

CITY OF GOODLETTSVILLE, TENNESSEE
Financial Report
June 30, 2009

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Financial Report
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Introductory Section

CITY OF GOODLETTSVILLE, TENNESSEE
Roster of City Officials
6/30/2009

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

Financial Section

Parker, Parker & Associates, PLC

Certified Public Accountants

1000 NORTHCHASE DRIVE - SUITE 260
GOODLETTSVILLE, TN 37072

STEVEN B. PARKER, CPA
CHARLES N. PARKER, CPA
KAREN R. STEPHENS, CPA
CATHY D. FISHER, CPA
LAUREN S. ALLEN, CPA
CARRIE E. DAWSON, CPA
CHRISTOPHER E. JERNIGAN, CPA

TELEPHONE: 615-859-8800
FAX: 615-859-8188
WWW.PARKERCPA.NET

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goodlettsville, Tennessee as of and for the year ended June 30, 2009 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Goodlettsville, Tennessee's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goodlettsville, Tennessee as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009, on our consideration of the City of Goodlettsville, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and schedules of funding progress on pages 3 through 8 and 33, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goodlettsville, Tennessee's basic financial statements. The introductory section, supplemental information on pages 34 through 39, and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information on pages 34 through 39 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and other supplemental information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Parker, Parker & Associates

December 7, 2009

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
For the Year Ended June 30, 2009

Description of the Financial Statements

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

Government-wide financial statements

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all activities of the City, including general government and administration, public safety, public works, sanitation, parks and recreation, and tourism. The business-type activity of the City includes the sewer operation. The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four governmental funds; information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is considered to be the only major fund. Data from the other three funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 11-17 of this report.

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
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Proprietary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-32 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 33 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 34-35 of this report.

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

Condensed comparative data.

	Governmental Activities		Primary Government		Total	
			Business-type Activities			
	2009	2008	2009	2008	2009	2008
ASSETS						
Current and Other Assets	\$ 6,750,077	\$ 6,552,378	\$ 4,300,180	\$ 4,494,946	\$ 11,050,257	\$ 11,047,324
Capital assets	13,777,683	13,459,406	22,240,844	22,474,538	36,018,527	35,933,944
Total assets	<u>20,527,760</u>	<u>20,011,784</u>	<u>26,541,025</u>	<u>26,969,484</u>	<u>47,068,785</u>	<u>46,981,268</u>
LIABILITIES						
Other liabilities	3,476,826	3,437,818	128,720	121,858	3,605,545	3,559,676
Long-term liabilities	2,010,004	1,848,956	4,452,586	4,904,779	6,462,590	6,753,735
Total liabilities	<u>5,486,829</u>	<u>5,286,774</u>	<u>4,581,306</u>	<u>5,026,637</u>	<u>10,068,135</u>	<u>10,313,411</u>
NET ASSETS						
Invested in capital assets, net of related debt	12,726,830	12,003,926	17,813,801	17,599,243	30,540,632	29,603,169
Restricted	829,456	835,946	-	-	829,456	835,946
Unrestricted	1,484,644	1,885,139	4,145,918	4,343,604	5,630,561	6,228,743
Total net assets	<u>\$ 15,040,930</u>	<u>\$ 14,725,011</u>	<u>\$ 21,959,719</u>	<u>\$ 21,942,847</u>	<u>\$ 37,000,649</u>	<u>\$ 36,667,858</u>

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
For the Year Ended June 30, 2009

<u>Functions/Programs:</u>	Change in Net Assets					
	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Program Revenues						
Charges for Services	\$ 1,651,046	\$ 1,173,846	\$ 3,309,267	\$ 3,213,085	\$ 4,960,314	\$ 4,386,931
Operating grants and contributions	451,559	580,549	-	-	451,559	580,549
Capital grants and contributions	726,750	-	-	-	726,750	-
General Revenues	9,399,192	9,793,566	167,313	224,612	9,566,505	10,018,177
Total Revenues	12,228,547	11,547,960	3,476,580	3,437,697	15,705,127	14,985,657
Expenses						
General government	3,084,557	2,952,980	-	-	3,084,557	2,952,980
Public safety	5,113,792	5,363,001	-	-	5,113,792	5,363,001
Public Works	1,216,964	1,214,839	-	-	1,216,964	1,214,839
Sanitation	755,411	754,109	-	-	755,411	754,109
Parks and recreation	1,589,483	1,542,379	-	-	1,589,483	1,542,379
Tourism	173,820	289,944	-	-	173,820	289,944
Tornado Relief	-	3,646	-	-	-	3,646
Interest on long-term debt	56,429	69,462	-	-	56,429	69,462
Sewer	-	-	3,381,879	3,116,698	3,381,879	3,116,698
Total Expenses	11,990,457	12,190,360	3,381,879	3,116,698	15,372,335	15,307,059
Increase (Decrease) in net assets before transfers	238,090	(642,400)	94,701	320,999	332,792	(321,401)
Transfers	77,829	80,784	(77,829)	(80,784)	-	-
Increase (Decrease) in net assets	315,919	(561,616)	16,872	240,215	332,792	(321,401)
Net assets - beginning	14,725,011	15,629,927	21,942,847	21,702,632	36,667,858	37,332,559
Prior Period Adjustment	-	(343,300)	-	-	-	(343,300)
Net assets - ending	\$ 15,040,930	\$ 14,725,011	\$ 21,959,719	\$ 21,942,847	\$ 37,000,649	\$ 36,667,858

Overall analysis.

The City's overall financial condition remained solid during Fiscal Year 2009. Total Governmental revenues increased approximately 6% over Fiscal Year 2008. While local tax revenues decreased as a result of the sluggish economy, the City saw an overall improvement due to the implementation of a sanitation service fee on July 1, 2008, which generated \$730,000 in revenues. Net assets of Governmental Activities also showed an increase of 2 %-(\$350,000). The Sewer Fund continued to strengthen its financial position as it experienced a 3 %-(\$96,000) increase in total revenues, accompanied by a very slight increase of \$17,000 in Net Assets over Fiscal Year 2008.

The City continues to closely monitor local option sales tax collections. Local Option Sales Tax revenue decreased 3 %-(\$130,000), from the prior year. Sales tax collections represent approximately 1/3 of the total revenue in the City's General Fund. The City budgeted for "flat" sales tax collections for Fiscal Year 2010. While the sales tax collections have not significantly decreased over the prior year, there is a downward trend in receipts over the past ten years. The City continues to monitor collections on a monthly basis.

General Fund expenditures increased less than 1% over the prior year by approximately \$11,000. Expenditures in the Public Safety Departments decreased \$264,000 from the prior year. Overall, General Fund expenditures were under budget by approximately \$1,339,000. Due to the current and ongoing economic conditions, the City is strictly monitoring all expenditures.

The City spent approximately \$1.2 million in capital dollars in the General Fund this year. Most of the expenditure was for the purchase of a platform truck for the Fire Department. The Fire Department

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applied proceeds from a Department of Homeland Security Grant of \$712,500 to purchase the truck for \$776,000. The City also continued its annual paving projects which totaled \$272,000 and completed other various infrastructure improvements. The Sewer Fund had Construction in Progress expenses of \$240,000 for sewer rehabilitation and \$150,000 for engineering costs associated with the anticipated construction of a wastewater flow equalization basin and a new phase of the City's ongoing sewer rehabilitation project.

Fund analysis

General Fund. The General Fund is the largest component of the governmental activities. As discussed earlier, the local option sales tax represents approximately 1/3 of the total revenues in the General Fund. Sales tax collections in Davidson County decreased (\$218,000) while Sumner County increased (<\$1,000) compared to the prior year. Property tax collections increased slightly (\$60,000) in Fiscal Year 2009. State shared revenues decreased 5% from the prior year. This decrease was anticipated and budgeted due to the affects of the sluggish state economy.

The City met and, in fact, exceeded the mandated fiscal year-end General Fund balance set by the Board of Commissioners of 18% of its operating expenditures. The General Fund balance at June 30, 2009 was \$3,314,060 with \$1,863,215 being an "unreserved" fund balance.

Drug Fund. Expenditures in the drug fund depend on the amount of drug fines received and proceeds from seized property, both of which showed typical activity this year. Fifty-six thousand and 70 dollars (\$56,070) was collected in drug fines, and forty-six thousand nine hundred eighty dollars (\$46,980) was spent in drug enforcement activities.

Solid Waste Fund. As stated earlier, the City implemented a sanitation service fee on July 1, 2008 of \$15 per month per residential living unit. This fee generated \$730,000 in revenue. Expenditures in the Solid Waste Fund remained consistent with the prior year at \$725,000. Therefore, unlike prior years, there was no General Fund subsidy to the Solid Waste Fund through operating transfers of funds. The Solid Waste Fund also generates revenue through the collection of sanitation fees of \$75 per trash receptacle collected at the initial set-up of service; and through the recycling program managed by the Public Works Department.

Sewer Fund. Operating revenues and expenditures in the Sewer Fund increased slightly during fiscal year 2009. Operating revenues increased 11% or \$340,000. Operating expenditures increased 9% or \$272,000 over the prior fiscal year. Non-operating revenues decreased \$293,000 or 94% due to a decrease in tap fee collections of 78% and decreased interest revenue of 68%. The City continued negotiations with the Metropolitan Government of Nashville and Davidson County (Metro) on a new wastewater treatment contract.

Budget variances in the General Fund

The General Fund revenues were below budget by approximately 3.4% (\$400,000). Most of this was due to the overall decline in economic conditions over the past 18-24 months, with the largest variances in sales tax collections and building and construction permits. General Fund expenditures were 6.6% under budget (\$1,339,000). This resulted in an overall positive variance of \$939,104 to the General Fund balance.

Capital asset and long-term debt activity

Capital asset activity increased approximately \$185,000 over the prior fiscal year, with a total of \$1.23 million in expenditures. Additions included the grant-assisted purchase of a platform fire truck and various streets and highway infrastructure improvements. Street paving valued at \$270,000 was paid for through the State Street Aid Fund.

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
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Schedule of Changes in Capital Assets

	Balance 7/1/2008	Additions	Disposals	Balance 6/30/2009
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 3,190,618	\$ -	\$ -	\$ 3,190,618
Construction in Progress	15,700	-	-	15,700
Total Capital Assets not being Depreciated	<u>\$ 3,206,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,206,318</u>
Capital Assets being Depreciated				
Buildings	\$ 7,713,836	\$ 30,000	\$ -	\$ 7,743,836
Improvements	4,361,439	426,282	-	4,787,721
Machinery & Equipment	6,851,991	801,200	-	7,653,191
Infrastructure	4,377,203	19,968	-	4,397,171
Total Capital Assets being Depreciated	<u>\$ 23,304,469</u>	<u>\$ 1,277,450</u>	<u>\$ -</u>	<u>\$ 24,581,919</u>
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 2,139,071	\$ -	\$ -	\$ 2,139,071
Construction in Progress	427,193	247,816	427,193	247,816
Total Capital Assets not being Depreciated	<u>\$ 2,566,264</u>	<u>\$ 247,816</u>	<u>\$ 427,193</u>	<u>\$ 2,386,887</u>
Capital Assets being Depreciated				
Buildings	\$ 4,332,627	\$ -	\$ -	\$ 4,332,627
Improvements	16,188	-	-	16,188
Machinery & Equipment	1,267,426	20,830	-	1,288,256
Infrastructure	22,020,756	574,197	-	22,594,953
Total Capital Assets being Depreciated	<u>\$ 27,636,996</u>	<u>\$ 595,027</u>	<u>\$ -</u>	<u>\$ 28,232,024</u>
Governmental Activities				
Accumulated Depreciation				
Buildings	\$ 3,202,808	\$ 197,742	\$ -	\$ 3,400,550
Improvements	2,446,620	203,262	-	2,649,882
Machinery & Equipment	5,454,291	406,180	-	5,860,471
Infrastructure	1,947,662	151,989	-	2,099,651
Total Accumulated Depreciation	<u>\$ 13,051,381</u>	<u>\$ 959,173</u>	<u>\$ -</u>	<u>\$ 14,010,554</u>
Business-type Activities				
Accumulated Depreciation				
Buildings	\$ 1,146,162	\$ 74,080	\$ 445,342	\$ 774,900
Improvements	3,954	405	-	4,359
Machinery & Equipment	695,011	104,962	-	799,973
Infrastructure	5,883,598	469,896	(445,342)	6,798,836
Total Accumulated Depreciation	<u>\$ 7,728,725</u>	<u>\$ 649,343</u>	<u>\$ -</u>	<u>\$ 8,378,068</u>
Total Governmental Activities, Net	\$ 13,459,406	\$ 318,277	\$ -	\$ 13,777,683
Total Business-type Activities, Net	\$ 22,474,536	\$ 193,500	\$ 427,193	\$ 22,240,844

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Schedule of Changes to Long-Term Liabilities – Governmental Activities

	Balance			Balance	
	July 1, 2008	Additions	Reductions	June 30, 2009	Due within 1 Year
Compensated Absences	\$ 393,477	\$ 352,220	\$ 317,889	\$ 427,807	\$ -
Net OPEB Obligation	-	674,000	142,657	531,344	\$ -
Capital Leases	305,879	-	127,169	178,710	122,789
Notes Payable	1,149,600	-	277,458	872,142	282,546
Totals	\$ 1,848,957	\$ 1,026,220	\$ 865,172	\$ 2,010,004	\$ 405,335

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

	Balance			Balance	
	7/1/2008	Additions	Reductions	6/30/2009	Due Within 1 Year
Compensated Absences	\$ 21,695	\$ 26,252	\$ 22,403	25,544	\$ -
Notes Payable	4,428,084	-	366,586	4,061,498	326,733
Revenue Bonds	430,000	-	90,000	340,000	110,000
Totals	\$ 4,879,779	\$ 26,252	\$ 478,990	\$ 4,427,042	\$ 436,733

Other Matters

In FY 2009, heavy emphasis was placed on increasing the already aggressive economic development function of the City's government. Agreeing that increasing the City's tax base better serves the long-term welfare of the City, Board of Commissioners members and City management staff strategically planned how best to improve the economic well-being of Goodlettsville. While the Economic Development Director continues establishing important development relationships, all other departments of city government are working to improve the general aesthetic quality of the City through various cleanup activities, codes enforcement and planning for improved lighting, signage and roadway access throughout the commercial areas of Goodlettsville.

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

The FY 2010 General Fund budget includes a fund balance goal of \$1,654,000 (15% of the operating budget) at fiscal year-end. This variance from the Board of Commissioners' mandated 18% balance was recognized and understood when the budget was adopted. It also reflects a 2% decrease in revenues as a result of the continuing weakening economic conditions. In response, the City's General fund budgeted expenditures for FY 2010 are 1% less than FY 2009, which were significantly less than FY 2008. City staff continues closely monitoring all expenditures. The City Manager and Finance Director provide monthly updates of current budget comparisons and projected financials to the Board of Commissioners. The FY 2010 budget includes the purchase and implementation of new financial and management software. The needs assessment and vendor identification for this project began in early 2009, and is anticipated to be fully implemented during the summer of 2010. The project will involve not only the software implementation, but is also giving management the opportunity and tools to re-engineer certain administrative processes to be more efficient and effective in municipal operations and financial management.

Late in FY 2009, the Board of Commissioners directed the position of Assistant City Manager be filled. The existing Parks Director was promoted to fill this position in July, 2009, and will perform responsibilities of both positions until a replacement Parks Director is hired, probably sometime in 2010.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,631,561	\$ 4,525,313	\$ 7,156,874
Receivables, Net	3,588,809	257,368	3,846,177
Internal Balances, Net	488,061	(488,061)	-
Inventories	41,647	-	41,647
Unamortized Bond Costs, Net	-	5,460	5,460
Deposits	-	100	100
Capital Assets:			
Land, Land Improvements & Construction in Progress	3,206,318	2,386,887	5,593,205
Other Capital Assets, Net of Depreciation	10,571,365	19,853,957	30,425,323
Total Capital Assets	<u>13,777,683</u>	<u>22,240,844</u>	<u>36,018,527</u>
Total Assets	<u>20,527,760</u>	<u>\$ 26,541,025</u>	<u>\$ 47,068,785</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable and Other Current Liabilities	\$ 574,912	\$ 128,720	\$ 703,632
Deferred Revenue	2,901,914	-	2,901,914
Long-term Liabilities:			
Compensated Absences	427,807	25,544	453,351
Net OPEB Obligation	531,344	-	531,344
Current Portion	405,335	436,733	842,068
Long-term Portion	645,518	3,990,310	4,635,827
Total Liabilities	<u>5,486,829</u>	<u>4,581,306</u>	<u>10,068,135</u>
Invested in Capital Assets, Net of Related Debt	12,726,830	17,813,801	30,540,631
Restricted for:			
Street Aid	104,943	-	104,943
Tourism	707,413	-	707,413
Drug Fund	17,100	-	17,100
Unrestricted	1,484,644	4,145,918	5,630,562
Total Net Assets	<u>15,040,930</u>	<u>21,959,719</u>	<u>37,000,649</u>
Total Liabilities and Net Assets	<u>\$ 20,527,760</u>	<u>\$ 26,541,025</u>	<u>\$ 47,068,785</u>

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Activities
For the Year Ended June 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary government:							
Governmental activities:							
General government	\$ 3,084,557	\$ 243,585	\$ 31,800	\$ 726,750	\$ (2,082,422)	\$ -	\$ (2,082,422)
Public safety	5,113,792	374,942	-	-	(4,738,850)	-	(4,738,850)
Public works	1,216,964	11,000	419,759	-	(786,206)	-	(786,206)
Sanitation	755,411	750,628	-	-	(4,783)	-	(4,783)
Parks and recreation	1,589,483	251,078	-	-	(1,338,405)	-	(1,338,405)
Tourism	173,820	19,813	-	-	(154,007)	-	(154,007)
Interest on long-term debt	56,429	-	-	-	(56,429)	-	(56,429)
Total Governmental Activities	11,990,457	1,651,046	451,559	726,750	(9,161,102)	-	(9,161,102)
Business-type Activities:							
Sewer	3,381,879	3,309,267	-	-	-	(72,611)	(72,611)
Total Business-type Activities	3,381,879	3,309,267	-	-	-	(72,611)	(72,611)
Total Primary Government	\$ 15,372,335	\$ 4,960,314	\$ 451,559	\$ 726,750	\$ (9,161,102)	\$ (72,611)	\$ (9,233,713)
General Revenues:							
Property and Personalty Taxes					\$ 2,941,434	\$ -	\$ 2,941,434
Income Taxes					181,943	-	181,943
Sales Taxes					4,629,297	-	4,629,297
Alcoholic Beverage Taxes					641,687	-	641,687
TVA - In Lieu of Taxes					55,504	-	55,504
Business Taxes					346,151	-	346,151
Hospitality Taxes					329,861	-	329,861
Miscellaneous State Taxes					155,243	-	155,243
Unrestricted Investment Earnings					26,318	54,396	80,715
Insurance Recoveries					-	66,691	66,691
Miscellaneous					91,754	46,225	137,979
Transfers, Net					77,829	(77,829)	-
Total General Revenues and Transfers					9,477,021	89,484	9,566,505
Change in Net Assets					315,919	16,872	332,792
Net Assets - July 1, 2008					14,725,011	21,942,847	36,667,858
Net Assets - June 30, 2009					\$ 15,040,930	\$ 21,959,719	\$ 37,000,649

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE

**Balance Sheet
Governmental Funds
June 30, 2009**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash on Hand	\$ 3,797	\$ -	\$ 3,797
Cash in Bank	2,450,008	177,755	2,627,763
Receivables, Net	3,146,129	172,932	3,319,061
Intergovernmental Receivables	269,748	-	269,748
Due From Other Funds	838,696	96,804	935,500
Inventory	41,647	-	41,647
Total Assets	<u>\$ 6,750,025</u>	<u>\$ 447,491</u>	<u>\$ 7,197,517</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 134,933	\$ 18,497	\$ 153,430
Due To Other Funds	47,000	400,440	447,440
Other Current Liabilities	344,512	10,503	355,015
Deferred Compensation	7,606	148	7,754
Deferred Revenue	2,901,914	-	2,901,914
Total Liabilities	<u>3,435,965</u>	<u>429,588</u>	<u>3,865,552</u>
Fund Balances:			
Reserved For:			
State Street Aid	104,943	-	104,943
Tourism	707,413	-	707,413
Solid Waste Fund	-	804	804
Drug Fund	-	17,100	17,100
Inventory	41,647	-	41,647
Conference Drive	596,843	-	596,843
Unreserved:			
Designated for OPEB Obligation	500,000	-	500,000
Undesignated	1,363,214	-	1,363,214
Total Fund Balances	<u>3,314,060</u>	<u>17,904</u>	<u>3,331,963</u>
Total Liabilities and Fund Balances	<u>\$ 6,750,025</u>	<u>\$ 447,491</u>	<u>\$ 7,197,517</u>

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

Total Governmental Fund Balances	\$ 3,331,963
Assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	0
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	13,777,683
Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(2,068,717)
Net Assets of the Governmental Activities	<u>\$ 15,040,930</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, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Local Taxes	\$ 7,901,636	\$ -	\$ 7,901,636
Licenses and Permits	210,480	-	210,480
Fines	276,741	-	276,741
Drug and Gambling Revenue	-	56,070	56,070
Intergovernmental Revenues	2,539,936	-	2,539,936
Charges for Services	466,583	731,188	1,197,771
Miscellaneous Revenues	100,256	19,290	119,546
Total Revenues	<u>11,495,632</u>	<u>806,548</u>	<u>12,302,180</u>
Expenditures			
Current:			
General Government	2,368,115	-	2,368,115
Public Safety	4,768,967	-	4,768,967
Drug Fund	-	46,980	46,980
Public Works	940,758	-	940,758
Sanitation	-	715,511	715,511
Parks and Recreation	1,367,782	-	1,367,782
Tourism	203,219	-	203,219
Debt Service:			
Principal	394,765	9,719	404,484
Interest	61,136	59	61,195
Capital Outlay	1,230,399	-	1,230,399
Total Expenditures	<u>11,335,140</u>	<u>772,269</u>	<u>12,107,409</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>160,492</u>	<u>34,279</u>	<u>194,771</u>
Other Financing Sources (Uses)			
Operating Transfers In	77,829	-	77,829
Total Other Financing Sources (Uses)	<u>77,829</u>	<u>-</u>	<u>77,829</u>
Net Change in Fund Balances	238,321	34,279	272,600
Fund Balance - July 1, 2008	<u>3,075,739</u>	<u>(16,376)</u>	<u>3,059,364</u>
Fund Balances - June 30, 2009	<u>\$ 3,314,060</u>	<u>\$ 17,904</u>	<u>\$ 3,331,964</u>

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2009

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	\$ 272,600
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.	273,377
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(73,633)
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.	409,249
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.	(565,674)
Change in net assets of governmental activities	<u>\$ 315,919</u>

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Positive (Negative) Variance with Final
	<u>Original</u>	<u>Final</u>		
Revenues				
Local Taxes:				
Property and Personalty Taxes	\$ 2,877,500	\$ 2,877,500	\$ 2,955,121	\$ 77,621
Sales Taxes	3,851,000	3,851,000	3,643,629	(207,371)
Alcoholic Beverage Taxes	595,000	595,000	571,370	(23,630)
Business Taxes	360,000	360,000	346,151	(13,849)
Hospitality Taxes	415,000	415,000	329,861	(85,139)
Licenses and Permits	398,000	398,000	210,480	(187,520)
Fines	345,000	345,000	276,741	(68,260)
Intergovernmental Revenues:				
Sales Taxes	967,000	967,000	985,667	18,667
Gasoline and Motor Fuel Taxes	375,000	375,000	388,044	13,044
Income Taxes	162,500	162,500	195,633	33,133
Alcoholic Beverage Taxes	51,500	51,500	70,317	18,817
TVA - In Lieu of Tax	-	-	55,504	55,504
Transportation Taxes	29,000	29,000	31,715	2,715
Grants	857,000	857,000	868,560	11,560
Charges for Services	487,000	487,000	466,583	(20,417)
Miscellaneous Revenues	125,000	125,000	100,256	(24,744)
Total Revenues	<u>11,895,500</u>	<u>11,895,500</u>	<u>11,495,632</u>	<u>(399,868)</u>
Expenditures				
Current:				
General Government	2,932,734	2,932,734	2,368,115	564,619
Public Safety	4,960,755	4,960,755	4,768,967	191,788
Public Works	920,381	920,381	940,758	(20,377)
Parks and Recreation	1,506,509	1,506,509	1,367,782	138,727
Tourism	442,000	442,000	203,219	238,781
Debt Service:				
Principal	482,839	482,839	394,765	88,074
Interest	-	-	61,136	(61,136)
Capital Outlay	1,428,894	1,428,894	1,230,399	198,495
Total Expenditures	<u>12,674,112</u>	<u>12,674,112</u>	<u>11,335,140</u>	<u>1,338,972</u>
Excess of Revenues Over (Under) Expenditures	<u>(778,612)</u>	<u>(778,612)</u>	<u>160,492</u>	<u>939,104</u>
Other Financing Sources (Uses)				
Operating Transfers In	75,000	75,000	77,829	2,829
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>77,829</u>	<u>2,829</u>
Net Change in Fund Balances	<u>(703,612)</u>	<u>(703,612)</u>	<u>238,321</u>	<u>941,933</u>
Fund Balance - July 1, 2008	<u>3,075,739</u>	<u>3,075,739</u>	<u>3,075,739</u>	<u>3,127,992</u>
Fund Balances - June 30, 2009	<u>\$ 2,372,127</u>	<u>\$ 2,372,127</u>	<u>\$ 3,314,060</u>	<u>\$ 4,069,925</u>

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Net Assets
Proprietary Funds
June 30, 2009

		<u>Business-type Activities Sewer Fund</u>
Assets		
Current Assets		
Cash	\$ 4,525,313	
Accounts Receivable, Less Allowance of \$4,235	257,368	
Due from Other Funds	32,151	
Total Current Assets		\$ 4,814,832
Capital Assets		
Capital Assets	30,618,911	
Accumulated Depreciation	(8,378,067)	
Total Capital Assets		22,240,844
Utility Deposit		100
Unamortized Bond Cost, Net		5,460
Total Assets		<u>\$ 27,061,237</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 67,562	
Accrued Interest Payable	12,176	
Accrued Wages, Payroll Taxes and Deductions Payable	19,373	
Deferred Compensation	921	
Deposits Payable	28,689	
Due to Other Funds	520,212	
Current Portion of Long-Term Liabilities	436,733	
Total Current Liabilities		\$ 1,085,664
Long-Term Liabilities		
Compensated Absences Payable	25,544	
Notes Payable	3,760,310	
Revenue Bonds Payable	230,000	
Total Long-Term Liabilities		4,015,854
Net Assets		
Invested in Capital Assets, Net of Related Debt	17,813,801	
Unrestricted	4,145,918	
Total Net Assets		21,959,719
Total Liabilities and Net Assets		<u>\$ 27,061,237</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, 2009

	Business-type Activities - Sewer Fund
Operating Revenues	
Charges for Services:	
Sewer Fees - Davidson County	\$ 2,409,105
Sewer Fees - Sumner County	584,643
State User Fees	123,801
Sewer Flow Charges	51,097
Permits/Connection Fees	72,420
Total Operating Revenues	3,241,067
Operating Expenses	
Cost of Services	1,559,234
Administration	954,252
Depreciation and Amortization	651,672
Total Operating Expenses	3,165,158
Operating Income	75,910
Non-Operating Revenues (Expenses)	
Interest Revenue	54,396
Interest Expense	(222,044)
Paying Agents Fee	5,323
Rental Income	46,225
Tap Fees	68,200
Insurance Recoveries	66,691
Total Non-Operating Revenues (Expenses)	18,792
Income before Transfers	94,701
Transfers	(77,829)
Increase in Net Assets	16,872
Net Assets - July 1, 2008	21,942,847
Net Assets - June 30, 2009	\$ 21,959,719

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	<u>Business-type Activities - Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 3,241,067
Cash Payments to Suppliers for Goods and Services	(2,065,208)
Cash Payments to Employees for Services	(559,594)
Net Cash Provided by Operating Activities	<u>616,265</u>
Cash Flows from Capital and Related Financing Activities:	
Principal Paid on Bonds/Notes	(456,042)
Interest Paid on Long-Term Debt	(223,281)
Cash Received from Tap Fees	68,200
Paying Agents Fee	5,321
Acquisition and Construction of Capital Assets	(415,649)
Insurance Proceeds	66,691
Net Cash Used by Capital and Related Financing Activities	<u>(954,761)</u>
Cash Flows from Noncapital Financing Activities:	
Increase in Transfer to Other Funds	(77,829)
Net Cash Used by Noncapital Financing Activities	<u>(77,829)</u>
Cash Flows from Investing Activities:	
Net Decrease in Investments	94,376
Cash Received from Billboard Rentals	46,225
Interest Received	54,396
Net Cash Provided by Investing Activities	<u>194,998</u>
Net Increase (Decrease) in Cash and Restricted Cash	(221,326)
Cash and Restricted Cash at Beginning of Year	<u>4,746,639</u>
Cash and Restricted Cash at End of Year	<u><u>\$ 4,525,313</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 75,910
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	651,672
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	4,792
Increase in Accounts Payable	5,308
Increase in Payroll Liabilities	5,720
Increase in Deferred Compensation	921
Decrease in Due from/to Other Funds, Net	(128,057)
Net Cash Provided by Operating Activities	<u><u>\$ 616,265</u></u>

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements
June 30, 2009

Note 1. Significant Accounting Policies

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2009

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

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

I. Governmental Fund Types

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

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

II. Proprietary Fund Types

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2009

Note 1. Significant Accounting Policies – Continued

D. Budgets and Budgetary Accounting

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

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

E. Cash and Cash Equivalents

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

F. Inventories

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

G. Capital Assets

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

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

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

H. Compensated Absences

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

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2009

Note 1. Significant Accounting Policies – Continued

I. Property Tax

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

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

J. Interfund Receivables and Payables

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

K. Interfund Transactions

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

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

L. Long-Term Liabilities

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

M. Fund Balance Reserves

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

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2009

Note 1. Significant Accounting Policies – Continued

N. Net Assets

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

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

O. Operating Revenues and Expenses

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

P. Contributions of Capital

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

Q. Estimates

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

R. Adoption of GASB 45

Effective for fiscal year 2009, the City adopted Statement No. 45 of the Governmental Accounting Standards Board *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions* ("OPEB") prospectively. Accordingly the beginning Net OPEB Obligation is zero.

Note 2. Budgetary Basis of Accounting

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

Note 3. Cash and Investments

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

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

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2009

Note 3. Cash and Investments - Continued

As of June 30, 2009, all of the City's deposits and investments were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee or in the State of Tennessee Local Government Investment Pool ("LGIP"). Participating banks in the bank collateral pool determine the aggregate balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. Collected securities required to be pledged by the participant banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool.

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

Proprietary fund restricted cash and investments are, from time to time, on deposit with SunTrust Bank, a participant in the bank collateral pool and the revenue bond paying agent. These assets are restricted to use as revenue bond interest payments and bond retirement in accordance with provisions of the various bond resolutions. As of June 30, 2009, there were no restricted investments.

Note 4. Pension Plan

A. Plan Description

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

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

B. Funding Policy

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

The City of Goodlettsville is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009 was 15.15% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2009

Note 4. Pension Plan – Continued

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, 2009, the City of Goodlettsville's annual pension cost of \$846,263 to TCRS was equal to the City of Goodlettsville's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City of Goodlettsville's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 8 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 846,263	100.00%	\$ -
June 30, 2008	\$ 864,859	100.00%	\$ -
June 30, 2007	\$ 786,219	100.00%	\$ -

D. Funding Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 80.47% percent funded. The actuarial accrued liability for benefits was \$16.13 million, and the actuarial value of assets was \$12.98 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.15 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5 million, and the ratio of the UAAL to the covered payroll was 59.30% percent.

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

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

(Dollar Amounts in Thousands)

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

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2009

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 \$4,960 to the plan for the year ended June 30, 2009.

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. Retiree contribution rates for fiscal year 2009 were \$4,227 per year for retirees and \$6,704 per year for spouses. Plan members contributed \$24,066 for fiscal 2009, approximately 14% of total premiums. The City contributions to the program for the fiscal year 2009 were \$142,657.

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual other post employment benefit (OPEB) cost (expense) for the program is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation. As fiscal year 2009 is the first year of the implementation of GASB Statement 45, the OPEB obligation at the beginning of the year is zero and the OPEB cost (expense) is equal to the ARC.

Annual required contribution	\$ 674,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	674,000
Less Contributions made	(142,657)
Change in OPEB Obligation	531,344
Net OPEB obligation/(asset) - beginning of year	-
Net OPEB obligation/(asset) - end of year	\$ 531,344

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2009

Note 6. Post-retirement Health Care Benefits- continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

Fiscal Year	Annual OPEB Costs	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	674,000	21%	\$ 531,344

D. Funding Status and Funding Progress

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

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

E. Actuarial Methods and Assumptions

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

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

Note 7. Property Taxes Receivable

Gross property taxes receivable of \$3,318,676 (allowance for doubtful accounts is \$59,838) is summarized, by year, on the Schedule of Changes in Property Taxes Receivable on page 40 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, 2009:

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued

June 30, 2009

	Balance 7/1/2008	Additions	Disposals	Balance 6/30/2009
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 3,190,618	\$ -	\$ -	\$ 3,190,618
Construction in Progress	15,700	\$ -	\$ -	15,700
Total Capital Assets not being Depreciated	<u>\$ 3,206,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,206,318</u>
Capital Assets being Depreciated				
Buildings	\$ 7,713,836	\$ 30,000	\$ -	\$ 7,743,836
Improvements	4,361,439	426,282	-	4,787,721
Machinery & Equipment	6,851,991	801,200	-	7,653,191
Infrastructure	4,377,203	19,968	-	4,397,171
Total Capital Assets being Depreciated	<u>\$ 23,304,469</u>	<u>\$ 1,277,450</u>	<u>\$ -</u>	<u>\$ 24,581,919</u>
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 2,139,071	\$ -	\$ -	\$ 2,139,071
Construction in Progress	427,193	247,816	427,193	247,816
Total Capital Assets not being Depreciated	<u>\$ 2,566,264</u>	<u>\$ 247,816</u>	<u>\$ 427,193</u>	<u>\$ 2,386,887</u>
Capital Assets being Depreciated				
Buildings	\$ 4,332,627	\$ -	\$ -	\$ 4,332,627
Improvements	16,188	-	-	16,188
Machinery & Equipment	1,267,426	20,830	-	1,288,256
Infrastructure	22,020,756	574,197	-	22,594,953
Total Capital Assets being Depreciated	<u>\$ 27,636,996</u>	<u>\$ 595,027</u>	<u>\$ -</u>	<u>\$ 28,232,024</u>
Governmental Activities				
Accumulated Depreciation				
Buildings	\$ 3,202,808	\$ 197,742	\$ -	\$ 3,400,550
Improvements	2,446,620	203,262	-	2,649,882
Machinery & Equipment	5,454,291	406,180	-	5,860,471
Infrastructure	1,947,662	151,989	-	2,099,651
Total Accumulated Depreciation	<u>\$ 13,051,381</u>	<u>\$ 959,173</u>	<u>\$ -</u>	<u>\$ 14,010,554</u>
Business-type Activities				
Accumulated Depreciation				
Buildings	\$ 1,146,162	\$ 74,080	\$ 445,342	\$ 774,900
Improvements	3,954	405	-	4,359
Machinery & Equipment	695,011	104,962	-	799,973
Infrastructure	5,883,598	469,896	(445,342)	6,798,836
Total Accumulated Depreciation	<u>\$ 7,728,725</u>	<u>\$ 649,343</u>	<u>\$ -</u>	<u>\$ 8,378,068</u>
Total Governmental Activities, Net	\$ 13,459,406	\$ 318,277	\$ -	\$ 13,777,683
Total Business-type Activities, Net	\$ 22,474,536	\$ 193,500	\$ 427,193	\$ 22,240,844

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2009

Note 8. Capital Assets - Continued

Depreciation Expense by Function	
General Government	116,394
Public Safety	297,845
State Street Aid	276,206
Sanitation	39,287
Parks & Recreation	229,441
Sewer	649,343
	<u>\$ 1,608,516</u>

Note 9. Long-Term Debt

Below is a condensed schedule of maturities for long-term debt and obligations at June 30, 2009. A detailed Schedule of Long-term Debt, Principal, and Interest Requirements is included on page 37 of this report.

Year Ended June 30,	Principal Due	Interest Due
2010	\$ 405,335	30,747
2011	358,789	15,352
2012	153,397	9,172
2013	16,667	5,589
2014	16,667	4,890
2015-2019	83,331	13,971
2020	16,666	699
Total Long-term Debt	<u>\$ 1,050,852</u>	<u>\$ 80,419</u>

Long-term debt and obligations payable at June 30, 2009 are comprised of the following:

Governmental Activities

Revenue and Tax Refunding Bonds Issued to Finance Construction, Bearing Interest at Rates Ranging from 1.50 to 3.50% Per Annum, Payable in Semi-Annual Installments with the Final Payment Due October 2010	\$ 295,000
General Obligation Capital Outlay Bonds Issued to Finance Certain Public Works Projects, Bearing Interest at 4.22% Per Annum, Payable in Annual Installments with the Final Payment Due October 2011	393,810
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.	178,710
General Obligation Capital Outlay Bonds Issued to Finance Certain Public Works Projects, Bearing Interest at 4.134% Per Annum, Payable in Annual Installments with the Final Payment Due September 5, 2019	<u>183,332</u>
Total Governmental Activities Long-Term Obligations	1,050,852
Less: Current Portion	(405,335)
Total Long-Term Governmental Activities Obligations	<u>\$ 645,518</u>

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2009

Note 9. Long Term Debt - Continued

Governmental Activities – Continued

The following is a summary of changes to long-term liabilities in the Governmental activities during the year ended June 30, 2009. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due within 1 Year
Compensated Absences	\$ 393,477	\$ 352,220	\$ 317,889	\$ 427,807	\$ -
Net OPEB Obligation	-	674,000	142,657	531,344	\$ -
Capital Leases	305,879	-	127,169	178,710	122,789
Notes Payable	1,149,600	-	277,458	872,142	282,546
Totals	<u>\$ 1,848,957</u>	<u>\$ 1,026,220</u>	<u>\$ 865,172</u>	<u>\$ 2,010,004</u>	<u>\$ 405,335</u>

Business-type Activities

Revenue and Tax Refunding Bonds Issued to Finance Construction, Bearing Interest at rates ranging from 1.35 to 3.75% Per Annum, Payable in Semi-Annual Installments with the Final Payment Due April, 2012	\$ 340,000
State Revolving Loan #96-091, Bearing Interest Payments at 4.472% Per Annum, Payable in Monthly Installments of \$41,123 with the Final Payment Due December 2018	\$ 3,812,042
General Obligation Capital Outlay Bonds Issued to Finance Certain Public Works Projects, Bearing Interest at 4.134% Per Annum, Payable in Annual Installments with the Final Payment Due September 5, 2019	<u>275,000</u>
Total Sewer Fund Debt Payable	4,427,042
Less: Current Portion	<u>(436,733)</u>
Long-Term Debt Payable - Sewer Fund	<u>\$ 3,990,310</u>

Business-type Activities - Continued

The following is a summary of changes to long-term debt in the Business-type activities during the year ended June 30, 2009:

	Balance 7/1/2008	Additions	Reductions	Balance 6/30/2009	Due Within 1 Year
Compensated Absences	\$ 21,695	\$ 26,252	\$ 22,403	25,544	\$ -
Notes Payable	4,428,084	-	366,586	4,061,498	326,733
Revenue Bonds	430,000	-	90,000	340,000	110,000
Totals	<u>\$ 4,879,779</u>	<u>\$ 26,252</u>	<u>\$ 478,990</u>	<u>\$ 4,427,042</u>	<u>\$ 436,733</u>

Note 10. Capital Leases

The City has the following ongoing lease agreements as of June 30, 2009:

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

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2009

Note 10. Capital Leases - Continued

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, 2009, are as follows:

Year Ended June 30,	Future Minimum Lease Pmts
2010	137,211
2011	112,199
2012	87,187
2013	-
2013	-
Total Minimum Lease Payments	336,597
Less: Amount Representing Interest	(27,971)
Present Value of Future Minimum Lease Payments	\$ 308,626

Note 11. Construction Commitments

The City has the following construction projects in progress at June 30, 2009:

Construction Project	Total Estimated Cost	Total Expenses thru FYE 6/30/09
Governmental Activities:		
Greenway	n/a	\$ 15,700
Total Governmental Activities		\$ 15,700
Business-type Activities:		
Flow Equalization Basin	\$ 9,000,000	\$ 154,300
Sewer Rehab	\$ 4,500,000	\$ 240,519
Total Business-type Activities		\$ 394,819

Note 12. Interfund Receivables/Payables/Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due To	Due From				Total
	General Fund	Solid Waste Fund	Drug Fund	Sewer Fund	
General Fund	\$ -	\$ 400,440	\$ -	\$ 438,257	\$ 838,696
Solid Waste Fund	-	-	-	81,955	81,955
Drug Fund	14,849	-	-	-	14,849
Sewer Fund	32,151	-	-	-	32,151
Total	\$ 47,000	\$ 400,440	\$ -	\$ 520,212	\$ 967,652

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.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements - Continued
June 30, 2009

Note 12. Interfund Receivables/Payables - Continued

The composition of interfund transfers for the year ended June 30, 2009, is as follows:

Transfer From	Transfer To				Total
	General Fund	Solid Waste Fund	Drug Fund	Sewer Fund	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Solid Waste Fund	-	-	-	-	-
Drug Fund	-	-	-	-	-
Sewer Fund	77,829	-	-	-	77,829
Total	\$ 77,829	\$ -	\$ -	\$ -	\$ 77,829

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 contracted with the Madison Suburban Utility District (MSUD) to handle 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.

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

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

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

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

Note 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, 2009.

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
Notes to Financial Statements - Continued
June 30, 2009

Note 16. Accounting Changes

GASB Statement 45 (see Note 1R) requires an actuarial valuation of a government's postemployment benefits so that the expense of these benefits is recorded over an employee's working career rather than when the benefits are paid after an employee retires. For the City, the actuarial required contribution in compliance with GASB Statement 45 represents a substantial increase over the pay-as-you-go amount previously recorded in the financial statements. See Note 6 for information on the City's implementation of this standard.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Retirement Plan Funding Progress
(Dollar Amounts in Thousands)
June 30, 2009

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

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

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

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Post-retirement Health Care Benefits Program
(Dollar Amounts in Thousands)
June 30, 2009

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/(c))
April 1, 2007	-	6,017	6,017	0.00%	5,354	112.38%

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

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

CITY OF GOODLETTSVILLE, TENNESSEE
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2009

	Special Revenue Funds		Total
Assets	Solid Waste Fund	Drug Fund	Non-major Governmental Funds
Cash	\$ 175,504	\$ 2,251	\$ 177,755
Accounts Receivable	172,932	-	172,932
Due From Other Funds	81,955	14,849	96,804
Total Assets	\$ 430,391	\$ 17,100	\$ 447,491
Liabilities and Fund Equity			
Liabilities			
Accounts Payable	\$ 18,497	\$ -	\$ 18,497
Due to Other Funds	400,440	-	400,440
Accrued Wages	8,161	-	8,161
Deferred Compensation	148	-	148
Payroll Taxes and Deductions Payable	2,342	-	2,342
Total Liabilities	429,588	-	429,588
Fund Balances			
Reserved For:			
Solid Waste Fund	804	-	804
Drug Fund	-	17,100	17,100
Total Fund Balances	804	17,100	17,904
Total Liabilities and Fund Balances	\$ 430,391	\$ 17,100	\$ 447,491

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, 2009

	<u>Special Revenue Funds</u>		<u>Total Non-major Governmental Funds</u>
	<u>Solid Waste Fund</u>	<u>Drug Fund</u>	
Revenues			
Drug Revenue	\$ -	\$ 56,070	\$ 56,070
Sanitation Fees	731,188	-	731,188
Recyclable Sales	19,290	-	19,290
Total Revenues	<u>750,478</u>	<u>56,070</u>	<u>806,548</u>
Expenditures			
Current:			
Drug Fund	-	46,980	46,980
Salaries and Benefits	305,919	-	305,919
Billing and Collection	31,122	-	31,122
Repairs and Maintenance	104,971	-	104,971
Supplies and Uniforms	48,813	-	48,813
Landfill Expense	224,685	-	224,685
Debt Service:			
Principal	9,719	-	9,719
Interest	59	-	59
Total Expenditures	<u>725,289</u>	<u>46,980</u>	<u>772,269</u>
Excess of Revenues Over (Under) Expenditures	25,190	9,090	34,279
Net Change in Fund Balances	25,190	9,090	34,279
Fund Balance - July 1, 2008	<u>(24,386)</u>	<u>8,010</u>	<u>(16,376)</u>
Fund Balance - June 30, 2009	<u>\$ 804</u>	<u>\$ 17,100</u>	<u>\$ 17,904</u>

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
All Special Revenue Funds
For the Year Ended June 30, 2009

	Solid Waste Fund			Drug 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)
Revenues												
Drug and Gambling Revenue	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 56,070	\$ 6,070	\$ 50,000	\$ 50,000	\$ 56,070	\$ 6,070
Sanitation Fees	775,930	775,930	731,188	(44,742)	-	-	-	-	775,930	775,930	731,188	(44,742)
Recyclable Sales	8,000	8,000	19,290	11,290	-	-	-	-	8,000	8,000	19,290	11,290
Total Revenues	783,930	783,930	750,478	(33,452)	50,000	50,000	56,070	6,070	833,930	833,930	806,548	(27,382)
Expenditures												
Current:												
Drug and Gambling Sanitation:												
Salaries and Benefits	339,783	339,783	305,919	33,864	50,000	50,000	46,980	3,020	50,000	50,000	46,980	3,020
Billing and Collection	-	-	31,122	(31,122)	-	-	-	-	339,783	339,783	305,919	33,864
Repairs and Maintenance	137,000	137,000	104,971	32,029	-	-	-	-	-	-	31,122	(31,122)
Landfill Expense	229,000	229,000	224,685	4,315	-	-	-	-	137,000	137,000	104,971	32,029
Supplies and Uniforms	45,000	45,000	48,813	(3,813)	-	-	-	-	229,000	229,000	224,685	4,315
Debt Service	-	-	-	-	-	-	-	-	45,000	45,000	48,813	(3,813)
Principal	9,719	9,719	9,719	0	-	-	-	-	9,719	9,719	9,719	0
Interest	-	-	59	(59)	-	-	-	-	-	-	59	(59)
Total Expenditures	760,502	760,502	725,289	35,213	50,000	50,000	46,980	3,020	810,502	810,502	772,269	38,233
Excess of Revenues Over (Under) Expenditures	23,428	23,428	25,190	1,762	-	-	9,090	9,090	23,428	23,428	34,279	10,851
Net Change in Fund Balances	23,428	23,428	25,190	1,762	-	-	9,090	9,090	23,428	23,428	34,279	10,851
Fund Balance - July 1, 2008	(24,386)	(24,386)	(24,386)	-	8,010	8,010	8,010	-	(16,376)	(16,376)	(16,376)	-
Fund Balance - June 30, 2009	\$ (958)	\$ (958)	\$ 804	\$ 1,762	\$ 8,010	\$ 8,010	\$ 17,100	\$ 9,090	\$ 7,052	\$ 7,052	\$ 17,904	\$ 10,851

CITY OF GOODLETTSVILLE, TENNESSEE
 Schedule of Expenditures of Federal Awards and State Financial Assistance
 For the Year Ended June 30, 2009

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Contract Number	Beginning (Accrued) Deferred	Cash Receipts	Expenditures	Ending (Accrued) Deferred
<u>Federal Awards</u>						
FEMA	97.036	Z-06-034041-00	\$ (118,533)	\$ 110,010	\$ (8,523)	\$ -
Department of Homeland Security - AFG	97.044	2009-M8-001GF-25000000-4101-D	-	712,500	712,500	-
FEMA	97.044	2009-M8-001GF-25000000-4101-D	-	14,250	14,250	-
Total Federal Awards			(118,533)	836,760	718,227	-
<u>State Financial Assistance</u>						
TN Department of State - Community Enhancement Grant Commission on Fire Fighting	N/A	N/A	17,300	-	-	17,300
Peace Officer Standard and Training Commission	N/A	N/A	-	8,400	8,400	-
	N/A	N/A	-	23,400	23,400	-
Total State Financial Assistance			17,300	31,800	31,800	17,300
Total Federal Awards and State Financial Assistance			\$ (101,233)	\$ 868,560	\$ 750,027	\$ 17,300

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, 2009. The schedule is presented using the modified accrual basis of accounting.

Note 2. Loans Outstanding

At June 30, 2009, there was an outstanding balance of \$3,812,044 on a loan obtained in a previous year through the State Revolving Loan Fund. Payments during the current fiscal year totaled \$339,754.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Reserve, Receipts and Disbursements
for State Street Aid and Tourism
For the Year Ended June 30, 2009

State Street Aid

Beginning Reserve for State Street Aid		\$ 322,662
Receipts		
Gas Taxes	419,759	
Total Receipts	419,759	419,759
Expenditures		
Street Lights	99,835	
Street Maintenance	22,418	
Street Paving	86,101	
Long-term Debt	-	
Capital Improvements	429,124	
	637,478	637,478
Ending Reserve for State Street Aid		\$ 104,943

Tourism

Beginning Reserve for Tourism		\$ 510,371
Receipts		
Cable TV Franchise Taxes	65,655	
Hotel/Motel Tax	264,207	
Tourism Receipts	19,813	
Total Receipts		349,675
Expenditures		
Tourism Salaries and Benefits	94,471	
Tourism Utilities	14,064	
Tourism Other	44,097	
	152,632	152,632
Ending Reserve for Tourism		\$ 707,413

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Long-Term Debt, Principal, and Interest Requirements
By Fiscal Year
June 30, 2009

Fiscal Year Ended June 30,	Bank of America \$630,500 Bond Issue		Regions Bank \$1,850,000 Bond Issue		General Obligation Capital Outlay Note, Series 2007		First Tennessee Bank Equipment Lease		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	125,880	13,963	140,000	9,100	16,667	7,684	122,788	14,423	405,335	30,747
2011	131,200	5,653	155,000	2,713	16,667	6,986	55,922	4,523	358,789	15,352
2012	136,730	2,885	-	-	16,667	6,287	-	-	153,397	9,172
2013	-	-	-	-	16,667	5,589	-	-	16,667	5,589
2014	-	-	-	-	16,667	4,890	-	-	16,667	4,890
2015	-	-	-	-	16,667	4,191	-	-	16,667	4,191
2016	-	-	-	-	16,667	3,493	-	-	16,667	3,493
2017	-	-	-	-	16,667	2,794	-	-	16,667	2,794
2018	-	-	-	-	16,667	2,096	-	-	16,667	2,096
2019	-	-	-	-	16,667	1,397	-	-	16,667	1,397
2020	-	-	-	-	16,666	699	-	-	16,666	699
Total	\$ 393,810	\$ 22,501	\$ 295,000	\$ 11,813	183,336	46,107	178,710	18,946	\$ 1,050,852	\$ 80,419

Fiscal Year Ended June 30,	Regions Bank \$635,000 Bond Issue		State of TN Revenue Bond - 96-091		General Obligation Capital Outlay Note, Series 2007		Total Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	110,000	11,375	301,733	149,553	25,000	11,526	436,733	172,454	842,068	203,201
2011	110,000	7,525	343,547	149,929	25,000	10,479	478,547	167,933	837,336	183,284
2012	120,000	3,375	359,222	134,254	25,000	9,431	504,222	147,060	657,619	156,232
2013	-	-	375,612	117,864	25,000	8,383	400,612	126,247	417,279	131,835
2014	-	-	392,750	100,726	25,000	7,335	417,750	108,061	434,417	112,950
2015	-	-	410,671	82,805	25,000	6,287	435,671	89,093	452,337	93,284
2016	-	-	429,408	64,068	25,000	5,239	454,408	69,307	471,075	72,800
2017	-	-	449,001	44,475	25,000	4,191	474,001	48,666	490,668	51,461
2018	-	-	469,488	23,988	25,000	3,144	494,488	27,132	511,154	29,227
2019	-	-	280,611	4,021	25,000	2,096	305,611	6,117	322,278	7,514
2020	-	-	-	-	25,000	1,047	25,000	1,047	41,666	1,745
Total	\$ 340,000	\$ 22,275	\$ 3,812,044	\$ 871,683	\$ 275,000	\$ 69,157	\$ 4,427,044	\$ 962,068	\$ 5,477,896	\$ 1,043,534

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Changes in Property Taxes Receivable
and Uncollected Delinquent Taxes Filed
June 30, 2009

Year of Levy	Gross Property Taxes Receivable 7/1/2008	New Levy	Collections	Adjustments	Write-Offs	Gross Property Taxes Receivable 6/30/2009
2009		\$ 2,901,914 ^	\$ -	\$ -	\$ -	\$ 2,901,914
2008	\$2,873,299	-	(2,827,316)	68,136 *	-	114,119
2007	234,483	-	(170,581)	-	-	63,902
2006	35,769	-	(12,239)	-	-	112,288
2005	20,677	-	(6,252)	-	-	58,320
2004	33,957	-	(15,265)	-	-	44,030
2003	9,475	-	(3,203)	-	-	18,212
2002	3,017	-	(1,825)	-	-	4,232
2001	640	-	(31)	-	-	1,285
2000	152	-	(11)	-	-	292
1999	43	-	(1)	-	-	84
1998	36	-	-	(36)	(36)	-
Totals	<u>\$ 3,211,547</u>	<u>\$ 2,901,914</u>	<u>\$(3,036,724)</u>	<u>\$ 68,100</u>	<u>\$ (36)</u>	<u>\$ 3,318,676</u>

Note: Delinquent property taxes receivable for the tax years 2007 - 1998 have been turned over for collection to the Sumner County and Metro trustees.

* represents adjustment of estimated 2008 tax levy recognized in prior year to actual 2008 tax levy recorded in the current year

^ estimate of 2009 tax levy

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

<u>Fiscal Year</u>	<u>Levy Year</u>	<u>Tax Rate Per \$100 Davidson</u>	<u>Tax Rate Per \$100 Sumner</u>	<u>Realty Tax Levy</u>
2009	2008	.66	.66	\$ -
2008	2007	.66	.66	2,887,879
2007	2006	.66	.66	2,840,113
2006	2005	.64	.69	2,689,509
2005	2004	.70	.66	2,615,245
2004	2003	.70	.66	2,582,866
2003	2002	.70	.66	2,589,828
2002	2001	.22	.22	857,270
2001	2000	.22	.22	775,948
2000	1999	.22	.22	641,199

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE
Utility Rate Structure and Number of Customers
For the Year Ended June 30, 2009

The City of Goodlettsville's Sewer Fund had approximately 4,465 customers at June 30, 2009. Its rate structure was as follows:

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

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

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

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

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

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

The City also had approximately 4,465 Solid waste customers at June 30, 2009 that are charged \$15/month per residential living unit.

Internal Control and Compliance Section

Parker, Parker & Associates, PLC

Certified Public Accountants

1000 NORTHCHASE DRIVE - SUITE 260
GOODLETTSVILLE, TN 37072

STEVEN B. PARKER, CPA
CHARLES N. PARKER, CPA
KAREN R. STEPHENS, CPA
CATHY D. FISHER, CPA
LAUREN S. ALLEN, CPA
CARRIE E. DAWSON, CPA
CHRISTOPHER E. JERNIGAN, CPA

TELEPHONE: 615-859-8800
FAX: 615-859-8188
WWW.PARKERCPA.NET

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, 2009, which collectively comprise the City of Goodlettsville, Tennessee's basic financial statements and have issued our report thereon dated December 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs 09-1 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 09-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Goodlettsville, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 09-2 and 09-3.

Findings reported in the previous year 08-1 (segregation of duties) and 08-2 (Cash Deposits), have been repeated and/or modified in the schedule of findings and questioned costs.

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

Parker, Parker & Associates

December 7, 2009

Parker, Parker & Associates, PLC

Certified Public Accountants

1000 NORTHCHASE DRIVE - SUITE 260
GOODLETTSVILLE, TN 37072

STEVEN B. PARKER, CPA
CHARLES N. PARKER, CPA
KAREN R. STEPHENS, CPA
CATHY D. FISHER, CPA
LAUREN S. ALLEN, CPA
CARRIE E. DAWSON, CPA
CHRISTOPHER E. JERNIGAN, CPA

TELEPHONE: 615-859-8800
FAX: 615-859-8188
WWW.PARKERCPA.NET

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

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

Compliance

We have audited the compliance of the City of Goodlettsville, Tennessee, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Goodlettsville, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Goodlettsville, Tennessee's management. Our responsibility is to express an opinion on the City of Goodlettsville, Tennessee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *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 the City of Goodlettsville, Tennessee's compliance with those requirements.

In our opinion, the City of Goodlettsville, Tennessee, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-2 and 09-3.

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below,

we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 09-1 to be a material weakness.

Findings reported in the previous year 08-1 (segregation of duties) and 08-2 (Cash Deposits), have been repeated and/or modified in the schedule of findings and questioned costs.

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

Parker, Parker & Associates

December 7, 2009

Parker, Parker & Associates, PLC

Certified Public Accountants

1000 NORTHCHASE DRIVE - SUITE 260
GOODLETTSVILLE, TN 37072

STEVEN B. PARKER, CPA
CHARLES N. PARKER, CPA
KAREN R. STEPHENS, CPA
CATHY D. FISHER, CPA
LAUREN S. ALLEN, CPA
CARRIE E. DAWSON, CPA
CHRISTOPHER E. JERNIGAN, CPA

TELEPHONE: 615-859-8800
FAX: 615-859-8188
WWW.PARKERCPA.NET

CITY OF GOODLETTSVILLE, TENNESSEE Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2009

Department of Homeland Security

- No prior year findings were identified.

Parker, Parker & Associates, PLC

Certified Public Accountants

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City of Goodlettsville, Tennessee Schedule of Findings, Questioned Costs and Responses For the Year Ended June 30, 2009

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.
- Two instances of noncompliance material to the financial statements of the City of Goodlettsville, Tennessee were 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: Department of Homeland Security CFDA No. 97.044.
- 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

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

Criteria: A good system of internal control is part of generally accepted accounting principles.

Condition: Duties related to cash receipts are not adequately segregated. There are five individuals trained to receipt cash. Individuals collecting cash receipts also record receipts in the various subledgers. The city has two windows for receipting of cash in two cash drawers. One drawer is used only for city court receipts. The other drawer is used for all other city receipts. The two drawers are not closed out at the end of each day. When the drawers are closed, reports are generated from multiple cash receipts subledgers to reconcile cash on hand to the revenues recorded. Because the documentation is from multiple subledgers, sources, types (cash, check, credit card) and for multiple dates, it is difficult to retrace receipts through the system. Reconciliations of collections to printed cash receipt reports include hand-written adjustments to the printed reports. No one individual separate from the cash receipts system reviews the reconciliation and the deposit slip on a daily basis.

For the city court receipts, tickets are entered into the ETA Court Software typically by one city hall cashiers serving as the court clerk. The court clerk also enter the judge's verdict on violations as guilty or dismissed. The court clerk receives most payments and post those payments. The software requires an administrative override to make any adjustment to tickets. The court clerk has administrative override rights. The ability to enter, receipt and adjust tickets are incompatible duties.

Questioned Costs: 0

Context: Identified as part of our audit planning process.

Effect: Material Weaknesss in internal control.

Cause: Lack of segregation of duties

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

Views of Management and planned corrective action:

The City is currently closing both cash drawers daily; and has segregated the duties related to handling cash. Management is working with the credit card processors to provide a more detailed report of transactions, whereby receipts may be more easily retraced. Procedures already implemented to address these deficiencies will be accommodated when new financial management and municipal court software is fully operational in the second half of FY2010.

Findings- Financial Statements Audit – Compliance

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

Criteria: According to Title 3, Chapter 1, Section 5 of the Internal Control and Compliance Manual for Tennessee Municipalities, funds should be deposited no later than 3 days after receipt.

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

Questioned Costs: \$319,181 total deposits for the 9 occurrences

Context: Identified as part of our audit sampling.

Effect: Not in compliance with state law.

Cause: Deposits were not being made daily.

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

Views of Management and planned corrective action:

The City is currently closing all cash drawers daily, and depositing all funds in the bank daily in an effort to address this situation. After the deposit is prepared by an employee at City Hall who does not collect cash, a uniformed officer takes it to the bank and returns the deposit slip to City Hall.

09-3. Compliance Manual

Criteria: The city has not adopted all provisions of the recently issued Division of Municipal Audit Internal Control and Compliance Manual for Tennessee Municipalities ("the manual") dated June 2009.

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

Questioned Costs: 0

Context: Identified as part of our audit planning and testing process.

Effect: Not in compliance with state law.

Cause: Since this is a new revision of a publication, the city has not complied with all provisions as of year-end.

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

Views of Management and planned corrective action:

The Division of Municipal Audit published the manual in June 2009, the last month of FY 2009 audit period. The City continues working towards full implementation of those requirements.

Findings and Questioned Costs- Major Federal Award Program Audit – Internal Control for major program - Department of Homeland Security CFDA No. 97.044

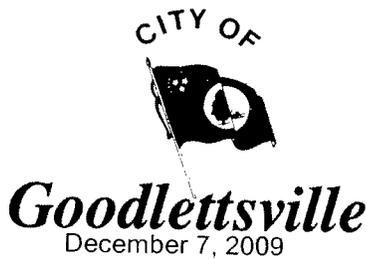
Finding 09-1 has not been repeated below.

Findings and Questioned Costs- Major Federal Award Program Audit – Compliance and Other Matters for major program - Department of Homeland Security CFDA No. 97.044

Findings 09-2 and 09-3 have not been repeated below.

Parker, Parker & Associates

December 7, 2009



CITY OF GOODLETTSVILLE, TENNESSEE
Corrective Action Plan
For the year ended June 30, 2009

Department of Homeland Security.

The City of Goodlettsville, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2009.

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

- 09-1. Segregation of Duties – Cash Receipts** (*modified and repeated from 08-1.*)
Finding: Duties related to cash receipts are not adequately segregated.

Corrective Action Plan: The City is currently closing both cash drawers daily; and has segregated the duties related to handling cash. Management is working with the credit card processors to provide a more detailed report of transactions, whereby receipts may be more easily retraced.

Target Date for Completion: Procedures already implemented to address these deficiencies will be accommodated when new financial management and municipal court software is fully operational in the second half of FY2010.

Findings: Financial Statement Audit – Compliance

- 09-2. Cash Deposits (repeated from 08-2)**
Finding: Cash was not deposited timely to meet state law.

Corrective Action Plan: The City is currently closing all cash drawers daily, and depositing all funds in the bank daily in an effort to address this situation. After the deposit is prepared by an employee at City Hall who does not collect cash, a uniformed officer takes it to the bank and returns the deposit slip to City Hall.

Target Date for Completion: effective immediately

- 09-3. Compliance Manual**
Finding: City has not met all compliance requirements of the recently issued Division of Municipal Audit Internal Control and Compliance Manual for Tennessee Municipalities (“the manual”) dated June 2009.

Corrective Action Plan: The Division of Municipal Audit published the manual in June 2009, the last month of FY 2009 audit period. The City continues working towards full implementation of those requirements.

Target Date for Completion: effective immediately

Findings and Questioned Costs- Major Federal Award Program Audit – Internal Control for major program - Department of Homeland Security CFDA No. 97.044

09-1. Has not been repeated below.

Findings and Questioned Costs- Major Federal Award Program Audit – Compliance and Other Matters for major program - Department of Homeland Security CFDA No. 97.044

09-2. and 09-3. have not been repeated below.

If the Department of Homeland Security has questions regarding this plan, please contact Mrs. Julie High at 615-851-2200.

Sincerely Yours,

Mrs. Julie High
City Finance Director