

**CITY OF CLARKSVILLE, TENNESSEE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2012**



**CITY OF CLARKSVILLE, TENNESSEE**  
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**June 30, 2012**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
LETTER OF TRANSMITTAL

January 29, 2013

The Honorable Mayor, City Council and  
Citizens of the City of Clarksville, Tennessee:

As a general purpose local government, the City of Clarksville, Tennessee hereby submits the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012 as required by state law. This report is published to provide the Mayor, City Council, city staff, citizens, bondholders, and other interested parties with detailed information concerning the financial activities and fiscal condition of the City government. Although the financial statements have been audited by a licensed, certified public accountant as required by Generally Accepted Auditing Standards (GAAS), responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Clarksville.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Clarksville has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Clarksville's financial statements have been audited by Thurman Campbell Group, PLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Clarksville for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Clarksville's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Clarksville's MD&A can be found immediately following the report of the independent auditor.

**Profile of the Government**

The City of Clarksville is the fifth largest city (132,929 population based on 2010 census) in the State of Tennessee, having experienced a substantial 28.5% growth in population since 2000. Originally founded in 1784, the City is organized under Chapter 292 of the 1957 Private Acts of the General Assembly of the State of Tennessee and operates under a Mayor-Council form of government. The terms of office of the Mayor and City Council are for four years, not to exceed three consecutive terms of office. The City Council consists of twelve members, whose four year terms are staggered with one-half of the Council being elected every two years. The Mayor and the City Council enact local laws, establish policies, and adopt an annual budget. The Mayor is the administrative head of the government and is responsible for the day-to-day administrative operations of the city government. Clarksville has been nationally recognized for its diverse economic base and enjoys substantial stability in part because of adjoining Fort Campbell, which is the home to over 30,000 soldiers, and the largest employer in both Kentucky and Tennessee. Clarksville is a TVA-Certified Megasite, which played a large part in Hemlock Semiconductor locating a facility in Clarksville which will be the largest industrial development in Tennessee to date. The Hemlock facility

is currently under construction, creating several thousand temporary jobs and is on schedule to open during 2013 with another 500 permanent jobs. Clarksville shows a continuing pattern of growth in all areas of residential, commercial and industrial development.

The City provides a full range of services which include fire and police protection, parks and recreation, streets and infrastructure improvement and general administrative services, including a court system. Other services provided are public transportation, parking facilities, electric, gas, water and sewer, all of which are considered business-type activities.

The annual budget serves as the foundation for the City's financial planning and control. Any revisions increasing the total expenditures of a department must be approved by the City Council. Budgetary control is established at the fund level and the annual budget may be amended by ordinance at any time during the fiscal year.

### **Cash Management**

The City adopted an official investment policy in February 2011, that was modeled after the standard policy created by the Government Finance Officer's Association for use by its members. For the remainder of the fiscal year period, the City operated under the provisions of the Tennessee Code Annotated 6-56-106, "Authorized investments". Temporarily, idle cash during the year was invested in sweep accounts with the City's depository bank or in the State of Tennessee Local Government Investment Pool(LGIP).

### **Risk Management**

Many of the insurable risks (health and dental care, general liability, on-the-job injury, and auto liability) of the City are provided for by one or more internal service funds. Internal service funds are operated on a cost recovery basis.

Liability claims in excess of the self-insured amounts (SIR) are covered through third-party excess liability insurance policies. The City is self-insured with excess coverage in the areas of: (1) general liability, (2) law enforcement liability, (3) public entity management liability, and (4) employment practices liability. On-the-job injury and automobile liability are completely self-insured, while automobile physical damage is provided through a fully insured third party policy. Property coverage is also provided through a fully insured third party policy. The City offers a fully-insured medical plan for regular full-time employees and dependents on a cost-sharing basis, while pharmacy and dental are self-insured programs.

### **Major Accomplishments-For the Year**

The City continued constructing the final phases of the "Liberty Park/Marina Project" which is a major investment in both the prosperity of the community and a significant tourism draw for the City's River District, which encompasses both the historic downtown business district and the Cumberland River. The project encompasses three phases, including the renovation of the old Fairgrounds Park (now renamed Liberty Park), increased access to the river and a public/private partnership which resulted in a privately owned and operated Marina in early 2012.

Clarksville Greenways which provides 3.6 miles of hiking, biking and walking trails in a serene setting along an abandoned railroad line continued to draw praise and high volumes of users. The success of the trail led to additional expansion of parking and the construction of a pedestrian bridge which will eventually help to connect this system to McGregor Park and its trails on the Cumberland River..

The Fort Defiance "Interpretive Center" and trailways opened to help celebrate the Civil War history of Clarksville and the surrounding area and includes parking, trails and exhibits. The project was completed in large part by grants and is another triumph in preserving the history of our area and providing additional tourism opportunities to compliment the many opportunities available in Clarksville, from Fort Campbell, and the Cumberland River to our historic downtown.

### **Major Challenges**

The City's major challenge for next year and the foreseeable future is dealing with the revenue shortfalls from both the local economy and the state shared revenues. Although Clarksville has been recognized nationally as a city that has weathered the economic downturn well because of our economic and business diversity and because of the presence of Fort Campbell, the demands of continued growth and the lack of new revenue streams is and will be a challenge.

The preparation of this report would not have been possible without the support of the Mayor and City Council, the help of our outside auditors and consultants and the dedicated services of the entire staff of the Finance Department.

Sincerely,

A handwritten signature in black ink that reads "Debra Frazier". The signature is written in a cursive style with a large initial 'D' and a long, sweeping underline.

Debra Frazier  
Interim Finance Director  
City of Clarksville

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Clarksville  
Tennessee

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Morrell*

President

*Jeffrey R. Emer*

Executive Director

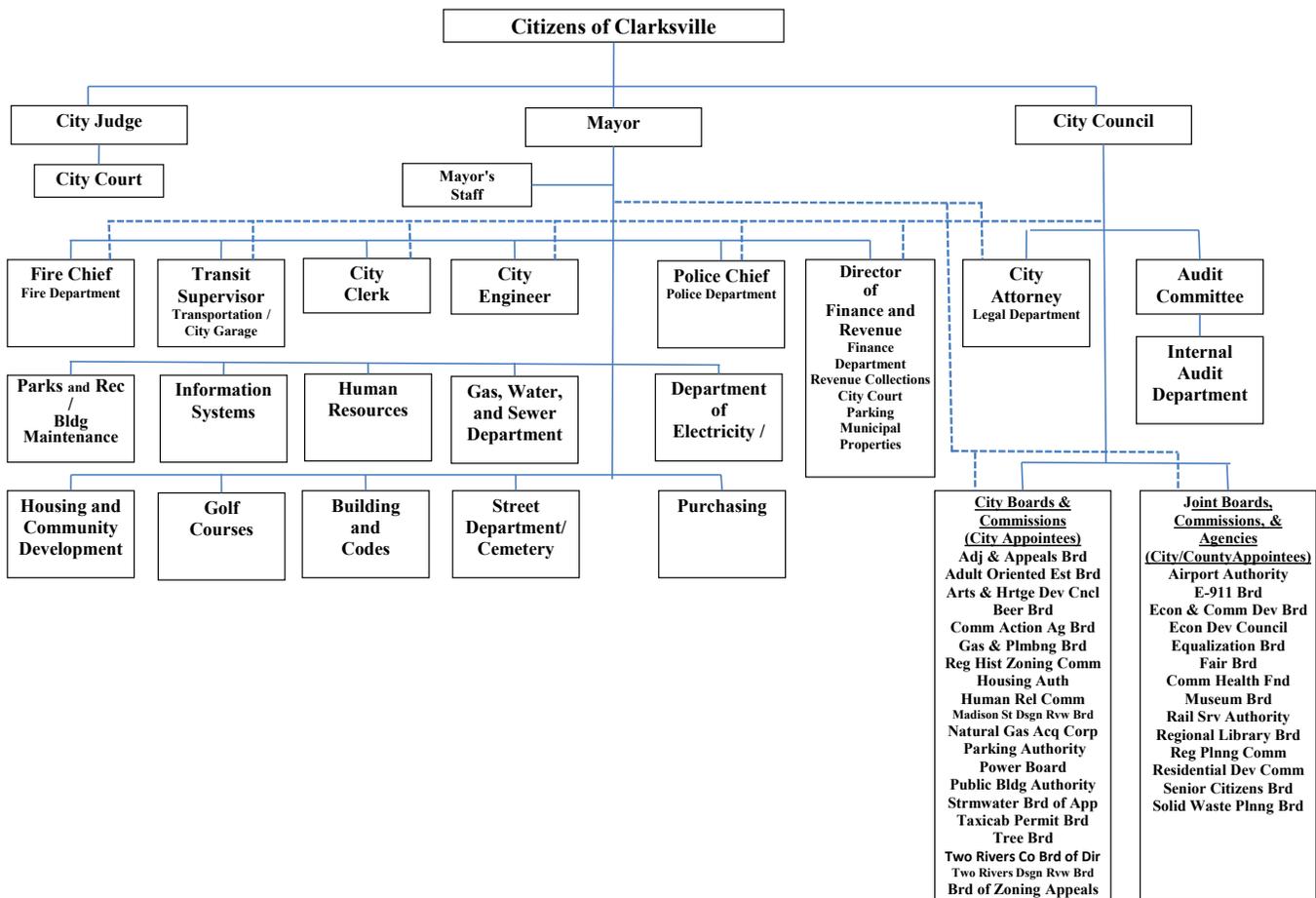


CITY OF CLARKSVILLE  
SCHEDULE OF OFFICIALS  
JUNE 30, 2012

Mayor, Kim McMillan	Term expires: December 31, 2014
City Attorney, Lance Baker	Appointed by the City Council
City Clerk, Sylvia Skinner	Appointed by the City Council
Finance Director, Ben Griffin	Appointed by the City Council

Ward	Council Member	Term Expires
1	Nick Steward	December 31, 2014
2	Deana M. McLaughlin	December 31, 2014
3	James R. Lewis	December 31, 2012
4	Wallace Redd	December 31, 2012
5	Candy Johnson	December 31, 2012
6	Marc Harris	December 31, 2014
7	Geno Grubbs	December 31, 2014
8	David Allen	December 31, 2012
9	Joel Wallace	December 31, 2012
10	Bill Summers	December 31, 2014
11	Kaye Jones	December 31, 2014
12	Jeff Burkhart	December 31, 2012

**ORGANIZATIONAL CHART**





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**THURMAN CAMPBELL GROUP, PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Members

American Institute of  
Certified Public Accountants

Tennessee Society of  
Certified Public Accountants

Kentucky Society of  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor  
And City Council  
City of Clarksville, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Clarksville, Tennessee (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Clarksville-Montgomery County Museum, which represents one hundred percent of the assets, net assets and revenues of the of the City's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Clarksville-Montgomery County Museum, is based on the report of the other auditors.

We conducted our audit 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 requirements prescribed by the Comptroller of the Treasury, State of Tennessee, as detailed in the Audit Manual. 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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof, and the 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 January 29, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3 through 16, and certain other required supplementary information, on pages 72 through 75, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Thurman Campbell Group, PLC*

Clarksville, Tennessee  
January 29, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Clarksville, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Readers are encouraged to consider the information presented here in conjunction with our letter of transmittal and the City's financial statements and notes to the financial statements.

### FINANCIAL HIGHLIGHTS

- **Net Assets** - The net assets of the City increased from \$665.2 million in 2011 to \$725.3 million in 2012 with the most significant changes occurring as follows:
  - The General government net assets increased from \$344.8 million in 2011 to \$354.7 million in 2012 as the city completed the majority of construction of its "Liberty Park/Marina" project, which is a multi-year project with an estimated total cost of \$34 million. Several smaller projects were completed including the Police Department Firing Range building and range area, miscellaneous intersection improvements and street lighting improvements and sidewalk improvements which are part of a long term plan to bring sidewalks into ADA compliance.
  - The net assets of the Gas, Water & Sewer departments increased from \$215.7 million in 2011 to \$252.4 million in 2012 as the city invested in rebuilding the wastewater plant destroyed by the 2010 flood. Many of the buildings and processes at the sewer plant were outdated, but were destroyed in the flood. City estimates put the 4-5 year rebuilding costs at \$100million.
  - The net assets of the Electric department increased from \$90.9 million in 2011 to \$104.8 million in 2012 as a result of continued infrastructure investments and including improvements to substations, communications and transmission equipment. The Broadband division of the Electric department had ending net assets of (\$13.2 million) with funding being provided by a loan from the Electric division as approved by both State and TVA regulatory bodies. Broadband continues to meet its business plan goals, with expectations of reaching a breakeven point in late 2012.
  
- **Fund Balance** – The total fund balance of the governmental funds increased from \$26.1 million in 2011 to \$28.8 million in 2012 as a result of greater than anticipated sales tax revenue in the amount of \$2.6 million, rebates from the self-insurance funds of almost \$700,000, increases in business tax revenue of over \$800,000 and reductions of expenditures by general government departments in a proactive response to anticipated reductions in state shared revenues. Also, the capital projects fund shows a \$4.4million decrease due to taxable bonds that were received in prior years, but the expenditures did not occur until this fiscal year.
  
- **Capital Assets** – The City had \$1.0 billion (net of depreciation) invested in a broad range of capital assets at the end of 2012. These capital assets include police and fire equipment, buildings, park facilities, roads, bridges, utility plant, and water and sewer lines. This compared to \$975.1 million at the end of 2011. The largest increase of \$34.6 million is within the building and building improvements category.
  
- **Debt** – The City's long term bonded debt was \$604.2 million at the end of 2012. The general government continued to draw funds on a variable rate loan for the construction of the Liberty Park/Marina and other capital projects and the Gas, Water and Sewer departments drew funds from a variable rate loan to continue repairs at the sewer plant as well as funding for various other capital projects.

- **Component Units** – The City has one *blended component unit*, the Natural Gas Acquisition Corporation (NGAC) and one *discretely presented component unit*, the Clarksville Montgomery County Museum. The Natural Gas Acquisition Corporation is reported as a blended component unit because it was formed by the City of Clarksville for the primary function of purchasing natural gas for the city. Although the Natural Gas Acquisition Corporation has agreed to purchase gas for a neighboring utility, approximately 91% of the gas purchased is for the direct benefit of the City of Clarksville and we believe this meets the almost exclusive test. NGAC also meets the control test for a blended component unit in that all the board members are appointed by the city and the corporation is supervised by the City's Utility Committee. Finally, since the assets of NGAC are held for the almost exclusive use of the City and the City has the ability to access those assets if needed, we believe that the transactions of NGAC are significant to the operations of the city and that it would be misleading to not include them. The Museum is considered a discretely presented component unit because the City appoints all its Board members and provides a majority of its financial support. The City also has related organizations, such as The Public Building Authority, the Industrial Development Board of Montgomery County and joint ventures such as the Montgomery County Public Library, the Clarksville Montgomery County Regional Airport Authority and the Clarksville Montgomery County Regional Planning Commission which, under generally accepted accounting principles, do not meet the requirements to be reported as component units.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise 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. Government-wide statements are provided on a full accrual basis. Activities reported herein are considered either as those of the primary government or those of component units and those activities are delineated as:

<b>Primary Government</b>	<b>Component Units</b>
Governmental Activities	Clarksville-Montgomery County Museum
Business-Type Activities	Natural Gas Acquisition Corporation

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 periods of 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 government'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, revenues and expenses are reported in this

statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (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 of Clarksville include general government, public safety, highways and streets, economic development, and cultural and recreation. The *government-wide financial statements* can be found on pages 18 through 19 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 of Clarksville can be divided into two categories: governmental funds and proprietary funds.

*Governmental Funds:* Governmental funds are funds 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, government 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 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 revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintained twenty-three (23) individual governmental funds during 2012. The General Fund, the Debt Service Fund and the Capital Projects Funds are the only funds considered to be major funds and are presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the governmental funds. Data from the other non-major governmental funds is combined into a single, aggregated presentation in the form of combining statements elsewhere in this report.

The City of Clarksville, Tennessee adopts an annual appropriation budget for its general fund and special revenue funds. A budgetary comparison has been provided for the general fund on pages 24 through 28 and for the special revenue funds on pages 78 through 81 to demonstrate compliance with this budget.

The *basic governmental fund financial statements* can be found on pages 20 through 36 of this report.

*Proprietary Funds:* The City of Clarksville maintains five major and two non-major proprietary funds. An enterprise fund is used to report the same functions presented in the business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for its electric and broadband operations and for its gas, water, and sewer operations and the Natural Gas Acquisition Corporation. The City

has three (3) internal service funds – dental, health, and self-insurance – to account for the revenues and expenses of services funded through employee and City contributions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the electric, telecommunications, gas, water, and sewer funds, and NGAC which are considered to be major funds. The *basic proprietary fund financial statements* can be found on pages 29 through 36 of this report.

*Fiduciary Funds:* A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The City uses an external fiduciary fund to account for its pension plan. The fiduciary fund is not reflected in the government-wide financial statements because the resources of these funds are not available to support the City’s own programs. The accounting used for these fiduciary funds is much like that used in proprietary funds. The city currently reports no active Fiduciary funds.

*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 37 through 70 of this report.

## FINANCIAL ANALYSIS OF THE FINANCIAL STATEMENTS

### Government-wide Financial Analysis

Over time, net assets may serve as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$726.1 million as of June 30, 2012. A condensed version of the Statement of Net Assets follows:

City of Clarksville, Tennessee Net Assets  
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	(as restated)		(as restated)		(as restated)	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 74.9	\$ 73.1	\$ 345.8	\$ 345.1	\$ 420.7	\$ 418.2
Capital assets	445.3	427.5	598.0	548.3	1,043.3	975.8
Total assets	<u>520.2</u>	<u>500.6</u>	<u>943.8</u>	<u>893.4</u>	<u>1,464.0</u>	<u>1,394.0</u>
Current and other liabilities	51.2	48.9	70.3	67.0	121.5	115.9
Noncurrent liabilities	114.3	106.5	502.9	506.0	617.2	612.5
Total liabilities	<u>165.5</u>	<u>155.4</u>	<u>573.2</u>	<u>573.0</u>	<u>738.7</u>	<u>728.4</u>
Net assets	<u>\$ 354.7</u>	<u>\$ 345.2</u>	<u>\$ 370.6</u>	<u>\$ 320.4</u>	<u>\$ 725.3</u>	<u>\$ 665.6</u>
Invested in capital assets, net of related debt	343.7	333.6	290.1	252.4	633.8	586.0
Restricted net assets	1.1	3.3	29.6	34.2	30.7	37.5
Unrestricted net assets	9.9	8.3	50.9	33.8	60.8	42.1
Total net assets	<u>\$ 354.7</u>	<u>\$ 345.2</u>	<u>\$ 370.6</u>	<u>\$ 320.4</u>	<u>\$ 725.3</u>	<u>\$ 665.6</u>

The largest portion of the City's net assets, \$633,784,854 or 87.4%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its 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 these liabilities. A portion of the City's net assets, \$30,691,244 or 4.2% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$60,844,814 or 8.4%, may be used to meet the governments ongoing obligations to citizens and creditors.

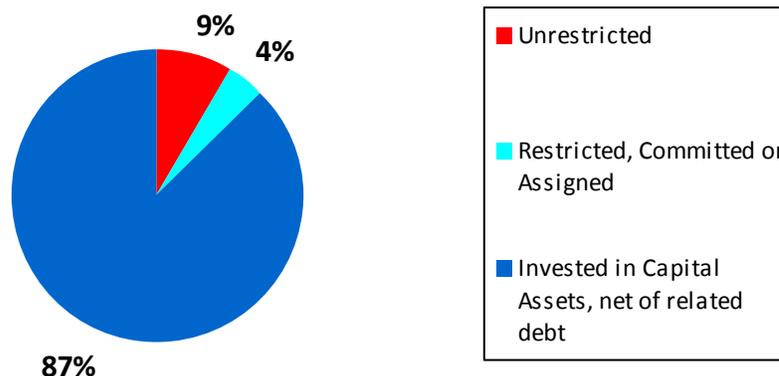
**Governmental Activities**

The City's governmental net assets increased by \$9,904,349 and governmental capital assets increased by \$17,646,472. While some assets and liabilities fluctuate annually due to timing, the continued steady growth in net capital assets reflects the city's continued growth and investment in infrastructure. During this fiscal year the city completed and opened the Ft. Defiance Interpretive Park costing more than \$2.5 million and the Clarksville Greenways Bridge along the Clarksville Greenways Trail with a cost of more than \$1.5 million. The city also completed construction of a new range building for the Clarksville Police Department as well as several street lighting projects, made substantial ADA sidewalk improvements and received almost \$10 million in contributed infrastructure, such as subdivision streets.

**Business-Type Activities**

Business-type capital assets increased by \$49.6 million as a result of expansion of infrastructure in the Electric Department and major repairs and replacements at the sewer plant and systems. Current assets increased by \$21.9 million, while total liabilities increased by less than \$225,000 and restricted assets were down by \$4.6 million. Both departments continued to expand with a resulting 15.7% increase in Net Assets based on infrastructure expansion.

**Primary Government Total Net Assets**

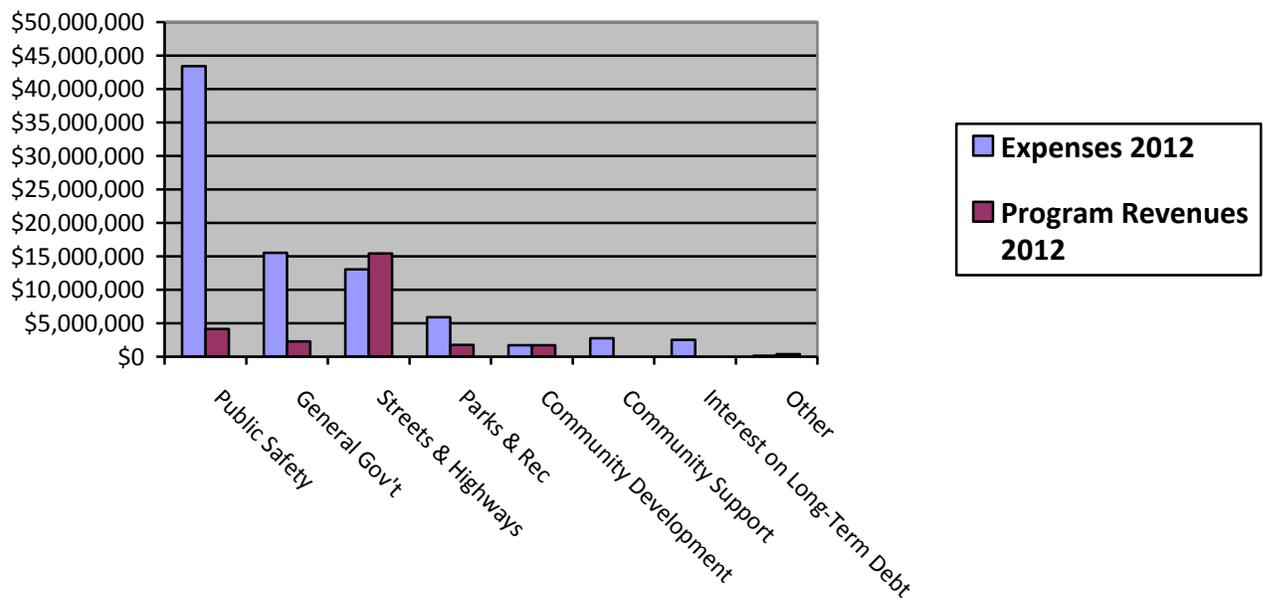


City of Clarksville, Tennessee Change in Net Assets  
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Program Revenues						
Charges for services	\$ 6.8	\$ 5.2	\$ 279.7	\$ 277.5	\$ 286.5	\$ 282.7
Operating grants, capital grants and contributions	18.8	19.0	37.5	24.0	56.3	43.0
General Revenues						
Property Taxes	28.2	27.8	-	-	28.2	27.8
Other taxes/state shared taxes	34.8	29.0	-	-	34.8	29.0
Interest	-	0.1	-	12.0	-	12.1
Other revenues	1.6	1.2	-	-	1.6	1.2
Transfers(net)	4.7	4.9	(4.7)	(4.9)	-	-
<b>Total Revenues</b>	<b>94.9</b>	<b>87.2</b>	<b>312.5</b>	<b>308.6</b>	<b>407.4</b>	<b>395.8</b>
Expenses						
General government	15.5	15.6	-	-	15.5	15.6
Public Safety	43.4	39.3	-	-	43.4	39.3
Highways and streets	13.0	10.5	-	-	13.0	10.5
Recreation	5.9	6.8	-	-	5.9	6.8
Other	7.2	7.0	-	-	7.2	7.0
Electric Division	-	-	134.7	140.1	134.7	140.1
Broadband Division	-	-	13.3	11.5	13.3	11.5
Gas Department	-	-	23.8	32.1	23.8	32.1
Parking Authority	-	-	0.1	0.1	0.1	0.1
Clarksville Transit System	-	-	6.5	6.3	6.5	6.3
Water and Sewer Dept.	-	-	45.0	48.8	45.0	48.8
Natural Gas Acquisition Corp.	-	-	39.0	39.8	39.0	39.8
Total expenses before extraordinary item	85.0	79.2	262.4	278.7	347.4	357.9
Extraordinary item	-	-	-	-	-	-
Change in net assets	9.9	8.0	50.2	29.9	60.1	37.9
Beginning net assets	345.2	337.2	320.4	290.5	665.6	627.7
Prior period adjustment	(.4)	-	-	-	(.4)	-
<b>Ending net assets</b>	<b>\$ 354.7</b>	<b>\$ 345.2</b>	<b>\$ 370.6</b>	<b>\$ 320.4</b>	<b>\$ 725.3</b>	<b>\$ 665.6</b>

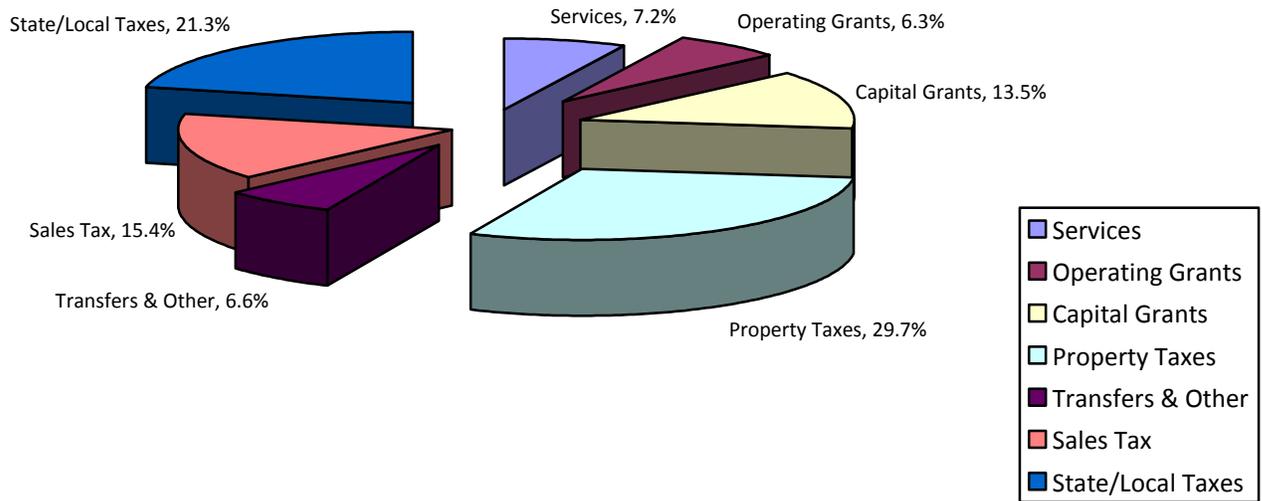
## Governmental Activities

General government activities such as police protection, fire suppression, street maintenance and recreational activities are normally financed through taxes, as is the case in Clarksville; and other revenue only come in the form of grants from other agencies and limited user fees. The chart below reflects this reality with the majority of revenues from various grants, supplemented by a small amount of user fees from Parks & Recreation and Community Development loans.



	<u>Expenses- 2012</u>	<u>Expenses-2011</u>	<u>Program Revenues – 2012</u>
Public Safety	\$ 43,407,696	\$ 39,333,118	\$ 4,162,769
General Government	15,528,920	15,562,204	2,299,146
Streets & Highways	13,025,771	10,523,045	15,406,476
Parks & Recreation	5,919,326	6,787,986	1,763,728
Community Development	1,693,443	1,659,480	1,694,590
Community Support	2,784,054	2,828,479	-
Interest on Long-Term Debt	2,519,582	2,350,821	-
Other	145,300	203,945	357,773

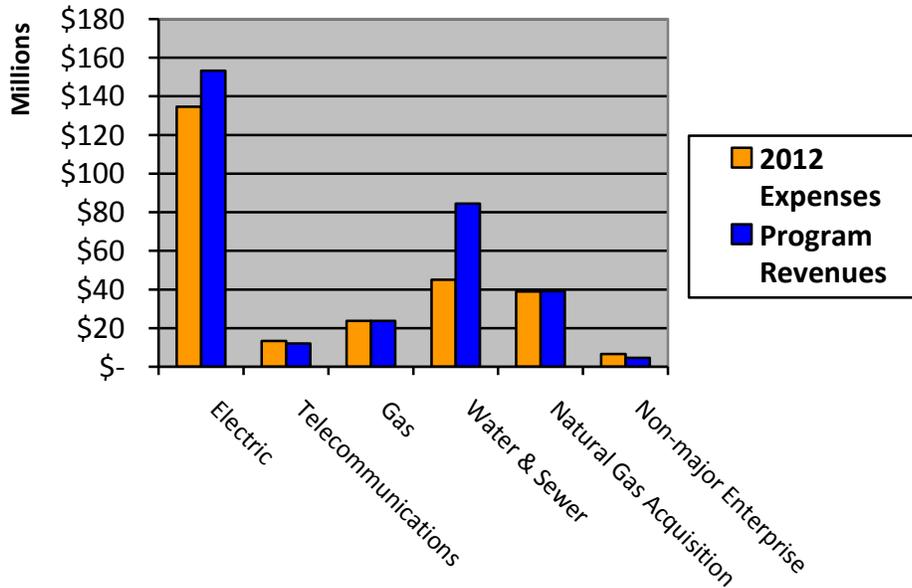
## Revenues by Source – Governmental Activities



	2012		2011	
Services	\$ 6,831,383	7.2%	\$ 5,197,506	6.0%
Operating Grants	6,028,841	6.3%	6,732,634	7.7%
Capital Grants	12,824,258	13.5%	12,297,252	14.1%
Property Taxes	28,193,428	29.7%	27,845,639	31.9%
Transfers & Other	6,259,083	6.6%	6,158,268	7.1%
State/Local Taxes	20,197,070	21.3%	16,853,422	19.3%
Sales Tax	14,594,379	15.4%	12,138,747	13.9%
	<u>\$ 94,928,442</u>	<u>100.0%</u>	<u>\$ 87,223,468</u>	<u>100.0%</u>

Clarksville's economy continued to outperform the state economy as reflected in an overall increase in revenues of \$7.7 million. Sales taxes alone increased by \$2.5 million, an increase of 20% above the sales taxes collected for fiscal year 2011.

### Expenses and Program Revenues – Business Type Activities



	<u>2012 – Expenses</u>	<u>2011 - Expenses</u>	<u>2012-Revenues</u>
Electric	\$134,691,552	\$140,063,165	\$153,241,229
Telecommunications	13,295,702	11,456,880	12,006,623
Gas	23,770,113	32,072,641	23,814,424
Water & Sewer	44,999,672	48,837,284	84,491,979
Natural Gas Acquisition	38,972,919	39,813,273	39,099,441
Non-major enterprise	6,626,945	6,395,463	4,550,492

The City's business type activity total charges for services decreased from \$289.5 million in FY 2011 to \$279.7 million in FY 2012, and grants and contributions increased by \$13.5 million for the period. A grant for infrastructure for the HSC plant was a contributing factor in this increase. The overall decrease in revenues for services is a direct result of an unseasonably mild winter which dictates fewer needs for electric powered heat and gas heat, therefore fewer purchases of power and natural gas were needed.

### Financial Analysis of the City's Funds

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

## **Government Funds**

The focus of the City of Clarksville'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.

At the end of the current fiscal year – June 30, 2012 – the City's governmental funds reported combined ending fund balances of \$28,767,140, an increase of \$2,685,980 over the prior year balance. The increase is primarily due to the increase in the fund balance of the general fund as discussed earlier.

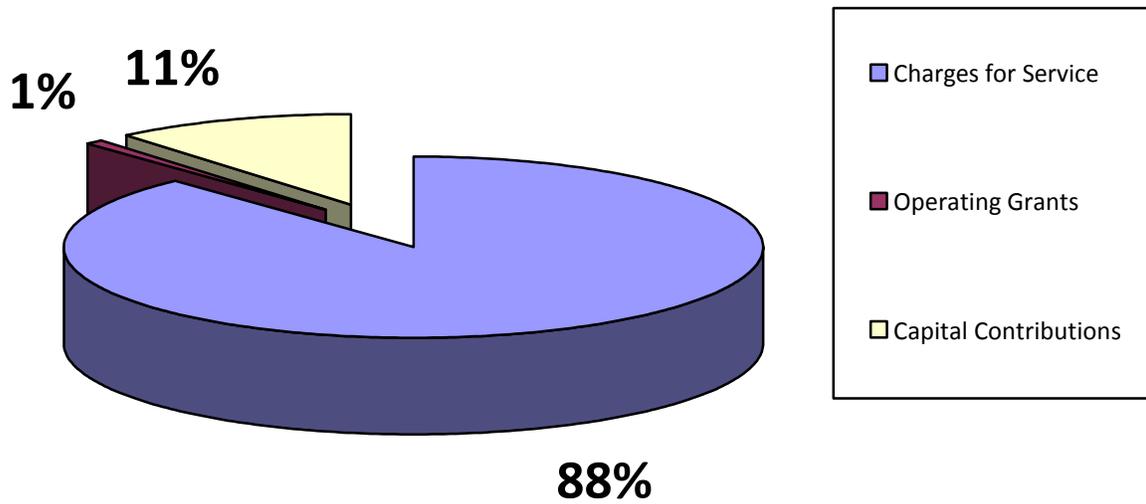
The General Fund is the chief operating fund of the City of Clarksville. \$24,890,734 of the Fund Balance was considered unassigned and available for spending at the government's discretion, while \$527,631 was nonspendable. In other governmental funds, \$618,187 is committed to special revenue funds and in the Debt Service Fund \$1,627,928 is assigned for servicing debt. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. For 2012 the unassigned fund balance represents 37% of total fiscal year 2012 general fund expenditures and total fund balance represents 34.1% of total general fund expenditures plus transfers out.

The General Funds' largest revenue increase for 2012 was based on the strength of the local economy. The local sales tax increased 20% to \$14.6 million in 2012, partially because of the areas diversified economy and the proximity of Fort Campbell, Kentucky.

## **Proprietary Funds**

The City's proprietary fund statements provide the same type of information found in the business-activities section of the government-wide financial statements, but in more detail.

### **Business-Type Activities Revenues by Source**



The following table shows actual revenues, expenses, and results of operations for the current fiscal year in the City's proprietary funds (in millions):

	Operating Revenues	Operating Expenses	Operating Income (Loss)	Non-Operating Income (Expense)	Capital Contributions special items & others	Interfund Transfers	Change in Net assets
Electric	\$ 152.9	\$ 131.1	\$ 21.8	\$ (3.3)	\$ -	\$ (3.2)	\$ 15.3
Broadband	12.0	13.1	(1.1)	(0.3)	-	(0.1)	(1.3)
Gas	23.7	23.1	0.6	(0.6)	-	(0.5)	(0.5)
Water & Sewer	50.1	37.7	12.4	(7.0)	34.1	(2.4)	37.1
Natural Gas Acquisition Corp.	28.0	29.4	(1.4)	1.5	-	-	0.1
Parking Authority	0.5	0.1	0.4	-	-	(0.3)	0.1
Transit	0.7	6.5	(5.8)	3.3	-	1.8	(0.6)
<b>Total</b>	<b>\$ 267.9</b>	<b>\$ 241.0</b>	<b>\$ 26.9</b>	<b>\$ (6.2)</b>	<b>\$ 34.1</b>	<b>\$ (4.7)</b>	<b>\$ 50.2</b>

## General Fund Budgetary Highlights

The original budgeted revenues were increased in excess of \$3.7 million in anticipation of increased sales tax, beer and liquor tax, and business tax. Actual revenues exceeded the amended budget by \$2,008,060 as a result of (\$204,908) in additional licenses and permits revenue collected, which once again, points to the sustained economic growth in this area, a rebate from the Internal Service Funds on insurance premiums (\$691,090), higher collections of property tax (\$530,841), higher than anticipated collections of business taxes as passed on by the State (\$317,510), and various other miscellaneous unanticipated growths in revenue. Actual expenditures were \$4,388,320 less than original budgeted appropriations. This reduction in expenditures is due to the general government departments proactively reducing their spending due to anticipation of the State of Tennessee possibly reducing funding to the City of Clarksville during the fiscal year. These expenditure savings were accomplished by delaying hiring of personnel to replace employees who separated from employment as well as delaying some capital outlay items for purchase until the 2013 fiscal year. Almost half of this expenditure reduction was accomplished by the public sector departments. Other reductions in expenditures are considered normal and customary due to circumstances such as a FEMA flood buyout program experiencing spending delays.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City of Clarksville's investment in capital assets from its governmental and business-type activities as of June 30, 2012 is \$1,043,136,796 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways and bridges.

Major capital asset events during the current fiscal year included the following:

- The City continued construction of a new marina and brought a Police range building on line.
- Drainage systems, roadways, right-of-ways, street lighting and sidewalk additions were contributed to the general government by private developers with a value of almost \$10 million.
- Under the City's multi-year commitment to improve quality of life through better pedestrian accessibility and better traffic flow, \$748,423 was spent to build or repair sidewalks and a substantial investment was made in intersection improvements as well as street lighting.
- Contractors contributed \$34.1 million in capital assets to the Gas & Water and Sewer Department
- The Electric Department's plant and equipment increased \$12.8 million and construction-in-progress decreased to \$6.9 million as a result of the department's continued investment in the fiber optic network, benefitting both the electric and broadband divisions.

### City of Clarksville Capital Assets

	Governmental Activities	Business-Type Activities	Total
Land and Easements	\$ 38,641,391	\$ 5,814,552	\$ 44,455,943

Buildings and Utility Plant	69,038,062	729,482,815	798,520,877
Vehicles	15,616,550	10,968,114	26,584,664
Equipment and Furniture	20,405,524	3,498,209	23,903,733
Construction in Progress	38,150,619	52,897,526	91,048,145
Infrastructure	324,304,148	882,357	325,186,505
Total Capital Assets	506,156,294	803,543,573	1,309,699,867
Less Accumulated Depreciation	60,989,295	205,573,776	266,563,071
Net Capital Assets	\$ 445,166,999	\$ 597,969,797	\$ 1,043,136,796

The City has elected to use the “Modified Approach” as defined by GASB Statement No. 34 for reporting its street assets. The Modified Approach requires the City to capitalize the existing streets and preserve these assets at or above an established condition level, which the City of Clarksville has established as a pavement condition index (PCI) of 41. The City maintains 615 miles of pavement and rates the condition in three conditions: good to excellent-64%, fair-22% and poor to failed – 14%. City policy recognizes that streets will always be rated below our 41-PCI, and that once streets fall below this level that management may allow the street to completely fail before restoring the street to a 100-PCI and starting the process over. The City’s overall system was estimated at a pavement condition index of “63” at June 30, 2012.

Additional information on the City of Clarksville capital assets can be found in the notes to the financial statements section of this report beginning on page 37.

### Long-term bonded debt

At the end of the current fiscal year, the City of Clarksville had total long-term bonded debt outstanding of \$604,107,772. Of this amount, \$101,480,914 comprises debt backed by the full faith and credit (general obligation) of the City and \$502,626,858 comprises bonds secured solely by specified revenue sources (i.e. revenue bonds).

#### City of Clarksville Outstanding Debt General Obligation and Revenue Bonds June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$101,480,914	\$96,584,865	\$ -	\$ -	\$101,480,914	\$96,584,865
Revenue and Tax Bonds	-	-	502,626,858	507,279,559	502,626,858	507,279,559
Total	\$101,480,914	\$96,584,865	\$502,626,858	\$507,279,559	\$604,107,772	\$603,864,424

The City of Clarksville's general obligation bonds have an "AA-" rating from Fitch and an "Aa<sub>2</sub>" rating from Moody's. The Gas, Water & Sewer Department is rated "A-" by Fitch, and the Clarksville Department of Electricity is rated "A<sub>1</sub>" by Moody's.

### **Economic Factors and Next Year's Budget and Rates**

The City of Clarksville considered the fragile overall state economy, as well as the possibility of continued deployment of soldiers from Fort Campbell, Kentucky in preparing its budget for 2012. The proposed budget focused on meeting the needs of our continued growth, while maintaining a very conservative approach to our revenue streams, resulting in maintaining the property tax rates of \$1.24 per one-hundred valuation dollars for a forth straight year.

Despite continued national accolades for the Clarksville economy and a positive growth expectation with the start up of construction for Hemlock Semiconductor LLC, the budget was built around minimum rate increases and maintaining the minimum fund balance as required by the City Charter.

The Department of Electricity used the recent 2010 bond proceeds to construct two new substations in the high growth area of Clarksville. The two substations were completed and energized in fiscal year ended June 30, 2012.

### **Requests for Information:**

This financial report is designed to provide a general overview of the City of Clarksville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

- Department of Finance and Revenue  
Attention: Finance Director  
1 Public Square, Suite 300  
Clarksville, TN 37040-3463
  
- Clarksville Department of Electricity  
Attention: Chief Financial Officer  
PO Box 31509  
Clarksville, TN 37040-0026
  
- Clarksville Gas, Water & Sewer Department  
Attention: Chief Financial Officer  
2215 Madison Street  
Clarksville, TN 37040-0387



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CITY OF CLARKSVILLE, TENNESSEE

Statement of Net Assets  
June 30, 2012

	Primary Government			Combined Discretely Presented Component Units
	Governmental Activities	Business Type Activities	Total Primary Government	
<b>Assets</b>				
Cash & cash equivalents	\$ 5,986,970	\$ 60,490,525	\$ 66,477,495	\$ 285,805
Investments	17,027,623	-	17,027,623	-
Receivables(net allowance for uncollectibles):				
Accounts	1,395,855	26,488,726	27,884,581	16,713
Taxes	32,753,722	-	32,753,722	-
Notes and leases	5,486,520	-	5,486,520	-
TVA conservation program	-	6,425,241	6,425,241	-
Other	4,721,392	474,626	5,196,018	-
Internal Balances	-	-	-	-
Due from component units	179,222	-	179,222	-
Inventories	1,121,211	7,878,668	8,999,879	30,094
Prepaid items	418,245	10,940,801	11,359,046	-
Prepaid Gas Supplies	-	173,188,996	173,188,996	-
Restricted assets:				
Cash & cash equivalents	100,969	19,625,485	19,726,454	50,400
Investments	-	27,137,120	27,137,120	1,393,120
Unused bond proceeds	5,187,761	-	5,187,761	-
Capital assets not being depreciated:				
Land & easements	38,641,391	5,819,552	44,460,943	2,591,198
Street Network	250,787,448	-	250,787,448	-
Construction in progress	38,150,619	52,649,862	90,800,481	-
Capital assets net of accumulated depreciation:				
Building and building improvements	46,472,798	538,618,026	585,090,824	-
Utility plant in service	-	-	-	-
Equipment, furniture & fixtures	11,212,262	-	11,212,262	7,480
Infrastructure	59,902,481	882,357	60,784,838	-
Other assets	688,688	12,839,599	13,528,287	-
<b>Total assets</b>	<b>520,235,177</b>	<b>943,459,584</b>	<b>1,463,694,761</b>	<b>4,374,810</b>
<b>Liabilities</b>				
Accounts payable and other current liabilities	5,626,987	35,109,453	40,736,440	20,126
Accrued interest payable	216,296	4,266,928	4,483,224	3,499
Internal Balances	518,534	(518,534)	-	-
Due to other governmental agencies	454,689	-	454,689	-
Unearned revenue	36,709,901	5,500,173	42,210,074	-
TVA advances	-	6,578,441	6,578,441	-
OPEB Liability	17,722,838	6,600,727	24,323,565	-
Customer deposits, plus accrued interest	39,840	10,057,722	10,097,562	-
Compensated absences due within one year	1,854,438	1,115,795	2,970,233	-
Compensated absences due in more than a year	913,380	1,445,873	2,359,253	-
Short-term bond payable	-	5,765,000	5,765,000	-
Long-term debt due within one year	5,837,353	18,654,376	24,491,729	16,296
Long term debt due in more than a year	95,643,561	478,258,930	573,902,491	151,182
Other noncurrent liabilities	-	1,148	1,148	-
<b>Total liabilities</b>	<b>165,537,817</b>	<b>572,836,032</b>	<b>738,373,849</b>	<b>191,103</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	343,686,085	290,098,769	633,784,854	2,431,200
Restricted for:				
Debt Service	-	29,590,189	29,590,189	-
Special Revenue	1,037,304	-	1,037,304	-
Capital Projects	63,751	-	63,751	1,443,520
Unrestricted	9,910,220	50,934,594	60,844,814	308,987
<b>Total net assets</b>	<b>\$ 354,697,360</b>	<b>\$ 370,623,552</b>	<b>\$ 725,320,912</b>	<b>\$ 4,183,707</b>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit-Museum
	Expenses	Charges for Services	Operating		Primary Government			
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
Governmental activities:								
General Government	\$ 15,528,920	\$ 2,268,575	\$ -	\$ 30,571	\$ (13,229,774)	\$ -	\$ (13,229,774)	\$ -
Public Safety	43,407,696	2,452,477	1,410,837	299,455	(39,244,927)	-	(39,244,927)	-
Highways & Streets	13,025,771	42,670	4,369,233	10,994,573	2,380,705	-	2,380,705	-
Community Support	2,784,054	-	-	-	(2,784,054)	-	(2,784,054)	-
Community Development	1,693,443	194,931	-	1,499,659	1,147	-	1,147	-
Parks & Recreation	5,919,326	1,514,957	248,771	-	(4,155,598)	-	(4,155,598)	-
Drug Enforcement	145,300	357,773	-	-	212,473	-	212,473	-
Interest on Long-Term Debt	2,519,582	-	-	-	(2,519,582)	-	(2,519,582)	-
Total governmental activities	<u>85,024,092</u>	<u>6,831,383</u>	<u>6,028,841</u>	<u>12,824,258</u>	<u>(59,339,611)</u>	<u>-</u>	<u>(59,339,610)</u>	<u>-</u>
Business-type activities:								
Electric	134,691,552	153,241,229	-	-	-	18,549,677	18,549,677	-
Telecommunications	13,295,702	12,006,623	-	-	-	(1,289,079)	(1,289,079)	-
Gas	23,770,113	23,785,243	-	29,181	-	44,311	44,311	-
Water and Sewer	44,999,672	50,384,795	-	34,107,184	-	39,492,307	39,492,307	-
Natural Gas	38,972,919	39,099,441	-	-	-	126,522	126,522	-
Parking fees	96,827	463,606	-	-	-	366,779	366,779	-
Transit fees	6,530,118	733,476	3,353,410	-	-	(2,443,232)	(2,443,232)	-
Total business-type activity	<u>262,356,903</u>	<u>279,714,413</u>	<u>3,353,410</u>	<u>34,136,365</u>	<u>-</u>	<u>54,847,285</u>	<u>54,847,285</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 347,380,995</u>	<u>\$ 286,545,795</u>	<u>\$ 9,382,251</u>	<u>\$ 46,960,623</u>	<u>\$ (59,339,611)</u>	<u>\$ 54,847,285</u>	<u>\$ (4,492,326)</u>	<u>-</u>
<b>Combined Discretely Presented Component Units</b>	<u>\$ 1,305,498</u>	<u>\$ 88,532</u>	<u>\$ 1,650,244</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>433,278</u>
<b>General Revenues</b>								
Property taxes					28,193,428	-	28,193,428	-
Intergovernmental revenue, unrestricted					12,048,651	-	12,048,651	-
Franchise/Business tax					3,776,474	-	3,776,474	-
Sales tax					14,594,379	-	14,594,379	-
Beer and liquor tax					3,832,050	-	3,832,050	-
In Lieu of tax					61,613	-	61,613	-
Other tax					478,282	-	478,282	-
Other unrestricted revenue					1,592,449	-	1,592,449	-
Unrestricted investment earnings					-	-	-	-
Net change in fair value of investments					-	-	-	52,838
Transfers					4,666,634	(4,666,634)	-	(116,080)
Total general revenues and transfers					<u>69,243,960</u>	<u>(4,666,634)</u>	<u>64,577,326</u>	<u>(63,242)</u>
Change in net assets					<u>9,904,349</u>	<u>50,180,651</u>	<u>60,085,000</u>	<u>370,036</u>
Net assets, beginning of the year, as previously reported					345,178,332	320,442,901	665,621,233	3,813,671
Prior period adjustments, as discussed in Note T					(385,321)	-	(385,321)	-
Net assets, beginning of the year, as restated					<u>344,793,011</u>	<u>320,442,901</u>	<u>665,235,912</u>	<u>3,813,671</u>
Net assets - ending					<u>\$ 354,697,360</u>	<u>\$ 370,623,552</u>	<u>\$ 725,320,912</u>	<u>\$ 4,183,707</u>

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

CITY OF CLARKSVILLE, TENNESSEE

Balance Sheet  
Governmental Funds  
June 30, 2012

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash & cash equivalents	\$ 3,524,095	\$ 936,566	\$ -	\$ 341,656	\$ 4,802,317
Investments	15,396,777	-	1,630,846	-	17,027,623
Receivables(net allowance for uncollectibles):					
Accounts receivable	1,368,302	-	-	27,553	1,395,855
Taxes receivable	30,853,722	-	-	1,900,000	32,753,722
Notes receivable	52,461	-	-	5,434,059	5,486,520
Due from other governments	3,218,632	-	634,226	868,534	4,721,392
Due from other funds	8,475,395	698,706	976,000	2,309,873	12,459,974
Due from other component units	179,222	-	-	-	179,222
Inventories	232,632	-	-	888,579	1,121,211
Prepaid items	294,999	-	-	23,246	318,245
Restricted Assets:					
Cash & cash equivalents	-	-	5,198,453	90,277	5,288,730
Total assets	<u>\$ 63,596,237</u>	<u>\$ 1,635,272</u>	<u>\$ 8,439,525</u>	<u>\$ 11,883,777</u>	<u>\$ 85,554,811</u>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable	\$ 1,784,758	\$ -	\$ 1,000,275	\$ 208,954	\$ 2,993,987
Accrued liabilities	511,556	7,344	-	421,000	939,900
Customer deposits	39,840	-	-	-	39,840
Due to other funds	6,749,850	-	7,375,499	1,524,005	15,649,354
Due to other governmental agencies	454,689	-	-	-	454,689
Deferred revenue	28,637,179	-	-	8,072,722	36,709,901
Total liabilities	<u>38,177,872</u>	<u>7,344</u>	<u>8,375,774</u>	<u>10,226,681</u>	<u>56,787,671</u>
Fund balances:					
Nonspendable:					
Inventories	232,632	-	-	1,605	234,237
Prepaid items	294,999	-	-	-	294,999
Restricted for:					
Special Revenue funds	-	-	-	1,037,304	1,037,304
Intersection Lighting/Improvements	-	-	63,751	-	63,751
Committed to:					
Special Revenue funds	-	-	-	618,187	618,187
Assigned to:					
Debt service	-	1,627,928	-	-	1,627,928
Unassigned	24,890,734	-	-	-	24,890,734
Total fund balances	<u>25,418,365</u>	<u>1,627,928</u>	<u>63,751</u>	<u>1,657,096</u>	<u>28,767,140</u>
Total liabilities and fund balances	<u>\$ 63,596,237</u>	<u>\$ 1,635,272</u>	<u>\$ 8,439,525</u>	<u>\$ 11,883,777</u>	<u>\$ 85,554,811</u>

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

**CITY OF CLARKSVILLE, TENNESSEE**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Assets**  
**For the Year Ended June 30, 2012**

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances of governmental funds	\$	28,767,140
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		445,166,999
Internal service funds are used by management to charge the costs of certain activities to other funds. The assets and liabilities of the internal service funds are included as governmental activities in the statement of net assets.		2,262,399
Long-term liabilities, including notes payable, bonds payable, accrued annual leave and sick pay and OPEB liability, are not due and payable in the current period and, therefore are not reported in the funds.		(121,971,570)
Accrued interest payable, and unamortized bond expense are recorded in government-wide but not in governmental activities		<u>472,392</u>
Net assets of governmental activities	\$	<u><u>354,697,360</u></u>

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2012

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes:					
Property	\$ 26,743,428	\$ -	\$ -	\$ 1,450,000	\$ 28,193,428
Sales	14,594,379	-	-	-	14,594,379
State	15,767,613	-	-	-	15,767,613
Franchise	1,377,323	-	-	-	1,377,323
Wholesale beer & liquor	3,832,050	-	-	-	3,832,050
Business Tax	2,399,151	-	-	-	2,399,151
Other Taxes	478,282	-	-	-	478,282
Licenses & permits	1,845,028	-	-	-	1,845,028
Fines & forfeitures	930,321	-	-	896,837	1,827,158
Contributions	-	-	1,187	105,426	106,613
Intergovernmental	1,311,401	-	1,173,526	2,716,630	5,201,557
Charges for Services					
Program income	-	-	-	498,187	498,187
Fees for services	2,271,017	-	-	-	2,271,017
Payment in lieu of taxes	61,613	-	-	-	61,613
E-911 transfer	-	389,993	-	-	389,993
Miscellaneous	1,334,260	-	2,015	250,779	1,587,054
<b>Total revenues</b>	<b>72,945,866</b>	<b>389,993</b>	<b>1,176,728</b>	<b>5,917,859</b>	<b>80,430,446</b>
<b>Expenditures</b>					
Current:					
General government	8,534,270	-	-	-	8,534,270
Public safety	36,441,197	-	-	446,995	36,888,192
Highway and streets	10,544,416	-	-	-	10,544,416
Recreation	6,124,491	-	-	353,621	6,478,112
Community development	-	-	-	1,816,743	1,816,743
Drug enforcement	-	-	-	123,342	123,342
Other appropriations	1,248,311	-	-	-	1,248,311
Misc. community agencies	1,723,071	-	-	-	1,723,071
Other	639,877	-	-	421,106	1,060,982
Debt service:					
Principal	-	4,741,000	-	-	4,741,000
Interest and other charges	-	2,473,712	-	-	2,473,712
Capital Outlay	1,996,072	-	13,666,137	759,183	16,421,392
<b>Total expenditures</b>	<b>67,251,705</b>	<b>7,214,712</b>	<b>13,666,137</b>	<b>3,920,990</b>	<b>92,053,543</b>
<b>Excess(deficiency) of revenues over(under) expenditures</b>	<b>5,694,161</b>	<b>(6,824,719)</b>	<b>(12,489,409)</b>	<b>1,996,870</b>	<b>(11,623,098)</b>
<b>Other financing sources(uses)</b>					
Issuance of debt	2,558,153	-	7,084,290	-	9,642,443
Transfers in	7,982,236	6,521,525	976,000	110,497	15,590,258
Transfers out	(7,195,522)	-	-	(3,728,102)	(10,923,624)
<b>Total other financing sources(uses)</b>	<b>3,344,867</b>	<b>6,521,525</b>	<b>8,060,290</b>	<b>(3,617,605)</b>	<b>14,309,077</b>
<b>Net change in fund balances</b>	<b>9,039,028</b>	<b>(303,195)</b>	<b>(4,429,118)</b>	<b>(1,620,735)</b>	<b>2,685,979</b>
<b>Fund balance - June 30, 2011, as previously reported</b>					
	17,528,332	1,931,123	4,492,869	3,277,831	27,230,155
<b>Prior Period Adjustments, as discussed in Note T</b>					
	(1,148,995)	-	-	-	(1,148,995)
<b>Fund balance - June 30, 2011, as restated</b>	<b>16,379,337</b>	<b>1,931,123</b>	<b>4,492,869</b>	<b>3,277,831</b>	<b>26,081,160</b>
<b>Fund balance - ending</b>	<b>\$ 25,418,365</b>	<b>\$ 1,627,928</b>	<b>\$ 63,751</b>	<b>\$ 1,657,096</b>	<b>\$ 28,767,140</b>

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

**CITY OF CLARKSVILLE, TENNESSEE**

**Reconciliation of the Statement of Revenue, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2012**

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

Net change in fund balances - total governmental funds	\$	2,685,979
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Specifically these items are as follows:

Capital assets purchased		13,101,466
Depreciation expense		(5,328,756)
Net carrying value of governmental capital assets disposed of		(75,503)

Contributions of Infrastructure Assets		9,949,267
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Specifically, these items are as follows:

Debt issuance		(9,642,443)
Debt payments		4,741,000

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 for:

Amortization of bond issue costs		(47,191)
Amortization of bond premiums		5,395
Bond Issue Costs on New Debt Issuance		5,000

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds for:

compensated absences		(100,484)
accrued interest		(3,679)

Increase in OPEB liability		(3,939,425)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. Employee health insurance and risk management are also included.		(1,446,277)
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Change in net assets of governmental activities	\$	<u>9,904,349</u>
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The notes to the financials are an integral part of this statement.

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement - General Fund  
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
<b>REVENUES</b>				
Taxes:				
Property	26,498,817	26,212,587	26,743,428	530,841
Sales	12,406,508	14,821,040	14,594,379	(226,661)
Beer and liquor	3,421,142	4,412,602	3,832,050	(580,552)
Business	1,531,941	2,081,641	2,399,151	317,510
Franchise fee	1,243,694	1,206,360	1,377,323	170,963
Hotel and motel	280,208	350,000	368,818	18,818
Litigation	12,124	18,000	20,852	2,852
Payments in lieu of taxes	-	46,319	61,613	15,294
Weed bills/demolition	161,112	156,015	88,612	(67,403)
Total taxes	45,555,546	49,304,564	49,486,226	181,662
Intergovernmental:				
Sales tax	8,593,860	8,720,000	9,017,258	297,258
Income tax	325,000	425,000	462,683	37,683
Beer tax	67,794	65,252	65,252	0
Liquor tax	550,000	585,000	614,335	29,335
TVA replacement taxes	1,471,524	1,536,048	1,535,852	(196)
Excise tax	75,000	94,974	94,974	0
Telecommunication tax	7,000	6,589	7,795	1,206
Training-Public Safety	264,000	250,000	249,600	(400)
State street aid	3,751,256	3,437,000	3,446,134	9,134
Streets and transportation system	222,000	260,000	272,828	12,828
Other federal reimbursements	7,500	-	900	900
Total intergovernmental revenue	15,334,934	15,379,863	15,767,613	387,750
Licenses and permits:				
Building and codes enforcement permits	788,475	1,010,463	1,165,638	155,175
Plumbing permits	175,250	204,664	237,930	33,266
Electrical permits	350,000	312,000	313,195	1,195
Fireworks permits	19,200	17,000	16,800	(200)
Other permits	122,583	95,993	111,465	15,472
Total licenses and permits	1,455,508	1,640,120	1,845,028	204,908
Fines and forfeitures	611,350	831,310	930,321	99,011
Charges for services	1,794,025	1,969,043	2,271,017	301,974
Miscellaneous revenues:				
Interest	112,000	33,552	25,937	(7,615)
Grants	1,192,990	1,219,839	1,311,401	91,562
Sales of general capital assets	25,000	75,792	92,300	16,508
Other	188,000	483,723	1,216,022	732,299
Total miscellaneous revenues	1,517,990	1,812,906	2,645,660	832,754
<b>TOTAL REVENUES</b>	<b>66,269,353</b>	<b>70,937,806</b>	<b>72,945,866</b>	<b>2,008,060</b>

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

**CITY OF CLARKSVILLE, TENNESSEE**

**Budgetary Comparison Statement - General Fund - Continued  
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
<b>EXPENDITURES</b>				
<b>General Government:</b>				
Mayor's Office				
Personnel	441,194	432,488	430,695	1,793
Operations	98,099	91,572	78,409	13,163
Capital Outlay	4,700	4,700	4,114	586
Total Mayor's Office	543,993	528,760	513,218	15,542
City Court				
Personnel	306,731	313,512	313,091	421
Operations	154,616	130,694	107,463	23,231
Capital Outlay	-	-	-	-
Total City Court	461,347	444,206	420,554	23,652
Building Codes				
Personnel	1,455,366	1,466,659	1,465,845	814
Operations	236,185	236,185	216,487	19,698
Capital Outlay	36,702	36,702	36,702	-
Total Building Codes	1,728,253	1,739,546	1,719,033	20,513
Finance and Revenue				
Personnel	1,012,686	887,100	894,818	(7,718)
Operations	119,893	141,781	123,732	18,049
Capital Outlay	-	-	-	-
Total Finance and Revenue	1,132,579	1,028,881	1,018,549	10,332
Parking				
Personnel	213,845	212,034	212,060	(26)
Operations	94,713	93,456	90,645	2,811
Capital Outlay	-	-	-	-
Total Parking	308,558	305,490	302,705	2,785
Legal				
Personnel	188,637	150,965	142,028	8,937
Operations	122,433	314,016	289,778	24,238
Capital Outlay	-	-	-	-
Total Legal	311,070	464,981	431,806	33,175
Garage				
Personnel	843,872	760,972	742,257	18,715
Operations	121,585	105,610	99,820	5,790
Capital Outlay	77,235	70,413	41,597	28,816
Total Garage	1,042,692	936,995	883,673	53,322
Human Resources				
Personnel	478,879	484,711	491,725	(7,014)
Operations	69,711	59,411	38,912	20,499
Capital Outlay	-	-	-	-
Total Human Resources	548,590	544,122	530,637	13,485

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

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement - General Fund - Continued  
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
Information Systems				
Personnel	748,807	711,553	711,443	110
Operations	645,960	598,807	558,626	40,181
Capital Outlay	263,750	263,750	233,156	30,594
Total Information Systems	1,658,517	1,574,110	1,503,225	70,885
Internal Audit				
Personnel	187,281	150,403	136,232	14,171
Operations	100,436	83,706	75,729	7,977
Capital Outlay	-	-	-	-
Total Internal Audit	287,717	234,109	211,960	22,149
Municipal Properties				
Personnel	166,312	161,826	161,827	(1)
Operations	631,815	601,605	456,230	145,375
Capital Outlay	-	20,000	18,794	1,206
Total Municipal Properties	798,127	783,431	636,850	146,581
Legislative				
Personnel	179,497	179,696	179,687	9
Operations	435,490	408,613	375,448	33,165
Capital Outlay	-	5,000	4,456	544
Total Legislative	614,987	593,309	559,592	33,717
Purchasing				
Personnel	124,773	128,822	126,431	2,391
Operations	15,023	14,649	14,854	(205)
Capital Outlay	-	-	-	-
Total Purchasing	139,796	143,471	141,285	2,186
<b>Public Safety:</b>				
Fire Rescue				
Personnel	12,804,031	12,627,123	12,598,691	28,432
Operations	939,560	913,416	866,636	46,780
Capital Outlay	620,738	457,671	440,054	17,617
Total Fire Rescue	14,364,329	13,998,210	13,905,381	92,829
Police Department				
Personnel	18,949,571	18,206,787	18,131,192	75,595
Operations	3,580,305	3,480,460	3,419,200	61,260
Capital Outlay	1,044,821	490,653	489,657	996
Total Police Department	23,574,697	22,177,900	22,040,049	137,851

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

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement - General Fund - Continued  
For the Year Ended June 30, 2012

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original Budget	Final Budget		
Dispatch				
Personnel	1,523,278	1,394,248	1,390,102	4,146
Operations	56,168	44,193	35,375	8,818
Capital Outlay	32,587	32,587	32,372	215
Total Dispatch	1,612,033	1,471,028	1,457,849	13,179
Highways and Streets				
Personnel	4,721,021	4,629,965	4,560,803	69,162
Operations	6,229,968	6,041,206	5,983,613	57,593
Capital Outlay	603,880	440,760	440,760	0
Total Highways and Streets	11,554,869	11,111,931	10,985,176	126,755
<b>Recreation:</b>				
Parks and Recreation				
Personnel	3,878,737	3,764,943	3,664,010	100,933
Operations	1,553,257	1,542,647	1,475,899	66,748
Capital Outlay	357,980	247,683	226,069	21,614
Total Parks and Recreation	5,789,974	5,555,273	5,365,977	189,296
Golf Course- Mason Rudolph				
Personnel	132,707	121,243	118,892	2,351
Operations	90,349	90,349	89,182	1,167
Capital Outlay	12,000	6,000	4,564	1,436
Total Golf Course - MR	235,056	217,592	212,639	4,953
Golf Course - Swan Lake				
Personnel	478,598	470,275	469,080	1,195
Operations	316,495	312,450	307,429	5,021
Capital Outlay	30,000	23,779	23,779	-
Total Golf Course - Swan Lake	825,093	806,504	800,287	6,217
<b>Other Appropriations:</b>				
Other Retirement Benefits	859,436	757,122	764,624	(7,502)
FEMA Flood Buyout	766,275	451,700	387,986	63,714
State Unemployment Insurance	50,000	89,500	66,149	23,351
Pension Payments	17,365	15,202	15,202	0
River District	-	-	-	-
HRC General Supplies	6,000	6,000	5,761	239
BOZA General Supplies	13,250	13,250	8,473	4,777
Tree Board	5,850	1,750	115	1,635
Total Other Appropriations	1,718,176	1,334,524	1,248,311	86,213

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

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement - General Fund - Continued  
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
<b>Miscellaneous Community Agencies:</b>				
State of Tennessee's Share of Taxes	50,000	-	-	-
Regional Planning Commission	332,227	332,227	332,227	-
County's Share of Taxes	304,458	308,500	312,342	(3,842)
Senior Citizens Center	275,000	281,389	281,389	-
Regional Airport	277,318	277,318	253,009	24,309
GIS(APSU, Mont. Co., City of Clarksville)	84,000	84,000	84,000	-
Property Reappraisal	65,709	108,337	108,337	-
E911	52,453	52,453	52,453	-
Arts & Culture Commission	40,000	40,000	40,000	-
Salvation Army Shelter	-	-	-	-
Roxy Theater	27,064	27,064	27,064	-
Humane Society	15,000	15,000	15,000	-
Korean American Association	-	-	-	-
Crime Stoppers	10,500	10,500	10,500	-
Habitat for Humanities	5,000	5,000	4,840	160
Other Non-profit Charitable Organizations	78,192	78,192	78,192	-
Montgomery County Pictometry	51,000	51,000	50,419	581
Two Rivers Company	73,300	73,300	73,300	-
Total Community Agencies	<u>1,741,221</u>	<u>1,744,280</u>	<u>1,723,071</u>	<u>21,208</u>
<b>Other:</b>				
Gas & Water (Revenue)	160,000	160,000	151,526	8,474
<b>Component Unit:</b>				
Museum Expenditure	<u>488,351</u>	<u>488,351</u>	<u>488,351</u>	<u>-</u>
<b>TOTAL EXPENDITURES:</b>	<u>71,640,025</u>	<u>68,387,004</u>	<u>67,251,705</u>	<u>1,135,299</u>
<b>OTHER FINANCING SOURCES(USES):</b>				
Issuance of debt	2,504,806	3,000,000	2,558,153	(441,847)
Transfers in from other funds:				
Payment in lieu of tax-CDE	3,400,000	3,225,746	3,289,910	64,164
Payment in lieu of tax-GWS	2,889,829	2,889,829	2,889,829	-
Other city funds	2,191,000	2,191,090	1,500,000	(691,090)
Parking Authority	308,558	302,000	302,497	497
Total financing sources	<u>11,294,193</u>	<u>11,608,665</u>	<u>10,540,389</u>	<u>(1,068,276)</u>
Transfers out to other funds:				
Debt Service	(4,072,959)	(4,914,959)	(5,269,423)	(354,464)
Transit System	(1,738,186)	(1,821,002)	(1,815,602)	5,400
Other Transfers	(95,909)	(110,497)	(110,497)	-
Capital Projects	-	-	-	-
Total financing uses	<u>(5,907,054)</u>	<u>(6,846,458)</u>	<u>(7,195,522)</u>	<u>(349,064)</u>
<b>NET CHANGE IN FUND BALANCE</b>	16,467	7,313,009	9,039,028	1,726,019
<b>FUND BALANCE-BEGINNING OF YEAR, AS RESTATED, AS DISCUSSED IN NOTE T</b>	17,528,332	17,528,332	16,379,337	(1,148,995)
<b>FUND BALANCE-END OF YEAR</b>	<u>\$ 17,544,799</u>	<u>\$ 24,841,341</u>	<u>\$ 25,418,365</u>	<u>\$ 577,024.0</u>

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

CITY OF CLARKSVILLE, TENNESSEE  
Statement of Net Assets  
Proprietary Funds for the Year Ended June 30, 2012

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Broadband Division						
<b>ASSETS</b>								
<b>Current assets:</b>								
Cash and cash equivalents	\$ 24,101,517	\$ 1,004,955	\$ 19,043,397	\$ 15,536,134	\$ 150,773	\$ 653,749	\$ 60,490,525	\$ 1,184,653
<b>Restricted assets:</b>								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Investments	-	-	-	-	12,930,177	-	12,930,177	-
Accounts receivable(net)	17,521,065	2,069,668	872,771	5,278,315	713,147	33,760	26,488,726	-
Interest receivable	-	-	-	-	16,477	-	16,477	-
Due from other funds of the primary government	352,488	-	-	-	-	717,937	1,070,425	2,670,846
Inventory	4,601,002	426,816	1,878,219	872,569	-	100,062	7,878,668	-
Prepaid gas supplies	-	-	-	-	13,316,538	-	13,316,538	-
Grants receivable	-	-	-	-	-	458,149	458,149	-
Prepaid expenses and other	10,756,490	69,222	24,372	55,903	635	34,179	10,940,801	100,000
<b>Total current assets</b>	<b>57,332,562</b>	<b>3,570,661</b>	<b>21,818,759</b>	<b>21,742,921</b>	<b>27,127,747</b>	<b>1,997,836</b>	<b>133,590,486</b>	<b>3,955,499</b>
<b>Noncurrent assets:</b>								
<b>Restricted assets:</b>								
Cash and cash equivalents	14,574,611	-	490,487	4,390,783	-	169,604	19,625,485	-
Investments	-	-	1,080,761	10,557,231	2,568,951	-	14,206,943	-
<b>Total restricted assets</b>	<b>14,574,611</b>	<b>-</b>	<b>1,571,248</b>	<b>14,948,014</b>	<b>2,568,951</b>	<b>169,604</b>	<b>33,832,428</b>	<b>-</b>
<b>Capital assets-at cost</b>								
Land	1,767,861	-	236,659	3,661,600	-	153,432	5,819,552	-
Building, Plant and Equipment	188,539,729	7,087,779	61,838,737	470,411,289	22,030	16,292,239	744,191,803	-
Construction in Progress	6,740,551	165,911	910,031	44,822,785	-	10,584	52,649,862	-
Less accumulated depreciation	(50,930,056)	(4,475,164)	(19,797,922)	(122,121,285)	(20,325)	(8,229,025)	(205,573,777)	-
<b>Total capital assets (net of accumulated depreciation)</b>	<b>146,118,085</b>	<b>2,778,526</b>	<b>43,187,505</b>	<b>396,774,389</b>	<b>1,705</b>	<b>8,227,230</b>	<b>597,087,440</b>	<b>-</b>
<b>Unamortized plant acquisition adjustments</b>	<b>882,357</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>882,357</b>	<b>-</b>
<b>Net capital assets</b>	<b>147,000,442</b>	<b>2,778,526</b>	<b>43,187,505</b>	<b>396,774,389</b>	<b>1,705</b>	<b>8,227,230</b>	<b>597,969,797</b>	<b>-</b>

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

CITY OF CLARKSVILLE, TENNESSEE  
Statement of Net Assets  
Proprietary Funds for the Year Ended June 30, 2012  
Continued

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Broadband Division						
<b>Other assets:</b>								
Receivables- TVA residential energy services program	6,425,241	-	-	-	-	-	6,425,241	-
Interfund receivables from the Broadband Division	17,717,744	-	-	-	-	-	17,717,744	-
Notes receivable	-	-	-	-	-	-	-	-
Prepaid gas supplies	-	-	-	-	159,872,458	-	159,872,458	-
Unamortized expense	998,063	-	878,292	8,876,046	2,034,795	232	12,787,428	-
Cash value of life insurance	-	-	-	-	-	-	-	-
Deferred in lieu of transfer	-	-	-	-	-	-	-	-
Other	52,171	-	-	-	-	-	52,171	-
<b>Total other assets</b>	<b>25,193,219</b>	<b>-</b>	<b>878,292</b>	<b>8,876,046</b>	<b>161,907,253</b>	<b>232</b>	<b>196,855,042</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>186,768,272</b>	<b>2,778,526</b>	<b>45,637,045</b>	<b>420,598,449</b>	<b>164,477,909</b>	<b>8,397,066</b>	<b>828,657,267</b>	<b>-</b>
<b>Total assets</b>	<b>244,100,834</b>	<b>6,349,187</b>	<b>67,455,804</b>	<b>442,341,370</b>	<b>191,605,656</b>	<b>10,394,902</b>	<b>962,247,753</b>	<b>3,955,499</b>
<b>LIABILITIES</b>								
<b>Current liabilities:</b>								
Accounts payable	23,300,790	903,546	902,872	6,880,762	52,980	143,786	32,184,736	119,188
Contacts and retainage payable	-	-	536	1,689,820	-	-	1,690,356	-
Accrued liabilities	86,266	-	-	-	-	24,231	110,497	1,573,912
Interest payable	1,420,753	-	233,211	2,239,743	372,209	1,012	4,266,928	-
Due to other funds of the primary government	-	287,445	124,134	-	-	140,312	551,891	-
Deferred revenue	-	589,525	-	251,232	-	246,725	1,087,482	-
Short-term bond payable	-	-	615,950	5,149,050	-	-	5,765,000	-
Current portion of long-term debt	2,095,103	-	-	-	12,360,000	6,962	14,462,065	-
Current portion of note payable	-	-	-	4,192,311	-	-	4,192,311	-
Current portion of interfund payable	-	1,000,000	-	-	-	-	1,000,000	-
Compensated Absences	451,320	-	136,713	369,928	-	157,834	1,115,795	-
Other	1,123,864	-	-	-	-	-	1,123,864	-
<b>Total current liabilities</b>	<b>28,478,096</b>	<b>2,780,516</b>	<b>2,013,416</b>	<b>20,772,846</b>	<b>12,785,189</b>	<b>720,862</b>	<b>67,550,925</b>	<b>1,693,100</b>

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

CITY OF CLARKSVILLE, TENNESSEE  
Statement of Net Assets  
Proprietary Funds for the Year Ended June 30, 2012  
Continued

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Broadband Division						
<b>Noncurrent liabilities:</b>								
Compensated absences	1,132,727	-	121,130	192,016	-	-	1,445,873	-
OPEB liability	413,515	-	1,460,756	3,761,693	-	964,763	6,600,727	-
Customer deposits	4,776,366	2,380	1,318,154	3,960,822	-	-	10,057,722	-
Advances- TVA residential energy services program	6,578,441	-	-	-	-	-	6,578,441	-
Bonds payable	84,083,444	-	11,727,864	116,708,001	169,659,850	-	382,179,159	-
Notes payable	637,509	-	-	95,397,776	-	44,486	96,079,771	-
Deferred Revenue	-	-	-	-	4,412,691	-	4,412,691	-
Interfund payable to the Electric Division	-	16,717,744	-	-	-	-	16,717,744	-
Other	1,148	-	-	-	-	-	1,148	-
<b>Total noncurrent liabilities</b>	<u>97,623,150</u>	<u>16,720,124</u>	<u>14,627,904</u>	<u>220,020,308</u>	<u>174,072,541</u>	<u>1,009,249</u>	<u>524,073,276</u>	<u>-</u>
<b>Total liabilities</b>	<u>126,101,246</u>	<u>19,500,640</u>	<u>16,641,320</u>	<u>240,793,154</u>	<u>186,857,730</u>	<u>1,730,111</u>	<u>591,624,201</u>	<u>1,693,100</u>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	63,572,631	2,778,526	31,721,983	184,203,297	1,705	8,175,782	290,453,924	-
Restricted:								
Expendable - debt service	10,304,008	-	1,571,248	14,948,014	2,766,919	-	29,590,189	-
Unrestricted	44,122,949	(15,929,979)	17,521,253	2,396,905	1,979,302	489,009	50,579,439	2,262,399
<b>Total net assets</b>	<u>\$ 117,999,588</u>	<u>\$ (13,151,453)</u>	<u>\$ 50,814,484</u>	<u>\$ 201,548,216</u>	<u>\$ 4,747,926</u>	<u>\$ 8,664,791</u>	<u>\$ 370,623,552</u>	<u>\$ 2,262,399</u>

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

**CITY OF CLARKSVILLE, TENNESSEE**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds for the Year Ended June 30, 2012**

	Business-Type Activities/Enterprise Funds						Total	Governmental
	Department of Electricity		Gas	Water and	Natural Gas	Non-Major		Activities
	Electric	Broadband		Sewer	Acquisition	Enterprise		Internal Service
	<u>Division</u>	<u>Division</u>	<u>Department</u>	<u>Department</u>	<u>Corporation</u>	<u>Funds</u>	<u>Funds</u>	
<b>OPERATING REVENUES</b>								
Sales	\$ 152,858,073	\$ 12,060,459	\$ 22,066,378	\$ 43,918,251	\$ 27,984,755	\$ -	\$ 258,887,916	\$ 11,029,862
Insurance premiums	-	-	-	-	-	-	-	-
Forfeited discounts	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	1,064,187	1,064,187	-
Other income	-	-	1,648,150	6,161,663	-	-	7,809,813	-
Rental income	-	-	-	-	-	95,983	95,983	-
Advertising	-	-	-	-	-	30,175	30,175	-
Miscellaneous	-	-	-	-	-	6,309	6,309	12,114
<b>Total operating revenues</b>	<u>152,858,073</u>	<u>12,060,459</u>	<u>23,714,528</u>	<u>50,079,914</u>	<u>27,984,755</u>	<u>1,196,654</u>	<u>267,894,383</u>	<u>11,041,976</u>
<b>OPERATING EXPENSES</b>								
Purchased power and gas	109,576,993	7,053,859	15,385,323	-	28,718,979	-	160,735,154	-
Plant operations	-	-	-	3,737,683	-	-	3,737,683	-
Distribution	2,734,665	-	3,081,952	2,261,887	-	-	8,078,504	-
Discharge collection lines	-	-	-	1,577,580	-	-	1,577,580	-
Sewer pumping	-	-	-	2,873,751	-	-	2,873,751	-
Treatment plant expense	-	-	-	6,225,442	-	-	6,225,442	-
Customer accounts	-	-	-	-	-	-	-	-
Sales and customer services	3,204,035	374,784	434,585	1,663,168	-	-	5,676,572	-
Administrative and general	2,468,420	678,534	1,936,843	4,202,948	664,679	856,665	10,808,089	170,900
Operation and maintenance	4,085,428	3,026,443	-	-	-	4,476,558	11,588,429	-
Engineering	-	-	171,617	2,335,859	-	-	2,507,476	-
Taxes and tax equivalents	1,347,447	140,818	-	-	-	-	1,488,265	-
Fort Campbell operations	-	-	370,608	-	-	-	370,608	-
Claims	-	-	-	-	-	-	-	11,446,257
Depreciation	7,625,150	1,564,798	1,666,483	12,572,818	3,740	1,288,125	24,721,114	-
Amortization of bond discount and debt expense	-	-	-	-	-	928	928	-
Other	-	211,936	93,837	262,114	-	-	567,887	872,104
<b>Total operating expenses</b>	<u>131,042,138</u>	<u>13,051,172</u>	<u>23,141,248</u>	<u>37,713,250</u>	<u>29,387,398</u>	<u>6,622,276</u>	<u>240,957,482</u>	<u>12,489,261</u>
<b>Operating income (Loss)</b>	<u>21,815,935</u>	<u>(990,713)</u>	<u>573,280</u>	<u>12,366,664</u>	<u>(1,402,643)</u>	<u>(5,425,622)</u>	<u>26,936,901</u>	<u>(1,447,285)</u>

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

CITY OF CLARKSVILLE, TENNESSEE  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds for the Year Ended June 30, 2012  
Continued

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Broadband Division						
<b>NONOPERATING REVENUES</b>								
<b>(EXPENSES)</b>								
Interest income	464,382	-	48,288	104,061	10,624,148	428	11,241,307	1,009
Interest expense	(3,649,414)	(244,530)	(628,865)	(7,286,422)	(9,371,332)	(4,669)	(21,185,232)	-
Operating grants	-	-	-	-	-	3,353,410	3,353,410	-
Amortization of bond issue premium	-	-	-	-	618,555	-	618,555	-
Amortization of bond issue costs	-	-	-	-	(214,189)	-	(214,189)	-
Gain(loss) on sale of property	(91,599)	(53,836)	-	-	(128,017)	-	(273,452)	-
Other income (expense)	10,373	-	22,427	200,820	-	-	233,620	-
<b>Total nonoperating revenues (expenses)</b>	<b>(3,266,258)</b>	<b>(298,366)</b>	<b>(558,150)</b>	<b>(6,981,541)</b>	<b>1,529,165</b>	<b>3,349,169</b>	<b>(6,225,981)</b>	<b>1,009</b>
<b>Income (loss) before contributions and transfers</b>	<b>18,549,677</b>	<b>(1,289,079)</b>	<b>15,130</b>	<b>5,385,123</b>	<b>126,522</b>	<b>(2,076,453)</b>	<b>20,710,920</b>	<b>(1,446,276)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>-</b>	<b>-</b>	<b>29,181</b>	<b>34,107,184</b>	<b>-</b>	<b>-</b>	<b>34,136,365</b>	<b>-</b>
<b>TRANSFERS OUT</b>	<b>(3,236,653)</b>	<b>(53,257)</b>	<b>(497,905)</b>	<b>(2,391,924)</b>	<b>-</b>	<b>(302,497)</b>	<b>(6,482,236)</b>	<b>-</b>
<b>TRANSFERS IN</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,815,602</b>	<b>1,815,602</b>	<b>-</b>
<b>Change in net assets</b>	<b>15,313,024</b>	<b>(1,342,336)</b>	<b>(453,594)</b>	<b>37,100,383</b>	<b>126,522</b>	<b>(563,348)</b>	<b>50,180,651</b>	<b>(1,446,276)</b>
<b>NET ASSETS (DEFICIT)- BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	<b>102,686,564</b>	<b>(11,809,117)</b>	<b>51,268,078</b>	<b>164,447,833</b>	<b>4,621,404</b>	<b>9,228,139</b>	<b>320,442,901</b>	<b>3,708,675</b>
<b>NET ASSETS (DEFICIT)- END OF YEAR</b>	<b>\$ 117,999,588</b>	<b>\$ (13,151,453)</b>	<b>\$ 50,814,484</b>	<b>\$ 201,548,216</b>	<b>\$ 4,747,926</b>	<b>\$ 8,664,791</b>	<b>\$ 370,623,552</b>	<b>\$ 2,262,399</b>

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

CITY OF CLARKSVILLE, TENNESSEE  
Combining Statement of Cash Flows  
Proprietary Funds for the Year Ended June 30, 2012

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Broadband Division						
<b>CASH FLOWS FROM</b>								
<b>OPERATING ACTIVITIES</b>								
Receipts from customers	\$ 147,821,724	\$ 10,676,229	\$ 24,285,502	\$ 49,329,395	\$ 27,970,289	\$ 1,188,947	\$ 261,272,086	\$ 11,041,976
Payments to suppliers	(115,339,304)	(9,008,100)	(18,851,950)	(12,569,280)	(6,902,592)	(1,511,425)	(164,182,651)	(11,445,097)
Payments to employees	(7,469,124)	(2,059,846)	(3,824,815)	(10,580,275)	-	(3,461,498)	(27,395,558)	-
Internal activity from(to) other funds	182,647	(182,647)	(93,837)	(207,642)	-	(431,949)	(733,428)	(463,742)
Other receipts (payments)	4,079,643	994,676	-	-	-	-	5,074,319	(1,654,997)
Net cash provided(used) by operating activities	29,275,586	420,312	1,514,900	25,972,198	21,067,697	(4,215,925)	74,034,768	(2,521,860)
<b>CASH FLOWS FROM</b>								
<b>NONCAPITAL FINANCING ACTIVITIES</b>								
Operating grant	-	-	-	-	-	3,473,132	3,473,132	-
Operating transfers in	-	-	-	-	-	1,815,602	1,815,602	-
Transfers to other funds	(3,236,653)	(53,257)	(497,905)	(2,391,924)	-	(302,497)	(6,482,236)	-
Advances to Broadband Division	217,352	(217,353)	-	-	-	-	(1)	-
Other	10,373	-	1,319	279,871	-	-	291,563	-
Net cash provided(used) by noncapital financing activities	(3,008,928)	(270,610)	(496,586)	(2,112,053)	-	4,986,237	(901,940)	-

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

CITY OF CLARKSVILLE, TENNESSEE  
Combining Statement of Cash Flows  
Proprietary Funds for the Year Ended June 30, 2012  
Continued

	Business-Type Activities/Enterprise Funds						Total	Governmental Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Broadband Division						
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Acquisition and construction of capital assets	(16,655,128)	(793,915)	(750,983)	(21,897,362)	-	(484,146)	(40,581,534)	-
Principal repayments on bond and loan maturities	(1,780,145)	-	(555,001)	(8,717,771)	(11,785,000)	(142,390)	(22,980,307)	-
Interest paid	(3,811,741)	(244,530)	(536,556)	(6,297,238)	(9,227,625)	(4,798)	(20,122,488)	-
Bond and note proceeds	-	-	-	19,333,487	-	-	19,333,487	-
Proceeds from sale of fixed assets	-	-	21,680	32,675	-	-	54,355	-
Bond issuance cost (net)	-	-	-	-	-	-	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(22,247,014)</b>	<b>(1,038,445)</b>	<b>(1,820,860)</b>	<b>(17,546,209)</b>	<b>(21,012,625)</b>	<b>(631,334)</b>	<b>(64,296,487)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest received	464,382	-	48,288	104,062	85,839	428	702,999	1,008
Proceeds from sale and maturities of investments	-	-	-	-	43,002,008	-	43,002,008	-
Purchase of investments	-	-	-	-	(43,243,816)	-	(43,243,816)	-
Repayment of note receivable from city general fund	128,793	-	-	-	-	-	128,793	-
<b>Net cash provided by investing activities</b>	<b>593,175</b>	<b>-</b>	<b>48,288</b>	<b>104,062</b>	<b>(155,969)</b>	<b>428</b>	<b>589,984</b>	<b>1,008</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,612,819</b>	<b>(888,743)</b>	<b>(754,258)</b>	<b>6,417,998</b>	<b>(100,897)</b>	<b>139,406</b>	<b>9,426,325</b>	<b>(2,520,852)</b>
<b>CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR</b>	<b>34,063,309</b>	<b>1,893,698</b>	<b>20,288,142</b>	<b>13,508,919</b>	<b>251,670</b>	<b>683,947</b>	<b>70,689,685</b>	<b>3,705,505</b>
<b>CASH AND CASH EQUIVALENTS-END OF YEAR</b>	<b>\$ 38,676,128</b>	<b>\$ 1,004,955</b>	<b>\$ 19,533,884</b>	<b>\$ 19,926,917</b>	<b>\$ 150,773</b>	<b>\$ 823,353</b>	<b>\$ 80,116,010</b>	<b>\$ 1,184,653</b>

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

CITY OF CLARKSVILLE, TENNESSEE  
Combining Statement of Cash Flows  
Proprietary Funds for the Year Ended June 30, 2012  
Continued

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Broadband Division						
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 21,815,935	\$ (990,713)	\$ 573,280	\$ 12,366,664	\$ (1,402,643)	\$ (5,425,622)	\$ 26,936,901	\$ (1,447,285)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization	7,625,150	1,564,798	1,666,483	12,572,818	3,740	1,289,053	24,722,042	-
Depletion of prepaid gas supplies	-	-	-	-	22,355,690	-	22,355,690	-
Deferred connection fees	-	-	-	(810,309)	-	-	(810,309)	-
(Increase) decrease in:								
Accounts receivable	(711,943)	(357,224)	570,976	(750,518)	548,034	(9,730)	(710,405)	-
Interest receivable	-	-	-	-	-	-	-	-
Due from other funds of the primary government	-	-	-	-	-	(402,707)	(402,707)	(463,742)
Inventory	(637,687)	(200,251)	(1,329,355)	(149,331)	-	1,661	(2,314,963)	-
Prepaid expenses	(1,170,517)	(27,163)	12,824	13,247	1,486	(4,468)	(1,174,591)	-
Rec-TVA Residential Services	(603,971)	-	-	-	-	-	(603,971)	-
Increase (decrease) in:								
Accounts payable	1,467,608	505,024	(616,282)	504,250	(438,610)	61,161	1,483,151	16,255
Accrued liabilities	115	-	-	-	-	3,032	3,147	(627,089)
Customer deposits	272,823	367	307,909	665,380	-	-	1,246,479	-
Contracts and retainage	-	-	(623)	781,622	-	-	780,999	-
Compensated absences	-	-	22,360	36,955	-	4,997	64,312	-
OPEB liability	-	-	307,328	741,420	-	293,917	1,342,665	-
Due to other funds of the primary government	-	-	-	-	-	(29,242)	(29,242)	-
Interdivisional payables	182,647	(182,647)	-	-	-	-	-	-
Deferred revenue	-	108,121	-	-	-	-	108,121	-
Advances- TVA residential services	638,339	-	-	-	-	-	638,339	-
Other	397,087	-	-	-	-	2,023	399,110	-
<b>Total Adjustments</b>	<u>7,459,651</u>	<u>1,411,025</u>	<u>941,620</u>	<u>13,605,534</u>	<u>22,470,340</u>	<u>1,209,697</u>	<u>47,097,867</u>	<u>(1,074,576)</u>
Net Cash provided(used) by operating activities	<u>\$ 29,275,586</u>	<u>\$ 420,312</u>	<u>\$ 1,514,900</u>	<u>\$ 25,972,198</u>	<u>\$ 21,067,697</u>	<u>\$ (4,215,925)</u>	<u>\$ 74,034,768</u>	<u>\$ (2,521,861)</u>
Reconciliation of cash and cash equivalents from statement of cash flows to statement of net assets:								
Cash and cash equivalents	\$ 24,101,517	\$ 1,004,955	\$ 19,043,397	\$ 15,536,134	\$ 150,773	\$ 823,353	\$ 60,660,129	\$ 1,184,653
Cash restricted for debt service	-	-	490,487	4,390,783	-	-	4,881,270	-
Cash restricted from unspent bonds	14,574,611	-	-	-	-	-	14,574,611	-
<b>Cash and cash equivalents, June 30, 2012</b>	<u>\$ 38,676,128</u>	<u>\$ 1,004,955</u>	<u>\$ 19,533,884</u>	<u>\$ 19,926,917</u>	<u>\$ 150,773</u>	<u>\$ 823,353</u>	<u>\$ 80,116,010</u>	<u>\$ 1,184,653</u>
<u>Noncash Capital and Related Financing Activities</u>								
Capital Assets Contributed by Developers			\$ 29,181	\$ 34,107,184				
Deferred interest revenue					\$ 460,257			
Amortization of asset interest earnings					10,075,915			
Amortization of asset interest expenses					(168,259)			
					<u>\$ 10,367,913</u>			

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

CITY OF CLARKSVILLE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Clarksville, located in Montgomery County, Tennessee, was organized under Chapter 292 of the 1957 Private Acts of the General Assembly of the State of Tennessee. The City operates under a Mayor and City Council form of government.

The financial statements of the City of Clarksville, Tennessee (the 'City') have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units, as promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant of these accounting policies:

1. Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial statements present the accounts and operations of the government and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the government.

As of June 30, 2012, the City had one blended component unit. The Natural Gas Acquisition Corporation (the "Corporation"), a non-profit corporation, was established May 7, 1991, for the purpose of purchasing and selling natural gas on behalf of the City. The Corporation is governed by a Board of Directors appointed by the City Council and is reported as an enterprise fund. The Corporation issued bonds on June 27, 2006 in the amount of \$240,525,000 to purchase prepaid natural gas. Although the Natural Gas Acquisition Corporation has agreed to purchase gas for a neighboring utility, approximately 91% of the gas purchased is for the direct benefit of the City of Clarksville and we believe this meets the almost exclusive test. For the year ended June 30, 2012, sale of gas to the City of Clarksville equaled \$25,823,584 or 94% of gas sales for the fiscal year. NGAC also meets the control test for a blended component unit in that all the board members are appointed by the city and the corporation is supervised by the City's Utility Committee. Since the assets of NGAC are held for the almost exclusive use of the City and the City has the ability to access those assets as needed, we believe that the transactions of NGAC are significant to the operations of the city and that it would be misleading not to include them.

As of June 30, 2012 the City had one discretely presented component unit. The Clarksville-Montgomery County Museum (the "Museum"), a non-profit corporation, was established in November 1982 to collect and interpret significant historic, political, social, intellectual and technological achievements of Clarksville and Montgomery County and further the understanding of the historical developments of Clarksville and Montgomery County from their beginning to the present. The City is responsible for appointing the majority of the Museum's board of directors and provides its primary funding support.

Complete financial statements for the component units may be obtained at each entity's administrative offices.

Natural Gas Acquisition Corporation  
2215 Madison Street  
Clarksville, Tennessee 37043

Clarksville-Montgomery County Museum  
200 2nd Street  
Clarksville, Tennessee 37040

Complete financial statements of two of the City's departments can be obtained from their respective administrative offices in the following locations:

Clarksville Department of Electricity  
2021 Wilma Rudolph Blvd.  
Clarksville, Tennessee 37040

Clarksville Gas, Water and Sewer Department  
2215 Madison Street  
Clarksville, Tennessee 37043

## 2. Related Organizations

The following entities are considered related organizations of the City but are not a part of the City's reporting entity.

The Public Building Authority provides services to municipalities throughout the State of Tennessee. The City Council is responsible for appointing the seven-member Board, but the City's accountability does not extend beyond making these appointments.

The Industrial Development Board of Montgomery County provides inducements to industry to locate or remain in Montgomery County. The governing body of the Industrial Development Board of Montgomery County is appointed by Montgomery County's Board of Commissioners. City and County appropriations provide the majority of its funding.

The Montgomery County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Montgomery County. The governing body of the Montgomery County Emergency Communications District is appointed by Montgomery County's Board of County Commissioners. Before the issuance of debt instruments, the District must obtain the approval of the County Commission. The City is financially responsible for its portion of expense associated with the use of the Communications District's services.

## 3. Joint Ventures

Montgomery County and the City of Clarksville jointly created the Clarksville Montgomery County Public Library, the Clarksville Montgomery County Regional Planning Commission and the Clarksville-Montgomery County Regional Airport Authority. Each entity is responsible for funding a portion of any deficits from operations for the Planning Commission. Montgomery County appoints the board members and has control over budgeting and financing of the Public Library only to the extent of representation by the board members appointed. The Airport Authority's board is appointed jointly by both entities. Complete financial statements for these joint ventures can be obtained from their respective administrative offices. The Electric Department and Pennyrite Rural Electric Cooperative Corporation (the Cooperative) constructed jointly-owned electric facilities. Under the terms of the joint venture, the Electric Department owns 54% of the facilities and the Cooperative owns 46%. The amount of the Electric Department's plant covered by this agreement was \$927,696 at June 30, 2012. This amount is included in electric plant. The Electric Department's ongoing financial responsibility for the joint venture is the maintenance of its share of the electric facilities. All transactions related to the Electric Department's portion of these facilities are recorded in the financial statements.

## 4. Government - Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity 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 function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to

meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The City follows generally accepted accounting principles in eliminating internal activity from the statement of activities in the government-wide statements. No direct expenses are eliminated from the functional categories. The general fund provided an operating transfer of \$1,815,602 which the Transit Department used to meet requirements for state and federal grants, and this amount is part of the program revenues for business-type activities. Internal Service Funds are used to provide self-insurance for health, dental and liability areas and the change in net assets of these accounts, (\$1,446,277), was treated as an increase of expense in the statement of activities.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### 5. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year for which the City has legal title to the money. 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 revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government, at which time it is recognized as revenue.

The City reports the following major governmental funds:

The *General Fund* is the primary operating fund of the City and accounts for all financial resources of the general government, except those required to be accounted for in other funds. Most essential services such as police and fire protection, general administration and community services are reported in the General Fund.

The *Capital Projects Fund* is used to account for the accumulation and expenditures of funds set aside for certain large capital projects.

The *Debt Service Fund* accounts for the accumulation of resources for and the payment of, interest and principal on general long-term debt.

The City reports the following non-major governmental funds:

*Special Revenue Funds* are funds used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes and include the Community Development Funds, the Drug Fund, the Police Special Funds, the Parks Special Funds, the Capital Projects Revenue District Fund and the Special Events Fund.

The City reports the following major proprietary funds:

The *Gas Department* operates a natural gas distribution system serving the citizens of the City and certain surrounding portions of Montgomery County and Ft. Campbell, KY.

The *Water and Sewer Department* operates a water and sewer distribution and collection system serving the citizens of the City and certain surrounding portions of Montgomery County.

The *Department of Electricity* operates an electric distribution system serving the citizens of the City and certain surrounding areas. It purchases power from the Tennessee Valley Authority(TVA) and operates under the direction of an Electric Power Board appointed by the Mayor and approved by City Council.

The Broadband Division was added to the Electric Department operations in 2007 and began operating in February 2008. It operates as a separate division and fund, but is currently subsidized by a substantial loan from the Electric Department as approved by the State, TVA and City Council.

The *Natural Gas Acquisition Corporation* is responsible for purchasing and selling natural gas on behalf of the City Gas Department.

The City reports the following non-major proprietary funds:

The *Parking Authority* regulates parking in the city and collects fees and fines in the downtown business district.

The *Transit System* operates a public transportation system for the citizens of the City.

Additionally, the City reports the following other fund types:

The *Internal Service Funds* account for operations that provide services to other departments or agencies of the government, or to other governments on a cost reimbursement basis.

As allowed by the Governmental Accounting Standards Board Statement of Governmental Accounting Standard No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the City's policy is to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

In the governmental fund financial statements, property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance year 2013 operations, have been recorded as deferred revenue of \$28,100,386. Grants received before the eligibility requirements are met are also recorded as deferred revenue.

In the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

## 6. Budgetary Information

Annual budgets are adopted on a cash basis for governmental funds, however, financial statements for governmental funds are prepared on the modified accrual basis, recognizing both GAAP and State requirements.

The City Mayor is responsible for overseeing the preparation of the budget and presenting it for approval by the City Council no later than June 30<sup>th</sup> of each fiscal year. The preliminary budget as submitted is compiled based on historical revenue and expense trends as well as taking into account the current economy and future economic projections. The budget must be approved by ordinance which requires two readings before the City Council. The Mayor has authority to approve transfers of funds between line items in departmental operating budgets. Transfers between operating and capital require approval of the City Council, as does increasing any fund or departmental budget total.

Budgetary accounting is employed as a formal management control for all funds of the City. Proprietary funds budgets are adopted with less detail since their revenues can fluctuate due to customer demand, but any increase in the total appropriations as originally approved must be formally approved by City Council. Outstanding purchase orders at year end where goods are expected to be delivered within 30 days of the fiscal year end are expensed in the current budget. The City's policy is to not allow expenditures to exceed budgetary amounts at either the fund or departmental

level without obtaining additional appropriation approval from City Council. Budgets are estimates and overages that are estimated for the current year are approved in the same ordinance at which the next year's budget is approved.

7. Operating and Non-operating Revenues and Expenses of Proprietary Funds

In the proprietary fund financial statements, operating revenues are those that flow directly from the operations of the activity such as charges to customers for the purchase of goods and services. Operating expenses are those that are incurred to provide those goods and services. Non-operating revenues and expenses are items related to financing and investing activities.

8. Recognition of Revenues

Within the Gas, Water and Sewer Departments, unbilled service revenue from the date of the most recent meter reading to the balance sheet date is not recorded. Therefore, only billed revenue is recognized in the financial statements. However, the effect is considered immaterial.

9. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

10. Self-insurance

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, with the exception of the Department of Electricity, is self-insured for worker's compensation and automobile liability claims. The City withdrew from the Worker's Compensation statute and has implemented an "on-the-job" injury program. The City must pay all medical and related expenses of injured employees including 75% of the employee's salary. The City is subject to the Governmental Tort Liability Act (T.C.A. 29-20-101 to 29-20-407), which sets the maximum liability at \$700,000 per occurrence and \$300,000 per individual.

The City is also self-insured on its general liability claims and maintains reinsurance for claims in excess of \$1,000,000 and up to \$5,000,000 annual aggregate. The policy of the City is to recognize as an expense claims actually filed plus claims estimated by the City to have been incurred but not yet reported based on historical data. At June 30, 2012, the amount of these estimated insurance liabilities was \$1,573,912. Changes in the reported liability are as follows:

	<u>Balance Beginning of Fiscal Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2002-2003	955,198	576,618	629,407	902,409
2003-2004	902,409	358,474	416,213	844,670
2004-2005	844,670	2,251,075	738,245	2,357,500
2005-2006	2,357,500	1,010,989	1,062,389	2,306,100
2006-2007	2,306,100	2,494,262	1,365,362	3,435,000
2007-2008	3,435,000	333,897	3,197,336	571,561
2008-2009	571,561	1,918,111	464,324	2,025,348
2009-2010	2,025,348	3,076,110	1,983,450	3,118,008
2010-2011	3,118,008	(206,471)	710,537	2,201,000
2011-2012	2,201,000	895,127	1,522,215	1,573,912

The Department of Electricity's exposure to property and general liability is handled through the purchase of commercial insurance. Insurance coverage has been adequate to cover settlements for the past three fiscal years. The Department of Electricity carries only liability insurance on its trucks. Management believes additional insurance is not cost effective. The Department of Electricity participates in the Distributors' Self-Insurance Fund for workers compensation insurance coverage. Participants in this plan remain liable for any underfunding. The Department of Electricity is a reimbursable entity for unemployment purposes and thus pays all claims as they occur.

#### 11. Cash Equivalents

Cash equivalents are stated at cost and consist of highly liquid investments purchased with original maturities of three months or less.

#### 12. Deposits and Investments

Investments of the governmental and proprietary fund types consist primarily of U.S. Treasury securities, other U.S. agency notes and repurchase agreements and are stated at market value. The City has adopted an official investment policy. The primary objectives of investment activities in order of priority are safety of principal, liquidity to meet obligations as they become due and a reasonable yield on City investments.

*Custodial credit risk:* Investment types permitted are consistent with the GFOA Policy Statement on State and local Laws Concerning Investment Practices and included but are not limited to: U.S. Treasury obligations, U.S. government agency obligations, certificates of deposit and local government investment pools which are state-administered. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, by the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name or by the Federal Reserve Banks acting as third party agents. As of June 30, 2012, all bank deposits were fully collateralized and insured.

*Interest rate risks:* Investments held for longer periods are subject to increased risk for adverse interest rate changes, City policy provides that to the extent practicable, that investments should be matched with anticipated cash flow requirements and that a portion of the portfolio should be continuously invested in readily available funds such as a local government investment pool. At June 30, 2012, investments of the City are as noted below.

*Credit risk:* Credit risk is the risk of loss due to the failure of the security issuer or backers and the City's investment policy minimizes this risk by limiting the types of securities to be purchased, pre-qualifying financial institutions, broker/dealers, etc. that the City does business with and by requiring the diversifying of the portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

*Concentration of credit risk:* Although the investment policy does not place a specific percentage limit on any type of investment, it recommends diversification, requires competitive biddings, and requires investment officials to operate under the prudent-person rule.

#### 13. Internal Balances

If there are any residual receivable or payable balances outstanding between the governmental activities and business-type activities, they are reported in the government-wide financial statements as "internal balances".

#### 14. Receivables

Accounts receivable are presented net of any allowance for uncollectible accounts.

15. Restricted Assets

Restricted assets represent cash and investments required to be set aside for the retirement of bonds, interest payable and construction of plant assets. The City elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

16. Inventories

Proprietary inventories are stated at average cost and are determined by the moving average inventory method. A perpetual inventory is maintained by these departments, with a physical inventory taken annually. Items held for resale in the general fund are assigned to inventory when purchased and cost of goods sold is determined after a year-end inventory, with items remaining in inventory valued based on average cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

17. Capital Assets

The City's Assets are capitalized at historical costs or estimated historical costs. Gifts or contributions of Capital Assets are recorded at fair market value when received. The City of Clarksville has set the Capitalization Policy threshold for Infrastructure and other Capital Assets at the following levels:

Infrastructure:		
Sidewalks	\$	30,000
Drainage Systems	\$	100,000
Traffic Systems	\$	50,000
Bridges	\$	500,000
Electric and Telecommunications Department	\$	2,500
Other Capital Assets	\$	5,000

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Other Capital Assets</u>	
Land Improvements	20 - 50 years
Main Lines	50 years
Machinery and Equipment	10 - 20 years
Buildings	40 - 50 years
Motor Vehicles	5 - 8 years
Computers	5 years

The City defines Infrastructure as the basic physical assets that allow the City to function. The assets include the Street Network, Sidewalks, Drainage Systems, Traffic Signals and Lighting Systems, and Bridges. The City elected to use the Modified Approach as defined by GASB Statement No. 34 for Infrastructure reporting of its streets, concrete, and asphalt pavements. The Modified Approach requires the City to capitalize existing infrastructure and preserve those existing assets at or above an established condition level. Infrastructure under the Modified Approach is not depreciated.

For all other Infrastructure Systems, the City has elected to use the Basic Approach as defined by GASB Statement No. 34 for Infrastructure Reporting. The City commissioned an appraisal of City-owned Infrastructure and property as of June 30, 2001, and has completed an internal update for the year ended June 30, 2012. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for construction/acquisition date; 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation (defined as the

total depreciation from the date of construction/acquisition to the current date on a straight-line, unrecovered cost method) was computed using industry accepted life expectancies for each infrastructure system. The book value was then computed by deducting the accumulated depreciation from the original cost.

18. Interest Capitalization

Interests cost are capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. Interest capitalization occurs mainly in the City's proprietary funds. Total interest costs incurred and total interest cost capitalized for the year ended June 30, 2012 were as follows:

	Interest Cost Incurred	Interest Cost Capitalized
Gas Department	\$ 575,137	\$ 8,254
Water & Sewer Department	6,864,028	132,297
Electric Division	3,795,449	146,035
Broadband Division	244,530	-
	\$ 11,479,144	\$ 286,586

19. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation days and sick leave benefits. There is no liability for unpaid accumulated sick leave since the city does not have a policy to pay any amounts when employees separate from service with the City. However, it is the City's policy to apply the accumulated sick leave toward years for retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Employees earn 12 or more days of vacation each year except for the Department of Electricity employees who earn 5 or more days of vacation each year depending on length of service. As of February 2010, only employees who have accrued leave as of that date are allowed to carry leave from year to year. No additional leave may be carried forward from year to year.

Only the Department of Electricity accrues sick leave and it accrues at the rate of one day (eight hours) for each full month worked. In February 2010, the sick leave policy was revised to allow employees to accrue up to 90 days of leave. If an employee had accumulated more than 90 days at February 1, 2010, they may carryover all accumulated sick leave. Such employees are not entitled to additional sick leave until they have fewer than 90 days of accumulated leave. Prior to February 2010, employees could accrue up to a maximum of 132 days; however, an employee was not permitted to carry more than 120 days past November 30 of each year. Sick days in excess of 120 were purchased from the employee at a rate of 50% of wages on December 15 each year.

Sick leave is paid on the basis of straight time and is not used as a basis of overtime pay. Under the new policy, any sick leave accumulated after February 1, 2010 will be lost by the employee upon death, retirement or separation from CDE. Upon retirement, if an employee had accumulated leave from before February 1, 2010, they may utilize all of that sick leave prior to their retirement date. Upon death, all sick leave accrued before February 1, 2010 will be paid to the employee's estate. Prior to February 2010 upon retirement or death, the Divisions paid out accrued sick leave at a rate of 100% of wages.

20. Property Tax

The City levies property taxes annually based upon assessed valuations provided by the Montgomery County Tax Assessor. The various types of property are assessed at a percentage of estimated actual value on January 1 of each year. Taxes levied by the City against real property are payable October 1 through February 28, and taxes on real estate are considered to be a lien on such realty as of January 1 of the year the assessment is made. Total property tax, including delinquent taxes from prior years, collected during the fiscal year was \$28,109,112 and included \$27,072,763 collected from current year levy, which was approximately 96.0 percent.

The property tax levy is without legal limit. The rate, as permitted by the Tennessee state law and City charter, is set annually by the Mayor and City Council and collected by the Director of Finance and Revenue. The property tax rate for the year ended June 30, 2012, was \$1.24 per \$100 of assessed value.

## 21. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## 22. Fund Equity

Effective for the fiscal year ending June 30, 2011, the City adopted the provisions of Governmental Accounting Standards Board, Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Governmental fund equity is classified as fund balance. As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Based on the requirements of GASB No. 54, the fund balances for June 30, 2012 are broken down as: nonspendable- \$840,915, restricted- \$1,094,852, committed- \$537,639, assigned - \$1,627,928, and unassigned- \$25,462,044. Fund balances for governmental funds can consist of the following:

*Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash (for example: inventories, prepaid amounts, and long-term notes receivable).

*Restricted Fund Balance* – includes amounts that are (a) externally restricted by creditors, grantors, contributors, or laws or regulations of other governments, or (b) restricted by law through constitutional provisions or enabling legislation. Restrictions may be effectively be changed or lifted only with the consent of resource providers.

*Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision making authority, City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed that constraint originally (for example: resolution or ordinance).

*Assigned Fund Balance* – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the (a) City Council, or (b) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted or committed.

*Unassigned Fund Balance* – is a residual classification for the general fund and includes all spendable amounts not contained in other classifications. It is also used for any negative fund balances in other funds.

The City’s practice is to expend any available restricted, committed or assigned resources, in that order, prior to expending unassigned resources.

The City will maintain a minimum unassigned fund balance for the General Fund not less than twenty percent (20%) of the estimated budgeted expenditures and transfers out for the ensuing fiscal year beginning July 1.

## 23. Prepaid Gas Supplies

Prepaid gas supplies represent Natural Gas Acquisition Corporation’s secured prepayment of natural gas to be received by the Corporation at specified quantities per month through September 2021. This amount is reduced

monthly by the cost of gas sold and is increased by imputed interest based on the effective interest rate implied in the prepayment based on the prepayment amount and term.

24. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

25. Other Significant Accounting Policies

Other significant accounting policies are described throughout the notes section of this audit report or disclosed in the financial statement formats.

B. INVESTMENTS

Investment in debt and equity securities with readily determinable fair values are carried at fair value based on quoted prices in the active markets. At year end, the City's carrying amount for investments are as follows:

Investment Type	Fair Value	Weighted Average Maturity (in years)
Tennessee LGIP	\$ 35,987,974	0.15
U.S. Treasuries/Government Agencies	26,669,358	1.04
Bank Repurchase Agreements	2,568,951	0.06
	<u>\$ 65,226,283</u>	

Investments of the Component Unit-Museum consist of the following at June 30, 2012:

Investment Type	Fair Value	Cost	Average Credit Quality Rating	Average Maturity in Years
Common stocks	\$ 500,804	\$ 414,589	n/a	n/a
Money market fund	40,082	40,082	n/a	n/a
Real estate	1,531	1,264	n/a	n/a
Mutual funds				
Equity	489,426	431,523	n/a	n/a
Balanced	31,845	32,625	n/a	n/a
Fixed	<u>329,432</u>	<u>332,027</u>	n/a	n/a
	<u>\$1,393,120</u>	<u>\$1,252,110</u>		

Substantially all of the Museum's investments are held by a trustee and are not registered in the name of the Museum.

C. RECEIVABLES

Receivables as of the year end for the general fund, proprietary funds and component unit in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Electric &amp; Broadband Department</u>	<u>Gas, Water &amp; Sewer Department</u>	<u>NGAC</u>	<u>Transit</u>	<u>Other</u>	<u>Total</u>
Receivables:								
Accounts	\$ 1,263,925	\$ 27,553	\$ 20,333,784	\$ 6,276,392	\$ 713,147	\$ 27,280	\$ 6,480	\$ 28,648,561
Property taxes	31,456,488	1,900,000	-	-	-	-	-	33,356,488
Grants	-	-	-	-	-	458,149	-	458,149
Intergovernmental	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Notes*	52,461	5,698,107	-	-	-	-	-	5,750,568
TVA	-	-	6,425,241	-	-	-	-	6,425,241
Other	104,377	-	-	-	16,477	-	-	120,854
Gross receivables	32,877,251	7,625,660	26,759,025	6,276,392	729,624	485,429	6,480	74,759,861
Less: Allowance for uncollectibles	(602,766)	(264,048)	(743,051)	(125,306)	-	-	-	(1,735,171)
Net total receivables	\$ 32,274,485	\$ 7,361,612	\$ 26,015,974	\$ 6,151,086	\$ 729,624	\$ 485,429	\$ 6,480	\$ 73,024,690

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property Taxes Receivable	\$ -	\$ 30,535,359
Delinquent Property Taxes	1,820	-
Grants	-	6,082,445
Confiscated funds	-	90,277
Total	\$ 1,820	\$ 36,708,081

\*Consists of a number of notes collectible over several years.

D. CAPITAL ASSETS

*Infrastructure Assets*

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for reporting its Street Assets. The Modified Approach requires the City to capitalize the existing streets and preserve these assets at or above an established condition level, which the City of Clarksville has established as a Pavement Condition Index (PCI) of 41. The City maintains 615 miles of pavement and rates the condition in three conditions: Good to Excellent - 64%; Fair -22%; and Poor to Failed - 14%. City policy recognizes that streets will always be rated below our 41-PCI, and that once streets fall below this level that management may allow the street to completely fail before restoring the street to a 100-PCI and starting the process over. The City's overall system was estimated at a Pavement Condition Index of "63" at June 30, 2012.

Infrastructure activity for governmental activities for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
<u>Governmental Activities:</u>				
Modified Approach Street Network	\$ 245,148,408	\$ 5,639,040	\$ -	\$ 250,787,448
Basic Approach				
Bridges	2,117,260	-	-	2,117,260
Drainage Systems	39,429,623	1,232,282	-	40,661,905
Sidewalks	23,499,823	2,653,748	-	26,153,571
Boat Docks	390,919	-	-	390,919
Traffic Signals / Lighting	3,280,036	913,009	-	4,193,045
Total Infrastructure	<u>313,866,069</u>	<u>10,438,079</u>	<u>-</u>	<u>324,304,148</u>
<u>Less Accumulated Depreciation:</u>				
Bridges	(245,705)	(42,333)	-	(288,038)
Drainage Systems	(7,877,335)	(608,442)	-	(8,485,777)
Sidewalks	(2,171,425)	(1,167,534)	-	(3,338,959)
Boat Docks	(191,232)	(39,104)	-	(230,336)
Traffic Signals / Lighting	(1,013,714)	(257,395)	-	(1,271,109)
Total Accumulated Depreciation	<u>(11,499,411)</u>	<u>(2,114,808)</u>	<u>-</u>	<u>(13,614,219)</u>
Net Infrastructure	<u>\$ 302,366,658</u>	<u>\$ 8,323,271</u>	<u>\$ -</u>	<u>\$ 310,689,929</u>

Other capital asset activity for Governmental Activities for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011 (as restated)	Increases	Decreases	Balance June 30, 2012
<u>Governmental Activities:</u>				
Capital Assets not depreciated:				
Land	\$ 12,695,805	\$ 548,959	\$ -	\$ 13,244,764
Easements	24,585,106	811,521	-	25,396,627
Construction in progress	<u>33,225,291</u>	<u>12,201,603</u>	<u>(7,276,275)</u>	<u>38,150,619</u>
Total Capital Assets not depreciated	<u>70,506,202</u>	<u>13,562,083</u>	<u>(7,276,275)</u>	<u>76,792,010</u>
Capital Assets being depreciated:				
Land Improvements	6,656,515	1,552,362	-	8,208,877
Machinery and equipment	19,653,495	815,515	(63,486)	20,405,524
Buildings	58,015,714	2,891,743	(78,272)	60,829,185
Motor vehicles	<u>15,518,692</u>	<u>1,067,228</u>	<u>(969,370)</u>	<u>15,616,550</u>
Total Capital Assets depreciated	<u>99,844,416</u>	<u>6,326,848</u>	<u>(1,111,128)</u>	<u>105,060,136</u>
Less Accumulated Depreciation:				
Land Improvements	(4,299,672)	(187,571)	-	(4,487,243)
Machinery and equipment	(12,897,222)	(812,929)	57,528	(13,652,623)
Buildings	(16,966,914)	(1,135,477)	24,370	(18,078,021)
Motor vehicles	<u>(11,032,943)</u>	<u>(1,077,973)</u>	<u>953,727</u>	<u>(11,157,189)</u>
Total Accumulated Depreciation	<u>(45,196,751)</u>	<u>(3,213,950)</u>	<u>1,035,625</u>	<u>(47,375,076)</u>
Net Capital Assets depreciated	<u>54,647,665</u>	<u>3,112,898</u>	<u>(75,503)</u>	<u>57,685,060</u>
Net Governmental Activities				
Capital Assets	<u>125,153,867</u>	<u>16,674,981</u>	<u>(7,351,778)</u>	<u>134,477,070</u>
Net Governmental Activities Capital				
Assets and Infrastructure	<u>\$ 427,520,525</u>	<u>\$ 24,998,252</u>	<u>\$ (7,351,778)</u>	<u>\$ 445,166,999</u>

Depreciation Expense related to Governmental Activities was charged to the following functions:

General Government	\$ 746,443
Highways and Streets	2,483,352
Public Safety	1,273,377
Culture and Recreation	825,586
TOTAL	<u>\$ 5,328,758</u>

Capital Asset activity for Business-Type Activities for the year ended June 30, 2012 is as follows:

	Balance <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2012</u>
<u>Business-Type Activities:</u>				
<u>Parking Authority</u>				
Plant and equipment	\$3,494,704	\$ -	\$ -	\$3,494,704
Less accumulated depreciation	(1,400,506)	(75,952)	-	(1,476,458)
	<u>\$2,094,198</u>	<u>(\$75,952)</u>	<u>\$ -</u>	<u>\$2,018,246</u>
<u>Transit System</u>				
Capital assets not depreciated:				
Land	\$ 85,882	\$ 206,550	(\$ 139,000)	\$ 153,432
Construction in progress	244,344	13,904	(247,664)	10,584
Total capital assets not depreciated	<u>330,226</u>	<u>220,454</u>	<u>(386,664)</u>	<u>164,016</u>
Capital assets being depreciated:				
Building	2,950,356	393,916	(96,919)	3,247,353
Revenue vehicles	6,193,803	98,630	(61,748)	6,230,685
Revenue vehicles-ARRA	1,896,285	-	-	1,896,285
Other vehicles	276,568	-	-	276,568
Furniture and equipment	1,110,828	261,307	(225,492)	1,146,643
Total capital assets depreciated	<u>12,427,840</u>	<u>753,853</u>	<u>(384,159)</u>	<u>12,797,534</u>
Less accumulated depreciation	(5,820,326)	(1,101,125)	168,884	(6,752,567)
Net capital assets depreciated	<u>6,607,514</u>	<u>(347,272)</u>	<u>(215,275)</u>	<u>6,044,967</u>
Net capital assets	<u>\$6,937,740</u>	<u>(\$126,818)</u>	<u>(\$601,939)</u>	<u>\$6,208,983</u>

	Balance <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2012</u>
<u>Clarksville Electric and Broadband:</u>				
Capital Assets not depreciated:				
Land and Land Rights	\$ 1,767,861	\$ -	\$ (5,000)	\$ 1,762,861
Construction in Progress	11,755,082	17,699,610	(22,548,230)	6,906,462
Total Capital Assets not depreciated	<u>13,522,943</u>	<u>17,699,610</u>	<u>(22,553,230)</u>	<u>8,669,323</u>
Capital Assets being depreciated:				
Station Equipment	22,259,127	9,352,179	-	31,611,306
Electric Transmission System	75,470,944	6,829,379	(923,822)	81,376,501
Transportation Equipment	2,501,818	172,847	(110,089)	2,564,576
Furniture and Equipment	2,069,052	303,037	(20,523)	2,351,566
Communication Equipment	64,252,029	5,023,246	(794,161)	68,481,114
Poles and Fixtures	1,895,533	11,906	(1,416)	1,906,023
Overhead Conductors and Devices	684,257	-	-	684,257
Structures and Improvements	6,204,042	522,891	(69,768)	6,657,165
Plant Acquisition Adjustments	1,048,228	309,954	(475,825)	882,357
Total Capital Assets depreciated	<u>176,385,030</u>	<u>22,525,439</u>	<u>(2,395,604)</u>	<u>196,514,865</u>
Less Accumulated Depreciation:	<u>(48,090,412)</u>	<u>(9,175,801)</u>	<u>1,860,994</u>	<u>(55,405,219)</u>
Net Capital Assets depreciated	<u>128,294,618</u>	<u>13,349,638</u>	<u>(534,610)</u>	<u>141,109,646</u>
Net Capital Assets	<u>\$141,817,561</u>	<u>\$ 31,049,248</u>	<u>(\$23,087,840)</u>	<u>\$149,778,969</u>
<u>Water and Sewer</u>				
Capital Assets not depreciated:				
Land and Land Rights	\$ 2,880,173	\$ 781,427	\$ -	\$ 3,661,600
Construction in Progress	22,614,774	56,010,917	(33,802,906)	44,822,785
Total Capital Assets not depreciated	<u>25,494,947</u>	<u>56,792,344</u>	<u>(33,802,906)</u>	<u>48,484,385</u>
Capital Assets being depreciated:				
Plant and Equipment	437,674,496	33,802,906	(1,066,113)	470,411,289
Less Accumulated Depreciation	<u>(109,772,310)</u>	<u>(12,572,818)</u>	<u>223,843</u>	<u>(122,121,285)</u>
Net Capital Assets depreciated	<u>327,902,186</u>	<u>21,230,088</u>	<u>(842,270)</u>	<u>348,290,004</u>
Net Capital Assets	<u>\$353,397,133</u>	<u>\$78,022,432</u>	<u>(\$34,645,176)</u>	<u>\$396,774,389</u>

Unamortized electric plant acquisition adjustments represent compensation for electric plant acquired through annexation in excess of the book value of the plant. These adjustments are amortized because no tangible asset is specifically identified with these amounts. The adjustments are being amortized over ten to twenty years.

	<u>Balance</u> <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Gas</u>				
Capital Assets not depreciated:				
Land and Land Rights	\$ 236,659	\$ -	\$ -	\$ 236,659
Construction in Progress	862,635	780,163	(732,767)	910,031
Total Capital Assets not depreciated	<u>1,099,294</u>	<u>780,163</u>	<u>(732,767)</u>	<u>1,146,690</u>
Capital Assets being depreciated:				
Plant and Equipment	61,182,209	732,767	(76,239)	61,838,737
Less Accumulated Depreciation	<u>(18,207,678)</u>	<u>(1,666,483)</u>	<u>76,239</u>	<u>(19,797,922)</u>
Net Capital Assets depreciated	<u>42,974,531</u>	<u>(933,716)</u>	<u>-</u>	<u>42,040,815</u>
Net Capital Assets	<u>\$ 44,073,825</u>	<u>(\$153,553)</u>	<u>(\$732,767)</u>	<u>\$ 43,187,505</u>
<u>Natural Gas Acquisition Corporation</u>				
Capital Assets being depreciated:				
Plant and Equipment	\$ 22,030	\$ -	\$ -	\$ 22,030
Less Accumulated Depreciation	<u>(16,585)</u>	<u>(3,740)</u>	<u>-</u>	<u>(20,325)</u>
Net Capital Assets	<u>\$5,445</u>	<u>(\$3,740)</u>	<u>\$ -</u>	<u>\$1,705</u>
Net Business Activities				
Capital Assets	<u>\$ 548,325,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,325,176</u>
<u>Museum (Component Unit)</u>				
Capital assets being depreciated:				
Leasehold improvements	\$3,314,261	\$598,150	\$ -	\$3,912,411
Furniture and equipment	139,822	1,479	-	141,301
Vehicles	14,565	-	-	14,565
Total capital assets depreciated	<u>3,468,648</u>	<u>599,629</u>	<u>-</u>	<u>4,068,277</u>
Less accumulated depreciation	<u>(1,359,799)</u>	<u>(109,800)</u>	<u>-</u>	<u>(1,469,599)</u>
Net capital assets	<u>\$ 2,108,849</u>	<u>\$ 489,829</u>	<u>\$ -</u>	<u>\$ 2,598,678</u>

Depreciation Expense related to Business-Type Activities was charged to the following functions:

Parking Authority	\$ 75,952
Transit System	1,101,125
Electric & Broadband	9,175,801
Water & Sewer	12,572,818
Gas	1,666,483
Natural Gas Acquisition Corporation	3,740
Museum (Component Unit)	109,800
TOTAL	\$ 24,705,719

#### E. LONG-TERM OBLIGATIONS

Governmental long-term debt activity for the year ended June 30, 2012 consists of the following:

	Balance			Balance	Amounts Due
	<u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>	<u>In Year</u>
					<u>Ending</u>
					<u>June 30, 2013</u>
Bonds payable	\$ 41,727,950	\$ -	\$ 3,249,000	\$ 38,478,950	\$ 3,510,000
Notes payable	54,766,999	9,642,444	1,492,000	62,917,443	2,327,353
Bond Premiums payable	89,916	-	5,395	84,521	-
Subtotal	96,584,865	9,642,444	4,746,395	101,480,914	5,837,353
Accrued compensated absences	2,667,334	100,484	-	2,767,818	1,854,438
Total governmental	\$ 99,252,199	\$ 9,742,928	\$ 4,746,395	\$ 104,248,732	\$ 7,691,791

Governmental long-term debt at June 30, 2012 consists of the following obligations:

#### Bonds Payable

\$21,753,000 2009 General Obligation Refunding Bonds due in increasing annual installments through June 1, 2027, at an interest rate of 3.76%.	\$ 18,187,000
\$4,990,000 2006 Taxable General Obligation Industrial Park Bonds due in increasing annual installments through July 1, 2022, at varying rates from 5.2% to 5.6%.	3,770,000
\$4,411,950 2009A General Obligation Refunding Bonds due in increasing annual installments through June 1, 2014, at an interest rate of 3.17%.	1,436,950
\$5,100,000 2002 E-911 General Improvement Bonds due in increasing annual installments through June 1, 2022, at varying rates of interest from 3.5% to 4.875%.	3,065,000
\$800,000 1976 Farmers Administration Loan due in increasing annual installments through January 1, 2016, at an interest rate of 5%.	165,000
\$12,180,000 2011 Taxable General Obligation Improvement Refunding Bonds Due in annual installments through June 1, 2028 at varying rates of interest From 2% to 5.45%	11,855,000
Total bonds payable	\$ 38,478,950

Notes Payable

\$16,047,000 2007 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2033, with interest payable monthly at an adjustable rate.	\$ 14,459,000
\$4,000,000 2007 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2032, with interest payable monthly at an adjustable rate.	3,613,000
\$6,193,353 2008 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2034, with interest payable monthly at an adjustable rate.	5,584,453
\$2,836,000 2005 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2021, with interest payable monthly at an adjustable rate.	1,981,000
\$25,175,000 2008 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2034, with interest payable monthly at an adjustable rate.	24,950,000
\$1,380,000 2008A Tennessee Municipal Bond Fund Alternative Loan Program; taxable capital outlay note provides for repayment of note in increasing annual installments through December 1, 2015, at an interest rate of 4.2%.	1,098,000
\$1,210,000 2008 Tennessee Municipal Bond Fund Alternative Loan Program; taxable capital outlay note provides for repayment of note in increasing annual installments through August 1, 2015, at an interest rate of 4.39%.	742,000
\$9,500,000 2010 Tennessee Municipal Bond Pooled Loan Program; loan Agreement provides for repayment of loan in annual installments through May 25, 2031, with interest payable monthly at an adjustable rate.	7,489,990
\$3,000,000 2011 General Obligation Capital Outlay Notes; due in even annual installments through September 26, 2016 at an interest rate of 1.65%.	3,000,000
Total notes payable	62,917,443
Bond Premiums payable	84,521
Total bonds, notes payable and premiums	101,480,914
Add: Accrued compensated absences	2,767,818
Less: Current portion of long-term debt	(5,837,353)
Current portion of accrued compensated absences	(1,854,438)
Total governmental activities long-term debt and accrued compensated absences	\$ 96,556,941

Business long-term debt activity for the year ended June 30, 2012 consists of the following:

	Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2012</u>	Amount Due In Year Ending <u>June 30, 2013</u>
<b><u>Gas Department and Water and Sewer Department</u></b>					
Bonds and notes payable	\$220,439,372	\$19,333,487	\$9,272,772	\$230,500,087	\$9,957,311
Accrued compensated absences	760,471	557,978	498,662	819,787	506,641
Customer deposits	4,305,686	2,579,590	1,606,300	5,278,976	-
Premiums on bonds	4,337,553	-	294,914	4,042,639	-
Unamortized discount and deferred loss on defeasance	(849,168)	-	(97,394)	(751,774)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Gas, Water and Sewer Dept.	228,993,914	22,471,055	11,575,254	239,889,715	10,463,952
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>Natural Gas Acquisition Corporation</u></b>					
Bonds payable	190,445,000	-	11,785,000	178,660,000	12,360,000
Premium on bonds	3,978,405	-	618,555	3,359,850	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total NGAC	194,423,405	-	12,403,555	182,019,850	12,360,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>Clarksville Transit</u></b>					
Accrued compensated absences	152,837	157,834	152,837	157,834	157,834
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>Parking Authority</u></b>					
Note payable	193,839	-	142,391	51,448	6,963
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>Department of Electricity</u></b>					
Bonds and notes payable	85,219,751	247,964	2,095,103	83,372,612	2,095,103
Premium on bonds	3,610,802	-	167,358	3,443,444	-
Customer deposits	4,503,543	2,409,877	2,137,054	4,776,366	-
TVA advances	5,940,102	2,910,923	2,272,584	6,578,441	-
Accrued compensated absences	1,371,409	-	238,682	1,132,727	451,320
Other	30,148	-	29,000	1,148	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Department of Electricity	100,675,755	5,568,764	6,939,781	99,304,738	2,546,423
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total business activities	\$ 524,439,750	\$ 28,197,653	\$ 31,213,818	\$ 521,423,585	\$ 25,535,172
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>Museum (Component Unit)</u></b>					
Note payable	\$183,259	\$ -	\$15,781	\$167,478	\$16,296
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Business activity long-term debt at June 30, 2012 consists of the following obligations:

Bonds Payable

Series 2002 (\$22,040,000) Water, Sewer and Gas Revenue Refunding in annual installments of \$1,425,000 to \$1,920,000 through February, 2018, at 4.65% to 5.25% interest.	10,195,000
Series 2007 (\$60,150,000) Water, Sewer and Gas Revenue in annual installments of \$1,270,000 to \$5,370,000 through February, 2032, at 4.35% interest.	55,085,000
Series 2006 (\$240,051,000) Natural Gas Acquisition Corp. (NGAC) Gas Revenue in annual installments of \$8,515,000 to \$25,500,000 through December, 2022, at 5.0% interest.	178,660,000
Series 2004 (\$8,560,000) Electric System Revenue in annual installments of \$270,000 to \$615,000 through September, 2024, at 2.5% to 4.25% interest.	3,980,000
Series 2007 (\$52,790,000) Electric System Revenue in annual installments of \$750,000 to \$3,750,000 through September, 2033, at 4.0% to 5.0% interest.	50,540,000
Series 2010A (\$29,258,018) Electric System Revenue in annual installments of \$245,000 to \$5,685,000 through September, 2035, at 2.5% to 5.0% interest.	27,860,000
Series 2010B (\$790,000) Electric System Revenue (Taxable) in annual installments of \$240,000 to \$550,000 through September, 2012, at 1.3% to 1.74% interest.	240,000
Series 2011 (\$67,645,000) Water, Sewer and Gas Revenue Refunding in annual installments of \$1,745,000 to \$12,550,000 through February,2025, at 3.0% to 5.0% interest.	<u>65,630,000</u>
Total bonds payable	<u>\$ 392,190,000</u>

## Notes Payable

Series 1994 (\$5,200,000) TN. State Revolving Fund (DWF)  
in annual installments of \$246,912 to \$306,162 through 2024  
At 2.76% interest. \$ 3,435,450

Series 1994 (\$10,000,000) TML Bond Fund  
in annual installments of \$720,000 to \$882,000 through June, 2015  
at variable interest rates. 2,478,000

Series 2004 (\$44,885,000) TN. State Revolving Fund Water and Sewer Revenue for  
expansion of wastewater treatment plant, in monthly installments of \$154,342 to \$209,678  
through July, 2022 at 3.216% interest. 21,701,738

Series 2008 (\$841,080) CEMC Note to purchase plant assets  
in annual installments of \$115,103 to \$30,995 through June, 2020  
at 0.0% interest. 752,612

Series 2005 (\$49,181,269) Tennessee Municipal Bond Fund  
Loan due in annual installments of \$1,322,295 to \$3,341,372  
through May, 2032, at a variable rate of interest. 43,722,934

Interfund note Parking Authority to purchase garage  
underneath Transit Garage 51,448

Series 2010 (\$50,000,000) TML Bond Fund - Water, Sewer and Gas, variable rate due  
in a lump sum December 2013 at a variable rate of interest. 28,251,965

Total notes payable 100,394,147

Total bonds and notes payable 492,584,147

Add: Accrued Compensated Absences 2,110,348

Customer deposits 10,055,342

TVA advances 6,578,441

Bond premiums 10,845,933

Other 1,148

Less: Unamortized bond discounts and deferred loss on defeasance (751,774)

Less: Current portion of long-term debt and accrued compensated absences (25,535,172)

Total business activity long-term debt \$ 495,888,413

## Component Unit-Museum

Museum promissory note held by the City of Clarksville. Minimum annual principal  
and interest payments of \$20,000 are due on December 31st of each year through 2020.  
Interest is charged on the unpaid balance of the loan at a rate of 3.28% annually.

\$167,478

The annual debt service requirements to amortize bonds and notes payable outstanding as of June 30, 2012 are as follows:

For the Years Ended June 30,	Governmental	Business	Component	Total	Total
	Activity Debt <u>Principal</u>	Activity Debt <u>Principal</u>	Unit Debt <u>Principal</u>	Debt <u>Principal</u>	<u>Interest</u>
2013	\$ 5,837,353	\$ 24,419,377	\$ 16,296	\$ 30,273,026	\$ 21,805,410
2014	5,774,950	54,074,211	16,833	59,865,994	20,597,600
2015	5,622,000	27,463,618	17,385	33,103,003	19,051,690
2016	6,511,000	29,216,730	17,955	35,745,685	17,661,836
2017	5,694,000	31,172,818	18,544	36,885,362	16,147,692
2018	5,333,000	32,978,138	19,152	38,330,290	14,556,100
2019	5,580,000	34,925,024	19,781	40,524,805	12,878,642
2020	5,824,000	37,020,084	20,249	42,864,333	11,132,558
2021	6,096,000	39,346,163	21,283	45,463,446	9,254,867
2022	6,107,000	43,190,605	-	49,297,605	7,221,974
2023	4,893,000	18,763,840	-	23,656,840	5,751,031
2024	4,412,000	19,217,735	-	23,629,735	4,947,577
2025	4,611,000	19,599,651	-	24,210,651	4,145,506
2026	3,875,000	7,393,384	-	11,268,384	3,318,063
2027	4,109,000	7,748,053	-	11,857,053	3,007,459
2028	3,900,000	8,133,956	-	12,033,956	2,672,023
2029	3,006,990	8,536,403	-	11,543,393	2,334,318
2030	2,985,000	8,960,724	-	11,945,724	2,014,343
2031	3,121,000	9,412,260	-	12,533,260	1,678,466
2032	3,262,000	9,876,373	-	13,138,373	1,325,470
2033	3,075,100	4,895,000	-	7,970,100	959,198
2034	1,767,000	5,145,000	-	6,912,000	693,784
2035	-	5,410,000	-	5,410,000	419,500
2036	-	5,685,000	-	5,685,000	142,125
Total	<u>\$ 101,396,393</u>	<u>\$ 492,584,147</u>	<u>\$ 167,478</u>	<u>\$ 594,148,018</u>	<u>\$ 183,717,232</u>

The City is not subject to any state or other law that limits the amount of net bonded debt that it may have outstanding. The City's full faith and credit is pledged for the repayment of all General Obligation Bond principal and interest.

Various bond indentures contain significant limitations, restrictions, annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various sinking funds. The City is in compliance with all such significant limitations and restrictions. Substantially all revenue bonds of the proprietary funds are payable from restricted assets.

On June 27, 2006, the Natural Gas Acquisition Corporation issued \$240,525,000 of bonds to purchase \$218,834,969 of prepaid natural gas for the City's gas department and \$21,216,031 of prepaid natural gas for Humphreys County Utility District.

On June 6, 2008, Standard & Poor's Rating Services lowered its financial strength ratings on XL Capital Assurance Inc. from A- to BBB-. Subsequently, on June 9, 2008, Standard & Poor's Ratings Services lowered its rating on NGAC's \$240.1 million series 2006 revenue bonds from A- to BBB-. XL Capital Assurance Inc. provides a debt service reserve surety bond to the Corporation's series 2006 revenue bonds.

#### F. DEFEASED DEBT

On June 28, 2001, the Departments issued Sewer and Gas Revenue Refunding and Improvement Bonds, Series 2001, to among other things, refund \$1,130,000 Series 1991 Bonds, refund \$7,244,138, Series 1992 capital appreciation bonds, and refund \$10,200,000 Series 1997 bonds. Sufficient proceeds were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the balance sheet. At June 30, 2012, bonds outstanding of \$2,046,947 were considered defeased.

#### G. PENSION PLAN

##### Plan Description

Employees of the City, with the exception of the employees of the Department of Electricity, 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. The City has authorized Mandatory Retirement for its Public Safety Officers. Public Safety Officers can retire at age 55 with five years of service or at any age with 25 years of service and receive a supplemental bridge payment between the mandatory retirement age and 62. 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 the performance of duty. Members joining the system 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 statutes 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 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, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

### Funding Policy

The City has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2012 was 15.49% of annual covered payroll. The contribution requirements of plan members are set by state statute. The contribution requirements for the City are established and may be amended by the TCRS Board of Trustees.

### Annual Pension Cost

For the year ending June 30, 2012, the City's annual pension cost of \$6,865,720 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2009 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 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009 was 14 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

### Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2012	\$ 6,865,720	100.0%	\$ 0.00
June 30, 2011	5,396,038	100.0%	0.00
June 30, 2010	6,655,681	100.0%	0.00

### Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 77.89% funded. The actuarial accrued liability for benefits was \$137.06 million, and the actuarial value of assets was \$106.75 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$30.31 million. The covered payroll (annual payroll of active employees covered by the plan) was \$43.35 million, and the ratio of the UAAL to the covered payroll was 69.91%.

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 AAL's 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 surrogate for the funded status and funding progress of the plan.

The following is a schedule of funding progress for the City:

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2011	\$ 106,753	\$ 137,058	\$ 30,306	77.89%	\$ 43,351	69.91%
July 01, 2009	\$ 84,793	\$ 88,205	\$ 3,412	96.13%	\$ 38,821	8.79%
July 01, 2007	\$ 77,538	\$ 81,212	\$ 3,674	95.48%	\$ 36,938	9.95%

Prior to April 1, 1993, the City of Clarksville was the administrator of a single-employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its employees, excluding employees of the Department of Electricity. Current retirees and former employees vested in the City's PERS were not eligible to join TCRS. Annuities were purchased for these individuals from Plan assets, effective September 1, 1993.

Component Units

Employees of the Museum are not considered employees of the City and do not participate in the TCRS plan or the City PERS.

Department of Electricity - Pension Plan-401(K) Plan

Effective June 30, 2009 CDE discontinued a defined contribution retirement plan known as the Clarksville Department of Electricity Employees' Pension Plan and the participant account balances were subsequently transferred to employee' 401(K) accounts as described in Note H below.

H. DEFERRED COMPENSATION PLAN

City General - The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees except those of the Department of Electricity, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Plan's investments are held in trust by Public Employee Benefit Services Corporation (PEBSCO).

Department of Electricity - The Electric Department (CCE) maintains a deferred compensation 401(K) plan for all eligible employees. In order to be eligible to participate in the plan, employees must be at least 21 years old and have attained at least 12 months service with CDE. Vesting in the plan is full and immediate. Contributions and forfeitures are allocated to plan participants based on the proportion of their salary to the total salaries of all eligible plan participants. Employer and employee contributions to this plan are discretionary. To offset the loss of the defined contribution plan as discussed in Note G, CDE established a progress sharing plan as part of the 401(K) plan. CDE contributes 3% of gross pay to the progress sharing plan and also matches up to an additional 3% contribution for all eligible employees.

	June 30, 2012	June 30, 2011	June 30, 2010
Contributions			
Employer 401(K)	\$147,234	\$141,285	\$141,820
Employer progress sharing	172,420	155,600	152,441
Employee 401(K)	230,931	228,908	234,864
Totals	\$ 550,585	\$ 525,793	\$ 529,125
Plan assets on December 31, (market value)	\$8,195,528	8,740,210	9,593,802

These assets are the property of the employees and are not included in these statements.

#### I. OTHER POST EMPLOYMENT BENEFITS

The City implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year ended June 30, 2008. These provisions were applied prospectively with respect to the City's postemployment benefit plans. GASB Statement No. 45 requires the accrual of other postemployment benefit obligations over the working careers of plan members rather than as benefits are paid.

Plan Description - The City of Clarksville's Retired Employees' Benefit Plan ("Plan") is a single-employer defined benefit healthcare, dental, and life insurance plan administered by the City of Clarksville. The plan is provided for in Section 1-1340 through Section 1-1348 of the Official Code of the City of Clarksville. The Plan provides medical, dental, and life insurance benefits to eligible retirees of the general government, the Gas, Water and Sewer Department and the Transit System. Retirees of the general government, the Gas, Water and Sewer Department and the Transit System are able to obtain medical and dental insurance at the City group rates for their spouses. Employees hired on or after July 1, 2006 are not eligible for the retirement benefits provided by the Plan. Eligible employees must have been hired on or before June 30, 2006. The Plan has a total of 934 participants of which 231 are retired participants and 703 are active participants. The Plan does not issue a publicly available financial report that includes financial statements and required supplementary information.

Funding Policy - The contribution requirements of the general government, the Gas, Water, and Sewer Department, and the Transit System are determined by an actuary study performed as of July 1, 2010. The level of actual funding is determined by the Clarksville City Council during the budget process. The City Council approved funding the estimated cost of insurance for current premiums. The City will continue to pay current premiums on a pay-as-you-go basis. Funds approved in fiscal year 2012 were sufficient to pay the current cost of premiums for other post employment benefits for eligible retirees in fiscal year 2012. For fiscal year 2012, the general government, the Gas, Water, and Sewer Department, and the Clarksville Transit System paid a total of \$1,106,911 for current premiums for retiree insurance coverage.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount that is 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 cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (ARC)	\$ 6,373,711
Interest on net OPEB obligation	717,278
Adjustment to annual required contribution	(640,580)
Annual OPEB cost (expense)	6,450,409
Contributions made	(1,106,911)
Increase in net OPEB obligation	5,343,498
NET OPEB obligation - beginning of year	18,700,329
NET OPEB obligation - end of year	\$ 24,043,827

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011 and 2010 is as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Annual Employer Contribution	% of Annual OPEB Cost Contributed	Net Ending OPEB Obligation / (Asset)
2012	\$ 6,450,409	\$ 1,106,911	17.16%	\$ 24,043,827
2011	6,217,632	1,024,396	16.48%	18,700,329
2010	5,826,891	1,021,773	17.54%	13,507,093

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$87.4 million, and the actuarial value of assets was \$0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$87.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$41.2 million, and the ratio of the UAAL to the covered payroll was 212.2 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the health and dental care and life insurance cost trend. Amounts actuarially determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and as 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 about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern to the employer and plan members. 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 July 1, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 10.5 percent initially, reduced by uniform decrements to an ultimate rate of 5.0 percent over an eleven year period. Dental costs are assumed to increase 4.0 percent annually. The rate of inflation (assumed rate of increase in payroll) was assumed at 4.0 percent. The actuarial value of assets was not applicable to the actuarial valuation. The UAAL is being amortized as a level percentage of projected payrolls. The plan is closed to any employees hired on or after July 1, 2007. The remaining amortization period as of the July 1, 2010 study date was thirty years.

The Department of Electricity - The Department of Electricity under authority of the Electric Power Board provides medical insurance coverage for substantially all retiring employees with thirty years of service until they reach age 65. Prior to March 1, 2011, retirement could begin at age 55. On March 1, 2011, the plan was amended so that retirement could begin at age 60. Ten employees were grandfathered under the prior age and service limit. Seven retired employees were covered for medical insurance at June 30, 2012. Prior to 2009, the Department of Electricity also provided life insurance coverage to

retirees with thirty years of service until they reached age 65. Retirement could begin at age 55. During 2009, the post employment life insurance plan for retirees was discontinued in favor of less expensive term policies. Paid policies were held pending further consideration of their investment potential. On February 2, 2012, these policies were cashed in, in full. The term policies provide life insurance benefits equal to two times each covered employees' annual salary.

Post-employment benefits are accounted for in accordance with GASB No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." GASB No. 45 requires that employers who participate in single-employer or agent multiple-employer defined, other postemployment benefit (OPEB) plans measure and disclose an amount for annual OPEB cost on the accrual basis of accounting. A single-employer defined benefit plan for medical insurance is maintained. The provisions of the plan can be amended by the Electric Power Board at any time. The plan is funded on a pay-as-you-go basis with expense calculated under time provisions of GASB No. 45 as described below. The plans do not issue stand-alone financial reports.

The annual OPEB expense is calculated based on the annual required contributions of the employer (ARC), 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 the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the Electric Department's annual medical insurance OPEB cost for the year, the amount actually contributed to the plan, and changes in the Electric Department's net OPEB obligation:

Normal cost	\$ 19,641
30 year amortization of accrued liability	68,210
27 year amortization of actuarial gain	(49,638)
Interest on net OPEB obligation	13,180
Annual OPEB cost (expense)	51,393
Contributions made	(39,008)
Increase in net OPEB obligation	12,385
NET OPEB obligation - beginning of year	401,130
NET OPEB obligation - end of year	\$ 413,515

The Electric Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011 and 2010 are as follows:

Fiscal Year Ended <u>June 30,</u>	Annual OPEB Cost	Annual Employer Contribution	% of Annual OPEB Cost Contributed	Net Ending OPEB Obligation/(Asset)
2012	\$ 51,393	\$ 39,008	0.76 %	\$ 413,515
2011	56,719	41,494	0.73 %	401,130
2010	137,286	14,073	0.10 %	385,905

As of June 30, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$678,431 and the actuarial value of the assets was zero, resulting in an unfunded actuarial liability (UAAL) of \$678,431. The covered payroll (annual payroll of active employees covered by the plan) was \$6,518,000, and the ratio of the UAAL to the covered payroll was 10.41%.

Actuarial valuations of ongoing plans involve estimates of the value reported amounts and assumptions about the probability of the occurrence 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 plan 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 about

whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) 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 plan members to that point. The actuarial methods and assumptions used include techniques that are designed consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included an annual healthcare cost trend rate of 6.5 percent initially, reduced by decrements to an ultimate rate of 3.0 percent after sixteen years. This rate includes a 3.0 percent inflation assumption.

The actuarial values of assets were determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2012 is twenty-five years.

J. RISK AND UNCERTAINTIES OF INVESTMENTS

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the City's investment account balances and the amounts reported in the related financial statements at June 30, 2012.

K. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the City to significant concentration of credit risk consist principally of cash and accounts receivable. The City places its cash with federally insured financial institutions and limits the amount of credit exposure to any one institution by requiring collateral. With respect to accounts receivable, credit risk is dispersed across a large number of customers who are geographically concentrated in the Clarksville, Tennessee service area. The City obtains an initial credit evaluation for new customers or a security deposit or third-party guaranty where appropriate.

L. INTER-FUND TRANSACTIONS

Inter-fund receivable and payable balances at June 30, 2012, are as follows:

	Major Fund General	Debt Service	Non-Major Governmental	Non-Major Proprietary	Internal Service	Capital Projects
Interfund Receivable	\$ 8,475,395	\$ 698,706	\$ 2,309,873	\$ 717,936	\$ 2,670,847	\$ 976,000
Interfund Payable:						
Major Funds:						
General	\$ -	\$ 698,706	\$ 2,309,873	\$ 717,936	\$ 2,670,847	\$ -
Capital Projects	7,375,499	-	-	-	-	-
Gas	124,134	-	-	-	-	-
Water and Sewer	-	-	-	-	-	-
Electric	287,445	-	-	-	-	-
Non-Major Funds:						
Governmental	548,005	-	-	-	-	976,000
Proprietary	140,312	-	-	-	-	-
Internal Service	-	-	-	-	-	-
	<u>\$ 8,475,395</u>	<u>\$ 698,706</u>	<u>\$ 2,309,873</u>	<u>\$ 717,936</u>	<u>\$ 2,670,847</u>	<u>\$ 976,000</u>

Inter-fund transactions were used to account for reimbursements of insurance premiums, capital projects, operating expenses, repayment of principal and interest on debt and to fund operating deficits.

#### M. INTERDIVISIONAL ALLOCATIONS

The Electric Division formed the Broadband Division on April 1, 2007, to provide video, internet and telephone services to existing electric customers. Also in April 2007, the Electric Division began installing a fiber network that allowed the Electric Division to remotely perform electric related functions. During the 2008 fiscal year, the Broadband Division began "renting" a portion of the fiber network on a per connection basis to provide the broadband services listed above to existing electric customers. The "rent" cost allocated to the Broadband Division was based upon an allocation formula applied to the costs of the fiber infrastructure. Fiber infrastructure costs, for the purpose of this allocation, included depreciation, taxes, interest, and a pole attachment fee. This allocation methodology has evolved, along with the development of the Broadband project, over the past three years.

For fiscal year ended June 30, 2012 allocated infrastructure costs were as follows:

	Unit Costs	June 30, 2012 Annual Telecom Units	June 30, 2012 Allocated Costs
Depreciation	\$ 2.61	264,093	\$689,283
Interest	2.15	264,093	567,800
Taxes	0.85	264,093	224,479
Pole Attachment	0.35	264,093	92,433
Totals	<u>\$ 5.96</u>		<u>\$1,573,995</u>

During the 2008 fiscal year, the Broadband Division began "renting" an office building from the Electric Division for Broadband operations. During the 2012 fiscal year, approximately 83% of the depreciation, property tax and insurance costs associated with this building were allocated to the Broadband Division. Costs allocated from the Electric Division to the Broadband Division, for this building, were \$30,000 for the year ended June 30, 2012.

At June 30, 2012, the Electric Division owed the Broadband Division \$1,068,895. This amount represents payments for broadband services the Electric Division had collected on behalf of the Broadband Division.

N. INTERDIVISIONAL RECEIVABLE/PAYABLE BETWEEN THE ELECTRICAL AND BROADBAND DIVISION

Changes in the interdivisional payable/receivable account for the year ended June 30, 2012, were as follows:

	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2012</u>
Interdivisional Receivable/Payable	\$ 17,935,097	\$ -	\$ (217,353)	\$ 17,717,744

The interdivisional payable represents allocated expenses and cash borrowed by the Broadband Division from the Electric Division plus accrued interest. The rate of interest is the highest interest rate earned by the Electric Division on deposited funds in the previous month. This rate of interest was 1.15% at June 30, 2012.

On December 21, 2009, the City of Clarksville, Tennessee, the Clarksville Electric Power Board, and the Tennessee Valley Authority (TVA) entered into an agreement to specify the terms and conditions of interdivisional loans between the Electric Division and the Broadband Division. This agreement defined two loans from the Electric Division to the Broadband Division and specified the terms of each loan, as follows:

- *2007 Loan* – The aggregate amount of this interdivisional loan may not exceed \$16,000,000. Interest on the outstanding loan balance accrues monthly at the highest rate then being earned by the Electric Division on its investments, as required by Tennessee law. Repayment of this loan is anticipated to begin during fiscal year 2013, when, according to the Broadband Division’s business plan, the Division will begin to generate positive cash flows. The repayment schedule calls for annual interest payments (based on the outstanding balance of the loan) and principal payments ranging in amount from \$1,000,000 to \$3,500,000 annually. The balance of this loan was \$16,000,000 at June 30, 2012.
- *2009 Loan* – Once the aggregate balance of the 2007 Loan reaches \$16,000,000, the Electric Division may make additional loan(s) to the Broadband Division up to an aggregate amount of \$4,500,000. The Electric Division will be under no obligation or responsibility to set aside any funds for this purpose. Interest shall be due and payable in annual installments (in arrears) due on June 30 of each year beginning June 30, 2011. The interest rate on this loan will be the highest of the interest rate then being earned by CDE on invested funds, or the Constant Maturity Treasury rate for similar terms as CDE invested funds. Beginning June 30, 2015, the Broadband Division will be required to amortize the principal balance, of any loan(s) under this provision of the loan agreement, over a ten year period in equal, annual principal installments. All principal payments, along with accrued interest, must be repaid no later than June 30, 2024. Any loan(s) made under this provision of the agreement will be callable by the Electric Division with no more than 15 days’ written notice. Other terms of this portion of the agreement include the establishment of a separate fund by the City of Clarksville for repayment of interest; a right of the Electric Division to first payment of Broadband Division revenues; and a guarantee that the City of Clarksville will make payment for any past due amounts from City General Funds. The balance of this loan was \$1,717,744 at June 30, 2012.

O. OPERATING TRANSFERS

Operating transfers were used to account for payments-in-lieu-of-taxes, payments of principal and interest, funding of operating deficiencies and various reimbursements. Operating transfers among individual funds of the City for the fiscal year ended June 30, 2012, were as follows:

	<u>Amount</u>	<u>Transfer to:</u>				<u>Capital Projects</u>
		<u>General Fund</u>	<u>Non-Major Transit System</u>	<u>Debt Service</u>	<u>Non-Major Special Revenue</u>	
<u>Transfer from:</u>						
General Fund	\$ 7,195,522	\$ -	\$ 1,815,602	\$ 5,269,423	\$ 110,497	\$ -
Electricity/Broadband Dept.	3,289,910	3,289,910	-	-	-	-
Gas Department	497,905	497,905	-	-	-	-
Water and Sewer	2,391,924	2,391,924	-	-	-	-
Parking Authority- Non-Major	302,497	302,497	-	-	-	-
Special Revenue – Non-Major	3,728,102	1,500,000	-	1,252,102	-	976,000
Total	<u>\$ 17,405,860</u>	<u>\$ 7,982,236</u>	<u>\$ 1,815,602</u>	<u>\$ 6,521,525</u>	<u>\$ 110,497</u>	<u>\$ 976,000</u>

## P. COMMITMENTS AND CONTINGENCIES

### Leases

The City receives rental income principally for real property from various agencies and rental of recreation facilities. Rental income from these sources totaled approximately \$361,713 for the year ended June 30, 2012.

The City leases office space on the first floor of the City Hall Municipal Building to US Bank in the amount of \$75,758 annually. The US Bank lease agreement expires on May 31, 2015 with the option to renew for an additional five years.

### Litigation

The City is a party to various lawsuits, many of which occur in the normal course of governmental operations. The ultimate outcome of the actions is not determinable; however, the City officials and legal counsel believe that the ultimate outcome, either singularly or in the aggregate, will not have a material adverse effect on the City's financial statements except the class-action lawsuit discussed below.

### Americans with Disabilities Act (Consent Order)

The City is a party in a class-action lawsuit against the City alleging various violations of the Americans with Disabilities Act (ADA), particularly in the area of public rights-of-way. The parties have submitted a proposed consent order, which is pending, that shows the City consented to obtain ADA compliance citywide in the next ten years at a multi-million dollar cost with annual compliance reports provided to the Court of jurisdiction.

### Commitments

The Clarksville general government has contractual commitments for various construction projects totaling \$7.4 million at June 30, 2012. The Gas Department and the Water and Sewer Department have construction commitments totaling \$43.4 million at June 30, 2012.

Effective January 31, 2004, the Gas Department entered into an easement agreement with the U.S. Department of the Army that expires on January 30, 2053. Pursuant to this contract, the Gas Department will manage the construction, operation, maintenance, repair or replacement of the natural gas utility system at Fort Campbell Army post. The Gas Department will be compensated for these services on a cost-plus basis. This contract was ended during fiscal year 2011-2012.

The Natural Gas Acquisition Corporation has a 15 year contract to purchase natural gas from Merrill Lynch Commodities, Inc., a Delaware corporation. The Clarksville Gas Department has contracted to buy this gas from the Natural Gas Acquisition Corporation for the entire fifteen years.

On February 23, 2012 the Sewer Department received a Tennessee Department of Environment and Conservation(TDEC) Commissioner issued enforcement order (this order supersedes all requirements of previous Commissioner's order in 2004). From the period September 2011 through November 2011 the Sewer Department's wastewater discharges exceeded TDEC National Pollutant Discharge Elimination System Permit limits and provisions. In order to comply with TDEC Commissioner's order, the Sewer Department must develop several response and corrective action plans, complete assessments and maintenance, construct and rehabilitate flood damaged sewer treatment plants, and issue reports on the status of the compliance with the order. All projects are to be completed by December 31, 2016. The consequences of not complying the Commissioner's order include civil penalties up to \$287,300 total. In addition, noncompliance with the order could be a factor in future enforcement actions. The Sewer Department currently estimates it will cost approximately \$15 million to comply with this consent order with \$2 million being spent in fiscal year 2013. Noncompliance with the order is not anticipated.

The Federal Energy Regulatory Commission (FERC) regulates the rates charged to the Clarksville Gas Department for the transportation and storage of natural gas. FERC has retroactively adjusted charges in the past and may do so in the future. No estimate of any future adjustments can be made. However, the Department has been able to pass through to customers past adjustments approved by the FERC. Management believes any future rate adjustments will be recovered through amounts charged to affected customers.

#### Bi-County Solid Waste Post-Closure Costs

In 1974, the City, along with Montgomery and Stewart Counties, entered into a 20 year Bi-County solid waste agreement for the joint and cooperative operation and maintenance of a solid waste and collection disposal system. The agreement provided for the City to be responsible for a 45% share of costs and expenses relating to the system, including any applicable post-closure costs. Upon expiration of the agreement on June 30, 1994, the City chose not to participate in the renewal agreement entered into by the other two parties. The City contends that all funds necessary to cover its share of landfill costs applicable to the original 20-year joint agreement, including all applicable post-closure costs, has been paid, and no additional liability should be provided. In the event the actual costs of the landfill post-closure operations exceed amounts previously estimated and paid, the City will be liable for its applicable share of the excess. Such costs will not be known until the landfill is ultimately closed.

#### Q. UTILITIES

CDE Lightband - During October 2010, CDE Lightband (Electric Division) implemented a new accounting policy concerning revenue recognition. Historically, CDE Lightband (Electric Division) has recognized revenue and power costs when those revenues/costs have been billed. In October 2010, CDE Lightband (Electric Division) began recognizing all revenue earned and power costs incurred through the date of each financial statement issued.

This accounting change was implemented in conjunction with anticipated rate and billing changes being implemented by the Tennessee Valley Authority (TVA). Since 1992, TVA has used an "End-Use" wholesale rate schedule to bill CDE Lightband for wholesale power purchases. Under this rate structure, TVA billed CDE Lightband based upon CDE Lightbands' sales of power to retail customers. Traditionally, TVA has billed CDE Lightband on or about the 19<sup>th</sup> of each month for the thirty day period ending on that day.

In April 2011, TVA implemented a new wholesale rate structure and billing schedule that resulted in TVA billing CDE Lightband on a calendar month basis. The new wholesale rate structure applies to metered wholesale energy sales from TVA to CDE Lightband. This decoupling of wholesale and retail power consumption is expected to create significant fluctuations in margins between power sales revenue and power costs, when compared to the relative consistency CDE Lightband has experienced since 1992.

R. EXTRAORDINARY LOSS

Excessive rainfall on May 1<sup>st</sup> and 2<sup>nd</sup> of 2010 resulted in the Cumberland River eventually cresting at 62.58 feet, well above the flood stage of 46 feet. This resulted in extensive damage to the wastewater treatment facility and several components of the wastewater collection system. Work is continuing on all the affected components of the treatment system and it will likely be over a year before all permanent solutions are in place.

Since many of the projects are considered "improved projects" the Departments need to await approval from FEMA before beginning the work. The Departments were notified that many of the projects at the sewer treatment plant had been defunded. The reason for the defunding related to flood plain elevations at the plant. The Departments have retained legal counsel and the defunded projects are currently being appealed.

The projects defunded represent a significant portion of the overall costs related to the flood. The remaining approved projects total \$1.4 million and the departments fully expect to recover those costs. The Departments anticipate it will take until December 2015 before all projects at the Waste Water Treatment Plant are substantially complete.

S. DEFICIT FUND EQUITY

For the fiscal year ended June 30, 2012, there were no instances of deficit fund equity in any funds.

T. PRIOR PERIOD ADJUSTMENTS

Government-wide: Net assets as recorded in the government-wide financial statements of the City at June 30, 2011 have been restated to reflect the land owned by the City of Clarksville Office of Housing and Community Development that was not presented. This adjustment reflects an increase of \$763,674.

General Government: \$352,757 in weed bill receivables had been improperly recorded within the general fund as revenue. Those collectibles should have been recorded as deferred revenue at June 30, 2011, and this has been corrected.

General Government: \$352,488 has been booked as an interfund payable to the Department of Electricity. It is probable that the general government owes this amount as a reimbursement for the placement of underground utilities stemming from a prior year agreement. This amount is still being disputed, however this prior period adjustment is the most conservative treatment of this issue at this time.

General Government: \$443,750 has been booked as a payable to other governmental agencies. It is probable that the general government owes this amount to correct an underpayment of \$33,750 each year for the past 11 years and a separate underpayment of \$72,500 that has accumulated during the past 4 years. These amounts are still being disputed, however this prior period adjustment is the most conservative treatment of this issue at this time.

U. NEW PRONOUNCEMENTS

The GASB has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement is intended to provide reporting guidance for deferred outflows and inflows of resources, and introduce and define those elements as a consumption and acquisition of net assets by the government that is applicable to a future reporting period. This statement becomes effective for financial periods beginning after December 15, 2011 and will require a prior period adjustment for the first year of audited financial statements under this GASB.



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**CITY OF CLARKSVILLE, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2012**

**A. SCHEDULE OF FUNDING PROGRESS FOR PENSION PLAN**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ration (a/b)	Covered Payroll ©	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2011	\$106,753,000	\$137,058,000	\$ 30,306,000	77.89%	\$ 43,351,000	69.91%
July 1, 2009	84,793,000	88,205,000	3,412,000	96.13%	38,821,000	8.79%%
July 1, 2007	77,538,000	81,212,000	3,674,000	95.48%	36,938,000	9.95%

**B. SCHEDULE OF FUNDING PROGRESS AND SUMMARY OF ACTUARIAL ASSUMPTIONS FOR OPEB**

City of Clarksville Departments Excluding Electric and Broadband:

Plan Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b) - (a)	Funded Ration (a/b)	Covered Payroll ©	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2011	\$ -	\$ 87,395,000	\$ 87,395,000	0.00%	\$ 41,185,000	212.20%
July 1, 2010	-	82,390,000	82,390,000	0.00%	39,526,000	208.40%
July 1, 2009	-	75,697,000	75,697,000	0.00%	38,209,000	198.10%
July 1, 2008	-	70,949,000	70,949,000	0.00%	37,658,000	188.40%

Electric and Broadband Departments:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b) - (a)	Funded Ration (a/b)	Covered Payroll ©	UAAL as a % of Covered Payroll ((b-a)/c)
June 30, 2011	\$ -	\$ 678,431	\$ 678,431	0.00%	\$ 6,518,000	10.41%
June 30, 2008	-	1,377,100	1,377,100	0.00%	5,841,000	23.58%

	<u>City of Clarksville</u>	<u>Electric Department</u>
Valuation Date:	July 1, 2011	July 1, 2011
Actuarial Cost Method:	Entry age normal actuarial cost method	Projected unit credit method and entry age normal cost method
Amortization method:	Level percentage	Level percentage
Asset valuation method:	not applicable	not applicable
<u>Actuarial assumptions:</u>		
Investment rate of return:	not applicable	not applicable
Salary increase rate:	4.00%	not applicable
Health insurance cost trend rate:	10.5% to 5% graded over 11 years	6.5 % to 3 % ultimate over 16 years
Dental insurance cost trend rate:	4.00%	not applicable
Life care cost trend rate:	3.00%	not applicable

C. MODIFIED APPROACH FOR STREET NETWORK INFRASTRUCTURE CAPITAL ASSETS:

In accordance with GASB Statement No. 34, the City is required to account for and report Infrastructure Capital Assets. The City defines Infrastructure as the basic physical assets including the Street Network, Sidewalks, Traffic Signals Lighting Systems, Bridges, and Drainage Systems.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for reporting its street network. Under the Modified Approach, eligible Infrastructure Assets are not required to be depreciated under the following requirements:

1. The City manages the eligible infrastructure assets using an asset management system characterized by (1) utilization of an up-to-date inventory; (2) performance of condition assessments and summarization of the results using a measurement scale; and (3) estimation of the annual amount to maintain and preserve at the established condition assessment level.
2. The City documents that the eligible infrastructure assets are being preserved approximately at or above the established and disclosed condition assessment level.

The City of Clarksville Street Department uses an automated pavement management system called Micro Paver that was originally developed by the U.S. Army Corps of Engineers. The computer database encompasses a complete network inventory of all streets and a Pavement Condition Index (PCI) rating for each individual street. The rating process requires the department to physically measure the quantity and severity of nineteen different pavement distresses in each sample. The PCI is a numerical score from 1 to 100, with 100 being a perfect score. The average PCI of all the rated segments is the reported condition level.

Prior to using Micro Paver, the Street Department rated each street of the network under a different system using a scale of 1 to 5. Transitioning from the old scale to Micro Paver required the department to reassess each street in the network. One-third of the Street Network was assessed each year starting in 2002 and was completed in 2006.

The following table details the condition levels under both the old pavement management system and the new system.

<u>Old System</u>	<u>Condition Level</u>	<u>New System</u>
-	Excellent	86-100
5	Very Good	71-85
4	Good	56-70
3	Fair	41-55
2	Poor	26-40
1	Very Poor	11-25
0	Failed	0-10

Established Condition Level

The City of Clarksville intends to maintain roadways so that the reported condition level each year does not fall below "Fair" or a PCI of 41.

Assessed Conditions

The following table presents the average PCI of all rated segments.

<u>For the Period Ended</u>	<u>Maintenance Rating</u>	<u>Total Miles</u>
June 30, 2012	Good (PCI 63)	615
June 30, 2011	Good (PCI 54)	603
June 30, 2010	Good (PCI 55)	595
June 30, 2009	Good (PCI 56)	587
June 30, 2008	Good (PCI 58)	572
June 30, 2007	Good (PCI 58)	560
June 30, 2006	Good (PCI 60)	550
June 30, 2005	Good (PCI 63)	543

The following table illustrates the condition of the entire network.

<u>Maintenance Rating</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>
Good to Excellent	64%	56%	55%	57%	60%	60%	65%	62%
Fair	22%	18%	23%	20%	18%	20%	17%	22%
Poor to Failed	14%	25%	22%	23%	22%	20%	18%	16%

The following table details the actual funding and projected funding by fiscal year to maintain the road network at the present condition:

Fiscal Year	Budgeted Estimate	Actual Expenditure
2013	\$ 3,520,000	N/A
2012	3,520,000	3,764,685
2011	2,970,000	3,076,298
2010	2,970,000	3,022,640
2009	2,970,000	2,916,036
2008	2,970,000	2,780,995
2007	2,280,000	2,672,459
2006	3,300,000	2,358,345
2005	2,502,555	2,641,349

#### D. BUDGETARY INFORMATION

The Mayor and City Council approve the operating budget for the fiscal year commencing on July 1. Annual appropriated budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America ("GAAP").

Total expenditures for each department should not exceed the total amount appropriated in the budget ordinance. Budgetary data is revised for amendments authorized during the year. Departmental appropriations comprise a legal spending limit for governmental funds. All annual appropriations lapse at year end. The annual budget serves from July 1 to the following June 30, and is a vehicle that accurately and openly communicates the City's priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance. Furthermore, through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The annual budget assures the efficient uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by program or department and are distributed monthly to the City Council. The departments may produce these reports at any time, and the departments have access to financial information relating to their operations at all times. Individual departments are reviewed and analyzed for budgetary compliance and for unusual deviations from their expected normal expenditure pattern. Within each department, emphasis is placed on the bottom line budget total for the department. Department heads have discretion within the total budget for their departments and can move funds within their operational budget, but cannot reallocate salaries or capitalized items. Amendments in both of these areas must be approved by the City Council. Revenues are reviewed monthly and compared to expected rates of collections, and unusual revenue patterns are analyzed for changes in trends or possible unfavorable variances from budgeted amounts.

CITY OF CLARKSVILLE, TENNESSEE  
 Budgetary Comparison Schedule  
 Capital Projects and Debt Service Funds  
 For the Year Ended June 30, 2012

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Amounts</u>	Variance with <u>Final Budget</u>
<u>Capital Projects</u>				
<u>Revenue</u>				
Interest	\$ 65,354	\$ 65,354	\$ 2,016	\$ (63,338)
Federal and state grants	3,769,844	3,769,844	1,173,526	(2,596,318)
Contributions	107,160	17,160	1,187	(15,973)
Transfers In	1,588,177	1,588,177	976,000	(612,177)
Bond Proceeds	7,149,000	7,149,000	7,084,290	(64,710)
Other	-	-	-	-
Total revenue	12,679,535	12,589,535	9,237,019	(3,352,516)
 <u>Expenditures</u>				
Capital investments	983,522	1,062,535	291,516	771,019
Other expenditures	23,581,521	26,197,582	13,374,621	12,822,961
Total expenditures	\$ 24,565,043	\$ 27,260,117	13,666,137	\$ 13,593,980
Net Change in Fund Balance			(4,429,118)	
Fund Balance, Beginning of Year			4,492,869	
Fund Balance, End of Year			\$ 63,751	
 <u>Debt Service</u>				
<u>Revenue</u>				
Interest	\$ -	\$ -	\$ -	\$ -
Transfers In	5,273,089	6,152,171	6,521,525	369,354
Transfers from non-component unit	389,693	389,993	389,993	(0)
Bond Proceeds	-	-	-	-
Total revenue	5,662,782	6,542,164	6,911,518	369,354
 <u>Expenditures</u>				
Principal retirement	4,431,000	4,741,000	4,741,000	-
Interest and other charges	2,329,363	2,494,262	2,468,012	26,250
Other	-	5,700	5,700	-
Total expenditures	\$ 6,760,363	\$ 7,240,962	7,214,712	\$ 26,250
Net Change in Fund Balance			(303,195)	
Fund Balance, Beginning of Year			1,931,123	
Fund Balance, End of Year			\$ 1,627,928	

CITY OF CLARKSVILLE, TENNESSEE

Combining Balance Sheet

Special Revenue Funds

For the Year Ended June 30, 2012

	<u>Community Development</u>	<u>Drug Fund</u>	<u>Police Special Fund</u>	<u>Parks Special Fund</u>	<u>Capital Projects Revenue District Fund</u>	<u>Special Events Fund</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
<b><u>ASSETS</u></b>								
Cash and cash equivalents	\$ 341,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 341,656
Notes receivable	5,434,059	-	-	-	-	-	-	5,434,059
Accounts receivable	-	-	-	-	-	-	27,553	27,553
Taxes Receivable	-	-	-	-	1,900,000	-	-	1,900,000
Grant receivable	235,117	-	547,306	80,548	-	-	5,563	868,534
Due from other governments	-	-	-	-	-	-	-	-
Due from other funds of the primary government	131,408	436,147	-	370,297	1,120,206	75,488	176,327	2,309,873
Inventory	886,974	-	-	1,605	-	-	-	888,579
Other	545	300	3,387	-	-	19,014	-	23,246
Restricted assets:								
Cash and cash equivalents	-	90,277	-	-	-	-	-	90,277
Total assets	<u>\$ 7,029,759</u>	<u>\$ 526,724</u>	<u>\$ 550,693</u>	<u>\$ 452,450</u>	<u>\$ 3,020,206</u>	<u>\$ 94,502</u>	<u>\$ 209,443</u>	<u>\$ 11,883,777</u>
<b><u>LIABILITIES</u></b>								
Accounts payable	\$ 89,543	\$ 14,612	\$ 17,233	\$ 70,030	\$ -	\$ 336	\$ 17,200	\$ 208,954
Due to other funds of the primary government	215,785	-	332,220	-	976,000	-	-	1,524,005
Payable to other governments	-	-	-	-	-	-	-	-
Accrued liabilities	420,000	-	-	-	-	1,000	-	421,000
Deferred revenue	5,992,752	90,277	89,693	-	1,900,000	-	-	8,072,722
Total liabilities	<u>6,718,080</u>	<u>104,889</u>	<u>439,146</u>	<u>70,030</u>	<u>2,876,000</u>	<u>1,336</u>	<u>17,200</u>	<u>10,226,681</u>
<b><u>FUND BALANCES</u></b>								
Fund balances								
Nonspendable	-	-	-	1,605	-	-	-	1,605
Restricted	311,679	421,835	111,547	-	-	-	192,243	1,037,304
Committed	-	-	-	380,815	144,206	93,166	-	618,187
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>311,679</u>	<u>421,835</u>	<u>111,547</u>	<u>382,420</u>	<u>144,206</u>	<u>93,166</u>	<u>192,243</u>	<u>1,657,096</u>
Total liabilities and fund balances	<u>\$ 7,029,759</u>	<u>\$ 526,724</u>	<u>\$ 550,693</u>	<u>\$ 452,450</u>	<u>\$ 3,020,206</u>	<u>\$ 94,502</u>	<u>\$ 209,443</u>	<u>\$ 11,883,777</u>

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Revenue, Expenses and Changes in Fund Balances  
 Special Revenue Funds  
 For the Year Ended June 30, 2012

	Community Development Fund	Drug Fund	Police Special Fund	Parks Special Fund	Capital Projects Revenue District Fund	Special Events Fund	Other Special Revenue Funds	Total
<b>REVENUE</b>								
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,450,000	\$ -	\$ -	\$ 1,450,000
Program income	194,931	-	-	226,989	-	76,267	-	498,187
Interest	40	-	-	-	-	-	-	40
Federal and state grants	1,499,659	-	1,093,763	128,965	-	2,000	(7,757)	2,716,630
Fines and forfeitures	-	357,773	143,267	-	-	-	395,798	896,838
Contributions	-	-	397	35,284	-	69,745	-	105,426
Miscellaneous	740	-	(1)	-	250,000	-	-	250,739
Total revenue	<u>1,695,370</u>	<u>357,773</u>	<u>1,237,426</u>	<u>391,238</u>	<u>1,700,000</u>	<u>148,012</u>	<u>388,041</u>	<u>5,917,860</u>
<b>EXPENDITURES</b>								
Recreation	-	-	-	353,621	-	-	-	353,621
Drug enforcement	-	123,342	-	-	-	-	-	123,342
Community development	1,816,743	-	-	-	-	-	-	1,816,743
Public safety	-	-	446,995	-	-	-	-	446,995
Capital outlay	-	21,958	725,078	-	-	-	12,147	759,183
Other expenditures	-	-	-	-	-	143,725	277,381	421,106
Total expenditures	<u>1,816,743</u>	<u>145,300</u>	<u>1,172,073</u>	<u>353,621</u>	<u>-</u>	<u>143,725</u>	<u>289,528</u>	<u>3,920,990</u>
Excess of revenue over (under) expenditures	(121,373)	212,473	65,353	37,617	1,700,000	4,287	98,513	1,996,870
<b>OTHER FINANCING SOURCES/(USES)</b>								
Transfers in	75,000	-	14,588	-	-	-	20,909	110,497
Transfers out	-	-	-	-	(3,728,102)	-	-	(3,728,102)
Total other financing sources/(uses)	<u>75,000</u>	<u>-</u>	<u>14,588</u>	<u>-</u>	<u>(3,728,102)</u>	<u>-</u>	<u>20,909</u>	<u>(3,617,605)</u>
Excess of revenue over (under) expenditures and other financing uses	(46,373)	212,473	79,941	37,617	(2,028,102)	4,287	119,422	(1,620,735)
<b>FUND BALANCE - BEGINNING</b>	<u>358,052</u>	<u>209,362</u>	<u>31,606</u>	<u>344,803</u>	<u>2,172,308</u>	<u>88,879</u>	<u>72,821</u>	<u>3,277,831</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 311,679</u>	<u>\$ 421,835</u>	<u>\$ 111,547</u>	<u>\$ 382,420</u>	<u>\$ 144,206</u>	<u>\$ 93,166</u>	<u>\$ 192,243</u>	<u>\$ 1,657,096</u>

CITY OF CLARKSVILLE, TENNESSEE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR YEAR ENDED JUNE 30, 2012

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Amounts</u>	Variance with Final Budget Over/ <u>(Under)</u>
<u>Community Development</u>				
<u>Revenue</u>				
Program income	\$ 220,000	\$ 220,000	\$ 194,931	\$ (25,069)
Interest	-	-	40	40
Federal and state grants	1,375,192	1,375,192	1,499,659	124,467
Transfers In	75,000	75,000	75,000	-
Other	-	-	740	740
Total revenue	1,670,192	1,670,192	1,770,370	100,178
 <u>Expenditures</u>				
Community Development	1,670,192	1,670,192	1,816,743	(146,551)
Capital investments	-	-	-	-
Total expenditures	1,670,192	1,670,192	1,816,743	\$ (146,551)
Net Change in Fund Balance	\$ -	\$ -	(46,373)	
Fund Balance, Beginning of Year			358,052	
Fund Balance, End of Year			\$ 311,679	
 <u>Drug Fund</u>				
<u>Revenue</u>				
Fines and forfeitures	\$ 197,028	\$ 412,000	\$ 357,773	\$ (54,227)
Total revenue	197,028	412,000	357,773	(54,227)
 <u>Expenditures</u>				
Drug enforcement	289,544	208,214	123,342	84,872
Capital investments	51,000	22,134	21,958	176
Total expenditures	340,544	230,348	145,300	\$ 85,048
Net Change in Fund Balance	\$ (143,516)	\$ 181,652	212,473	
Fund Balance, Beginning of Year			209,362	
Fund Balance, End of Year			\$ 421,835	

CITY OF CLARKSVILLE, TENNESSEE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR YEAR ENDED JUNE 30, 2012

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Amounts</u>	Variance with Final Budget Over/ <u>(Under)</u>
<u>Police Special Fund</u>				
<u>Revenue</u>				
Transfers in	\$ 27,615	\$ 14,588	\$ 14,588	\$ -
Interest	1,332	-	-	-
Federal and state grants	575,063	1,186,402	1,093,763	(92,639)
Fines and forfeitures	345,689	149,668	143,266	(6,402)
Contributions	-	397	397	0
Total revenue	949,699	1,351,055	1,252,014	(99,041)
 <u>Expenditures</u>				
Public safety	608,768	522,688	446,995	75,693
Capital investments	379,105	725,078	725,078	0
Total expenditures	987,873	1,247,766	1,172,073	\$ 75,693
Net Change in Fund Balance	\$ (38,174)	\$ 103,289	79,941	
Fund Balance, Beginning of Year			31,606	
Fund Balance, End of Year			\$ 111,547	
 <u>Parks Special Fund</u>				
<u>Revenue</u>				
Program income	\$ 177,700	\$ 177,700	\$ 226,989	\$ 49,289
Federal and state grants	230,000	250,000	128,965	(121,035)
Contributions	20,500	20,500	35,284	14,784
Total revenue	428,200	448,200	391,238	(56,962)
 <u>Expenditures</u>				
Recreation	520,755	540,434	353,621	186,813
Capital investments	-	-	-	-
Total expenditures	520,755	540,434	353,621	\$ 186,813
Net Change in Fund Balance	\$ (92,555)	\$ (92,234)	37,617	
Fund Balance, Beginning of Year			344,803	
Fund Balance, End of Year			\$ 382,420	

CITY OF CLARKSVILLE, TENNESSEE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR YEAR ENDED JUNE 30, 2012

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Amounts</u>	Variance with Final Budget Over/ <u>(Under)</u>
<u>Other Special Revenue Fund</u>				
Federal and state grants	\$ 188,545	\$ 169,977	\$ (7,757)	\$ (177,734)
Interest	-	-	-	-
Contributions	-	-	-	-
Transfers in	20,909	20,909	20,909	-
Total revenue	209,454	190,886	13,152	(177,734)
 <u>Expenditures</u>				
Miscellaneous	214,096	111,588	7,043	104,545
Transfers out	-	-	-	-
Total expenditures	214,096	111,588	7,043	\$ 104,545
Net Change in Fund Balance	\$ (4,642)	\$ 79,298	6,109	
Fund Balance, Beginning of Year			10,939	
Fund Balance, End of Year			\$ 17,048	
 <u>Capital Projects Revenue District Fund</u>				
<u>Revenue</u>				
Local taxes	\$ 1,450,000	\$ 1,450,000	\$ 1,450,000	\$ -
Other	250,000	250,000	250,000	-
Total revenue	1,700,000	1,700,000	1,700,000	-
 <u>Expenditures</u>				
Transfers out	3,575,130	3,676,130	3,728,102	(51,972)
Total expenditures	3,575,130	3,676,130	3,728,102	\$ (51,972)
Net Change in Fund Balance	\$ (1,875,130)	\$ (1,976,130)	(2,028,102)	
Fund Balance, Beginning of Year			2,172,308	
Fund Balance, End of Year			\$ 144,206	

CITY OF CLARKSVILLE, TENNESSEE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR YEAR ENDED JUNE 30, 2012

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Amounts</u>	Variance with Final Budget Over/ <u>(Under)</u>
<u>Special Events Fund</u>				
<u>Revenue</u>				
Program income	\$ 20,207	\$ 118,309	\$ 76,267	\$ (42,042)
Federal and state grants	1,900	6,500	2,000	(4,500)
Contributions	29,845	13,930	69,745	55,815
Transfers in	15	15	-	(15)
Other	-	-	-	-
Total revenue	51,967	138,754	148,012	9,258
 <u>Expenditures</u>				
Other	54,172	255,997	143,725	112,272
Total expenditures	54,172	255,997	143,725	\$ 112,272
Net Change in Fund Balance	\$ (2,205)	\$ (117,243)	4,287	
Fund Balance, Beginning of Year			88,879	
Fund Balance, End of Year			\$ 93,166	
 <u>Traffic Camera Police SRF</u>				
<u>Revenue</u>				
Fines and forfeitures	\$ 277,358	\$ 282,500	\$ 277,058	\$ (5,442)
Total revenue	277,358	282,500	277,058	(5,442)
 <u>Expenditures</u>				
Public Safety	159,558	197,617	186,004	11,613
Capital investments	156,340	12,147	12,147	(0)
Total expenditures	315,898	209,764	198,151	\$ 11,613
Net Change in Fund Balance	\$ (38,540)	\$ 72,736	78,907	
Fund Balance, Beginning of Year			52,758	
Fund Balance, End of Year			\$ 131,665	
 <u>Traffic Camera Parks SRF</u>				
<u>Revenue</u>				
Fines and forfeitures	\$ 120,000	\$ 120,000	\$ 118,739	\$ (1,261)
Total revenue	120,000	120,000	118,739	(1,261)
 <u>Expenditures</u>				
Recreation	120,000	120,000	84,333	35,667
Capital investments	-	-	-	-
Total expenditures	120,000	120,000	84,333	\$ 35,667
Net Change in Fund Balance	\$ -	\$ -	34,406	
Fund Balance, Beginning of Year			9,124	
Fund Balance, End of Year			\$ 43,530	

**CITY OF CLARKSVILLE, TENNESSEE**  
**Combining Statement of Net Assets**  
**Non-Major Proprietary Funds**  
**June 30, 2012**

		<u>Business- Type Activities - Enterprise Funds</u>		
		<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Current assets:				
Cash and cash equivalents		\$ 145,356	\$ 508,393	\$ 653,749
Accounts receivable		6,480	27,280	33,760
Due from other funds of the primary government		-	717,937	717,937
Inventory		-	100,062	100,062
Grants receivable		-	458,149	458,149
Prepaid expenses		-	34,179	34,179
	Total current assets	<u>151,836</u>	<u>1,846,000</u>	<u>1,997,836</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents		169,604	-	169,604
	Total restricted assets	<u>169,604</u>	<u>-</u>	<u>169,604</u>
Capital assets - at cost:				
Assets not depreciated		-	411,680	411,680
Property, plant and equipment		3,494,705	12,549,870	16,044,575
Less accumulated depreciation		<u>(1,476,458)</u>	<u>(6,752,567)</u>	<u>(8,229,025)</u>
	Net capital assets	<u>2,018,247</u>	<u>6,208,983</u>	<u>8,227,230</u>
Other assets:				
Unamortized debt costs		232	-	232
	Total other assets	<u>232</u>	<u>-</u>	<u>232</u>
	Total noncurrent assets	<u>2,188,083</u>	<u>6,208,983</u>	<u>8,397,066</u>
	Total assets	<u>\$ 2,339,919</u>	<u>\$ 8,054,983</u>	<u>\$ 10,394,902</u>
<u>Business- Type Activities - Enterprise Funds</u>				
		<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Accounts payable		\$ 14,407	\$ 129,379	\$ 143,786
Accrued liabilities		8	24,223	24,231
Interest payable		1,012	-	1,012
Due to other funds of the primary government		106,003	34,309	140,312
Accrued annual leave		-	157,834	157,834
Current portion of long-term debt		6,962	-	6,962
Deferred Revenue		4,449	-	4,449
Other		-	242,276	242,276
	Total current liabilities	<u>132,841</u>	<u>588,021</u>	<u>720,862</u>
Noncurrent liabilities:				
Notes payable		44,486	-	44,486
OPEB liability		-	964,763	964,763
	Total noncurrent liabilities	<u>44,486</u>	<u>964,763</u>	<u>1,009,249</u>
	Total liabilities	<u>177,327</u>	<u>1,552,784</u>	<u>1,730,111</u>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt		1,966,799	6,208,983	8,175,782
Unrestricted		195,793	293,216	489,009
	Total net assets	<u>2,162,592</u>	<u>6,502,199</u>	<u>8,664,791</u>
	Total liabilities and net assets	<u>\$ 2,339,919</u>	<u>\$ 8,054,983</u>	<u>\$ 10,394,902</u>

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

**CITY OF CLARKSVILLE, TENNESSEE**  
**Combining Statement of Revenue, Expenses and**  
**Changes in Fund Net Assets**  
**Non-Major Proprietary Funds**  
**June 30, 2012**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Clarksville</u>		
	<u>Parking Authority</u>	<u>Transit System</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Fees and fines	\$ 366,623	\$ 697,564	\$ 1,064,187
Advertising	-	30,175	30,175
Rental income	95,983	-	95,983
Miscellaneous	790	5,519	6,309
	<hr/>	<hr/>	<hr/>
Total operating revenue	463,396	733,258	1,196,654
<u>OPERATING EXPENSES</u>			
Administrative and general	-	856,665	856,665
Operation and maintenance	15,277	4,461,281	4,476,558
Depreciation	75,953	1,212,172	1,288,125
Amortization of bond discount and debt expense	928	-	928
	<hr/>	<hr/>	<hr/>
Total operating expenses	92,158	6,530,118	6,622,276
Operating income (loss)	<hr/>	<hr/>	<hr/>
	371,238	(5,796,860)	(5,425,622)
<u>NONOPERATING REVENUES</u>			
<u>(EXPENSES)</u>			
Interest income	210	218	428
Gain (loss) on sale of property	-	-	-
Operating grants	-	3,353,410	3,353,410
Interest expense	(4,669)	-	(4,669)
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	(4,459)	3,353,628	3,349,169
<u>INCOME (LOSS) BEFORE TRANSFERS</u>	366,779	(2,443,232)	(2,076,453)
Transfers out	(302,497)	-	(302,497)
Transfers in	-	1,815,602	1,815,602
	<hr/>	<hr/>	<hr/>
<u>CHANGES IN NET ASSETS</u>	64,282	(627,630)	(563,348)
<u>NET ASSETS-BEGINNING OF YEAR</u>	<hr/>	<hr/>	<hr/>
	2,098,310	7,129,829	9,228,139
<u>NET ASSETS-END OF YEAR</u>	<hr/>	<hr/>	<hr/>
	\$ 2,162,592	\$ 6,502,199	\$ 8,664,791

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

**CITY OF CLARKSVILLE, TENNESSEE**  
**Combining Statement of Cash Flows**  
**Non-Major Proprietary Funds**  
**For Year Ended June 30, 2012**

	<u>Business-Type Activities - Enterprise Fund</u>		
		<u>Clarksville</u>	
	<u>Parking</u>	<u>Transit</u>	<u>Total</u>
	<u>Authority</u>	<u>System</u>	
<u>CASH FLOWS FROM</u>			
<u>OPERATING ACTIVITIES</u>			
Receipts from customers	\$ 463,651	\$ 725,296	\$ 1,188,947
Internal activity	(1,551)	(430,398)	(431,949)
Payments to suppliers	(12,415)	(1,499,010)	(1,511,425)
Payments to or on behalf of employees	-	(3,461,498)	(3,461,498)
	449,685	(4,665,610)	(4,215,925)
Net cash provided (used) by operating activities			
<u>CASH FLOWS FROM NONCAPITAL</u>			
<u>FINANCING ACTIVITIES</u>			
Operating grant collections	-	3,473,132	3,473,132
Operating transfers in	-	1,815,602	1,815,602
Transfers to other funds	(302,497)	-	(302,497)
	(302,497)	5,288,734	4,986,237
Net cash provided (used) by noncapital financing activities			
<u>CASH FLOWS FROM CAPITAL</u>			
<u>AND RELATED FINANCING ACTIVITIES</u>			
Acquisition and construction of capital assets	-	(484,146)	(484,146)
Interest paid	(4,798)	0	(4,798)
Repayment of notes payable	(142,390)	0	(142,390)
Proceeds from disposal of equipment	-	0	-
	(147,188)	(484,146)	(631,334)
Net cash used by capital and related financing activities			

**CITY OF CLARKSVILLE, TENNESSEE**  
**Combining Statement of Cash Flows**  
**Non-Major Proprietary Funds**  
**For Year Ended June 30, 2012**

	<u>Business-Type Activities - Enterprise Fund</u>		
	<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
<u>CASH FLOWS FROM</u>			
<u>  INVESTING ACTIVITIES</u>			
Interest received	210	218	428
Net cash provided by investing activities	210	218	428
Net increase in cash and cash equivalents	210	139,196	139,406
<u>CASH-BEGINNING OF YEAR</u>	314,750	369,197	683,947
<u>CASH-END OF YEAR</u>	\$ 314,960	\$ 508,393	\$ 823,353
<u>RECONCILIATION OF OPERATING INCOME</u>			
<u>(LOSS) TO NET CASH PROVIDED (USED)</u>			
<u>BY OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ 371,238	\$ (5,796,860)	\$ (5,425,622)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	76,881	1,212,172	1,289,053
(Increase) decrease in:			
Accounts receivable	(4,194)	(5,536)	(9,730)
Due from other funds of the primary government	-	(402,707)	(402,707)
Inventory	-	1,661	1,661
Prepaid expenses	-	(4,468)	(4,468)
Increase (decrease) in:			
Accounts payable	2,854	58,307	61,161
Accrued compensated absences	-	4,997	4,997
Accrued liabilities	8	3,024	3,032
OPEB liability	-	293,917	293,917
Other	4,449	(2,426)	2,023
Due to other funds of the primary government	(1,551)	(27,691)	(29,242)
Total adjustments	78,447	1,131,250	1,209,697
Net cash provided (used) by operating activities	\$ 449,685	\$ (4,665,610)	\$ (4,215,925)

CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 June 30, 2012

	<u>Dental Fund</u>	<u>Health Insurance Fund</u>	<u>Self-Insurance Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Current Assets:				
Cash and cash equivalents	\$ 125,887	\$ 501,986	\$ 556,780	\$ 1,184,653
Due from other funds of the primary government	96,599	880,043	1,694,204	2,670,846
Other assets	-	-	100,000	100,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 222,486</u>	<u>\$ 1,382,029</u>	<u>\$ 2,350,984</u>	<u>\$ 3,955,499</u>
 <b><u>LIABILITIES</u></b>				
Accounts payable	\$ 29,559	\$ -	\$ 89,629	\$ 119,188
Accrued liabilities	-	-	1,573,912	1,573,912
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	29,559	-	1,663,541	1,693,100
 <b><u>NET ASSETS</u></b>				
Unrestricted	<hr/> 192,927	<hr/> 1,382,029	<hr/> 687,443	<hr/> 2,262,399
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 222,486</u>	<u>\$ 1,382,029</u>	<u>\$ 2,350,984</u>	<u>\$ 3,955,499</u>

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Revenue, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2012

	Dental Fund	Health Insurance fund	Self-Insurance Fund	Total
<b><u>OPERATING REVENUE</u></b>				
Insurance premiums	\$ 809,946	\$ 8,942,968	\$ 1,276,948	\$ 11,029,862
Miscellaneous	-	-	12,114	12,114
Total operating revenue	809,946	8,942,968	1,289,062	11,041,976
<b><u>OPERATING EXPENSES</u></b>				
Administrative and general	50,332	9,423	111,145	170,900
Rebates	198,041	203,090	470,973	872,104
Claims	772,300	9,909,446	764,511	11,446,257
Total operating expenses	1,020,673	10,121,959	1,346,629	12,489,261
Operating income (loss)	(210,727)	(1,178,991)	(57,567)	(1,447,285)
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>				
Interest and dividend income	35	-	974	1,009
Total non-operating revenue	35	-	974	1,009
<b><u>CHANGES IN NET ASSETS</u></b>	(210,692)	(1,178,991)	(56,593)	(1,446,276)
<b><u>NET ASSETS-BEGINNING OF YEAR</u></b>	403,619	2,561,020	744,036	3,708,675
<b><u>NET ASSETS-END OF YEAR</u></b>	\$ 192,927	\$ 1,382,029	\$ 687,443	\$ 2,262,399

**CITY OF CLARKSVILLE, TENNESSEE**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For Year Ended June 30, 2012**

	<u>Dental</u> <u>Fund</u>	Health Insurance <u>Fund</u>	Self-Insurance <u>Fund</u>	<u>Total</u>
<u>CASH FLOWS FROM</u>				
<u>OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 809,946	\$ 8,942,968	\$ 1,289,062	\$ 11,041,976
Internal activity	(2,384)	153,423	(614,781)	(463,742)
Claims Paid	(771,140)	(9,909,446)	(764,511)	(11,445,097)
Other payments	(248,372)	(212,513)	(1,194,113)	(1,654,997)
	<u>(211,950)</u>	<u>(1,025,568)</u>	<u>(1,284,342)</u>	<u>(2,521,860)</u>
Net cash provided (used) by operating activities				
	<u>(211,950)</u>	<u>(1,025,568)</u>	<u>(1,284,342)</u>	<u>(2,521,860)</u>
<u>CASH FLOWS FROM</u>				
<u>INVESTING ACTIVITIES</u>				
Interest received	35	-	974	1,008
	<u>35</u>	<u>-</u>	<u>974</u>	<u>1,008</u>
Net cash provided by investing activities				
	<u>35</u>	<u>-</u>	<u>974</u>	<u>1,008</u>
Net increase in cash and cash equivalents	(211,916)	(1,025,568)	(1,283,368)	(2,520,852)
<u>CASH-BEGINNING OF YEAR</u>	<u>337,803</u>	<u>1,527,554</u>	<u>1,840,148</u>	<u>3,705,505</u>
<u>CASH-END OF YEAR</u>	<u>\$ 125,887</u>	<u>\$ 501,986</u>	<u>\$ 556,780</u>	<u>\$ 1,184,653</u>
<u>RECONCILIATION OF OPERATING INCOME</u>				
<u>(LOSS) TO NET CASH PROVIDED (USED)</u>				
<u>BY OPERATING ACTIVITIES:</u>				
Operating income (loss)	\$ (210,727)	\$ (1,178,991)	\$ (57,567)	\$ (1,447,285)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
(Increase) decrease in:				
Due from other funds of the primary government	(2,384)	153,423	(614,781)	(463,742)
Increase (decrease) in:				
Accounts payable	1,161	-	15,094	16,255
Accrued liabilities	-	-	(627,089)	(627,089)
	<u>(1,223)</u>	<u>153,423</u>	<u>(1,226,776)</u>	<u>(1,074,576)</u>
Total adjustments				
	<u>(1,223)</u>	<u>153,423</u>	<u>(1,226,776)</u>	<u>(1,074,576)</u>
Net cash provided (used) by operating activities	<u>\$ (211,950)</u>	<u>\$ (1,025,568)</u>	<u>\$ (1,284,343)</u>	<u>\$ (2,521,861)</u>



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CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant (Receivables) Deferred July 1, 2011</u>	<u>Federal Receipts</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant (Receivables) Deferred June 30, 2012</u>
US DEPARTMENT OF HOMELAND SECURITY - FEMA									
Passed through TEMA:									
Disaster Declaration - Ice Storm-GF	97.036	FEMA-1821-DR-TN	\$ (45,990)	\$ 42,687		\$ -	\$ -	\$ 3,303	\$ -
Disaster Declaration - Ice Storm-GWS	97.036	FEMA-1821-DR-TN	-	4,404		-	4,404	-	-
Passed through TEMA:									
Disaster Declaration - Flood-GF	97.036	FEMA-1909-DR	(90,825)	-		-	-	-	(90,825)
Disaster Declaration - Flood-GWS	97.036	FEMA-1909-DR	(13,830)	103,708		-	153,641	-	(63,763)
Disaster Declaration - Flood-CDE	97.036	FEMA-1909-DR	(359,295)	63,872		-	-	(134,469)	(160,954)
Passed through TEMA:									
Disaster Declaration - GF	97.036	FEMA-1974-DR-TN	-	135,989		-	135,989	-	-
Disaster Declaration - CDE	97.036	FEMA-1974	-	-		-	-	-	-
Passed through TEMA:									
Disaster Declaration - GF	97.036	FEMA-1978-DR	-	-		-	-	-	-
Passed through TEMA:									
Disaster Declaration - GF	97.036	FEMA-1979-DR-TN	-	166,356		-	166,356	-	-
Disaster Declaration - CDE	97.036	PA-04-TN-1979-0020(19)	-	-		-	328,548	-	(328,548)
Disaster Declaration - CDE	97.036	PA-04-TN-1979-0026(27)	-	-		-	432,720	-	(432,720)
Passed through TEMA:									
Disaster Declaration - Property Buyout - GF	97.039	FEMA-1909-0004	-	268,192		-	268,192	-	-
Disaster Declaration - Property Buyout - GF	97.039	FEMA-1909-0004	-	-		-	-	-	-
Passed through US Coast Guard through Metropolitan Govt. of Nashville and Davidson County Mayor's Office of Emergency Management									
Port Security Grant - GF	97.116	2010-PU-T0-K054	-	-		-	299,455	-	(299,455)
<b>TOTAL US DEPARTMENT OF HOMELAND SECURITY</b>			<u>(509,940)</u>	<u>785,208</u>		<u>-</u>	<u>1,789,305</u>	<u>(131,166)</u>	<u>(1,376,265)</u>

CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant (Receivables) Deferred July 1, 2011</u>	<u>Federal Receipts</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant (Receivables) Deferred June 30, 2012</u>
U.S. DEPARTMENT OF AGRICULTURE									
Passed through the TN Department of Human Services:									
Food Distribution - Summer 2011	10.550	30-006	(54,804)	75,456	-	-	20,652	-	-
Food Distribution - Summer 2012	10.550	30-006	-	-	-	-	66,048	-	(66,048)
TOTAL US DEPARTMENT OF AGRICULTURE			(54,804)	75,456	-	-	86,700	-	(66,048)
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
Direct Program									
Community Development Block Grant	14.218	B-09-MC-47-0002	(81,163)	81,163	-	-	-	-	-
Community Development Block Grant	14.218	B-10-MC-47-0002	-	633,410	-	-	703,961	-	(70,551)
Community Development Block Grant	14.218	Various	(472)	-	-	112,351	111,513	943	1,309
ARRA - Community Development Block Grant-Recove	14.253	B-09-MY-47-0002	104	14,452	-	-	15,658	-	(1,102)
Home Investment Partnership Act									
Home Investment Partnership Act	14.239	M-09-MC-47-0206	(1,674)	402,503	-	-	400,829	-	-
Home Investment Partnership Act	14.239	M-10-MC-47-0206	-	127,889	-	-	218,010	-	(90,121)
Home Investment Partnership Act	14.239	Various	58,035	-	48,605	-	86,761	-	19,879
Shelter Plus Care									
Shelter Plus Care	14.235	TN0113C4J030901	(18,125)	18,125	-	-	-	-	-
Shelter Plus Care	14.235	TN0113C4J031002	-	50,705	-	-	59,685	-	(8,980)
Shelter Plus Care	14.235	TN0113C4J031103	-	-	-	-	4,396	-	(4,396)
Passed through TN Department of Housing Development Agency									
Emergency Shelter	14.231	ESG-11-24	-	28,557	-	39	81,859	-	(53,263)
Emergency Shelter	14.231	ESG-10-24	(46,938)	50,522	-	-	-	-	3,584
ARRA - Neighborhood Stabilization Progrm	14.218	NSP1-09-008	(2,251)	7,264	-	-	9,114	-	(4,101)
TOTAL US DEPT. OF HOUSING AND URBAN DEVELOPMENT			(92,484)	1,414,590	-	160,995	1,691,786	-	(207,742)

CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant (Receivables) Deferred July 1, 2011</u>	<u>Federal Receipts</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant (Receivables) Deferred June 30, 2012</u>
US DEPARTMENT OF JUSTICE									
Direct Program:									
Bulletproof Vest Partnership Grant	16.607	2010236	-	2,180		-	-	2,180	-
Byrne Justice Assistance Grant	16.738	2009DJBX0805	1,130	-		-	1,130	-	-
Office of Violence Against Women-Arrest	16.590	2009-WE-AX-029	(50,625)	147,782		-	134,206	-	(37,049)
Byrne Justice Assistance Grant	16.738	2010-DJ-BX-0472	115,292	-		-	70,498	-	44,794
COPS Hiring	16.710	2010UMWX0296	(63,273)	545,303		-	616,133	-	(134,103)
JAG 2011	16.738	2011-DJ-BX-2948	-	89,798		-	44,899	-	44,899
			2,524	785,063		-	866,866	2,180	(81,459)
Passed Through the State of TN									
JAG/BYRNE - TN Office of Criminal Justice Program	16.738	Edison #16420	-	189,488		-	378,259	-	(188,771)
ARRA									
ARRA - Justice Assistance Grant	16.804	2009SBB92471	103,349	-		-	103,349	-	-
TOTAL US DEPARTMENT OF JUSTICE			105,873	974,551		-	1,348,474	2,180	(270,230)
US DEPARTMENT OF ENERGY									
Direct Award:									
ARRA - Energy Block Grant	81.128	DE-SC0001535	-	30,571		-	30,571	-	-

CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant (Receivables) Deferred July 1, 2011</u>	<u>Federal Receipts</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant (Receivables) Deferred June 30, 2012</u>
US DEPARTMENT OF TRANSPORTATION									
Federal Transit Administration									
Capital Grant	20.507	TN-90-X301	(15,222)	153,645		-	160,619	-	(22,196)
Capital Grant	20.507	TN-90-X283	(6,172)	28,359		-	22,187	-	-
ARRA - Capital Grant	20.507	TN-96-X004 ARRA	(72,648)	72,648		-	-	-	-
Capital Grant	20.507	TN-90-X317	(10,375)	31,755		-	40,860	-	(19,480)
Capital Grant	20.507	TN-04-0037	-	164,000		-	164,000	-	-
Capital Operating Grant	20.507	TN-90-X317	(55,956)	55,956		-	-	-	-
Capital Operating Grant	20.507	TN-90-X301	(10,210)	10,210		-	-	-	-
Capital Operating Grant	20.505	TN-90-X337	-	604,418		-	635,149	-	(30,731)
Operating Assistance - Planning	20.505	TN-80-0003	(41,484)	41,484		-	-	-	-
Operating Assistance - Planning	20.505	TN-80-0004	(31,122)	41,496		-	10,374	-	-
Operating Assistance - Planning	20.507	TN-90-0004-2	-	-		-	31,122	-	(31,122)
Operating Assistance	20.507	TN-90-X337	-	1,147,022		-	1,147,022	-	-
Operating Assistance	20.507	TN-95-X052	-	-		-	12,411	-	(12,411)
Jobs Access	20.507	TN-90-X310	(8,174)	174,834		-	199,992	-	(33,332)
Jobs Access	20.516	TN-37-X075	(73,331)	73,331		-	-	-	-
Subtotal Federal Transit Administration			(324,694)	2,599,158		-	2,423,736	-	(149,272)
Passed through the Tennessee Dept. of Transportation									
ARRA									
ARRA Interchange Lighting	20.205	ARRA-STP-M-374(16)	(288,295)	341,312		-	53,017	-	-
ARRA Local Street Paving	20.205	ARRA-STP-M-9301(23)	(859,143)	859,143		-	-	-	-
ARRA Local Street Paving	20.205	ARRA-STP-M-9301(28)	(538,996)	584,477		-	45,481	-	-
			(1,686,434)	1,784,932		-	98,498	-	-

CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant (Receivables) Deferred July 1, 2011</u>	<u>Federal Receipts</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant (Receivables) Deferred June 30, 2012</u>
US DEPARTMENT OF TRANSPORTATION									
Governor's Highway Safety Office:									
Impaired Driver Abatement Grant	20.607	154AL-12-23	(27,211)	52,764	-	-	25,553	-	-
Ft. Defiance Interpretive Center Grant	20.600	60115	(271,394)	271,394	-	-	-	-	-
Multiple Violation Grant 2011-12	20.607	154AL-12-23	-	12,224	-	-	34,256	-	(22,032)
			<u>(298,605)</u>	<u>336,382</u>			<u>59,809</u>		<u>(22,032)</u>
Intersection Improvements	20.205	CM9301(18)	(10,858)	-	-	-	594,977	-	(605,835)
Safe Routes to Schools Grant - Community	20.205	63LPLM-F3-019	(13,320)	-	-	-	-	(7,757)	(5,563)
Rossvie Rd	20.205	STP-M-237(14)	-	147,207	-	-	124,523	22,684	-
Sango Rd	20.205	STP-M-9301(22)	-	42,931	-	-	34,861	8,070	-
STP Paving Program	20.205	STP-M_9310(29)	-	-	-	-	16,800	-	(16,800)
			<u>(24,178)</u>	<u>190,138</u>			<u>771,161</u>	<u>22,997</u>	<u>(628,198)</u>
2010 Rec.Trails Program-Mechanized Trail Equip.	20.219	GG1133666	(25,019)	43,040	-	-	18,021	-	-
TOTAL US DEPARTMENT OF TRANSPORTATION			<u>(2,358,930)</u>	<u>4,953,650</u>		<u>-</u>	<u>3,371,225</u>	<u>22,997</u>	<u>(799,502)</u>
TOTAL ALL FEDERAL AWARDS			<u>\$ (2,910,285)</u>	<u>\$ 8,234,026</u>		<u>\$ 160,995</u>	<u>\$ 8,318,061</u>	<u>\$ (105,989)</u>	<u>\$ (2,719,787)</u>

CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF EXPENDITURES OF STATE AWARDS AND STATE LOANS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant (Receivables) Deferred July 1, 2011</u>	<u>Federal Receipts</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant (Receivables) Deferred June 30, 2012</u>
STATE OF TENNESSEE - TEMA GRANT PROGRAM									
Disaster Declaration - Ice Storm-GF	97.036	FEMA-1821-DR-TN	\$ (26,876)		\$ 30,179	\$ -	\$ -	\$ (3,303)	\$ -
Disaster Declaration - Ice Storm-GWS	97.036	FEMA-1821-DR-TN	-		734	-	734	-	-
Disaster Declaration - Flood-GF	97.036	FEMA-1909-DR	(38,508)		-	-	-	-	(38,508)
Disaster Declaration - Flood-CDE	97.036	FEMA-1909-DR	(76,424)		-	-	-	(76,424)	-
Disaster Declaration - GF	97.036	FEMA-1974-DR-TN	-		21,387	-	21,387	-	-
Disaster Declaration - GF	97.036	FEMA-1978-DR	-		-	-	-	-	-
Disaster Declaration - GF	97.036	FEMA-1979-DR-TN	-		28,588	-	28,588	-	-
Disaster Declaration - Property Buyout - GF	97.039	FEMA-1909-0004	-		44,698	-	44,698	-	-
Disaster Declaration - Property Buyout - GF	97.039	FEMA-1909-0004	-		-	-	-	-	-
<b>Total TEMA</b>			<u>(141,808)</u>		<u>125,586</u>	<u>-</u>	<u>50,709</u>	<u>(79,727)</u>	<u>(38,508)</u>

CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF EXPENDITURES OF STATE AWARDS AND STATE LOANS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant (Receivables) Deferred July 1, 2011</u>	<u>Federal Receipts</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant (Receivables) Deferred June 30, 2012</u>
TENNESSEE DEPARTMENT OF TRANSPORTATION									
Operating Assistance-Planning	20.505	TN-80-0003	(5,185)		5,185	-	-	-	-
Operating Assistance-Planning	20.505	TN-80-0004	(3,890)		5,187	-	1,297	-	-
Operating Assistance-Planning	20.505	TN-80-0004-02	-		-	-	3,890	-	(3,890)
Jobs Access	20.516	TN-90-X310	(67,170)		142,172	-	100,002	-	(25,000)
Jobs Access	20.516	TN-37-X075	(36,667)		36,667	-	-	-	-
Capital Grant	20.507	TN-90-X317	(1,835)		3,687	-	5,109	-	(3,257)
Capital Grant	20.507	TN-90-X283	(792)		3,405	-	2,634	(21)	-
Capital Grant	20.507	TN-90-X301	(9,593)		15,060	-	20,080	-	(14,613)
Capital Grant	20.5	TN-04-0037	-		-	-	20,500	-	(20,500)
Capital Operating Grant	20.507	TN-90-X317	(20,982)		13,989	-	-	-	(6,993)
Capital Operating Grant	20.507	TN-90-X301	(1,277)		-	-	-	-	(1,277)
Capital Operating Grant	20.507	TN-90-X337	-		-	-	79,393	-	(79,393)
Operating Assistance	20.507	TN-90-X317	(107,976)		107,976	-	-	-	-
Operating Assistance	20.507	TN-90-X301	345		-	-	-	345	-
Operating Assistance	20.507	TN-90-X337	-		542,815	-	695,218	-	(152,403)
Operating Assistance	20.507	TN-95-X052	-		-	-	1,551	-	(1,551)
Street Light Re-location SR374 Widening			-		230,951	-	230,951	-	-
<b>Total Tennessee Department of Transportation</b>			<b>(255,022)</b>		<b>1,107,094</b>	<b>-</b>	<b>1,160,625</b>	<b>324</b>	<b>(308,877)</b>

CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF EXPENDITURES OF STATE AWARDS AND STATE LOANS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant (Receivables) Deferred July 1, 2011</u>	<u>Federal Receipts</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant (Receivables) Deferred June 30, 2012</u>
TENNESSEE DEPARTMENT OF AGRICULTURE									
DIVISION OF FORESTRY									
TAEP Grant - Farmers Market Promotion & Retail		DG-0822849-00	-		973	-	973	-	-
TAEP Grant - Liberty Park Trees		DG-1235484	-		-	-	6,940	-	(6,940)
TAEP Grant - Heritage Park Trees		DG-1235484	-		-	-	4,650	-	(4,650)
			<u>-</u>		<u>973</u>	<u>-</u>	<u>12,563</u>	<u>-</u>	<u>(11,590)</u>
Total Tennessee Department of Agriculture									
TENNESSEE HOUSING DEVELOPMENT AGENCY									
House Grant			234,541		-	29,465	48,114	-	215,892
Total Tennessee Housing Development Agency									
			<u>234,541</u>		<u>-</u>	<u>29,465</u>	<u>48,114</u>	<u>-</u>	<u>215,892</u>
TN DEPARTMENT OF FINANCE AND ADMINISTRATION									
Passed through the Industrial Development Board of Montgomery County									
Hemlock Reimbursement Grant		529/000-04-2009	(1,621,566)		20,202,971	-	21,068,398	-	(2,486,993)
Total TN Department of Finance and Administration									
			<u>(1,621,566)</u>		<u>20,202,971</u>	<u>-</u>	<u>21,068,398</u>	<u>-</u>	<u>(2,486,993)</u>
TN DEPARTMENT OF ENVIRONMENT AND CONSERVATION									
Local Parks and Recreation Funding Program		GG1236818	-		-	-	14,500	-	(14,500)
Total TN Dept. of Environment and Conservation									
			<u>-</u>		<u>-</u>	<u>-</u>	<u>14,500</u>	<u>-</u>	<u>(14,500)</u>
TOTAL ALL STATE AWARDS									
			<u>\$ (1,783,855)</u>		<u>\$ 21,436,624</u>	<u>\$ 29,465</u>	<u>\$ 22,340,409</u>	<u>\$ (79,403)</u>	<u>\$ (2,630,076)</u>

CITY OF CLARKSVILLE, TENNESSEE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal and state awards is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements.

Note 2 – Loans Outstanding

The City of Clarksville had the following loan funding balances and loan balances outstanding at June 30, 2012. These 2012 loan funding balances are also included in the federal expenditures presented in the accompanying schedule.

<u>Program Title</u>	<u>CFDA Number</u>	<u>FY 2012 Loan Funding</u>	<u>Outstanding Balance</u>
Community Development Block Grant	14.218	\$ 159,851	\$ 2,467,819
HOME Investment Partnerships Program	14.239	415,971	2,919,822
House Program Income	N/A	-	400,262
Total Loans		<u>\$ 575,822</u>	<u>\$ 5,787,903</u>

Note 3 – Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Community Development Block Grants	14.218	\$ 100,000
Emergency Shelter Grants Program	14.231	80,047

Note 4 – Compliance Audit Scope

Audit procedures on compliance requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 were performed as part of the Single Audit of the City of Clarksville, Tennessee. These procedures encompass funds accounted for in the City's governmental and enterprise funds, including the Departments. This schedule has been provided to comply with State of Tennessee reporting requirements. The audit report on compliance requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133 will be issued in conjunction with the audit of the City of Clarksville and will encompass federal/state awards received by the Departments.

Note 5 – Under GASBS Number 33, Voluntary Non-Exchange Transactions are accounted for in the period when all eligibility requirements have been met. At June 30, 2012, certain eligibility requirements, relative to flood recovery expenditures, had not been met. These expenditures, therefore, have not been included in this schedule, either as expenditures or receivables, until the period during which all eligibility criteria have been met. Expenditures incurred in 2012, for which the eligibility requirements have been met, are included in this schedule.



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**CITY OF CLARKSVILLE, TENNESSEE  
STATISTICAL SECTION**

This part of the City of Clarksville, Tennessee's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, the note disclosures, and the required supplementary information says about the City's overall financial health.

**Contents**

**Financial Trends**

These schedules contain trend information to help readers understand how the City's financial performance and well-being have changed over time.

**Revenue Capacity**

These schedules contain information to help the reader assess the City's revenue sources, including its most significant local tax sources, local sales tax and its property tax.

**Debt Capacity**

These schedules present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place.

**Operating Information**

These schedules contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**Sources:**

Unless otherwise noted, the information in these schedules is derived from the City of Clarksville, Tennessee's comprehensive annual financial reports for the relevant years. The City implemented Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* in 2002. Schedules presenting government-wide data include information beginning in that year.

**CITY OF CLARKSVILLE, TENNESSEE**  
**NET ASSETS BY COMPONENT**  
**LAST EIGHT FISCAL YEARS**  
**(Accrual Basis of Accounting)**  
**(In Thousands)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$ 253,666,569	\$ 269,645,809	\$ 284,486,050	\$ 296,693,136	\$ 290,787,548	\$ 317,377,117	\$330,243,521	\$354,606,624
Restricted	4,009,189	3,711,619	4,648,765	1,634,639	2,868,025	3,599,666	10,416,917	-
Unrestricted	20,047,145	20,582,387	20,553,658	16,778,949	20,846,794	15,833,445	4,499,512	-
Total governmental activities net assets	<u>\$ 277,722,903</u>	<u>\$ 293,939,815</u>	<u>\$ 309,688,473</u>	<u>\$ 315,106,724</u>	<u>\$ 314,502,367</u>	<u>\$ 336,810,228</u>	<u>\$345,159,950</u>	<u>\$354,606,624</u>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	\$ 137,086,834	\$ 170,242,541	\$ 189,558,554	\$ 226,120,091	\$ 236,803,367	\$ 247,347,455	\$252,456,757	\$370,623,552
Restricted	34,905,677	18,129,792	24,476,182	17,098,245	15,377,345	22,321,872	34,172,671	-
Unrestricted	26,824,929	28,766,297	26,238,414	17,701,085	23,081,116	(244,787,954)	33,813,473	-
Total business-type activities net assets	<u>\$ 198,817,440</u>	<u>\$ 217,138,630</u>	<u>\$ 240,273,150</u>	<u>\$ 260,919,421</u>	<u>\$ 275,261,828</u>	<u>\$ 24,881,373</u>	<u>\$320,442,901</u>	<u>\$370,623,552</u>
<b>Primary government</b>								
Invested in capital assets, net of related debt	\$ 390,753,403	\$ 439,888,350	\$ 474,044,604	\$ 522,813,227	\$ 527,590,915	\$ 564,724,572	\$582,700,278	\$725,230,176
Restricted	38,914,866	21,841,411	29,124,947	18,732,884	18,245,370	25,921,538	44,589,588	-
Unrestricted	46,872,074	49,348,684	46,792,072	34,480,034	43,927,910	(228,954,509)	38,312,985	-
Total primary activities net assets	<u>\$ 476,540,343</u>	<u>\$ 511,078,445</u>	<u>\$ 549,961,623</u>	<u>\$ 576,026,145</u>	<u>\$ 589,764,195</u>	<u>\$ 361,691,601</u>	<u>\$665,602,851</u>	<u>\$725,230,176</u>

**CITY OF CLARKSVILLE, TENNESSEE  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Expenses</b>									
<b>Governmental activities</b>									
General government	\$ 5,766,247	\$ 8,729,212	\$ 8,078,442	\$ 13,515,867	\$ 15,875,133	\$ 18,342,129	\$ 11,811,412	\$ 15,580,584	\$ 15,528,920
Public safety	25,000,044	26,996,393	28,257,510	31,047,113	34,776,692	36,380,996	38,553,625	39,333,118	43,552,997
Highways and streets	7,387,636	8,368,619	7,946,470	9,241,841	7,461,170	12,028,971	9,050,234	10,523,045	13,025,771
Recreation	4,676,377	5,074,092	4,525,751	5,277,100	5,983,397	4,710,611	6,193,574	6,787,986	5,919,326
Community development	7,286,468	2,025,723	1,862,547	1,975,448	1,925,943	1,946,176	1,473,740	1,659,480	1,816,743
Community support	3,767,807	2,103,554	1,785,294	2,087,881	2,442,187	2,528,041	2,852,958	3,032,424	2,784,054
Interest on long-term debt	1,389,931	1,608,661	1,948,801	2,137,717	1,946,699	1,614,428	491,624	2,350,821	2,519,582
Total governmental activities expenses	<u>55,274,510</u>	<u>54,906,254</u>	<u>54,404,815</u>	<u>65,282,967</u>	<u>70,411,221</u>	<u>77,551,352</u>	<u>70,427,167</u>	<u>79,267,458</u>	<u>85,147,392</u>
<b>Business-type activities</b>									
Department of Electricity									
Electric Division	\$ 75,280,700	\$ 77,463,000	\$ 87,431,800	\$ 98,586,100	\$ 109,663,800	\$ 128,435,297	\$ 119,630,224	\$ 140,063,165	\$ 134,738,538
Telecommunications Division	-	-	-	-	2,283,900	6,415,601	9,159,839	11,456,880	13,295,702
Gas department	31,989,670	39,313,876	54,314,229	43,348,794	46,530,275	40,592,919	35,487,759	32,072,641	23,770,113
Parking authority	294,957	100,552	107,007	106,931	97,761	137,722	125,761	97,340	96,827
Clarksville transit system	3,184,410	3,671,185	4,181,844	4,529,532	4,962,419	5,156,951	5,600,133	6,298,123	6,530,118
Water and sewer department	25,549,377	27,214,435	28,694,587	33,225,363	35,679,989	39,125,196	41,120,880	48,837,284	44,999,672
Natural Gas Acquisition Corporation (NGAC)	-	-	242	34,778,846	54,245,779	49,032,836	44,494,960	39,813,273	38,972,919
Other	4,571,744	1,341,804	-	-	-	-	-	-	-
Total business-type activities expenses	<u>140,870,858</u>	<u>149,104,852</u>	<u>174,729,709</u>	<u>214,575,566</u>	<u>253,463,923</u>	<u>268,896,522</u>	<u>255,619,556</u>	<u>278,638,706</u>	<u>278,638,706</u>
Total Primary Government Expenses	<u>\$ 196,145,368</u>	<u>\$ 204,011,106</u>	<u>\$ 229,134,524</u>	<u>\$ 279,858,533</u>	<u>\$ 323,875,144</u>	<u>\$ 346,447,874</u>	<u>\$ 328,046,723</u>	<u>\$ 357,906,164</u>	<u>\$ 85,147,392</u>
<b>Program Revenues</b>									
<b>Governmental activities</b>									
Charges for services									
General government	\$ 1,384,691	\$ 1,404,126	\$ 1,808,867	\$ 3,814,207	\$ 2,856,461	\$ 3,231,437	\$ 2,989,138	\$ 1,541,697	\$ 2,268,575
Public safety	676,891	843,059	697,876	893,492	877,388	845,175	1,158,580	1,749,304	2,810,250
Highways and streets	-	-	-	-	-	-	58,105	56,090	42,670
Recreation	1,960,317	942,120	1,047,934	1,090,136	1,259,454	1,267,605	1,537,177	1,415,018	1,514,957
Community development	-	-	475,323	477,547	426,510	256,061	623,830	228,356	194,931
Other	-	364,079	-	-	-	-	249,592	207,041	-
Operating and capital grants and contributions	11,407,672	13,409,753	18,248,628	21,699,405	15,537,899	14,787,401	16,187,429	19,029,886	18,853,099
Total governmental activities program revenues	<u>15,429,571</u>	<u>16,963,137</u>	<u>22,278,628</u>	<u>27,974,787</u>	<u>20,957,712</u>	<u>20,387,679</u>	<u>22,803,851</u>	<u>24,227,392</u>	<u>25,684,482</u>

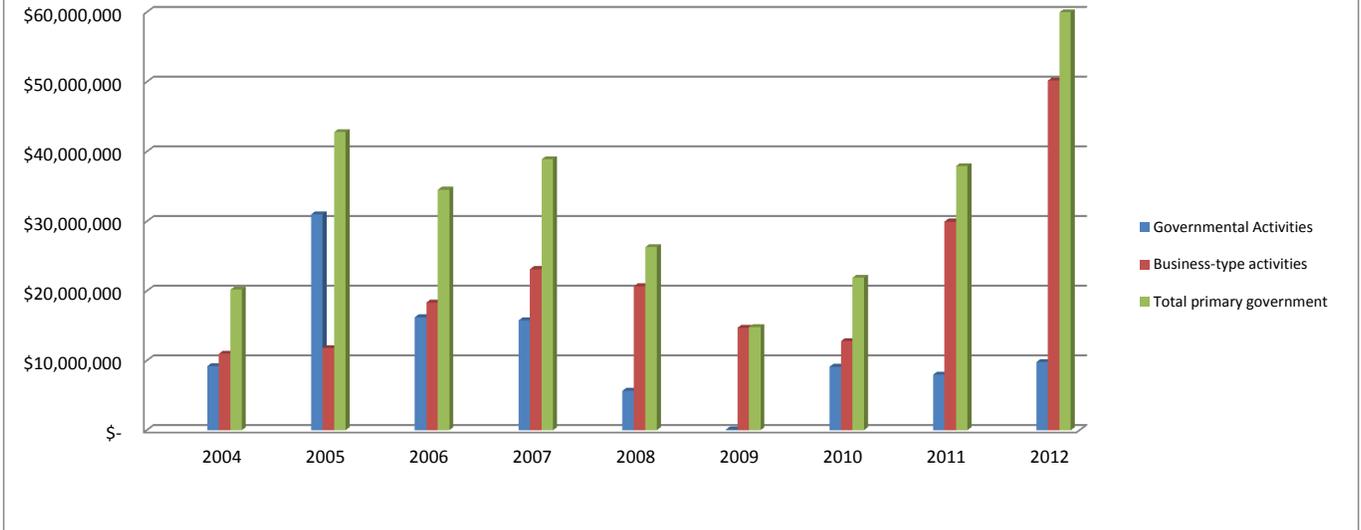
**CITY OF CLARKSVILLE, TENNESSEE**  
**CHANGES IN NET ASSETS (Continued)**  
**LAST NINE FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Business-type activities</b>									
Charges for services									
Department of Electricity									
Electric Division	\$ 79,463,900	\$ 82,410,500	\$ 93,701,000	\$ 103,341,200	\$ 112,617,775	\$ 133,401,540	\$ 134,916,061	\$ 158,303,593	\$ 153,241,229
Telecommunications Division	-	-	-	-	109,000	2,079,485	6,452,512	9,410,270	12,006,623
Gas department	33,675,030	40,490,639	55,862,600	44,477,724	48,879,233	47,287,531	33,767,293	32,758,825	23,785,243
Parking authority	339,200	334,710	332,790	417,289	375,631	365,034	396,179	418,632	463,606
Clarksville transit system	396,401	451,638	519,354	479,223	475,255	671,111	649,089	681,854	733,476
Water and sewer department	27,511,737	29,859,668	32,222,692	35,666,394	38,243,180	42,106,034	44,699,913	47,774,322	50,384,795
Natural Gas Acquisition Corporation	-	-	-	22,974,746	41,666,101	36,944,069	32,885,757	40,125,984	39,099,441
Other	4,563,167	1,329,228	-	-	-	-	-	-	-
Operating/capital grants/contributions	7,699,395	7,266,356	11,089,828	15,496,205	18,010,328	11,139,645	20,371,357	23,989,012	37,489,775
Total business-type activities program revenues	<u>153,648,830</u>	<u>162,142,739</u>	<u>193,728,264</u>	<u>222,852,781</u>	<u>260,376,503</u>	<u>273,994,449</u>	<u>274,138,161</u>	<u>313,462,492</u>	<u>317,204,188</u>
Total Primary Government Program Revenues	<u>\$ 169,078,401</u>	<u>\$ 179,105,876</u>	<u>\$ 216,006,892</u>	<u>\$ 250,827,568</u>	<u>\$ 281,334,215</u>	<u>\$ 294,382,128</u>	<u>\$ 296,942,012</u>	<u>\$ 337,689,884</u>	<u>\$ 342,888,669</u>
<b>Net (Expenses)/Revenue</b>									
Governmental activities	\$ (39,844,939)	\$ (37,943,117)	\$ (32,126,187)	\$ (37,308,180)	\$ (49,453,509)	\$ (57,163,673)	\$ (49,623,316)	\$ (55,040,068)	\$ (59,462,910)
Business-type activities	<u>12,777,972</u>	<u>13,037,887</u>	<u>18,998,555</u>	<u>8,277,215</u>	<u>6,912,580</u>	<u>5,097,927</u>	<u>18,509,200</u>	<u>34,823,786</u>	<u>54,800,299</u>
Total primary government net expenses	<u>\$ (27,066,967)</u>	<u>\$ (24,905,230)</u>	<u>\$ (13,127,632)</u>	<u>\$ (29,030,965)</u>	<u>\$ (42,540,929)</u>	<u>\$ (52,065,746)</u>	<u>\$ (31,114,116)</u>	<u>\$ (20,216,282)</u>	<u>\$ (4,662,611)</u>

**CITY OF CLARKSVILLE**  
**CHANGES IN NET ASSETS (Continued)**  
**LAST NINE FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues &amp; Other Changes in Net Assets</b>									
<b>Governmental activities</b>									
Taxes									
Property taxes	\$ 21,227,055	\$ 19,953,714	\$ 20,506,163	\$ 22,316,810	\$ 23,812,464	\$ 24,758,862	\$ 26,361,548	\$ 27,845,639	\$ 28,193,428
State taxes	10,792,473	7,989,782	8,887,131	9,990,794	10,097,875	9,464,445	9,207,652	9,600,456	12,048,651
Franchise/business taxes	1,394,125	2,657,850	2,881,320	3,087,000	3,340,745	3,117,953	2,802,646	3,697,867	3,776,474
Wholesale beer and liquor taxes	2,493,503	2,726,287	2,629,540	3,241,285	3,131,034	3,511,386	3,555,602	3,104,822	3,832,050
Sales taxes	8,866,446	9,787,689	10,116,195	11,308,195	10,921,205	11,251,021	11,697,999	12,138,747	14,594,379
In-lieu-of taxes	23,692	15,193	22,978	20,990	14,591	38,155	52,315	34,042	61,613
Other taxes	267,781	243,105	264,752	367,788	377,448	471,880	579,133	416,235	478,282
Investment earnings	265,216	326,553	826,342	1,134,602	835,447	278,982	81,348	32,803	
Miscellaneous	891,487	398,587	(795,254)	(814,718)	(734,077)	(54,599)	(254,015)	1,255,265	1,639,435
Transfers	2,823,764	2,997,279	3,003,932	2,404,092	3,184,946	4,087,924	4,644,820	4,870,200	4,619,648
Prior period adjustment	-	21,839,182	-	-	109,918	335,032	4,086,020	-	-
Total governmental activities	<u>49,045,542</u>	<u>68,935,221</u>	<u>48,343,099</u>	<u>53,056,838</u>	<u>55,091,596</u>	<u>57,261,041</u>	<u>62,815,068</u>	<u>62,996,076</u>	<u>69,243,960</u>
<b>Business-type activities</b>									
Investment earnings	\$ 626,363	\$ 1,452,788	\$ 2,345,707	\$ 17,261,397	\$ 16,918,637	\$ 13,698,948	\$ 12,594,192	\$ 12,084,851	
Miscellaneous	-	-	-	-	-	-	(24,885)	-	
Transfers	(2,434,134)	(2,705,303)	(3,003,932)	(2,404,092)	(3,184,946)	(4,087,924)	(4,644,820)	(4,870,200)	(4,619,648)
Prior period adjustment	-	-	(19,140)	-	-	-	-	-	
Total business-type activities	<u>(1,807,771)</u>	<u>(1,252,515)</u>	<u>(677,365)</u>	<u>14,857,305</u>	<u>13,733,691</u>	<u>9,611,024</u>	<u>7,924,487</u>	<u>(4,870,200)</u>	<u>(4,619,648)</u>
Total primary government	<u>\$ 47,237,771</u>	<u>\$ 67,682,706</u>	<u>\$ 47,665,734</u>	<u>\$ 67,914,143</u>	<u>\$ 68,825,287</u>	<u>\$ 66,872,065</u>	<u>\$ 70,739,555</u>	<u>\$ 58,125,876</u>	<u>\$ 64,624,312</u>
<b>Change in Net Assets</b>									
Governmental Activities	\$ 9,200,603	\$ 30,992,104	\$ 16,216,912	\$ 15,748,658	\$ 5,638,087	\$ 97,368	\$ 9,105,731	\$ 7,956,008	\$ 9,781,049
Business-type activities	10,970,201	11,785,372	18,321,190	23,134,520	20,646,271	14,708,951	12,789,560	29,953,586	50,180,651
Total primary government	<u>\$ 20,170,804</u>	<u>\$ 42,777,476</u>	<u>\$ 34,538,102</u>	<u>\$ 38,883,178</u>	<u>\$ 26,284,358</u>	<u>\$ 14,806,319</u>	<u>\$ 21,895,291</u>	<u>\$ 37,909,594</u>	<u>\$ 59,961,700</u>

Changes in Net Assets



**CITY OF CLARKSVILLE, TENNESSEE**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Fund</b>										
Non-Spendable	\$ 152,964	\$ 231,021	\$ 292,279	\$ 373,305	\$ 456,567	\$ 444,224	\$ 490,924	\$ 437,536	\$ 489,987	\$ 527,631
Restricted	196,264	349,316	432,209	85,962	3,181	144,020	219,783	163,818	290,490	224,928
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	14,699,612	17,561,242	18,445,898	19,483,846	20,882,010	20,755,219	21,110,552	18,867,947	16,747,856	25,462,044
Total general fund	\$ 15,048,840	\$ 18,141,579	\$ 19,170,386	\$ 19,943,113	\$ 21,341,758	\$ 21,343,463	\$ 21,821,259	\$ 19,469,301	\$ 17,528,333	\$ 26,214,603
<b>All Other Governmental Funds</b>										
<b>Special Revenue Funds</b>										
Non-Spendable	\$ 99,147	\$ 78,012	\$ 85,993	\$ 88,466	\$ 146,388	\$ 48,895	\$ (201,168)	\$ 314,558	\$ 358,618	\$ 313,284
Restricted	-	-	269,496	486,740	500,644	514,563	516,952	324,019	368,594	806,173
Committed	-	-	1,806,109	1,041,344	582,382	1,071,181	2,552,241	2,961,089	2,550,619	-
Assigned	1,511,724	1,511,724	1,370,353	1,427,029	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Special Revenue Funds	1,610,871	1,589,736	3,531,951	3,043,579	1,229,414	1,634,639	2,868,025	3,599,666	3,277,831	1,119,457
<b>Debt Service Fund</b>										
Non-Spendable	-	-	-	-	-	-	-	-	298,195	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,950,097	3,645,236	1,970,390	2,011,884	1,778,235	1,583,949	1,062,338	967,039	1,632,928	1,627,928
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Debt Service Fund	2,950,097	3,645,236	1,970,390	2,011,884	1,778,235	1,583,949	1,062,338	967,039	1,931,123	1,627,928
<b>Capital Projects Fund</b>										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	567,582	755,158	477,238	435,219	50,692	124,124	324,132	460,739	1,979,352	63,751
Committed	1,845,749	-	-	232,821	3,368,659	(1,830,066)	5,117,544	4,590,087	2,513,517	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Capital Projects Fund	2,413,331	755,158	477,238	668,040	3,419,351	(1,705,942)	5,441,676	5,050,826	4,492,869	63,751
<b>Total all other governmental funds</b>	<b>\$ 6,974,299</b>	<b>\$ 5,990,130</b>	<b>\$ 5,979,579</b>	<b>\$ 5,723,503</b>	<b>\$ 6,427,000</b>	<b>\$ 1,512,646</b>	<b>\$ 9,372,039</b>	<b>\$ 9,617,531</b>	<b>\$ 9,701,823</b>	<b>\$ 2,811,136</b>

**CITY OF CLARKSVILLE, TENNESSEE**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 31,503,276	\$ 33,846,572	\$ 34,427,517	\$ 36,420,948	\$ 40,342,068	\$ 41,597,487	\$ 43,145,156	\$ 45,021,445	\$ 46,203,310	\$ 52,047,848
State Taxes	11,072,805	10,792,473	11,156,025	12,029,467	13,144,258	13,224,296	12,414,195	12,177,601	12,702,729	15,767,613
Licenses and permits	1,726,030	2,027,042	2,296,034	1,438,095	1,781,346	1,309,561	910,453	1,170,820	1,110,767	1,845,028
Charges for services	1,120,814	1,384,691	1,006,533	1,418,706	1,795,102	1,819,642	1,796,123	1,763,899	2,219,586	2,769,204
Fines and forfeits	707,884	610,166	843,059	697,876	889,329	877,388	845,175	1,622,284	1,478,261	1,827,158
Investment earnings	326,778	248,600	283,663	739,113	1,021,449	745,469	242,179	73,210	32,803	
Grants	2,414,812	2,946,901	2,763,523	2,061,709	1,950,032	2,357,880	3,122,431	3,837,328	7,496,274	5,201,557
Miscellaneous / other	733,040	906,567	1,376,740	1,771,947	1,842,119	1,517,007	2,187,651	2,128,736	3,791,771	
Total revenues	<u>49,605,439</u>	<u>52,763,012</u>	<u>54,153,094</u>	<u>56,577,861</u>	<u>62,765,703</u>	<u>63,448,730</u>	<u>64,663,363</u>	<u>67,795,323</u>	<u>75,035,501</u>	<u>79,458,407</u>
<b>Expenditures</b>										
General government	4,136,766	5,277,913	5,508,809	5,795,592	6,387,117	6,414,046	7,378,804	7,843,598	8,413,784	8,534,270
Public safety	22,788,744	23,812,337	25,923,202	27,355,708	29,837,009	31,149,720	32,441,949	34,074,608	35,764,426	37,011,534
Highways and streets	8,250,081	6,588,081	7,502,880	7,480,262	7,863,996	8,938,226	9,202,326	9,663,703	9,971,486	10,544,416
Recreation	3,170,682	3,934,892	4,371,776	4,102,190	4,413,347	4,862,034	4,620,495	5,193,816	5,803,807	6,478,113
Community development	1,785,127	1,791,767	2,025,723	1,862,547	1,975,448	1,925,443	1,946,176	1,473,740	1,659,480	1,816,743
Other	787,654	548,560	728,259	2,802,358	3,435,755	5,242,852	8,384,620	1,621,694	1,586,468	2,309,293
Miscellaneous agencies	3,123,294	2,839,857	1,438,187	1,087,375	1,347,620	1,672,747	1,549,929	1,874,409	1,751,836	1,723,071
Debt service										
Principal	5,343,016	6,866,757	4,277,500	4,505,900	4,784,700	5,268,000	3,886,100	3,723,300	15,527,700	4,741,000
Interest	1,701,695	1,389,931	1,608,661	1,948,801	2,137,717	1,946,699	1,614,428	2,198,657	2,473,875	2,473,712
Capital outlay	13,266,229	4,916,806	3,493,488	2,650,345	7,011,851	7,899,414	14,698,033	23,441,845	28,996,386	16,421,392
Total expenditures	<u>64,353,288</u>	<u>57,966,901</u>	<u>56,878,485</u>	<u>59,591,078</u>	<u>69,194,560</u>	<u>75,319,711</u>	<u>85,722,860</u>	<u>91,109,370</u>	<u>111,949,248</u>	<u>92,053,544</u>
Excess (deficiency) of revenues over expenditures	<u>(14,747,849)</u>	<u>(5,203,889)</u>	<u>(2,725,391)</u>	<u>(3,013,217)</u>	<u>(6,428,857)</u>	<u>(11,870,981)</u>	<u>(21,059,497)</u>	<u>(23,314,047)</u>	<u>(36,913,747)</u>	<u>(12,595,137)</u>
<b>Other financing sources (uses)</b>										
Transfers in	11,683,766	10,171,924	11,677,370	12,211,663	15,527,352	12,158,725	12,138,589	13,962,760	15,271,369	15,543,272
Transfers out	(9,208,115)	(7,693,780)	(9,073,721)	(9,207,731)	(13,123,260)	(8,973,779)	(8,050,665)	(9,406,393)	(10,850,397)	(10,923,624)
Other	336,131	441,560	-	-	-	(109,918)	(335,032)	-	-	-
Proceeds of general obligation bonds	11,677,558	4,392,755	1,139,998	294,891	6,126,906	3,883,304	25,643,794	16,651,218	18,364,384	7,084,290
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	12,271,714	-
Total other financing sources (uses)	<u>14,489,340</u>	<u>7,312,459</u>	<u>3,743,647</u>	<u>3,298,823</u>	<u>8,530,998</u>	<u>6,958,332</u>	<u>29,396,686</u>	<u>21,207,585</u>	<u>35,057,070</u>	<u>11,703,938</u>
Net Change in fund balance	<u>\$ (258,509)</u>	<u>\$ 2,108,570</u>	<u>\$ 1,018,256</u>	<u>\$ 285,606</u>	<u>\$ 2,102,141</u>	<u>\$ (4,912,649)</u>	<u>\$ 8,337,189</u>	<u>\$ (2,106,462)</u>	<u>\$ (1,856,677)</u>	<u>\$ (891,198)</u>
Debt service as a percentage of noncapital expenditures	13.8%	15.6%	11.0%	11.3%	11.1%	10.7%	7.7%	8.8%	21.7%	9.5%
Debt service as a percentage of total expenditures	10.9%	14.2%	10.3%	10.8%	10.0%	9.6%	6.4%	6.5%	16.1%	7.8%

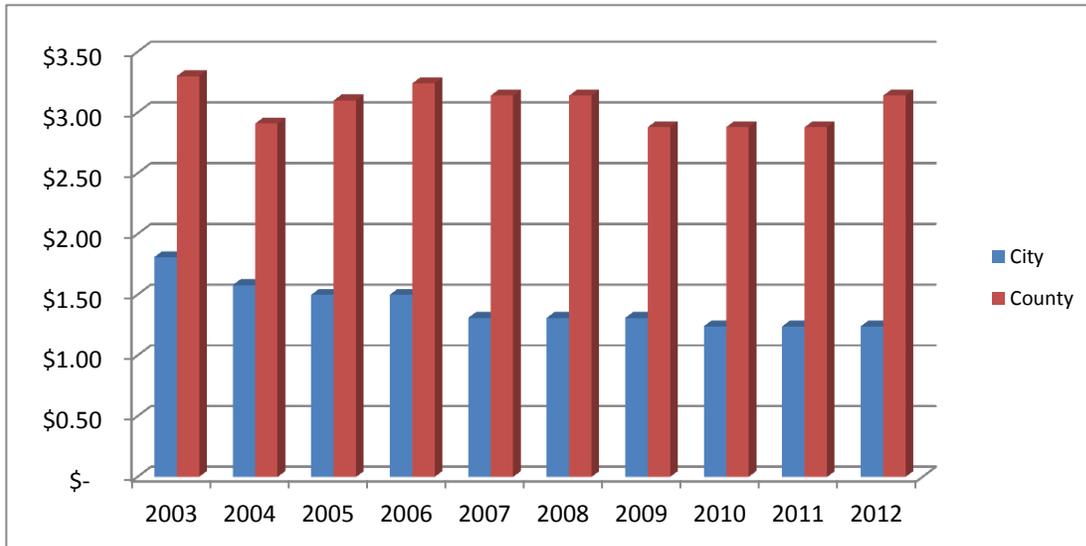
**CITY OF CLARKSVILLE, TENNESSEE**  
**ASSESSED VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>				<b>Personal Property</b>	
	<b>Public Utility 55%</b>	<b>Commercial 40%</b>	<b>Industrial 40%</b>	<b>Residential 25%</b>	<b>Public Utility 55%</b>	<b>Commercial 30%</b>
2003	-	383,572,560	14,932,360	592,563,075	214,593	79,075,512
2004	-	471,310,600	21,022,560	680,377,300	289,785	86,370,445
2005	470,030	471,411,840	21,993,440	709,620,700	81,018	83,681,997
2006	470,030	495,272,120	22,371,880	757,835,950	90,389	79,143,693
2007	534,050	601,682,400	27,288,920	924,264,500	86,965	89,642,175
2008	534,050	631,312,440	27,513,680	973,330,225	91,195	95,283,963
2009	534,050	703,233,600	26,872,640	1,034,087,125	100,495	92,237,524
2010	569,910	847,710,280	33,115,880	1,182,885,700	150,058	120,163,939
2011	569,910	836,202,320	29,885,800	1,221,530,800	246,402	120,745,478
2012	528,550	868,158,240	30,349,040	1,286,283,225	173,539	115,115,791

NOTE: Property is appraised. The assessed value is determined by multiplying a statutorily established assessment ratio by the appraised value. To calculate the taxes, the assessed value is divided by \$100 and multiplied by the tax rate.

**CITY OF CLARKSVILLE, TENNESSEE  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
Last Ten Fiscal Years**

<b>Fiscal Year **</b>	<b>Direct Rate</b>	<b>Overlapping Rate *</b>
	<b>City of Clarksville</b>	<b>Montgomery County</b>
2003	\$1.81 / 100	\$3.30 / 100
2004	\$1.58 / 100	\$2.91 / 100
2005	\$1.50 / 100	\$3.10 / 100
2006	\$1.50 / 100	\$3.24 / 100
2007	\$1.31 / 100	\$3.14 / 100
2008	\$1.31 / 100	\$3.14 / 100
2009	\$1.31 / 100	\$2.88 / 100
2010	\$1.24 / 100	\$2.88 / 100
2011	\$1.24 / 100	\$2.88 / 100
2012	\$1.24 / 100	\$3.14 / 100



\* Overlapping rates are those of local and county governments that apply to property owners within the City of Clarksville.

\*\* The fiscal year listed corresponds to the preceding tax year levy (2012 fiscal year would represent the 2011 tax levy). This represents the period for which the taxes were levied.

**CITY OF CLARKSVILLE, TENNESSEE  
PRINCIPAL PROPERTY TAX PAYERS  
Current and Previous Fiscal Years**

Taxpayer	Type of Business	Fiscal Year 2012			Fiscal Year 2011		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Clarksville Health System	Hospital	\$ 146,050,000	1	6.35%	\$ 146,002,700	1	6.61%
Governor's Square Co.	Retail	39,471,400	2	1.72%	37,187,600	2	1.68%
Clarksville Nine L P	Residential	24,635,800	3	1.07%	-	-	0.00%
Independence Place*	Real Estate	18,974,400	4	0.82%	18,957,300	3	0.86%
Autumn Winds LLC	Residential	16,738,600	5	0.73%	16,775,000	4	0.76%
Bristol Park @ Clarksville Group	Real Estate	15,616,100	6	0.68%	15,616,100	5	0.71%
Trane Company	Manufacturer	12,001,703	7	0.52%	11,066,465	7	0.50%
AT&T Property Tax Group	Utilities	11,044,857	8	0.48%	13,130,133	6	0.59%
Gateway Medical Center	Hospital	10,267,214	9	0.45%	10,954,357	8	0.50%
Cumberland Electric Membership Corp.	Utilities	8,346,642	10	0.36%	8,278,871	9	0.37%
<b>Total</b>		<b>\$ 303,146,716</b>		<b>13.18%</b>	<b>\$ 277,968,526</b>		<b>11.71%</b>

Total Assessed Value for 2012: \$ 2,300,608,385

Total Assessed Value for 2011: \$ 2,209,180,710

Note: The total assessed values for 2012 were obtained from the Montgomery County, Tennessee Assessor of Property's Office.

\*Clarksville Nine L P was formed in December 2010 by an investment group, thus no prior years information exists.

**CITY OF CLARKSVILLE, TENNESSEE  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected Within The Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2003	19,740,607	18,434,087	93.4%	1,245,077	19,679,164	99.7%
2004	20,122,199	19,332,939	96.1%	743,090	20,076,029	99.8%
2005	19,719,457	18,945,395	96.1%	717,355	19,662,750	99.7%
2006	20,959,084	19,669,202	93.8%	1,120,408	20,789,610	99.2%
2007	21,919,483	21,029,776	95.9%	679,381	21,709,157	99.0%
2008	23,251,711	22,036,319	94.8%	912,584	22,948,903	98.7%
2009	24,711,181	23,676,341	95.8%	886,711	24,563,052	99.4%
2010	27,533,757	26,128,415	94.9%	651,825	26,780,240	97.3%
2011	27,887,819	26,023,916	95.4%	620,932	26,644,848	95.5%
2012	28,207,244	27,072,762	96.0%	-	-	0.0%

Taxes are assessed as of January 1 and are due October 1 of each year. Taxes become delinquent after February 28 of the following year.

The fiscal year listed corresponds to the preceding tax year levy (2012 fiscal year would represent the 2011 tax levy). This represents the period for which the taxes were levied.

**CITY OF CLARKSVILLE, TENNESSEE  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

**GOVERNMENTAL ACTIVITIES**

Fiscal Year	General Obligation Bonds	Tennessee Municipal Bond Fund Loans	Capital Outlay Notes	Other Debt	Subtotal
2003	15,065,000	41,582,173			56,647,173
2004	13,805,000	40,364,291			54,169,291
2005	12,985,000	38,052,169			51,037,169
2006	12,115,000	34,711,159			46,826,159
2007	16,215,000	31,953,366			48,168,366
2008	15,100,000	31,689,658			46,789,658
2009	39,410,950	19,397,402	2,590,000	7,149,000	68,547,352
2010	36,762,950	35,203,817	2,361,000	7,149,000	81,476,767
2011	41,727,950	54,766,999		89,916	96,584,865
2012	38,478,950	62,917,443		84,521	101,480,914

**BUSINESS TYPE ACTIVITIES**

Fiscal Year	Revenue Bonds	Tennessee State Revolving /TML Loans	Tennessee EPA/ Energy Efficiency Loans	Cumberland Electric Membership/Other	Subtotal	Total Primary Government	Percentage of Personal Income*	Per Capita*
2003	90,565,000	54,429,217	704,316	1,558,100	147,256,633	203,903,806	5.19%	1,917
2004	133,645,000	56,413,703	592,264	1,255,100	191,906,067	246,075,358	5.91%	2,270
2005	128,540,000	52,882,520	264,084	211,520	181,898,124	232,935,293	4.86%	2,056
2006	366,300,000	49,205,329	353,571	-	415,858,900	462,685,059	8.74%	4,063
2007	444,860,000	45,042,520	155,404	72,601	490,130,525	538,298,891	9.55%	4,513
2008	431,975,000	41,940,656	99,827	841,100	474,856,583	521,646,241	8.77%	4,273
2009	412,750,002	43,323,471	45,557	756,973	456,876,003	525,423,355	8.33%	4,252
2010	422,395,000	65,489,956	-	756,973	488,641,929	570,118,696	8.53%	4,632
2011	434,645,294	60,967,917	-	588,756	496,201,967	592,786,832	8.87%	4,458
2012								

\*See Demographic and Economic Statistics, page 120 for personal income and population data.

**CITY OF CLARKSVILLE, TENNESSEE**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN\***  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>All Other Long Term Debt</b>	<b>Total Long Term Debt</b>	<b>Per Capita**</b>	<b>Percentage of Actual Assessed Property Value***</b>
2003	15,065,000	41,582,173	56,647,173	532.60	5.1%
2004	13,805,000	40,364,291	54,169,291	499.74	4.2%
2005	12,985,000	38,052,169	51,037,169	450.52	3.9%
2006	12,115,000	34,711,159	46,826,159	411.21	3.4%
2007	16,215,000	31,953,366	48,168,366	403.81	2.9%
2008	15,100,000	31,689,658	46,789,658	383.30	2.6%
2009	39,410,950	29,136,402	68,547,352	550.29	3.1%
2010	36,762,950	44,713,817	81,476,767	661.90	3.7%
2011	41,727,950	54,856,915	96,584,865	726.59	4.4%
2012	38,478,950	63,001,964	101,480,914	714.27	4.4%

Note: The debt listed in this schedule includes the principal of self-supporting debt for which there is an underlying pledge of the city's ad valorem taxes (Series 2002 "General Improvement Revenue and Tax Debt" to be repaid by the E911 District and TMBF Loan to be repaid by the revenues from the Parking Authority).

\* The City has no legal debt margin.

\*\*See Demographic and Economic Statistics, page 120, for population data.

\*\*\*Property value obtained from page 111.

**CITY OF CLARKSVILLE, TENNESSEE  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2012**

<u>Jurisdiction</u>	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Estimated Share of Overlapping Debt</u>
City of Clarksville	\$ 101,480,914	100%	\$ 101,480,914
Montgomery County	<u>\$ 312,620,000</u>	42.20%	<u>\$ 131,925,640</u>
Total	<u><u>\$ 414,100,914</u></u>		<u><u>\$ 233,406,554</u></u>

\*Percentage calculated using portion of Assessed Value of Property in City compared to County:

City of Clarksville	\$ 2,209,180,170
Montgomery County	<u>\$ 3,027,166,057</u>
	72.98%

**CITY OF CLARKSVILLE, TENNESSEE  
PLEGDED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

**Electric Department - Electric Division**

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2003	76,255,300	71,180,200	5,075,100	1,301,700	444,900	1,746,600	2.91
2004	79,389,200	74,848,400	4,540,800	1,411,400	432,300	1,843,700	2.46
2005	82,317,600	76,957,600	5,360,000	2,435,100	528,300	2,963,400	1.81
2006	93,600,900	87,065,800	6,535,100	1,211,000	366,000	1,577,000	4.14
2007	103,391,300	97,229,400	6,161,900	2,290,100	1,019,600	3,309,700	1.86
2008	112,591,500	107,032,300	5,559,200	565,000	2,492,700	3,057,700	1.82
2009	134,792,681	125,744,219	9,048,462	659,100	2,691,078	3,350,178	2.70
2010	134,832,982	115,972,397	18,860,585	1,409,108	3,374,886	4,783,994	3.94
2011	157,699,214	140,063,165	17,636,049	2,166,465	3,779,688	5,946,153	2.96
2012	152,858,073	131,042,138	21,815,935	1,980,000	3,847,839	5,827,839	3.74

**Electric Department - Telecommunications Division**

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	342,300	(342,300)	-	-	-	0.00
2008	109,000	2,164,900	(2,055,900)	-	-	-	0.00
2009	2,149,396	6,145,695	(3,996,299)	-	269,906	269,906	-14.81
2010	6,452,512	8,878,178	(2,425,666)	-	216,397	216,397	-11.21
2011	9,410,270	14,456,880	(5,046,610)	-	244,264	244,264	-20.66
2012	12,060,459	13,051,172	(990,713)	-	217,353	217,353	-4.56

**Gas Department**

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2003	29,479,666	26,422,107	3,057,559	246,425	896,586	1,143,011	2.68
2004	33,649,524	31,102,059	2,547,465	262,152	887,611	1,149,763	2.22
2005	40,455,372	38,435,897	2,019,475	265,647	877,979	1,143,626	1.77
2006	55,122,264	53,220,210	1,902,054	269,161	1,094,019	1,363,180	1.40
2007	44,446,398	42,408,207	2,038,191	7,434,745	940,587	8,375,332	0.24
2008	48,844,550	45,786,140	3,058,410	634,977	606,384	1,241,361	2.46
2009	47,274,269	39,815,131	7,459,138	609,513	777,788	1,387,301	5.38
2010	33,756,182	34,752,863	(996,681)	625,950	734,896	1,360,846	-0.73
2011	32,697,538	32,072,641	624,897	435,990	728,233	1,164,223	-0.53
2012	23,720,000	23,150,000	570,000	555,001	536,556	1,091,557	0.52

**CITY OF CLARKSVILLE, TENNESSEE**  
**PLEDGED REVENUE COVERAGE (Continued)**  
**LAST TEN FISCAL YEARS**

**Water and Sewer Department**

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2003	25,010,232	19,042,364	5,967,868	3,934,132	4,758,891	8,693,023	0.69
2004	27,493,170	20,793,741	6,699,429	4,401,575	4,755,636	9,157,211	0.73
2005	29,811,808	22,405,951	7,405,857	4,865,855	4,808,484	9,674,339	0.77
2006	32,158,409	24,003,804	8,154,605	4,973,769	4,690,783	9,664,552	0.84
2007	35,905,975	26,337,997	9,567,978	5,163,560	6,887,366	12,050,926	0.79
2008	38,192,012	28,238,613	9,953,399	7,291,674	7,441,376	14,733,050	0.68
2009	42,057,878	30,525,072	11,532,806	6,600,066	8,600,124	15,200,190	0.76
2010	44,625,593	34,216,295	10,409,298	7,846,607	6,904,585	14,751,192	0.71
2011	47,679,405	48,837,234	(1,157,829)	8,166,863	7,064,297	15,231,160	-0.08
2012	50,080,000	37,710,000	12,370,000	8,717,771	6,297,238	15,015,009	0.82

**Natural Gas Acquisition Corporation**

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2003	3,359,126	3,012,152	346,974	3,015,000	361,745	3,376,745	0.10
2004	4,563,167	4,388,425	174,742	3,370,000	183,319	3,553,319	0.05
2005	1,329,228	1,309,649	19,579	2,420,000	32,155	2,452,155	0.01
2006	-	242	(242)	-	-	-	0.00
2007	22,974,746	23,103,737	(128,991)	-	11,460,920	11,460,920	-0.01
2008	41,666,101	43,027,208	(1,361,107)	8,515,000	11,218,571	19,733,571	-0.07
2009	36,944,069	38,171,178	(1,227,109)	14,925,000	11,196,281	26,121,281	-0.05
2010	32,181,335	33,609,105	(1,427,770)	13,795,000	10,671,666	24,466,666	-0.06
2011	28,802,783	39,813,273	(11,010,490)	12,845,000	9,816,615	22,661,615	-0.49
2012	27,984,755	29,387,398	(1,402,643)	12,360,000	8,624,000	20,984,000	-0.07

**Parking Authority**

Fiscal Year	Fines and Fees	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2003	345,494	237,408	108,086	99,393	27,192	126,585	0.85
2004	339,073	273,279	65,794	102,900	21,678	124,578	0.53
2005	331,270	77,939	253,331	106,535	22,613	129,148	1.96
2006	322,433	71,653	250,780	110,295	35,354	145,649	1.72
2007	416,032	70,842	345,190	114,188	36,089	150,277	2.30
2008	375,631	70,463	305,168	118,218	27,298	145,516	2.10
2009	365,034	125,070	239,964	122,393	12,652	135,045	1.78
2010	396,179	118,719	277,460	132,575	7,042	139,617	1.99
2011	418,283	97,340	320,943	132,575	5,972	138,547	2.32
2012							

**CITY OF CLARKSVILLE, TENNESSEE**  
**PLEDGED REVENUE COVERAGE (Continued)**  
**LAST TEN FISCAL YEARS**

<b>All Enterprise Funds</b>							
Fiscal Year	Utility Service Charges/Fines and Fees	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage*
				Principal	Interest	Total	
2003	134,449,818	119,894,231	14,555,587	8,596,650	6,489,314	15,085,964	0.96
2004	145,434,134	131,405,904	14,028,230	9,548,027	6,280,544	15,828,571	0.89
2005	154,245,278	139,187,036	15,058,242	10,093,137	6,269,531	16,362,668	0.92
2006	181,204,006	164,361,709	16,842,297	6,564,225	6,186,156	12,750,381	1.32
2007	207,134,451	189,492,483	17,641,968	15,002,593	20,344,562	35,347,155	0.50
2008	241,778,794	226,319,624	15,459,170	17,124,869	21,786,329	38,911,198	0.40
2009	263,583,327	240,526,365	23,056,962	22,916,072	23,547,829	46,463,901	0.50
2010	252,244,783	227,547,557	24,697,226	23,809,240	21,909,472	45,718,712	0.54
2011	276,707,493	275,340,583	1,366,910	23,746,843	21,639,069	45,385,962	-0.03
2012	254,642,828	234,340,708	32,362,579	23,612,772	19,522,986	43,135,758	0.46

\*Coverage ratio: A measure of the magnitude of resources available to pay the interest on and repay the principal of debt backed by pledged revenues. For each type of debt backed by pledged revenues, a coverage ratio is generally calculated by dividing gross pledged revenues or pledged revenues net of specific operating expenses by the sum of interest expenses and principal repayments.

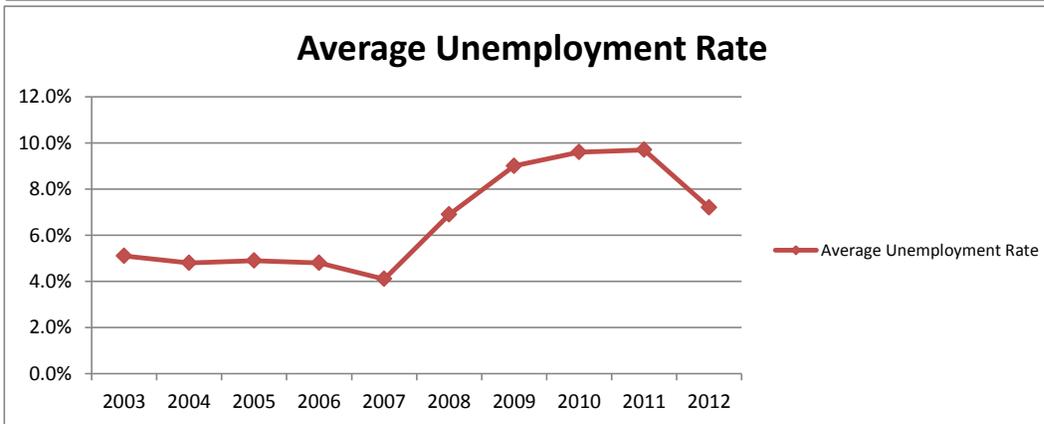
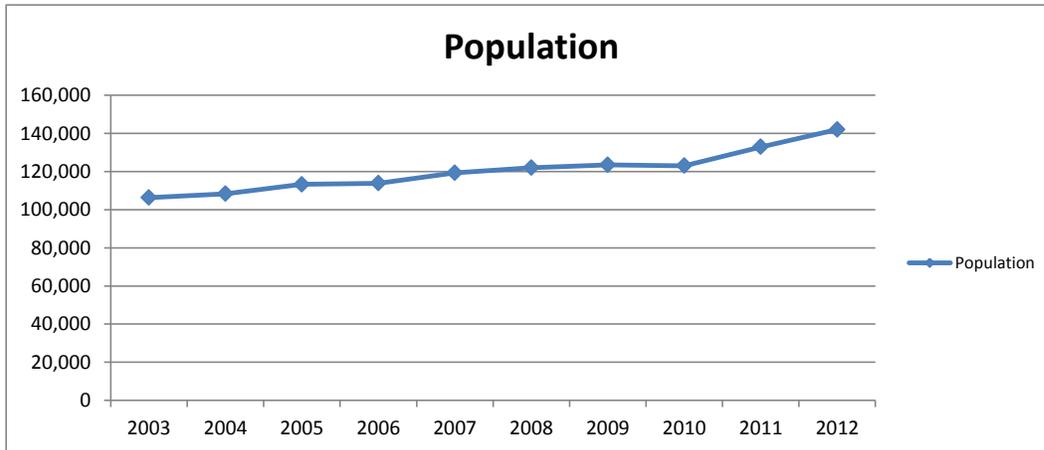
**CITY OF CLARKSVILLE, TENNESSEE**  
**ENTITY DEBT**  
**SCHEDULE OF PRINCIPAL AND INTEREST DUE**

Years Ending June 30,	Governmental Activities		Business Type Activities		Total Add Debt Issues		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2013	5,237,353	2,853,051	26,130,728	17,808,234	31,368,081	20,661,285	52,029,366
2014	5,174,950	2,679,140	27,096,528	28,985,542	32,271,478	31,664,682	63,936,160
2015	5,022,000	2,520,909	28,259,828	16,424,585	33,281,828	18,945,494	52,227,322
2016	5,911,000	2,352,648	30,434,078	14,761,822	36,345,078	17,114,470	53,459,548
2017	5,094,000	2,180,743	42,224,736	26,958,259	47,318,736	29,139,002	76,457,738
2018	5,051,108	2,018,475	46,343,420	23,026,890	51,394,528	25,045,365	76,439,893
2019	5,145,000	1,847,302	52,055,870	17,817,415	57,200,870	19,664,717	76,865,587
2020	5,376,000	1,668,368	59,188,021	11,183,935	64,564,021	12,852,303	77,416,324
2021	5,635,000	1,477,091	35,026,718	6,829,733	40,661,718	8,306,824	48,968,542
2022	5,632,000	1,275,219	38,120,569	5,715,836	43,752,569	6,991,055	50,743,624
2023	4,403,000	1,082,633	15,239,969	2,855,893	19,642,969	3,938,526	23,581,495
2024	3,908,000	941,015	15,136,806	2,712,090	19,044,806	3,653,105	22,697,911
2025	4,092,000	818,373	15,016,436	2,501,158	19,108,436	3,319,531	22,427,967
2026	3,340,000	689,582	1,963,842	2,605,561	5,303,842	3,295,143	8,598,985
2027	3,558,000	589,600	1,960,625	2,715,184	5,518,625	3,304,784	8,823,409
2028	3,333,000	481,285	1,962,900	2,830,288	5,295,900	37,082	5,332,982
2029	2,857,000	382,378	1,962,025	2,951,146	4,819,025	3,333,524	8,152,549
2030	2,985,000	313,345	1,965,600	3,078,049	4,950,600	3,391,394	8,341,994
2031	3,121,000	241,378	1,964,600	3,211,296	5,085,600	15,512	5,101,112
2032	3,262,000	163,210	-	484,579	3,262,000	647,789	3,909,789
2033	3,075,100	66,342	-	-	3,075,100	66,342	3,141,442
2034	541,438	34,438	-	-	541,438	34,438	575,876
2035	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 91,753,949</b>	<b>\$ 26,676,525</b>	<b>\$ 442,053,299</b>	<b>\$ 195,457,495</b>	<b>\$ 533,807,248</b>	<b>\$ 215,422,367</b>	<b>\$ 749,229,615</b>

Note: The debt listed in this schedule includes the principal of self-supporting debt for which there is an underlying pledge of the city's ad valorem taxes (Series 2002 "General Improvement Revenue and Tax Debt" to be repaid by the E911 District and TMBF Loan to be repaid by the revenues from the Parking Authority). This schedule also includes debt from the Natural Gas Acquisition Corp.

**CITY OF CLARKSVILLE, TENNESSEE  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population*</b>	<b>Personal Income**</b>	<b>Per Capita Personal Income***</b>	<b>Median Age****</b>	<b>Public School Enrollment*****</b>	<b>Average Unemployment Rate*****</b>
2003	106,359	3,926,037	27,405	NA	24,325	5.1%
2004	108,395	4,166,055	28,552	29.0	24,789	4.8%
2005	113,284	4,792,020	29,747	29.0	25,876	4.9%
2006	113,873	5,293,913	30,992	32.6	26,438	4.8%
2007	119,284	5,638,774	32,289	32.0	27,201	4.1%
2008	122,069	5,950,842	35,232	28.8	27,754	6.9%
2009	124,565	6,307,893	35,232	NA	29,205	9.0%
2010	123,095	6,686,367	35,232	31.8	29,796	9.6%
2011	132,929	6,398,756	37,893	31.5	30,440	9.7%
2012	142,076	6,785,738	39,155	28.2	30,566	7.2%



\*2011 - Tennessee Certified Populations, other years are estimated based on 2000 Tennessee Certified Population

\*\* Personal Income is calculation of Populations times Per Capita Personal Income

\*\*\* U.S. Bureau of Economic Analysis(BEA) for Montgomery County - 2010

\*\*\*\* Clarksville-Montgomery County Office of Economic Development

\*\*\*\*\* Clarksville Montgomery County School System

\*\*\*\*\* US Department of Labor: Bureau of Labor Statistics

**CITY OF CLARKSVILLE, TENNESSEE**  
**PRINCIPAL EMPLOYERS**  
**Current Year and Five Years Ago**

Employer	Year 2012			Year 2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fort Campbell	5,100	1	7.15%	4,388	1	6.43%
Clarksville-Montgomery County School System	3,900	2	5.47%	3,700	2	5.42%
Trane Company	1,400	3	1.96%	1,700	3	2.49%
Wal-Mart Supercenter	1,363	4	1.91%	1,100	6	1.61%
Gateway Medical Center	1,165	5	1.63%	1,200	5	1.76%
City of Clarksville	989	6	1.39%	1,095	7	1.60%
Montgomery County	921	7	1.29%	850	9	1.25%
Austin Peay State University	900	8	1.26%	732	10	1.07%
Convergys Corporation	800	9	1.12%	1,400	4	2.05%
Jostens Printing & Publishing	700	10	0.98%	600	11	0.88%
Akebono	650	11	0.91%	-	-	-
Hemlock Semiconductor LLC	500	12	0.70%	-	-	-
Bridgestone Metalpha	415	13	0.58%	400	13	0.59%
Progressive Directions	300	14	0.42%	215	19	0.32%
Premier Medical Group	275	15	0.39%	350	14	0.51%
Florim USA	260	16	0.36%	287	17	0.42%
Lowe's	250	17	0.35%	-	-	-
Nyrstar	249	18	0.35%	242	18	0.35%
F & M Bank	231	19	0.32%	-	-	-
Cumberland Electric Membership Corp.	225	20	0.32%	215	20	0.32%
Spear USA	194	21	0.27%	-	-	-
Centerstone	184	22	0.26%	-	-	-
Sam's Club	170	23	0.24%	-	-	-
Jenkins & Wynne	165	24	0.23%	-	-	-
Hendrickson Trailer Suspension Systems	150	25	0.21%	320	15	0.47%
	<u>21,456</u>		<u>30.09%</u>	<u>18,794</u>		<u>27.54%</u>
Civilian Labor Force - 2012	71,304					
Civilian Labor Force - 2007	68,240					

Sources: Clarksville-Montgomery County Economic Development Council; City of Clarksville Human Resources; Montgomery County Website; Tennessee Department of Labor & Workforce Development

**CITY OF CLARKSVILLE, TENNESSEE**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General Government	77	75	75	79	67	75	83	89	135	135
Public Safety										
Police Department	245	275	288	292	292	301	322	296	307	307
Fire Department	182	180	182	183	200	197	197	197	204	204
Total Public Safety	427	455	470	475	492	498	519	493	646	646
Street Department	77	78	75	79	82	83	86	86	86	86
Recreation	46	47	44	44	50	82	79	81	94	94
Governmental Activities	627	655	664	677	691	738	767	749	180	180
Transit	36	48	48	49	52	52	52	77	76	76
Department of Electricity	0	0	0	89	90	90	90	127	167	167
Gas, Water & Sewer	258	262	258	254	246	245	244	245	244	244
Other	0	0	0	0	0	0	0	0	0	0
Business-Type Activities	294	310	306	392	388	387	386	449	487	487
Total Employees of Primary Government	921	965	970	1,069	1,079	1,125	1,153	1,198	1,313	1,313

**CITY OF CLARKSVILLE, TENNESSEE**  
**OPERATING INDICATORS BY FUNCTION / PROGRAM**  
**Last Ten Fiscal Years**

<b>Function / Program</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>General Government</b>										
Building Permits Issued							630	1,203	1,128	1,557
Building Inspections Conducted							12,984	5,886	4,514	7,119
<b>Police</b>										
Calls for Service						152,562	143,210	143,210	145,894	78,982
TIBRS Type A Crime						13,509	13,356	13,356	12,060	13,053
TIBRS Type B Crime						2,066	1,879	1,879	2,019	2,243
<b>Fire</b>										
Calls for Service						6,353	6,635	5,710	6,573	8,008
Fire Calls						620	586	478	128	129
Inspections						2,023	2,599	2,547	2,601	1,840
<b>Public Works</b>										
Miles of Street	N/A	N/A	543	543	560	572	572	592	615	615
<b>Parks &amp; Recreation</b>										
Acres of Parks	N/A	N/A	429.5	429.5	429.5	430	430	600	650	650
<b>Gas, Water &amp; Sewer</b>										
Miles of Gas Lines	N/A	N/A	N/A	704	758	859	859	859	895	984
Miles of Water Lines	N/A	N/A	N/A	841	841	944	970	992	1,008	1,030
Miles of Sewer Lines	N/A	N/A	N/A	731	731	781	781	860	871	893
Gas Customers	17,921	18,611	19,758	20,523	21,343	21,871	22,223	23,081	24,110	24,473
Water Customers	41,812	44,232	46,579	47,167	51,066	51,035	53,266	52,558	56,726	58,405
Sewer Customers							45,578	46,780	48,964	50,453
<b>Electric</b>										
# of Residential Customers	40,638	42,877	44,900	45,606	48,629	49,219	49,295	52,413	54,019	55,434
# of Commercial Customers	4,979	4,243	5,479	5,570	5,779	5,827	5,784	6,279	6,336	6,553
# of Industrial Customers	677	660	660	699	734	734	754	727	769	741
Public Lighting	500	500	510	508	547	523	528	561	552	577
<b>Transit</b>										
# of Riders	598,021	631,474	646,905	671,005	662,917	727,757	727,757	733,718	793,923	894,356

**CITY OF CLARKSVILLE, TENNESSEE**  
**CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM**  
**Last Ten Fiscal Years**

<b>Function / Program</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>General Government</b>										
# of Buildings			119	119	119	122	122	123	103	103
# of Vehicles			134	134	149	150	150	165	173	173
<b>Public Safety</b>										
Police Stations			3	3	3	3	3	3	5	5
Police Patrol Units			303	303	354	315	315	326	252	279
Fire Stations			10	10	10	10	10	10	10	10
Fire Vehicles			43	43	47	51	51	52	50	50
<b>Public Works</b>										
Streets (miles)				543	543	560	572	592	615	615
<b>Parks &amp; Recreation</b>										
Acreage			429.5	429.5	429.5	430	430	600	650	650
# of Parks			22	22	22	22	22	30	25	25
Community Centers			3	3	3	3	3	3	3	3
Pools / Field & Courts			38	38	38	38	38	38	56	64
<b>Gas, Water, Sewer &amp; Electric</b>										
Gas Line Miles			704	704	758	859	859	859	895	894
Water Line Miles			841	841	841	944	970	992	1,008	1,030
Sewer Line Miles			731	731	731	781	781	860	871	893
Electric Substations			10	10	10	10	10	10	11	12
<b>Transit</b>										
# of Vehicles			12	12	15	16	18	20	34	34



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

To the Honorable Mayor  
And City Council  
City of Clarksville, Tennessee

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Clarksville, Tennessee (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 29, 2013. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Clarksville-Montgomery County Museum, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of the City of Clarksville, Tennessee, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Clarksville, Tennessee, in a separate letter dated January 29, 2013.

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

*Thurman Campbell Group, PLC*

Clarksville, Tennessee  
January 29, 2013



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor  
And City Council  
City of Clarksville, Tennessee

**Compliance**

We have audited the City of Clarksville, Tennessee's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City'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's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's basic financial statements include the operations of the Clarksville-Montgomery County Museum, which received no federal awards and is not included in the schedule during the year ended June 30, 2012. Our audit, described below, did not include the operations of the Clarksville-Montgomery County Museum because other auditors were engaged to perform the 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'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's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

**Internal Control Over Compliance**

Management of the City 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's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance 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 discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-01 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the City's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the City's compliance but not to provide an opinion on the effectiveness of the City's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

*Thurman Campbell Group, PLC*

Clarksville, Tennessee  
January 29, 2013

CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2012

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Clarksville, Tennessee.
2. No significant deficiencies related to the audit of the financial statements are reported in the 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the City of Clarksville, Tennessee, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One material weakness in internal control over major federal award programs was reported in the Independent Auditor's Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133.
5. The auditor's report on compliance for major federal award programs for the City of Clarksville, Tennessee, expresses an unqualified opinion on all major federal programs.
6. The audit disclosed one material weakness in internal control over major federal award programs that is required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:
  - i. Federal Transit Cluster
    1. CFDA 20.500 Transit Capital Investment
    2. CFDA 20.507 Transit Formula Grants
  - ii. Highway Planning & Construction Cluster
    1. CFDA 20.205 Highway Planning & Construction
    2. CFDA 20.219 Recreational Trails Program
  - iii. CDBG Entitlement Cluster
    1. CFDA 14.218 Community Development Block Grants
    2. CFDA 14.253 Community Development Block Grants (ARRA)
  - iv. JAG Program Cluster
    1. CFDA 16.738 Edward Byrne Memorial Justice Assistance
    2. CFDA 16.804 Edward Byrne Memorial Justice Assistance (ARRA)
  - v. CFDA 14.239 Home Investment Partnership Program
  - vi. CFDA 97.116 Port Security Grant (ARRA)
  - vii. CFDA 20.505 Public Safety Partnership & Community Policing Grants
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The City of Clarksville, Tennessee did not qualify as a low-risk auditee.

CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
JUNE 30, 2012

B. FINDINGS – FINANCIAL STATEMENT AUDIT

1. None

C. FINDINGS – MAJOR FEDERAL AWARD PROGRAMS

Department of Homeland Security - CFDA 97.116 (ARRA)

Department of Transportation – CFDA 20.205 (ARRA); 20.219; 20.500 (ARRA); 20.507 (ARRA)

Department of Housing and Urban Development – CFDA 14.218 (ARRA); 14.239; 14.253 (ARRA)

1. MATERIAL WEAKNESS

2012-01 Internal Control Over Compliance

*Condition:* The City does not have procedures and controls in place to adequately identify and track property acquired with federal award funds.

*Criteria:* The City should maintain property records that identify property purchased with federal award funds and the percentage of federal participation in the cost of the property. When property is no longer needed in a federal program; the property should be used in another program or disposed of and the proportionate proceeds returned to the appropriate federal agency.

*Cause:* The City fixed asset accounting system is not being adequately utilized to track property purchased with federal award funds.

*Effect:* With no system in place to track property purchased with federal funds, the City is unable to comply with equipment and real property management compliance requirements

*Recommendation:* All property and equipment purchased with federal funds should be identified in the City fixed asset accounting system. Fixed asset records should include the percentage of federal participation in the cost of each asset. When assets purchased with federal award funds are sold or otherwise disposed of, the appropriate equipment and real property management compliance requirements should be followed.

*Views of Responsible Officials and Planned Corrective Actions:* Management concurs with this finding. Management has begun utilizing the City's fixed asset accounting module to identify and track property purchased with grant funding.

D. PRIOR YEAR FINDINGS

There were no prior year findings reported with respect to major federal award programs.