

Financial Statements

TOWN OF ENGLEWOOD, TENNESSEE

Year Ended June 30, 2016

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Town of Englewood, Tennessee as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Town of Englewood, Tennessee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of Town of Englewood, Tennessee as of June 30, 2016, the respective changes in its financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the general fund and the drug fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

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

The schedules of investments, property taxes receivable, long-term debt requirements and expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of investments, property taxes receivable, long-term debt requirements and expenditures of federal awards and state financial assistance 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 April 10, 2017, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Englewood, Tennessee's internal control over financial reporting and compliance.

Mitchell Emert + Hill

April 10, 2017

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Management's Discussion and Analysis For the Year Ended June 30, 2016

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, 2016. 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, 2016 by \$5,796,957 (\$5,664,283 in 2015).
- The Town's net position increased by \$132,673 (\$114,937 in 2015) or 2 percent during the year ended June 30, 2016 (2 percent in 2015).
- At June 30, 2016 the Town's governmental funds reported combined ending fund balances of \$757,692, an increase of \$107,449 for the year ended June 30, 2016. At June 30, 2015 the Town's governmental funds reported combined ending fund balances of \$650,242, an increase of \$198,901 for the year ended June 30, 2015. Of the total fund balances, \$690,577 (\$586,818 in 2015) is unassigned and available for ongoing operations.
- At June 30, 2016 the unassigned general fund balance was \$690,577 (\$586,818 in 2015) or 74 percent (72 percent in 2015) of general fund expenditures. These unassigned fund balances demonstrate 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.

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 report functions of the Town that are principally supported by taxes and intergovernmental revenue (governmental 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 activities of the Town include water and sewer services provided by the water and sewer fund and natural gas services provided by the natural gas fund.

The government-wide financial statements can be found on pages 11 to 13 of this report.

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

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

By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures and changes in fund balances for the general fund and the drug fund, both of which are considered to be major funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for both major funds and are presented on pages 19 to 27.

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

The Town's enterprise funds, the water and sewer fund and the natural gas fund, are major funds and are reported separately in the government-wide and fund financial statements. The proprietary fund financial statements are presented on pages 28 to 31 in the basic financial statements.

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

Internal Control and Compliance Section - This includes the auditors' report on the Town's internal controls and compliance and a schedule of finding, recommendation and management response.

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, 2016 the Town's net position was \$5,796,957 (\$5,664,283 in 2015).

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>2016</u>	<u>2015</u>
ASSETS		
Current assets	\$ 2,095,490	\$ 1,721,692
Capital assets, net of accumulated depreciation	<u>4,947,498</u>	<u>5,128,230</u>
	<u>\$ 7,042,988</u>	<u>\$ 6,849,922</u>
LIABILITIES		
Current liabilities	\$ 275,073	\$ 234,386
Noncurrent liabilities	<u>749,959</u>	<u>733,771</u>
	1,025,032	968,157
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	220,998	217,481
NET POSITION		
Net investment in capital assets	4,152,026	4,350,625
Restricted	45,095	41,405
Unrestricted	<u>1,599,836</u>	<u>1,272,254</u>
	<u>5,796,957</u>	<u>5,664,283</u>
	<u>\$ 7,042,988</u>	<u>\$ 6,849,922</u>

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

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

	<u>2016</u>	<u>2015</u>
REVENUE		
Program Revenue:		
Fees, fines and charges for services	\$ 1,538,398	\$ 1,457,867
Operating grants and contributions	64,885	62,584
General Revenue:		
Local taxes	369,830	344,793
Intergovernmental	162,970	155,553
Interest income	2,794	2,230
Miscellaneous	<u>14,016</u>	<u>3,188</u>
	2,152,893	2,026,214

	<u>2016</u>	<u>2015</u>
EXPENSES		
General government	259,171	235,494
Public safety	411,586	374,723
Public welfare	90,219	76,497
Highways and streets	141,507	78,864
Solid waste collection and disposal	83,044	73,277
Interest on long-term debt	4,006	1,953
Natural gas	198,184	219,130
Water and sewer	<u>832,503</u>	<u>851,339</u>
	<u>2,020,220</u>	<u>1,911,277</u>
Increase in net position	132,673	114,937
Net position at the beginning of the year	<u>5,664,283</u>	<u>5,549,346</u>
Net position at the end of the year	<u>\$ 5,796,957</u>	<u>\$ 5,664,283</u>

Governmental Activities - Governmental activities during the year ended June 30, 2016 increased the Town's net position by \$82,032 (\$125,646 in 2015).

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, 2016 increased the Town's net position by \$50,641 (decreased by \$10,710 in 2015). The water and sewer fund reported an increase of \$105,804 (decrease of \$1,874 in 2015) and the natural gas fund reported a decrease of \$55,163 (\$8,835 in 2015).

Capital Assets

The Town's investment in capital assets as of June 30, 2016 was \$4,947,498 (\$5,128,230 in 2015) net of accumulated depreciation.

	<u>2016</u>	<u>2015</u>
Land and land improvements	\$ 224,731	\$ 224,731
Construction in process	69,200	0
Buildings	512,774	512,774
Utility Plant	7,517,124	7,517,124
Office equipment	15,261	12,746
Equipment	542,884	527,839
Vehicles	428,156	428,156
Accumulated depreciation	<u>(4,362,632)</u>	<u>(4,095,140)</u>
	<u>\$ 4,947,498</u>	<u>\$ 5,128,230</u>

The major capital asset additions during the year ended June 30, 2016 were as follows:

Construction in process	\$ 69,200
Equipment	15,045
Office equipment	<u>2,515</u>
	<u>\$ 86,760</u>

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

Debt Administration

At June 30, 2016 the Town’s proprietary funds had outstanding debt of \$713,941 (\$785,893 in 2015) consisting of the following:

	<u>2016</u>	<u>2015</u>
Revenue bonds	\$ 444,359	\$ 455,545
Capital outlay notes	80,080	87,961
State Revolving Fund loans	189,502	138,998
Interfund loan	<u>0</u>	<u>103,389</u>
Total debt-principal	713,941	785,893
Less: current portion due	<u>(31,035)</u>	<u>(45,263)</u>
 Total long-term debt-principal	 <u>\$ 682,906</u>	 <u>\$ 740,630</u>

During the year ended June 30, 2016, the Town retired \$133,652 (\$44,854 in 2015) of its proprietary funds debt.

At June 30, 2016 the Town’s governmental funds had outstanding debt of \$81,530 (\$95,101 in 2015) consisting of the following:

	<u>2016</u>	<u>2015</u>
Capital outlay notes	\$ 81,530	\$ 95,101
Less: current portion due	<u>(14,477)</u>	<u>(13,571)</u>
 Total long-term debt-principal	 <u>\$ 67,053</u>	 <u>\$ 81,530</u>

During the year ended June 30, 2016, the Town retired \$13,571 (\$5,708 in 2015) of its governmental funds debt.

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

Financial Analysis of the Town's Funds

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

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The general fund's fund balance increased by \$103,759 during the year ended June 30, 2016 (\$196,399 in 2015).

Proprietary Funds - The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position for the water and sewer fund for the year ended June 30, 2016 was \$630,641 (\$276,467 in 2015). The unrestricted net position for the natural gas fund for the year ended June 30, 2016 was \$184,408 (\$234,940 in 2015).

Budgetary Highlights

There were no significant changes between original budgeted revenue or expenditures and the final amended budgeted revenue or expenditures for the drug fund.

During the year ended June 30, 2016, final amended budgeted revenue of the general fund increased approximately \$113,000 from original budgeted revenue and final amended budgeted expenditures increased approximately \$56,000 from original budgeted expenditures.

Economic Factors and Next Year's Budgets and Rates

The Mayor and Board of Commissioners approved the budget for the year ending June 30, 2017. The estimated revenue and appropriations did not vary significantly from the budget for the year ended June 30, 2016. Property tax rates for the 2017 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:

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

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Cash	\$ 673,438	\$ 799,211	\$ 1,472,648
Certificates of deposit	51,699	83,133	134,831
Accounts receivable, net of allowance for uncollectible accounts	3,249	106,652	109,901
Property taxes receivable, net of allowance for uncollectible accounts	270,464	0	270,464
Due from other governments	38,128	0	38,128
Taxes receivable	16,290	0	16,290
Internal balances	(5,351)	5,351	0
Natural gas for resale	0	31,209	31,209
Prepaid expenses	22,020	0	22,020
Capital assets not being depreciated	114,580	101,329	215,909
Capital assets being depreciated, net of accumulated depreciation	<u>619,150</u>	<u>4,112,439</u>	<u>4,731,589</u>
	<u>\$ 1,803,666</u>	<u>\$ 5,239,322</u>	<u>\$ 7,042,988</u>

See the accompanying notes to the financial statements.

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Accounts payable	\$ 12,963	\$ 29,430	\$ 42,393
Accrued vacation	6,017	13,569	19,586
Current portion of long-term debt	14,477	31,035	45,512
Customer deposits	75	167,507	167,582
Long-term debt, net of current portion	<u>67,053</u>	<u>682,906</u>	<u>749,959</u>
	100,585	924,447	1,025,032
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	220,998	0	220,998
NET POSITION			
Net investment in capital assets	652,200	3,499,826	4,152,026
Restricted:			
Drug enforcement	45,095	0	45,095
Unrestricted	<u>784,787</u>	<u>815,049</u>	<u>1,599,836</u>
	<u>1,482,082</u>	<u>4,314,875</u>	<u>5,796,957</u>
	<u>\$ 1,803,666</u>	<u>\$ 5,239,322</u>	<u>\$ 7,042,988</u>

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

		<u>Program Revenue</u>	
	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental Activities:			
General government	\$ 259,171	\$ 383	\$ 0
Public safety	411,586	384,363	4,452
Public welfare	90,219	13,286	18,312
Streets and highways	141,507	0	42,121
Solid waste collection and disposal	83,044	60,379	0
Interest on long-term debt	<u>4,006</u>	<u>0</u>	<u>0</u>
Total governmental activities	989,533	458,411	64,885
Business-Type Activities:			
Water and sewer	832,503	937,234	0
Natural gas	<u>198,184</u>	<u>142,753</u>	<u>0</u>
Total business-type activities	<u>1,030,687</u>	<u>1,079,987</u>	<u>0</u>
	<u>\$ 2,020,220</u>	<u>\$ 1,538,398</u>	<u>\$ 64,885</u>

Net (Expense)Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (258,788)	\$ 0	\$ (258,788)
(22,772)	0	(22,772)
(58,621)	0	(58,621)
(99,386)	0	(99,386)
(22,665)	0	(22,665)
(4,006)	0	(4,006)
(466,237)	0	(466,237)
0	104,731	104,731
0	(55,431)	(55,431)
0	49,300	49,300
<u>\$ (466,237)</u>	<u>\$ 49,300</u>	<u>\$ (416,937)</u>

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF ACTIVITIES

(continued)

Year Ended June 30, 2016

NET (EXPENSE) FROM PROGRAM ACTIVITIES

General Revenue:

Taxes:

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

Intergovernmental

Interest

Miscellaneous

Total general revenue

CHANGES IN NET POSITION

NET POSITION AT THE BEGINNING OF THE YEAR

NET POSITION AT THE END OF THE YEAR

See the accompanying notes to the financial statements.

Net (Expense)Revenue and
Changes In Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (466,237)	\$ 49,300	\$ (416,937)
230,333	0	\$ 230,333
1,671	0	1,671
16,624	0	16,624
78,078	0	78,078
2,126	0	2,126
25,823	0	25,823
15,175	0	15,175
162,970	0	162,970
1,454	1,341	2,794
14,016	0	14,016
<u>548,269</u>	<u>1,341</u>	<u>549,609</u>
82,032	50,641	132,673
<u>1,400,050</u>	<u>4,264,234</u>	<u>5,664,283</u>
<u>\$ 1,482,082</u>	<u>\$ 4,314,875</u>	<u>\$ 5,796,957</u>

TOWN OF ENGLEWOOD, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2016

	<u>General Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
ASSETS			
Cash	\$ 628,343	\$ 45,095	\$ 673,438
Certificate of deposit	51,699	0	51,699
Property taxes receivable, net of allowance for uncollectible accounts of \$5,000	270,464	0	270,464
Due from other governments	38,128	0	38,128
Taxes receivable	16,290	0	16,290
Accounts receivable	3,249	0	3,249
Prepaid expenses	22,020	0	22,020
	<u>\$ 1,030,192</u>	<u>\$ 45,095</u>	<u>\$ 1,075,287</u>
LIABILITIES			
Accounts payable	\$ 12,963	\$ 0	\$ 12,963
Due to other funds	5,351	0	5,351
Customer deposits	75	0	75
Accrued vacation	6,017	0	6,017
	<u>24,406</u>	<u>0</u>	<u>24,406</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	270,464	0	270,464
Deferred state shared and local taxes	22,725	0	22,725
	<u>293,189</u>	<u>0</u>	<u>293,189</u>
FUND BALANCES			
Nonspendable	22,020	0	22,020
Restricted	0	45,095	45,095
Unassigned	690,577	0	690,577
	<u>712,597</u>	<u>45,095</u>	<u>757,692</u>
	<u>\$ 1,030,192</u>	<u>\$ 45,095</u>	<u>\$ 1,075,287</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, 2016

Total Fund Balance - Governmental Funds	\$ 757,692
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.	733,730
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.	72,191
Long-term liabilities are not due in the current period; therefore, they are not reported in the governmental funds balance sheet.	<u>(81,530)</u>
Net Position of Governmental Activities	<u>\$ 1,482,082</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

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

Year Ended June 30, 2016

	<u>General Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
REVENUE			
Taxes:			
Property tax	\$ 208,012	\$ 0	\$ 208,012
Interest and penalty	1,671	0	1,671
In-Lieu of tax payments	16,624	0	16,624
Local sales tax	77,658	0	77,658
Business tax	2,081	0	2,081
Wholesale beer tax	25,823	0	25,823
Cable TV franchise tax	15,175	0	15,175
Intergovernmental	214,919	0	214,919
Licenses and permits	305	0	305
Charges for services	72,818	0	72,818
Fines and forfeitures	375,220	7,269	382,490
Donations	12,152	0	12,152
Interest	1,346	107	1,454
Rent	925	0	925
Police auction	1,873	0	1,873
Miscellaneous	13,891	125	14,016
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE	1,040,494	7,501	1,047,996

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2016

	<u>General Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
EXPENDITURES			
Current:			
General government	236,748	0	236,748
Public safety	376,542	3,811	380,353
Public welfare	83,924	0	83,924
Streets and highways	135,550	0	135,550
Waste management	67,335	0	67,335
Capital outlay	19,060	0	19,060
Debt service	17,577	0	17,577
TOTAL EXPENDITURES	<u>936,735</u>	<u>3,811</u>	<u>940,546</u>
EXCESS OF REVENUE OVER EXPENDITURES	103,759	3,690	107,449
FUND BALANCES AT THE BEGINNING OF THE YEAR	<u>608,838</u>	<u>41,405</u>	<u>650,242</u>
FUND BALANCES AT THE END OF THE YEAR	<u>\$ 712,597</u>	<u>\$ 45,095</u>	<u>\$ 757,692</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, 2016

Excess of Revenue Over Expenditures - Governmental Funds	\$ 107,449
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	19,060
Depreciation expense	(81,618)
Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities.	13,571
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 tax revenue - June 30, 2015	(48,622)
Deferred tax revenue - June 30, 2016	<u>72,191</u>
Change in Net Position of Governmental Activities	<u>\$ 82,032</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

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

Year Ended June 30, 2016

	Budget		Actual	Variance
	Original	Final		Over (Under)
REVENUE				
Taxes:				
Property tax	\$ 202,200	\$ 207,800	\$ 208,012	\$ 212
Interest and penalty	1,500	1,500	1,671	171
In-Lieu of tax payments	10,000	16,000	16,624	624
Local sales tax	82,900	82,900	77,658	(5,242)
Business tax	3,000	3,000	2,081	(919)
Wholesale beer tax	28,000	28,000	25,823	(2,177)
Cable TV franchise tax	14,000	15,000	15,175	175
	<u>341,600</u>	<u>354,200</u>	<u>347,044</u>	<u>(7,156)</u>
Intergovernmental:				
State income tax	6,400	8,500	7,572	(928)
State beer tax	700	700	748	48
State sales tax	105,000	105,000	123,265	18,265
State gasoline and motor fuel tax	41,900	41,900	41,987	87
Corporate excise tax	3,400	3,400	3,628	228
Telecommunications tax	150	150	129	(21)
TVA In-Lieu of tax payment	20,000	28,995	23,862	(5,133)
City streets and transportation funds	2,700	2,700	3,117	417
Highway safety grant	5,000	5,000	4,452	(548)
LPRF pool grant	0	5,800	5,800	0
Local parks and recreation grant	0	360	360	0
	<u>185,250</u>	<u>202,505</u>	<u>214,919</u>	<u>12,414</u>
Fines and forfeitures	285,000	355,000	375,220	20,220
Licenses and permits	640	410	305	(105)

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Charges for services:				
Community pool admittance fees	5,000	6,880	8,839	1,959
Community pool rental fees	2,000	2,000	1,875	(125)
Community pool concessions	2,500	1,500	1,331	(169)
Solid waste collection fees	61,000	61,000	60,379	(621)
Accident report charges	200	100	78	(22)
Library charges	100	160	266	106
Park and recreation charges	100	100	50	(50)
	<u>70,900</u>	<u>71,740</u>	<u>72,818</u>	<u>1,078</u>
Other revenue:				
Rent	600	925	925	0
Interest	530	530	1,346	816
Donations	12,074	12,151	12,152	1
Police auction	0	2,000	1,873	(127)
Miscellaneous revenue	1,325	11,182	13,891	2,709
	<u>14,529</u>	<u>26,788</u>	<u>30,188</u>	<u>3,400</u>
TOTAL REVENUE	897,919	1,010,643	1,040,494	29,851
EXPENDITURES				
Financial administration:				
Salaries and wages	48,480	48,480	48,512	32
OASDI employer's share	4,000	4,000	3,714	(286)
Death benefit plan	300	300	0	(300)
Unemployment insurance	650	650	136	(514)

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Financial administration (continued):				
Travel	0	0	0	0
Gas, oil and grease	500	500	391	(109)
Computer equipment	2,500	13,376	6,771	(6,605)
Office supplies and materials	750	750	743	(7)
	<u>57,180</u>	<u>68,056</u>	<u>60,267</u>	<u>(7,789)</u>
Judicial:				
Other professional services	4,800	4,800	4,800	0
General government:				
Salaries and wages	46,425	46,425	42,539	(3,886)
OASDI employer's share	3,800	3,800	3,271	(529)
Health insurance	6,880	10,590	10,683	93
Death benefit plan	300	0	0	0
Unemployment insurance	735	400	259	(141)
Employee training	1,500	1,000	1,100	100
Postage	500	500	426	(74)
Publicity, subscriptions and dues	1,600	3,120	2,993	(127)
Accounting and auditing services	7,000	7,000	7,000	0
State planning services	6,750	7,500	7,500	0
Other professional services	20,000	32,250	34,085	1,835
Insurance	47,000	47,575	47,564	(11)
Utilities	3,650	3,650	3,159	(491)
Telephone	3,000	4,070	4,291	221
Repair and maintenance	2,000	1,890	1,548	(342)
Operating supplies	3,000	1,940	1,917	(23)
Weather alert system	500	0	0	0
Clothing and uniforms	500	500	0	(500)

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
General government (continued):				
Travel	500	600	598	(2)
Computer equipment	0	0	0	0
Donations	500	425	0	(425)
	<u>156,140</u>	<u>173,235</u>	<u>168,931</u>	<u>(4,304)</u>
Police department:				
Salaries and wages	196,050	203,841	206,307	2,466
OASDI employer's share	15,800	15,800	16,121	321
Health insurance	29,620	29,620	28,877	(743)
Death benefit plan	500	0	0	0
Unemployment insurance	1,500	1,625	1,667	42
Employee education and training	2,000	1,875	552	(1,323)
Utilities	2,500	2,950	1,589	(1,361)
Telephone	2,000	1,200	1,071	(129)
Professional services	32,500	36,950	39,330	2,380
Small items of equipment	14,500	14,000	12,332	(1,668)
Supplies	1,200	1,551	1,550	(1)
Travel	800	300	65	(235)
Vehicle rental	13,100	15,625	4,258	(11,367)
Operating supplies	1,750	1,800	1,755	(45)
Clothing and uniforms	1,250	2,250	4,441	2,191
Gas, oil and grease	25,000	20,124	17,784	(2,340)
	<u>340,070</u>	<u>349,511</u>	<u>337,699</u>	<u>(11,812)</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Fire department:				
Employee training	2,000	2,000	1,116	(884)
Volunteers	500	500	419	(81)
Utilities	10,135	9,600	8,157	(1,443)
Telephone	900	900	520	(380)
Dues	250	250	250	0
Gas, oil and grease	3,000	3,000	2,600	(400)
Repairs and maintenance	9,000	9,500	11,473	1,973
Operating supplies	7,550	7,550	8,214	664
Insurance	1,500	1,535	1,535	0
Small items of equipment	4,500	4,500	4,558	58
	<u>39,335</u>	<u>39,335</u>	<u>38,843</u>	<u>(492)</u>
City attorney:				
Other professional services	4,000	4,000	2,750	(1,250)
Highways and streets:				
Salaries and wages	30,271	30,271	30,188	(83)
OASDI employer's share	2,000	2,586	2,433	(153)
Health insurance	5,300	5,300	5,623	323
Death benefit plan	205	0	0	0
Unemployment insurance	250	139	139	0
Repairs and maintenance	4,000	4,603	6,189	1,586
Machinery equipment and parts	1,000	2,081	2,080	(1)
Gas, oil and grease	2,000	430	136	(294)
Utilities	28,000	29,300	29,379	79
Roads, streets, and parking	57,900	59,384	59,383	(1)
	<u>130,926</u>	<u>134,094</u>	<u>135,550</u>	<u>1,456</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Community swimming pool:				
Salaries and wages	11,000	11,000	14,216	3,216
OASDI employer's share	1,000	1,000	1,088	88
Unemployment insurance	200	200	262	62
Memberships and registration fees	350	640	640	0
Utilities	11,350	8,360	8,000	(360)
Telephone	200	200	136	(64)
Professional services	0	4,900	4,900	0
Repairs and maintenance	1,500	9,705	2,237	(7,468)
Operating supplies	350	800	97	(703)
Chemical supplies	2,000	2,000	2,497	497
Supplies for resale	750	750	698	(52)
	<u>28,700</u>	<u>39,555</u>	<u>34,772</u>	<u>(4,783)</u>
Parks and recreation:				
Salaries and wages	25,000	21,000	15,475	(5,525)
OASDI employer's share	2,200	1,730	1,184	(546)
Unemployment insurance	125	275	289	14
Utilities	900	900	872	(28)
Repairs and maintenance	3,500	3,430	3,035	(395)
Operating supplies	0	0	65	65
	<u>31,725</u>	<u>27,335</u>	<u>20,919</u>	<u>(6,416)</u>
Library:				
Salaries and wages	14,241	14,241	14,157	(84)
OASDI employer's share	1,200	1,170	1,083	(87)
Unemployment insurance	218	248	257	9
Books, catalogues and brochures	550	550	519	(31)
Utilities	6,750	5,275	5,096	(179)

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Library (continued):				
Telephone	1,600	1,600	1,663	63
Accounting and auditing services	150	150	150	0
Other professional services	450	450	175	(275)
Repairs and maintenance	400	875	875	0
Operating supplies	250	750	383	(367)
Computer equipment	1,000	1,720	1,876	156
Insurance	<u>1,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
	27,809	29,029	28,233	(796)
Solid waste management:				
Salaries and wages	28,280	28,180	30,831	2,651
OASDI employer's share	2,200	2,200	2,347	147
Unemployment insurance	400	550	546	(4)
Accounting and auditing services	2,500	2,500	2,500	0
Repairs and maintenance	5,000	7,537	7,537	0
Landfill services	13,000	13,451	14,611	1,160
Clothing and uniforms	500	360	105	(256)
Office supplies	500	1,016	1,014	(2)
Gas, oil and grease	5,000	3,000	2,828	(172)
Insurance	<u>5,000</u>	<u>5,000</u>	<u>5,017</u>	<u>17</u>
	62,380	63,794	67,335	3,541
Capital outlay:				
General government	0	0	2,515	2,515
Highways and streets	10,363	9,045	9,045	0
Public welfare	<u>0</u>	<u>7,500</u>	<u>7,500</u>	<u>0</u>
	10,363	16,545	19,060	2,515

TOWN OF ENGLEWOOD, TENNESSEE

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

(continued)

Year Ended June 30, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Debt service:				
Note principal	3,378	3,378	13,571	10,193
Interest expense	<u>1,113</u>	<u>1,113</u>	<u>4,006</u>	<u>2,893</u>
	<u>4,491</u>	<u>4,491</u>	<u>17,577</u>	<u>13,086</u>
TOTAL EXPENDITURES	<u>897,919</u>	<u>953,780</u>	<u>936,735</u>	<u>(17,045)</u>
EXCESS OF REVENUE OVER EXPENDITURES	0	56,863	103,759	46,896
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>608,838</u>	<u>608,838</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 56,863</u>	<u>\$ 712,597</u>	<u>\$ 655,734</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, 2016

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
Drug related fines	\$ 6,701	\$ 6,701	\$ 7,269	\$ 568
Miscellaneous	<u>75</u>	<u>75</u>	<u>232</u>	<u>157</u>
TOTAL REVENUE	6,776	6,776	7,501	725
EXPENDITURES				
Salaries and wages	2,768	2,768	2,832	64
OASDI employer's share	235	235	216	(19)
Unemployment insurance	29	29	66	37
Operating supplies	50	50	0	(50)
Other professional services	1,186	1,186	554	(632)
Repairs and maintenance	1,700	1,700	143	(1,557)
Travel and training	<u>300</u>	<u>300</u>	<u>0</u>	<u>(300)</u>
TOTAL EXPENDITURES	<u>6,268</u>	<u>6,268</u>	<u>3,811</u>	<u>(2,457)</u>
EXCESS OF REVENUE OVER EXPENDITURES	508	508	3,690	3,182
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>41,405</u>	<u>41,405</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 508</u>	<u>\$ 508</u>	<u>\$ 45,095</u>	<u>\$ 44,587</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2016

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 612,757	\$ 186,453	\$ 799,211
Certificates of deposit	83,133	0	83,133
Accounts receivable, net of allowance for uncollectible accounts of \$5,000	106,652	0	106,652
Due from other funds	6,870	0	6,870
Natural gas for resale	0	31,209	31,209
	<u>809,412</u>	<u>217,662</u>	<u>1,027,074</u>
CAPITAL ASSETS			
Land	39,372	257	39,629
Construction in progress	61,700	0	61,700
Buildings	97,401	0	97,401
Utility plant	7,263,389	253,735	7,517,124
Equipment	75,580	15,000	90,580
Vehicles	9,867	40,131	49,998
	<u>7,547,310</u>	<u>309,123</u>	<u>7,856,433</u>
Accumulated depreciation	<u>(3,392,343)</u>	<u>(250,321)</u>	<u>(3,642,665)</u>
	<u>4,154,966</u>	<u>58,801</u>	<u>4,213,767</u>
	<u>\$ 4,964,378</u>	<u>\$ 276,463</u>	<u>\$ 5,240,841</u>

See the accompanying notes to the financial statements.

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
<u>LIABILITIES AND NET POSITION</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 28,699	\$ 731	\$ 29,430
Accrued vacation	12,956	613	13,569
Customer deposits	137,117	30,390	167,507
Due to other funds	0	1,519	1,519
Current portion of long-term debt	<u>29,877</u>	<u>1,158</u>	<u>31,035</u>
	208,649	34,411	243,060
LONG-TERM DEBT , net of current portion			
Bonds and notes payable	672,678	10,228	682,906
NET POSITION			
Net investment in capital assets	3,452,410	47,415	3,499,826
Unrestricted	<u>630,641</u>	<u>184,408</u>	<u>815,049</u>
	<u>4,083,051</u>	<u>231,823</u>	<u>4,314,875</u>
	<u>\$ 4,964,378</u>	<u>\$ 276,463</u>	<u>\$ 5,240,841</u>

TOWN OF ENGLEWOOD, TENNESSEE

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

Year Ended June 30, 2016

	Water and Sewer Fund	Natural Gas Fund	Totals
OPERATING REVENUE			
Sales	\$ 899,276	\$ 139,958	\$ 1,039,233
Other operating revenue	37,959	2,795	40,754
TOTAL OPERATING REVENUE	937,234	142,753	1,079,987
OPERATING EXPENSES			
Purchased water/gas	117,089	64,371	181,460
Purification	202,638	0	202,638
Transmission and distribution	94,122	100,393	194,515
Sewer collection lines	10,842	0	10,842
Sewer treatment and disposal	100,846	0	100,846
Customer accounting and collection	46,436	10,140	56,576
Administrative and general expense	57,094	16,701	73,796
Depreciation	180,116	5,758	185,874
TOTAL OPERATING EXPENSES	809,184	197,363	1,006,546
INCOME(LOSS) FROM OPERATIONS	128,051	(54,610)	73,441
NONOPERATING REVENUE(EXPENSE)			
Interest income	1,074	266	1,341
Interest expense	(23,321)	(820)	(24,141)
	(22,247)	(554)	(22,800)
CHANGES IN NET POSITION	105,804	(55,163)	50,641
NET POSITION AT THE			
BEGINNING OF THE YEAR	3,977,247	286,986	4,264,234
NET POSITION AT THE			
END OF THE YEAR	\$ 4,083,051	\$ 231,823	\$ 4,314,875

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended June 30, 2016

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
CASH PROVIDED(USED) BY OPERATING ACTIVITIES			
Cash received from customers	\$ 944,194	\$ 142,753	\$ 1,086,947
Cash paid to employees	(209,983)	(51,746)	(261,729)
Cash paid to suppliers	<u>(416,897)</u>	<u>(120,205)</u>	<u>(537,102)</u>
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	317,314	(29,198)	288,116
CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	61,700	0	61,700
Principal payments on long-term debt	(132,526)	(1,126)	(133,652)
Acquisition of property and equipment	(67,700)	0	(67,700)
Interest paid on debt	<u>(23,321)</u>	<u>(820)</u>	<u>(24,141)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(161,847)	(1,946)	(163,793)
CASH PROVIDED(USED) BY INVESTING ACTIVITIES			
Collections on note receivable	0	103,389	103,389
Interest received	<u>1,074</u>	<u>266</u>	<u>1,341</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,074</u>	<u>103,655</u>	<u>104,730</u>
NET INCREASE IN CASH	156,542	72,512	229,054
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>539,348</u>	<u>113,941</u>	<u>653,289</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 695,890</u>	<u>\$ 186,453</u>	<u>\$ 882,343</u>

TOWN OF ENGLEWOOD, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2016

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
RECONCILIATION OF INCOME(LOSS) FROM OPERATIONS TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES			
Income(loss) from operations	\$ 128,051	\$ (54,610)	\$ 73,441
Adjustments to reconcile income(loss) from operations to net cash provided(used) by operating activities:			
Depreciation	180,116	5,758	185,874
(Increase)decrease in:			
Accounts receivable	(6,960)	0	(6,960)
Inventory	0	14,594	14,594
Due from other funds	(2,696)	4,738	2,042
Increase(decrease) in:			
Accounts payable	14,593	(3,411)	11,182
Accrued vacation	6,753	613	7,365
Due to other funds	(8,504)	1,519	(6,985)
Customer deposits	5,962	1,600	7,562
	<u>189,264</u>	<u>25,410</u>	<u>214,674</u>
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	<u>\$ 317,314</u>	<u>\$ (29,198)</u>	<u>\$ 288,116</u>

See the accompanying notes to the financial statements.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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 the Town. As of June 30, 2016, 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, 2016

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. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of 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, 2016

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 operate and maintain 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, 2016.

Proprietary fund 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 a proprietary fund's principal ongoing operations. The principal operating revenue of the Town's proprietary funds is charges to customers for sales and services. The Town also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2016

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 is not included in the calculation of net investment in capital assets. 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, 2016 has been calculated as follows:

Governmental Activities:

Capital assets	\$ 1,453,698
Accumulated depreciation	(719,968)
Principal balance on long-term debt	<u>(81,530)</u>
	<u>\$ 652,200</u>

Business-Type Activities:

Water and Sewer Fund:	
Capital assets	\$ 7,547,310
Accumulated depreciation	(3,392,343)
Principal balance on long-term debt	<u>(702,555)</u>
	<u>\$ 3,452,410</u>

Natural Gas Fund:

Capital assets	\$ 309,123
Accumulated depreciation	(250,321)
Principal balance on long-term debt	<u>(11,386)</u>
	<u>\$ 47,415</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2016

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. Net position of the drug fund is classified as restricted net position because its use is limited to police 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 Balances

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

Restricted Fund Balances

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 Balances

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, 2016

Assigned Fund Balances

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 Balances

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 of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 50 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2016

Materials and Supplies

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

Compensated Absences

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

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

Allowance for Uncollectible Accounts

An allowance for uncollectible accounts receivable and taxes receivable is provided based upon historical trends. The allowances for uncollectible accounts at June 30, 2016 were as follows:

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

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, 2016 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Cash on hand	\$ 200	\$ 0	\$ 200
Bank deposits (checking and savings accounts)	673,238	799,211	1,472,449
Certificates of deposit	<u>51,699</u>	<u>83,133</u>	<u>134,831</u>
Totals	<u>\$ 725,137</u>	<u>\$ 882,344</u>	<u>\$ 1,607,481</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2016

State of Tennessee law authorizes the Town to invest in obligations of the United States of America or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States of America or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the Tennessee Department of Treasury Local Government Investment Pool (LGIP). The LGIP contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

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

1. Insured or collateralized with securities held by the Town or by its agent in the Town's name.
2. Collateralized with securities held by the agent in the Town's name.
3. Uncollateralized.

Bank balances held in each category are as follows:

Insured - FDIC	\$ 250,000
Collateralized with securities held by the Town	800,000
Uncollateralized	<u>98,029</u>
	<u>\$ 1,148,029</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2016

NOTE D - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016 was as follows:

	<u>Balance</u> <u>7/1/15</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/16</u>
Governmental Activities:				
<u>Capital assets not being depreciated</u>				
Land	\$ 107,080	\$ 0	\$ 0	\$ 107,080
Construction in process	0	7,500	0	7,500
<u>Capital assets being depreciated</u>				
Buildings	415,373	0	0	415,373
Land improvements	78,022	0	0	78,022
Vehicles	378,158	0	0	378,158
Office equipment	7,263	2,515	0	9,778
Equipment	<u>448,742</u>	<u>9,045</u>	<u>0</u>	<u>457,787</u>
	1,327,558	11,560	0	1,339,118
<u>Accumulated depreciation</u>				
Buildings	(133,025)	(12,626)	0	(145,651)
Land improvements	(29,759)	(5,042)	0	(34,801)
Vehicles	(159,530)	(37,946)	0	(197,475)
Office equipment	(5,933)	(1,305)	0	(7,238)
Equipment	<u>(310,104)</u>	<u>(24,699)</u>	<u>0</u>	<u>(334,803)</u>
	<u>(638,350)</u>	<u>(81,618)</u>	<u>0</u>	<u>(719,968)</u>
	<u>\$ 796,288</u>	<u>\$ (62,558)</u>	<u>\$ 0</u>	<u>\$ 733,730</u>

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

General government	\$ 19,252
Public safety	31,234
Public welfare	9,467
Streets and highways	5,956
Solid waste collection and disposal	<u>15,709</u>
	<u>\$ 81,618</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2016

	<u>Balance</u> <u>7/1/15</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/16</u>
Business-Type Activities:				
Water and Sewer Fund				
<u>Capital assets not being depreciated</u>				
Land	\$ 39,372	\$ 0	\$ 0	\$ 39,372
Construction in process	<u>0</u>	<u>61,700</u>	<u>0</u>	<u>61,700</u>
	39,372	61,700	0	101,072
<u>Capital assets being depreciated</u>				
Buildings	97,401	0	0	97,401
Utility plant	7,263,389	0	0	7,263,389
Equipment	64,097	6,000	0	70,097
Office equipment	5,483	0	0	5,483
Vehicles	<u>9,867</u>	<u>0</u>	<u>0</u>	<u>9,867</u>
	7,440,237	6,000	0	7,446,237
<u>Accumulated depreciation</u>				
Buildings	(40,279)	(3,615)	0	(43,894)
Utility plant	(3,145,764)	(169,143)	0	(3,314,907)
Equipment	(15,813)	(6,647)	0	(22,460)
Office equipment	(2,616)	(378)	0	(2,994)
Vehicles	<u>(7,756)</u>	<u>(333)</u>	<u>0</u>	<u>(8,089)</u>
	<u>(3,212,227)</u>	<u>(180,116)</u>	<u>0</u>	<u>(3,392,343)</u>
	<u>\$ 4,267,383</u>	<u>\$ (112,416)</u>	<u>\$ 0</u>	<u>\$ 4,154,966</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2016

	<u>Balance</u> <u>7/1/15</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/16</u>
Natural Gas Fund				
<u>Capital assets not being depreciated</u>				
Land	\$ 257	\$ 0	\$ 0	\$ 257
<u>Capital assets being depreciated</u>				
Utility plant	253,735	0	0	253,735
Equipment	15,000	0	0	15,000
Vehicles	<u>40,131</u>	<u>0</u>	<u>0</u>	<u>40,131</u>
	308,866	0	0	308,866
<u>Accumulated depreciation</u>				
Utility plant	(211,207)	(3,997)	0	(215,204)
Equipment	(3,375)	(1,500)	0	(4,875)
Vehicles	<u>(29,982)</u>	<u>(260)</u>	<u>0</u>	<u>(30,242)</u>
	<u>(244,564)</u>	<u>(5,758)</u>	<u>0</u>	<u>(250,321)</u>
	<u>\$ 64,559</u>	<u>\$ (5,758)</u>	<u>\$ 0</u>	<u>\$ 58,801</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2016

NOTE E - LONG-TERM DEBT

Long-term debt at June 30, 2016 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	\$ 35,148
Capital lease due in monthly installments of \$545 including interest at 7.598% through 2019 with a bargain purchase option at the end of the lease	23,191
Capital lease due in monthly installments of \$545 including interest at 7.598% through 2019 with a bargain purchase option at the end of the lease	<u>23,191</u>
	81,530
Less current maturities	<u>(14,477)</u>
	<u>\$ 67,053</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2016

Business-Type Activities:

Water and Sewer Revenue Bonds, Series 2001 due in monthly installments of \$2,724, including interest at 4.75% through 2039	\$ 444,359
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	68,694
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	11,386
2006 State Revolving Fund Loan, interest rate of 0.00% due in monthly installments of \$933 through 2027	127,802
2016 State Revolving Fund Loan, interest rate of 0.20%, maturity date determined when project is completed	<u>61,700</u>
	713,941
Less current maturities	<u>(31,035)</u>
	<u>\$ 682,906</u>

Maturities of long-term debt as of June 30, 2016 are as follows:

Governmental Activities:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 14,477	\$ 3,100	\$ 17,577
2018	15,446	2,131	17,577
2019	27,189	1,116	28,305
2020	3,785	706	4,491
2021	3,895	596	4,491

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2016

Governmental Activities (continued):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	4,007	484	4,491
2023	4,123	368	4,491
2024	4,242	249	4,491
2025	<u>4,365</u>	<u>126</u>	<u>4,491</u>
	<u>\$ 81,530</u>	<u>\$ 8,876</u>	<u>\$ 90,406</u>

Business-Type Activities:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 31,035	\$ 23,328	\$ 54,363
2018	31,839	22,525	54,363
2019	32,677	21,687	54,363
2020	33,551	20,813	54,363
2021	34,463	19,901	54,364
2022	35,414	18,950	54,363
2023	36,406	17,957	54,363
2024	37,441	16,922	54,363
2025	36,586	15,843	52,430
2026	29,167	14,717	43,884
2027	30,040	13,844	43,884
2028	24,404	12,930	37,334
2029	20,718	11,970	32,688
2030	21,723	10,965	32,688
2031	22,778	9,910	32,688
2032	23,884	8,804	32,688
2033	25,043	7,645	32,688
2034	26,259	6,429	32,688
2035	27,534	5,154	32,688
2036	28,871	3,817	32,688

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2016

Business-Type Activities (continued):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2037	30,272	2,416	32,688
2038	31,742	946	32,688
2039	<u>395</u>	<u>10</u>	<u>405</u>
	<u>\$ 652,241</u>	<u>\$ 287,483</u>	<u>\$ 939,724</u>

Future maturities for the 2016 State Revolving Fund Loan have not been determined yet and are not included in the amounts listed in the business-type activities reported above.

Changes in long-term debt for the year ended June 30, 2016 were as follows:

	<u>Balance 7/1/15</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance 6/30/16</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Capital Outlay Note, Series 2013	\$ 38,526	\$ 0	\$ 3,378	\$ 35,148	\$ 3,475
Capital Lease	28,287	0	5,097	23,191	5,501
Capital Lease	<u>28,287</u>	<u>0</u>	<u>5,097</u>	<u>23,191</u>	<u>5,501</u>
	<u>\$ 95,101</u>	<u>\$ 0</u>	<u>\$ 13,571</u>	<u>\$ 81,530</u>	<u>\$ 14,477</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2016

	<u>Balance</u> <u>7/1/15</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/16</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<u>Business-Type Activities:</u>					
Water and Sewer Revenue Bonds, Series 2001	\$ 455,545	\$ 0	\$ 11,186	\$ 444,359	\$ 11,730
2006 State Revolving Fund Loan	138,998	0	11,196	127,802	11,196
2016 State Revolving Fund Loan	0	61,700	0	61,700	0
Capital Outlay Note, Series 2013	75,449	0	6,755	68,694	6,951
Capital Outlay Note, Series 2013	12,512	0	1,126	11,386	1,158
Water and sewer fund loan payable to natural gas fund	<u>103,389</u>	<u>0</u>	<u>103,389</u>	<u>0</u>	<u>0</u>
	<u>\$ 785,893</u>	<u>\$ 61,700</u>	<u>\$ 133,652</u>	<u>\$ 713,941</u>	<u>\$ 31,035</u>

NOTE F - INTERFUND BALANCES

Amounts due from and due to other funds at June 30, 2016, resulting from short-term advances for shared costs, were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General fund	Water and sewer fund	\$ 5,351
Natural gas fund	Water and sewer fund	<u>1,519</u>
		<u>\$ 6,870</u>

TOWN OF ENGLEWOOD, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2016

NOTE G - RETIREMENT PLAN

The Town provides a SIMPLE IRA retirement savings plan for employees. All employees earning at least \$5,000 in any two preceding years and expected to earn at least \$5,000 in the current year are eligible to participate in the plan. There are different options available which detail how the Town can contribute to the plan. The first option allows the Town to contribute a dollar-for-dollar match of up to 3% for each eligible employee who is contributing to the plan. The second option allows the Town to make nonelective contributions equal to 2% of each eligible employee's compensation per year. Retirement expense for the year ended June 30, 2016 was \$1,104.

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, 2016, \$64,749 of the commitment remained.

SUPPLEMENTARY INFORMATION

TOWN OF ENGLEWOOD, TENNESSEE

INVESTMENTS

June 30, 2016

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
<u>General Fund - Certificate of Deposit</u> Citizens Bank	0.35%	10/18/17	\$ 51,699
<u>Water and Sewer Fund - Certificate of Deposit</u> Citizens Bank	0.20%	10/18/17	<u>83,133</u>
			<u>\$ 134,831</u>

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

PROPERTY TAXES RECEIVABLE

June 30, 2016

<u>Year of Levy</u>	<u>Rate</u>	<u>Total Assessment</u>	<u>Levy</u>	<u>Balance June 30, 2015</u>
2016	\$ 1.440	\$ 15,348,432	\$ 220,998	\$ 0
2015	1.440	15,104,072	217,481	217,481
2014	1.440	14,839,556	213,674	11,306
2013	1.250	15,046,855	188,125	8,437
2012	1.162	15,496,461	179,069	5,595
2011	1.162	15,324,319	178,131	3,966
2010	1.162	15,038,514	174,739	2,365
2009	1.162	15,348,718	178,367	290
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
				<u>\$ 249,626</u>

Property taxes unpaid for 2008 through 2014 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, 2016</u>
\$ 220,998	\$ 0	\$ 0	\$ 220,998
0	12,851	205,542	24,791
0	0	(4,006)	15,312
0	0	4,366	4,071
0	0	0	5,595
0	0	866	3,100
0	0	1,170	1,195
0	0	75	215
0	0	0	185
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 220,998</u>	<u>\$ 12,851</u>	<u>\$ 208,012</u>	<u>\$ 275,464</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

June 30, 2016

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Governmental Activities:</u>			
Capital Outlay Note, Series 2013			
Year ending June 30,			
2017	\$ 3,475	\$ 1,016	\$ 4,491
2018	3,576	915	4,491
2019	3,679	812	4,491
2020	3,785	706	4,491
2021	3,895	596	4,491
2022	4,007	484	4,491
2023	4,123	368	4,491
2024	4,242	249	4,491
2025	4,366	125	4,491
	<u>\$ 35,148</u>	<u>\$ 5,271</u>	<u>\$ 40,419</u>
Capital Lease			
Year ending June 30,			
2017	\$ 5,501	\$ 1,041	\$ 6,542
2018	5,935	608	6,543
2019	11,755	153	11,908
	<u>\$ 23,191</u>	<u>\$ 1,802</u>	<u>\$ 24,993</u>
Capital Lease			
Year ending June 30,			
2017	\$ 5,502	\$ 1,041	\$ 6,543
2018	5,934	608	6,542
2019	11,755	153	11,908
	<u>\$ 23,191</u>	<u>\$ 1,802</u>	<u>\$ 24,993</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2016

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Business-Type Activities:</u>			
Water and Sewer Revenue Bonds, Series 2001			
Year ending June 30,			
2017	\$ 11,730	\$ 20,958	\$ 32,688
2018	12,299	20,389	32,688
2019	12,896	19,792	32,688
2020	13,522	19,166	32,688
2021	14,179	18,509	32,688
2022	14,867	17,821	32,688
2023	15,589	17,099	32,688
2024	16,346	16,342	32,688
2025	17,139	15,549	32,688
2026	17,971	14,717	32,688
2027	18,844	13,844	32,688
2028	19,758	12,930	32,688
2029	20,718	11,970	32,688
2030	21,723	10,965	32,688
2031	22,778	9,910	32,688
2032	23,884	8,804	32,688
2033	25,043	7,645	32,688
2034	26,259	6,429	32,688
2035	27,534	5,154	32,688
2036	28,871	3,817	32,688
2037	30,272	2,416	32,688
2038	31,742	946	32,688
2039	395	10	405
	<u>\$ 444,359</u>	<u>\$ 275,182</u>	<u>\$ 719,541</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2016

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006 State Revolving Fund Loan			
Year ending June 30,			
2017	\$ 11,196	\$ 0	\$ 11,196
2018	11,196	0	11,196
2019	11,196	0	11,196
2020	11,196	0	11,196
2021	11,196	0	11,196
2022	11,196	0	11,196
2023	11,196	0	11,196
2024	11,196	0	11,196
2025	11,196	0	11,196
2026	11,196	0	11,196
2027	11,196	0	11,196
2028	4,646	0	4,646
	<u>\$ 127,802</u>	<u>\$ 0</u>	<u>\$ 127,802</u>
Capital Outlay Note, Series 2013			
Year ending June 30,			
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>\$ 68,694</u>	<u>\$ 10,544</u>	<u>\$ 79,238</u>

TOWN OF ENGLEWOOD, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2016

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Capital Outlay Note, Series 2013			
Year ending June 30,			
2017	\$ 1,158	\$ 339	\$ 1,497
2018	1,192	305	1,497
2019	1,226	271	1,497
2020	1,262	235	1,497
2021	1,298	199	1,497
2022	1,336	161	1,497
2023	1,374	123	1,497
2024	1,414	83	1,497
2025	1,126	42	1,168
	<u>\$ 11,386</u>	<u>\$ 1,758</u>	<u>\$ 13,144</u>

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS

June 30, 2016

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

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

SEWER

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

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

Sewer tap fee is cost plus 10%

NATURAL GAS

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

METERED CUSTOMERS

	<u>Total</u>
Water	1,438
Sewer	583
Natural Gas	283

See the accompanying independent accountants' audit report.



AWWA Free Water Audit Software: Reporting Worksheet

W AS 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: **2016** 7/2015 - 6/2016

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.

WATER SUPPLIED

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

Volume from own sources:	+ ?	9	77.490	MG/Yr
Water imported:	+ ?	9	38.381	MG/Yr
Water exported:	+ ?	n/a	0.000	MG/Yr

Master Meter and Supply Error Adjustments

Pcnt:	Value:	MG/Yr
+ ? 5	1.00%	MG/Yr
+ ? 2	1.00%	MG/Yr
+ ?		MG/Yr

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

WATER SUPPLIED: 114.724 MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	+ ?	6	58.989	MG/Yr
Billed unmetered:	+ ?	n/a	0.000	MG/Yr
Unbilled metered:	+ ?	10	25.948	MG/Yr
Unbilled unmetered:	+ ?		1.434	MG/Yr

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

AUTHORIZED CONSUMPTION: 86.371 MG/Yr

Click here: ?
for help using option buttons below

Pcnt: 1.25% Value: MG/Yr

Use buttons to select percentage of water supplied OR value

Pcnt: 0.25% Value: MG/Yr

Pcnt: 5.25% Value: MG/Yr

Pcnt: 0.25% Value: MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

28.353 MG/Yr

Apparent Losses

Unauthorized consumption:	+ ?		0.287	MG/Yr
---------------------------	-----	--	-------	-------

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

Customer metering inaccuracies:	+ ?	5	4.706	MG/Yr
Systematic data handling errors:	+ ?		0.147	MG/Yr

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

Apparent Losses: 5.141 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **23.212** MG/Yr

WATER LOSSES: 28.353 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 55.735 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	1,482	
Service connection density:	?		21	conn./mile main

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

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

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

Average operating pressure:	+ ?	8	65.0	psi
-----------------------------	-----	---	------	-----

COST DATA

Total annual cost of operating water system:	+ ?	10	\$628,031	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+ ?	10	\$14.67	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+ ?	10	\$1,775.27	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

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

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

PRIORITY AREAS FOR ATTENTION:

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

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

See the accompanying independent accountants' audit report.



Water Audit Report for: **Englewood Water & Gas (0000224)**
Reporting Year: **2016** | **7/2015 - 6/2016**

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

System Attributes:

Apparent Losses:	5.141	MG/Yr
+ Real Losses:	23.212	MG/Yr
= Water Losses:	28.353	MG/Yr

? Unavoidable Annual Real Losses (UARL): 14.26 MG/Yr

Annual cost of Apparent Losses: \$75,412

Annual cost of Real Losses: \$41,208

Valued at **Variable Production Cost**
Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	48.6%	Real Losses valued at Variable Production Cost
		Non-revenue water as percent by cost of operating system:	26.3%	

Operational Efficiency:	{	Apparent Losses per service connection per day:	9.50	gallons/connection/day
		Real Losses per service connection per day:	N/A	gallons/connection/day
		Real Losses per length of main per day*:	908.50	gallons/mile/day
		Real Losses per service connection per day per psi pressure:	N/A	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 23.21 million gallons/year

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

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

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

PRINCIPAL OFFICIALS

June 30, 2016

Tony Hawn, Mayor
Alan Phillips, Vice Mayor
Wes Atwell, Commissioner
Richard Raper, Commissioner
Jerry Shirk, Commissioner
Joe Cline, Town Manager
Alison Bull, City Recorder (CMFO, effective December 2016)

See the accompanying independent accountants' audit report.

TOWN OF ENGLEWOOD, TENNESSEE

**EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor	CFDA #	Contract Number	Expenditures
<u>Federal Awards</u>			
U.S. Department of Transportation/ Tennessee Department of Transportation	20.600	Z15GHS117	\$ 4,452
U.S. Environmental Protection Agency/ Tennessee Department of Environment and Conservation	66.468	Loan	49,835
<u>State Financial Assistance</u>			
Tennessee Department of Environment and Conservation	N/A	43265	5,800
U.S. Environmental Protection Agency/ Tennessee Department of Environment and Conservation	66.468	Loan	<u>11,865</u>
Total Federal Awards and State Financial Assistance			<u>\$ 71,952</u>

NOTE 1 - BASIS OF PRESENTATION

This schedule summarizes the expenditures of Town of Englewood, Tennessee under programs of the federal and state governments for the year ended June 30, 2016. The schedule is presented using the modified accrual basis of accounting.

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the 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, 2016, 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 April 10, 2017.

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 an 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of finding, recommendation and management response, we identified certain deficiencies in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of 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. We consider the deficiency described in the accompanying schedule of finding, recommendation and management response as item 2016-001 to be a material weakness.

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 April 10, 2017.

Town of Englewood, Tennessee's Response to Finding

Town of Englewood, Tennessee's response to the finding identified in our audit is described in the accompanying schedule of finding, recommendation and management response. Town of Englewood, Tennessee's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



April 10, 2017

TOWN OF ENGLEWOOD, TENNESSEE

FINDING, RECOMMENDATION AND MANAGEMENT RESPONSE

Year Ended June 30, 2016

Finding Number 2016-001 - Financial Oversight

Finding: There was a lack of financial oversight during the year ended June 30, 2016 by management and the Mayor and Board of Commissioners. Specific examples of this lack of oversight are as follows:

1. From March to June, a bank account balance of \$61,700 was recorded in the general ledger, but the underlying bank account had no balance. This was due to a check that was issued, but not recorded in the general ledger until subsequent to June 30, 2016.
2. At June 30, 2016, a portion of the Town's bank balances were not covered by collateral as required by state law.
3. Records were not maintained on water leaks and other non-revenue-producing uses of water. These records were needed to monitor the water loss monthly; accordingly, that monitoring was not performed.
4. Employees did not consistently record vehicle odometer readings when fueling vehicles. Accordingly, the propriety of fuel purchases could not be determined.
5. A company was allowed to dump waste at the sewer plant and there was no written agreement governing this. The Town was under a sewer moratorium during the year.
6. Subsequent to June 30, 2016, a management employee resigned and was paid for 400 hours of unused vacation time. Town policies do not specify a maximum amount of leave that can be accrued. The employee did not complete a time card or time sheet, so it was uncertain how much unused vacation he had when he resigned. The supporting documentation filed with the check indicated he took no vacation for more than two years.

Recommendation: The Mayor and Board of Commissioners and management (Town Manager and Recorder) should exercise more diligent oversight of the Town's finances. All transactions should be recorded timely, the financial reports should be carefully reviewed monthly, adequate bank collateral should be obtained and monitored, odometer readings should be recorded on each fuel purchase, there should be written agreements for use of town property, and unused vacation should be paid based on complete records.

Management Response: On behalf of the Town of Englewood, Tennessee, we accept these findings and we acknowledge that they are in need of correcting. Although the \$61,700 was initially recorded incorrectly, it has since been corrected. The Town's collateral was also corrected before August 2016, though it was not covered at June 30, 2016. The records for the water leaks and other non-revenue producing uses of water were not being recorded, but now they are being recorded. Likewise, for gasoline purchases, the mileage is now being tracked and maintained. There was not a written agreement for the waste dumping, and vacation was not accurately recorded in our software but is now being kept up with in multiple locations for accurate recording.

TOWN OF ENGLEWOOD, TENNESSEE

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

There were no findings reported in the prior year.