

AUDIT REPORT

CITY OF PLAINVIEW, TENNESSEE

Year Ended June 30, 2011

Gary Chandler

Mayor

Josh Collins

Aldersperson

Dan Collins

Aldersperson

Stacey Sexton

Aldersperson

Richard Phillips

Aldersperson

Linda Riffey

City Recorder

CITY OF PLAINVIEW, TENNESSEE

TABLE OF CONTENTS

	<u>Page</u>
Roster of City Officials	1
Independent Accountant's Audit Report	2-3
Management's Discussion and Analysis	4-8
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Government Funds	11
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	13-16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Drug Fund	17
Notes to Financial Statements	18-22
Other Supplementary Information	
Schedule of Salaries of Principal Officials	23
Schedule of Grant Activity	24
Internal Control and Compliance	
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26
Schedule of Findings and Questioned Costs	27

DUANE CLINE, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS
P. O. BOX 1951, 400 WEST MAIN STREET, SUITE 316
MORRISTOWN, TENNESSEE 37816

DUANE CLINE, CPA

Phone (423) 587-9335
Fax (423) 586-1381
Email dcline@musfiber.com

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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Alderman
City of Plainview, Tennessee
Plainview, Tennessee

We have audited the accompanying financial statements of the governmental activities and each major fund of City of Plainview, Tennessee, as of and for the year ended June 30, 2011, 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 Plainview, Tennessee's management. Our responsibility is to express an opinion on these financial statements based on our audit.

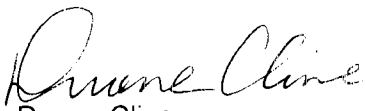
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the City of Plainview, Tennessee as of June 30, 2011, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General Fund and Drug 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 September 28, 2011 on our consideration of the City of Plainview, Tennessee's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 4 to 8 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 limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the City of Plainview Tennessee's basic financial statements. The accompanying schedule of grant activity is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements listed above, and in my opinion is fairly stated in all material respects in relation to the financial statements taken as a whole. The accompanying other supplementary information listed in the table of contents is presented for purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.


Duane Cline
Certified Public Accountant

September 28, 2011

CITY OF PLAINVIEW
1037 TAZEWELL PIKE
LUTRELL, TENNESSEE 37779
TELEPHONE (865) 992-5841
FAX (865) 992-4344

**Management's Discussion and Analysis
For the Year Ended June 30, 2011**

The management of City of Plainview, Tennessee (the City) presents this management's discussion and analysis (MD&A) of the City's financial condition and results of operations for the fiscal year ended June 30, 2011. This information should be read in conjunction with the accompanying financial statements. This MD&A also presents an overview of the City, known as the primary government. The government-wide financial statements include only the primary government which is the total reporting entity.

Financial Highlights

The following are key financial highlights:

- The assets of the City were more than its liabilities at year-end 2011 by \$406,357 and 2010 by \$420,637.
- The City's net assets decreased by \$14,280 (3.4 percent) during 2011 and decreased by \$13,627 (3.2 percent) during 2010.
- At 2011 year-end, the City's governmental funds reported combined ending fund balances of \$219,944 a decrease of \$5,499 for 2011. At 2010 year-end, the City's governmental funds reported combined ending fund balances of \$225,443 an increase of \$3,051 for 2010. As of June 30, 2011 \$166,739 (\$137,089 for 2010) was unreserved and available for ongoing operations.
- At June 30, 2011 the unreserved General Fund Balance was \$166,739, (\$131,365 for 2010) or 38.4 percent (34.0 percent for 2010) of General Fund expenditures. This demonstrates the City's fiscal discipline and will help meet unexpected emergencies and other uncertainties the City may face during the course of everyday operations.

Overview of the Financial Statements

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City include the following:

- General government
- Public Safety
- Public Works
- Health and Welfare
- Community Development

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 of Plainview, 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 one category: governmental funds.

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

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

The City maintains two governmental fund(s). Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balances for the General Fund. To demonstrate compliance with the budget, budgetary comparison statements have been provided and are presented on pages 13 to 17.

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

Internal Control and Compliance Section – This includes the auditors' reports on the City's internal controls and compliance and a schedule of findings and responses.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded its liabilities by \$434,258 for 2011 and \$420,637 for 2010. By far, the largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, water facilities, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services; consequently, these assets are *not* available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate long-term debt. At year-end 2011 and 2010 the City's statement of net assets consisted of the following:

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets	\$224,794	\$236,355
Capital Assets, net of accumulated depreciation	<u>186,413</u>	<u>195,193</u>
Total Assets	<u>\$411,207</u>	<u>\$431,548</u>
LIABILITIES		
Current Liabilities	\$ 4,850	\$ 10,911
Long-Term Liabilities	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>4,850</u>	<u>10,911</u>
NET ASSETS		
Invested in capital assets, net of related debt	186,413	195,193
Restricted	53,205	94,079
Unrestricted	<u>166,739</u>	<u>131,365</u>
Total Net Assets	<u>406,357</u>	<u>420,637</u>
Total Liabilities and Net Assets	<u>\$411,207</u>	<u>\$431,548</u>

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

The following is a summary of financial activities for the City during each fiscal year:

	<u>2011</u>	<u>2010</u>
REVENUE		
Program revenue:		
Fees, fines and charges for services	\$ 27,038	\$ 18,434
Operating grants and contributions	51,442	191,230
General revenue:		
Local taxes	39,179	35,633
State and federal	147,384	143,450
Interest	<u>362</u>	<u>743</u>
Total Revenue	<u>265,405</u>	<u>389,490</u>

EXPENSES

General Government	\$103,317	\$113,736
Public Safety	73,041	86,873
Public Works	101,331	50,927
Health & Welfare	<u>1,996</u>	<u>151,581</u>
Total Expenses	<u>279,685</u>	<u>403,117</u>
Change in net assets	(14,280)	(13,627)
Net assets at the beginning of the year	<u>420,637</u>	<u>434,264</u>
Net assets at the end of the year	<u>\$406,357</u>	<u>\$420,636</u>

Governmental Activities - Governmental activities decreased the City's net assets by \$14,280 in 2011 and decreased by \$13,627 in 2010. The City's main source of revenue is from local option sales tax, local and state-shared taxes which consist of tax revenue shared by the State of Tennessee.

Capital Assets

The City's investment in capital assets as of June 30, 2011 was \$186,413 (\$195,193 in 2010) net of accumulated depreciation.

	<u>2011</u>	<u>2010</u>
Capital Assets-net		
Land	\$ 18,000	\$ 18,000
Equipment and furnishings	197,457	191,657
Structures and improvements	<u>242,607</u>	<u>242,607</u>
Total Capital Assets	458,064	452,264
Accumulated depreciation	<u>271,651</u>	<u>257,071</u>
Total capital assets, net of accumulated depreciation	<u>\$186,413</u>	<u>\$195,193</u>

There was \$5,800 added to equipment for the 2011

Debt Administration

At June 30, 2011 and 2010 the City had no outstanding debt.

Financial Analysis of the City's Funds

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

Governmental Funds The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund's

fund balance decreased by \$8,781 during 2011 and decreased by \$16,678 during 2010. The 2011 decrease is due primarily to street paving and repair.

General Fund Budgetary Highlights

There was a decrease of approximately \$51,148 between the original budgeted and the final amended budgeted expenses for the General Fund. This increase was largely due to increase in street paving and repair expenditures.

Economic Factors and Next Year's Budgets and Rates

The City Council has approved the budget for the year ended June 30, 2012. The estimated revenue and appropriations did not vary significantly from the budget for the year ended June 30, 2011.

Requests for Information

This MD&A and accompanying financial statements and notes are designed to provide our citizens, employees, creditors and regulatory agencies with an overview of the City's finances. If you have any questions or need additional information, you may contact:

Linda Riffey, Recorder
City of Plainview, Tennessee
1037 Tazewell Pike
Plainview, TN 37779
Telephone 865-992-5841

CITY OF PLAINVIEW, TENNESSEE

STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES

June 30, 2011

ASSETS

Current Assets

Cash and cash equivalents	\$ 186,321	
Accounts Receivable	36,364	
Prepays	<u>2,109</u>	
Total Current Assets		\$ 224,794

Non-Current Assets

Capital Assets, net	168,413	
Non-depreciable capital assets	<u>18,000</u>	
Total Non-Current Assets		<u>186,413</u>

TOTAL ASSETS \$ 411,207

LIABILITIES

Current Liabilities

Accounts Payable	\$ 2,212	
Taxes and Benefits Payable	<u>2,638</u>	
Total Current Liabilities		\$ 4,850

NET ASSETS

Invested in capital assets, net of related debt	186,413	
Restricted for:		
Insurance	2,109	
Drug Fund	6,380	
State Street Aid	44,716	
Unrestricted	<u>166,739</u>	

TOTAL NET ASSETS 406,357

TOTAL LIABILITIES AND NET ASSETS \$ 406,357

The accompanying notes are an integral part of these financial statements.

CITY OF PLAINVIEW, TENNESSEE

STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES

For the fiscal year ended June 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u> <u>Governmental Activities</u>
Governmental Activities:					
General Government	\$ 103,317	\$ 15,028	\$ -	\$ -	\$ (88,289)
Public Safety	73,041	7,975	-	-	(65,066)
Public Works	101,331	4,035	51,442	-	(45,854)
Health & Welfare	1,996	-	-	-	(1,996)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 279,685</u>	<u>\$ 27,038</u>	<u>\$ 51,442</u>	<u>\$ -</u>	(201,205)

General Revenues:

Taxes:

Sales Tax	164,363
Income Tax	1,200
In-Lieu Payments	21,000
Interest Earned	362
	<hr/>

Total General Revenues 186,925

Change in Net Assets (14,280)

Net Assets - beginning 420,637

Net Assets - ending \$ 406,357

The accompanying notes are an integral part of these financial statements.

CITY OF PLAINVIEW, TENNESSEE

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

	<u>General Fund</u>	<u>Drug Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash	\$ 179,941	\$ 6,380	\$ 186,321
Accounts Receivable	36,364		36,364
Prepays	<u>2,109</u>	<u>-</u>	<u>2,109</u>
<u>TOTAL ASSETS</u>	<u>\$ 218,414</u>	<u>\$ 6,380</u>	<u>\$ 224,794</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
<u>Liabilities</u>			
Accounts Payable/Other Payables	\$ 4,850	\$ -	\$ 4,850
 <u>Fund Balance</u>			
Nonspendable			
Insurance	2,109		2,109
Restricted for:			
State Street Aid	44,716		44,716
Unassigned:	<u>166,739</u>	<u>6,380</u>	<u>173,119</u>
<u>Total Fund Equity</u>	<u>213,564</u>	<u>6,380</u>	<u>219,944</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 218,414</u>	<u>\$ 6,380</u>	<u>\$ 224,794</u>

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balance - All Governmental Funds \$ 219,944

Capital Assets of \$458,065, net of accumulated depreciation of \$(271,652), are not financial resources and, therefore, are not reported in the funds. 186,413

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 406,357

The accompanying notes are an integral part of these financial statements.

CITY OF PLAINVIEW, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

June 30, 2011

	<u>General</u> <u>Fund</u>	<u>Drug</u> <u>Fund</u>	Total Governmental <u>Funds</u>
<u>REVENUES</u>			
Taxes	\$ 60,179	\$ -	\$ 60,179
Intergovernmental Revenue	181,861		181,861
Fines and Forfeits	7,319	656	7,975
Miscellaneous Revenues	15,028		15,028
Interest	362		362
<u>Total Revenue</u>	<u>264,749</u>	<u>656</u>	<u>265,405</u>
<u>EXPENDITURES</u>			
General Government	102,986		102,986
Public Safety	65,844		65,844
Highways and Streets	100,078		100,078
Welfare and Recreation	1,996		1,996
<u>Total Expenditures</u>	<u>270,904</u>	<u>-</u>	<u>270,904</u>
<u>EXCESS REVENUES (EXPENDITURES)</u>	(6,155)	656	(5,499)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	<u>-</u>		<u>-</u>
Net Change in Fund Balance	(6,155)	656	(5,499)
<u>FUND BALANCE - BEGINNING</u>	<u>219,719</u>	<u>5,724</u>	<u>225,443</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ 213,564</u>	<u>\$ 6,380</u>	<u>\$ 219,944</u>

Net change in fund balance - total governmental funds \$ (5,499)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount of capital outlays less depreciation in the current period. (8,781)

Change in net assets of governmental activities \$ (14,280)

The accompanying notes are an integral part of these financial statements.

CITY OF PLAINVIEW, TENNESSEE

GENERAL FUND

BUDGET TO ACTUAL COMPARISON STATEMENT

For the fiscal year ended June 30, 2011

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>TAXES</u>				
Local Sales Tax	\$ 35,000	\$ 35,000	\$ 39,179	\$ 4,179
Payments in Lieu of Taxes	13,684	13,684	21,000	7,316
<u>Total Taxes</u>	<u>48,684</u>	<u>48,684</u>	<u>60,179</u>	<u>11,495</u>
<u>INTERGOVERNMENTAL REVENUE</u>				
State Sales Tax	119,000	119,000	125,184	6,184
State Income Tax	25	25	227	202
State Beer Tax	665	665	973	308
State City Street and Trans. Funds	4,010	4,010	4,035	25
State Gasoline and Motor Fuel Tax - State Street Aid	50,460	50,460	51,442	982
<u>Total Intergovernmental Revenue</u>	<u>174,160</u>	<u>174,160</u>	<u>181,861</u>	<u>7,701</u>
<u>FINES, FORFEITS, AND PENALTIES</u>				
Police Court Fines	16,020	16,020	7,319	(8,701)
<u>OTHER REVENUE</u>				
Interest Earned	641	641	362	(279)
Rent	2,753	2,753	3,350	597
Building & Related Permits	250	250	540	290
Other Revenue	2,800	2,800	11,138	8,338
<u>Total Other Revenue</u>	<u>6,444</u>	<u>6,444</u>	<u>15,390</u>	<u>8,946</u>
<u>TOTAL REVENUES</u>	<u>245,308</u>	<u>245,308</u>	<u>264,749</u>	<u>19,441</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PLAINVIEW, TENNESSEE

GENERAL FUND

BUDGET TO ACTUAL COMPARISON STATEMENT

For the fiscal year ended June 30, 2011

<u>EXPENDITURES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>GENERAL GOVERNMENT</u>				
<u>General</u>				
Wages	\$ 22,265	\$ 22,265	\$ 22,065	\$ 200
Employee Education/Training	1,200	540	530	10
Public Information	400	600	599	1
Dues	600	570	561	9
Telephone	1,700	1,700	1,634	66
Attorney Fee	2,000	7,960	1,383	6,577
Audit Fee	7,000	5,700	5,625	75
Data Processing Service	2,500	2,600	2,664	(64)
Repairs & Maintenance	400	300	229	71
Travel	1,000	800	799	1
Office Supplies and Equipment	1,300	1,300	1,168	132
Capital Outlay-Equipment	500	530	529	1
<u>Total General</u>	<u>40,865</u>	<u>44,865</u>	<u>37,786</u>	<u>7,079</u>
<u>Public Buildings and Grounds</u>				
Electric	4,500	4,500	3,611	889
Water and Gas	8,700	8,700	6,121	2,579
Building & Grounds Improvements	1,000	1,000	6,925	(5,925)
<u>Total Public Buildings and Grounds</u>	<u>14,200</u>	<u>14,200</u>	<u>16,657</u>	<u>(2,457)</u>
<u>Other General Government</u>				
Payroll Taxes-OASI	\$ 8,000	\$ 8,000	\$ 7,048	\$ 952
ETDD	480	480	479	1
Public Relation	4,000	4,000	3,146	854
TN State Planning	7,000	7,000	6,750	250
Other Services	1,500	1,500	140	1,360
City Insurance	15,000	15,000	12,829	2,171
Election Expense	7,500	8,160	8,151	9
Donations	11,750	11,750	10,000	1,750
<u>Other General Government</u>	<u>55,230</u>	<u>55,890</u>	<u>48,543</u>	<u>7,347</u>
<u>Total General Government</u>	<u>110,295</u>	<u>114,955</u>	<u>102,986</u>	<u>- 11,969</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PLAINVIEW, TENNESSEE

GENERAL FUND

BUDGET TO ACTUAL COMPARISON STATEMENT

For the fiscal year ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
<u>PUBLIC SAFETY</u>				
<u>Police Department</u>				
Police Wages	56,000	56,000	53,406	2,594
Court Costs	1,300	1,000	654	346
Operating Supplies	3,500	1,740	1,735	5
Gas and Oil	9,750	6,850	6,804	46
Machinery & Equipment	2,000	2,300	2,245	55
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Police Department</u>	72,550	67,890	64,844	3,046
<u>Codes Enforcement</u>				
Wages	1,000	1,000	1,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Public Safety</u>	73,550	68,890	65,844	3,046
 <u>HIGHWAYS AND STREETS</u>				
<u>General Fund</u>				
Wages	\$ 5,000	\$ 5,000	\$ 3,404	\$ 1,596
Operating Supplies	150	150	54	96
Gas and Oil	-	400	1,388	(988)
Repairs & Maintenance	500	100	85	15
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total General Fund</u>	5,650	5,650	4,931	719
 <u>State Street Aid</u>				
Wages	19,200	19,665	17,859	1,806
OASI	1,700	1,875	1,883	(8)
Street Lighting	12,000	12,000	9,534	2,466
Operating Supplies	750	780	132	648
Street Improvement	12,500	62,718	62,718	-
Gas & Oil	2,000	2,260	2,229	31
Machinery & Equipment	2,200	2,200	792	1,408
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total State Street Aid</u>	50,350	101,498	95,147	6,351
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Highways and Streets</u>	56,000	107,148	100,078	7,070

The accompanying notes are an integral part of these financial statements.

CITY OF PLAINVIEW, TENNESSEE

GENERAL FUND

BUDGET TO ACTUAL COMPARISON STATEMENT

For the fiscal year ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
<u>WELFARE AND RECREATION</u>				
<u>Sanitation</u>				
Wages	1,000	1,000	716	284
Operating Supplies	<u>250</u>	<u>250</u>	<u>-</u>	<u>250</u>
<u>Total Sanitation</u>	1,250	1,250	716 -	534
<u>Recreation</u>				
Operating Supplies	1,000	1,250	1,213	37
Repair & Maintenance	1,100	1,100	67	1,033
Parks & Recreation Facilities	<u>1,000</u>	<u>750</u>	<u>-</u>	<u>750</u>
<u>Total Recreation</u>	<u>3,100</u>	<u>3,100</u>	<u>1,280</u>	<u>1,820</u>
<u>Total Welfare and Recreation</u>	<u>4,350</u>	<u>4,350</u>	<u>1,996 -</u>	<u>2,354</u>
TOTAL EXPENDITURES	244,195	295,343	270,904	24,439
<u>OTHER FINANCING (SOURCES) USES</u>				
Transfers (In) Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES AND USES	<u>244,195</u>	<u>295,343</u>	<u>270,904</u>	<u>24,439</u>
TOTAL REVENUES OVER EXPENDITURES AND USES	1,113	(50,035)	(6,155)	43,880
FUND BALANCE, BEGINNING	<u>\$ 219,719</u>	<u>\$ 219,719</u>	<u>\$ 219,719</u>	<u>\$ -</u>
FUND BALANCE, ENDING	<u><u>\$ 220,832</u></u>	<u><u>\$ 169,684</u></u>	<u><u>\$ 213,564</u></u>	<u><u>\$ 43,880</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF PLAINVIEW, TENNESSEE

DRUG FUND

BUDGET TO ACTUAL COMPARISON STATEMENT

For the fiscal year ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Fines and Forfeits	\$ 328	\$ 328	\$ 653	\$ 325
<u>EXPENDITURES</u>				
Operating Supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	328	328	656	325
FUND BALANCE, BEGINNING	<u>5,724</u>	<u>5,724</u>	<u>5,724</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 6,052</u>	<u>\$ 6,052</u>	<u>\$ 6,380</u>	<u>\$ 650</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PLAINVIEW, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Plainview is a charter town in which citizens elect the mayor at large and 4 council members. It operates under a city council manager form of government and provides the following services as provided by its charter: Public Safety -Police, Highway and Streets, Sanitation, Public Improvements, Planning and Zoning and General Administrative Services.

A. Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The basic - but not the only - criterion for including a potential component unit within the reporting entity is if the governing body appoints a voting majority of a component unit's governing body (accountability), and if it either has the ability to impose its will on the component unit or the financial benefit or burden consideration exists. Based upon the criteria, the City has no potential component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and general revenues, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

C. Fund Financial Statements

Fund financial statements are provided for governmental funds.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City are prepared in accordance with Generally Accepted Accounting Principles (GAAP).

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

CITY OF PLAINVIEW, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenues sources susceptible to accrual include: sales and use taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Revenues from sources consist primarily of taxes and intergovernmental revenues. Miscellaneous revenues and fines are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

E. Fund Types and Major Funds

Governmental Funds

General Fund -

The General Fund is the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Drug Fund -

The Drug Fund is used to account for the proceeds of drug related revenue sources that are legally restricted to expenditures for specific purposes.

NOTE 2 - ASSETS, LIABILITIES, AND NET ASSETS

A. Cash and Investments

The City maintains and controls cash and investment accounts for each fund. The cash and investments are separately held and reflected in their respective funds.

The City reporting entity considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At this time, the City has no investments with original maturity of three months or less.

Cash deposits are reported at carrying amount which reasonably estimates fair value.

B. Receivables

Receivables are receipts that have not been received by year end that apply to the year end.

C. Prepays

Prepays record payments to vendors that benefit future reporting periods such as insurance. Prepays are similarly reported in government-wide and fund financial statements.

CITY OF PLAINVIEW, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

NOTE 2 - ASSETS, LIABILITIES, AND NET ASSETS (continued)

D. Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of \$1,500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	5 – 50
Improvements, other than buildings	2 – 50
Mobile Equipment	3 – 30
Furniture, Machinery, and Equipment	3 – 30

E. Long-Term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

F. Fund Equity and Net Assets

The governmental fund financial statements report restricted fund balance for amounts not available for appropriation or legally restricted for specified purposes. The General Fund reserve for restricted purposes includes the net assets resulting from state street aid monies exclusively restricted for road maintenance and repairs and nonspendable fund balance for the prepaid insurance. When both restricted and unassigned resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 3 - COMPENSATED ABSENCES

Compensated Absences

As of June 30, 2011, the City did not have any accrued liabilities for vacation leave expense. Earned vacation time is generally required to be used within the current year. City employees do not receive paid sick leave.

CITY OF PLAINVIEW, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

NOTE 4 - BUDGETARY INFORMATION

A. Budget Policy and Practice

As set forth in the City Charter, the City Council adopts an annual budget. The budget is presented to the City Council for review, and public hearings are held to address priorities and allocation of resources. In June, the City adopts the annual fiscal year budgets for City operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

B. Basis of Budgeting

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review of the City Council. Revisions to the budget were made at year-end. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the applicable expenditures are expected to be used.

NOTE 5 - DEPOSITS

It is the City's policy for deposits to be 110 percent secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance.

At June 30, 2011, cash on the balance sheet includes deposits with Commercial Bank and First Century Bank including demand deposits and passbook savings accounts of \$186,321 per books and \$188,216 per the bank balance. All of the bank balance was covered by the FDIC.

NOTE 6 - ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 7 - 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 and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year. In addition, there have been no losses in excess of insurance coverage in the last three years.

CITY OF PLAINVIEW, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

NOTE 8 - CAPITAL ASSETS

Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<i>Governmental Activities:</i>				
Land	\$ 18,000	\$ -0-	\$ -0-	\$ 18,000
Buildings & Improvements	242,607	5,800	-0-	248,407
Equipment	189,616	-0-	-0-	189,616
Furnishings	<u>2,042</u>	<u>-0-</u>	<u>-0-</u>	<u>2,042</u>
Totals at historical cost	452,265	-0-	-0-	458,065
Less: Accumulated Depreciation	<u>257,072</u>	<u>14,580</u>	<u>-0-</u>	<u>271,652</u>
Governmental activities capital assets, net	<u>\$195,193</u>	<u>\$(8,780)</u>	<u>\$ -0-</u>	<u>\$186,413</u>

Depreciation Expense

Depreciation expense was charged to functions of the government as follows:

<i>Governmental Activities</i>	
General Government	\$ 6,131
Public Safety	7,197
Highways and Streets	<u>1,252</u>
<i>Total Governmental Activities</i>	<u>\$14,580</u>

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Litigation

The City is party to various legal proceedings which normally occur in governmental operations. In the opinion of the City's management, the potential loss on lawsuits will not be significant to the City's financial statements.

Federal Grants

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

OTHER SUPPLEMENTARY INFORMATION

CITY OF PLAINVIEW, TENNESSEE

SCHEDULE OF SALARIES OF PRINCIPAL OFFICIALS

For the fiscal year ended June 30, 2011

<u>Name</u>	<u>Office</u>	<u>Salary</u>
Gary Chandler	Mayor	\$1,500
Josh Collins	Aldersperson	1,500
Dan Collins	Aldersperson	1,500
Stacey Sexton	Aldersperson	1,500
Richard Phillips	Aldersperson	1,500

See accompanying independent auditor's report.

CITY OF PLAINVIEW, TENNESSEE

SCHEDULE OF FEDERAL AND STATE GRANT ACTIVITY

June 30, 2011

<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Balance 07/01/10</u>	<u>Cash Receipts</u>	<u>Expendi- tures</u>	<u>Balance 06/30/11</u>
None							

DUANE CLINE, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1951, 400 WEST MAIN STREET, SUITE 316
MORRISTOWN, TENNESSEE 37816

DUANE CLINE, CPA

Phone (423) 587-9335
Fax (423) 586-1381
Email dcline@musfiber.com

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CERTIFIED PUBLIC ACCOUNTANTS

TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

To the City Council
City of Plainview
Plainview, Tennessee

We have audited the financial statements of the governmental activities and each major fund of the City of Plainview, Tennessee as of and for the year ended June 30, 2011, which collectively comprise the City of Plainview, Tennessee's basic financial statements and have issued our report thereon dated September 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Plainview, 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 responses to be significant deficiencies in internal control over financial reporting. (11-')

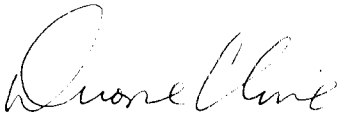
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Plainview, 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. Management's response to our findings was not audited.

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



Duane Cline
Certified Public Accountant

September 28, 2011

CITY OF PLAINVIEW, TENNESSEE

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2011

Financial Statement Findings (Repeat Findings)

11-1 Finding: Adequate segregation of duties do not exist within the organization.

Cause of the Finding: The small number of employees available to share the duties makes it difficult to have an adequate segregation of the custodial, authorization and record keeping functions.

Effect of the Finding: Without adequate separation of duties, it becomes more likely that fraud could occur and not be detected in a timely manner.

Recommendation: Some of the duties should be assigned to other part time personnel.

Management's Response: We will implement these recommendations as much as our limited staff will allow.