

CITY OF GOODLETTSVILLE, TENNESSEE
Financial Report
June 30, 2012

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Contents

	Page
Introductory Section	
Roster of City Officials and Schedule of Salaries and Official Bonds of Principal Officials	1
Financial Section	
Independent Auditors' Report	2
Management's Discussion and Analysis	3 - 9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	15
Statement of Net Assets - Proprietary Fund	16
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	17
Statement of Cash Flows - Proprietary Fund	18
Notes to the Financial Statements	19 - 33
Required Supplementary Information:	
Schedule of Retirement Plan Funding Progress	34
Schedule of Post-retirement Health Care Benefit Program Funding Progress	34
Supplemental Information:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Non-major Governmental Funds	35
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	36
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Special Revenue Funds	37
Capital Projects Fund	38
Schedule of Expenditures of Federal Awards and State Financial Assistance	39
Schedule of Reserves, Receipts and Disbursements for State Street Aid	40
Schedule of Long-term Debt, Principal, and Interest Requirements	41
Other Supplemental Information:	
Schedule of Changes in Property Tax Receivable and Uncollected Delinquent Taxes	42
Schedule of Utility Rate Structure and Number of Customers	43
Schedule of Property Tax Rates and Assessments - Last 10 Years	44
Internal Control and Compliance Section	
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>	45-46
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	47-48
Summary Schedule of Prior Year Findings	49
Schedule of Findings, Questioned Costs and Responses	50-52
Corrective Action Plan	53-54

Introductory Section

CITY OF GOODLETTSVILLE, TENNESSEE
Roster of City Officials and
Schedule of Salaries and Official Bonds of Principal Officials
June 30, 2012

		<u>Period of Service</u>
City Commissioners		
Mayor	Gary Manning	7/1/11 to 6/22/12
	John Coombs	6/22/12 to 6/30/12
Vice Mayor	John Coombs	7/1/11 to 6/21/12
	Vacant	6/22/12 to 6/30/12
Commissioner	John Finch	7/1/11 to 6/30/12
Commissioner	Dan Bloodworth	7/1/11 to 6/30/12
Commissioner	Jane Birdwell	7/1/11 to 6/30/12
City Manager	Jim Thomas	7/1/11 to 10/31/11
	Tim Ellis	11/1/11 to 6/30/12
City Attorney	Joe Haynes	7/1/11 to 6/30/12
City Judge	Robert Wheeler	7/1/11 to 6/30/12
City Recorder	Alicia Prince	7/1/11 to 6/30/12
Chief of Police	Richard Pope	7/1/11 to 6/30/12
Director of Public Services	Guy Patterson	11/21/11 to 6/30/12
Director of Community Services	Tom Tucker	7/1/11 to 6/30/12
Director of Finance and Administration, CMFOA Designee	Julie High	7/1/11 to 6/30/12
Fire Chief	Phillip Gibson	7/1/11 to 6/30/12
Public Information Officer	Mary Laine Crawford	1/1/12 to 6/30/12

* Salary information has been omitted from this schedule.

** All employees of the City of Goodlettsville are covered under the Property and Crime policy with the TML Risk Management Pool up to \$150,000 crime coverage. The following positions have additional crime coverage under the TML policy:

City Manager	\$150,000
Chief of Police	\$150,000
Director of Finance and Administration	\$400,000

Financial Section

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Goodlettsville, Tennessee as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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, 2012, and the respective changes in financial position, and, where applicable, cash flows and the respective budgetary comparison for the general fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2012, 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 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 should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress on pages 3 through 9 and 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goodlettsville, Tennessee's financial statements as a whole. The introductory section, supplemental information, and other supplemental information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and other supplemental information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Parker, Parker & Associates

MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

December 26, 2012

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
June 30, 2012

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 10-11 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 five 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, the one major fund. Data from the other four 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 12-15 of this report.

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

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
June 30, 2012

information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 16-18 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 19-33 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 34 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 35-36 of this report.

The activities of the City of Goodlettsville are accounted for in six funds: General Fund, Drug Fund, Solid Waste Fund, Tourism Fund, Capital Projects Fund, and Sewer Fund.

Condensed Comparative Data.

	Primary Government					
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
ASSETS						
Current and Other Assets	\$ 9,578,398	\$ 8,288,664	\$ 6,797,100	\$ 4,605,554	\$ 16,375,497	\$ 12,894,218
Capital assets	14,378,065	12,442,007	31,836,400	30,224,415	46,214,465	42,666,422
Total assets	<u>23,956,463</u>	<u>20,730,671</u>	<u>38,633,500</u>	<u>34,829,969</u>	<u>62,589,963</u>	<u>55,560,640</u>
LIABILITIES						
Other liabilities	5,076,920	3,487,734	426,309	1,105,608	5,503,229	4,593,342
Long-term liabilities	2,602,981	2,362,690	14,302,897	11,348,348	16,905,878	13,711,038
Total liabilities	<u>7,679,901</u>	<u>5,850,424</u>	<u>14,729,206</u>	<u>12,453,956</u>	<u>22,409,107</u>	<u>18,304,380</u>
NET ASSETS						
Invested in capital assets, net of related debt	11,678,308	11,896,924	18,953,282	18,953,282	30,631,590	30,850,206
Restricted	1,564,421	1,456,817	-	-	1,564,421	1,456,817
Unrestricted	3,033,833	1,526,506	4,951,012	3,422,731	7,984,845	4,949,237
Total net assets	<u>\$ 16,276,562</u>	<u>\$ 14,880,247</u>	<u>\$ 23,904,294</u>	<u>\$ 22,376,013</u>	<u>\$ 40,180,856</u>	<u>\$ 37,256,260</u>

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
June 30, 2012

<u>Functions/Programs:</u>	Change in Net Assets					
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Program Revenues						
Charges for Services	\$ 1,616,694	\$ 1,615,340	\$ 4,972,421	\$ 4,493,710	\$ 6,589,115	\$ 6,109,050
Operating grants and contributions	473,505	467,800	-	-	473,505	467,800
Capital grants and contributions	1,492,334	314,946	-	-	1,492,334	314,946
General Revenues	10,312,388	10,026,060	46,350	52,857	10,358,738	10,078,916
Total Revenues	<u>13,894,921</u>	<u>12,424,146</u>	<u>5,018,771</u>	<u>4,546,567</u>	<u>18,913,692</u>	<u>16,970,712</u>
Expenses						
General government	3,320,663	3,441,250	-	-	3,320,663	3,441,250
Public safety	5,663,684	5,502,153	-	-	5,663,684	5,502,153
Public Works	1,053,706	1,245,971	-	-	1,053,706	1,245,971
Sanitation	863,007	845,076	-	-	863,007	845,076
Parks and recreation	1,291,967	1,313,301	-	-	1,291,967	1,313,301
Tourism	383,334	323,864	-	-	383,334	323,864
Interest on long-term debt	32,329	40,026	-	-	32,329	40,026
Sewer	-	-	3,380,407	4,264,052	3,380,407	4,264,052
Total Expenses	<u>12,608,689</u>	<u>12,711,642</u>	<u>3,380,407</u>	<u>4,264,052</u>	<u>15,989,097</u>	<u>16,975,694</u>
Increase (Decrease) in net assets						
before transfers	1,286,232	(287,497)	1,638,364	282,515	2,924,595	(4,982)
Transfers	110,083	105,359	(110,083)	(105,359)	-	-
Increase (Decrease) in net assets	1,396,315	(182,138)	1,528,280	177,156	2,924,595	(4,982)
Net assets - beginning	14,880,247	15,029,492	22,376,013	22,198,857	37,256,260	37,228,349
Prior Period Adjustment	-	32,893	-	-	-	32,893
Net assets - ending	<u>16,276,562</u>	<u>14,880,247</u>	<u>23,904,294</u>	<u>22,376,013</u>	<u>40,180,855</u>	<u>37,256,260</u>

Overall analysis.

The City's overall financial condition remained solid during an improved economy in Fiscal Year 2012, with governmental activities revenues and business-type activities revenues increasing from the prior fiscal year. Revenues from governmental activities increased 12% and revenues generated by business-type activities increased 11%. Expenditures related to governmental activities for fiscal year 2012 decreased slightly by 1% and expenditures related to business-type activities decreased almost 21% from the prior fiscal year. Net assets of the governmental activities increased approximately \$1.4 million and net assets of the City's business-type activities which is the Sewer Fund increased \$1.5 million from the prior fiscal year. The economy seemed to have continued improvement during Fiscal Year 2012, as the City saw an increase in local option sales tax collections compared to the prior year. However, the margin of increases have narrowed.

Capital expenditures in the General Fund increased in Fiscal Year 2012, as the City replaced five police vehicles, including the K-9 unit, as well as several pieces of Public Works Utility vehicles. The City replaced lighting at four fields at Moss-Wright Park and repaved several City streets. Significant capital improvements were made to the Pleasant Green Pool prior to its reopening in May 2012. The City purchased 4 properties where the homes were destroyed by the flood of 2010 via the FEMA Home Buyout Grant. These grants are 75 % federally funded, and 25% locally funded, with the state contributing half of the local funding. This resulted in a 12.5% City share. As a condition to the grant, these properties must be converted to public property. By the end of Fiscal Year 2012, the City's 2 ARRA funded projects, Phase 5 Sewer Line Rehabilitation and the Wastewater flow equalization basin at the Mansker Creek Pump Station, were nearing completion. 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 close out in Fiscal Year 2013.

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
June 30, 2012

Fund analysis

General Fund - The General Fund is the largest component of the governmental activities. The City relies heavily on local sales tax revenues. The local option sales tax represents approximately 1/3 of the total revenues in the General Fund. The City collected local option sales tax of \$3,948,857 for the fiscal year 2012, compared to \$3,951,733 collected the prior fiscal year, a decrease of \$2,875. The prior fiscal year collections were an exceptional improvement over recent history and were the best collections since 2006.

The City ended the year with a fund balance in the General Fund of \$3,565,125. \$187,562 was nonspendable, \$600,911 was restricted for Conference Drive, \$288,552 was committed to the Parks and Recreation Department as a result of remaining proceeds due to the fire at Pleasant Green in 2010. \$501,462 is assigned to OPEB (Other Post- Employment Benefits) which is medical insurance benefit for retirees. \$1,986,638 remained Unassigned Fund Balance at June 30, 2012.

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. \$29,000 was collected in drug fines during Fiscal Year 2012, and approximately \$14,000 was received due to the sales of fixed assets, and another \$5,000 was donated to the City's Drug Fund. A new K-9 unit was purchased via a capital lease in the Drug Fund, and proceeds from the lease of approximately \$29,000 were recorded in the Drug Fund. Expenditures for drug enforcement activities during Fiscal Year 2012 were \$279,616. The General Fund transferred \$205,000 to the Drug Fund to cover those expenditures.

Solid Waste Fund – The City collected \$778,745 in sanitation fees in Fiscal Year 2012. Other revenues of \$23,040 were recorded in the Solid Waste Fund. Expenditures in this fund were \$803,679. Therefore, the fund balance in the Solid Waste Fund was reduced from \$130,974 on July 1, 2011 to \$129,080 on June 30, 2012.

Tourism Fund - The tourism fund collected \$426,303 in hotel/motel tax revenue during Fiscal Year 2012, which was an increase of approximately 18% over the prior year. This increase was at least partially the result of an audit the City conducted in August 2011 of all of the hotels within the City. The tourism fund also record admission fees to the historic sites of \$24,315 and \$3,284 miscellaneous revenue. Expenditures in the Tourism fund were \$590,604 in Fiscal Year 2012, which included \$260,345 capital expenditures.

Capital Projects Fund – The Capital Projects Fund was established to record construction in progress. Once the capital project is complete, it is then transferred to fixed assets. During FY 2012, the Home Buyout Projects were recorded in the Capital Projects Fund. FEMA proceeds of \$440,000 were recorded as was capital expenditures of \$503,000 related to the purchase of the properties.

Sewer Fund - Operating revenues in the Sewer Fund increased during fiscal year 2012, while operating expenditures decreased. Operating revenues increased 11% or \$479,000, from \$4,440,000 to \$4,919,000 in Fiscal Year 2012. Operating expenses decreased 16% or \$644,000 from the prior fiscal year of \$4,013,000 to \$3,369,000 in the current fiscal year. This decrease was partially due to unfilled staff vacancies and eliminations within the Sewer Department, as well as a decrease in flows to Metro due to the unusually dry year. Net assets in the Sewer Fund increased \$1,528,000.

Budget variances in the General Fund

The General Fund revenues exceeded budgeted revenues by almost 6% (\$658,000). Most of this was due to sales tax revenues exceeding a very conservative budget. Total General Fund expenditures were 4.4% under budget (\$524,000). Most all departments and line items in the General Fund Operating Budget for Fiscal Year 2012 were under budget, except for debt service expenditures which exceeded budget \$108,000, due to a budget preparation oversight.

Capital asset and long-term debt activity

Capital asset activity included the purchase of 5 police vehicles, as well as several pieces of equipment for the Public Works Department. Street resurfacing totaled \$500,223. Improvements to Moss-Wright Park lighting and Pleasant Green Pool were made in Fiscal Year 2012. The City purchased 4 properties where the homes were destroyed by the flood of 2010 via the FEMA Home Buyout Grant. These grants are 75 % federally funded, and 25% locally funded, with the state contributing half of the local funding. This resulted in a 12.5% City share. As a condition to the grant, these properties must be converted to

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
June 30, 2012

public property. Metro Nashville Government donated the old Metro library building and property to the City of Goodlettsville during Fiscal Year 2012. The City plans to remodel the building and utilize it for administrative offices. The City also made an emergency replacement of the City's telephone and voice mail system (\$46,523) and incurred annual street resurfacing expenses (\$214,387). The City disposed of seven fully depreciated surplus vehicle assets. The City sold these assets on the on-line auction website, GovDeals.com. Total proceeds from the sale of fixed assets in Fiscal Year 2012 were \$24,000 in the General Fund and \$14,000 in the Drug Fund. The City added \$2,776,000 Construction in Progress in the Sewer Fund as a result of the Sewer Rehab Project and Equalization Tank Project which 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". By the end of the Fiscal Year 2012, both of these projects were substantially complete, and therefore \$12,431,000 was transferred from Construction in Progress to Fixed Assets.

Schedule of Changes in Capital Assets

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2012</u>
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 3,190,618	\$ 860,925	\$ -	\$ 4,051,543
Construction in Progress	15,700	216,770	-	232,470
Total Capital Assets not being Depreciated	<u>\$ 3,206,318</u>	<u>\$ 1,077,695</u>	<u>\$ -</u>	<u>\$ 4,284,013</u>
Capital Assets being Depreciated				
Buildings	\$ 7,424,221	\$ 485,000	\$ -	\$ 7,909,221
Improvements	4,853,758	760,568	-	5,614,326
Machinery & Equipment	7,538,395	548,155	130,903	7,955,647
Infrastructure	4,912,253	-	-	4,912,253
Total Capital Assets being Depreciated	<u>\$ 24,728,627</u>	<u>\$ 1,793,723</u>	<u>\$ 130,903</u>	<u>\$ 26,391,448</u>
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 2,139,071	\$ -	\$ -	\$ 2,139,071
Construction in Progress	9,654,992	2,776,488	12,431,480	0
Total Capital Assets not being Depreciated	<u>\$ 11,794,063</u>	<u>\$ 2,776,488</u>	<u>\$ 12,431,480</u>	<u>\$ 2,139,071</u>
Capital Assets being Depreciated				
Buildings	\$ 4,332,627	\$ -	\$ -	\$ 4,332,627
Improvements	16,188	4,762,044	-	4,778,232
Machinery & Equipment	1,310,966	-	-	1,310,966
Infrastructure	22,594,953	7,217,812	-	29,812,765
Total Capital Assets being Depreciated	<u>\$ 28,254,733</u>	<u>\$ 11,979,856</u>	<u>\$ -</u>	<u>\$ 40,234,590</u>
Governmental Activities				
Accumulated Depreciation				
Buildings	\$ 3,445,576	\$ 125,494	\$ -	\$ 3,571,070
Improvements	2,926,473	222,305	-	3,148,778
Machinery & Equipment	6,470,608	314,866	130,903	6,654,571
Infrastructure	2,650,281	272,692	-	2,922,973
Total Accumulated Depreciation	<u>\$ 15,492,939</u>	<u>\$ 935,357</u>	<u>\$ 130,903</u>	<u>\$ 16,297,394</u>

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
June 30, 2012

Business-type Activities

Accumulated Depreciation				
Buildings	\$ 1,235,232	\$ 230,166	\$ -	\$ 1,465,398
Improvements	5,572	523	-	6,095
Machinery & Equipment	960,417	69,905	-	1,030,322
Infrastructure	7,623,162	412,296	-	8,035,458
Total Accumulated Depreciation	\$ 9,824,383	\$ 712,890	\$ -	\$ 10,537,273
Total Governmental Activities, Net	\$ 12,442,007	\$ 1,936,061	\$ -	\$ 14,378,065
Total Business-type Activities, Net	\$ 30,224,413	\$ 14,043,454	\$ 12,431,480	\$ 31,836,400

Schedule of Changes to Long-Term Liabilities – Governmental Activities

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within 1 Year
Compensated Absences	\$ 604,590	\$ 351,984	\$ 428,892	\$ 527,682	\$ -
Net OPEB Obligation	1,213,018	573,443	151,532	1,634,929	-
Capital Leases	256,333	287,766	236,318	307,781	145,417
Notes Payable	281,730	-	155,146	126,584	17,781
Debt Refunding Premium	7,020	-	1,015	6,005	-
Totals	\$ 2,355,672	\$ 1,213,193	\$ 971,888	\$ 2,596,977	\$ 163,198

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

	Balance 7/1/2011	Additions	Reductions	Balance 6/30/2012	Due Within 1 Year
Compensated Absences	\$ 30,095	\$ 15,253	\$ 13,474	\$ 31,874	\$ -
Net OPEB Obligation	45,614	35,214	-	80,828	-
Notes Payable	11,002,973	3,455,941	416,582	14,042,332	11,581,124
Revenue Bonds	120,000	-	120,000	-	-
Debt Refunding Premium	149,666	-	1,803	147,863	-
Totals	\$ 11,198,681	\$ 3,506,408	\$ 550,056	\$ 14,155,034	\$ 11,581,124

Other Matters

As predicted one year ago, the increases in sales tax collections have leveled off. While the collections remain strong, the increases have slowed. The management staff conservatively planned for this to occur as they prepared revenue projections and budgets for the upcoming year.

The City accepted competitive sealed proposals for the out-sourcing of the Sanitation Department. The City awarded a contract early in Fiscal Year 2013 to Waste Industries. This contract allows for weekly residential pick-up of sanitation and bi-weekly curbside recycling, at a rate which allowed the City to reduce its user fee from \$15 per month to \$13 per month per residence. All but one of the Sanitation Vehicles were sold, and employees were either hired by the contractor, offered City positions in other department, or retired.

The City also participated for the first year of many, in benchmarking program administered by the Municipal Technical Advisory Service. This benchmarking program allows participating cities to compare themselves with other cities in the State in all areas of government. This benchmarking was based on FY 2012 results and the data is still being gathered. Results should be available in the spring of 2013. The City has committed to continue its participation in this program.

The City began the utilization of Lean Government principles in order to better identify methods to provide enhanced services to its citizens all while being more efficient & effective in delivering such service.

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
June 30, 2012

The City adopted enabling legislation to create a Stormwater Utility, effective July 1, 2012. The utility will fund the ever growing demand of Stormwater management and repairs.

The City approved the creation of a fleet management fund in order to adequately fund the replacement of all fleet vehicles. There was \$400,000 placed in the fund for FY 2013 and an additional \$400,000 will need to be added in both FY 2014 and FY 2015 in order to meet the predetermined \$1.2 million dollar depreciation.

The City conducted its first Citizen's Survey. This survey was completed and the results communicated to the elected officials and management, and then posted on the City's website for all citizens to review. The results of the survey were very positive, and very useful, as it identified items for staff and officials to focus on when preparing long term plans and budgets.

Employee training is a priority to City Management. During the calendar year 2012, all City employees became CPR and First Aid certified; and received harassment and civility training. Plans for FY 2013 include customer service training, civility training and harassment training for all employees.

The Board of Commission and City Staff are committed to providing quality services at the lowest cost to all the citizens of Goodlettsville, while maintaining its high quality of life.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Net Assets
June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,639,396	\$ 6,239,996	\$ 9,879,392
Receivables, Net	5,734,578	561,139	6,295,717
Internal Balances, Net	7,709	(7,708)	-
Prepaid Expenses	196,715	3,573	200,288
Capital Assets:			
Land, Land Improvements & Construction in Progress	4,284,012	2,139,071	6,423,083
Other Capital Assets, Net of Depreciation	10,094,053	29,697,329	39,791,383
Total Capital Assets	<u>14,378,065</u>	<u>31,836,400</u>	<u>46,214,465</u>
 Total Assets	 <u>23,956,463</u>	 <u>\$ 38,633,500</u>	 <u>\$ 62,589,963</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable and Other Current Liabilities	\$ 663,293	\$ 426,309	\$ 1,089,602
Deferred Revenue	4,249,584	-	4,249,584
Grant Advance	164,043	-	164,043
Long-term Liabilities:			
Compensated Absences	527,682	31,874	559,556
Net OPEB Obligation	1,634,929	80,828	1,715,757
Current Portion	163,198	11,581,124	11,744,322
Long-term Portion	271,167	2,461,208	2,732,375
Debt Refunding Premiums	6,005	147,863	153,868
Total Liabilities	<u>7,679,901</u>	<u>14,729,206</u>	<u>22,409,107</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	11,678,308	18,953,282	30,631,590
Restricted for:			
State Streed Aid	-	-	-
Conference Drive	600,911	-	600,911
Drug Fund	-	-	-
Tourism	963,510	-	963,510
Solid Waste Fund	-	-	-
Unrestricted	3,033,833	4,951,012	7,984,845
Total Net Assets	<u>16,276,562</u>	<u>23,904,294</u>	<u>40,180,856</u>
 Total Liabilities and Net Assets	 <u>\$ 23,956,463</u>	 <u>\$ 38,633,500</u>	 <u>\$ 62,589,963</u>

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs: Primary government:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government		Total
			Grants and Contributions	Capital Grants and Contributions		Business-type Activities		
Governmental activities:								
General government	\$ 3,320,663	\$ 137,124	\$ 30,000	\$ 1,492,334	\$ (1,661,204)	\$ -	\$ (1,661,204)	
Public safety	5,663,684	377,653	-	-	(5,286,031)	-	(5,286,031)	
Public works	1,053,706	4,500	443,505	-	(605,701)	-	(605,701)	
Sanitation	863,007	801,298	-	-	(61,709)	-	(61,709)	
Parks and recreation	1,291,967	271,804	-	-	(1,020,163)	-	(1,020,163)	
Tourism	383,334	24,315	-	-	(359,019)	-	(359,019)	
Interest on long-term debt	32,329	-	-	-	(32,329)	-	(32,329)	
Total Governmental Activities	<u>12,608,689</u>	<u>1,616,694</u>	<u>473,505</u>	<u>1,492,334</u>	<u>(9,026,156)</u>	<u>-</u>	<u>(9,026,156)</u>	
Business-type Activities:								
Sewer	3,380,407	4,972,421	-	-	-	1,592,014	1,592,014	
Total Business-type Activities	<u>3,380,407</u>	<u>4,972,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,592,014</u>	<u>1,592,014</u>	
Total Primary Government	<u>\$ 15,989,097</u>	<u>\$ 6,589,115</u>	<u>\$ 473,505</u>	<u>\$ 1,492,334</u>	<u>\$ (9,026,156)</u>	<u>\$ 1,592,014</u>	<u>\$ (7,434,143)</u>	
General Revenues:								
Property and Personalty Taxes					\$ 3,137,842	\$ -	\$ 3,137,842	
TVA and Other PILOT Taxes					248,490	-	248,490	
Income Taxes					112,017	-	112,017	
Sales Taxes					5,023,136	-	5,023,136	
Alcoholic Beverage Taxes					687,506	-	687,506	
Business Taxes					338,337	-	338,337	
Hospitality Taxes					523,124	-	523,124	
Miscellaneous State Taxes					5,813	-	5,813	
Unrestricted Investment Earnings					8,651	18,350	27,001	
Insurance Proceeds					195,157	-	195,157	
Miscellaneous					32,315	28,000	60,315	
Transfers, Net					110,083	(110,083)	-	
Total General Revenues and Transfers					<u>10,422,471</u>	<u>(63,733)</u>	<u>10,358,738</u>	
Change in Net Assets					1,396,315	1,528,281	2,924,596	
Net Assets - July 1, 2011					14,880,247	22,376,013	37,256,260	
Net Assets - June 30, 2012					<u>\$ 16,276,562</u>	<u>\$ 23,904,294</u>	<u>\$ 40,180,856</u>	

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Balance Sheet
Governmental Funds
June 30, 2012

	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash on Hand	\$ 1,554	\$ -	\$ 1,554
Cash in Bank	2,683,026	954,817	3,637,843
Receivables, Net	4,786,776	77,325	4,864,101
Intergovernmental Receivables	648,345	-	648,345
Due From Other Funds	20,294	-	20,294
Inventory	-	-	-
Prepaid Expenses	187,562	9,153	196,715
Total Assets	<u>\$ 8,327,557</u>	<u>\$ 1,041,295</u>	<u>\$ 9,368,852</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 271,224	\$ 76,624	\$ 347,848
Due To Other Funds	-	12,586	12,586
Other Current Liabilities	235,231	20,575	255,806
Deferred Compensation	6,393	143	6,536
Grant Advance	-	164,043	164,043
Deferred Revenue	4,249,584	-	4,249,584
Total Liabilities	<u>4,762,432</u>	<u>273,971</u>	<u>5,036,403</u>
Fund Balances			
Nonspendable:			
Prepaid Expense	187,562	9,153	196,715
Restricted For:			
Conference Drive	600,911	-	600,911
Tourism	-	739,173	739,173
Committed To:			
City Park System	288,552	-	288,552
Solid Waste Fund	-	124,363	124,363
Assigned To:			
OPEB	501,462	-	501,462
Tourism	-	60,633	60,633
Unassigned	1,986,638	(165,997)	1,820,641
Total Fund Balances	<u>3,565,125</u>	<u>767,325</u>	<u>4,332,450</u>
Total Liabilities and Fund Balances	<u>\$ 8,327,557</u>	<u>\$ 1,041,295</u>	<u>\$ 9,368,852</u>

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

Total Governmental Fund Balances	\$ 4,332,450
Assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	1,488,251
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	14,378,065
Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(3,922,204)
Net Assets of the Governmental Activities	<u>\$ 16,276,562</u>

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues			
Local Taxes	\$ 8,178,409	\$ -	\$ 8,178,409
Licenses and Permits	104,264	-	104,264
Fines	314,991	-	314,991
Drug and Gambling Revenue	-	29,038	29,038
Intergovernmental Revenues	1,972,315	-	1,972,315
Charges for Services	305,427	803,060	1,108,487
Hotel/ Motel Taxes	-	426,303	426,303
Interest	-	3,771	3,771
Miscellaneous Revenues	23,530	22,553	46,083
Total Revenues	10,898,936	1,284,725	12,183,661
Expenditures			
Current:			
General Government	2,750,629	-	2,750,629
Public Safety	5,006,644	-	5,006,644
Public Works (also see below)	733,216	-	733,216
Street Lights	110,492	-	110,492
Street Maintenance	96,954	-	96,954
Solid Waste	-	803,679	803,679
Drug Fund	-	238,232	238,232
Parks and Recreation	1,227,117	-	1,227,117
Storm Expenditures	34,415	-	34,415
Tourism	-	330,259	330,259
Debt Service:			
Principal	381,196	10,269	391,465
Interest	32,951	-	32,951
Capital Outlay	504,479	1,011,195	1,515,674
Street Paving	500,223	-	500,223
Total Expenditures	11,378,316	2,393,634	13,771,950
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (479,380)	 (1,108,909)	 (1,588,289)
Other Financing Sources (Uses)			
Contributions and Grants	-	444,797	444,797
Operating Transfers In	174,629	321,000	495,629
Operating Transfers Out	(321,000)	-	(321,000)
Sales of Capital Assets	24,075	13,907	37,982
Capital Leases	258,801	28,965	287,766
Insurance Recoveries	195,157	-	195,157
Total Other Financing Sources (Uses)	331,662	808,669	1,140,331
 Net Change in Fund Balances	 (147,718)	 (300,240)	 (447,958)
 Fund Balance - July 1, 2011	 3,712,843	 1,067,565	 4,780,408
 Fund Balances - June 30, 2012	 \$ 3,565,125	 \$ 767,325	 \$ 4,332,450

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, 2012

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	\$ (447,958)
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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.	1,936,059
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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.	149,553
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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.	103,662
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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.	(345,001)
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Change in net assets of governmental activities	<u><u>\$ 1,396,315</u></u>
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CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Major Governmental Funds
For the Year Ended June 30, 2012

	General Fund			
	Budgeted Amounts			Positive (Negative) Variance with Final
	Original	Final	Actual	
Revenues				
Local Taxes:				
Property and Personalty Taxes	3,130,000	3,130,000	3,169,959	\$ 39,959
Sales Taxes	3,708,000	3,708,000	3,948,857	240,857
Alcoholic Beverage Taxes	585,000	585,000	624,434	39,434
Business Taxes	300,000	300,000	338,337	38,337
Hospitality Taxes	65,000	65,000	96,821	31,821
Licenses and Permits	199,000	199,000	104,264	(94,736)
Fines	220,000	220,000	314,991	94,991
Intergovernmental Revenues:				
Sales Taxes	945,000	945,000	1,074,279	129,279
Gasoline and Motor Fuel Taxes	400,000	400,000	410,823	10,823
Income Taxes	109,000	109,000	117,831	8,831
Alcoholic Beverage Taxes	65,000	65,000	62,091	(2,909)
TVA - In Lieu of Tax	125,000	125,000	183,944	58,944
Transportation Taxes	32,000	32,000	32,682	682
Grants	30,000	30,000	90,665	60,665
Charges for Services	230,000	230,000	305,427	75,427
Miscellaneous Revenues	98,000	98,000	23,530	(74,470)
Total Revenues	10,241,000	10,241,000	10,898,936	657,937
Expenditures				
Current:				
General Government:				
General Government	1,981,115	1,981,115	1,995,610	(14,495)
Retiree Insurance and OPEB	150,000	150,000	151,532	(1,532)
Property Insurance	325,000	325,000	216,731	108,269
Miscellaneous	653,000	653,000	421,171	231,829
Public Safety:				
Police	3,632,697	3,632,697	3,596,117	36,580
Fire	1,426,784	1,426,784	1,410,528	16,256
Public Works	977,587	977,587	940,662	36,925
Parks and Recreation	1,286,748	1,329,248	1,227,117	102,131
Debt Service:				
Principal	305,553	305,553	381,196	(75,643)
Interest	-	-	32,951	(32,951)
Capital Outlay	996,540	1,121,540	1,004,702	116,838
Total Expenditures	11,735,024	11,902,524	11,378,316	524,208
Excess of Revenues Over (Under) Expenditures	<u>(1,494,024)</u>	<u>(1,661,524)</u>	<u>(479,380)</u>	<u>1,182,144</u>
Other Financing Sources (Uses)				
Operating Transfers In	75,000	75,000	174,629	99,629
Operating Transfers Out	(342,852)	(342,852)	(321,000)	21,852
Sales of Capital Assets	13,200	13,200	24,075	10,875
Capital Leases	327,540	327,540	258,801	(68,739)
Insurance Recoveries	-	-	195,157	195,157
Total Other Financing Sources (Uses)	72,888	72,888	331,662	258,774
Net Change in Fund Balances	(1,421,136)	(1,588,636)	(147,718)	1,273,418
Fund Balance - July 1, 2011	3,712,843	3,712,843	3,712,843	-
Fund Balances - June 30, 2012	\$ 2,291,707	\$ 2,124,207	\$ 3,565,125	\$ 1,273,418

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities Sewer Fund
Assets	
Current Assets	
Cash	\$ 6,239,996
Accounts Receivable, Less Allowance of \$4,235	561,139
Due from Other Funds	-
Prepaid Expenses	3,573
Total Current Assets	<u>6,804,708</u>
Capital Assets	
Capital Assets	42,373,672
Accumulated Depreciation	<u>(10,537,272)</u>
Total Capital Assets	<u>31,836,400</u>
Utility Deposit	100
Total Assets	<u><u>\$ 38,641,208</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	\$ 370,381
Accrued Interest Payable	16,408
Accrued Wages, Payroll Taxes and Deductions Payable	9,898
Deferred Compensation	933
Deposits Payable	28,689
Current Portion of Long-Term Liabilities	11,581,124
Total Current Liabilities	<u>\$ 12,015,141</u>
Long-Term Liabilities	
Compensated Absences Payable	31,874
Net OPEB Obligation	80,828
Revenue Bonds Payable	2,461,208
Debt Refunding Premium	147,863
Total Long-Term Liabilities	<u>2,721,773</u>
Total Liabilities	<u>14,736,914</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	18,953,282
Unrestricted	4,951,012
Total Net Assets	<u>23,904,294</u>
Total Liabilities and Net Assets	<u><u>\$ 38,641,208</u></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, 2012

	Business-type Activities - Sewer Fund
Operating Revenues	
Charges for Services:	
Sewer Fees - Davidson County	\$ 3,938,300
Sewer Fees - Sumner County	917,653
Sewer Flow Charges	40,568
Permits/Connection Fees	22,650
Total Operating Revenues	4,919,171
Operating Expenses	
Cost of Services	1,741,895
Administration	778,479
Depreciation and Amortization	712,594
Insurance	126,826
Repairs and Maintenance	9,523
Total Operating Expenses	3,369,317
Operating Income	1,549,854
Non-Operating Revenues (Expenses)	
Interest Revenue	18,350
Interest Expense	(80,709)
Interest Expense - Capitalized	70,742
Paying Agents Fee	(1,123)
Rental Income	28,000
Tap Fees	53,250
Total Non-Operating Revenues (Expenses)	88,510
Income before Transfers	1,638,364
Transfers	(110,083)
Increase in Net Assets	1,528,280
Net Assets - July 1, 2011	22,376,013
Net Assets - June 30, 2012	\$ 23,904,294

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities - Sewer Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 4,919,171
Cash Payments to Suppliers for Goods and Services	(2,922,338)
Cash Payments to Employees for Services	(458,299)
Net Cash Provided by Operating Activities	1,538,534
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Issuance of Bonds	3,455,941
Principal Paid on Bonds/Notes	(536,583)
Interest Paid on Long-Term Debt	(262,248)
Cash Received from Tap Fees	53,250
Paying Agents Fee	(1,123)
Acquisition and Construction of Capital Assets	(2,068,057)
Net Cash Used by Capital and Related Financing Activities	641,180
Cash Flows from Noncapital Financing Activities:	
Increase in Transfer to Other Funds	(110,083)
Net Cash Used by Noncapital Financing Activities	(110,083)
Cash Flows from Investing Activities:	
Cash Received from Billboard Rentals	28,000
Interest Received	18,350
Net Cash Provided by Investing Activities	46,350
Net Increase (Decrease) in Cash	2,115,981
Cash at Beginning of Year	4,124,015
Cash at End of Year	\$ 6,239,996
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 1,549,854
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	712,594
(Increase) Decrease in:	
Accounts Receivable	(42,287)
Prepaid Expenses	(3,105)
Increase (Decrease) in:	
Accounts Payable	(686,130)
Payroll Liabilities	4,072
Net OPEB Obligation	35,214
Due from/to Other Funds, Net	(31,677)
Net Cash Provided by Operating Activities	\$ 1,538,534

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements
June 30, 2012

Note 1. Significant Accounting Policies

The City of Goodlettsville's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments. GAAP for local governments include those principles included in the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting standards and the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those principles conflict with or contradict the GASB Codification, in which case, GASB prevails. Proprietary funds follow the FASB pronouncements issued since November 30, 1989. The more significant of the government's accounting policies are described below.

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The government uses funds 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).

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

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2012

Note 1. Significant Accounting Policies – Continued

B. Government-wide and Fund Financial Statements - Continued

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, Tourism and Drug Funds are not considered major funds for reporting purposes.

Capital Projects – accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays of governmental fund types including the acquisition and construction of capital facilities and other capital assets.

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.

The City uses the modified accrual 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.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2012

Note 1. Significant Accounting Policies – Continued

D. Budgets and Budgetary Accounting

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. 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

G. 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.

H. 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 Codification of Governmental Accounting and Financial Reporting Standards, Section N50, 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.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2012

Note 1. Significant Accounting Policies – Continued

I. 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”.

J. 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.

K. 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.

L. Fund Balance

The City classifies fund balances in accordance with *GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 1800.142, Fund Balance Reporting*. This statement classifies fund balances into clearly defined categories making the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints as defined in the City's fund balance policy:

Nonspendable Fund Balance – Funds that cannot be spent due to their form (e.g. inventories, prepaid items, and long term receivables) or funds that legally or contractually must be maintained intact (e.g. endowments).

Restricted Fund Balance – Funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation (e.g. state or federal requirements restricting use of certain funds, creditor loan covenants, and private donations).

Committed Fund Balance – Funds that are set aside for a specific purpose by the City's highest level of decision-making authority (i.e. Board of Commission) and the highest form of authority (ordinance). This commitment of funds is authorized by ordinance and is binding unless removed by ordinance. Formal action must be taken prior to the end of the fiscal year; however, the actual amount can be determined after the close of the year.

Assigned Fund Balance – Funds that are set aside with the intent to be used for a specific purpose by the City's highest level of decision making authority (i.e. Board of Commission) or a body or official that has been given the authority to assign funds.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2012

Note 1. Significant Accounting Policies – Continued

L. Fund Balance - Continued

Assignment of fund balance is less formal than the commitment of fund balance. It does not require formal action. The City Commission has given no other body or official authority to assign funds.

Unassigned Fund Balance – Excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. This category is also referred to as “surplus”.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, it shall be the policy of the City to use the restricted amounts first as permitted under the law. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City to use the committed amounts first, followed by the assigned amounts and then unassigned amounts.

M. 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.

N. 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.

O. 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.

P. 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 accrual 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

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2012

Note 3. Cash and Investments - Continued

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, 2012, all of the City's deposits and investments were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee or in the State of Tennessee Local Government Investment Pool ("LGIP"). Participating banks in the bank collateral pool determine the aggregate balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. Collected securities required to be pledged by the participant banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool.

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

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, 2012 was 15.71% 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.

C. Annual Pension Cost

For the year ending June 30, 2012, the City of Goodlettsville's annual pension cost of \$920,050 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, 2009 actuarial valuation using

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2012

Note 4. Pension Plan - Continued

C. Annual Pension Cost - Continued

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 3.0 percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 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 ten-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, 2009 was 6 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 920,050	100.00%	\$ -
June 30, 2011	\$ 864,661	100.00%	\$ -
June 30, 2010	\$ 905,007	100.00%	\$ -

D. Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 93.72 percent funded. The actuarial accrued liability for benefits was \$19.65 million, and the actuarial value of assets was \$18.42 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.23 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.63 million, and the ratio of the UAAL to the covered payroll was 21.95 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.

(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/(c))
July 1, 2011	\$ 18,415	\$ 19,650	\$ 1,235	93.72%	\$ 5,627	21.95%
July 1, 2009	\$ 14,455	\$ 15,090	\$ 635	95.79%	\$ 5,455	11.63%
July 1, 2007	\$ 12,982	\$ 13,773	\$ 791	94.26%	\$ 5,312	14.89%

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, 2012.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2012

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 approximately \$27,500 for fiscal 2012, approximately 15% of total premiums. The City contributions to the program for the fiscal year 2012 were \$151,500.

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 *Codification of Governmental Accounting and Financial Reporting Standards, Section P50, Post-employment Benefits Other than Pension Benefits – Employer Reporting*. 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.

	Governmental Activities	Business Activities	Total
Annual required contribution (ARC)	\$ 568,357	\$ 34,902	\$ 603,259
Interest on net OPEB obligation	53,361	3,277	56,638
Adjustments to annual required contributions	<u>(48,275)</u>	<u>(2,965)</u>	<u>(51,240)</u>
Annual OPEB cost (expense)	573,443	35,214	608,657
Contributions made	<u>(151,532)</u>	<u>-</u>	<u>(151,532)</u>
Increase in net OPEB obligation	421,911	35,214	457,126
Net OPEB obligation - beginning of the year	1,213,018	45,614	1,258,632
Net OPEB obligation - end of the year	<u>\$ 1,634,929</u>	<u>\$ 80,828</u>	<u>\$ 1,715,757</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

YEAR ENDED JUNE 30,	ANNUAL OPEB COST	ANNUAL EMPLOYER CONTRIBUTION	PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED	NET ENDING OPEB OBLIGATION/ (ASSET)
2012	\$ 608,657	\$ 151,532	25%	\$ 1,715,757
2011	566,844	96,595	21%	1,258,632
2010	375,910	97,000	26%	810,659

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2012

Note 6. Post-retirement Health Care Benefits - Continued

D. Funding Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$6,229,520, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,242,681, and the ratio of the unfunded actuarial liability to the covered payroll was 118.83%.

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. The City has designated \$500,000 assigned general fund balance for OPEB obligation. Since the city has not established an irrevocable trust, there are no separate plan assets reported under GASB *Codification Section P50*.

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 January 1, 2011, 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 8% graded to 5% uniformly over 6 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, 2011 was 30 years.

Note 7. Property Taxes Receivable

Gross property taxes receivable of \$4,596,854 is summarized, by year, on the Schedule of Changes in Property Taxes Receivable on page 42 of this report.

Note 8. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2012:

	Balance			Balance
	July 1, 2011	Additions	Disposals	June 30, 2012
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 3,190,618	\$ 860,925	\$ -	\$ 4,051,543
Construction in Progress	15,700	216,770	-	232,470
Total Capital Assets not being Depreciated	\$ 3,206,318	\$ 1,077,695	\$ -	\$ 4,284,013
Capital Assets being Depreciated				
Buildings	\$ 7,424,221	\$ 485,000	\$ -	\$ 7,909,221
Improvements	4,853,758	760,568	-	5,614,326
Machinery & Equipment	7,538,395	548,155	130,903	7,955,647
Infrastructure	4,912,253	-	-	4,912,253
Total Capital Assets being Depreciated	\$ 24,728,627	\$ 1,793,723	\$ 130,903	\$ 26,391,448

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2012

Note 8. Capital Assets - Continued

Business-type Activities

Capital Assets not being Depreciated

Land	\$ 2,139,071	\$ -	\$ -	\$ 2,139,071
Construction in Progress	9,654,992	2,776,488	12,431,480	0
Total Capital Assets not being Depreciated	\$ 11,794,063	\$ 2,776,488	\$ 12,431,480	\$ 2,139,071

Capital Assets being Depreciated

Buildings	\$ 4,332,627	\$ -	\$ -	\$ 4,332,627
Improvements	16,188	4,762,044	-	4,778,232
Machinery & Equipment	1,310,966	-	-	1,310,966
Infrastructure	22,594,953	7,217,812	-	29,812,765
Total Capital Assets being Depreciated	\$ 28,254,733	\$ 11,979,856	\$ -	\$ 40,234,590

Governmental Activities

Accumulated Depreciation

Buildings	\$ 3,445,576	\$ 125,494	\$ -	\$ 3,571,070
Improvements	2,926,473	222,305	-	3,148,778
Machinery & Equipment	6,470,608	314,866	130,903	6,654,571
Infrastructure	2,650,281	272,692	-	2,922,973
Total Accumulated Depreciation	\$ 15,492,939	\$ 935,357	\$ 130,903	\$ 16,297,394

Business-type Activities

Accumulated Depreciation

Buildings	\$ 1,235,232	\$ 230,166	\$ -	\$ 1,465,398
Improvements	5,572	523	-	6,095
Machinery & Equipment	960,417	69,905	-	1,030,322
Infrastructure	7,623,162	412,296	-	8,035,458
Total Accumulated Depreciation	\$ 9,824,383	\$ 712,890	\$ -	\$ 10,537,273

Total Governmental Activities, Net	\$ 12,442,007	\$ 1,936,061	\$ -	\$ 14,378,065
Total Business-type Activities, Net	\$ 30,224,413	\$ 14,043,454	\$ 12,431,480	\$ 31,836,400

Depreciation Expense by Function

General Government	589,247
Public Safety	185,514
State Street Aid	48,924
Sanitation	48,225
Parks & Recreation	21,232
Tourism	42,205
Sewer	712,890
	<u>\$ 1,648,238</u>

The City received insurance proceeds in the amount of \$195,157 for the impairment of various capital assets disposed during 2012.

Note 9. Long-Term Debt

Below is a condensed schedule of maturities for long-term debt and obligations at June 30, 2012. A detailed Schedule of Long-term Debt, Principal, and Interest Requirements is included on page 41 of this report.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2012

Note 9. Long-Term Debt - Continued

<u>Year Ended</u> <u>June 30,</u>	<u>Principal Due</u>	<u>Interest</u> <u>Due</u>
2013	\$ 11,744,322	\$ 81,017
2014	539,547	81,164
2015	463,228	53,974
2016	474,599	39,102
2017	460,000	27,825
2018-2019	795,001	12,600
Total Long-Term Debt	<u>\$ 14,476,697</u>	<u>\$ 295,683</u>

Long-term debt and obligations payable at June 30, 2012 are comprised of the following:

Business-type Activities

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 2029	\$ 11,178,914
General Obligation Refunding Bond, Series 2011 Issued to Refinance Existing Debt, Bearing Interest at a Variable Rate ranging from 2.00% to 4.00% per Annum, Payable in Annual Installments with the Final Payment Due September 5, 2011.	<u>2,863,418</u>
Total Sewer Fund Debt Payable	14,042,332
Less: Current Portion	<u>(11,581,124)</u>
Long-Term Debt Payable - Sewer Fund	<u>\$ 2,461,208</u>

The following is a summary of changes to long-term debt in the Business-type activities during the year ended June 30, 2012:

	<u>Balance</u> <u>7/1/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2012</u>	<u>Due Within</u> <u>1 Year</u>
Compensated Absences	\$ 30,095	\$ 15,253	\$ 13,474	\$ 31,874	\$ -
Net OPEB Obligation	45,614	35,214	-	80,828	-
Notes Payable	11,002,973	3,455,941	416,582	14,042,332	11,581,124
Revenue Bonds	120,000	-	120,000	-	-
Debt Refunding Premium	149,666	-	1,803	147,863	-
Totals	<u>\$ 11,198,681</u>	<u>\$ 3,506,408</u>	<u>\$ 550,056</u>	<u>\$ 14,155,034</u>	<u>\$ 11,581,124</u>

Governmental Activities

General Obligation Refunding Bond, Series 2011 Issued to Refinance Existing Debt, Bearing Interest at a Variable Rate ranging from 2.00% to 4.00% per Annum, Payable in Annual Installments with the Final Payment Due September 1, 2018	\$ 126,584
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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.	42,635
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CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2012

Note 9. Long-Term Debt - Continued
Governmental Activities - Continued

Capital Lease Payable to Ford Motor Credit for Equipment Bearing Interest at 6% Per Annum, Payable in Annual Installments of \$32,131, Principal and Interest Payments are Based on Total Debt of \$91,041.	58,910
Capital Lease Payable to Ford Motor Credit for Equipment Bearing Interest at 6.5% Per Annum, Payable in Annual Installments of \$10,269, Principal and Interest Payments are Based on Total Debt of \$28,965.	18,696
Capital Lease Payable to Ford Motor Credit for Equipment Bearing Interest at 6.5% Per Annum, Payable in Annual Installments of \$7,746, Principal and Interest Payments are Based on Total Debt of \$21,848.	14,102
Capital Lease Payable to Ford Motor Credit for Equipment Bearing Interest at 6.5% Per Annum, Payable in Annual Installments of \$10,420, Principal and Interest Payments are Based on Total Debt of \$29,390.	18,970
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.	63,997
Capital Lease Payable to First Freedom Bank for Equipment Bearing Interest at 5.75% Per Annum, Payable in Annual Installments of \$26,052, Principal and Interest Payments are Based on Total Debt of \$116,522.	90,470
Total Governmental Activities Long-Term Obligations	434,365
Less: Current Portion	(163,198)
Total Long-Term Governmental Activities Obligations	<u>\$ 271,167</u>

The following is a summary of changes to long-term liabilities in the Governmental activities during the year ended June 30, 2012. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due within</u> <u>1 Year</u>
Compensated Absences	\$ 604,590	\$ 351,984	\$ 428,892	\$ 527,682	\$ -
Net OPEB Obligation	1,213,018	573,443	151,532	1,634,929	-
Capital Leases	256,333	287,766	236,318	307,781	145,417
Notes Payable	281,730	-	155,146	126,584	17,781
Debt Refunding Premium	7,020	-	1,015	6,005	-
Totals	<u>\$ 2,355,672</u>	<u>\$ 1,213,193</u>	<u>\$ 971,888</u>	<u>\$ 2,596,977</u>	<u>\$ 163,198</u>

Construction in Progress Loan

The City has ongoing construction projects in the sewer fund that are being financed by a State Revolving Loan ("SRL") which has total authorized borrowings of \$12.5 million. The \$12.5 million authorization is comprised of \$6,250,000 of state revolving loan money and \$6,250,000 of American Recovery and Reinvestment Act ("ARRA") funds. The loan balance as of June 30, 2011 was \$11,178,914. Interest is being paid monthly on the outstanding

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2012

Note 9. Long-Term Debt - Continued

Construction in Progress Loan - Continued

balance. Upon completion of the project, principal payments will be repaid as follows: \$5,000,000 of ARRA funds will be forgiven immediately and the remaining \$1,250,000 ARRA funds and \$6,250,000 will be repaid over 20 years. The entire loan balance is shown as current since the project is not complete as of June 30, 2012.

Note 10. Capital Leases

The City has ongoing lease agreements for the following capital assets as of June 30, 2012:

	Capitalized Cost
Public Safety Vehicles	\$ 215,670
General Government Vehicles/Equipment	212,943
Parks and Recreation Vehicles	35,817
Drug Fund Equipment	38,604
Public Works Equipment	320,979
 Total Assets in Machinery & Equipment	 \$ 824,013

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, 2012, are as follows:

Year Ended June 30,	Future Minimum Lease Pmts
2013	\$ 175,034
2014	131,351
2015	26,052
2016	26,052
Total Minimum Lease Payments	358,488
Less: Amount Representing Interest	(50,707)
Present Value of Future Minimum Lease Payments	\$ 307,781

Note 11. Construction Commitments

The City has the following construction projects in progress at June 30, 2012:

Construction Project	Total Estimated Cost	Total Expenses thru FYE 6/30/12
Governmental Activities:		
Greenway	n/a	\$ 139,863
Traffic Synchronization/Signalization	n/a	54,782
Landscape Project	n/a	37,825
Total Governmental Activities		\$ 232,470

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2012

Note 12. Interfund Receivables/Payables/Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due To	Solid Waste			Tourism		Sewer Fund	Total
	General Fund	Fund	Drug Fund	Fund			
General Fund	\$ -	\$ 6,537	\$ 1,876	\$ 4,173	\$ 7,708	\$ 20,294	
Solid Waste Fund	6,537	-	-	-	-	6,537	
Drug Fund	1,876	-	-	-	-	1,876	
Tourism Fund	4,173	-	-	-	-	4,173	
Sewer Fund	7,708	-	-	-	-	7,708	
Total	\$ 20,294	\$ 6,537	\$ 1,876	\$ 4,173	\$ 7,708	\$ 40,588	

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, 2012, is as follows:

Transfer From	Transfer To			
	General Fund	Drug Fund	Capital Projects Fund	Total
General Fund	\$ -	\$ 205,000	\$ 116,000	\$ 321,000
Solid Waste Fund	-	-	-	-
Drug Fund	-	-	-	-
Sewer Fund	110,083	-	-	110,083
Total	\$ 110,083	\$ 205,000	\$ 116,000	\$ 431,083

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).

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.
- 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.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2012

Note 13. Contracts - Continued

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, 2012.

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.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Retirement Plan Funding Progress
(Dollar Amounts in Thousands)
June 30, 2012

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, 2011	18,415	19,650	1,235	93.72%	5,627	21.95%
July 1, 2009	14,455	15,090	635	95.79%	5,455	11.64%
July 1, 2007	12,982	13,773	791	94.26%	5,312	14.89%

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, 2012

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))
January 1, 2011	-	6,629	6,629	0.00%	5,400	122.76%

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, 2012

	Special Revenue			Total Special Revenue Funds	Capital Projects	Total Non-major Governmental Funds
	Solid Waste Fund	Drug Fund	Tourism Fund		Capital Projects Fund	
Assets						
Cash	\$ 108,676	\$ 7,353	\$ 823,669	\$ 939,698	\$ 15,119	\$ 954,817
Receivables, Net	77,325	-	-	77,326	-	77,326
Due From Other Funds	-	-	-	-	-	-
Prepaid Expenses	4,717	2,923	1,513	9,153	-	9,153
Total Assets	<u>\$ 190,718</u>	<u>\$ 10,276</u>	<u>\$ 825,182</u>	<u>\$ 1,026,177</u>	<u>\$ 15,119</u>	<u>\$ 1,041,295</u>
Liabilities and Fund Equity						
Liabilities						
Accounts Payable	\$ 48,290	\$ 2,519	\$ 10,801	\$ 61,610	\$ 15,014	\$ 76,624
Due to Other Funds	6,537	1,876	4,173	12,586	-	12,586
Deferred Compensation	143	-	-	143	-	143
Other Liabilities	1,321	-	-	1,321	-	1,321
Grant Advance	-	-	-	-	164,043	164,043
Accrued Wages	5,348	5,017	8,889	19,254	-	19,254
Total Liabilities	<u>61,638</u>	<u>9,412</u>	<u>23,863</u>	<u>94,914</u>	<u>179,057</u>	<u>273,970</u>
Fund Balances						
Nonspendable:						
Prepaid Expenses	4,717	2,923	1,513	9,153	-	9,153
Restricted For:						
Tourism Fund	-	-	739,173	739,173	-	739,173
Committed To:						
Solid Waste Fund	124,363	-	-	124,363	-	124,363
Assigned To:						
Tourism Fund	-	-	60,633	60,633	-	60,633
Unassigned	-	(2,059)	-	(2,059)	(163,938)	(165,997)
Total Fund Balances	<u>129,080</u>	<u>864</u>	<u>801,319</u>	<u>931,263</u>	<u>(163,938)</u>	<u>767,325</u>
Total Liabilities and Fund Balances	<u>\$ 190,718</u>	<u>\$ 10,276</u>	<u>\$ 825,182</u>	<u>\$ 1,026,177</u>	<u>\$ 15,119</u>	<u>\$ 1,041,295</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, 2012

	Special Revenue			Total Special Revenue Funds	Capital Projects	Total Non-major Governmental Funds
	Solid Waste Fund	Drug Fund	Tourism Fund		Capital Projects Fund	
Revenues						
Drug Revenue	\$ -	\$ 29,038	\$ -	\$ 29,038	\$ -	\$ 29,038
Hotel/ Motel Taxes	-	-	426,303	426,303	-	426,303
Charges for Services	778,745	-	24,315	803,060	-	803,060
Interest	487	-	3,284	3,771	-	3,771
Miscellaneous Revenue	22,553	-	-	22,553	-	22,553
Total Revenues	801,785	29,038	453,902	1,284,725	-	1,284,725
Expenditures						
Current:						
Solid Waste Fund	803,679	-	-	803,679	-	803,679
Drug Fund	-	238,232	-	238,232	-	238,232
Tourism Fund	-	-	330,259	330,259	-	330,259
Debt Service:						
Principal	-	10,269	-	10,269	-	10,269
Capital Outlay	-	31,115	260,345	291,460	719,735	1,011,195
Total Expenditures	803,679	279,616	590,604	1,673,899	719,735	2,393,634
Excess of Revenues Over (Under) Expenditures	(1,894)	(250,578)	(136,702)	(389,174)	(719,735)	(1,108,909)
Other Financing Sources (Uses)						
Contributions and Grants	-	5,000	-	5,000	439,797	444,797
Capital Leases	-	28,965	-	28,965	-	28,965
Proceeds from Sale of Capital Assets	-	13,907	-	13,907	-	13,907
Operating Transfers In	-	205,000	-	205,000	116,000	321,000
Total Other Financing Sources (Uses)	-	252,872	-	252,872	555,797	808,669
Net Change in Fund Balances	(1,894)	2,294	(136,702)	(136,302)	(163,938)	(300,240)
Fund Balance - July 1, 2011	130,974	(1,430)	938,021	1,067,565	-	1,067,565
Fund Balance - June 30, 2012	\$ 129,080	\$ 864	\$ 801,319	\$ 931,263	\$ (163,938)	\$ 767,325

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, 2012

	Solid Waste Fund					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)		Original Budgeted	Final Budgeted	Actual	Variance Favorable (Unfavorable)	
Revenues																				
Don and Gambling Revenue																				
Hotel Motel Tax																				
Charges for Services	751,000	751,000	775,745	27,745	-	31,000	31,000	29,038	(1,962)	-	360,000	360,000	425,303	65,303	-	31,000	31,000	28,038	(2,962)	
Interest			487	487	-						15,000	15,000	24,315	9,315	-	360,000	360,000	425,303	65,303	
Miscellaneous Revenues	25,000	25,000	22,553	(2,447)	-								3,284	3,284	-	786,000	786,000	803,660	17,660	
Total Revenues	776,000	776,000	801,785	25,785	29,038	31,000	31,000	29,038	(1,962)	375,000	375,000	453,902	78,902	1,182,000	1,182,000	1,284,725	102,725			
Expenditures																				
Current:																				
Solid Waste	886,582	886,582	803,679	82,903	-	239,014	239,014	238,232	782	-	-	-	-	-	-	886,582	886,582	803,679	82,903	
Drug and Gambling																				
Tourism																				
Direct Services:																				
Principal																				
Capital Outlay																				
Total Expenditures	886,582	886,582	803,679	82,903	288,214	288,214	279,616	8,598	2,831	333,000	333,000	260,345	72,655	13,200	13,200	369,000	369,000	291,460	77,540	
Excess of Revenues Over (Under) Expenditures	(110,582)	(110,582)	(1,894)	108,688	(257,214)	(257,214)	(250,578)	6,636	(327,525)	(327,525)	(327,525)	(136,702)	190,823	(685,321)	(685,321)	(685,321)	(388,174)	306,147		
Other Financing Sources																				
Contributions and Grants																				
Capital Leases																				
Proceeds from Sale of Capital Assets																				
Operating Transfers in																				
Total Other Financing Sources																				
Net Change in Fund Balance	(110,582)	(110,582)	(1,894)	108,688	896	896	2,294	1,308	(327,525)	(327,525)	(327,525)	(136,702)	190,823	(437,121)	(437,121)	(437,121)	(139,302)	300,819		
Fund Balance - July 1, 2011	130,974	130,974	130,974	-	(1,430)	(1,430)	(1,430)	-	938,021	938,021	938,021	938,021	-	1,087,565	1,087,565	1,087,565	1,087,565	-		
Fund Balance - June 30, 2012	20,392	20,392	129,080	108,688	(444)	(444)	864	1,308	610,496	610,496	610,496	801,319	190,823	630,444	630,444	630,444	630,444	931,263	300,819	

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>	<u>Project (Over) Under Budget</u>
Revenues					
FEMA Proceeds	\$ -	\$ 439,797	\$ 439,797	\$ 675,166	\$ 235,369
TDOT Landscape	-	-	-	125,600	125,600
TDOT Greenway, Etc.	-	-	-	3,490,000	3,490,000
Total Revenues	<u>-</u>	<u>439,797</u>	<u>439,797</u>	<u>4,290,766</u>	<u>3,850,969</u>
Expenditures					
Capital Outlay:					
FEMA Home Buyout	-	502,965	502,965	771,618	268,653
TDOT Landscape Exit 96	-	23,359	23,359	102,000	78,641
TDOT Landscape Exit 97	-	14,467	14,467	55,000	40,533
TDOT Traffic Synchronization/Signalization	-	54,782	54,782	490,000	435,218
TDOT Greenway/Bike	-	124,162	124,162	3,000,000	2,875,838
Total Expenditures	<u>-</u>	<u>719,735</u>	<u>719,735</u>	<u>4,418,618</u>	<u>3,698,883</u>
Other Financing Sources (Uses)					
Operating Transfers In	-	116,000	116,000	127,852	11,852
Total Other Financing Sources (Uses)	<u>-</u>	<u>116,000</u>	<u>116,000</u>	<u>127,852</u>	<u>11,852</u>
Net Change in Fund Balances	-	(163,938)	(163,938)	-	163,938
Fund Balance - July 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2012	<u>\$ -</u>	<u>\$ (163,938)</u>	<u>\$ (163,938)</u>	<u>\$ -</u>	<u>\$ 163,938</u>

Note: The City has adopted project-length budgets for the capital projects fund.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2012

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Contract Number	Beginning (Accrued) Deferred	Cash Receipts	Expenditures	Ending (Accrued) Deferred
<u>Federal Awards - ARRA</u>						
Environmental Protection Agency - Capitalization Grants for Clean Water State Revolving Fund Loan Forgiveness	ARRA - 66.458	CWA 2009-224	\$ (740,631)	\$ 1,382,377	\$ 778,718	\$ (136,972)
Environmental Protection Agency - Capitalization Grants for Clean Water State Revolving Fund	ARRA - 66.458	CWA 2009-224	(185,158)	345,594	194,679	(34,243)
<u>Federal Awards</u>						
TEMA	97.036	34101-0000000596	(72,552)	54,414	-	(18,138)
TEMA	97.039	DR-1909-0005	-	464,398	376,969	87,429
DOT - Congestion Mitigation and Air Quality Improvement	20.205	CM-174(19), CM-861(10), CM-174(20)	-	-	54,782	(54,782)
DOT - Interchange Landscaping and Beautification Project	20.205	19LPLM-F3-029	-	-	30,260	(30,260)
DOT - Bicycle/Pedestrian Improvements and Greenway Project	20.205	CM-9321(1)	-	-	99,330	(99,330)
Total Federal Awards			<u>(998,340)</u>	<u>2,246,782</u>	<u>1,534,737</u>	<u>(286,296)</u>
<u>State Financial Assistance</u>						
TN Department of State - Community Enhancement Grant	N/A	N/A	17,300	-	17,300	-
TEMA	97.036	34101-0000006114	(17,326)	5,270	-	(12,056)
TEMA	97.039	DR-1909-005	-	139,443	62,828	76,614
Tennessee Department of Environment and Conservation - Capitalization Grants for Clean Water State Revolving Fund	66.458	CWA 2009-224	(925,788)	1,727,971	973,397	(171,214)
Commission on Fire Fighting	N/A	N/A	-	9,000	9,000	-
Peace Officer Standard and Training Commission	N/A	N/A	-	21,000	21,000	-
DOT - Interchange Landscaping and Beautification Project	20.205	19LPLM-F3-029	-	-	7,565	(7,565)
Total State Financial Assistance			<u>(925,814)</u>	<u>1,902,683</u>	<u>1,091,090</u>	<u>(114,221)</u>
Total Federal Awards and State Financial Assistance			<u>\$ (1,924,154)</u>	<u>\$ 4,149,465</u>	<u>\$ 2,625,828</u>	<u>\$ (400,517)</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, 2012. The schedule is presented using the modified accrual basis of accounting.

Note 2. Loans Outstanding

At June 30, 2012, there was an outstanding balance of \$11,178,914 on 09-224 State Revolving Loan Fund. There were no payments made to the State Revolving Loan Fund during the current fiscal year.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Reserve, Receipts and Disbursements
for State Street Aid
For the Year Ended June 30, 2012

State Street Aid		
Beginning Reserve for State Street Aid	\$	53,880
Receipts		
Gas Taxes	443,505	
Total Receipts	<u>443,505</u>	443,505
Expenditures		
Street Lights	110,492	
Street Maintenance	96,954	
Street Paving	-	
Long-term Debt	-	
Capital Improvements	<u>289,939</u>	
		<u>497,385</u>
Ending Reserve for State Street Aid		<u><u>-</u></u>

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Long-Term Debt, Principal, and Interest Requirements
By Fiscal Year
June 30, 2012

Fiscal Year Ended June 30,	Governmental Activities											
	General Obligation Refunding Bond, Series 2011		First Tennessee Bank		2010 DivLend		2012 Stringfellow, Inc.		2012 Ford Motor			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2013	17,781	2,176	42,635	958	28,405	16,418	20,710	5,341	28,597	3,535		
2014	17,993	2,724	-	-	35,592	9,141	21,933	4,119	30,313	1,819		
2015	18,628	2,165	-	-	-	-	23,228	2,824	-	-		
2016	19,051	1,594	-	-	-	-	24,599	1,452	-	-		
2017	19,475	1,178	-	-	-	-	-	-	-	-		
2018	20,321	533	-	-	-	-	-	-	-	-		
2019	13,335	-	-	-	-	-	-	-	-	-		
Total	\$ 126,584	\$ 10,371	\$ 42,635	\$ 958	\$ 63,997	\$ 25,559	\$ 90,470	\$ 13,736	\$ 58,910	\$ 5,353		
Fiscal Year Ended June 30,	Governmental Activities						Business-type Activities					
	2012 Ford Motor		2012 Ford Motor		2012 Ford Motor		Total Governmental Activities		SRL 2010		\$12.5 Million Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	9,187	1,233	9,054	1,215	6,829	917	163,198	31,793	11,178,796	-	-	-
2014	9,784	636	9,642	627	7,273	473	132,529	19,538	-	-	-	-
2015	-	-	-	-	-	-	41,856	4,989	-	-	-	-
2016	-	-	-	-	-	-	43,650	3,046	-	-	-	-
2017	-	-	-	-	-	-	19,475	1,178	-	-	-	-
2018	-	-	-	-	-	-	20,321	533	-	-	-	-
2019	-	-	-	-	-	-	13,335	-	-	-	-	-
Total	\$ 18,970	\$ 1,869	\$ 18,696	\$ 1,842	\$ 14,102	\$ 1,389	\$ 434,365	\$ 61,078	\$ 11,178,796	\$ -	\$ -	\$ -
Fiscal Year Ended June 30,	Business-type Activities						Total					
	General Obligation Refunding Bond, Series 2011		Total Business-type Activities		Total Business-type Activities		Principal		Interest		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	402,328	49,224	11,581,124	49,224	11,744,322	81,017	402,328	49,224	11,744,322	81,017	402,328	49,224
2014	407,017	61,626	407,017	61,626	539,547	81,164	407,017	61,626	539,547	81,164	407,017	61,626
2015	421,372	48,985	421,372	48,985	463,228	53,974	421,372	48,985	463,228	53,974	421,372	48,985
2016	430,949	36,056	430,949	36,056	474,599	39,102	430,949	36,056	474,599	39,102	430,949	36,056
2017	440,525	26,647	440,525	26,647	460,000	27,825	440,525	26,647	460,000	27,825	440,525	26,647
2018	459,679	12,067	459,679	12,067	480,000	12,600	459,679	12,067	480,000	12,600	459,679	12,067
2019	301,666	-	301,666	-	315,001	-	301,666	-	315,001	-	301,666	-
Total	\$ 2,863,536	\$ 234,605	\$ 14,042,332	\$ 234,605	\$ 14,476,697	\$ 295,683	\$ 2,863,536	\$ 234,605	\$ 14,476,697	\$ 295,683	\$ 2,863,536	\$ 234,605

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Changes in Property Taxes Receivable
and Uncollected Delinquent Taxes Filed
June 30, 2012

Year of Levy	Gross Property Taxes Receivable 7/1/2011	New Levy	Collections	Adjustments	Write-Offs	Gross Property Taxes Receivable 6/30/2012
2012	\$ -	\$ 4,249,429 ^	\$ -	\$ -	\$ -	\$ 4,249,429
2011	3,048,715	-	(2,977,789)	89,127 *	-	160,053
2010	156,589	-	(97,671)	-	-	58,918
2009	67,413	-	(33,743)	-	-	33,670
2008	35,379	-	(15,713)	-	-	19,666
2007	27,067	-	(22,204)	-	-	4,863
2006	13,994	-	(10,422)	-	-	3,572
2005	27,372	-	-	-	-	27,372
2004	30,937	-	-	-	-	30,937
2003	6,546	-	-	-	-	6,546
2002	1,828	-	-	-	-	1,828
Totals	\$ 3,415,840	\$ 4,249,429	\$ (3,157,542)	\$ 89,127	\$ -	\$ 4,596,854

Note: Delinquent property taxes receivable for the tax years 2001- 2002 have been turned over for collection to the Sumner County and Metro trustees.

* represents adjustment of estimated 2011 tax levy recognized in prior year to actual 2011 tax levy recorded in the current year

^ estimate of 2012 tax levy

CITY OF GOODLETTSVILLE, TENNESSEE
Utility Rate Structure and Number of Customers
For the Year Ended June 30, 2012

The City of Goodlettsville's Sewer Fund had approximately 4,483 customers at June 30, 2012. Its rate structure was as follows:

Residential <i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>	
Meter Size	Rate (\$)
5/8"	10.45
3/4"	29.67
1"	35.74
1 1/2"	52.53
2"	70.74
3"	93.35
4"	152.12
6"	238.86
8"	373.54
10"	373.54

Small Commercial and Industrial <i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>	
Meter Size	Rate (\$)
5/8"	11.68
3/4"	33.23
1"	40.02
1 1/2"	58.84
2"	79.23
3"	104.54
4"	170.36
6"	267.53
8"	418.37
10"	418.37

Usage over 200
Cubic Feet 6.50 per 100 cu.ft.

Usage over 200
Cubic Feet 7.27 per 100 cu.ft.

Intermediate Commercial and Industrial <i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>	
Meter Size	Rate (\$)
5/8"	38.26
3/4"	54.26
1"	59.44
1 1/2"	73.82
2"	90.17
3"	112.86
4"	178.64
6"	275.81
8"	429.34
10"	429.34

Large Commercial and Industrial <i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>	
Meter Size	Rate (\$)
5/8"	1,476.63
3/4"	1,492.59
1"	1,497.78
1 1/2"	1,512.14
2"	1,528.50
3"	1,542.86
4"	1,608.72
6"	1,705.88
8"	1,867.69
10"	1,867.69

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

Usage over 200
Cubic Feet 4.48 per 100 cu.ft.

The City also had approximately 4,483 Solid waste customers at June 30, 2012 that are charged \$13/month per residential living unit.

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>
2012	2011	.6338	.6338	\$ 3,137,842
2011	2010	.6338	.6338	3,117,133
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

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, 2012, which collectively comprise City of Goodlettsville, Tennessee's basic financial statements and have issued our report thereon dated December 26, 2012. 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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider item 12-1 described in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Goodlettsville, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 12-2.

We noted certain other matters that we reported to management of the City of Goodlettsville, Tennessee in a separate letter dated December 26, 2012.

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

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Parker, Parker & Associates

December 26, 2012

Parker, Parker & Associates, PLC

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Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited 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 City of Goodlettsville, Tennessee's major federal programs for the year ended June 30, 2012. The City of Goodlettsville, Tennessee's major federal programs are identified in the summary of auditors' 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 City of Goodlettsville, Tennessee's management. Our responsibility is to express an opinion on 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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 City of Goodlettsville, Tennessee's compliance with those requirements.

In our opinion, the City of Goodlettsville, Tennessee, complied, in all material respects, with the compliance 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, 2012.

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 the 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 12-1 to be a material weakness.

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.

The City of Goodlettsville, Tennessee's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Goodlettsville, Tennessee's responses and, accordingly, we express no opinion on the responses.

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

Parker, Parker & Associates

December 26, 2012

Parker, Parker & Associates, PLC

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CITY OF GOODLETTSVILLE, TENNESSEE Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2012

Environmental Protection Agency ARRA CFDA 66.458
Environmental Protection Agency CFDA 66.458
Department of Homeland Security CFDA 97.036

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

11-1. Bank Reconciliations

Condition: Bank accounts were not timely reconciled during 2011. Reconciliations for the entire fiscal year were not reconciled until June, July, and August of 2011. The City's design of internal control does not require reconciliations to be reviewed by an independent individual after they are completed.

Recommendation: We recommend that all bank accounts be reconciled monthly. The completed reconciliations should be reviewed and approved by someone other than the preparer monthly. The individual performing the review should sign and date the reconciliation to allow verification of the review. When reviewing the reconciliations, the reviewer should look for the following matters:

- *General Ledger Balance:* The reviewer should ensure that the reconciled balance matches the balance in the general ledger. Any discrepancies in these numbers should be investigated.
- *Transfers:* The reviewer should make sure that all matching interbank transfers have the same date.
- *Reconciling Items:* The reviewer should trace all reconciling items to supporting documents. Special attention should be given to old reconciling items.
- *Paid Items:* The reviewer should examine all checks front and back if possible. Any unusual payees or amounts should be promptly investigated.

Current Status: Recommendations were implemented during 2011. This finding has been corrected.

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City of Goodlettsville, Tennessee Schedule of Findings, Questioned Costs and Responses For the Year Ended June 30, 2012

Summary of Auditors' Results

- The auditors' report expresses an unqualified opinion on the financial statements of the City of Goodlettsville, Tennessee.
- One material weakness was identified during the audit of the financial statements.
- One instance of noncompliance material to the financial statements of the City of Goodlettsville, Tennessee was disclosed during the audit.
- One material weakness was 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.
 - Department of Homeland Security – CFDA 97.039 Hazard Mitigation Grant Program.
- 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

MATERIAL WEAKNESSES

12-1. GRANT ADJUSTMENTS

Criteria: Financial statements should properly reflect all grant activity. Investigation of the conditions and requirements of each grant is necessary to ensure receipts and disbursements are timely and accurately recorded in the general ledger.

Condition: The City receives a material amount of grant funding from various federal and state agencies. Multiple departments within the City apply for, monitor and report to various grantor agencies. Each department has unique expertise to effectively oversee the grant activity for their respective functions.

The Single Audit Act of 1984 (as amended), when applicable, requires the city to prepare the Schedule of Expenditures of Federal Awards and State Financial Assistance ("SEFA"). The purpose of this Schedule is to reconcile the external reporting of grant activity with the cash receipts and disbursements recorded in the general ledger. Historically, the SEFA has been prepared as part of the audit process. During the preparation of the SEFA, we identified the following adjustments that were necessary to properly state the city's financial statements:

- We proposed a \$164,000 adjusting entry to reduce grant revenue and record a liability for grant proceeds received in advance that was not spent and is due back to the grantor agency as of the date of the financial statements.
- We proposed two adjusting entries for \$4.6 Million and \$342,000 to reverse grant revenue, accounts receivable and long-term debt related to an open grant project.

- We proposed a reclassifying entry between two grant expenditure accounts in the capital projects fund of \$34,000 to properly state the expenditure with the right project.

Questioned Costs: None

Context: Identified as part of our audit fieldwork and compliance testwork.

Effect: Material adjustments were required during the audit process to reconcile amounts recorded in the general ledger to the SEFA and properly state the financial statements.

Cause: The City did not prepare the SEFA during the year-end close and did not perform any other reconciliation of grant activity to the general ledger.

Recommendation: We recommend that the City designate a single individual to prepare the SEFA as part of the year-end closing process. This individual should be responsible for having a general knowledge of each grant received by the city and how the conditions and requirement of each grant match with the cash receipts and disbursements recorded in the general ledger. We can provide you with a sample SEFA reconciliation to assist you with this process.

Views of Management and Planned Corrective Action: Management agrees with this finding and recognizes the importance of good internal control when dealing with grants. In the future, City of Goodlettsville staff will prepare the SEFA, as well as all necessary journal entries related to grants.

Findings- Financial Statements Audit – Compliance

12-2. BUDGET VIOLATIONS

Criteria: According to Tennessee Code Annotated (TCA) 6-56-203, the City is prohibited from spending money in excess of the budget ordinance within the provisions of the code section.

Condition: Actual expenditures for the year exceed budget appropriations for the various departments of the General Fund and Sanitation Fund as indicated below.

Questioned Costs: See below.

	General Fund			
	Budgeted Amounts			(Negative) Variance with Final
	Original	Final	Actual	
Debt Service	305,553	305,553	414,147	(108,594)

Context: Identified as part of our audit process.

Effect: Not in compliance with state law.

Cause: The budget was not amended to absorb budget overages.

Recommendation: We recommend that the City Commission monitor budget activity monthly and amend the budget as necessary to prevent future expenditures without appropriation.

Views of Management and Planned Corrective Action: Management agrees with this finding and will amend the FY 2012 budget accordingly. Management will work diligently to ensure that any future budget overages are handled appropriately and in a timely manner.

Findings and Questioned Costs- Major Federal Award Program Audit – Internal Control for major programs – EPA, Capitalization Grants for Clean Water State Revolving Fund – Loan Forgiveness ARRA CFDA 66.458, EPA, Capitalization Grants for Clean Water State Revolving Fund – Loan

Forgiveness Non-ARRA CFDA 66.458, and Department of Homeland Security, Hazard Mitigation Grant Program CFDA 97.039.

See Finding 12-1. above

Findings and Questioned Costs- Major Federal Award Program Audit – Compliance and Other Matters for major program - EPA, Capitalization Grants for Clean Water State Revolving Fund – Loan Forgiveness ARRA CFDA 66.458, EPA, Capitalization Grants for Clean Water State Revolving Fund – Loan Forgiveness Non-ARRA CFDA 66.458, and Department of Homeland Security, Hazard Mitigation Grant Program CFDA 97.039.

None identified

Parker, Parker & Associates

December 26, 2012



CITY OF GOODLETTSVILLE, TENNESSEE
Corrective Action Plan
For the year ended June 30, 2012

December 26, 2012

Environmental Protection Agency
Department of Homeland Security

The City of Goodlettsville, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2012.

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

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings: Financial Statement Audit – Internal Control

12-1. GRANT ADJUSTMENTS

Finding: There is presently no central reporting repository for all grant activity to produce the state and federally required Schedule of Expenditures of Federal and State Assistance and to reconcile the schedule to the cash receipts and disbursements recorded in the general ledger.

Corrective Action Plan: Management agrees with this finding and recognizes the importance of good internal control when dealing with grants. In the future, City of Goodlettsville staff will prepare the SEFA, as well as all necessary journal entries related to grants.

Target Date of Completion: January 31, 2013

Findings: Financial Statement Audit – Compliance

12-2. BUDGET VIOLATIONS

Finding: Actual expenditures for the year exceed budget appropriations for debt service of the General Fund.

Corrective Action Plan: Management agrees with this finding and will amend the FY 2012 budget accordingly. Management will work diligently to ensure that any future budget overages are handled appropriately and in a timely manner.

Target Date of Completion: January 31, 2013

Findings and Questioned Costs- Major Federal Award Program Audit – Internal Control for major program – EPA ARRA CFDA 66.458, EPA Non-ARRA CFDA 66.458, and DHS HMGP CFDA 97.039

See Finding 12-1 above.

*A government committed to operating with efficiency and integrity in all we do
as we strive to enhance the quality of life for the community we serve.*

Findings and Questioned Costs- Major Federal Award Program Audit – Compliance and Other Matters for major program - EPA ARRA CFDA 66.458, EPA Non-ARRA CFDA 66.458, and DHS HMGP CFDA 97.039

None identified.

If the Environmental Protection Agency and Department of Homeland Security have questions regarding this plan, please contact Mrs. Julie High at 615-851-2200.

Sincerely Yours,

Mrs. Julie High
City Finance Director