

CITY OF GOODLETTSVILLE, TENNESSEE
Financial Report
June 30, 2008

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Introductory Section

CITY OF GOODLETTSVILLE, TENNESSEE
Roster of City Officials
June 30, 2008

City Commissioners	Jerry Garrett, Mayor John Finch John Coombs Jeff Cordell Gary Manning
City Manager	Jim Thomas
Finance Director	Julie High
City Recorder	Claudia Davis
Chief Clerk	Ann Crawford
City Judge	Fred Lee
City Attorney	Joe Haynes
Chief of Police	Richard Pope
Fire Chief	Phillip Gibson
Director of Public Works	Bill Brasier
Director of Parks and Recreation	Tim Ellis
Planning Director	Rick Gregory
Purchasing Director	Tommy DeLoach
City Engineer	Jack Tompkins
Codes Administrator	Larry DiOrio
Information Systems & Telecommunications Director	Phillip Uldrich

Financial Section

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Independent Auditors' Report

To the Honorable Mayor
and the Members of the City Commission
Goodlettsville, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goodlettsville, Tennessee as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Goodlettsville, Tennessee's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the City of Goodlettsville, Tennessee as of June 30, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008, on our consideration of the City of Goodlettsville, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and schedule of funding progress on pages 3 through 8 and 31, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goodlettsville, Tennessee's basic financial statements. The introductory section, supplemental information on pages 32 through 37, and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information on pages 32 through 37 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and other supplemental information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Parker Parker & Associates

December 22, 2008

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Description of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all activities of the City include general government and administration, public safety, public works, sanitation, parks and recreation, and tourism. The business-type activity of the City includes the sewer operation. The government-wide financial statements can be found on pages 9-10 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 City, 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 City 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 current sources and uses 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 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 effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four governmental funds; information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General fund which is considered to be the only major fund. Data from the other three funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 11-14 of this report.

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Proprietary Funds

The City maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 15-17 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-30 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 31 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 32-33 of this report.

The activities of the City of Goodlettsville are accounted for in five funds as required by state law: General Fund, Drug Fund, Solid Waste Fund, Capital Projects Fund, and Sewer Fund. In addition, the General Fund is divided into four areas. The Grant, Street Aid, and Tourism sections account for the receipt and expenditure of revenues that are restricted to certain purposes, and the General section accounts for all other General Fund activities.

Condensed comparative data.

	Primary Government					
	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
ASSETS						
Current and Other Assets	\$ 6,552,378	\$ 6,666,492	\$ 4,494,946	\$ 5,206,296	\$ 11,047,325	\$ 11,872,788
Capital assets	13,459,406	13,823,713	22,474,538	22,103,322	35,933,944	35,927,035
Total assets	<u>20,011,784</u>	<u>20,490,205</u>	<u>26,969,484</u>	<u>27,309,618</u>	<u>46,981,269</u>	<u>47,799,823</u>
LIABILITIES						
Other liabilities	3,437,818	3,134,910	121,858	621,935	3,559,676	3,756,845
Long-term liabilities	1,848,956	1,725,369	4,904,779	4,985,052	6,753,735	6,710,421
Total liabilities	<u>5,286,774</u>	<u>4,860,279</u>	<u>5,026,637</u>	<u>5,606,987</u>	<u>10,313,411</u>	<u>10,467,266</u>
NET ASSETS						
Invested in capital assets, net of related debt	12,003,926	12,471,317	17,599,243	17,149,036	29,603,170	29,620,353
Restricted	835,946	715,313	-	-	835,946	715,313
Unrestricted	1,885,139	2,443,297	4,343,604	4,553,595	6,228,742	6,996,892
Total net assets	<u>\$ 14,725,011</u>	<u>\$ 15,629,927</u>	<u>\$ 21,942,847</u>	<u>\$ 21,702,631</u>	<u>\$ 36,667,858</u>	<u>\$ 37,332,558</u>

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Functions/Programs:	Change in Net Assets					
	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Program Revenues						
Charges for Services	\$ 1,173,846	\$ 1,008,664	\$ 3,213,085	\$ 3,244,761	\$ 4,386,931	\$ 4,253,425
Operating grants and contributions	580,549	587,464	-	-	580,549	587,464
Capital grants and contributions	-	-	-	-	-	-
General Revenues	9,793,566	9,742,746	224,612	1,036,837	10,018,178	10,779,582
Total Revenues	<u>11,547,962</u>	<u>11,338,873</u>	<u>3,437,697</u>	<u>4,281,598</u>	<u>14,985,659</u>	<u>15,620,471</u>
Expenses						
General government	2,952,980	2,342,184	-	-	2,952,980	2,342,184
Public safety	5,363,001	5,145,295	-	-	5,363,001	5,145,295
Public Works	1,214,839	1,104,566	-	-	1,214,839	1,104,566
Sanitation	754,109	776,246	-	-	754,109	776,246
Parks and recreation	1,542,379	1,476,666	-	-	1,542,379	1,476,666
Tourism	289,944	309,084	-	-	289,944	309,084
Tornado Relief	3,646	128,001	-	-	3,646	128,001
Interest on long-term debt	69,465	52,857	-	-	69,465	52,857
Sewer	-	-	3,116,698	2,945,012	3,116,698	2,945,012
Total Expenses	<u>12,190,362</u>	<u>11,334,899</u>	<u>3,116,698</u>	<u>2,945,012</u>	<u>15,307,060</u>	<u>14,279,912</u>
Increase (Decrease) in net assets before transfers	(642,400)	3,974	320,999	1,336,586	(321,401)	1,340,559
Transfers	80,784	80,784	(80,784)	(80,784)	-	-
Increase (Decrease) in net assets	(561,616)	84,758	240,215	1,255,802	(321,401)	1,340,559
Net assets - beginning	15,629,927	15,545,169	21,702,632	20,446,830	37,332,559	35,991,998
Prior Period Adjustment	(343,300)	-	-	-	(343,300)	-
Net assets - ending	<u>\$ 14,725,011</u>	<u>\$ 15,629,927</u>	<u>\$ 21,942,847</u>	<u>\$ 21,702,632</u>	<u>\$ 36,667,858</u>	<u>\$ 37,332,557</u>

Overall analysis.

The City's overall financial condition remained solid during Fiscal Year 2008. Total General Fund revenues increased slightly at approximately 2% over Fiscal Year 2007. This was mostly due to an increase in State Shared Taxes as a result of a special census conducted in Fiscal Year 2006. Court Fines and Fees also increased over the prior year as a result of a restructuring and management change in that department. The Sewer Fund continued to strengthen its financial position as it saw a 1%, or \$240,000 increase, in Net Assets over Fiscal Year 2007.

The City continues to closely monitor local option sales tax collections. Sales tax collections represent approximately 1/3 of the total revenue in the City's General Fund. While the sales tax collections have not significantly decreased over the prior year, there is a downward trend in receipts over the past ten years. Due to a generally weakening economy, the City budgeted a decrease in sales tax revenue in Fiscal Year 2009 and monitors collections on a monthly basis.

General Fund expenditures increased over the prior year by approximately 8%. This was due mostly to the creation of key positions in the City, including a Human Resources Director, an Economic Development Director, a Police Training Supervisor, and a GIS Specialist. The City also reinstated the employer match for the employees' deferred compensation plan. City management continues to strictly monitor its expenditures. General Fund expenditures at the end of the year were 2% under budget.

CITY OF GOODLETTSVILLE, TENNESSEE
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The City spent approximately \$1 million in capital dollars this year. Capital expenditures included the purchase of 2 police cruisers and 1 unmarked police vehicle. The Public Works department replaced 2 sanitation trucks. The Fire Department purchased new extrication equipment through a grant, and the Police Department purchased in-car laptop computers with grant proceeds.

Fund analysis

General Fund. The General Fund is the largest component of the governmental activities. As discussed earlier, the local option sales tax represents approximately 1/3 of the total revenues in the General Fund. Sales tax collections in Davidson County decreased while Sumner County increased compared to the prior year. Property tax collections remained steady in Fiscal Year 2008. State shared revenues increased as a result of a special census conducted in FY2006. A 3% salary increase was given to all full-time employees effective July 1, 2007. In addition to the salary increase, the City reinstated the employer match to the employees' deferred compensation plan. The City did not receive the final proceeds from the FEMA grant related to the tornado event of 2006 as expected in Fiscal Year 2008. TEMA indicates that the City should receive that money sometime in the 1st quarter of 2009.

The City did meet and, in fact, exceeded the mandated fiscal year end General Fund balance set by the Board of Commissioners of 18% of its operating expenditures. The General Fund balance at June 30, 2008 was \$3,075,739 with \$1,613,316 being an "unreserved" fund balance.

Drug Fund. Expenditures in the drug fund depend on the amount of drug fines received and property seized, both of which showed typical activity this year.

Solid Waste Fund. Operational costs in the Solid Waste department decreased from the prior year, mostly as a result of the termination of capital lease expenses. Other operational costs remained relatively consistent with the prior year. The General Fund subsidizes the Solid Waste Fund through operating transfers of funds. The Solid Waste Fund generates revenue through the collection of sanitation fees of \$75 per trash receptacle recognized at the initial set-up of service; and through the recycling program managed by the Public Works Department.

Sewer Fund. The net income of the Sewer Fund remains strong, although revenues decreased by 6%. Expenditures increased 5.7% over the prior fiscal year. However, operating revenues exceeded operating expenditures by approximately \$8,200; and non-operating revenues of approximately \$240,000 resulted in an increase in net assets of 1%. The City continued negotiations with the Metropolitan Government of Nashville and Davidson County on a new wastewater treatment contract. Current contracts are scheduled to expire in 2008.

Budget variances in the General Fund

The General Fund revenues were below budget by approximately 1.5% or \$183,000. Most of this was due to over estimating the sales tax generated by several new retail businesses, including Publix, Walgreen's and Dunkin' Donuts in the Sumner County portion of the City; as well as a reduction on the Davidson County portion as a result of a Metro Davidson County sales tax audit of Rivergate Mall. That audit revealed several businesses that were identified incorrectly by the State as being within the corporate limits of the City of Goodlettsville. General Fund expenditures were \$273,000 less than budgeted or 2.3%.

Capital asset and long-term debt activity

Capital asset activity decreased approximately \$270,000 over the prior fiscal year, with a total of \$1.045 million being spent in Capital Expenditures. Additions included the lease purchase of 2 police cruisers and 1 unmarked police vehicles. The Public Works department replaced 2 sanitation trucks. The new restroom/concessions facility was completed for the Soccer fields at Moss-Wright Park early in Fiscal Year 2008. Paving of city streets for the year amounted to \$340,000 and was paid for through the State Street Aid Fund. Most of the capital equipment purchases were financed through an equipment lease through First Tennessee Equipment Leasing.

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Schedule of Changes in Capital Assets

	Balance 7/1/2007	Additions	Disposals	Balance 6/30/2008
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 3,190,618	\$ -	\$ -	\$ 3,190,618
Construction in Progress	\$ -	\$ 15,700	\$ -	15,700
Total Capital Assets not being Depreciated	<u>\$ 3,190,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,206,318</u>
Capital Assets being Depreciated				
Buildings	\$ 8,541,901	\$ -	\$ 828,065	\$ 7,713,836
Improvements	3,881,413	480,026	-	4,361,439
Machinery & Equipment	6,755,666	468,129	371,804	6,851,991
Infrastructure	4,371,203	6,000	-	4,377,203
Total Capital Assets being Depreciated	<u>\$23,550,183</u>	<u>\$ 954,155</u>	<u>\$1,199,869</u>	<u>\$23,304,469</u>
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 2,139,071	\$ -	\$ -	\$ 2,139,071
Construction in Progress	1,761,865	748,515	2,083,186	427,194
Total Capital Assets not being Depreciated	<u>\$ 3,900,936</u>	<u>\$ 748,515</u>	<u>\$2,083,186</u>	<u>\$ 2,566,265</u>
Capital Assets being Depreciated				
Buildings	\$ 2,963,198	\$1,369,429	\$ -	\$ 4,332,627
Improvements	16,188	-	-	16,188
Machinery & Equipment	958,879	308,547	-	1,267,426
Infrastructure	21,385,999	634,757	-	22,020,756
Total Capital Assets being Depreciated	<u>\$25,324,263</u>	<u>\$2,312,733</u>	<u>\$ -</u>	<u>\$27,636,997</u>
Governmental Activities				
Accumulated Depreciation				
Buildings	\$ 3,480,072	\$ 207,501	\$ 484,765	\$ 3,202,808
Improvements	2,257,754	188,866	-	2,446,620
Machinery & Equipment	5,382,988	392,364	321,061	5,454,291
Infrastructure	1,796,274	151,388	-	1,947,662
Total Accumulated Depreciation	<u>\$12,917,088</u>	<u>\$ 940,119</u>	<u>\$ 805,826</u>	<u>\$13,051,381</u>
Business-type Activities				
Accumulated Depreciation				
Buildings	\$ 1,052,111	\$ 94,051	\$ -	\$ 1,146,162
Improvements	3,549	405	-	3,954
Machinery & Equipment	635,852	59,159	-	695,011
Infrastructure	5,430,366	453,231	-	5,883,597
Total Accumulated Depreciation	<u>\$ 7,121,878</u>	<u>\$ 606,846</u>	<u>\$ -</u>	<u>\$ 7,728,724</u>

CITY OF GOODLETTSVILLE, TENNESSEE
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Schedule of Changes to Long-Term Liabilities – Governmental Activities

	Balance			Balance		Due within
	July 1, 2007	Additions	Reductions	June 30, 2008		1 Year
Compensated Absences	\$ 372,972	\$ 289,423	\$ 268,918	\$ 393,477	\$	-
Capital Leases	126,897	352,957	173,975	305,879		67,791
Notes Payable	1,225,500	200,000	275,900	1,149,600		277,457
Totals	\$ 1,725,369	\$ 842,380	\$ 718,793	\$ 1,848,957	\$	345,248

Schedule of Changes to Long-Term Debt – Business-type Activities

	Balance			Balance		Due Within
	7/1/2007	Additions	Reductions	6/30/2008		1 Year
Compensated Absences	\$ 20,495	\$ 26,806	\$ 25,606	21,695	\$	-
Notes Payable	4,454,556	-	301,472	4,153,084		339,754
Revenue Bonds	510,000	300,000	80,000	730,000		115,000
Totals	\$ 4,985,051	\$ 326,806	\$ 407,078	\$ 4,904,779	\$	454,754

Other Matters

The General Fund budget for fiscal year 2009 includes a goal of a fund balance of \$1,989,000 at June 30, 2009 or 18.0% of the operating budget. The 2008-2009 General Fund budget reflected a 1.7% decrease in revenues as a result of the weakening economic conditions being felt around the country, as well as the State. In response, the City did not budget any salary improvements for its employees, eliminated the employer match of the employees' 457 retirement plan, and cut operating costs in all departments. The 2008-2009 General Fund budget includes the funding of a trust for future retirement health insurance benefits of \$500,000 based on a actuarial study the City was required by the Government Accounting Standards Board to conduct. The 2008-2009 Budget also includes the elimination of the General Fund subsidy to the Sanitation Fund as a result of the implementation of a Sanitation Fee charged to all residents to help fund the operations of the Sanitation Department.

As the City moved into the final quarter of this audit's reporting period, it began the process of conserving its cash in reaction to an observable weakening of general economic conditions. Non-essential purchases were deferred and open positions were left open. Coincidental to these actions and during the budget planning process for F2009, further economic weakening was anticipated and their affect on future revenue receipts were recognized in the operating plan for FY2009.

During FY2008, the City came to enjoy an improved operational and political relationship with the Metropolitan Government of Nashville and Davidson County. That improved relationship was most significantly manifested when the City and Metro began earnest negotiations towards a new wastewater treatment contract. Those negotiations continued past the end of FY2008. An agreement is anticipated to be executed in the third quarter of FY2009.

The City completed the third and final phase of a multi-year study to determine future potential for expansion of retail sales activity in the City. The final study phase focused on the Rivergate Parkway corridor, which includes Rivergate Mall, a thirty-five year old regional mall located partially in the City's corporate boundary. The findings of the study indicate the need for significant additional infrastructure and transportation facilities. Reaction to the study's findings was begun by the City's Board of Commissioners, Planning Board and staff.

Senior management of city government underwent managerial changes when a new Director of Codes and Police Chief were named.

With the goal of "putting Goodlettsville on the map", the City's economic development director made good progress in establishing strong working relationships with external entities dedicated to economic development at the local, regional, state and national level. The impact of the director's work is manifested by his being appointed to various councils and committees promoting economic development in the Middle Tennessee region.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Net Assets
June 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,021,189	\$ 4,744,145	\$ 6,765,334
Receivables, Net	3,872,997	262,160	4,135,157
Internal Balances, Net	616,117	(616,117)	-
Inventories	42,075	-	42,075
Unamortized Bond Costs, Net	-	7,789	7,789
Deposits	-	100	100
Restricted Assets:			
Cash	-	2,493	2,493
Investments	-	94,376	94,376
Capital Assets:			
Land, Land Improvements & Construction in Progress	3,206,318	2,566,264	5,772,582
Other Capital Assets, Net of Depreciation	10,253,088	19,908,273	30,161,362
Total Capital Assets	<u>13,459,406</u>	<u>22,474,538</u>	<u>35,933,944</u>
 Total Assets	 <u>20,011,784</u>	 <u>\$ 26,969,484</u>	 <u>\$ 46,981,269</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable and Other Current Liabilities	\$ 564,519	\$ 121,858	\$ 686,377
Deferred Revenue	2,873,299	-	2,873,299
Long-term Liabilities:			
Compensated Absences	393,477	21,695	415,172
Current Portion	345,248	454,754	800,002
Long-term Portion	1,110,231	4,428,330	5,538,561
Total Liabilities	<u>5,286,774</u>	<u>5,026,637</u>	<u>10,313,411</u>
 NET ASSETS			 -
Invested in Capital Assets, Net of Related Debt	12,003,926	17,599,243	29,603,169
Restricted for:			
Street Aid	322,662	-	322,662
Tourism	510,371	-	510,371
Drug Fund	2,913	-	2,913
Unrestricted	1,885,139	4,343,604	6,228,743
Total Net Assets	<u>14,725,011</u>	<u>21,942,847</u>	<u>36,667,858</u>
 Total Liabilities and Net Assets	 <u>\$ 20,011,784</u>	 <u>\$ 26,969,484</u>	 <u>\$ 46,981,269</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs: Primary government:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government	
			Contributions	Grants and Contributions		Business-type Activities	Total
Governmental activities:							
General government	\$ 2,952,980	\$ 419,824	\$ 66,491	\$ -	\$ (2,466,664)	\$ -	\$ (2,466,664)
Public safety	5,363,001	418,263	63,276	-	(4,881,461)	-	(4,881,461)
Public works	1,214,839	26,644	450,782	-	(737,413)	-	(737,413)
Sanitation	754,109	13,747	-	-	(740,362)	-	(740,362)
Parks and recreation	1,542,379	255,952	-	-	(1,286,427)	-	(1,286,427)
Tourism	289,944	39,415	-	-	(250,528)	-	(250,528)
Tornado Relief	3,646	-	-	-	(3,646)	-	(3,646)
Interest on long-term debt	69,465	-	-	-	(69,465)	-	(69,465)
Total Governmental Activities	12,190,362	1,173,846	580,549	-	(10,435,967)	-	(10,435,967)
Business-type Activities:							
Sewer	3,116,698	3,213,085	-	-	-	96,387	96,387
Total Business-type Activities	3,116,698	3,213,085	-	-	-	96,387	96,387
Total Primary Government	\$ 15,307,060	\$ 4,386,931	\$ 580,549	\$ -	\$ (10,435,967)	\$ 96,387	\$ (10,339,580)
General Revenues:							
Property and Personalty Taxes					\$ 2,887,839	\$ -	\$ 2,887,839
Income Taxes					148,558	-	148,558
Sales Taxes					4,926,136	-	4,926,136
Alcoholic Beverage Taxes					658,151	-	658,151
TVA - In Lieu of Taxes					88,596	-	88,596
Business Taxes					360,501	-	360,501
Hospitality Taxes					384,460	-	384,460
Miscellaneous State Taxes					144,599	-	144,599
Unrestricted Investment Earnings					110,367	174,078	284,444
Insurance Recoveries					31,888	-	31,888
Miscellaneous					52,472	50,534	103,006
Transfers, Net					80,784	(80,784)	-
Total General Revenues and Transfers					9,874,350	143,828	10,018,178
Change in Net Assets					(561,616)	240,215	(321,401)
Net Assets - July 1, 2007					15,629,927	21,702,632	37,332,559
Prior Period Adjustment					(343,300)	-	(343,300)
Net Assets - June 30, 2008					\$ 14,725,011	\$ 21,942,847	\$ 36,667,858

The notes to the financial statements are an integral part of this statement.

CITY OF GOODLETTSVILLE, TENNESSEE
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash on Hand	\$ 30,060	\$ -	\$ 30,060
Cash in Bank	1,983,620	7,509	1,991,129
Receivables, Net	3,212,123	-	3,212,123
Intergovernmental Receivables	542,341	-	542,341
Due From Other Funds	616,117	18,178	634,295
Inventory	42,075	-	42,075
Total Assets	\$ 6,426,336	\$ 25,687	\$ 6,452,023
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 77,050	\$ 17,429	\$ 94,479
Due To Other Funds	18,178	-	18,178
Other Current Liabilities	382,070	24,634	406,704
Deferred Revenue	2,873,299	-	2,873,299
Total Liabilities	3,350,597	42,062	3,392,659
Fund Balances:			
Reserved For:			
State Street Aid	322,662	-	322,662
Tourism	510,371	-	510,371
Solid Waste Fund	-	(24,386)	(24,386)
Drug Fund	-	8,010	8,010
Inventory	42,075	-	42,075
Conference Drive	587,316	-	587,316
Unreserved	1,613,316	-	1,613,316
Total Fund Balances	3,075,739	(16,376)	3,059,364
Total Liabilities and Fund Balances	\$ 6,426,336	\$ 25,687	\$ 6,452,023

Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Total Governmental Fund Balances	\$ 3,059,364
Assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	118,533
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	13,459,406
Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(1,912,292)
Net Assets of the Governmental Activities	\$ 14,725,011

The notes to the financial statements are an integral part of this statement.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Local Taxes	\$ 8,182,818	\$ -	\$ 8,182,818
Licenses and Permits	417,264	-	417,264
Fines	341,525	-	341,525
Drug and Gambling Revenue	-	32,936	32,936
Intergovernmental Revenues	1,858,423	-	1,858,423
Charges for Services	499,192	13,747	512,939
Miscellaneous Revenues	156,986	5,853	162,839
Total Revenues	<u>11,456,208</u>	<u>52,536</u>	<u>11,508,744</u>
Expenditures			
Current:			
General Government	2,707,055	-	2,707,055
Public Safety	4,993,285	-	4,993,285
Drug Fund	-	27,696	27,696
Public Works	936,324	-	936,324
Sanitation	-	686,556	686,556
Parks and Recreation	1,317,488	-	1,317,488
Tornado Relief	34,663	-	34,663
Tourism	298,798	-	298,798
Debt Service:			
Principal	403,275	47,569	450,845
Interest	58,215	1,224	59,439
Capital Outlay	1,045,704	-	1,045,704
Total Expenditures	<u>11,794,807</u>	<u>763,045</u>	<u>12,557,853</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(338,600)</u>	<u>(710,509)</u>	<u>(1,049,109)</u>
Other Financing Sources (Uses)			
Contributions	5,513	-	5,513
Operating Transfers In	80,784	674,707	755,491
Operating Transfers Out	(674,707)	-	(674,707)
Proceeds from Sale of Bonds	552,957	-	552,957
Insurance Recoveries	31,888	-	31,888
Total Other Financing Sources (Uses)	<u>(3,565)</u>	<u>674,707</u>	<u>671,142</u>
Net Change in Fund Balances	(342,165)	(35,802)	(377,966)
Fund Balance - July 1, 2007	<u>3,417,904</u>	<u>19,426</u>	<u>3,437,330</u>
Fund Balances - June 30, 2008	<u>\$ 3,075,739</u>	<u>\$ (16,376)</u>	<u>\$ 3,059,364</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOODLETTSVILLE, TENNESSEE
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2008

Amounts reported for governmental activities in the statement of activities are different from the amounts reported for governmental funds in the statement of revenues, expenditures and changes in fund balances because:

Net change in fund balances - total governmental funds	\$ (377,966)
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. This is the amount by which capital outlays exceeded depreciation in the current period.	
	29,736
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	(603,700)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
	440,818
Some expense reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	
	(50,505)
Change in net assets of governmental activities	\$ (561,616)

The notes to the financial statements are an integral part of this statement.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Positive (Negative) Variance with
	<u>Original</u>	<u>Final</u>		<u>Final</u>
Revenues				
Local Taxes:				
Property and Personalty Taxes	\$ 2,820,000	\$ 2,820,000	\$ 2,894,055	\$ 74,055
Sales Taxes	4,380,000	4,380,000	3,862,783	(517,217)
Alcoholic Beverage Taxes	560,000	560,000	592,423	32,423
Business Taxes	360,000	360,000	360,501	501
Hospitality Taxes	410,000	410,000	384,460	(25,540)
Licenses and Permits	315,000	315,000	417,264	102,264
Fines	180,000	180,000	341,525	161,525
Intergovernmental Revenues:				
Sales Taxes	1,065,000	1,065,000	1,063,352	(1,648)
Gasoline and Motor Fuel Taxes	425,000	425,000	418,577	(6,423)
Income Taxes	103,500	103,500	156,123	52,623
Alcoholic Beverage Taxes	56,500	56,500	65,728	9,228
TVA - In Lieu of Tax	-	-	88,596	88,596
Transportation Taxes	33,000	33,000	32,205	(795)
Grants	146,500	146,500	122,437	(24,063)
Charges for Services	476,000	476,000	499,192	23,192
Miscellaneous Revenues	220,000	220,000	156,986	(63,014)
Total Revenues	<u>11,550,500</u>	<u>11,550,500</u>	<u>11,456,208</u>	<u>(94,292)</u>
Expenditures				
Current:				
General Government	2,639,300	2,639,300	2,707,055	(67,755)
Public Safety	5,134,800	5,134,800	4,993,285	141,515
Public Works	946,000	946,000	936,324	9,676
Parks and Recreation	1,477,950	1,477,950	1,317,488	160,462
Tornado Relief	-	-	34,663	(34,663)
Tourism	343,400	343,400	298,798	44,602
Debt Service:				
Principal	528,180	528,180	403,275	124,905
Interest	-	-	58,215	(58,215)
Capital Outlay	998,000	998,000	1,045,704	(47,704)
Total Expenditures	<u>12,067,630</u>	<u>12,067,630</u>	<u>11,794,807</u>	<u>272,823</u>
Excess of Revenues Over (Under) Expenditures	<u>(517,130)</u>	<u>(517,130)</u>	<u>(338,600)</u>	<u>178,530</u>
Other Financing Sources (Uses)				
Contributions	-	-	5,513	5,513
Operating Transfers In	75,000	75,000	80,784	5,784
Operating Transfers Out	(831,400)	(831,400)	(674,707)	156,693
Proceeds from Sale of Bonds	548,000	548,000	552,957	4,957
Insurance Recoveries	-	-	31,888	31,888
Total Other Financing Sources (Uses)	<u>(208,400)</u>	<u>(208,400)</u>	<u>(3,565)</u>	<u>204,835</u>
Net Change in Fund Balances	(725,530)	(725,530)	(342,165)	383,365
Fund Balance - July 1, 2007	3,417,904	3,417,904	3,417,904	3,127,992
Fund Balances - June 30, 2008	<u>\$ 2,692,374</u>	<u>\$ 2,692,374</u>	<u>\$ 3,075,739</u>	<u>\$ 3,511,357</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Net Assets
Proprietary Funds
June 30, 2008

		<u>Business-type Activities Sewer Fund</u>
Assets		
Current Assets		
Cash	\$ 4,744,145	
Accounts Receivable, Less Allowance of \$3,918	262,160	
Total Current Assets		\$ 5,006,305
Restricted Assets		
Cash	2,493	
Investment	94,376	
Total Restricted Assets		96,869
Capital Assets		
Capital Assets	30,203,262	
Accumulated Depreciation	(7,728,724)	
Total Capital Assets		22,474,538
Utility Deposit		100
Unamortized Bond Cost, Net		7,789
Total Assets		<u>\$ 27,585,601</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 62,254	
Accrued Interest Payable	13,413	
Accrued Wages, Payroll Taxes and Deductions Payable	17,502	
Deposits Payable	28,689	
Due to General Fund	616,117	
Current Portion of Long-Term Liabilities	454,754	
Total Current Liabilities		\$ 1,192,729
Long-Term Liabilities		
Compensated Absences Payable	21,695	
Notes Payable	4,088,330	
Revenue Bonds Payable	340,000	
Total Long-Term Liabilities		4,450,025
Net Assets		
Invested in Capital Assets, Net of Related Debt	17,599,243	
Unrestricted	4,343,604	
Total Net Assets		21,942,847
Total Liabilities and Net Assets		<u>\$ 27,585,601</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities - Sewer Fund
Operating Revenues	
Charges for Services:	
Sewer Fees - Davidson County	\$ 2,303,016
Sewer Fees - Sumner County	367,026
State User Fees	143,830
Sewer Flow Charges	52,573
Permits/Connection Fees	34,640
Total Operating Revenues	2,901,085
Operating Expenses	
Cost of Services	1,229,766
Administration	1,053,783
Depreciation and Amortization	609,327
Total Operating Expenses	2,892,876
Operating Income	8,209
Non-Operating Revenues (Expenses)	
Interest Revenue	174,078
Interest Expense	(222,214)
Paying Agents Fee	(1,608)
Rental Income	50,534
Tap Fees	312,000
Total Non-Operating Revenues (Expenses)	312,790
Income before Transfers	320,999
Transfers	(80,784)
Increase in Net Assets	240,215
Net Assets - July 1, 2007	21,702,632
Net Assets - June 30, 2008	\$ 21,942,847

The notes to the financial statements are an integral part of this statement.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	<u>Business-type Activities - Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 3,771,222
Cash Payments to Suppliers for Goods and Services	(2,163,996)
Cash Payments to Employees for Services	(504,832)
Net Cash Provided by Operating Activities	<u>1,102,394</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Issuance of Bonds	300,000
Principal Paid on Bonds/Notes	(381,472)
Interest Paid on Long-Term Debt	(212,296)
Cash Received from Tap Fees	312,000
Paying Agents Fee	(1,608)
Acquisition and Construction of Capital Assets	(978,062)
Net Cash Used by Capital and Related Financing Activities	<u>(961,437)</u>
Cash Flows from Noncapital Financing Activities:	
Increase in Transfer to Other Funds	(80,784)
Net Cash Used by Noncapital Financing Activities	<u>(80,784)</u>
Cash Flows from Investing Activities:	
Cash Received from Billboard Rentals	50,534
Interest Received	174,078
Net Cash Provided by Investing Activities	<u>224,612</u>
Net Increase in Cash and Restricted Cash	284,786
Cash and Restricted Cash at Beginning of Year	<u>4,461,853</u>
Cash and Restricted Cash at End of Year	<u><u>\$ 4,746,638</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 8,209
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	609,327
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	26,056
Decrease in Accounts Payable	(509,669)
Increase in Payroll Liabilities	872
Decrease in Due from General Fund, Net	967,599
Net Cash Provided by Operating Activities	<u><u>\$ 1,102,394</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements
June 30, 2008

Note 1. Significant Accounting Policies

The City of Goodlettsville's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds. The City has chosen to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

The City of Goodlettsville is a municipality governed by an elected five-member commission. These financial statements present the financial position and activities of the City government only. The City has no component units, thus no blended or discretely presented component units are included in these financial statements.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, 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 program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The City has its funds classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of general fixed assets (capital projects funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2008

Note 1. Significant Accounting Policies – Continued
B. Government-wide and Fund Financial Statements - Continued

The following is a list of the City's funds:

I. Governmental Fund Types

General Fund - primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

Special Revenue Funds - accounts for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities. The Special Revenue Funds (i.e. Solid Waste Fund and Drug Fund) are not considered major funds for reporting purposes.

II. Proprietary Fund Types

Enterprise Fund - The Sewer Fund is used to account for the revenues generated from the charges for sanitary sewer services provided to the residential and commercial users of the City.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues to be available in the period for which levied if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2008

Note 1. Significant Accounting Policies – Continued

D. Budgets and Budgetary Accounting

The City uses the modified cash basis for budgetary accounting and has established the following procedures with regard to the budgetary data reflected in the financial statements:

1. Prior to May 15 the proposed operating budgets are presented to the City commission for review and approval.
2. The budget is legally enacted through the passage of an ordinance which also sets the tax rate.
3. Revisions to the budget during the fiscal year require the City commission's approval.
4. Budgets for the various funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

E. Cash and Investments

The City defines its cash and cash equivalents to include only cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition, including restricted cash. State statutes authorize the City to invest in obligations of the U.S. Treasury, certificates of deposit, certain federal nonconvertible debt securities, repurchase agreements and the State Treasurer's Investment Pool. Investments are stated at cost.

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

G. Capital Assets

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of \$100,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are expensed. Estimated useful lives are as follows:

	Estimated Useful Life (Years)
Buildings	40
Improvements	7 - 40
Machinery & Equipment	5 - 10
Infrastructure	15 - 20

H. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. An employee's total accumulated vacation time may not exceed the following amounts: 120 hours after five years of employment; 160 hours after ten years of employment; and 400 hours after twenty years of employment. Employees may accumulate unused sick time up to 960 hours, of which 50% is paid upon retirement.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2008

Note 1. Significant Accounting Policies – Continued

I. Property Tax

Taxes are levied on October 1 and are due and payable on or before February 28 of the following year. Uncollected property taxes attach as an enforceable lien on property as of March 1. Property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectability is doubtful.

Under GASB Statement 33, *Accounting for Non-Exchange Transactions*, property taxes are imposed nonexchange revenue. Assets (accounts receivable) from imposed nonexchange transactions are recorded when the City has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. The assessment date has been designated in the enabling legislation as of January 1. Therefore, the City has recorded the succeeding year's receivable and deferred revenue for taxes assessed as of year-end that will not be received until after year-end.

J. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "due to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. All other interfund transfers are reported as operating transfers.

L. Long-Term Liabilities

Long-term liabilities consist of bonds, notes, and other indebtedness including liabilities associated with compensated absences and postretirement benefits. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

M. Fund Balance Reserves

Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2008

Note 1. Significant Accounting Policies – Continued

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide financial statements split the City programs between governmental and business-type activities. The beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental activities reflects fund balance for governmental funds adjusted for the conversion to the accrual basis of accounting from last year.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sanitation and sewer services. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund.

P. Contributions of Capital

Contributions of capital in the proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Contributions of capital assets are recorded as revenue in the Statement of Revenue, Expenses and Changes in Fund Net Assets.

Q. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

R. Adoption of GASB 50

During 2008, the City adopted Statement No. 50 of the Governmental Accounting Standards Board *Pension Disclosures*. This statement amended disclosures and required supplementary information for the City's pension plan. The new disclosures have been included in this report. See note 4.

Note 2. Budgetary Basis of Accounting

The City uses a modified cash basis for budgeting in governmental funds and full accrual basis for budgeting in proprietary funds.

Note 3. Cash and Investments

The City has no formal deposit and investment policies other than those prescribed by State of Tennessee statute and explained below.

Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by Federal Deposit Insurance Corporation insurance (FDIC). Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2008

Note 3. Cash and Investments - Continued

As of June 30, 2008, all of the City's deposits and investments were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee or in the State of Tennessee Local Government Investment Pool ("LGIP"). Participating banks in the bank collateral pool determine the aggregate balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. Collected securities required to be pledged by the participant banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool.

The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under the additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk disclosure.

Proprietary fund restricted cash and investments, totaling \$96,870, are on deposit with SunTrust Bank, a participant in the bank collateral pool and the revenue bond paying agent. These assets are restricted to use as revenue bond interest payments and bond retirement in accordance with provisions of the various bond resolutions.

Note 4. Pension Plan
A. Plan Description

Employees of the City of Goodlettsville are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in performance of duty. Members joining the system on or after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City of Goodlettsville participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://treasury.state.tn.us/tcrs/PS/>.

B. Funding Policy

The City of Goodlettsville has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

The City of Goodlettsville is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2008 was 15.16% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the City of Goodlettsville is established and may be amended by the TCRS Board of Trustees.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2008

Note 4. Pension Plan – Continued
C. Annual Pension Cost

For the year ending June 30, 2008, the City of Goodlettsville's annual pension cost of \$864,859 to TCRS was equal to the City of Goodlettsville's required and actual contributions. The required contribution was determined as part of the July 1, 2005 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City of Goodlettsville's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005 was 10 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2008	\$ 864,859	100.00%	\$ -
June 30, 2007	\$ 786,219	100.00%	\$ -
June 30, 2006	\$ 715,632	100.00%	\$ -

D. Funding Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 80.47% percent funded. The actuarial accrued liability for benefits was \$16.13 million, and the actuarial value of assets was \$12.98 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.15 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.31 million, and the ratio of the UAAL to the covered payroll was 59.30% percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/(c))
July 1, 2007	12,982	16,132	3,150	80.47%	5,312	59.30%

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2008

Note 5. Deferred Compensation Plan

The City has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by ING Life Insurance and Annuity Company. The plan is available to full time employees after they have been with the City for six months. Employees may defer up to 25% of their gross pay to a maximum amount allowable under current IRS regulations per year. Deferred compensation is not available to employees until termination, retirement, death or financial hardship. The City made matching contributions totaling \$132,607 to the plan for the year ended June 30, 2008.

Note 6. Post-retirement Health Care Benefits

The City provides post-retirement health care benefits to all employees who retire from the City on or after attaining age 55 with at least 5 years of service, or at any age with at least 25 years of service. 27 retirees currently meet those eligibility requirements. The City provides the benefits by paying a portion of the retirees' insurance premiums for medical coverage under fully insured plans. Expenditures for post-retirement health care benefits are recognized as premiums are paid. The cost to the City for post-retirement healthcare benefits for the year ended June 30, 2008 was \$92,246.

The City has completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The City will adopt GASB Statement No. 45 beginning July 1, 2008. The actuarial study has determined the annual required contribution to maintain full funding of the plan to range from \$556,000 to \$736,000 per year. The City has not yet determined the contribution it will make.

Note 7. Property Taxes Receivable

Gross property taxes receivable of \$3,211,547 (allowance for doubtful accounts is \$66,378) is summarized, by year, on the Schedule of Changes in Property Taxes Receivable on page 38 of this report.

Note 8. Contracts

The City has contracted with the Madison Suburban Utility District (MSUD) to handle the billing and collection of sewer charges for users of the sewer system in Davidson County. The City currently pays MSUD \$2.88 per bill per month.

It has also contracted with the White House Utility District to handle the billing and collection of sewer charges for users of the sewer system in Sumner County for a fee of \$1.50 per customer per month.

The Hendersonville Utility District provides sewage treatment and disposal for a set fee of \$.22 per 1,000 gallons used.

The Department of Water Services of Metropolitan Nashville also provides sewage treatment and disposal for a contracted fee equal to 41.44% of the gross sewer collections plus 41.44% of state user fee surcharges.

The City is a member of the Metro Sewer Users Association. The purpose of the Association is to improve communication and the distribution of information among members and to provide a unified approach in dealing with Metro Water Services and its role as a regional wastewater treatment service provider.

Note 9. Concentrations

The City has a risk concentration in sales tax revenue from Rivergate retail area taxpayers which represented more than 10% of the General Fund's total revenue for the year ended June 30, 2008.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2008

Note 10. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2008:

	Balance 7/1/2007	Additions	Disposals	Balance 6/30/2008
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 3,190,618	\$ -	\$ -	\$ 3,190,618
Construction in Progress	\$ -	\$ 15,700	\$ -	\$ 15,700
Total Capital Assets not being Depreciated	\$ 3,190,618	\$ -	\$ -	\$ 3,206,318
Capital Assets being Depreciated				
Buildings	\$ 8,541,901	\$ -	\$ 828,065	\$ 7,713,836
Improvements	3,881,413	480,026	-	4,361,439
Machinery & Equipment	6,755,666	468,129	371,804	6,851,991
Infrastructure	4,371,203	6,000	-	4,377,203
Total Capital Assets being Depreciated	\$ 23,550,183	\$ 954,155	\$ 1,199,869	\$ 23,304,469
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 2,139,071	\$ -	\$ -	\$ 2,139,071
Construction in Progress	1,761,865	748,515	2,083,186	427,194
Total Capital Assets not being Depreciated	\$ 3,900,936	\$ 748,515	\$ 2,083,186	\$ 2,566,265
Capital Assets being Depreciated				
Buildings	\$ 2,963,198	\$ 1,369,429	\$ -	\$ 4,332,627
Improvements	16,188	-	-	16,188
Machinery & Equipment	958,879	308,547	-	1,267,426
Infrastructure	21,385,999	634,757	-	22,020,756
Total Capital Assets being Depreciated	\$ 25,324,263	\$ 2,312,733	\$ -	\$ 27,636,997
Governmental Activities				
Accumulated Depreciation				
Buildings	\$ 3,480,072	\$ 207,501	\$ 484,765	\$ 3,202,808
Improvements	2,257,754	188,866	-	2,446,620
Machinery & Equipment	5,382,988	392,364	321,061	5,454,291
Infrastructure	1,796,274	151,388	-	1,947,662
Total Accumulated Depreciation	\$ 12,917,088	\$ 940,119	\$ 805,826	\$ 13,051,381
Business-type Activities				
Accumulated Depreciation				
Buildings	\$ 1,052,111	\$ 94,051	\$ -	\$ 1,146,162
Improvements	3,549	405	-	3,954
Machinery & Equipment	635,852	59,159	-	695,011
Infrastructure	5,430,366	453,231	-	5,883,597
Total Accumulated Depreciation	\$ 7,121,878	\$ 606,846	\$ -	\$ 7,728,724
Total Governmental Activities, Net	\$ 13,823,713	\$ 14,036	\$ 394,043	\$ 13,459,406
Total Business-type Activities, Net	\$ 22,103,321	\$ 2,454,402	\$ 2,083,186	\$ 22,474,538

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2008

Note 10. Capital Assets - Continued
Depreciation Expense by Function

General Government	115,006
Public Safety	258,590
State Street Aid	278,515
Sanitation	67,321
Parks & Recreation	220,687
Sewer	606,846
	\$ 1,546,965

Note 11. Long-Term Debt

Below is a condensed schedule of maturities for long-term debt and obligations at June 30, 2008. A detailed Schedule of Long-term Debt, Principal, and Interest Requirements is included on page 37 of this report.

Year Ended June 30,	Principal Due	Interest Due
2009	800,002	276,112
2010	806,548	228,034
2011	843,249	191,389
2012	720,876	162,943
2013-2017	2,328,593	459,960
2018-2020	839,293	36,055
Total Long-term Debt	\$ 6,338,561	\$ 1,354,493

Long-term debt and obligations payable at June 30, 2008 are comprised of the following:

Governmental Activities

Capital Lease Payable to 1st Source Bank for a 2004 Sanitation Truck, Bearing Interest at 3.58% Per Annum, Payable in Monthly Installments of \$3529 with the Final Payment Due September 26, 2008	\$ 9,718
Revenue and Tax Refunding Bonds Issued to Finance Construction, Bearing Interest at Rates Ranging from 1.50 to 3.50% Per Annum, Payable in Semi-Annual Installments with the Final Payment Due October 2010	435,000
General Obligation Capital Outlay Bonds Issued to Finance Certain Public Works Projects, Bearing Interest at 4.22% Per Annum, Payable in Annual Installments with the Final Payment Due October 2011	514,600
Capital Lease Payable to First Tennessee Bank, National Association for Equipment, Bearing Interest at 4.2% Per Annum, Payable in Semi-Annual Installments of \$68,606 Principal and Interest Payments are Based on Total Debt of \$525,508, As of June 30, 2008, only \$296,161 had been Drawn on the Lease.	296,161

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2008

Note 11. Long Term Debt - Continued
Governmental Activities – Continued

General Obligation Capital Outlay Bonds Issued to Finance Certain Public Works Projects, Bearing Interest at 4.134% Per Annum, Payable in Annual Installments with the Final Payment Due September 5, 2019	<u>200,000</u>
Total Governmental Activities Long-Term Obligations	1,455,479
Less: Current Portion	<u>(345,248)</u>
Total Long-Term Governmental Activities Obligations	<u><u>\$ 1,110,231</u></u>

The following is a summary of changes to long-term liabilities in the Governmental activities during the year ended June 30, 2008. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Due within</u> <u>1 Year</u>
Compensated Absences	\$ 372,972	\$ 289,423	\$ 268,918	\$ 393,477	\$ -
Capital Leases	126,897	352,957	173,975	305,879	67,791
Notes Payable	1,225,500	200,000	275,900	1,149,600	277,457
Totals	<u>\$ 1,725,369</u>	<u>\$ 842,380</u>	<u>\$ 718,793</u>	<u>\$ 1,848,957</u>	<u>\$ 345,248</u>

Business-type Activities

Revenue and Tax Refunding Bonds Issued to Finance
Construction, Bearing Interest at rates ranging from 1.35 to
3.75% Per Annum, Payable in Semi-Annual
Installments with the Final Payment Due April, 2012

\$ 390,000

Revenue Bonds Issued to Finance Construction, Bearing
Interest at 4.5% Per Annum, Payable in Annual
Installments with the Final Payment Due June, 2009

40,000

State Revolving Loan #96-091, Bearing Interest Payments at
4.472% Per Annum, Payable in Monthly Installments of
\$41,123 with the Final Payment Due December 2018

4,153,084

General Obligation Capital Outlay Bonds Issued to Finance
Certain Public Works Projects, Bearing Interest at 4.134%
Per Annum, Payable in Annual Installments with the Final
Payment Due September 5, 2019

300,000

Total Sewer Fund Debt Payable

4,883,084

Less: Current Portion

(454,754)

Long-Term Debt Payable - Sewer Fund

\$ 4,428,330

Business-type Activities - Continued

The following is a summary of changes to long-term debt in the Business-type activities during the year ended June 30, 2008:

	<u>Balance</u> <u>7/1/2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2008</u>	<u>Due Within</u> <u>1 Year</u>
Compensated Absences	\$ 20,495	\$ 26,806	\$ 25,606	21,695	\$ -
Notes Payable	4,454,556	-	301,472	4,153,084	339,754
Revenue Bonds	510,000	300,000	80,000	730,000	115,000
Totals	<u>\$ 4,985,051</u>	<u>\$ 326,806</u>	<u>\$ 407,078</u>	<u>\$ 4,904,779</u>	<u>\$ 454,754</u>

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2008

Note 12. Capital Leases

The City has the following ongoing lease agreements as of June 30, 2008:

	Capitalized Cost
Public Safety Vehicles	\$ 90,670
General Government Vehicles	54,549
Parks and Recreation Vehicles	21,975
Parks and Recreation Equipment	15,851
Public Works Equipment	49,666
Sanitation Vehicles	311,521
Total Assets in Machinery & Equipment	\$ 544,232

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception dates. The future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2008, are as follows:

Year Ended June 30,	Future Minimum Lease Pmts
2009	79,659
2010	69,911
2011	69,940
2012	69,969
2013	60,445
Total Minimum Lease Payments	349,924
Less: Amount Representing Interest	(44,045)
Present Value of Future Minimum Lease Payments	\$ 305,879

Note 13. Construction Commitments

The City has the following construction projects in progress at June 30, 2008:

Construction Project	Total Estimated Cost	Total Expenses thru FYE 6/30/08
Governmental Activities:		
Greenway	n/a	\$ 15,700
Total Governmental Activities		\$ 15,700
Business-type Activities:		
Waste Water Treatment Plant	\$ 1,700,000	\$ 404,398
Waste Water Gravity System	\$ 300,000	22,796
Total Business-type Activities		\$ 427,194

Note 14. Interfund Receivables/Payables/Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due To	Due From				Total
	General Fund	Solid Waste Fund	Drug Fund	Sewer Fund	
General Fund	\$ -	\$ -	\$ -	\$ 616,117	\$ 616,117
Solid Waste Fund	17,676	-	-	-	17,676
Drug Fund	501	-	-	-	501
Sewer Fund	-	-	-	-	-
Total	\$ 18,178	\$ -	\$ -	\$ 616,117	\$ 634,295

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2008

Note 14. Interfund Receivables/Payables - Continued

The balances due from the sewer fund resulted from loans made to fund operations of the general fund. The balance is scheduled to be collected in the subsequent year. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund transfers for the year ended June 30, 2008, is as follows:

Transfer From	Transfer To				Total
	General Fund	Solid Waste Fund	Drug Fund	Sewer Fund	
General Fund	\$ -	\$ 674,707	\$ -	\$ -	\$ 674,707
Solid Waste Fund	-	-	-	-	-
Drug Fund	-	-	-	-	-
Sewer Fund	80,784	-	-	-	80,784
Total	\$ 80,784	\$ 674,707	\$ -	\$ -	\$ 755,491

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer from the general fund to the solid waste fund was a result of (3). The transfer from the sewer fund to the general fund was a result of (1).

Note 15. Risk Management

The City 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 City participates in the Tennessee Municipal League Risk Management Pool (TMLRMP), a public entity risk pool currently operating as a common risk management and insurance program for municipalities. The City pays an annual premium to the TMLRMP for its insurance coverage. The TMLRMP is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event. Settled claims of the city have not exceeded insurance coverage in any of the past three fiscal years.

Note 16. Prior Period Adjustment

During the year ended June 30, 2008, management disposed of a building that was completely destroyed by a tornado in April 2006. A prior period adjustment was recorded to reflect the loss on disposal in the appropriate year. The adjustment resulted in a decrease to beginning net assets of \$343,300 from \$15,629,927 to \$15,286,627.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Retirement Plan Funding Progress
(Dollar Amounts in Thousands)
June 30, 2008

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/(c))
July 1, 2007	12,982	16,132	3,150	80.47%	5,312	59.30%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year and therefore only the most current year is presented.

Refer to Footnote 4 for additional information and a description of the plan.

CITY OF GOODLETTSVILLE, TENNESSEE
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2008

	Special Revenue Funds		Total
Assets	Solid Waste Fund	Drug Fund	Non-major Governmental Funds
Cash	\$ -	\$ 7,509	\$ 7,509
Due From Other Funds	17,676	501	18,178
Total Assets	\$ 17,676	\$ 8,010	\$ 25,687
Liabilities and Fund Equity			
Liabilities			
Accounts Payable	\$ 30,557	\$ -	\$ 30,557
Accrued Wages	6,219	-	6,219
Payroll Taxes and Deductions Payable	5,286	-	5,286
Total Liabilities	42,062	-	42,062
Fund Balances			
Reserved For:			
Solid Waste Fund	(24,386)	-	(24,386)
Drug Fund	-	8,010	8,010
Total Fund Balances	(24,386)	8,010	(16,376)
Total Liabilities and Fund Balances	\$ 17,676	\$ 8,010	\$ 25,687

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		<u>Total Non-major Governmental Funds</u>
	<u>Solid Waste Fund</u>	<u>Drug Fund</u>	
Revenues			
Drug and Gambling Revenue	\$ -	\$ 32,936	\$ 32,936
Sanitation Fees	13,747	-	13,747
Other Income	5,853	-	5,853
Total Revenues	<u>19,600</u>	<u>32,936</u>	<u>52,536</u>
Expenditures			
Current:			
Drug Fund	-	27,696	27,696
Sanitation	686,556	-	686,556
Debt Service:			
Principal	47,569	-	47,569
Interest	1,224	-	1,224
Total Expenditures	<u>735,349</u>	<u>27,696</u>	<u>763,045</u>
Excess of Revenues Over (Under) Expenditures	(715,749)	5,240	(710,509)
Other Financing Sources (Uses)			
Operating Transfers In	674,707	-	674,707
Total Other Financing Sources (Uses)	<u>674,707</u>	<u>-</u>	<u>674,707</u>
Net Change in Fund Balances	(41,042)	5,240	(35,802)
Fund Balance - July 1, 2007	<u>16,656</u>	<u>2,770</u>	<u>19,426</u>
Fund Balance - June 30, 2008	<u>\$ (24,386)</u>	<u>\$ 8,010</u>	<u>\$ (16,376)</u>

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
All Special Revenue Funds
For the Year Ended June 30, 2008

	Solid Waste Fund			Drug Fund			Total Special Revenue Funds		
	Budgeted	Actual	Variance Favorable (Unfavorable)	Budgeted	Actual	Variance Favorable (Unfavorable)	Budgeted	Actual	Variance Favorable (Unfavorable)
Revenues									
Drug and Gambling Revenue	\$ -	\$ -	\$ -	\$ 50,000	\$ 32,936	\$ (17,064)	\$ 50,000	\$ 32,936	\$ (17,064)
Sanitation Fees	12,000	13,747	1,747	-	-	-	12,000	13,747	1,747
Recyclable Sales	6,000	5,853	(147)	-	-	-	6,000	5,853	(147)
Total Revenues	18,000	19,600	1,600	50,000	32,936	(17,064)	68,000	52,536	(15,464)
Expenditures									
Current:									
Drug and Gambling	-	-	-	50,000	27,696	22,304	50,000	27,696	22,304
Sanitation:									
Salaries & Benefits	392,000	304,338	87,662	-	-	-	392,000	304,338	87,662
Repairs & Maintenance	121,000	114,482	6,518	-	-	-	121,000	114,482	6,518
Landfill & Recycling	235,000	242,830	(7,830)	-	-	-	235,000	242,830	(7,830)
Supplies & Miscellaneous	25,000	24,907	93	-	-	-	25,000	24,907	93
Capital Outlay	213,000	-	213,000	-	-	-	213,000	-	213,000
Debt Service									
Principal	100,796	47,569	53,227	-	-	-	100,796	47,569	53,227
Interest	-	1,224	(1,224)	-	-	-	-	1,224	(1,224)
Total Expenditures	1,086,796	735,349	351,447	50,000	27,696	22,304	1,136,796	763,045	373,751
Excess of Revenues Over (Under) Expenditures	(1,068,796)	(715,749)	353,047	-	5,240	5,240	(1,068,796)	(710,509)	358,287
Other Financing Sources									
Operating Transfers In	1,044,404	674,707	(369,697)	-	-	-	1,044,404	674,707	(369,697)
Total Other Financing Sources	1,044,404	674,707	(369,697)	-	-	-	1,044,404	674,707	(369,697)
Net Change in Fund Balances	(24,392)	(41,042)	(16,650)	-	5,240	5,240	(24,392)	(35,802)	(11,410)
Fund Balance - July 1, 2007	16,656	16,656	-	2,770	2,770	-	19,426	19,426	-
Fund Balance - June 30, 2008	\$ (7,736)	\$ (24,386)	\$ (16,650)	\$ 2,770	\$ 8,010	\$ 5,240	\$ (4,966)	\$ (16,376)	\$ (11,410)

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2008

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Contract Number	Beginning (Accrued)		Cash Receipts	Expenditures	Ending (Accrued) Deferred
			Deferred	Deferred			
<u>Federal Awards</u>							
FEMA	97.036	Z-06-034041-00	\$ (118,533)	\$ -	\$ -	-	\$(118,533)
FEMA - Department of Homeland Security - Assistance to Firefighters	97.044	EMW-2007-FO-09855	-	28,500	28,500	-	-
Total Federal Awards			(118,533)	28,500	28,500	-	(118,533)
<u>State Financial Assistance</u>							
TN Department of State - Community Enhancement Grant	N/A	N/A	-	34,000	16,700	17,300	
Office of Criminal Justice Programs	N/A	N/A	-	18,000	18,000	-	
Department of Commerce and Insurance - Commission on Fire Fighting	N/A	N/A	-	7,200	7,200	-	
Peace Officer Standards and Training Commission	N/A	N/A	-	22,200	22,200	-	
Total State Financial Assistance			-	81,400	64,100	17,300	
Total Federal Awards and State Financial Assistance			\$ (118,533)	\$ 109,900	\$ 92,600	\$ (101,233)	

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Financial Assistance summarizes the expenditures of the City of Goodlettsville, Tennessee under the programs of the federal and state governments for the year ended June 30, 2008. The schedule is presented using the modified accrual basis of accounting.

Note 2. Loans Outstanding

At June 30, 2008, there was an outstanding balance of \$4,153,084 on a loan obtained in a previous year through the State Revolving Loan Fund. Payments during the current fiscal year totaled \$301,472.

Note 3. FEMA Grant for Tornado Relief

April 7, 2006 a tornado struck the city and the area was declared a presidential disaster area, eligible for a FEMA grant. A receivable of \$118,533 has been recorded in the governmental activities of the Statement of Net Assets.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Reserve, Receipts and Disbursements
for State Street Aid and Tourism
For the Year Ended June 30, 2008

State Street Aid

Beginning Reserve for State Street Aid		\$ 359,790
Receipts		
Gas Taxes	450,782	
Total Receipts	450,782	450,782
Expenditures		
Street Lights	90,108	
Street Maintenance	26,904	
Street Paving	30,861	
Long-term Debt	-	
Capital Improvements	340,037	
		487,910
Ending Reserve for State Street Aid		\$ 322,662

Tourism

Beginning Reserve for Tourism		\$ 343,259
Receipts		
Cable TV Franchise Taxes	63,915	
Hotel/Motel Tax	320,545	
Tourism Receipts	39,415	
Total Receipts		423,875
Expenditures		
Tourism Salaries and Benefits	173,436	
Tourism Utilities	10,514	
Tourism Other	72,813	
		256,763
Ending Reserve for Tourism		\$ 510,371

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Long-Term Debt, Principal, and Interest Requirements
By Fiscal Year
June 30, 2008

Fiscal Year Ended June 30,	Governmental Activities										Total	
	1st Source Bank 2004 Sanitation Truck	Bank of America \$630,500 Bond Issue	Regions Bank \$1,850,000 Bond Issue	General Obligation Capital Outlay Note, Series 2007	First Tennessee Bank Equipment Lease	Total Governmental Activities	Principal	Interest	Principal	Interest	Principal	Interest
2009	9,718	19,167	13,825	8,383	10,533	58,073	10,533	345,248	51,967	345,248	51,967	
2010	-	125,880	9,100	7,684	9,228	59,378	9,228	341,925	41,280	341,925	41,280	
2011	-	131,200	2,713	6,986	7,894	60,712	7,894	363,579	24,580	363,579	24,580	
2012	-	136,730	-	6,287	6,529	62,076	6,529	215,473	17,066	215,473	17,066	
2013	-	-	-	5,589	4,523	55,922	4,523	72,589	10,112	72,589	10,112	
2014	-	-	-	4,890	-	-	-	16,667	4,890	16,667	4,890	
2015	-	-	-	4,191	-	-	-	16,667	4,191	16,667	4,191	
2016	-	-	-	3,493	-	-	-	16,667	3,493	16,667	3,493	
2017	-	-	-	2,794	-	-	-	16,667	2,794	16,667	2,794	
2018	-	-	-	2,096	-	-	-	16,667	2,096	16,667	2,096	
2019	-	-	-	1,397	-	-	-	16,667	1,397	16,667	1,397	
2020	-	-	-	699	-	-	-	16,663	699	16,663	699	
Total	\$ 9,718	\$ 514,600	\$ 41,668	\$ 200,000	\$ 38,708	\$ 296,161	\$ 38,708	\$ 1,455,479	\$ 164,565	\$ 1,455,479	\$ 164,565	

Fiscal Year Ended June 30,	Business-type Activities										Total	
	Revenue Bonds Series B 4.50%	Regions Bank \$635,000 Bond Issue	State of TN Revenue Bond - 96-091	General Obligation Capital Outlay Note, Series 2007	Total Business-type Activities	Principal	Interest	Principal	Interest	Principal	Interest	
2009	40,000	13,650	194,845	12,574	222,869	454,754	222,869	800,002	274,836	800,002	274,836	
2010	-	11,375	163,853	11,526	186,754	464,623	186,754	806,548	228,034	806,548	228,034	
2011	-	7,525	148,806	10,479	166,810	479,670	166,810	843,249	191,389	843,249	191,389	
2012	-	3,375	133,073	9,431	145,878	505,403	145,878	720,876	162,944	720,876	162,944	
2013	-	-	116,621	8,383	125,004	401,855	125,004	474,444	135,116	474,444	135,116	
2014	-	-	99,418	7,335	106,753	419,058	106,753	435,725	111,643	435,725	111,643	
2015	-	-	81,430	6,287	87,717	437,046	87,717	453,713	91,909	453,713	91,909	
2016	-	-	62,621	5,239	67,860	455,855	67,860	472,522	71,353	472,522	71,353	
2017	-	-	42,953	4,191	47,145	475,523	47,145	492,189	49,939	492,189	49,939	
2018	-	-	22,388	3,144	25,531	496,088	25,531	512,755	27,627	512,755	27,627	
2019	-	-	3,190	2,096	5,286	268,208	5,286	284,875	6,683	284,875	6,683	
2020	-	-	-	1,047	1,047	25,000	1,047	41,663	1,745	41,663	1,745	
Total	\$ 40,000	\$ 390,000	\$ 1,069,198	\$ 81,732	\$ 1,187,607	\$ 4,883,084	\$ 1,187,607	\$ 6,338,561	\$ 1,353,218	\$ 6,338,561	\$ 1,353,218	

Other Supplemental Information

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Changes in Property Taxes Receivable
and Uncollected Delinquent Taxes Filed
June 30, 2008

Year of Levy	Gross Property Taxes Receivable 7/1/2007	New Levy	Collections	Write-Offs	Gross Property Taxes Receivable 6/30/2008
2008		\$ 2,873,299	\$ -	\$ -	\$ 2,873,299
2007		2,887,879	2,653,397	-	234,482
2006	\$ 88,757	-	52,988	-	35,769
2005	46,000	-	25,323	-	20,677
2004	25,338	-	(8,619)	-	33,957
2003	11,940	-	2,465	-	9,475
2002	3,040	-	23	-	3,017
2001	676	-	36	-	640
2000	152	-	-	-	152
1999	43	-	-	-	43
1998	36	-	-	-	36
1997	36	-	-	36	\$ -
Totals	\$ 176,018	\$ 5,761,178	\$ 2,725,613	\$ 36	\$ 3,211,547

Note: Delinquent property taxes receivable for the tax years 2006 - 1997 have been turned over for collection to the Sumner County and Metro trustees.

CITY OF GOODLETTSVILLE, TENNESSEE
Utility Rate Structure and Number of Customers
For the Year Ended June 30, 2008

The City of Goodlettsville's Sewer Fund had approximately 4,885 customers at June 30, 2008. Its rate structure was as follows:

Residential	
<i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>	
Meter Size	Rate (\$)
5/8"	6.05
3/4"	17.17
1"	20.68
1 1/2"	30.40
2"	40.94
3"	54.02
4"	88.03
6"	138.23
8"	216.17
10"	216.17

Small Commercial and Industrial	
<i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>	
Meter Size	Rate (\$)
5/8"	6.76
3/4"	19.23
1"	23.16
1 1/2"	34.05
2"	45.85
3"	60.50
4"	98.59
6"	154.82
8"	242.11
10"	242.11

Usage over 200
Cubic Feet 3.76 per 100 cu.ft.

Usage over 200
Cubic Feet 4.21 per 100 cu.ft.

Intermediate Commercial and Industrial	
<i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>	
Meter Size	Rate (\$)
5/8"	22.14
3/4"	31.40
1"	34.40
1 1/2"	42.72
2"	52.18
3"	65.31
4"	103.38
6"	159.61
8"	248.46
10"	248.46

Large Commercial and Industrial	
<i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>	
Meter Size	Rate (\$)
5/8"	854.53
3/4"	863.77
1"	866.77
1 1/2"	875.08
2"	884.55
3"	892.86
4"	930.97
6"	987.20
8"	1,080.84
10"	1,080.84

Usage over 200
Cubic Feet 3.43 per 100 cu.ft.

Usage over 200
Cubic Feet 2.59 per 100 cu.ft.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Property Tax Rates and Assessments
Last Ten Fiscal Years

Fiscal Year	Levy Year	Tax Rate Per \$100 Davidson	Tax Rate Per \$100 Sumner	Realty Tax Levy
2008	2007	.66	.66	\$ 2,887,879
2007	2006	.66	.66	2,840,113
2006	2005	.64	.69	2,689,509
2005	2004	.70	.66	2,615,245
2004	2003	.70	.66	2,582,866
2003	2002	.70	.66	2,589,828
2002	2001	.22	.22	857,270
2001	2000	.22	.22	775,948
2000	1999	.22	.22	641,199
1999	1998	.22	.22	571,869

See independent auditors' report.

Internal Control and Compliance Section

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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

To the Honorable Mayor
and the Members of the City Commission
Goodlettsville, Tennessee

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Goodlettsville, Tennessee as of and for the year ended June 30, 2008, which collectively comprise the City of Goodlettsville, Tennessee's basic financial statements and have issued our report thereon dated December 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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

08-1. SEGREGATION OF DUTIES – COURT REVENUE (modified and repeated from 07-2)

Significant Deficiency: The duties relating to collection of court revenue are not properly segregated. Presently, the tickets are entered into the ETA Court Software by city hall cashiers. The cashiers also enter the judge's verdict on violations as guilty or dismissed. The cashiers receive payments and post those payments. Standard practice is that 1 cashier enters tickets each day, and another enters dispositions by taking payments. Any of the 5 clerks are cross-trained in all areas. The software requires an administrative override to make any adjustment to tickets. One of the 5 cashiers has administrative override rights. The ability to enter, receipt and adjust tickets are incompatible duties.

In addition, the system was not differentiating between checks, cash and credit card payments to compare to the deposit slip summary by type of payment.

Recommendation: We recommend that one person (other than the 5 cashiers) be responsible for checking for the completeness of ticket numbers entered into the system and adjusting tickets when necessary using the administrative override. This individual should not be able to receipt payments.

Management Response: Management concurs with this recommendation and will audit the receipt process for tickets on a routine basis. Improvements have been made to the software to correctly identify payments as checks, cash, or credit card payments.

08-2. PUBLIC WORKS RECEIPTS

Significant Deficiency: We identified cash receipts collected at the public works department were not deposited within a reasonable period of time after collection. We were unable to determine if certain cash receipts were deposited in the city's bank account. Management was able to determine that the cash was deposited but in the internal investigation, discovered that collection policies were not properly designed and implemented.

Recommendation: The City has already implemented new collection policies at the public works department that are designed to provide adequate recordkeeping for receipts. We recommend the receipt books be reviewed quarterly to ensure the public works department is receipting cash correctly and is in compliance with the new policies.

Management Response: Management concurs with this finding and has already addressed and resolved.

08-3. AUDIT ADJUSTMENTS (repeated from 07-5)

Significant Deficiency: The city maintains the financial records throughout the year on a budgetary basis of accounting. Adjustments are and should be made at year-end to convert from budgetary basis to modified-cash for governmental funds and full accrual for enterprise funds. During the year ended June 30, 2008, management made adjustments to the modified-cash basis for governmental funds. Management also made some adjustments to the sewer fund, the City's only enterprise fund, to convert from the budgetary to full accrual basis. 12 additional journal entries were proposed by the auditors in the sewer fund for a total net income effect of -\$437,958. The entries were to adjust accounts receivable, correct depreciation and adjust principal payments made on debt.

Recommendation: Management should review the adjustments made during the audit to determine what entries should be recorded during the fiscal year prior to beginning the annual audit. Most of these entries could be determined by management prior to the audit and recorded as estimates within a material amount. This would reduce the number and amount of adjustments required as part of the audit.

Management Response: This was an oversight by staff. Management concurs with this recommendation and will ensure that all entries are made prior to the field audit.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Goodlettsville, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below.

08-4. CASH DEPOSITS (repeated from 07-1)

Significant Deficiency: Within our audit sample of 45 cash transactions, we noted 12 occurrences that funds were received at various city offices and were not deposited within the three day requirement according to Title 3, Chapter 1, Section 5 of the Internal Control and Compliance Manual for Tennessee Municipalities. This occurred once with the police department, four with parks and tourism, six with public works, and one time for business taxes. Of the twelve violations noted, nine were deposited within four days. We also noted violations of the this rule in fire department concerning receipt of burn permits.

Recommendation: We recommend the city communicate to all departments regarding this matter. All departments receiving money from the public should remit daily deposits to the central cashier at City Hall to ensure those deposits meet the three day rule.

Management Response: Management understands this issue. Management centralized the collection of all City receipts of cash at City Hall two years ago. Prior to that time, the various departments were responsible for taking their own deposits to the bank, and then providing the Finance Director with copies of the deposit tickets. While centralizing improved the internal control of cash, it added another step in the process, which added time to the overall process. Management has already addressed this issue with some departments and will continue to evaluate the process and adjust as necessary.

We noted certain matters that we reported to management of the City of Goodlettsville, Tennessee in a separate letter dated December 22, 2008.

Findings reported in the previous year 07-1 and 07-6 (Cash Deposits), 07-2 (Segregation of Duties), and 07-5 (Audit Adjustments) have been repeated and/or modified above. Findings 07-3 (Due To/From), 07-4 (Property Tax Subledger) and 07-7 (Budget Violations) have been corrected.

The City of Goodlettsville, Tennessee's response to the findings identified in our audit are described above. We did not audit the City of Goodlettsville, Tennessee's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Commission, management, the State of Tennessee, Division of Municipal Audit and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Parker Parker & Associates

December 22, 2008