

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Financial Report**  
**June 30, 2010**

**Financial Section**

CITY OF GOODLETTSVILLE, TENNESSEE

Financial Report

June 30, 2010

Contents

	<u>Page</u>
<b>Introductory Section</b>	
Roster of City Officials	1
<b>Financial Section</b>	
Independent Auditors' Report	2
Management's Discussion and Analysis	3 - 8a
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	14
Statement of Net Assets - Proprietary Fund	15
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	16
Statement of Cash Flows - Proprietary Fund	17
Notes to the Financial Statements	18 - 32
Required Supplementary Information:	
Schedule of Retirement Plan Funding Progress	33
Schedule of Post-retirement Health Care Benefit Program Funding Progress	33
Supplemental Information:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Non-major Governmental Funds	34
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	35
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Special Revenue Funds	36
Schedule of Expenditures of Federal Awards and State Financial Assistance	37
Schedule of Reserves, Receipts and Disbursements for State Street Aid and Tourism	38
Schedule of Long-term Debt, Principal, and Interest Requirements	39
Other Supplemental Information:	
Schedule of Changes in Property Tax Receivable and Uncollected Delinquent Taxes	40
Schedule of Utility Rate Structure and Number of Customers	41
Schedule of Property Tax Rates and Assessments - Last 10 Years	42
<b>Internal Control and Compliance Section</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	43 - 44
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	45 - 46
Summary Schedule of Prior Year Findings	47
Schedule of Findings, Questioned Costs and Responses	48
Corrective Action Plan	49

## **Introductory Section**

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Roster of City Officials**  
**6/30/2010**

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

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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, 2010 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, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the major governmental funds 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 February 8, 2011, 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 schedules of funding progress on pages 3 through 8 and 33, 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 34 through 39, 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 34 through 39 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*

February 8, 2011

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Management's Discussion and Analysis**  
**June 30, 2010**

Description of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which 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, including 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 and Solid Waste Fund, the two major funds. Data from the other two 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**  
**June 30, 2010**

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 18-32 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 33 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 34-35 of this report.

The activities of the City of Goodlettsville are accounted for in five funds: General Fund, Drug Fund, Solid Waste Fund, Tourism 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. During 2010, the Tourism section was separated into a separate special revenue fund.

Condensed comparative data.

	<b>Primary Government</b>					
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>						
Current and Other Assets	\$ 7,380,887	\$ 6,750,077	\$ 4,557,739	\$ 4,300,180	\$ 11,938,626	\$ 11,050,257
Capital assets	13,139,656	13,777,683	22,910,309	22,240,844	36,049,965	36,018,527
Total assets	<u>20,520,543</u>	<u>20,527,760</u>	<u>27,468,048</u>	<u>26,541,024</u>	<u>47,988,591</u>	<u>47,068,784</u>
<b>LIABILITIES</b>						
Other liabilities	3,366,584	3,476,826	138,615	128,720	3,505,199	3,605,546
Long-term liabilities	2,124,467	2,010,004	5,130,576	4,452,586	7,255,043	6,462,590
Total liabilities	<u>5,491,051</u>	<u>5,486,830</u>	<u>5,269,191</u>	<u>4,581,306</u>	<u>10,760,242</u>	<u>10,068,136</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	12,294,327	12,726,830	17,808,778	17,813,801	30,103,106	30,540,631
Restricted	856,954	829,456	-	-	856,954	829,456
Unrestricted	1,878,211	1,484,644	4,390,079	4,145,918	6,268,289	5,630,562
Total net assets	<u>\$ 15,029,492</u>	<u>\$ 15,040,930</u>	<u>\$ 22,198,857</u>	<u>\$ 21,959,719</u>	<u>\$ 37,228,349</u>	<u>\$ 37,000,649</u>

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Management's Discussion and Analysis**  
**June 30, 2010**

<u>Functions/Programs:</u>	Change in Net Assets					
	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
<b>Program Revenues</b>						
Charges for Services	\$ 1,614,814	\$ 1,651,046	\$ 3,931,217	\$ 3,309,267	\$ 5,546,031	\$ 4,960,313
Operating grants and contributions	535,204	451,559	-	-	535,204	451,559
Capital grants and contributions	83,578	726,750	-	-	83,578	726,750
General Revenues	9,379,480	9,399,192	47,749	167,313	9,427,229	9,566,504
Total Revenues	<u>11,613,076</u>	<u>12,228,547</u>	<u>3,978,966</u>	<u>3,476,580</u>	<u>15,592,042</u>	<u>15,705,126</u>
<b>Expenses</b>						
General government	2,885,572	3,084,557	-	-	2,885,572	3,084,557
Public safety	5,339,890	5,113,792	-	-	5,339,890	5,113,792
Public Works	1,142,901	1,216,964	-	-	1,142,901	1,216,964
Sanitation	751,294	755,411	-	-	751,294	755,411
Parks and recreation	1,251,512	1,589,483	-	-	1,251,512	1,589,483
Tourism	270,514	173,820	-	-	270,514	173,820
Interest on long-term debt	60,363	56,429	-	-	60,363	56,429
Sewer	-	-	3,746,237	3,381,879	3,746,237	3,381,879
Total Expenses	<u>11,702,044</u>	<u>11,990,457</u>	<u>3,746,237</u>	<u>3,381,879</u>	<u>15,448,281</u>	<u>15,372,336</u>
Increase (Decrease) in net assets before transfers	(88,968)	238,090	232,729	94,701	143,761	332,791
Transfers	77,529	77,829	(77,529)	(77,829)	-	-
Increase (Decrease) in net assets	(11,439)	315,919	155,200	16,872	143,761	332,791
Net assets - beginning	15,040,931	14,725,011	21,959,719	21,942,847	37,000,650	36,667,858
Prior Period Adjustment	-	-	83,938	-	83,938	-
Net assets - ending	<u>15,029,492</u>	<u>15,040,930</u>	<u>22,198,857</u>	<u>21,959,719</u>	<u>37,228,349</u>	<u>37,000,649</u>

Overall analysis.

The City's overall financial condition remained solid during Fiscal Year 2010. Although total governmental revenues decreased 5% from Fiscal Year 2009, total governmental expenditures decreased 7.5% from the prior year. This resulted in a slight decrease in net assets of \$11,400. Total governmental revenues reported for Fiscal Year 2010 decreased from \$12,200,000 in Fiscal Year 2009 to \$11,600,000 in Fiscal Year 2010—a decrease of \$600,000. Most of the decrease in revenues for Fiscal Year 2010 was the result of a reduction in grant revenue. Fiscal Year 2009 revenues included a one-time Department of Homeland Security Grant of \$712,500 for the purchase of a platform fire truck. The economy also had an effect on the City's revenues as local sales tax revenues and construction permits further decreased from the prior year. Total governmental expenditures decreased from \$11,990,000 in Fiscal Year 2009 to \$11,702,000 in Fiscal Year 2010— a decrease of \$288,000. The Sewer Fund continued to strengthen its financial position as it experienced an increase in net assets of \$155,000. Sewer fund revenues increased \$500,000 from \$3,480,000 in Fiscal Year 2009 to \$3,980,000-14%. Expenditures in the Sewer Fund increased approximately 11% from \$3,380,000 to \$3,750,000 in Fiscal Year 2010.

The City continues to closely monitor local option sales tax collections. While total Local Option Sales Tax collections again saw a decrease from the prior year (Fiscal Year 2009-\$3,676,000 compared to Fiscal Year 2010-\$3,528,500), there was an increase in the collections for the last two months of the fiscal year compared to the same two months in the prior year. That trend has continued through the midpoint of Fiscal Year 2011. The City continues to monitor collections on a monthly basis.

General Fund expenditures decreased in Fiscal Year 2010 approximately \$280,000 from the prior year. The City spent considerably less in capital improvements compared to Fiscal Year 2009, and operating

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Management's Discussion and Analysis**  
**June 30, 2010**

accounts were very tightly managed in all departments. Overall, General Fund expenditures were under budget by \$1,500,000. Due to the current and ongoing economic conditions, the City is strictly monitoring all expenditures.

The City spent approximately \$730,000 in capital dollars in the General Fund this year. Capital additions included five new police cruisers, a crime suppression vehicle, and the replacement of an unmarked vehicle for the CID department. The City also replaced a 21-year-old cooling tower in City Hall and replaced the HVAC system at the Community Center. A new accounting and administrative software package was acquired by the City and was financed with a capital lease. The Fire Department was able to purchase swift water rescue equipment due to a Fireman's Fund Insurance Company grant and a donation from a local insurance provider. The City spent approximately \$280,000 resurfacing city streets in Fiscal Year 2010. The Sewer Fund had Construction in Progress expenses of \$442,000 for sewer rehabilitation and \$1,200,000 for construction of a wastewater flow equalization basin at the Mansker Creek Pump Station. These two projects are being funded by a loan with the State's Revolving Loan Fund program that includes \$5 million of American Recovery and Reinvestment Act (ARRA) funds in the form of "principal forgiveness". Those two projects will continue through the next fiscal year.

Fund analysis

General Fund. The General Fund is the largest component of the governmental activities. The local option sales tax represents approximately 1/3 of the total revenues in the General Fund. Sales tax collections in Davidson County decreased (\$152,000) while Sumner County increased (\$4,400) compared to the prior year. Total local option sales tax collections decreased 4% from the prior fiscal year. However, in the last two months of Fiscal Year 2010, there were increases in local option sales tax collections compared to the same two months in the prior year. State shared revenues decreased <1% from the prior year. This decrease was anticipated and budgeted due to the affects of the sluggish state of the economy.

In spite of the sluggish economy, the City increased its General Fund Balance by \$663,000 and 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, 2010 was \$3,977,400 with \$2,536,110 being an "unreserved" fund balance.

Drug Fund. Expenditures in the drug fund depend on the amount of drug fines received and proceeds from seized property, both of which showed typical activity this year. Twenty-three thousand one hundred twenty-seven dollars (\$23,127) was collected in drug fines, and forty-five thousand nine hundred sixty dollars (\$46,980) was spent in drug enforcement activities during Fiscal Year 2010.

Solid Waste Fund. As stated earlier, the City implemented a sanitation service fee on July 1, 2008 of \$15 per month per residential living unit. This fee generated \$729,000 revenue in Fiscal Year 2010. Expenditures in the Solid Waste Fund were \$702,000, which was a slight reduction from the prior year. Therefore, there was no General Fund subsidy to the Solid Waste Fund through operating transfers of funds. The Solid Waste Fund also generates revenue through the collection of sanitation fees of \$75 per trash receptacle collected at the initial set-up of service; and through the recycling program managed by the Public Works Department. Those revenues are classified as "Miscellaneous" and totaled \$26,000 for Fiscal Year 2010.

Tourism Fund. The tourism fund, created during 2010, had an increase in fund balance of \$55,000.

Sewer Fund. Operating revenues and expenditures in the Sewer Fund both increased during fiscal year 2010. Operating revenues increased 20% or \$650,000. Operating expenditures increased 13% or \$422,000 over the prior fiscal year. The increase in revenues was the result of a new fee structure that was implemented effective July 1, 2009. The City's negotiations with the Metropolitan Government of Nashville and Davidson County (Metro) on a new wastewater treatment contract were resolved in Fiscal Year 2010 and resulted in a new contract for Sewer treatment. The new contract resulted in an expected and budgeted increase in sewage treatment fees.

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Management's Discussion and Analysis**  
**June 30, 2010**

Budget variances in the General Fund

The General Fund revenues were below budget by approximately 3% (\$338,000). Most of this was due to the overall decline in economic conditions over the past 18-24 months, with the largest variances in sales tax collections and building and construction permits. However, the City recorded unbudgeted insurance proceeds of \$430,000 in Fiscal Year 2010. General Fund expenditures were 8% under budget (\$963,000). This resulted in an overall addition to the General Fund Balance of \$663,000, instead of the budgeted reduction to the General Fund balance.

Capital asset and long-term debt activity

Capital asset activity included the addition of five new police cruisers, a crime suppression vehicle, and the replacement of an unmarked vehicle for the CID department. The City financed the vehicle purchases with a capital lease. A new accounting and administrative software package was purchased by the City in Fiscal Year 2010, and was also financed through a capital lease. The City also replaced a 21-year-old cooling tower in City Hall and replaced the HVAC system at the Community Center. The Fire Department was able to purchase swift water rescue equipment due to a Fireman's Fund Insurance Company grant and a donation from a local insurance provider. The City spent approximately \$280,000 resurfacing city streets in Fiscal Year 2010 funded through the Street Aid Fund.

**Schedule of Changes in Capital Assets**

	Balance 7/1/2009	Additions	Disposals	Balance 6/30/2010
<b>Governmental Activities</b>				
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>\$ 3,206,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,206,318</u>
Capital Assets being Depreciated				
Buildings	\$ 7,743,836	\$ -	\$ 319,615	\$ 7,424,221
Improvements	4,787,721	59,237	-	4,846,958
Machinery & Equipment	7,653,191	347,508	207,919	7,792,780
Infrastructure	4,397,171	300,694	-	4,697,865
Total Capital Assets being Depreciated	<u>\$ 24,581,919</u>	<u>\$ 707,439</u>	<u>\$ 527,534</u>	<u>\$ 24,761,824</u>
<b>Business-type Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 2,139,071	\$ -	\$ -	\$ 2,139,071
Construction in Progress	247,816	1,396,238	-	1,644,054
Total Capital Assets not being Depreciated	<u>\$ 2,386,887</u>	<u>\$ 1,396,238</u>	<u>\$ -</u>	<u>\$ 3,783,125</u>
Capital Assets being Depreciated				
Buildings	\$ 4,332,627	\$ -	\$ -	\$ 4,332,627
Improvements	16,188	-	-	16,188
Machinery & Equipment	1,288,256	-	-	1,288,256
Infrastructure	22,594,953	-	-	22,594,953
Total Capital Assets being Depreciated	<u>\$ 28,232,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,232,024</u>
<b>Governmental Activities</b>				
Accumulated Depreciation				
Buildings	\$ 3,400,550	\$ 121,523	\$ 196,939	\$ 3,325,133
Improvements	2,649,882	150,094	-	2,799,976
Machinery & Equipment	5,860,472	713,453	239,141	6,334,784
Infrastructure	2,099,650	268,943	-	2,368,593
Total Accumulated Depreciation	<u>\$ 14,010,554</u>	<u>\$ 1,254,012</u>	<u>\$ 436,081</u>	<u>\$ 14,828,486</u>

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Management's Discussion and Analysis**  
**June 30, 2010**

**Business-type Activities**

Accumulated Depreciation				
Buildings	\$ 774,900	\$ 230,166	\$ -	\$ 1,005,066
Improvements	4,359	691	-	5,050
Machinery & Equipment	799,973	81,817	-	881,790
Infrastructure	6,798,835	414,100	-	7,212,935
Total Accumulated Depreciation	<u>\$ 8,378,067</u>	<u>\$ 726,774</u>	<u>\$ -</u>	<u>\$ 9,104,841</u>
<b>Total Governmental Activities, Net</b>	<b>\$ 13,777,683</b>	<b>\$ (546,573)</b>	<b>\$ 91,454</b>	<b>\$ 13,139,656</b>
<b>Total Business-type Activities, Net</b>	<b>\$ 22,240,843</b>	<b>\$ 669,464</b>	<b>\$ -</b>	<b>\$ 22,910,309</b>

**Schedule of Changes to Long-Term Liabilities – Governmental Activities**

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due within 1 Year
Compensated Absences	\$ 427,807	\$ 439,026	\$ 389,567	\$ 477,266	\$ -
Net OPEB Obligation	531,344	279,316	-	810,659	\$ -
Capital Leases	178,710	263,030	194,794	246,945	115,727
Notes Payable	872,144	-	282,547	589,597	302,867
Totals	<u>\$ 2,010,005</u>	<u>\$ 981,372</u>	<u>\$ 866,909</u>	<u>\$ 2,124,468</u>	<u>\$ 418,594</u>

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

	Balance 7/1/2009	Additions	Reductions	Balance 6/30/2010	Due Within 1 Year
Compensated Absences	\$ 25,544	\$ 24,419	\$ 24,400	25,563	\$ -
Notes Payable	4,087,042	1,086,761	298,789	4,875,014	367,272
Revenue Bonds	340,000	-	110,000	230,000	110,000
Totals	<u>\$ 4,452,586</u>	<u>\$ 1,111,180</u>	<u>\$ 433,189</u>	<u>\$ 5,130,577</u>	<u>\$ 477,272</u>

Other Matters

Fiscal Year 2010 can only be described as extraordinary relative to daily operations of city government. The thorough testing and implementation of the City's new highly integrated financial and management software was completed during the year. The benefits derived from the new system have been only partially recognized due to the timing of the final implementation during the year. Its full beneficial effect is certainly anticipated in FY 2011.

Late in FY 2009 and throughout FY 2010, the City's finance director successfully completed the majority of requirements of the State's mandated Certified Municipal Finance Officer (CMFO) certification program. Her final completion and membership in the program's first graduating class is anticipated in FY 2011.

May 1<sup>st</sup> and 2<sup>nd</sup> of the year found the City experiencing a natural disaster of historic proportions. In a thirty six-hour period over those days, areas of the City were inundated with flood waters caused by rainfall measuring from ten to seventeen inches in the region. The disaster had two components – flash flooding from the actual rainfall and inundation flooding caused by backup overflow of streams and creeks throughout the City and the nearby Cumberland River. The City was included in the area declared in a presidential declaration of disaster. For several days, all departments of city government operated in an emergency rescue mode. At the end of the fiscal year, the City was well into its recovery and rehabilitation phase, which is expected to stretch far into FY 2011 and possibly FY 2012.

During the last few months of the year, the City experienced higher than same-period-last-year retail sales tax collections...a very important component of the City's revenue stream. This observed trend reversal from the previous 18-20 months was certainly welcomed and hopes are that it will continue throughout FY 2011. It appears that this positive movement was also experienced by neighboring municipal and county governments, as well as the State.

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Management's Discussion and Analysis**  
**June 30, 2010**

Fiscal Year 2010 found the City continuing to place heavy emphasis on increasing the already aggressive economic development function of the City's government. Agreeing that increasing the City's tax base better serves the long-term welfare of the City, Board of Commissioners members and City management staff strategically planned how best to improve the economic well-being of Goodlettsville. While the Economic Development Director continues establishing important development relationships, all other departments of city government continue working to improve the general aesthetic quality of the City through various cleanup activities, codes enforcement and planning for improved lighting, signage and roadway access throughout the commercial areas of Goodlettsville.

Understanding the importance of regional relationships with other government entities, the City continued fostering strong working relationships with the Metropolitan Government of Nashville and Davidson County and its neighboring Sumner County municipal and county governments.

The FY 2010 General Fund budget includes a fund balance goal of \$1,654,000 (15% of the operating budget) at fiscal year-end. This variance from the Board of Commissioners' mandated 18% balance was recognized and understood when the budget was adopted. It also reflects a 2% decrease in revenues as a result of the continuing weakening economic conditions. In response, the City's General fund budgeted expenditures for FY 2010 are 1% less than FY 2009, which were significantly less than FY 2008. City staff continues closely monitoring all expenditures. The City Manager and Finance Director provide monthly updates of current budget comparisons and projected financials to the Board of Commissioners.

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Statement of Net Assets**  
**June 30, 2010**

	<b>Primary Government</b>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,554,762	\$ 4,472,987	\$ 7,027,749
Receivables, Net	4,536,975	334,914	4,871,889
Internal Balances, Net	253,745	(253,745)	-
Inventories	35,405	-	35,405
Unamortized Bond Costs, Net	-	3,483	3,483
Deposits	-	100	100
Capital Assets:			
Land, Land Improvements & Construction in Progress	3,206,318	3,783,125	6,989,443
Other Capital Assets, Net of Depreciation	9,933,338	19,127,183	29,060,522
Total Capital Assets	<u>13,139,656</u>	<u>22,910,309</u>	<u>36,049,965</u>
Total Assets	<u>20,520,543</u>	<u>\$ 27,468,048</u>	<u>\$ 47,988,591</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	\$ 309,188	\$ 138,615	\$ 447,802
Deferred Revenue	3,057,397	-	3,057,397
Long-term Liabilities:			
Compensated Absences	477,266	25,563	502,829
Net OPEB Obligation	810,659	-	810,659
Current Portion	418,594	477,272	895,866
Long-term Portion	417,948	4,627,742	5,045,689
Total Liabilities	<u>5,491,051</u>	<u>5,269,191</u>	<u>10,760,242</u>
Invested in Capital Assets, Net of Related Debt	12,294,327	17,808,778	30,103,105
Restricted for:			
Street Aid	29,752	-	29,752
Tourism	832,935	-	832,935
Drug Fund	(5,733)	-	(5,733)
Unrestricted	1,878,211	4,390,079	6,268,290
Total Net Assets	<u>15,029,492</u>	<u>22,198,857</u>	<u>37,228,349</u>
Total Liabilities and Net Assets	<u>\$ 20,520,543</u>	<u>\$ 27,468,048</u>	<u>\$ 47,988,591</u>

See notes to the financial statements.

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Statement of Activities**  
**For the Year Ended June 30, 2010**

Functions/Programs: Primary government:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total
Governmental activities:							
General government	\$ 2,885,572	\$ 221,549	\$ 111,082	\$ -	\$ (2,552,941)	\$ -	\$ (2,552,941)
Public safety	5,339,890	331,612	-	83,578	(4,924,699)	-	(4,924,699)
Public works	1,142,901	28,647	424,026	-	(690,228)	-	(690,228)
Sanitation	751,294	755,567	-	-	4,273	-	4,273
Parks and recreation	1,251,512	250,796	-	-	(1,000,716)	-	(1,000,716)
Tourism	270,514	26,643	96	-	(243,775)	-	(243,775)
Interest on long-term debt	60,363	-	-	-	(60,363)	-	(60,363)
Total Governmental Activities	11,702,044	1,614,814	535,204	83,578	(9,468,448)	-	(9,468,448)
Business-type Activities:							
Sewer	3,746,237	3,931,217	-	-	-	184,980	184,980
Total Business-type Activities	3,746,237	3,931,217	-	-	-	184,980	184,980
Total Primary Government	\$ 15,448,281	\$ 5,546,031	\$ 535,204	\$ 83,578	\$ (9,468,448)	\$ 184,980	\$ (9,283,468)
<b>General Revenues:</b>							
Property and Personalty Taxes					\$ 3,085,580	\$ -	\$ 3,085,580
TVA Taxes					162,379	-	162,379
Income Taxes					208,520	-	208,520
Sales Taxes					4,468,555	-	4,468,555
Alcoholic Beverage Taxes					645,542	-	645,542
Business Taxes					312,670	-	312,670
Hospitality Taxes					342,195	-	342,195
Miscellaneous State Taxes					4,710	-	4,710
Unrestricted Investment Earnings					8,444	22,915	31,359
Gain on Sale of Assets					110,221	-	110,221
Miscellaneous					30,664	24,834	55,497
<b>Transfers, Net</b>					77,529	(77,529)	-
Total General Revenues and Transfers					9,457,009	(29,780)	9,427,229
<b>Change in Net Assets</b>					(11,439)	155,200	143,761
<b>Net Assets - July 1, 2009</b>					15,040,931	21,959,719	37,000,650
<b>Prior Period Adjustment</b>					-	83,938	83,938
<b>Net Assets - June 30, 2010</b>					\$ 15,029,492	\$ 22,198,857	\$ 37,228,349

See notes to the financial statements.

**CITY OF GOODLETTSVILLE, TENNESSEE**

**Balance Sheet  
Governmental Funds  
June 30, 2010**

	<u>General Fund</u>	<u>Solid Waste Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash on Hand	\$ 1,200	\$ -	\$ -	\$ 1,200
Cash in Bank	2,156,734	274,072	122,756	2,553,562
Receivables, Net	3,757,020	190,271	-	3,947,291
Intergovernmental Receivables	589,684	-	-	589,684
Due From Other Funds	749,890	64,487	-	814,376
Inventory	35,406	-	-	35,406
Total Assets	<u>\$ 7,289,933</u>	<u>\$ 528,830</u>	<u>\$ 122,756</u>	<u>\$ 7,941,519</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 89,411	\$ 4,318	\$ 976	\$ 94,705
Due To Other Funds	49,192	447,357	64,082	560,632
Other Current Liabilities	110,140	22,703	8,024	140,867
Deferred Compensation	6,393	143	-	6,536
Deferred Revenue	3,057,397	-	-	3,057,397
Total Liabilities	<u>3,312,533</u>	<u>474,522</u>	<u>73,082</u>	<u>3,860,137</u>
<b>Fund Balances:</b>				
Reserved For:				
State Street Aid	29,752	-	-	29,752
Tourism	777,528	-	55,407	832,935
Solid Waste Fund	-	54,309	-	54,309
Drug Fund	-	-	(5,733)	(5,733)
Inventory	35,405	-	-	35,405
Conference Drive	598,604	-	-	598,604
Unreserved:				
Designated for OPEB Obligation	500,399	-	-	500,399
Undesignated	2,035,711	-	-	2,035,711
Total Fund Balances	<u>3,977,400</u>	<u>54,309</u>	<u>49,674</u>	<u>4,081,382</u>
Total Liabilities and Fund Balances	<u>\$ 7,289,932</u>	<u>\$ 528,830</u>	<u>\$ 122,756</u>	<u>\$ 7,941,519</u>

Reconciliation of Balance Sheet- Governmental Funds to Statement  
of Net Assets are different because:

Total Governmental Fund Balances	\$ 4,081,382
Assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	-
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	13,139,656
Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(2,191,547)
Net Assets of the Governmental Activities	<u>\$ 15,029,492</u>

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2010**

	<b>General Fund</b>	<b>Solid Waste Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Local Taxes	\$ 7,642,524	\$ -	\$ -	\$ 7,642,524
Licenses and Permits	158,204	-	-	158,204
Fines	303,867	-	-	303,867
Drug and Gambling Revenue	-	-	23,127	23,127
Intergovernmental Revenues	1,999,777	-	-	1,999,777
Charges for Services	281,639	729,124	26,643	1,037,406
Hotel/ Motel Taxes	-	-	272,081	272,081
Miscellaneous Revenues	39,332	26,443	96	65,870
Total Revenues	<u>10,425,341</u>	<u>755,567</u>	<u>321,946</u>	<u>11,502,855</u>
<b>Expenditures</b>				
Current:				
General Government	2,324,676	-	-	2,324,676
Public Safety	4,862,765	-	-	4,862,765
Public Works	960,243	-	-	960,243
Sanitation	-	702,062	-	702,062
Drug Fund	-	-	45,960	45,960
Parks and Recreation	1,218,791	-	-	1,218,791
Tornado Relief	57,937	-	-	57,937
Tourism	-	-	243,412	243,412
Debt Service:				
Principal	477,341	-	-	477,341
Interest	60,784	-	-	60,784
Capital Outlay	734,701	-	-	734,701
Total Expenditures	<u>10,697,238</u>	<u>702,062</u>	<u>289,372</u>	<u>11,688,672</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(271,897)</u>	<u>53,505</u>	<u>32,574</u>	<u>(185,818)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	77,529	-	-	77,529
Capital Leases	271,818	-	-	271,818
Insurance Recoveries	585,889	-	-	585,889
Total Other Financing Sources (Uses)	<u>935,236</u>	<u>-</u>	<u>-</u>	<u>935,236</u>
<b>Net Change in Fund Balances</b>	663,339	53,505	32,574	749,418
<b>Fund Balance - July 1, 2009</b>	<u>3,314,061</u>	<u>804</u>	<u>17,100</u>	<u>3,331,964</u>
<b>Fund Balances - June 30, 2010</b>	<u>\$ 3,977,400</u>	<u>\$ 54,309</u>	<u>\$ 49,674</u>	<u>\$ 4,081,382</u>

See notes to the financial statements.

**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, 2010**

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	\$ 749,418
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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.	(638,027)
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The net effect of various miscellaneous transactions involving capital assets is to increase net assets.	-
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	-
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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.	205,944
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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.	(328,774)
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Change in net assets of governmental activities	\$ (11,439)
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See notes to the financial statements.

**CITY OF GODLETTSVILLE, TENNESSEE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Major Governmental Funds**  
**For the Year Ended June 30, 2010**

	General Fund				Solid Waste Fund			
	Budgeted Amounts		Actual	Positive (Negative) Variance with Final	Budgeted Amounts		Actual	Positive (Negative) Variance with Final
	Original	Final			Original	Final		
<b>Revenues</b>								
Local Taxes:								
Property and Personally Taxes	\$2,977,000	\$2,977,000	\$3,151,124	\$ 174,124	\$ -	\$ -	\$ -	\$ -
Sales Taxes	3,695,000	3,695,000	3,528,506	(166,494)	-	-	-	-
Alcoholic Beverage Taxes	630,000	630,000	580,109	(49,891)	-	-	-	-
Business Taxes	360,000	360,000	312,670	(47,330)	-	-	-	-
Hospitality Taxes	65,000	65,000	70,115	5,115	-	-	-	-
Licenses and Permits	297,000	297,000	158,204	(138,796)	-	-	-	-
Fines	300,000	300,000	303,867	3,867	-	-	-	-
Intergovernmental Revenues:								
Sales Taxes	978,000	978,000	940,049	(37,951)	-	-	-	-
Gasoline and Motor Fuel Taxes	393,000	393,000	392,331	(669)	-	-	-	-
Income Taxes	163,000	163,000	213,230	50,230	-	-	-	-
Alcoholic Beverage Taxes	75,000	75,000	64,596	(10,404)	-	-	-	-
TVA - In Lieu of Tax	137,000	137,000	162,379	25,379	-	-	-	-
Transportation Taxes	32,000	32,000	31,696	(304)	-	-	-	-
Grants	205,400	205,400	195,497	(9,903)	-	-	-	-
Charges for Services	399,000	399,000	281,639	(117,362)	730,000	730,000	729,124	(876)
Miscellaneous Revenues	57,000	57,000	39,332	(17,668)	20,000	20,000	26,443	6,443
Total Revenues	<u>10,763,400</u>	<u>10,763,400</u>	<u>10,425,341</u>	<u>(338,059)</u>	<u>750,000</u>	<u>750,000</u>	<u>755,567</u>	<u>5,567</u>
<b>Expenditures</b>								
Current:								
General Government	2,885,207	2,885,207	2,324,676	560,531	-	-	-	-
Public Safety	5,117,117	5,117,117	4,862,765	254,352	-	-	-	-
Public Works (also see below)	765,265	765,265	774,046	(8,781)	-	-	-	-
Street Lights	102,000	102,000	90,323	11,677	-	-	-	-
Street Maintenance	25,000	25,000	14,499	10,501	-	-	-	-
Street Paving	0	0	81,376	(81,376)	-	-	-	-
Sanitation	-	-	-	-	802,481	802,481	702,062	100,419
Parks and Recreation	1,555,525	1,555,525	1,218,791	336,734	-	-	-	-
Tornado Relief	-	-	57,937	(57,937)	-	-	-	-
Tourism	-	-	-	-	-	-	-	-
Debt Service:								
Principal	438,400	438,400	477,341	(38,941)	-	-	-	-
Interest	-	-	60,784	(60,784)	-	-	-	-
Capital Outlay	1,356,000	1,356,000	734,701	621,299	-	-	-	-
Total Expenditures	<u>12,244,514</u>	<u>12,244,514</u>	<u>10,697,238</u>	<u>1,547,276</u>	<u>802,481</u>	<u>802,481</u>	<u>702,062</u>	<u>100,419</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,481,114)</u>	<u>(1,481,114)</u>	<u>(271,897)</u>	<u>1,209,217</u>	<u>(52,481)</u>	<u>(52,481)</u>	<u>53,505</u>	<u>105,986</u>
<b>Other Financing Sources (Uses)</b>								
Operating Transfers In	84,000	84,000	77,529	(6,471)	-	-	-	-
Capital Leases	584,000	584,000	271,818	(312,182)	-	-	-	-
Insurance Recoveries	-	-	585,889	585,889	-	-	-	-
Total Other Financing Sources (Uses)	<u>668,000</u>	<u>668,000</u>	<u>935,236</u>	<u>267,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(813,114)</u>	<u>(813,114)</u>	<u>663,339</u>	<u>1,476,453</u>	<u>(52,481)</u>	<u>(52,481)</u>	<u>53,505</u>	<u>105,986</u>
<b>Fund Balance - July 1, 2009</b>	<u>3,314,061</u>	<u>3,314,061</u>	<u>3,314,061</u>	<u>-</u>	<u>804</u>	<u>804</u>	<u>804</u>	<u>-</u>
<b>Fund Balances - June 30, 2010</b>	<u>\$2,500,947</u>	<u>\$2,500,947</u>	<u>\$3,977,400</u>	<u>\$ 1,476,453</u>	<u>\$(51,677)</u>	<u>\$(51,677)</u>	<u>\$54,309</u>	<u>\$ 105,986</u>

See notes to the financial statements.

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

		<u>Business-type Activities</u> <u>Sewer Fund</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 4,472,987	
Accounts Receivable, Less Allowance of \$4,235	334,914	
Due from Other Funds	49,153	
Total Current Assets		\$ 4,857,054
<b>Capital Assets</b>		
Capital Assets	32,015,150	
Accumulated Depreciation	(9,104,841)	
Total Capital Assets		22,910,309
<b>Utility Deposit</b>		100
<b>Unamortized Bond Cost, Net</b>		3,483
Total Assets		<u>\$ 27,770,945</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 79,220	
Accrued Interest Payable	10,500	
Accrued Wages, Payroll Taxes and Deductions Payable	19,272	
Deferred Compensation	933	
Deposits Payable	28,689	
Due to Other Funds	302,898	
Current Portion of Long-Term Liabilities	477,272	
Total Current Liabilities		\$ 918,784
<b>Long-Term Liabilities</b>		
Compensated Absences Payable	25,563	
Notes Payable	4,507,742	
Revenue Bonds Payable	120,000	
Total Long-Term Liabilities		4,653,304
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	17,808,778	
Unrestricted	4,390,079	
Total Net Assets		22,198,857
Total Liabilities and Net Assets		<u>\$ 27,770,945</u>

See notes to the financial statements.

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2010**

	<u><b>Business-type Activities - Sewer Fund</b></u>
<b>Operating Revenues</b>	
Charges for Services:	
Sewer Fees - Davidson County	\$ 3,149,883
Sewer Fees - Sumner County	673,622
State User Fees	(15,274)
Sewer Flow Charges	55,886
Permits/Connection Fees	27,275
Total Operating Revenues	<u>3,891,392</u>
<b>Operating Expenses</b>	
Cost of Services	1,854,403
Administration	828,468
Depreciation and Amortization	728,752
Insurance	151,387
Repairs and Maintenance	24,561
Total Operating Expenses	<u>3,587,571</u>
Operating Income	<u>303,821</u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest Revenue	22,915
Miscellaneous Expense	(3,486)
Interest Expense	(158,666)
Rental Income	28,320
Tap Fees	39,825
Total Non-Operating Revenues (Expenses)	<u>(71,092)</u>
Income before Transfers	232,729
Transfers	<u>(77,529)</u>
Increase in Net Assets	155,200
<b>Net Assets - July 1, 2009</b>	21,959,719
<b>Prior Period Adjustment</b>	<u>83,938</u>
<b>Net Assets - June 30, 2010</b>	<u><u>\$ 22,198,857</u></u>

See notes to the financial statements.

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2010**

	<u><b>Business-type Activities - Sewer Fund</b></u>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ 3,891,392
Cash Payments to Suppliers for Goods and Services	(2,544,708)
Cash Payments to Employees for Services	(614,385)
Net Cash Provided by Operating Activities	<u>732,299</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Proceeds from Issuance of Bonds	1,086,761
Principal Paid on Bonds/Notes	(408,790)
Interest Paid on Long-Term Debt	(160,341)
Cash Received from Tap Fees	39,825
Acquisition and Construction of Capital Assets	(1,312,300)
Miscellaneous Revenue	(3,486)
Net Cash Used by Capital and Related Financing Activities	<u>(758,332)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Increase in Transfer to Other Funds	(77,529)
Net Cash Used by Noncapital Financing Activities	<u>(77,529)</u>
<b>Cash Flows from Investing Activities:</b>	
Cash Received from Billboard Rentals	28,320
Interest Received	22,915
Net Cash Provided by Investing Activities	<u>51,235</u>
<b>Net Increase (Decrease) in Cash and Restricted Cash</b>	(52,326)
<b>Cash at Beginning of Year</b>	<u>4,525,313</u>
<b>Cash at End of Year</b>	<u><u>\$ 4,472,987</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income	\$ 303,821
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	728,752
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(77,546)
Increase in Accounts Payable	11,658
Decrease in Payroll Liabilities	(82)
Increase in Deferred Compensation	12
Decrease in Due from/to Other Funds, Net	(234,316)
Net Cash Provided by Operating Activities	<u><u>\$ 732,299</u></u>

See notes to the financial statements.

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Notes to Financial Statements**  
**June 30, 2010**

**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 property 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, 2010**

**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 are the Solid Waste Fund, Tourism Fund and Drug Fund. The Solid Waste Fund is a major fund. The Tourism and Drug Funds 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, 2010**

**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 Cash Equivalents**

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. Cash equivalents 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, 2010**

**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 postemployment benefits. In the governmental-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, 2010**

**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 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.

**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.

As of June 30, 2010, 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.

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Notes to Financial Statements – Continued**  
**June 30, 2010**

**Note 3. Cash and Investments - Continued**

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 are, from time to time, 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. As of June 30, 2010, there were no restricted investments.

**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://www.tn.gov/treasury/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, 2010 was 15.15% 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, 2010**

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

For the year ending June 30, 2010, the City of Goodlettsville's annual pension cost of \$864,661 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, 2007 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, 2007 was 8 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

**Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
June 30, 2010	\$ 864,661	100.00%	\$ -
June 30, 2009	\$ 846,263	100.00%	\$ -
June 30, 2008	\$ 864,859	100.00%	\$ -

**D. Funding Status and Funding Progress**

As of July 1, 2009, the most recent actuarial valuation date, the plan was 79.45% percent funded. The actuarial accrued liability for benefits was \$18.19 million, and the actuarial value of assets was \$14.46 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.74 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.46 million, and the ratio of the UAAL to the covered payroll was 68.54% 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)

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Plan Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b)-(a)</b>	<b>Funded Ratio (a/b)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/(c))</b>
July 1, 2009	14,455	18,194	3,739	79.45%	5,455	68.54%
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, 2010**

**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 \$0 to the plan for the year ended June 30, 2010.

**Note 6. Post-retirement Health Care Benefits**

**A. Program Description**

The City provides post-retirement health care benefits (medical and life insurance) 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 through a single-employer defined benefit healthcare plan. Eligibility for continued medical benefits under the City's plan requires the retired employee be eligible for benefits from the Tennessee Consolidated Retirement System (See Note 4). Benefits for retirees under age 65 are deemed to be similar to those benefits provided for actives. The healthcare plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65. Participants do not receive prescription drug benefits from the City upon attaining Medicare eligibility except as may be provided under the employer group insurance plan.

**B. Funding Policy**

The City provides the benefits by paying a portion of the retirees' insurance premiums for medical and life insurance coverage under fully insured plans. Certain current retirees are grandfathered under the provision of a fixed, non-escalating contribution rate. Other retirees and spouses must pay a percentage of the total premium cost. The percentage of the premium paid by the retirees and spouses depends on the years of service at retirement. It is assumed that all escalating premium contributions will increase in the future with medical trend. The City contribution to the program consists of pay-as-you-go premiums in excess of the retiree contributions. Plan members contributed \$19,000 for fiscal 2010, approximately 16% of total premiums. The City contributions to the program for the fiscal year 2009 were \$97,000.

**C. Annual OPEB Cost and Net OPEB Obligation**

The City's annual other post employment benefit (OPEB) cost (expense) for the program is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 674,000
Interest on net OPEB obligation	23,910
Adjustment to annual required contribution	<u>(322,000)</u>
Annual OPEB cost (expense)	375,910
Less Contributions made	<u>(96,595)</u>
Change in OPEB Obligation	279,316
Net OPEB obligation/(asset) - beginning of year	<u>531,344</u>
Net OPEB obligation/(asset) - end of year	<u><u>\$ 810,659</u></u>

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Notes to Financial Statements – Continued**  
**June 30, 2010**

**Note 6. Post-retirement Health Care Benefits- continued**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

Fiscal Year	Annual OPEB Costs	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	375,910	26%	\$ 810,659
2009	674,000	21%	\$ 531,344

**D. Funding Status and Funding Progress**

As of April 1, 2007, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$5,474,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,353,537, and the ratio of the unfunded actuarial liability to the covered payroll was 102%.

Actuarial values of the program involve estimates of the value of reported amounts and assumptions of the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. During 2009, the City designated \$500,000 unreserved general fund balance for OPEB obligation. Since the city has not established an irrevocable trust, there are no separate plan assets reported under GASB 45.

**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the program (as understood by the employer and eligible participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participants at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation performed as of April 1, 2007, the individual unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment rate of return (compounded annually net after investment expenses) and an annual healthcare cost trend rate of 10% graded to 5% uniformly over 5 years. Both rates include a 3% inflation assumption. The City's unfunded actuarial accrued liability is being amortized as a level dollar of active member payroll over a closed period. The remaining amortization period at April 1, 2007 was 30 years.

**Note 7. Property Taxes Receivable**

Gross property taxes receivable of \$3,367,681 (allowance for doubtful accounts is \$0) is summarized, by year, on the Schedule of Changes in Property Taxes Receivable on page 40 of this report.

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Notes to Financial Statements – Continued**  
**June 30, 2010**

**Note 8. Capital Assets**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2010:

	<b>Balance 7/1/2009</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance 6/30/2010</b>
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 3,190,618	\$ -	\$ -	\$ 3,190,618
Construction in Progress	15,700	\$ -	\$ -	15,700
<b>Total Capital Assets not being Depreciated</b>	<b>\$ 3,206,318</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,206,318</b>
Capital Assets being Depreciated				
Buildings	\$ 7,743,836	\$ -	\$ 319,615	\$ 7,424,221
Improvements	4,787,721	59,237	-	4,846,958
Machinery & Equipment	7,653,191	347,508	207,919	7,792,780
Infrastructure	4,397,171	300,694	-	4,697,865
<b>Total Capital Assets being Depreciated</b>	<b>\$ 24,581,919</b>	<b>\$ 707,439</b>	<b>\$ 527,534</b>	<b>\$ 24,761,824</b>
<b>Business-type Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 2,139,071	\$ -	\$ -	\$ 2,139,071
Construction in Progress	247,816	1,396,238	-	1,644,054
<b>Total Capital Assets not being Depreciated</b>	<b>\$ 2,386,887</b>	<b>\$ 1,396,238</b>	<b>\$ -</b>	<b>\$ 3,783,125</b>
Capital Assets being Depreciated				
Buildings	\$ 4,332,627	\$ -	\$ -	\$ 4,332,627
Improvements	16,188	-	-	16,188
Machinery & Equipment	1,288,256	-	-	1,288,256
Infrastructure	22,594,953	-	-	22,594,953
<b>Total Capital Assets being Depreciated</b>	<b>\$ 28,232,023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,232,024</b>
<b>Governmental Activities</b>				
Accumulated Depreciation				
Buildings	\$ 3,400,550	\$ 121,523	\$ 196,939	\$ 3,325,133
Improvements	2,649,882	150,094	-	2,799,976
Machinery & Equipment	5,860,472	713,453	239,141	6,334,784
Infrastructure	2,099,650	268,943	-	2,368,593
<b>Total Accumulated Depreciation</b>	<b>\$ 14,010,554</b>	<b>\$ 1,254,012</b>	<b>\$ 436,081</b>	<b>\$ 14,828,486</b>
<b>Business-type Activities</b>				
Accumulated Depreciation				
Buildings	\$ 774,900	\$ 230,166	\$ -	\$ 1,005,066
Improvements	4,359	691	-	5,050
Machinery & Equipment	799,973	81,817	-	881,790
Infrastructure	6,798,835	414,100	-	7,212,935
<b>Total Accumulated Depreciation</b>	<b>\$ 8,378,067</b>	<b>\$ 726,774</b>	<b>\$ -</b>	<b>\$ 9,104,841</b>
<b>Total Governmental Activities, Net</b>	<b>\$ 13,777,683</b>	<b>\$ (546,573)</b>	<b>\$ 91,454</b>	<b>\$ 13,139,656</b>
<b>Total Business-type Activities, Net</b>	<b>\$ 22,240,843</b>	<b>\$ 669,464</b>	<b>\$ -</b>	<b>\$ 22,910,309</b>

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Notes to Financial Statements – Continued**  
**June 30, 2010**

**Note 8. Capital Assets - Continued**

**Depreciation Expense by Function**

General Government	589,451
Public Safety	477,125
State Street Aid	78,760
Sanitation	48,854
Parks & Recreation	32,721
Sewer	726,774
	<b>\$ 1,980,787</b>

The City lost the Pleasant Green Clubhouse to fire during 2010. Insurance proceeds of \$475,668 are included in other financing sources of the general fund. For governmental activities in the government-wide statements the proceeds are calculated in the Gain on disposal of assets.

**Note 9. Long-Term Debt**

Below is a condensed schedule of maturities for long-term debt and obligations at June 30, 2010. A detailed Schedule of Long-term Debt, Principal, and Interest Requirements is included on page 39 of this report.

Year Ended June 30,	Principal Due	Interest Due
2011	\$ 895,866	\$ 220,425
2012	1,811,601	181,435
2013	445,684	148,253
2014	470,010	122,092
2015	452,337	93,284
2016-2020	1,866,059	162,747
2021-2025	-	-
Total Long-term Debt	\$ 5,941,556	\$ 928,236

Long-term debt and obligations payable at June 30, 2010 are comprised of the following:

**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	\$ 230,000
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	3,538,253
State Revolving Loan #09-224, Bearing Interest Payments at 3.60% Per Annum, Interest only until construction is 90% complete Payable in Monthly Installments with the Final Payment Due July 21	1,086,761
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	250,000
Total Sewer Fund Debt Payable	5,105,014
Less: Current Portion	(477,272)
Long-Term Debt Payable - Sewer Fund	\$ 4,627,742

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Notes to Financial Statements – Continued**  
**June 30, 2010**

**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, 2010:

	<b>Balance 7/1/2009</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 6/30/2010</b>	<b>Due Within 1 Year</b>
Compensated Absences	\$ 25,544	\$ 24,419	\$ 24,400	25,563	\$ -
Notes Payable	4,087,042	1,086,761	298,789	4,875,014	367,272
Revenue Bonds	340,000	-	110,000	230,000	110,000
Totals	<u>\$ 4,452,586</u>	<u>\$ 1,111,180</u>	<u>\$ 433,189</u>	<u>\$ 5,130,577</u>	<u>\$ 477,272</u>

**Governmental Activities**

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

\$ 155,000

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

267,930

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.

55,921

Capital Lease Payable to Ford Motor Credit for Equipment  
Bearing Interest at 6.4% Per Annum, Payable in Annual Installments  
of \$31,606, Principal and Interest Payments are Based on  
Total Debt of \$89,229.

57,623

Capital Lease Payable to Ford Motor Credit for Equipment  
Bearing Interest at 6.9% Per Annum, Payable in Annual Installments  
of \$8,050, Principal and Interest Payments are Based on  
Total Debt of \$22,626.

14,576

Capital Lease Payable to Ford Motor Credit for Equipment  
Bearing Interest at 7.75% Per Annum, Payable in Annual Installments  
of \$7,945, Principal and Interest Payments are Based on  
Total Debt of \$22,161.

14,216

Capital Lease Payable to DivLend Equipment Leasing for Software  
Bearing Interest at 23% Per Annum, Payable in Annual Installments  
of \$44,823, Principal and Interest Payments are Based on  
Total Debt of \$129,105.

104,610

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

166,667

Total Governmental Activities Long-Term Obligations	836,542
Less: Current Portion	(418,594)
Total Long-Term Governmental Activities Obligations	<u>\$ 417,948</u>

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Notes to Financial Statements – Continued**  
**June 30, 2010**

**Note 9. Long Term Debt - Continued**

**Governmental Activities – Continued**

The following is a summary of changes to long-term liabilities in the Governmental activities during the year ended June 30, 2010. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

	<b>Balance</b>			<b>Balance</b>	<b>Due within</b>
	<b>July 1, 2009</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2010</b>	<b>1 Year</b>
Compensated Absences	\$ 427,807	\$ 439,026	\$ 389,567	\$ 477,266	\$ -
Net OPEB Obligation	531,344	279,316	-	810,659	\$ -
Capital Leases	178,710	263,030	194,794	246,945	115,727
Notes Payable	872,144	-	282,547	589,597	302,867
<b>Totals</b>	<b>\$ 2,010,005</b>	<b>\$ 981,372</b>	<b>\$ 866,909</b>	<b>\$ 2,124,468</b>	<b>\$ 418,594</b>

**Construction in Progress and Loan**

Included in the long-term debt for the business-type activities above is the 09-224 State Revolving Loan ("SRL") of \$12.5 million for ongoing construction projects. Refer to Note 11. The \$12.5 million loan is comprised of \$6,250,000 of state revolving loan money and \$6,250,000 of American Recovery and Reinvestment Act ("ARRA") funds. Funds are disbursed by the SRL Fund after certified requests are submitted. As of June 30, 2010, only \$1,086,761 had been disbursed. Interest began after the first request was disbursed. Additional requests were in various stages of certification at year-end. Once the loan funds are fully disbursed, principal repayments will begin. The repayment schedule calls for \$5,000,000 of ARRA funds to be forgiven. The remaining \$1,250,000 ARRA funds and \$6,250,000 will be repaid over 20 years.

**Note 10. Capital Leases**

The City has the following ongoing lease agreements as of June 30, 2010:

	<b>Capitalized</b>
	<b>Cost</b>
Public Safety Vehicles	\$ 224,686
General Government Vehicles/Equipment	183,563
Parks and Recreation Vehicles	21,975
Parks and Recreation Equipment	15,851
Public Works Equipment	49,666
Sanitation Vehicles	311,521
<b>Total Assets in Machinery &amp; Equipment</b>	<b>\$ 807,262</b>

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, 2010, are as follows:

<b>Year Ended</b>	<b>Future</b>
<b>June 30,</b>	<b>Minimum</b>
<b>_____</b>	<b>Lease Pmts</b>
2011	152,868
2012	92,424
2013	44,823
2013	44,733
2014	-
Total Minimum Lease Payments	334,848
Less: Amount Representing Interest	(87,903)
Present Value of Future Minimum	-
Lease Payments	<b>\$ 246,945</b>

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Notes to Financial Statements – Continued**  
**June 30, 2010**

**Note 11. Construction Commitments**

The City has the following construction projects in progress at June 30, 2010:

<u>Construction Project</u>	<u>Total Estimated Cost</u>	<u>Total Expenses thru FYE 6/30/10</u>
Governmental Activities:		
Greenway	n/a	\$ 15,700
Total Governmental Activities		<u>\$ 15,700</u>
Business-type Activities:		
Flow Equalization Basin	\$ 9,000,000	\$ 1,202,315
Sewer Rehab	\$ 4,500,000	\$ 441,739
Total Business-type Activities		<u>\$ 1,644,054</u>

The flow equalization basin and sewer rehab-phase 5 projects in progress at June 30, 2010 are two projects totaling \$13.5 million that are being funded by the State revolving loan 09-224 disclosed in Note 9. These projects are both funded partially by ARRA funds. (Refer to Note 9) As of June 30, 2010, significant additional construction work had been performed but had not been approved by appropriate contractors, engineers, lawyers, consultants and or the State revolving loan fund and therefore has not been accrued in the financial statements. Interest of \$3,782 paid on the State Revolving Loan 09-224 has been capitalized in construction in progress as of June 30, 2010.

**Note 12. Interfund Receivables/Payables/Transfers**

The composition of interfund balances as of June 30, 2010, is as follows:

Due To	Due From				
	General Fund	Solid Waste Fund	Drug Fund	Tourism Fund	Sewer Fund
General Fund	\$ -	\$ 447,357	\$ 19,448	\$ 44,634	\$ 238,450
Solid Waste Fund	-	-	-	-	64,487
Drug Fund	-	-	-	-	-
Sewer Fund	49,192	-	-	-	-
<b>Total</b>	<u>\$ 49,192</u>	<u>\$ 447,357</u>	<u>\$ 19,448</u>	<u>\$ 44,634</u>	<u>\$ 302,937</u>

All interfund 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 balance is scheduled to be collected in the subsequent year.

The composition of interfund transfers for the year ended June 30, 2010, is as follows:

Transfer From	Transfer To				
	General Fund	Solid Waste Fund	Drug Fund	Sewer Fund	Total
General Fund	\$ -	-	-	-	-
Solid Waste Fund	-	-	-	-	-
Drug Fund	-	-	-	-	-
Sewer Fund	77,529	-	-	-	77,529
<b>Total</b>	<u>\$ 77,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,529</u>

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 sewer fund to the general fund was a result of payments in lieu of tax that do not represent equivalent services provided (1).

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Notes to Financial Statements – Continued**  
**June 30, 2010**

**Note 13. Contracts**

The City has the following contracts for the billing and collection of sewer and sanitation charges for users:

- Madison Suburban Utility District (MSUD) handles the billing and collection of sewer and sanitation charges for users in Davidson County. The City currently pays MSUD \$2.06 and \$1.25 plus an adjustment based on Consumer Price Index (CPI) per bill per month for sewer and sanitation services, respectively.
- White House Utility District handles 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.
- 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. The utility price is \$1 /100 cubic feet of water flowing through each point of connection with adjustments for minimum and maximum flow levels and points of origin. The agreement also provides for indexed adjustment to the utility price annually. This agreement expires September 2030.

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 14. Concentrations**

The City has a risk concentration in sales tax revenue from Rivergate retail area taxpayers which is believed to represent more than 10% of the General Fund's total revenue for the year ended June 30, 2010.

**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**

\$83,938 of construction costs incurred during the year ended June 30, 2009 was expensed. During 2010, these costs were included in reimbursements for the current construction project funded by a state revolving loan. These amounts should have been included in construction in progress and were corrected during 2010. This resulted in an increase in beginning net assets of the proprietary fund and business-type activities from \$21,959,719 to \$22,043,657.

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Schedule of Retirement Plan Funding Progress**  
(Dollar Amounts in Thousands)  
June 30, 2010

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, 2009	14,455	18,194	3,739	79.45%	5,455	68.54%
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 went into affect during the year of the 2007 actuarial valuation, therefore only the two most recent valuations are presented.

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

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Schedule of Post-retirement Health Care Benefits Program**  
(Dollar Amounts in Thousands)  
June 30, 2010

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))
April 1, 2007	-	6,017	6,017	0.00%	5,354	112.38%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The unit credit actuarial cost method has been used by the program for funding purposes.

Refer to Footnote 6 for additional information and a description of the program.

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2010**

	<u>Special Revenue</u>		<u>Total Non-major Governmental Funds</u>
	<u>Drug Fund</u>	<u>Tourism Fund</u>	
<b>Assets</b>			
Cash	\$ 13,715	\$ 109,041	\$ 122,756
Due From Other Funds	-	-	-
Total Assets	<u>\$ 13,715</u>	<u>\$ 109,041</u>	<u>\$ 122,756</u>
<b>Liabilities and Fund Equity</b>			
<b>Liabilities</b>			
Accounts Payable	\$ -	\$ 976	\$ 976
Due to Other Funds	19,448	44,634	64,082
Accrued Wages	-	8,024	8,024
Total Liabilities	<u>19,448</u>	<u>53,634</u>	<u>73,082</u>
<b>Fund Balances</b>			
Reserved For:			
Drug Fund	(5,733)	-	(5,733)
Tourism Fund	-	55,407	55,407
Total Fund Balances	<u>(5,733)</u>	<u>55,407</u>	<u>49,674</u>
 Total Liabilities and Fund Balances	 <u>\$ 13,715</u>	 <u>\$ 109,041</u>	 <u>\$ 122,756</u>

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, 2010**

	<u>Special Revenue</u>		<b>Total Non-major Governmental Funds</b>
	<u>Drug Fund</u>	<u>Tourism Fund</u>	
<b>Revenues</b>			
Drug Revenue	\$ 23,127	\$ -	\$ 23,127
Hotel/ Motel Taxes	-	272,081	272,081
Charges for Services	-	26,643	26,643
Miscellaneous Revenue	-	96	96
Total Revenues	<u>23,127</u>	<u>298,820</u>	<u>321,946</u>
<b>Expenditures</b>			
Current:			
Drug Fund	45,960	-	45,960
Tourism Fund	-	243,412	243,412
Total Expenditures	<u>45,960</u>	<u>243,412</u>	<u>289,372</u>
Excess of Revenues Over (Under) Expenditures	(22,833)	55,407	32,574
<b>Fund Balance - July 1, 2009</b>	<u>17,100</u>	<u>-</u>	<u>17,100</u>
<b>Fund Balance - June 30, 2010</b>	<u>\$ (5,733)</u>	<u>\$ 55,407</u>	<u>\$ 49,674</u>

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 Special Revenue Funds - Nonmajor Funds  
 For the Year Ended June 30, 2010

	Drug Fund				Tourism Fund				Total Special Revenue Funds			
	Original Budgeted	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Original Budgeted	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Original Budgeted	Final Budgeted	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>												
Drug and Gambling Revenue	\$ 50,000	\$ 50,000	\$ 23,127	\$ (26,873)	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 23,127	\$ (26,873)
Hotel/ Motel Tax	-	-	-	-	310,000	310,000	272,081	(37,919)	310,000	310,000	272,081	(37,919)
Charges for Services	-	-	-	-	10,000	10,000	26,643	16,643	10,000	10,000	26,643	16,643
Miscellaneous Revenues	-	-	-	-	-	-	96	96	-	-	96	96
Total Revenues	50,000	50,000	23,127	(26,873)	320,000	320,000	298,820	(21,180)	370,000	370,000	321,946	(48,054)
<b>Expenditures</b>												
Current:												
Drug and Gambling	50,000	50,000	45,960	4,040	-	-	-	-	50,000	50,000	45,960	4,040
Tourism	50,000	50,000	45,960	4,040	378,047	378,047	243,412	134,635	378,047	378,047	243,412	134,635
Total Expenditures	50,000	50,000	45,960	4,040	378,047	378,047	243,412	134,635	428,047	428,047	289,372	138,675
Excess of Revenues Over (Under) Expenditures	-	-	(22,833)	(22,833)	(58,047)	(58,047)	55,407	113,454	(58,047)	(58,047)	32,574	90,621
<b>Fund Balance - July 1, 2009</b>	17,100	17,100	17,100	-	-	-	-	-	17,100	17,100	17,100	-
<b>Fund Balance - June 30, 2010</b>	\$ 17,100	\$ 17,100	\$ (5,733)	\$ (22,833)	\$ (58,047)	\$ (58,047)	\$ 55,407	\$ 113,454	\$ (40,947)	\$ (40,947)	\$ 49,674	\$ 90,621

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Year Ended June 30, 2010**

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Contract Number	Beginning (Accrued)		Cash Receipts	Expenditures	Ending (Accrued)	
			Deferred	Deferred			Accrued	Deferred
<b>Federal Awards - ARRA</b>								
Environmental Protection Agency - Capitalization Grants for Clean Water State Revolving Fund Loan Forgiveness	ARRA - 66.458	CWA 2009-224	\$ (132,702)	\$	434,704	\$ 523,407	\$	(221,405)
Environmental Protection Agency - Capitalization Grants for Clean Water State Revolving Fund	ARRA - 66.458	CWA 2009-224	(33,175)		108,676	130,852		(55,351)
Department of Justice - Recovery Act Justice Assistance Grant Program	ARRA-16.804	2009-SB-B9-2321	-		43,094	43,094		-
<b>Federal Awards</b>								
State of TN, Department of Transportation - Governor's Highway Safety Grant	20.601	Z11GHS140	-		5,000	5,000		-
Department of Justice - Edward Byrne Memorial Justice TEMA	16.738	2009-DJ-BX-0148	-		10,484	10,484		-
	97.036	34101-0000000596	(55,887)		55,887	-		-
Total Federal Awards			<u>(221,764)</u>		<u>657,845</u>	<u>712,837</u>		<u>(276,756)</u>
<b>State Financial Assistance</b>								
TN Department of State - Community Enhancement Grant TEMA	N/A	N/A	17,300		-	-		17,300
	97.036	34101-0000000596	(17,595)		17,595	-		-
Tennessee Department of Environment and Conservation - Capitalization Grants for Clean Water State Revolving Fund	66.458	CWA 2009-224	(165,877)		543,381	654,259		(276,755)
Commission on Fire Fighting	N/A	N/A	-		9,000	9,000		-
Peace Officer Standard and Training Commission	N/A	N/A	-		21,600	21,600		-
Total State Financial Assistance			<u>(166,172)</u>		<u>591,576</u>	<u>684,859</u>		<u>(259,455)</u>
Total Federal Awards and State Financial Assistance			<u>\$ (387,936)</u>		<u>\$ 1,249,421</u>	<u>\$ 1,397,696</u>		<u>\$ (536,211)</u>

**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, 2010. The schedule is presented using the modified accrual basis of accounting.

**Note 2. Loans Outstanding**

At June 30, 2010, there was an outstanding balance of \$3,538,253 on 096-091 State Revolving Loan Fund and \$1,086,761 on 09-224 State Revolving Loan Fund. Payments to the State Revolving Loan Fund during the current fiscal year totaled \$273,290.

**Note 3. Beginning (Accrued) Deferred**

At June 30, 2009, there was no signed contract for the ARRA or TEMA grants. Expenditures occurring in previous years were retroactively included in these awards. The beginning balances have been adjusted during 2010 to properly reflect the award amounts.

See independent auditors' report.

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Schedule of Reserve, Receipts and Disbursements**  
**for State Street Aid and Tourism**  
**For the Year Ended June 30, 2010**

**State Street Aid**

Beginning Reserve for State Street Aid	\$	104,943
Receipts		
Gas Taxes	424,026	
Total Receipts	424,026	424,026
Expenditures		
Street Lights	90,323	
Street Maintenance	14,499	
Street Paving	81,376	
Long-term Debt	-	
Capital Improvements	313,020	
		499,217
Ending Reserve for State Street Aid	\$	29,752

**Tourism**

Beginning Reserve for Tourism	\$	707,413
Receipts		
Cable TV Franchise Taxes	70,115	
Hotel/Motel Tax	-	now in tourism fund
Tourism Receipts	-	now in tourism fund
Total Receipts		70,115
Expenditures		
Tourism Salaries and Benefits	0	now in tourism fund
Tourism Utilities	0	now in tourism fund
Capital Improvements	0	now in tourism fund
Tourism Other	0	now in tourism fund
		0
Ending Reserve for Tourism	\$	777,528

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE  
 Schedule of Long-Term Debt, Principal, and Interest Requirements  
 By Fiscal Year  
 June 30, 2010

Fiscal Year Ended June 30,	Governmental Activities											
	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		2010 Ford Motor Equipment Lease			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2011	\$ 131,200	\$ 5,653	\$ 155,000	\$ 2,713	\$ 16,667	\$ 6,986	\$ 55,921	\$ 4,523	\$ 27,918	\$ 3,688		
2012	136,730	2,885	-	-	16,667	6,287	-	-	29,705	1,901		
2013	-	-	-	-	16,667	5,589	-	-	-	-		
2014	-	-	-	-	16,667	4,890	-	-	-	-		
2015	-	-	-	-	16,667	4,191	-	-	-	-		
2016	-	-	-	-	16,667	3,493	-	-	-	-		
2017	-	-	-	-	16,667	2,794	-	-	-	-		
2018	-	-	-	-	16,667	2,096	-	-	-	-		
2019	-	-	-	-	16,667	1,397	-	-	-	-		
2020	-	-	-	-	16,667	699	-	-	-	-		
Total	\$ 267,930	\$ 8,538	\$ 155,000	\$ 2,713	\$ 166,667	\$ 38,421	\$ 55,921	\$ 4,523	\$ 57,623	\$ 5,589		
Fiscal Year Ended June 30,	Governmental Activities										Business-type Activities	
	2010 Ford Motor Equipment Lease		2010 DivLend Equipment Lease		Total Governmental Activities		SRL 2010 \$12.5 Million Loan		Total		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 7,045	\$ 1,006	\$ 6,843	\$ 1,102	\$ 18,000	\$ 26,822	\$ 418,594	\$ 52,492	\$ -	\$ -	\$ -	\$ -
2012	7,531	520	7,373	571	22,612	22,211	220,618	34,375	1,086,761	-	-	-
2013	-	-	-	-	28,405	16,418	45,071	22,007	-	-	-	-
2014	-	-	-	-	35,592	9,141	52,259	14,031	-	-	-	-
2015	-	-	-	-	-	-	16,667	4,191	-	-	-	-
2016	-	-	-	-	-	-	16,667	3,493	-	-	-	-
2017	-	-	-	-	-	-	16,667	2,794	-	-	-	-
2018	-	-	-	-	-	-	16,667	2,096	-	-	-	-
2019	-	-	-	-	-	-	16,667	1,397	-	-	-	-
2020	-	-	-	-	-	-	16,667	699	-	-	-	-
Total	\$ 14,576	\$ 1,525	\$ 14,216	\$ 1,673	\$ 104,610	\$ 74,593	\$ 836,542	\$ 137,576	\$ 1,086,761	\$ -	\$ -	\$ -
Fiscal Year Ended June 30,	Business-type Activities										Total	
	Regions Bank \$635,000 Bond Issue		State of TN Revenue Bond - 96-091		General Obligation Capital Outlay Note, Series 2007		Total Business-type Activities		Total		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 110,000	\$ 7,525	\$ 342,272	\$ 149,929	\$ 25,000	\$ 10,479	\$ 477,272	\$ 167,933	\$ 895,866	\$ 220,425	\$ 1,811,601	\$ 181,435
2012	120,000	3,375	359,222	134,254	25,000	9,431	1,590,983	147,060	1,811,601	148,253	445,684	148,253
2013	-	-	375,612	117,864	25,000	8,383	400,612	126,247	445,684	148,253	445,684	148,253
2014	-	-	392,750	100,726	25,000	7,335	417,750	108,061	470,010	122,092	470,010	122,092
2015	-	-	410,671	82,805	25,000	6,287	435,671	89,093	452,337	93,284	452,337	93,284
2016	-	-	429,408	64,068	25,000	5,239	454,408	69,307	471,075	72,800	471,075	72,800
2017	-	-	449,001	44,475	25,000	4,191	474,001	48,666	490,668	51,461	490,668	51,461
2018	-	-	469,488	23,988	25,000	3,144	494,488	27,132	511,154	29,227	511,154	29,227
2019	-	-	309,829	4,021	25,000	2,096	334,829	6,117	351,495	7,514	351,495	7,514
2020	-	-	-	-	25,000	1,047	25,000	1,047	41,667	1,745	41,667	1,745
Total	\$ 230,000	\$ 10,900	\$ 3,538,253	\$ 722,130	\$ 250,000	\$ 57,631	\$ 5,105,014	\$ 790,661	\$ 5,941,556	\$ 928,236	\$ 5,941,556	\$ 928,236

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Schedule of Changes in Property Taxes Receivable**  
**and Uncollected Delinquent Taxes Filed**  
**June 30, 2010**

Year of Levy	Gross Property Taxes Receivable 7/1/2009	New Levy	Collections	Adjustments	Write-Offs	Gross Property Taxes Receivable 6/30/2010
2010	\$ -	\$ 3,057,397 ^	\$ -	\$ -	\$ -	\$ 3,057,397
2009	2,091,914	-	(2,946,791)	993,666 *	-	138,789
2008	114,119	-	(65,563)	-	-	48,556
2007	63,902	-	(10,878)	-	-	53,023
2006	23,530	-	(2,893)	-	-	20,638
2005	14,425	-	9,069	-	-	23,494
2004	18,692	-	(460)	-	-	18,232
2003	6,272	-	(361)	-	-	5,911
2002	1,192	-	(107)	-	-	1,085
2001	609	-	(102)	-	-	507
2000	140	-	(91)	-	-	49
1999	42	-	-	-	(42)	-
<b>Totals</b>	<u>\$ 2,334,836</u>	<u>\$ 3,057,397</u>	<u>\$ (3,018,177)</u>	<u>\$ 993,666</u>	<u>\$ (42)</u>	<u>\$ 3,367,681</u>

Note: Delinquent property taxes receivable for the tax years 2008 - 1999 have been turned over for collection to the Sumner County and Metro trustees.

\* represents adjustment of estimated 2009 tax levy recognized in prior year to actual 2009 tax levy recorded in the current year

^ estimate of 2010 tax levy

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

<u>Fiscal Year</u>	<u>Levy Year</u>	<u>Tax Rate Per \$100 Davidson</u>	<u>Tax Rate Per \$100 Sumner</u>	<u>Realty Tax Levy</u>
2010	2009	.6338	.6338	\$ 3,085,580
2009	2008	.66	.66	2,887,879
2008	2007	.66	.66	2,840,113
2007	2006	.64	.69	2,689,509
2006	2005	.70	.66	2,615,245
2005	2004	.70	.66	2,582,866
2004	2003	.70	.66	2,589,828
2003	2002	.22	.22	857,270
2002	2001	.22	.22	775,948
2001	2000	.22	.22	641,199

See independent auditors' report.

**CITY OF GOODLETTSVILLE, TENNESSEE**  
**Utility Rate Structure and Number of Customers**  
**For the Year Ended June 30, 2010**

The City of Goodlettsville's Sewer Fund had approximately 4,502 customers at June 30, 2010. Its rate structure was as follows:

<b>Residential</b>		<b>Small Commercial and Industrial</b>	
<i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>		<i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>	
Meter Size	Rate (\$)	Meter Size	Rate (\$)
5/8"	6.05	5/8"	6.76
3/4"	17.17	3/4"	19.23
1"	20.68	1"	23.16
1 1/2"	30.40	1 1/2"	34.05
2"	40.94	2"	45.85
3"	54.02	3"	60.50
4"	88.03	4"	98.59
6"	138.23	6"	154.82
8"	216.17	8"	242.11
10"	216.17	10"	242.11
Usage over 200 Cubic Feet		Usage over 200 Cubic Feet	
	3.76 per 100 cu.ft.		4.21 per 100 cu.ft.

<b>Intermediate Commercial and Industrial</b>		<b>Large Commercial and Industrial</b>	
<i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>		<i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>	
Meter Size	Rate (\$)	Meter Size	Rate (\$)
5/8"	22.14	5/8"	854.53
3/4"	31.40	3/4"	863.77
1"	34.40	1"	866.77
1 1/2"	42.72	1 1/2"	875.08
2"	52.18	2"	884.55
3"	65.31	3"	892.86
4"	103.38	4"	930.97
6"	159.61	6"	987.20
8"	248.46	8"	1,080.84
10"	248.46	10"	1,080.84
Usage over 200 Cubic Feet		Usage over 200 Cubic Feet	
	3.43 per 100 cu.ft.		2.59 per 100 cu.ft.

The City also had approximately 4,502 Solid waste customers at June 30, 2010 that are charged \$15/month per residential living unit.

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, 2010, which collectively comprise the City of Goodlettsville, Tennessee's basic financial statements and have issued our report thereon dated February 8, 2011. 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 opinion 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.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Goodlettsville, Tennessee in a separate letter dated February 8, 2011.

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*

February 8, 2011

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## Report on Compliance with Requirements Applicable to Each Major Program And on Internal Control Over Compliance Performed in Accordance with OMB Circular A-133

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

### Compliance

We have audited the City of Goodlettsville, Tennessee's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Goodlettsville, Tennessee's major federal programs for the year ended June 30, 2010. The City of Goodlettsville, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Goodlettsville, Tennessee's management. Our responsibility is to express an opinion on the City of Goodlettsville, Tennessee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Goodlettsville, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Goodlettsville, Tennessee's compliance with those requirements.

In our opinion, the City of Goodlettsville, Tennessee, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

Management of the City of Goodlettsville, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Goodlettsville, Tennessee's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Goodlettsville, Tennessee's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable

possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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*

February 8, 2011

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## CITY OF GOODLETTSVILLE, TENNESSEE Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2010

### Department of Homeland Security CFDA 97.044

#### Findings and Questioned Costs- Major Federal Award Program Audit – Internal Control for major program

##### 09-1. Segregation of Duties – Cash Receipts (modified and repeated from 08-1.)

*Condition:* A material weakness stating that duties related to cash receipts are not adequately segregated.

*Recommendation:* Cash receipts process should be reviewed by management. The process and individuals involved in the process should be segregated to ensure there is proper segregation of duties. Both cash drawers should be closed daily. The cash reports should be redesigned to ensure they provide clear documentation of each deposit.

*Current Status:* Recommendations were implemented during 2010. This finding has been corrected.

#### Findings and Questioned Costs- Major Federal Award Program Audit – Compliance and Other Matters for major program

##### 09-2. Cash Deposits (repeated from 08-2)

*Condition:* Within our audit sample of 50 cash transactions, we noted nine occurrences that funds were received at various city offices and were not deposited within the three-day requirement. This occurred five times with codes permits, and four times for business taxes. Of the nine violations noted, five were deposited within four days.

*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.

*Current Status:* Recommendations were implemented during 2010. This finding has been corrected.

##### 09-3. Compliance Manual

*Condition:* The city is required to compliance with all applicable provision of the manual referenced above.

*Recommendation:* We recommend the city review the manual and make revisions where necessary in policies and procedures to comply will all applicable parts of the manual.

*Current Status:* Recommendations were implemented during 2010. This finding has been corrected.

*Parker, Parker & Associates*

February 8, 2011

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## City of Goodlettsville, Tennessee Schedule of Findings, Questioned Costs and Responses For the Year Ended June 30, 2010

### Summary of Auditors' Results

- The auditors' report expresses an unqualified opinion on the financial statements of the City of Goodlettsville, Tennessee.
- No material weaknesses were identified during the audit of the financial statements.
- No instances of noncompliance material to the financial statements of the City of Goodlettsville, Tennessee were disclosed during the audit.
- No material weaknesses or significant deficiencies were identified during the audit of the major federal award programs.
- The auditors' report on compliance for the major federal award programs for the City of Goodlettsville, Tennessee expresses an unqualified opinion on all major federal programs.
- Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
- The programs tested as major programs included: Environmental Protection Agency – ARRA CFDA 66.458 Capitalization Grants for Clean Water State Revolving Fund - Loan Forgiveness and Non-ARRA CFDA 66.458 Capitalization Grants for Clean Water State Revolving Fund - Loan.
- The threshold for distinguishing Types A and B programs was \$300,000.
- The City of Goodlettsville, Tennessee did not qualify as a low-risk auditee.

### Findings- Financial Statements Audit – Internal Control

None identified

### Findings- Financial Statements Audit – Compliance

None identified

### Findings and Questioned Costs- Major Federal Award Program Audit – Internal Control for major program – EPA ARRA CFDA 66.458 and EPA Non-ARRA CFDA 66.458

None identified

### Findings and Questioned Costs- Major Federal Award Program Audit – Compliance and Other Matters for major program - EPA ARRA CFDA 66.458 and EPA Non-ARRA CFDA 66.458

None identified

*Parker, Parker & Associates*

February 8, 2011

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## CITY OF GOODLETTSVILLE, TENNESSEE

### Corrective Action Plan

For the year ended June 30, 2010

February 11, 2011

Environmental Protection Agency

The City of Goodlettsville, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2010.

Audit Firm: Parker, Parker & Associates, PLC  
1000 Northchase Drive, Suite 260  
Goodlettsville, TN 37072

#### **Findings: Financial Statement Audit – Internal Control**

None identified.

#### **Findings: Financial Statement Audit – Compliance**

None identified.

#### **Findings and Questioned Costs- Major Federal Award Program Audit – Internal Control for major program – EPA ARRA CFDA 66.458 and EPA Non-ARRA CFDA 66.458**

None identified.

#### **Findings and Questioned Costs- Major Federal Award Program Audit – Compliance and Other Matters for major program - EPA ARRA CFDA 66.458 and EPA Non-ARRA CFDA 66.458**

None identified.

If the Environmental Protection Agency has questions regarding this plan, please contact Mrs. Julie High at 615-851-2200.

Sincerely Yours,

*Mrs. Julie High*  
City Finance Director