500	329	(171)
Utilities	6,147	6,147	6,153	6

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Library (continued):				
Telephone	1,100	1,100	1,249	149
Accounting and auditing services	150	150	150	0
Other professional services	600	600	440	(160)
Repairs and maintenance	400	400	374	(26)
Operating supplies	800	800	428	(372)
Computer equipment	0	1,124	1,124	0
Insurance	2,000	2,000	2,000	0
	<u>27,300</u>	<u>28,709</u>	<u>28,010</u>	<u>(699)</u>
Solid waste management:				
Salaries and wages	25,250	25,250	24,048	(1,202)
OASDI employer's share	1,920	1,920	1,674	(246)
Unemployment insurance	150	150	403	253
Accounting and auditing services	2,500	2,500	2,500	0
Repairs and maintenance	4,000	4,000	1,441	(2,559)
Landfill services	15,000	15,000	13,570	(1,430)
Clothing and uniforms	700	700	250	(450)
Office supplies	3,830	3,830	3,749	(81)
Gas, oil and grease	4,500	4,500	5,375	875
Insurance	4,500	4,500	4,500	0
	<u>62,350</u>	<u>62,350</u>	<u>57,510</u>	<u>(4,840)</u>
Capital outlay:				
General government	0	28,147	33,268	5,121
Public welfare	0	7,290	7,290	0
	<u>0</u>	<u>35,437</u>	<u>40,558</u>	<u>5,121</u>



TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2014

	Budget		Actual	Variance Over (Under)
	Original	Final		
Debt service:				
Note principal	4,255	4,255	3,191	(1,064)
Interest expense	<u>1,736</u>	<u>1,736</u>	<u>1,301</u>	<u>(435)</u>
	<u>5,991</u>	<u>5,991</u>	<u>4,492</u>	<u>(1,499)</u>
<b>TOTAL EXPENDITURES</b>	<u>781,735</u>	<u>869,826</u>	<u>837,513</u>	<u>(32,313)</u>
<b>EXCESS(DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	420	(69,495)	(29,041)	40,454
<b>FUND BALANCE AT THE BEGINNING OF THE YEAR</b>	<u>0</u>	<u>69,495</u>	<u>441,479</u>	<u>371,984</u>
<b>FUND BALANCE AT THE END OF THE YEAR</b>	<u>\$ 420</u>	<u>\$ 0</u>	<u>\$ 412,438</u>	<u>\$ 412,438</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, 2014

	Budget		Actual	Variance Over (Under)
	Original	Final		
<b>REVENUE</b>				
Drug related fines	\$ 6,000	\$ 6,000	\$ 8,503	\$ 2,503
Miscellaneous	50	50	92	42
<b>TOTAL REVENUE</b>	6,050	6,050	8,595	2,545
<b>EXPENDITURES</b>				
Salaries and wages	2,500	2,500	2,555	55
OASDI employer's share	192	192	190	(2)
Unemployment insurance	15	15	19	4
Operating supplies	20	20	15	(5)
Other professional services	800	800	35	(765)
Repairs and maintenance	1,523	1,523	2,017	494
Travel and training	500	500	160	(340)
<b>TOTAL EXPENDITURES</b>	5,550	5,550	4,991	(559)
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	500	500	3,605	3,105
<b>FUND BALANCE AT THE BEGINNING OF THE YEAR</b>	0	0	35,298	35,298
<b>FUND BALANCE AT THE END OF THE YEAR</b>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 38,903</u>	<u>\$ 38,403</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

June 30, 2014

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 350,744	\$ 118,346	\$ 469,090
Certificates of deposit	82,593	0	82,593
Accounts receivable, net of allowance for uncollectible accounts of \$1,481	80,915	0	80,915
Due from other funds	0	3,329	3,329
Natural gas for resale	0	40,063	40,063
	<hr/>	<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	514,253	161,737	675,990
<b>CAPITAL ASSETS</b>			
Land	39,372	257	39,629
Buildings	94,002	0	94,002
Utility plant	6,409,817	222,878	6,632,695
Equipment	917,088	45,857	962,945
Vehicles	9,867	40,131	49,998
	<hr/>	<hr/>	<hr/>
	7,470,146	309,123	7,779,269
Accumulated depreciation	<u>(3,032,900)</u>	<u>(238,806)</u>	<u>(3,271,706)</u>
	4,437,245	70,317	4,507,562
<b>OTHER ASSETS</b>			
Loan receivable from water and sewer fund	0	118,389	118,389
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<u>\$ 4,951,498</u>	<u>\$ 350,442</u>	<u>\$ 5,301,940</u>

See the accompanying notes to the financial statements.

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
<b><u>LIABILITIES AND NET POSITION</u></b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 10,006	\$ 13,270	\$ 23,276
Accrued vacation	5,066	0	5,066
Customer deposits	131,980	27,415	159,396
Due to other funds	8,512	0	8,512
Current portion of long-term debt	<u>43,431</u>	<u>1,094</u>	<u>44,525</u>
<b>TOTAL CURRENT LIABILITIES</b>	198,996	41,779	240,775
<b>LONG-TERM DEBT</b>			
Bonds and notes payable	698,423	13,935	712,358
Loan payable to natural gas fund	118,389	0	118,389
Current maturities	<u>(43,431)</u>	<u>(1,094)</u>	<u>(44,525)</u>
	<u>773,381</u>	<u>12,841</u>	<u>786,222</u>
<b>TOTAL LIABILITIES</b>	972,376	54,620	1,026,997
<b>NET POSITION</b>			
Net investment in capital assets	3,620,434	56,382	3,676,816
Unrestricted	<u>358,688</u>	<u>239,440</u>	<u>598,128</u>
	<u>3,979,122</u>	<u>295,822</u>	<u>4,274,943</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 4,951,498</u>	<u>\$ 350,442</u>	<u>\$ 5,301,940</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

Year Ended June 30, 2014

	Water and Sewer Fund	Natural Gas Fund	Totals
<b>OPERATING REVENUE</b>			
Sales	\$ 779,042	\$ 224,876	\$ 1,003,918
Other operating revenue	33,282	4,552	37,834
<b>TOTAL OPERATING REVENUE</b>	812,324	229,428	1,041,752
<b>OPERATING EXPENSES</b>			
Purchased water/gas	105,002	130,038	235,040
Purification	231,981	0	231,981
Transmission and distribution	125,337	88,635	213,972
Sewer collection lines	15,716	0	15,716
Sewer treatment and disposal	86,935	0	86,935
Customer accounting and collection	49,031	6,063	55,094
Administrative and general expense	79,508	53,885	133,393
Depreciation	178,497	6,248	184,744
<b>TOTAL OPERATING EXPENSES</b>	872,006	284,870	1,156,875
<b>(LOSS) FROM OPERATIONS</b>	(59,682)	(55,442)	(115,124)
<b>NONOPERATING REVENUE(EXPENSE)</b>			
Interest income	507	322	829
Interest expense	(23,513)	(429)	(23,942)
	(23,006)	(107)	(23,113)
<b>CHANGES IN NET POSITION</b>	(82,688)	(55,549)	(138,237)
<b>NET POSITION AT THE</b>			
<b>BEGINNING OF THE YEAR</b>	4,061,810	351,370	4,413,180
<b>NET POSITION AT THE</b>			
<b>END OF THE YEAR</b>	\$ 3,979,122	\$ 295,822	\$ 4,274,943

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

Year Ended June 30, 2014

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
<b>CASH PROVIDED(USED) BY OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 818,423	\$ 229,428	\$ 1,047,851
Cash paid to employees	(226,352)	(63,638)	(289,991)
Cash paid to suppliers	<u>(441,329)</u>	<u>(226,868)</u>	<u>(668,197)</u>
<b>NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES</b>	150,742	(61,079)	89,663
<b>CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal payments of long-term debt	(49,356)	(1,065)	(50,421)
Interest paid on debt	<u>(23,513)</u>	<u>(429)</u>	<u>(23,942)</u>
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	(72,869)	(1,494)	(74,363)
<b>CASH PROVIDED(USED) BY INVESTING ACTIVITIES</b>			
Collections on note receivable	0	20,000	20,000
Interest received	<u>507</u>	<u>322</u>	<u>829</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>507</u>	<u>20,322</u>	<u>20,829</u>
<b>NET INCREASE(DECREASE) IN CASH</b>	78,379	(42,250)	36,129
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>354,958</u>	<u>160,596</u>	<u>515,553</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 433,337</u>	<u>\$ 118,346</u>	<u>\$ 551,682</u>

TOWN OF ENGLEWOOD, TENNESSEE

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

(continued)

Year Ended June 30, 2014

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
<b>RECONCILIATION OF (LOSS)</b>			
<b>FROM OPERATIONS TO NET CASH</b>			
<b>PROVIDED(USED) BY OPERATING</b>			
<b>ACTIVITIES</b>			
(Loss) from operations	\$ (59,682)	\$ (55,442)	\$ (115,124)
Adjustments to reconcile (loss) from operations to net cash provided(used) by operating activities:			
Depreciation	178,497	6,248	184,744
(Increase)decrease in:			
Accounts receivable	(8,409)	0	(8,409)
Inventory	0	(5,626)	(5,626)
Due from other funds	35,236	11,671	46,907
Increase(decrease) in:			
Accounts payable	(3,998)	8,809	4,811
Accrued vacation	3,943	(1,204)	2,739
Due to other funds	3,334	(25,010)	(21,676)
Customer deposits	1,821	(525)	1,296
	<u>210,424</u>	<u>(5,637)</u>	<u>204,786</u>
 <b>NET CASH PROVIDED(USED) BY</b>			
<b>OPERATING ACTIVITIES</b>	<u>\$ 150,742</u>	<u>\$ (61,079)</u>	<u>\$ 89,663</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2014

**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, 2014, 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, 2014

**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, 2014

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, 2014.

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, 2014

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, 2014 has been calculated as follows:

Governmental activities:

Capital assets	\$ 1,391,045
Accumulated depreciation	(573,399)
Principal balance of long-term debt	<u>(41,809)</u>
	<u>\$ 775,837</u>

Business-Type activities:

Water and Sewer Fund:

Capital assets	\$ 7,470,146
Accumulated depreciation	(3,032,900)
Principal balance of long-term debt	<u>(816,812)</u>
	<u>\$ 3,620,434</u>

Natural Gas Fund:

Capital assets	\$ 309,123
Accumulated depreciation	(238,806)
Principal balance of long-term debt	<u>(13,934)</u>
	<u>\$ 56,382</u>

TOWN OF ENGLEWOOD, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2014

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, 2014

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, 2014

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, 2014 was as follows:

Governmental funds	\$	3,000
Proprietary funds		1,481

TOWN OF ENGLEWOOD, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2014

**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, 2014 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)	349,252	469,090	818,342
Certificates of deposit	<u>51,363</u>	<u>82,593</u>	<u>133,956</u>
Totals	<u>\$ 400,815</u>	<u>\$ 551,682</u>	<u>\$ 952,498</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 (the 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, 2014 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, 2014

**NOTE D – CAPITAL ASSETS**

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

	<u>Balance</u> <u>7/1/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/14</u>
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated</u>				
Land	\$ 107,080	\$ 0	\$ 0	\$ 107,080
<u>Capital assets being depreciated</u>				
Buildings	407,752	7,621	0	415,373
Land improvements	70,732	7,290	0	78,022
Vehicles	308,918	25,647	0	334,565
Office equipment	5,988	0	0	5,988
Equipment	<u>450,018</u>	<u>0</u>	<u>0</u>	<u>450,018</u>
	1,243,407	40,558	0	1,283,965
<u>Accumulated depreciation</u>				
Buildings	(108,217)	(12,182)	0	(120,399)
Land improvements	(20,410)	(4,307)	0	(24,717)
Vehicles	(108,590)	(30,355)	0	(138,945)
Office equipment	(2,794)	(1,198)	0	(3,992)
Equipment	<u>(258,949)</u>	<u>(26,399)</u>	<u>0</u>	<u>(285,347)</u>
	<u>(498,960)</u>	<u>(74,439)</u>	<u>0</u>	<u>(573,399)</u>
	<u>\$ 851,527</u>	<u>\$ (33,881)</u>	<u>\$ 0</u>	<u>\$ 817,646</u>

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

General government	\$ 14,253
Public safety	27,041
Public welfare	8,731
Streets and highways	7,235
Solid waste collection and disposal	<u>17,179</u>
	<u>\$ 74,439</u>



TOWN OF ENGLEWOOD, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2014

	<u>Balance</u> <u>7/1/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/14</u>
<b>Business-Type Activities:</b>				
<b>Water and Sewer Fund</b>				
<u>Capital assets not being depreciated</u>				
Land	\$ 39,372	\$ 0	\$ 0	\$ 39,372
<u>Capital assets being depreciated</u>				
Buildings	94,002	0	0	94,002
Utility plant	6,409,817	0	0	6,409,817
Equipment	917,088	0	0	917,088
Vehicles	<u>9,867</u>	<u>0</u>	<u>0</u>	<u>9,867</u>
	7,430,773	0	0	7,430,773
<u>Accumulated depreciation</u>				
Buildings	(32,936)	(3,274)	0	(36,211)
Utility plant	(2,426,016)	(151,692)	0	(2,577,710)
Equipment	(388,852)	(22,706)	0	(411,558)
Vehicles	<u>(6,599)</u>	<u>(823)</u>	<u>0</u>	<u>(7,422)</u>
	<u>(2,854,404)</u>	<u>(178,497)</u>	<u>0</u>	<u>(3,032,900)</u>
	<u>\$ 4,615,742</u>	<u>\$ (178,497)</u>	<u>\$ 0</u>	<u>\$ 4,437,245</u>

TOWN OF ENGLEWOOD, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2014

	<u>Balance</u> <u>7/1/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/14</u>
<b>Natural Gas Fund</b>				
<u>Capital assets not being depreciated</u>				
Land	\$ 257	\$ 0	\$ 0	\$ 257
<u>Capital assets being depreciated</u>				
Utility plant	222,878	0	0	222,878
Equipment	45,857	0	0	45,857
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	(172,356)	(3,998)	0	(176,354)
Equipment	(31,231)	(1,500)	0	(32,732)
Vehicles	<u>(28,971)</u>	<u>(750)</u>	<u>0</u>	<u>(29,721)</u>
	<u>(232,558)</u>	<u>(6,248)</u>	<u>0</u>	<u>(238,806)</u>
	<u>\$ 76,565</u>	<u>\$ (6,248)</u>	<u>\$ 0</u>	<u>\$ 70,317</u>

**NOTE E – LONG-TERM DEBT**

Long-term debt at June 30, 2014 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	\$ 41,809
Less current maturities	<u>(3,283)</u>
	<u>\$ 38,526</u>

TOWN OF ENGLEWOOD, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2014

Business-Type Activities:

Water and Sewer Revenue Bonds, Series 2001 due in monthly installments of \$2,724, including interest at 4.75% through 2039	\$ 466,214
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	82,015
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	13,935
2006 State Revolving Fund Loan, interest rate of 0.00% due in monthly installments of \$933 through 2027	150,194
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>118,389</u>
	830,747
Less current maturities	<u>(44,525)</u>
	<u>\$ 786,222</u>

Maturities of long-term debt as of June 30, 2014 are as follows:

Governmental Activities:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 3,283	\$ 1,208	\$ 4,491
2016	3,378	1,113	4,491
2017	3,475	1,016	4,491

TOWN OF ENGLEWOOD, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2014

Governmental Activities (continued):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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	4,365	126	4,491
	<u>\$ 41,809</u>	<u>\$ 7,593</u>	<u>\$ 49,402</u>

Business-Type Activities:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 44,525	\$ 24,838	\$ 69,363
2016	45,263	24,100	69,363
2017	46,035	23,328	69,363
2018	46,839	22,525	69,363
2019	47,677	21,687	69,363
2020	48,551	20,813	69,363
2021	49,463	19,901	69,363
2022	48,803	18,950	67,752
2023	36,406	17,957	54,363
2024	37,441	16,922	54,363
2025	36,915	15,843	52,758
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

TOWN OF ENGLEWOOD, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2014

Business-Type Activities (continued):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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	<u>395</u>	<u>10</u>	<u>405</u>
	<u>\$ 830,747</u>	<u>\$ 336,421</u>	<u>\$ 1,167,168</u>

Changes in long-term debt for the year ended June 30, 2014 were as follows:

	<u>Balance 7/1/13</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance 6/30/14</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
Capital Outlay Note, Series 2013	<u>\$ 45,000</u>	<u>\$ 0</u>	<u>\$ 3,191</u>	<u>\$ 41,809</u>	<u>\$ 3,283</u>

TOWN OF ENGLEWOOD, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2014

	<u>Balance</u> <u>7/1/13</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/14</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>
<u>Business-Type Activities:</u>					
Water and Sewer Revenue Bonds, Series 2001	\$ 476,389	\$ 0	\$ 10,175	\$ 466,214	\$ 10,669
2006 State Revolving Fund Loan	161,390	0	11,196	150,194	11,196
Capital Outlay Note, Series 2013	90,000	0	7,985	82,015	6,566
Capital Outlay Note, Series 2013	15,000	0	1,065	13,935	1,094
Water and sewer fund loan payable to natural gas fund	<u>138,389</u>	<u>0</u>	<u>20,000</u>	<u>118,389</u>	<u>15,000</u>
	<u>\$ 881,168</u>	<u>\$ 0</u>	<u>\$ 50,421</u>	<u>\$ 830,747</u>	<u>\$ 44,525</u>

TOWN OF ENGLEWOOD, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2014

**NOTE F - INTERFUND RECEIVABLES AND PAYABLES**

Amounts due from and due to other funds at June 30, 2014, resulting from short-term advances for shared costs, are summarized as follows:

<u>Due To</u>	<u>Due From</u>	
	<u>Water and Sewer Fund</u>	<u>Totals</u>
Governmental Activities:		
General fund	\$ 5,184	\$ 5,184
Business-Type Activities:		
Natural gas fund	<u>3,329</u>	<u>3,329</u>
	<u>\$ 8,512</u>	<u>\$ 8,512</u>

**NOTE G - RETIREMENT PLAN**

The Town has a defined contribution retirement plan for all eligible employees. The plan provides for employer matching contributions up to three percent of total wages. Employees who have received at least \$5,000 in compensation during any of the two immediately preceding years and who are expected to receive at least \$5,000 in compensation during the current year are eligible to participate in the plan. Retirement expense for the year ended June 30, 2014 was \$4,945.

TOWN OF ENGLEWOOD, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2014

**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 - 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, 2014, \$126,983 of the commitment remained.



SUPPLEMENTARY INFORMATION

TOWN OF ENGLEWOOD, TENNESSEE

**INVESTMENTS**

June 30, 2014

	<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	\$ 51,363
<u>Water and Sewer Fund – Certificate of Deposit</u> Citizens Bank	0.20%	8/18/15	<u>82,593</u>
			<u>\$ 133,957</u>

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

**PROPERTY TAXES RECEIVABLE**

June 30, 2014

<u>Year of Levy</u>	<u>Rate</u>	<u>Total Assessment</u>	<u>Levy</u>	<u>Balance June 30, 2013</u>
2014	\$ 1.440	\$ 14,839,556	\$ 213,674	\$ 0
2013	1.250	15,046,855	188,125	188,125
2012	1.162	15,496,461	179,069	10,425
2011	1.162	15,324,319	178,131	7,137
2010	1.162	15,038,514	174,739	3,036
2009	1.162	15,348,718	178,367	822
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
2004	1.440	11,880,172	171,074	0
				<u>\$ 209,731</u>

Property taxes unpaid for 2008 through 2012 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, 2014</u>
\$ 213,674	\$ 0	\$ 0	\$ 213,674
0	(3,046)	171,578	13,501
0	0	3,457	6,968
0	0	1,276	5,861
0	0	438	2,598
0	0	502	320
0	0	0	185
0	0	0	0
0	0	0	0
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 213,674</u>	<u>\$ (3,046)</u>	<u>\$ 177,251</u>	<u>\$ 243,108</u>

TOWN OF ENGLEWOOD, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

June 30, 2014

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Governmental Activities:</u>			
Capital Outlay Note, Series 2013			
Year ending June 30,			
2015	\$ 3,283	\$ 1,208	\$ 4,491
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	4,365	126	4,491
	<u>\$ 41,809</u>	<u>\$ 7,593</u>	<u>\$ 49,401</u>

Business-Type Activities:

Water and Sewer Revenue Bonds,  
Series 2001

Year ending June 30,			
2015	\$ 10,669	\$ 22,019	\$ 32,688
2016	11,186	21,502	32,688
2017	11,730	20,958	32,688
2018	12,299	20,389	32,688
2019	12,896	19,792	32,688
2020	13,522	19,166	32,688
2021	14,179	18,509	32,688
2022	14,867	17,821	32,688
2023	15,589	17,099	32,688
2024	16,346	16,342	32,688
2025	17,139	15,549	32,688

TOWN OF ENGLEWOOD, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2014

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Water and Sewer Revenue Bonds, Series 2001 (continued)			
Year ending June 30,			
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>\$ 466,214</u>	<u>\$ 318,703</u>	<u>\$ 784,917</u>

2006 State Revolving Fund Loan

Year ending June 30,			
2015	\$ 11,196	\$ 0	\$ 11,196
2016	11,196	0	11,196
2017	11,196	0	11,196
2018	11,196	0	11,196
2019	11,196	0	11,196
2020	11,196	0	11,196

TOWN OF ENGLEWOOD, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2014

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006 State Revolving Fund Loan (continued)			
Year ending June 30,			
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>\$ 150,194</u>	<u>\$ 0</u>	<u>\$ 150,194</u>

Capital Outlay Note, Series 2013

Year ending June 30,			
2015	\$ 6,566	\$ 2,417	\$ 8,983
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>\$ 82,015</u>	<u>\$ 15,188</u>	<u>\$ 97,203</u>

TOWN OF ENGLEWOOD, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2014

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Loan payable to natural gas fund			
Year ending June 30,			
2015	\$ 15,000	\$ 0	\$ 15,000
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>\$ 118,389</u>	<u>\$ 0</u>	<u>\$ 118,389</u>
Capital Outlay Note, Series 2013			
Year ending June 30,			
2015	\$ 1,094	\$ 403	\$ 1,497
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	1,454	42	1,496
	<u>\$ 13,934</u>	<u>\$ 2,532</u>	<u>\$ 16,466</u>

See the accompanying independent accountants' audit report.



TOWN OF ENGLEWOOD, TENNESSEE

**UTILITY RATES AND METERED CUSTOMERS**

June 30, 2014

<u>WATER</u>	<u>Inside Town</u>	<u>Outside Town</u>
Utility Rates		
Residential		
First 2,500 (3/4" meter, minimum monthly bill)	\$ 12.94	\$ 24.70
First 2,500 (2" meter, minimum monthly bill)	41.29	78.83
First 2,500 (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 customers is 140% of monthly water bill.

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	1,427
Sewer	586
Natural Gas	268

See the accompanying independent accountants' audit report.



## AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0  
American Water Works Association  
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? Click to access definition  
+ Click to add a comment

Water Audit Report for: **Englewood Water & Gas (0000224)**  
Reporting Year: **2014**    **7/2013 - 6/2014**

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

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

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

Master Meter and Supply Error Adjustments

### WATER SUPPLIED

		<----- Enter grading in column 'E' and 'J' ----->			
Volume from own sources:	<input type="button" value="+"/> <input type="button" value="?"/> 9	77.170	MG/Yr	<input type="button" value="+"/> <input type="button" value="?"/> 5	1.00%
Water imported:	<input type="button" value="+"/> <input type="button" value="?"/> 9	42.280	MG/Yr	<input type="button" value="+"/> <input type="button" value="?"/> 2	1.00%
Water exported:	<input type="button" value="+"/> <input type="button" value="?"/> n/a	0.000	MG/Yr	<input type="button" value="+"/> <input type="button" value="?"/> 2	

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

**WATER SUPPLIED:**    **118.267** MG/Yr

### AUTHORIZED CONSUMPTION

Billed metered:	<input type="button" value="+"/> <input type="button" value="?"/> 6	60.587	MG/Yr	<input type="button" value="+"/> <input type="button" value="?"/> 6	
Billed unmetered:	<input type="button" value="+"/> <input type="button" value="?"/> n/a	0.000	MG/Yr	<input type="button" value="+"/> <input type="button" value="?"/> 6	
Unbilled metered:	<input type="button" value="+"/> <input type="button" value="?"/> 10	25.523	MG/Yr	<input type="button" value="+"/> <input type="button" value="?"/> 10	
Unbilled unmetered:	<input type="button" value="+"/> <input type="button" value="?"/> 10	1.666	MG/Yr	<input type="button" value="+"/> <input type="button" value="?"/> 10	

Unbilled Unmetered volume entered is greater than the recommended default value

**AUTHORIZED CONSUMPTION:**    **87.776** MG/Yr

Click here:  for help using option buttons below

Pcnt:    Value:  MG/Yr

Use buttons to select percentage of water supplied OR value

Pcnt:    Value:

MG/Yr  
   MG/Yr

### WATER LOSSES (Water Supplied - Authorized Consumption)

**30.491** MG/Yr

#### Apparent Losses

Unauthorized consumption:      **0.296** MG/Yr

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

Customer metering inaccuracies:   5    4.771 MG/Yr  
Systematic data handling errors:      0.151 MG/Yr

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

**Apparent Losses:**    **5.218** MG/Yr

#### Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:     **25.273** MG/Yr

**WATER LOSSES:**    **30.491** MG/Yr

### NON-REVENUE WATER

**NON-REVENUE WATER:**        **57.680** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

### SYSTEM DATA

Length of mains:   6    70.0 miles  
Number of active AND inactive service connections:   8    1,463  
Service connection density:     21 conn./mile main

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

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

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

Average operating pressure:   8    65.0 psi

### COST DATA

Total annual cost of operating water system:   10    \$554,756 \$/Year  
Customer retail unit cost (applied to Apparent Losses):   10    \$13.60 \$/1000 gallons (US)  
Variable production cost (applied to Real Losses):   10    \$1,507.51 \$/Million gallons     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



**AWWA Free Water Audit Software:  
System Attributes and Performance Indicators**

WAS v5.0  
American Water Works Association  
Copyright © 2014. All Rights Reserved.

Water Audit Report for: **Englewood Water & Gas (0000224)**  
Reporting Year: **2014** | **7/2013 - 6/2014**

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

**System Attributes:**

Apparent Losses:	<input type="text" value="5.218"/>	MG/Yr
+ Real Losses:	<input type="text" value="25.273"/>	MG/Yr
= <b>Water Losses:</b>	<input type="text" value="30.491"/>	MG/Yr

Unavoidable Annual Real Losses (UARL):  MG/Yr

Annual cost of Apparent Losses:

Annual cost of Real Losses:  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:   
Non-revenue water as percent by cost of operating system:  Real Losses valued at Variable Production Cost

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

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

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

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

TOWN OF ENGLEWOOD, TENNESSEE

**PRINCIPAL OFFICIALS**

June 30, 2014

Tony Hawn, Mayor  
Alan Phillips, Vice Mayor  
Jerry Shirk, Commissioner  
Jeanie Nichols, Commissioner  
Wes Atwell, Commissioner  
Jamie Moses, Town Manager  
Haley Guidry, City Recorder  
Sondra Denton, CMFO

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, 2014, 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 February 9, 2015.

**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 February 9, 2015.

## **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*

February 9, 2015

TOWN OF ENGLEWOOD, TENNESSEE

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

Year Ended June 30, 2014

Financial Statement Findings

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2013-A-1	Financial Oversight	Corrected
2013-A-2	Competitive Bidding	Corrected