

City of Clarksville Tennessee



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013



CITY OF CLARKSVILLE, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2013



Prepared by:

Department of Finance and Revenue

CITY OF CLARKSVILLE, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2013

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INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT
LETTER OF TRANSMITTAL

December 31, 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, 2013 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 accounting firm under U.S. 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 U.S. Generally Accepted Accounting Principles (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 Crosslin & Associates, 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, 2013, 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 unmodified opinion that the City of Clarksville's financial statements for the fiscal year ended June 30, 2013, 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 (139,532 population as projected) in the State of Tennessee. Clarksville continues to experience substantial, 34.9%, 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 shows a continuing pattern of growth in all areas of residential, commercial and industrial development, as evidenced by Hankook Tires selecting Clarksville for the site of their first US manufacturing facility; bringing 1,800 jobs to the area. The majority of the positions will be hired locally by 2016.

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, broadband, 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.

Major Accomplishments-For the Year

The City opened 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. Also in the process is another public/private partnership to open a restaurant on the grounds.

During the fiscal year the City completed \$1.6 million of sidewalk improvements toward ADA compliance, \$1.7 million of capital paving projects toward roadway improvements and began a \$7 million public safety communication system upgrade.

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 including the presence of Fort Campbell, the demands of continued growth and the lack of new revenue streams to support the growth 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,



Laurie Matta
Chief Financial Officer
City of Clarksville

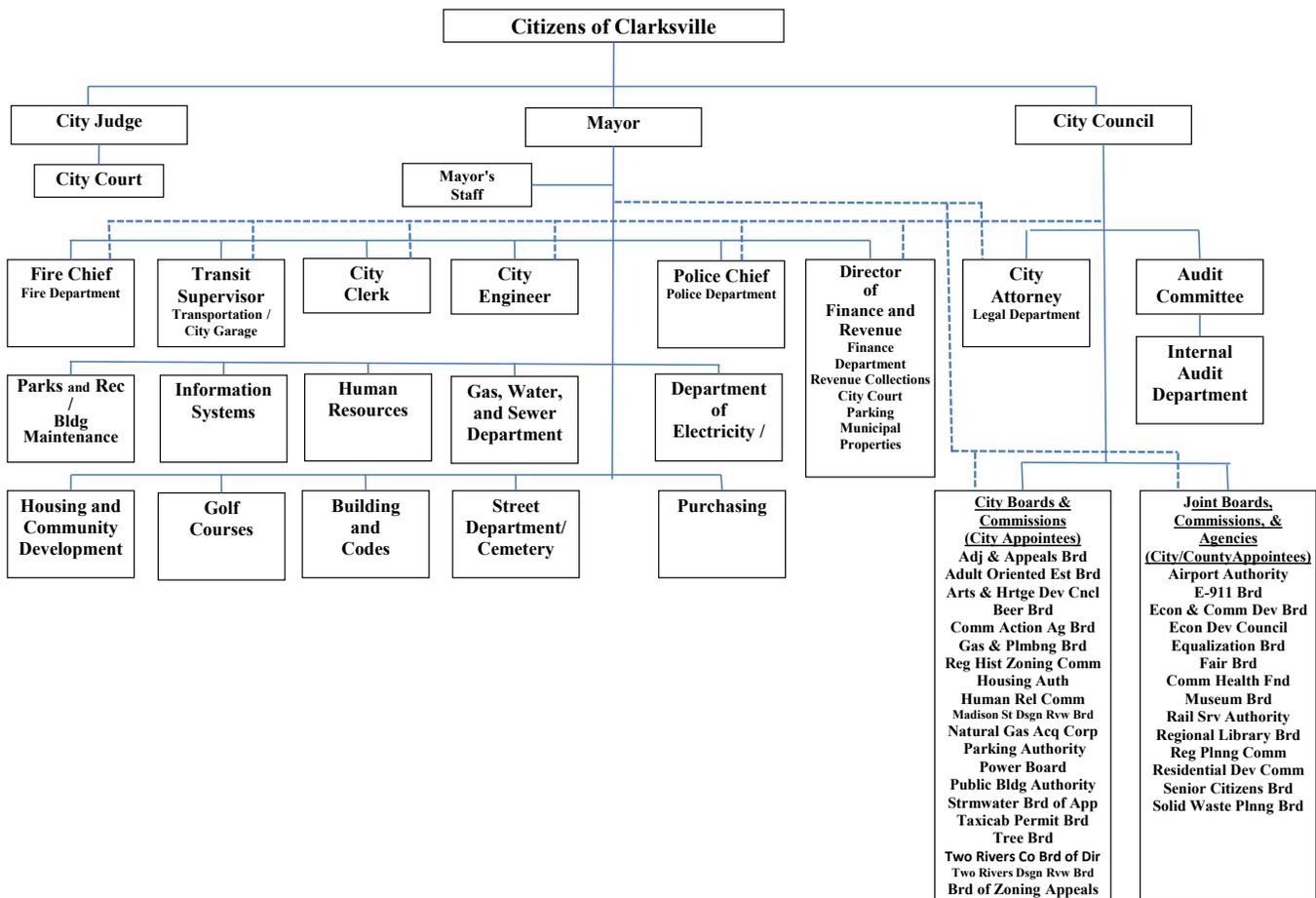


CITY OF CLARKSVILLE
SCHEDULE OF OFFICIALS
JUNE 30, 2013

| | |
|--|---------------------------------|
| 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 |
| Interim Chief Financial Officer, Debra Frazier | Appointed by the City Council |
| Chief Financial Officer, Laurie Matta (Effective July 1, 2013) | Appointed by the City Council |

| <u>Ward</u> | <u>Council Member</u> | <u>Term Expires</u> |
|-------------|-----------------------|---------------------|
| 1 | Nick Steward | December 31, 2014 |
| 2 | Deana M. McLaughlin | December 31, 2014 |
| 3 | James R. Lewis | December 31, 2016 |
| 4 | Wallace Redd | December 31, 2016 |
| 5 | Valerie Guzman | December 31, 2016 |
| 6 | Marc Harris | December 31, 2014 |
| 7 | Geno Grubbs | December 31, 2014 |
| 8 | David Allen | December 31, 2016 |
| 9 | Joel Wallace | December 31, 2016 |
| 10 | Bill Summers | December 31, 2014 |
| 11 | Kaye Jones | December 31, 2014 |
| 12 | Jeff Burkhart | December 31, 2016 |

ORGANIZATIONAL CHART





FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Clarksville, Tennessee

Report on Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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, 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 solely on the report of the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, based on our audit and the report of 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 of Clarksville, Tennessee, as of June 30, 2013, 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 accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A to the financial statements, in fiscal year 2013, the City adopted Governmental Accounting Standards Board ("GASB") Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, the schedules of funding progress for the pension and other post employment benefit plans, the condition rating of transportation network, and budgetary 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules on pages 76 through 88, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for the 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 the State of Tennessee, and are also not a required part of the basic financial statements.



To the Mayor and City Council
City of Clarksville, Tennessee

The combining and individual fund financial statements and schedules and the schedules of expenditures of federal and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 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* in considering the City's internal control over financial reporting and compliance.

Crosslin & Associates, P.C.

Nashville, Tennessee
December 31, 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, 2013. 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 Position** - The net position of the City increased from \$712.4 million in 2012 to \$750.6 million in 2013 with the most significant changes occurring as follows:
 - The General government net position increased 2.5%, from \$355.3 million in 2012 to \$364.4 million in 2013, as the City completed the construction of its "Liberty Park/Marina" project, which was a multi-year project with a total cost of \$34.6 million. Several smaller projects were completed including miscellaneous intersection improvements and repaving projects as well as sidewalk improvements which are part of a long term plan to bring sidewalks into ADA compliance.
 - The net position of the Gas, Water & Sewer Departments increased 7.9%, from \$241.9 million in 2012 to \$260.9 million in 2013, as the City continues to invest in infrastructure and the rebuilding of the wastewater plant destroyed by the 2010 flood. The City estimates 4-5 years to rebuild and improve the wastewater facility with a total cost of approximately \$100 million.
 - The net position of the Electric Department increased 9.2%, from \$103.9 million in 2012 to \$113.5 million in 2013, as a result of continued infrastructure investments and including improvements to the electric transmission and distribution system; specifically substations and the fiber to the home project providing fiber optic communications infrastructure and materials allowing for increased efficiencies. Restricted assets of the Electric Division decreased by 45.7% due to expenditures of the 2010 bond proceeds set aside for construction projects. The Broadband division of the Electric Department had ending net position of (\$14.5 million) with funding being provided by a loan from the Electric Division as approved by both State and TVA regulatory bodies. The Broadband Division remains in the growth stage and is currently projected to break even in 2014. Subscriber growth is tracked against the business plan and has taken a hit the past year due to weak economic conditions. However, subscribers continue to grow, and we are projected to continue to do so for the next 5 years.

- **Fund Balance** – The total fund balance of the governmental funds increased 28.5%, from \$29.1 million in 2012 to \$37.4 million in 2013, as a result of greater than anticipated tax revenue in the amount of \$1.0 million, cost saving reductions of expenditures by general government departments of \$1.2 million and the capital projects fund shows a \$8 million increase in fund balance due to the issuance of new debt of \$15.1 million. The unassigned fund balance for the General Fund increased from \$24.9 million in 2012 to \$25.0 million in 2013 or 34.2% of the general fund budgeted total operating expenditures, well above the City's Fund Balance Policy minimum requirement of 20%.

- **Capital Assets** – The City had \$1.1 billion (net of depreciation) invested in a broad range of capital assets at fiscal year-end 2013. These capital assets include police and fire equipment, buildings, park facilities, roads, bridges, utility plant, and infrastructure. This compared to \$1 billion at the end of 2012. The largest increase of \$81 million is within the building and improvements category.

- **Debt** – The City’s long term bonded debt was \$608.9 million at fiscal year-end 2013, a net (of debt service payments) increase of \$4.7 million. City General issued new debt for capital projects in the amount of \$15.1 million, as budgeted, as well as Gas, Water and Sewer departments continued to draw funds for repairs and replacement of the sewer plant. For detailed information see Note E in the Notes to the Financial Statements.

- **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 U.S. 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:

| Primary Government | Component Units |
|---------------------------|--------------------------------------|
| Governmental Activities | Clarksville-Montgomery County Museum |
| Business-Type Activities | Natural Gas Acquisition Corporation |

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over periods of time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 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 parks and recreation. The *government-wide financial statements* can be found on pages 17 through 18 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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of 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 2013. 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 23 through 27 and for the special revenue funds on pages 79 through 81 to demonstrate compliance with this budget.

The *basic governmental fund financial statements* can be found on pages 19 through 22 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 (a blended component unit of the City). 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 28 through 35 of this report.

Fiduciary Funds: The City of Clarksville has no fiduciary funds. A fiduciary fund is used to account for resources held for the benefit of parties outside the government (i.e. account for a pension plan). The City's pension plans are administered externally. 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.

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 36 through 71 of this report.

FINANCIAL ANALYSIS OF THE FINANCIAL STATEMENTS

Government-wide Financial Analysis

Over time, net position may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities and deferred inflows of resources by \$750.6 million as of June 30, 2013. A condensed version of the Statement of Net Position follows:

| City of Clarksville Net Position (in millions) | | | | | | |
|---|-------------------------|----------|--------------------------|----------|--------------------------|------------|
| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
| | (as restated) | | (as restated) | | (as restated) | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Assets | \$ 85.6 | \$ 74.1 | \$ 328.9 | \$ 332.3 | \$ 414.5 | \$ 406.4 |
| Capital assets | 458.7 | 445.3 | 627.1 | 598.0 | 1,085.8 | 1,043.3 |
| Total assets | \$ 544.3 | \$ 519.4 | \$ 956.0 | \$ 930.3 | \$ 1,500.3 | \$ 1,449.7 |
| Liabilities | \$ 142.5 | \$ 128.4 | \$ 569.7 | \$ 573.2 | \$ 712.2 | \$ 701.6 |
| Deferred inflows of resources | 37.5 | 35.7 | - | - | 37.5 | 35.7 |
| Net Position | \$ 364.3 | \$ 355.3 | \$ 386.3 | \$ 357.1 | \$ 750.6 | \$ 712.4 |
| Net investment in capital assets | \$ 338.8 | \$ 343.7 | \$ 297.2 | \$ 276.6 | \$ 636.0 | \$ 620.3 |
| Restricted | 9.1 | 1.1 | 27.0 | 29.6 | 36.1 | 30.7 |
| Unrestricted | 16.4 | 10.5 | 62.1 | 50.9 | 78.5 | 61.4 |
| Total Net Position | \$ 364.3 | \$ 355.3 | \$ 386.3 | \$ 357.1 | \$ 750.6 | \$ 712.4 |

The largest portion of the City's net position, \$636.0 million or 84.7%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets. 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 position, \$36.1 million or 4.8% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$78.5 or 10.5%, may be used to meet the governments ongoing obligations to citizens and creditors.

Governmental Activities

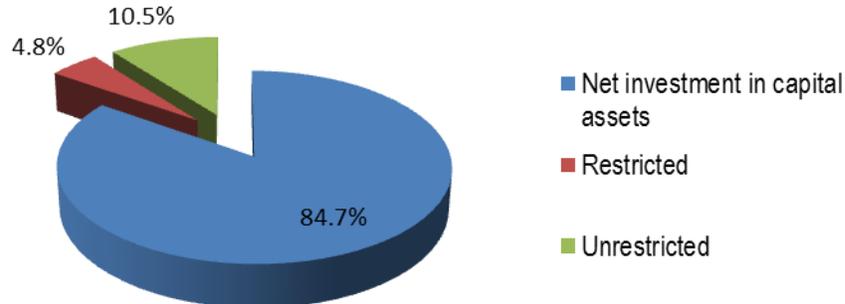
The City's governmental net position increased by \$9.0 million primarily due to continued investment in capital assets through debt issuance. While some assets and liabilities fluctuate annually due to timing, the continued steady growth in net capital assets reflects the City's continued growth and investment in infrastructure. During this fiscal year the City completed and opened Liberty Park \$34.6 million. Additional capital expenditures in excess of \$3 million was invested in intersection improvements, road resurfacing and side walk improvements. The City continues to make substantial ADA sidewalk improvements.

Business-Type Activities

Business-type capital assets increased by \$29.0 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 decreased by \$3.7 million and total liabilities increased by \$14.6 million due to primarily due to recognition of an interfund payable from the Broadband Division to the Electric Division. Unrestricted fund balance (net position) increased by \$11.0 million.

Business-type activities continue to expand as evidenced by a 4.2% increase in Net Position based on infrastructure expansion.

Primary Government Net Position



Primary Government Change in Net Position

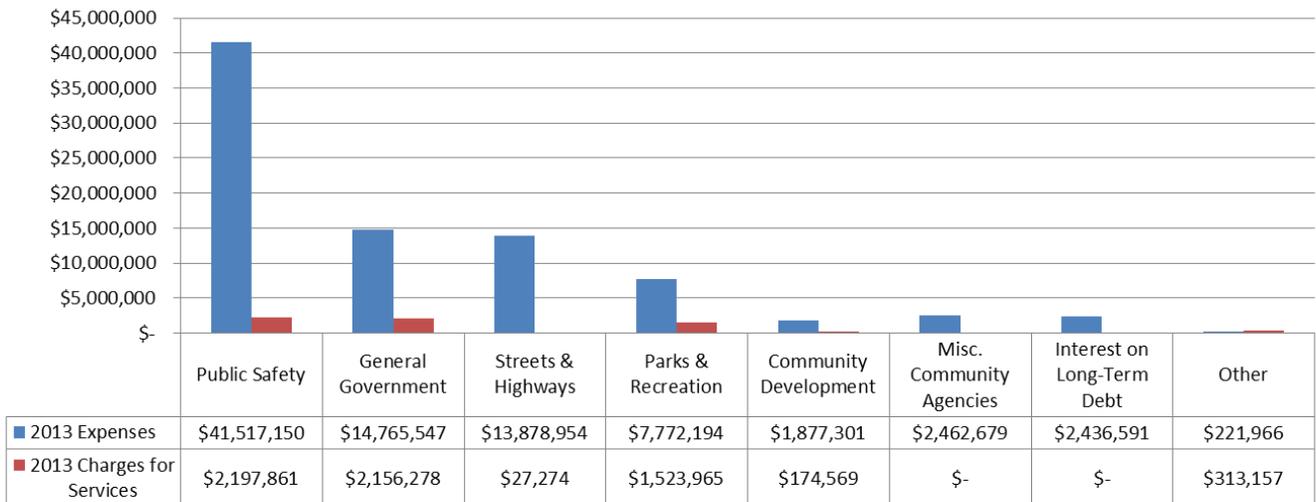
(in millions)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--|-------------------------|-----------------|--------------------------|-----------------|--------------------------|-----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Program Revenues | | | | | | |
| Charges for services | \$ 6.4 | \$ 6.8 | \$ 288.5 | \$ 279.7 | \$ 294.9 | \$ 286.5 |
| Operating grants, capital grants and contributions | 14.5 | 18.8 | 21.1 | 37.5 | 35.6 | 56.3 |
| General Revenues | | | | | | |
| Property taxes | 29.8 | 28.2 | - | - | 29.8 | 28.2 |
| Other taxes/state shared taxes | 37.1 | 34.8 | - | - | 37.1 | 34.8 |
| Other revenues | 0.5 | 1.6 | - | - | 0.5 | 1.6 |
| Transfers(net) | 5.7 | 4.7 | (5.7) | (4.7) | - | - |
| Total Revenues | 94.0 | 94.9 | 303.9 | 312.5 | 397.9 | 407.4 |
| Expenses | | | | | | |
| General government | 14.8 | 15.5 | - | - | 14.8 | 15.5 |
| Public safety | 41.5 | 43.4 | - | - | 41.5 | 43.4 |
| Highways and streets | 13.9 | 13.0 | - | - | 13.9 | 13.0 |
| Recreation | 7.8 | 5.9 | - | - | 7.8 | 5.9 |
| Other | 7.1 | 7.2 | - | - | 7.0 | 7.2 |
| Electric Division | - | - | 137.6 | 134.7 | 137.6 | 134.7 |
| Broadband Division | - | - | 15.2 | 13.3 | 15.2 | 13.3 |
| Gas Department | - | - | 23.1 | 23.8 | 23.1 | 23.8 |
| Parking fees | - | - | 0.1 | 0.1 | 0.1 | 0.1 |
| Clarksville Transit System | - | - | 6.8 | 6.5 | 6.8 | 6.5 |
| Water and Sewer Dept. | - | - | 45.2 | 45.0 | 45.2 | 45.0 |
| Natural Gas Acquisition Corp. | - | - | 46.7 | 39.0 | 46.7 | 39.0 |
| Total Expenses | 85.0 | 85.0 | 274.7 | 262.4 | 359.7 | 347.4 |
| Change in net position | 9.0 | 9.9 | 29.2 | 50.2 | 38.2 | 60.1 |
| Beginning net position | 354.7 | 345.2 | 370.6 | 320.4 | 725.3 | 665.6 |
| Prior period adjustment | 0.6 | (0.4) | (13.5) | - | (12.9) | (0.4) |
| Ending net position | \$ 364.3 | \$ 354.7 | \$ 386.3 | \$ 370.6 | \$ 750.6 | \$ 725.3 |

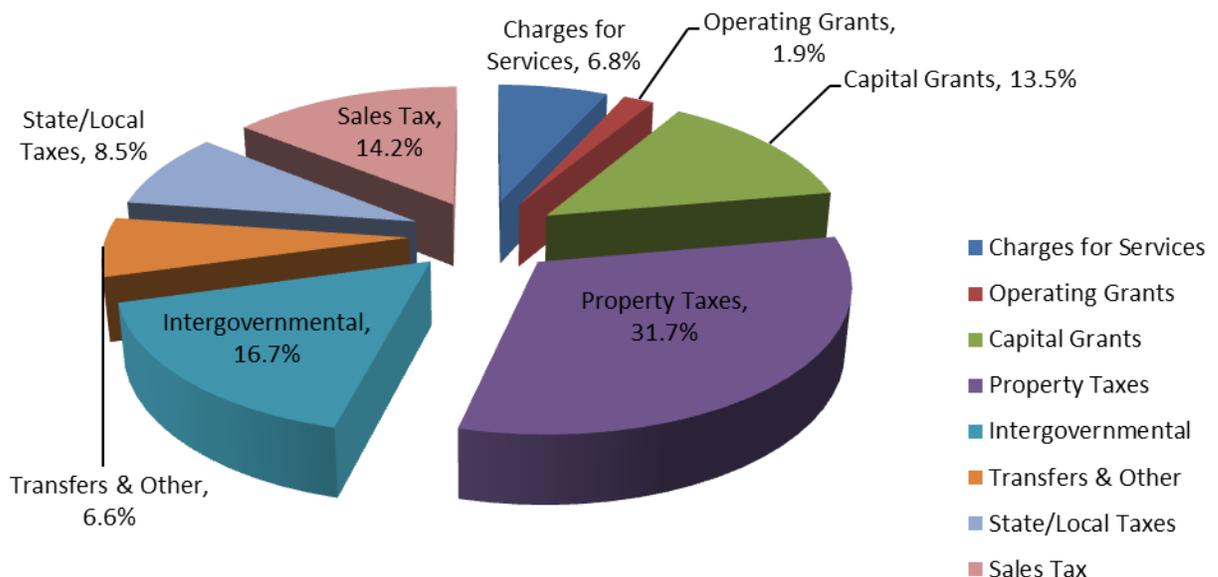
Governmental Activities

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; other revenue sources for these activities typically 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.

**Governmental Activities
Expenses Compared to Program Revenues**



**Governmental Activities
Revenue by Source**

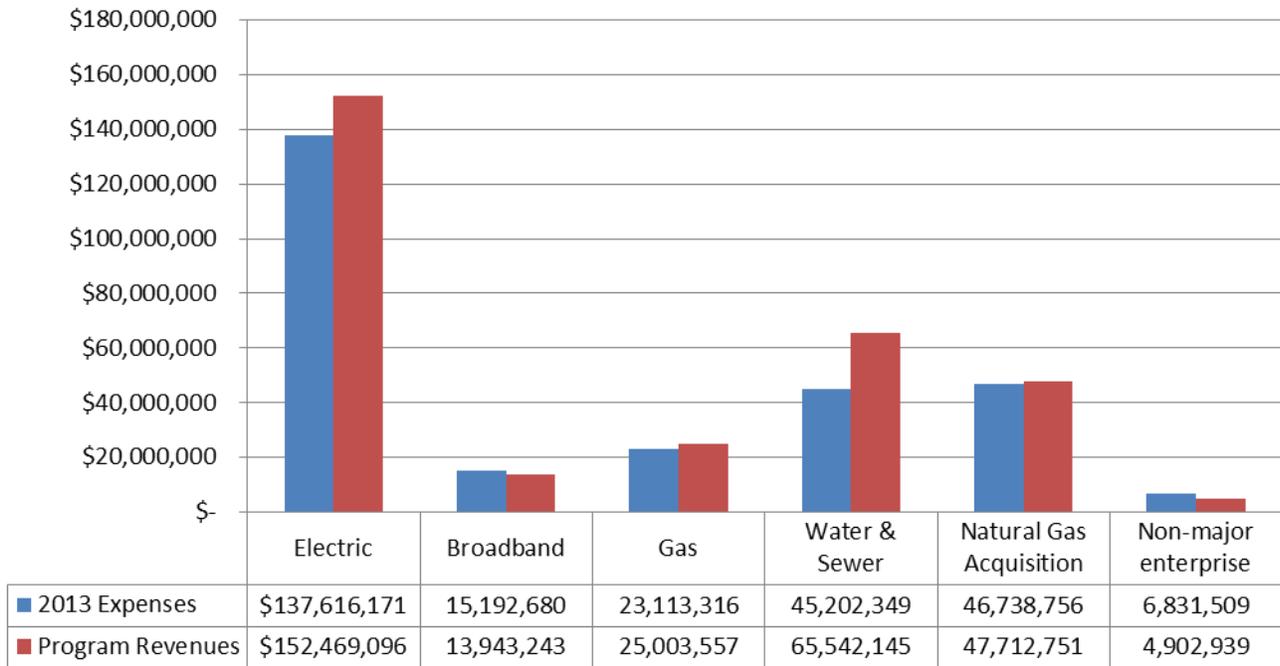


Revenues by Source - Governmental Activities

| | 2013 | | 2012 | |
|----------------------|----------------------|---------------|----------------------|---------------|
| | Source of Revenue | As a Percent | Source of Revenue | As a Percent |
| Charges for Services | \$ 6,393,104 | 6.8% | \$ 6,831,383 | 7.2% |
| Operating Grants | 5,207,260 | 1.9% | 6,028,841 | 6.4% |
| Capital Grants | 12,706,586 | 13.6% | 12,824,258 | 13.5% |
| Property Taxes | 29,788,414 | 31.7% | 28,193,428 | 29.7% |
| Intergovernmental | 12,287,775 | 16.7% | 12,048,651 | 12.7% |
| Transfers & Other | 6,191,593 | 6.6% | 6,259,083 | 6.6% |
| State/Local Taxes | 8,005,024 | 8.5% | 8,148,419 | 8.6% |
| Sales Tax | 13,362,798 | 14.2% | 14,594,379 | 15.4% |
| | \$ 93,942,554 | 100.0% | \$ 94,928,442 | 100.0% |

Clarksville continues to prove its sustainability during this economic downturn as evidenced by a minimal decrease in governmental revenues of -1.0% as compared to FY12 revenues. Although sales taxes were down slightly, the increase in property valuations gave property tax revenue a growth of 5%.

**Business Activities
Expenses Compared to Program Revenues**



The City's business-type activity total charges for services increased from \$279.7 million in FY 2012 to \$288.5 million in FY 2013, or 3.3% primarily due to increased utility usage – much of the revenues are directly related to weather.

Capital grants and capital contributions decreased by 49.0% from the prior fiscal year \$17.4 million in 2013 and \$34.1 million in 2012. The majority of the decline (\$20.5 million) is related to the completion of water and sewer infrastructure projects to support the new Hemlock Semiconductor facility.

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.

Governmental 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, unassigned 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, 2013 – the City's governmental funds reported combined ending fund balances of \$37.4 million, an increase of \$8.3 million over the prior year balance. The increase is primarily due to debt issuance for FY13 capital projects and capital outlay.

The General Fund is the chief operating fund of the City of Clarksville: \$25.0 million of the Fund Balance was considered unassigned and available for spending at the government's discretion, while \$489,637 was nonspendable (inventories and prepaid items). In other governmental funds, \$1.1 million is committed to special revenue funds and in the Debt Service Fund \$1.6 is assigned for servicing debt. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. For 2013 the unassigned fund balance represents 34.4% of fiscal year 2013 general fund expenditures and total fund balance represents 31.5% of total general fund expenditures plus transfers out.

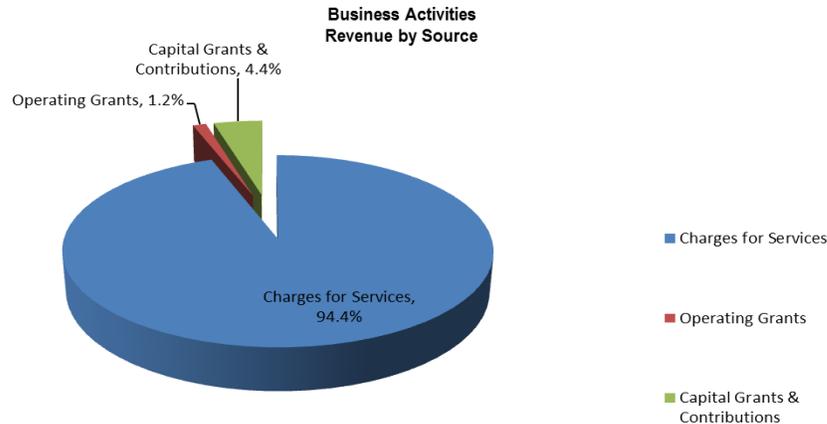
The General Funds' largest revenue increase for 2013 was an increase of 5.6% for property taxes. Other revenue sources decreased minimally still representative of the stability in the local economy.

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.

Operating revenues increased by 3.3% as compared to the prior fiscal year from \$267.9 million to \$276.7 million, respectively. This increase is mainly attributed to Broadband increase in subscribers and NGAC sales. Operating expenses increased by 5.5% as compared to the prior fiscal year from \$241 million to \$254.3 million attributed to normal operations.

Proprietary Funds 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 & other | Interfund Transfers | Change in Net Position |
|----------------------------|--------------------|--------------------|-------------------------|--------------------------------|-------------------------------|---------------------|------------------------|
| Electric | \$ 152.1 | \$ 134.0 | \$ 18.2 | \$ (3.3) | \$ - | \$ (3.9) | \$ 11.0 |
| Broadband | 13.9 | 15.0 | (1.0) | (0.2) | - | (0.1) | (1.3) |
| Gas | 24.9 | 22.6 | 2.3 | (0.5) | - | (0.6) | 1.3 |
| Water & Sewer | 47.7 | 38.1 | 9.6 | (6.7) | 17.4 | (2.6) | 17.8 |
| Natural Gas Acquisition | 36.7 | 37.8 | (1.0) | 2.0 | - | - | 1.0 |
| Non Major Enterprise Funds | 1.3 | 6.8 | (5.6) | 3.6 | - | 1.5 | (0.5) |
| Total | \$ 276.7 | \$ 254.3 | \$ 22.5 | \$ (5.0) | \$ 17.4 | \$ (5.7) | \$ 29.2 |

General Fund Budgetary Highlights

The original budgeted revenues were increased in excess of \$1.4 million in the final budget in anticipation of increased sales tax, business tax and payments in lieu of taxes. Actual revenues exceeded the amended budget by \$1.3 million mainly attributed to additional property taxes (\$755,661), sales tax (\$250,298) and Weed bills (\$161,687), which once again, points to the sustained economic growth in this area. Actual expenditures were \$2.7 million less than original budgeted appropriations. This reduction in expenditures is due to the general government departments proactively reducing their spending in anticipation of reduced State funding during the fiscal year. The original budgeted appropriations were reduced in excess of \$1.5 million and additional savings of \$1.2 million the majority of which were accomplished by delaying hiring of personnel to replace employees who separated from employment (\$522,666) as well as reductions in operating expenditures (\$425,432). Almost half of this expenditure reduction was accomplished by the police department.

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, 2013 is approximately \$1.1 billion (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 completed construction of Liberty Park and the new marina.
- Drainage systems, roadways, right-of-ways, street lighting and sidewalk additions were contributed to the general government by private developers with a value in excess of \$8 million.
- Under the City's multi-year commitment to improve quality of life through better pedestrian accessibility and better traffic flow, \$1.6 million was spent to build or repair sidewalks and a substantial investment was made in intersection improvements as well as street lighting.
- Contractors contributed \$17.5 million in capital assets to the Gas & Water and Sewer Department
- The Water and Sewer Department's plant and equipment increased by \$49.8 million and construction-in-progress decreased to \$20.1 million as they continue to invest in maintaining and upgrading infrastructure.
- The Electric Department invested \$12.8 million in capital assets the majority of which is attributed to the electric transmission system (\$3.9 million) and communications equipment (\$4.7 million).

City of Clarksville Capital Assets

| | Governmental Activities | Business-Type Activities | Total |
|-------------------------------|----------------------------|-----------------------------|------------------|
| Land and Easements | \$ 68,609,004 | \$ 6,511,507 | \$ 75,120,511 |
| Buildings and Utility Plant | 73,794,978 | 804,884,625 | 878,679,603 |
| Vehicles | 16,693,140 | 8,495,953 | 25,189,093 |
| Equipment and Furniture | 22,011,685 | 3,890,077 | 25,901,762 |
| Construction in Progress | 8,516,840 | 30,717,493 | 39,234,333 |
| Infrastructure & Acquisition | 335,542,136 | 716,487 | 336,258,623 |
| Total Capital Assets | 525,167,783 | 855,216,142 | 1,380,383,925 |
| Less Accumulated Depreciation | (66,414,455) | (228,228,803) | (294,643,258) |
| Net Capital Assets | \$ 458,753,328 | \$ 626,987,339 | \$ 1,085,740,667 |

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 a pavement condition index (PCI) of 41. The City maintains 624 miles of pavement and rates the condition in three categories: good to excellent – 59%, fair – 30% and poor to failed – 11%. 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 "62" at June 30, 2013.

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 36.

Long-term bonded debt

At the end of the current fiscal year, the City of Clarksville had total long-term bonded debt outstanding of \$591,749,452 (excluding premiums). Of this amount, \$110,004,305 comprises debt backed by the full faith and credit (general obligation) of the City and \$481,745,147 comprises bonds secured solely by specified revenue sources (i.e. revenue bonds).

**City of Clarksville Outstanding Debt
General Obligation and Revenue Bonds
June 30, 2013 and 2012**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| General Obligation Bonds | \$110,004,305 | \$101,480,914 | \$ - | \$ - | \$110,004,305 | \$101,480,914 |
| Revenue and Tax Bonds | - | - | 481,745,147 | 502,626,858 | 481,745,147 | 502,626,858 |
| Total | <u>\$110,004,305</u> | <u>\$101,480,914</u> | <u>\$481,745,147</u> | <u>\$502,626,858</u> | <u>\$591,749,452</u> | <u>\$604,107,772</u> |

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 2014. 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 the fifth straight year.

Despite continued national accolades for the Clarksville economy and a positive growth expectation the budget was built around minimum rate increases and maintaining the minimum fund balance as required by the City Charter.

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: Chief Financial Officer
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

Certain information regarding state compliance of the Department of Electricity and the Gas, Water & Sewer Departments can be found in their respective stand-alone financial reports. Please see those reports for additional information.

CITY OF CLARKSVILLE, TENNESSEE

Statement of Net Position
June 30, 2013

| | Primary Government | | | Combined Discretely Presented Component Unit |
|---|----------------------------|--------------------------------|--------------------------------|--|
| | Governmental Activities | Business Type Activities | Total Primary Government | |
| Assets | | | | |
| Cash & cash equivalents | \$ 19,287,792 | \$ 73,850,990 | \$ 93,138,782 | \$ 251,549 |
| Investments | 6,599,812 | - | 6,599,812 | - |
| Receivables (net allowance for uncollectibles): | | | | |
| Accounts | 1,373,599 | 27,963,492 | 29,337,091 | 10,677 |
| Taxes | 33,924,200 | - | 33,924,200 | - |
| Notes and leases | 6,316,363 | - | 6,316,363 | - |
| TVA conservation program | - | 7,080,044 | 7,080,044 | - |
| Other | 5,026,791 | 592,799 | 5,619,590 | - |
| Due from component units | 153,659 | - | 153,659 | - |
| Inventories | 242,081 | 7,373,150 | 7,615,231 | 29,302 |
| Other items | 1,200,583 | 10,233,219 | 11,433,802 | 4,479 |
| Prepaid Gas Supplies | - | 159,872,459 | 159,872,459 | - |
| Restricted assets: | | | | |
| Cash & cash equivalents | 144,871 | 12,960,854 | 13,105,725 | 454,937 |
| Investments | - | 29,000,699 | 29,000,699 | 1,484,991 |
| Unused bond proceeds | 11,304,739 | - | 11,304,739 | - |
| Capital assets not being depreciated: | | | | |
| Land and easements | 41,010,801 | 6,511,507 | 47,522,308 | - |
| Street network | 256,569,048 | - | 256,569,048 | - |
| Construction in progress | 8,516,840 | 30,717,492 | 39,234,332 | - |
| Capital assets net of accumulated depreciation: | | | | |
| Building and building improvements | 77,340,689 | 589,041,853 | 666,382,542 | 2,553,961 |
| Utility plant in service | - | - | - | - |
| Equipment, furniture & fixtures | 12,305,162 | - | 12,305,162 | 3,113 |
| Infrastructure | 63,010,788 | 716,487 | 63,727,275 | - |
| Other assets | - | 22,334 | 22,334 | - |
| Total Assets | 544,327,818 | 955,937,379 | 1,500,265,197 | 4,793,009 |
| Liabilities | | | | |
| Accounts payable and other current liabilities | 6,434,318 | 34,477,711 | 40,912,029 | 23,799 |
| Accrued interest payable | 428,636 | 4,098,608 | 4,527,244 | 3,499 |
| Internal Balances | 563,222 | (563,222) | - | - |
| Due to other governmental agencies | 84,236 | - | 84,236 | - |
| TVA advances | - | 7,249,122 | 7,249,122 | - |
| OPEB Liability | 21,231,580 | 8,419,595 | 29,651,175 | - |
| Customer deposits | 62,180 | 10,295,588 | 10,357,768 | - |
| Compensated absences due within one year | 1,572,576 | 1,285,289 | 2,857,865 | - |
| Compensated absences due in more than a year | 1,246,633 | 1,385,017 | 2,631,650 | - |
| Long-term debt due within one year | 6,799,950 | 27,535,885 | 34,335,835 | 16,833 |
| Long term debt due in more than a year | 103,895,542 | 470,620,828 | 574,516,370 | 134,347 |
| Other noncurrent liabilities | - | 1,148 | 1,148 | - |
| Unearned Revenue | 164,511 | 4,866,900 | 5,031,411 | - |
| Total Liabilities | 142,483,384 | 569,672,469 | 712,155,853 | 178,478 |
| Deferred Inflows of Resources | | | | |
| Property taxes | 29,854,763 | - | 29,854,763 | - |
| Other | 7,632,666 | - | 7,632,666 | - |
| Total Deferred Inflows of Resources | 37,487,429 | - | 37,487,429 | - |
| Net Position | | | | |
| Net investment in capital assets | 338,798,535 | 297,196,086 | 635,994,621 | 2,405,894 |
| Restricted for: | | | | |
| Debt service | - | 26,989,219 | 26,989,219 | - |
| Special revenue | 1,034,143 | - | 1,034,143 | - |
| Capital projects | 8,098,164 | - | 8,098,164 | - |
| Non-expendable | - | - | - | 1,484,991 |
| Other | - | - | - | 454,937 |
| Unrestricted | 16,426,163 | 62,079,605 | 78,505,768 | 268,709 |
| Total Net Position | \$ 364,357,005 | \$ 386,264,910 | \$ 750,621,915 | \$ 4,614,531 |

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, 2013

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | | Component Unit-Museum |
|---|-----------------------|-------------------------|--|--|--|-----------------------------|------------------------|--------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-Type Activities | Total | |
| Primary Government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General Government | \$ 14,765,546 | \$ 2,156,278 | \$ - | \$ 258,436 | \$ (12,350,832) | \$ - | \$ (12,350,832) | \$ - |
| Public Safety | 41,517,150 | 2,197,861 | 1,076,416 | - | (38,242,873) | - | (38,242,873) | - |
| Highways & Streets | 13,878,954 | 27,274 | 3,770,987 | 10,245,452 | 164,759 | - | 164,759 | - |
| Community Support | 2,462,680 | - | - | - | (2,462,680) | - | (2,462,680) | - |
| Community Development | 1,877,301 | 174,569 | - | 1,616,742 | (85,990) | - | (85,990) | - |
| Parks & Recreation | 7,772,196 | 1,523,965 | 347,376 | 585,956 | (5,314,899) | - | (5,314,899) | - |
| Drug Enforcement | 221,966 | 313,157 | 12,482 | - | 103,673 | - | 103,673 | - |
| Interest on Long-Term Debt | 2,436,591 | - | - | - | (2,436,591) | - | (2,436,591) | - |
| Total governmental activities | <u>84,932,384</u> | <u>6,393,104</u> | <u>5,207,261</u> | <u>12,706,586</u> | <u>(60,625,433)</u> | <u>-</u> | <u>(60,625,433)</u> | <u>-</u> |
| Business-type activities: | | | | | | | | |
| Electric | 137,616,171 | 152,469,096 | - | - | - | 14,852,925 | 14,852,925 | - |
| Broadband | 15,192,680 | 13,943,243 | - | - | - | (1,249,437) | (1,249,437) | - |
| Gas | 23,113,316 | 24,999,377 | - | 4,180 | - | 1,890,241 | 1,890,241 | - |
| Water and Sewer | 45,202,349 | 48,094,455 | - | 17,447,690 | - | 20,339,796 | 20,339,796 | - |
| Natural Gas | 46,738,755 | 47,712,751 | - | - | - | 973,996 | 973,996 | - |
| Parking fees | 81,097 | 453,957 | - | - | - | 372,860 | 372,860 | - |
| Transit fees | 6,750,412 | 798,708 | 3,650,273 | - | - | (2,301,431) | (2,301,431) | - |
| Total business-type activities | <u>274,694,780</u> | <u>288,471,587</u> | <u>3,650,273</u> | <u>17,451,870</u> | <u>-</u> | <u>34,878,950</u> | <u>34,878,950</u> | <u>-</u> |
| Total primary government | <u>\$ 359,627,164</u> | <u>\$ 294,864,691</u> | <u>\$ 8,857,534</u> | <u>\$ 30,158,456</u> | <u>\$ (60,625,433)</u> | <u>\$ 34,878,950</u> | <u>\$ (25,746,483)</u> | <u>-</u> |
| Discretely Presented Component Unit | <u>\$ 1,486,517</u> | <u>\$ 91,204</u> | <u>\$ 1,677,746</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>282,433</u> |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 29,788,414 | - | 29,788,414 | - |
| Intergovernmental revenue | | | | | 12,287,775 | - | 12,287,775 | - |
| Franchise/business tax | | | | | 3,684,984 | - | 3,684,984 | - |
| Sales tax | | | | | 13,362,798 | - | 13,362,798 | - |
| Beer and liquor tax | | | | | 3,672,043 | - | 3,672,043 | - |
| In Lieu of tax | | | | | 95,293 | - | 95,293 | - |
| Other tax | | | | | 552,704 | - | 552,704 | - |
| Other unrestricted revenue | | | | | 492,969 | - | 492,969 | - |
| Net change in fair value of investments | | | | | - | - | - | 56,520 |
| Transfers | | | | | 5,698,623 | (5,698,623) | - | 91,871 |
| Total general revenues and transfers | | | | | <u>69,635,603</u> | <u>(5,698,623)</u> | <u>63,936,980</u> | <u>148,391</u> |
| Change in net position | | | | | <u>9,010,170</u> | <u>29,180,327</u> | <u>38,190,497</u> | <u>430,824</u> |
| Net position, beginning of the year, as previously reported | | | | | <u>354,697,360</u> | <u>370,623,552</u> | <u>725,320,912</u> | <u>4,183,707</u> |
| Prior period adjustments, as discussed in Note A | | | | | <u>649,475</u> | <u>(13,538,969)</u> | <u>(12,889,494)</u> | <u>-</u> |
| Net position, beginning of the year, as restated | | | | | <u>355,346,835</u> | <u>357,084,583</u> | <u>712,431,418</u> | <u>4,183,707</u> |
| Net position - ending | | | | | <u>\$ 364,357,005</u> | <u>\$ 386,264,910</u> | <u>\$ 750,621,915</u> | <u>\$ 4,614,531</u> |

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

CITY OF CLARKSVILLE, TENNESSEE

Balance Sheet
Governmental Funds
June 30, 2013

| | General | Debt Service | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|----------------------|--------------------------|--------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 16,635,679 | \$ 936,567 | \$ - | \$ 349,480 | \$ 17,921,726 |
| Investments | 6,599,812 | - | - | - | 6,599,812 |
| Receivables (net allowance for uncollectibles): | | | | | |
| Accounts receivable | 1,273,401 | - | 70,838 | 29,360 | 1,373,599 |
| Taxes receivable | 31,424,200 | - | - | 2,500,000 | 33,924,200 |
| Notes receivable | 45,361 | - | - | 6,271,002 | 6,316,363 |
| Due from other governments | 3,481,151 | - | 1,077,174 | 468,466 | 5,026,791 |
| Due from other funds | 2,983,972 | 698,712 | 976,000 | 2,887,993 | 7,546,677 |
| Due from component units | 153,659 | - | - | - | 153,659 |
| Inventories | 239,852 | - | - | 2,229 | 242,081 |
| Other | 249,785 | - | - | 900,798 | 1,150,583 |
| Restricted assets: | | | | | |
| Cash and cash equivalents | - | - | 11,315,458 | 134,152 | 11,449,610 |
| Total assets | <u>\$ 63,086,872</u> | <u>\$ 1,635,279</u> | <u>\$ 13,439,470</u> | <u>\$ 13,543,480</u> | <u>\$ 91,705,101</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 1,792,571 | \$ - | \$ 3,074,305 | \$ 394,950 | \$ 5,261,826 |
| Accrued liabilities | 127,141 | 7,213 | - | 164,511 | 298,865 |
| Customer deposits | 62,180 | - | - | - | 62,180 |
| Due to other funds | 6,377,780 | - | 2,267,001 | 1,069,178 | 9,713,959 |
| Due to other governmental agencies | 84,236 | - | - | - | 84,236 |
| Total liabilities | <u>8,443,908</u> | <u>7,213</u> | <u>5,341,306</u> | <u>1,628,639</u> | <u>15,421,066</u> |
| Deferred inflows of resources | | | | | |
| Unavailable revenue - taxes | 28,767,099 | - | - | 2,500,000 | 31,267,099 |
| Unavailable revenue - other | 345,593 | - | - | 7,287,073 | 7,632,666 |
| Total deferred inflows of resources | <u>29,112,692</u> | <u>-</u> | <u>-</u> | <u>9,787,073</u> | <u>38,899,765</u> |
| Fund balances | | | | | |
| Nonspendable: | | | | | |
| Inventories | 239,852 | - | - | 2,229 | 242,081 |
| Prepaid items | 249,785 | - | - | 17,477 | 267,262 |
| Restricted: | | | | | |
| Special revenue funds | - | - | - | 1,034,143 | 1,034,143 |
| Public safety/street related improvements | - | - | 8,098,164 | - | 8,098,164 |
| Committed: | | | | | |
| Special revenue funds | - | - | - | 1,073,919 | 1,073,919 |
| Assigned to: | | | | | |
| Debt service | - | 1,628,066 | - | - | 1,628,066 |
| Unassigned | 25,040,635 | - | - | - | 25,040,635 |
| Total fund balances | <u>25,530,272</u> | <u>1,628,066</u> | <u>8,098,164</u> | <u>2,127,768</u> | <u>37,384,270</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 63,086,872</u> | <u>\$ 1,635,279</u> | <u>\$ 13,439,470</u> | <u>\$ 13,543,480</u> | <u>\$ 91,705,101</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 Position
June 30, 2013**

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

| | |
|--|------------------------------|
| Total fund balances of governmental funds | \$ 37,384,270 |
| Capital assets used in governmental activities are not financial resources, and therefore are not reported in the governmental funds. | 458,753,328 |
| Receivables not available to pay for current expenditures are unavailable in the governmental funds. | 1,412,336 |
| Internal service funds are used by management to charge the costs of certain activities, including dental, health and risk management, to other funds. The assets and liabilities of the internal service funds are included as governmental activities in the statement of net position. | 1,981,988 |
| 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. | (134,746,281) |
| Accrued interest payable is not due and payable from current resources, and therefore is recorded in government-wide but not in the governmental funds. | <u>(428,636)</u> |
| Net position of governmental activities | <u><u>\$ 364,357,005</u></u> |

The notes to the financial statements 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, 2013

| | General | Debt Service | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|---------------------|--------------------------|--------------------------|
| Revenues | | | | | |
| Taxes: | | | | | |
| Property | \$ 27,453,778 | \$ - | \$ - | \$ 1,900,000 | \$ 29,353,778 |
| Sales | 13,362,798 | - | - | - | 13,362,798 |
| State | 15,981,505 | - | - | - | 15,981,505 |
| Franchise | 1,292,260 | - | - | - | 1,292,260 |
| Wholesale beer and liquor | 3,672,043 | - | - | - | 3,672,043 |
| Business tax | 2,392,724 | - | - | - | 2,392,724 |
| Other taxes | 552,704 | - | - | - | 552,704 |
| Licenses and permits | 1,739,842 | - | - | - | 1,739,842 |
| Fines and forfeitures | 823,140 | - | - | 769,910 | 1,593,050 |
| Contributions | - | - | 60,238 | 72,597 | 132,835 |
| Intergovernmental | 856,533 | - | 2,476,678 | 2,399,341 | 5,732,552 |
| Charges for services: | | | | | |
| Program income | - | - | - | 495,080 | 495,080 |
| Fees for services | 2,174,739 | - | - | - | 2,174,739 |
| Payment in lieu of taxes | 95,293 | - | - | - | 95,293 |
| E-911 transfer | - | 390,393 | - | - | 390,393 |
| Miscellaneous | 439,746 | - | 13,891 | 18,245 | 471,882 |
| Total revenues | <u>70,837,105</u> | <u>390,393</u> | <u>2,550,807</u> | <u>5,655,173</u> | <u>79,433,478</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 8,760,422 | - | - | - | 8,760,422 |
| Public safety | 37,418,826 | - | - | 617,879 | 38,036,705 |
| Highway and streets | 10,703,334 | - | - | - | 10,703,334 |
| Recreation | 6,673,403 | - | - | 829,537 | 7,502,940 |
| Community development | - | - | - | 1,877,301 | 1,877,301 |
| Drug enforcement | - | - | - | 145,520 | 145,520 |
| Other appropriations | 1,202,617 | - | - | - | 1,202,617 |
| Misc. community agencies | 1,838,367 | - | - | - | 1,838,367 |
| Other | 572,848 | - | - | 51,466 | 624,314 |
| Debt service: | | | | | |
| Principal | - | 5,837,353 | - | - | 5,837,353 |
| Interest and other charges | - | 2,224,251 | - | - | 2,224,251 |
| Capital outlay | 2,832,646 | - | 9,965,411 | 397,272 | 13,195,329 |
| Total expenditures | <u>70,002,463</u> | <u>8,061,604</u> | <u>9,965,411</u> | <u>3,918,975</u> | <u>91,948,453</u> |
| Excess(deficiency) of revenues over(under) expenditures | <u>834,642</u> | <u>(7,671,211)</u> | <u>(7,414,604)</u> | <u>1,736,198</u> | <u>(12,514,975)</u> |
| Other financing sources(uses) | | | | | |
| Issuance of debt | - | - | 15,073,020 | - | 15,073,020 |
| Transfers in | 7,443,889 | 7,671,349 | 375,997 | 235,537 | 15,726,772 |
| Transfers out | (8,536,148) | - | - | (1,492,002) | (10,028,150) |
| Total other financing sources(uses) | <u>(1,092,259)</u> | <u>7,671,349</u> | <u>15,449,017</u> | <u>(1,256,465)</u> | <u>20,771,642</u> |
| Net change in fund balances | <u>(257,617)</u> | <u>138</u> | <u>8,034,413</u> | <u>479,733</u> | <u>8,256,667</u> |
| Fund balance - June 30, 2012, as previously reported | 25,418,365 | 1,627,928 | 63,751 | 1,657,096 | 28,767,140 |
| Prior period adjustments, as discussed in Note A | 369,524 | - | - | (9,061) | 360,463 |
| Fund balance - June 30, 2012, as restated | <u>25,787,889</u> | <u>1,627,928</u> | <u>63,751</u> | <u>1,648,035</u> | <u>29,127,603</u> |
| Fund balance - ending | <u>\$ 25,530,272</u> | <u>\$ 1,628,066</u> | <u>\$ 8,098,164</u> | <u>\$ 2,127,768</u> | <u>\$ 37,384,270</u> |

The notes to the financial statements 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, 2013**

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

| | | |
|--|----|-----------|
| Net change in fund balances - total governmental funds | \$ | 8,256,667 |
|--|----|-----------|

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 | | 11,345,469 |
| Depreciation expense | | (5,951,667) |
| Net carrying value of governmental capital assets disposed of | | (162,203) |
| Contributions of infrastructure assets | | 8,354,730 |

| | | |
|---|--|---------|
| Revenues in the statement of activities that do not provide for current financial resources are not reported as revenues in the funds | | 434,636 |
|---|--|---------|

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 position. Specifically, these items are as follows:

| | | |
|--------------------------|--|--------------|
| Debt issuance | | (14,445,265) |
| Premium of debt issuance | | (627,755) |
| Debt payments | | 5,837,353 |

Governmental funds report the effect of 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 premiums | | 21,089 |
|-------------------------------|--|--------|

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 | | (51,391) |
| Accrued interest | | (212,340) |
| Increase in OPEB liability | | (3,508,742) |

| | | |
|---|--|-----------|
| 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. | | (280,411) |
|---|--|-----------|

| | | |
|---|----|------------------|
| Change in net position of governmental activities | \$ | <u>9,010,170</u> |
|---|----|------------------|

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

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement - General Fund
For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|--------------------|-------------------|-------------------|-------------------------------|
| | Original Budget | Final Budget | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | 26,263,692 | 26,698,117 | 27,453,778 | 755,661 |
| Sales | 13,112,500 | 13,112,500 | 13,362,798 | 250,298 |
| Beer and liquor | 3,657,000 | 3,691,373 | 3,672,043 | (19,330) |
| Business | 2,042,000 | 2,443,815 | 2,392,724 | (51,091) |
| Franchise fee | 1,200,000 | 1,350,000 | 1,292,260 | (57,740) |
| Hotel and motel | 350,000 | 315,000 | 293,517 | (21,483) |
| Litigation | 15,000 | 18,000 | 18,500 | 500 |
| Payments in lieu of taxes | - | 108,833 | 95,293 | (13,540) |
| Weed bills/demolition | 162,000 | 79,000 | 240,687 | 161,687 |
| Total taxes | 46,802,192 | 47,816,638 | 48,821,600 | 1,004,962 |
| Intergovernmental: | | | | |
| Sales tax | 8,800,000 | 9,125,000 | 9,188,317 | 63,317 |
| Income tax | 450,000 | 462,683 | 468,610 | 5,927 |
| Beer tax | 70,000 | 78,865 | 65,721 | (13,144) |
| Liquor tax | 605,000 | 641,411 | 683,257 | 41,846 |
| TVA replacement taxes | 1,443,885 | 1,515,943 | 1,515,943 | - |
| Excise tax | 97,000 | 111,656 | 93,047 | (18,609) |
| Telecommunication tax | 7,000 | 10,660 | 11,880 | 1,220 |
| Training-Public Safety | 250,000 | 258,600 | 261,000 | 2,400 |
| State street aid: | | | | |
| Gas and motor fuel | 2,400,000 | 2,313,800 | 2,340,448 | 26,648 |
| 1989 gas tax | 365,000 | 375,000 | 378,471 | 3,471 |
| \$.03 per gallon gas tax | 699,000 | 694,950 | 702,444 | 7,494 |
| Petroleum special | 260,000 | 272,430 | 272,367 | (63) |
| Total intergovernmental revenue | 15,446,885 | 15,860,998 | 15,981,505 | 120,507 |
| Licenses and permits: | | | | |
| Building and codes enforcement permits | 1,010,000 | 922,457 | 1,017,884 | 95,427 |
| Plumbing permits | 180,000 | 171,386 | 190,425 | 19,039 |
| Electrical permits | 550,000 | 282,694 | 273,470 | (9,224) |
| Fireworks permits | 17,000 | 15,200 | 14,800 | (400) |
| Other permits | 103,100 | 183,839 | 243,263 | 59,424 |
| Total licenses and permits | 1,860,100 | 1,575,576 | 1,739,842 | 164,266 |
| Fines and forfeitures | 873,000 | 814,152 | 823,140 | 8,988 |
| Charges for services | 2,135,145 | 2,246,016 | 2,174,739 | (71,277) |
| Miscellaneous revenues: | | | | |
| Interest | 47,000 | 37,500 | 40,357 | 2,857 |
| Grants | 758,960 | 842,908 | 856,533 | 13,625 |
| Sales of general capital assets | 85,000 | 44,500 | 42,998 | (1,502) |
| Other | 97,650 | 282,222 | 356,391 | 74,169 |
| Total miscellaneous revenues | 988,610 | 1,207,130 | 1,296,279 | 89,149 |
| TOTAL REVENUES | 68,105,932 | 69,520,510 | 70,837,105 | 1,316,595 |

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

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement - General Fund - Continued
For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|----------------------------|--------------------|-----------------|-------------------|-------------------------------|
| | Original Budget | Final Budget | | |
| EXPENDITURES | | | | |
| General Government: | | | | |
| Mayor's Office | | | | |
| Personnel | 449,996 | 450,541 | 458,633 | (8,092) |
| Operations | 92,428 | 78,567 | 76,117 | 2,450 |
| Capital Outlay | - | - | - | - |
| Total Mayor's Office | 542,424 | 529,108 | 534,750 | (5,642) |
| City Court | | | | |
| Personnel | 320,827 | 320,615 | 320,904 | (289) |
| Operations | 97,024 | 61,268 | 39,217 | 22,051 |
| Capital Outlay | - | - | - | - |
| Total City Court | 417,851 | 381,883 | 360,121 | 21,762 |
| Building Codes | | | | |
| Personnel | 1,611,672 | 1,575,093 | 1,572,541 | 2,552 |
| Operations | 230,509 | 230,509 | 210,164 | 20,345 |
| Capital Outlay | 33,630 | 33,630 | 33,630 | - |
| Total Building Codes | 1,875,811 | 1,839,232 | 1,816,335 | 22,897 |
| Finance and Revenue | | | | |
| Personnel | 974,655 | 908,227 | 887,996 | 20,231 |
| Operations | 150,022 | 163,711 | 157,470 | 6,241 |
| Capital Outlay | - | - | - | - |
| Total Finance and Revenue | 1,124,677 | 1,071,938 | 1,045,466 | 26,472 |
| Parking | | | | |
| Personnel | 207,792 | 205,992 | 209,452 | (3,460) |
| Operations | 98,024 | 85,549 | 84,195 | 1,354 |
| Capital Outlay | - | - | - | - |
| Total Parking | 305,816 | 291,541 | 293,647 | (2,106) |
| Legal | | | | |
| Personnel | 150,207 | 151,107 | 228,665 | (77,558) |
| Operations | 166,553 | 70,598 | 52,809 | 17,789 |
| Capital Outlay | - | - | - | - |
| Total Legal | 316,760 | 221,705 | 281,474 | (59,769) |
| Garage | | | | |
| Personnel | 831,427 | 823,896 | 805,133 | 18,763 |
| Operations | 113,931 | 110,782 | 99,129 | 11,653 |
| Capital Outlay | 15,000 | - | - | - |
| Total Garage | 960,358 | 934,678 | 904,262 | 30,416 |
| Human Resources | | | | |
| Personnel | 577,397 | 541,374 | 528,778 | 12,596 |
| Operations | 79,042 | 64,059 | 52,040 | 12,019 |
| Capital Outlay | - | - | - | - |
| Total Human Resources | 656,439 | 605,433 | 580,818 | 24,615 |

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

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement - General Fund - Continued
For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|----------------------------|--------------------|-----------------|-------------------|-------------------------------|
| | Original Budget | Final Budget | | |
| Information Systems | | | | |
| Personnel | 749,376 | 745,976 | 741,145 | 4,831 |
| Operations | 566,594 | 581,470 | 578,136 | 3,334 |
| Capital Outlay | 145,708 | 145,708 | 145,471 | 237 |
| Total Information Systems | 1,461,678 | 1,473,154 | 1,464,752 | 8,402 |
| Internal Audit | | | | |
| Personnel | 112,344 | 219,575 | 214,884 | 4,691 |
| Operations | 78,579 | 88,208 | 82,633 | 5,575 |
| Capital Outlay | - | - | - | - |
| Total Internal Audit | 190,923 | 307,783 | 297,517 | 10,266 |
| Municipal Properties | | | | |
| Personnel | 167,344 | 168,648 | 168,591 | 57 |
| Operations | 505,855 | 518,166 | 446,316 | 71,850 |
| Capital Outlay | 205,000 | 221,000 | 215,301 | 5,699 |
| Total Municipal Properties | 878,199 | 907,814 | 830,208 | 77,606 |
| Legislative | | | | |
| Personnel | 181,028 | 180,657 | 180,283 | 374 |
| Operations | 489,449 | 443,640 | 430,182 | 13,458 |
| Capital Outlay | - | - | - | - |
| Total Legislative | 670,477 | 624,297 | 610,465 | 13,832 |
| Purchasing | | | | |
| Personnel | 121,027 | 121,927 | 120,596 | 1,331 |
| Operations | 16,971 | 16,971 | 14,413 | 2,558 |
| Capital Outlay | - | - | - | - |
| Total Purchasing | 137,998 | 138,898 | 135,009 | 3,889 |
| Public Safety: | | | | |
| Fire Rescue | | | | |
| Personnel | 12,764,203 | 12,547,386 | 12,706,669 | (159,283) |
| Operations | 1,088,244 | 1,082,049 | 1,065,276 | 16,773 |
| Capital Outlay | 383,000 | 235,088 | 231,346 | 3,742 |
| Total Fire Rescue | 14,235,447 | 13,864,523 | 14,003,291 | (138,768) |
| Police Department | | | | |
| Personnel | 19,313,862 | 19,123,360 | 18,768,892 | 354,468 |
| Operations | 3,545,493 | 3,409,817 | 3,280,451 | 129,366 |
| Capital Outlay | 1,335,796 | 1,335,752 | 1,333,909 | 1,843 |
| Total Police Department | 24,195,151 | 23,868,929 | 23,383,252 | 485,677 |

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

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement - General Fund - Continued
For the Year Ended June 30, 2013

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|--------------------|-----------------|-------------------|-------------------------------|
| | Original Budget | Final Budget | | |
| Dispatch | | | | |
| Personnel | 1,565,319 | 1,573,719 | 1,556,470 | 17,249 |
| Operations | 55,932 | 53,577 | 41,068 | 12,509 |
| Capital Outlay | - | - | - | - |
| Total Dispatch | 1,621,251 | 1,627,296 | 1,597,538 | 29,758 |
| Highways and Streets | | | | |
| Personnel | 4,828,635 | 4,851,735 | 4,634,051 | 217,684 |
| Operations | 6,115,434 | 6,110,855 | 6,069,283 | 41,572 |
| Capital Outlay | 462,100 | 420,761 | 420,760 | 1 |
| Total Highways and Streets | 11,406,169 | 11,383,351 | 11,124,094 | 259,257 |
| Recreation: | | | | |
| Parks and Recreation | | | | |
| Personnel | 4,204,496 | 4,034,042 | 3,930,441 | 103,601 |
| Operations | 1,766,746 | 1,761,087 | 1,732,322 | 28,765 |
| Capital Outlay | 448,830 | 438,405 | 418,399 | 20,006 |
| Total Parks and Recreation | 6,420,072 | 6,233,534 | 6,081,162 | 152,372 |
| Golf Course- Mason Rudolph | | | | |
| Personnel | 135,799 | 130,559 | 127,312 | 3,247 |
| Operations | 94,755 | 93,672 | 86,538 | 7,134 |
| Capital Outlay | - | - | - | - |
| Total Golf Course - MR | 230,554 | 224,231 | 213,850 | 10,381 |
| Golf Course - Swan Lake | | | | |
| Personnel | 501,016 | 484,297 | 474,624 | 9,673 |
| Operations | 326,407 | 320,803 | 322,166 | (1,363) |
| Capital Outlay | 41,000 | 40,522 | 33,830 | 6,692 |
| Total Golf Course - Swan Lake | 868,423 | 845,622 | 830,620 | 15,002 |
| Other Appropriations: | | | | |
| Other Retirement Benefits | 830,506 | 809,408 | 836,726 | (27,318) |
| FEMA Flood Buyout | 684,525 | 298,648 | 267,048 | 31,600 |
| State Unemployment Insurance | 81,700 | 44,710 | 43,783 | 927 |
| Pension Payments | 15,533 | 14,902 | 13,907 | 995 |
| Montgomery County Schools | - | 16,000 | 16,000 | - |
| HRC General Supplies | 6,000 | 6,000 | 487 | 5,513 |
| BOZA General Supplies | 11,500 | 11,500 | 9,708 | 1,792 |
| Tree Board | 5,900 | 4,500 | - | 4,500 |
| Industrial Dev. Board-Impact Plan | - | - | 14,958 | (14,958) |
| Total Other Appropriations | 1,635,664 | 1,205,668 | 1,202,617 | 3,051 |

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

CITY OF CLARKSVILLE, TENNESSEE

Budgetary Comparison Statement - General Fund - Continued
For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|----------------------|----------------------|----------------------|-------------------------------|
| | Original Budget | Final Budget | | |
| Miscellaneous Community Agencies: | | | | |
| State of Tennessee's Share of Taxes | - | - | - | - |
| Regional Planning Commission | 311,112 | 311,112 | 311,112 | - |
| County's Share of Taxes | 282,500 | 320,000 | 336,384 | (16,384) |
| Senior Citizens Center | 371,073 | 371,073 | 369,594 | 1,479 |
| Regional Airport | 314,294 | 314,294 | 277,917 | 36,377 |
| GIS(APSU, Mont. Co.,City of Clarksville) | 84,000 | 84,000 | 84,000 | - |
| Property Reappraisal | 101,820 | 101,820 | 101,820 | - |
| E911 | 54,551 | 54,551 | 54,551 | - |
| Arts & Culture Commission | 40,000 | 40,000 | 40,000 | - |
| Salvation Army Shelter | 21,000 | 21,000 | 21,000 | - |
| Roxy Theater | 21,000 | 21,000 | 21,000 | - |
| Humane Society | 10,200 | 10,200 | 10,200 | - |
| MidCumberland Human Resource Agency | 7,040 | 7,040 | 7,040 | - |
| Crime Stoppers | 13,000 | 13,000 | 13,000 | - |
| Habitat for Humanities | 2,550 | 2,550 | - | 2,550 |
| Other Non-profit Charitable Organizations | 73,675 | 73,675 | 73,675 | - |
| Montgomery County Pictometry | 39,554 | 39,554 | 39,554 | - |
| Two Rivers Company | 77,520 | 77,520 | 77,520 | - |
| Total Community Agencies | <u>1,824,889</u> | <u>1,862,389</u> | <u>1,838,367</u> | <u>24,022</u> |
| Other: | | | | |
| Gas & Water & CDE Clearing (Revenue) | 160,000 | 130,000 | (7,503) | 137,503 |
| Component Unit: | | | | |
| Museum Expenditure | <u>580,351</u> | <u>580,351</u> | <u>580,351</u> | <u>-</u> |
| Total Expenditures | <u>72,717,382</u> | <u>71,153,358</u> | <u>70,002,463</u> | <u>1,150,895</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Issuance of debt | - | - | - | - |
| Transfers in from other funds: | | | | |
| Payment in lieu of tax-CDE | 3,525,746 | 3,189,122 | 3,937,162 | 748,040 |
| Payment in lieu of tax-GWS | 3,213,079 | 3,213,079 | 3,213,079 | - |
| Parking Authority | 305,816 | 291,541 | 293,648 | 2,107 |
| Total financing sources | <u>7,044,641</u> | <u>6,693,742</u> | <u>7,443,889</u> | <u>750,147</u> |
| Transfers out to other funds: | | | | |
| Debt Service | (6,391,576) | (7,023,913) | (6,185,952) | 837,961 |
| Transit System | (1,756,505) | (1,756,505) | (1,745,266) | 11,239 |
| Other Transfers | (116,985) | (116,985) | (200,537) | (83,552) |
| Capital Projects | (59,120) | (404,403) | (404,393) | 10 |
| Total financing uses | <u>(8,324,186)</u> | <u>(9,301,806)</u> | <u>(8,536,148)</u> | <u>765,658</u> |
| NET CHANGE IN FUND BALANCE | (5,890,995) | (4,240,912) | (257,617) | 3,983,295 |
| FUND BALANCE-BEGINNING OF YEAR, | <u>25,418,365</u> | <u>25,418,365</u> | <u>25,787,889</u> | <u>369,524</u> |
| AS RESTATED, AS DISCUSSED IN NOTE A | | | | |
| FUND BALANCE-END OF YEAR | <u>\$ 19,527,370</u> | <u>\$ 21,177,453</u> | <u>\$ 25,530,272</u> | <u>\$ 4,352,819</u> |

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Net Position
Proprietary Funds
June 30, 2013

| | Business-Type Activities/Enterprise Funds | | | | | | | Internal Service Funds |
|--|---|--------------------|-------------------|----------------------------|-------------------------------------|----------------------------|--------------------|------------------------|
| | Department of Electricity | | Gas Department | Water and Sewer Department | Natural Gas Acquisition Corporation | Non-Major Enterprise Funds | Total | |
| | Electric Division | Broadband Division | | | | | | |
| Assets | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ 33,915,386 | \$ 400,057 | \$ 20,894,368 | \$ 16,848,579 | \$ 381,764 | \$ 1,410,836 | \$ 73,850,990 | \$ 1,366,066 |
| Restricted assets: | | | | | | | | |
| Investments | - | - | - | - | 13,598,390 | - | 13,598,390 | - |
| Accounts receivable (net) | 17,800,845 | 2,302,575 | 1,351,430 | 2,781,202 | 3,703,701 | 23,739 | 27,963,492 | - |
| Interest receivable | - | - | - | - | 11,395 | - | 11,395 | - |
| Due from other funds of the primary government | 217,092 | - | - | - | - | 511,807 | 728,899 | 2,062,176 |
| Inventory | 4,571,023 | 373,959 | 1,422,784 | 902,303 | - | 103,081 | 7,373,150 | - |
| Prepaid gas supplies | - | - | - | - | 14,512,630 | - | 14,512,630 | - |
| Grants receivable | - | - | - | - | - | 581,404 | 581,404 | - |
| Prepaid expenses and other | 10,018,624 | 32,241 | 35,047 | 105,515 | 635 | 41,157 | 10,233,219 | 50,000 |
| Total current assets | <u>66,522,970</u> | <u>3,108,832</u> | <u>23,703,629</u> | <u>20,637,599</u> | <u>32,208,515</u> | <u>2,672,024</u> | <u>148,853,569</u> | <u>3,478,242</u> |
| Noncurrent assets: | | | | | | | | |
| Restricted assets: | | | | | | | | |
| Cash and cash equivalents | 8,085,229 | - | 490,046 | 4,385,579 | - | - | 12,960,854 | - |
| Investments | - | - | 1,083,268 | 11,734,190 | 2,584,851 | - | 15,402,309 | - |
| Total restricted assets | <u>8,085,229</u> | <u>-</u> | <u>1,573,314</u> | <u>16,119,769</u> | <u>2,584,851</u> | <u>-</u> | <u>28,363,163</u> | <u>-</u> |
| Capital assets-at cost | | | | | | | | |
| Land | 1,762,861 | - | 223,626 | 4,371,588 | - | 153,432 | 6,511,507 | - |
| Building, plant and equipment | 198,082,249 | 7,484,588 | 62,906,027 | 532,225,367 | 22,030 | 16,550,395 | 817,270,656 | - |
| Construction in progress | 9,855,309 | 130,019 | 597,967 | 20,134,197 | - | - | 30,717,492 | - |
| Less accumulated depreciation | (58,202,606) | (5,581,099) | (21,062,728) | (134,174,533) | (21,466) | (9,186,371) | (228,228,803) | - |
| Total capital assets (net of accumulated depreciation) | <u>151,497,813</u> | <u>2,033,508</u> | <u>42,664,892</u> | <u>422,556,619</u> | <u>564</u> | <u>7,517,456</u> | <u>626,270,852</u> | <u>-</u> |
| Unamortized plant acquisition adjustments | 716,487 | - | - | - | - | - | 716,487 | - |
| Net capital assets | <u>152,214,300</u> | <u>2,033,508</u> | <u>42,664,892</u> | <u>422,556,619</u> | <u>564</u> | <u>7,517,456</u> | <u>626,987,339</u> | <u>-</u> |

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Net Position
Proprietary Funds - Continued
June 30, 2013

| | Business-Type Activities/Enterprise Funds | | | | | | | Internal Service Funds |
|--|---|-----------------------|-------------------|----------------------------------|---|----------------------------------|-------------|---------------------------|
| | Department of Electricity | | Gas Department | Water and Sewer Department | Natural Gas Acquisition Corporation | Non-Major Enterprise Funds | Total | |
| | Electric Division | Broadband Division | | | | | | |
| Other assets: | | | | | | | | |
| Receivables: | | | | | | | | |
| TVA residential energy services program | 7,080,044 | - | - | - | - | - | 7,080,044 | - |
| Interfund receivables from the Broadband Division | 17,766,687 | - | - | - | - | - | 17,766,687 | - |
| Prepaid gas supplies | - | - | - | - | 145,359,829 | - | 145,359,829 | - |
| Other | 22,334 | - | - | - | - | - | 22,334 | - |
| Total other assets | 24,869,065 | - | - | - | 145,359,829 | - | 170,228,894 | - |
| Total noncurrent assets | 185,168,594 | 2,033,508 | 44,238,206 | 438,676,388 | 147,945,244 | 7,517,456 | 825,579,396 | - |
| Total assets | 251,691,564 | 5,142,340 | 67,941,835 | 459,313,987 | 180,153,759 | 10,189,480 | 974,432,965 | 3,478,242 |
| Liabilities | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Accounts payable | 22,045,908 | 1,288,451 | 1,235,231 | 3,728,387 | 2,935,827 | 208,517 | 31,442,321 | 201,130 |
| Contacts and retainage payable | - | - | 2,058 | 1,655,748 | - | - | 1,657,806 | - |
| Accrued liabilities | 114,231 | - | - | - | - | 21,981 | 136,212 | 837,008 |
| Interest payable | 1,382,175 | - | 221,517 | 2,147,583 | 346,458 | 875 | 4,098,608 | - |
| Due to other funds of the primary government | - | - | 120,005 | - | - | 45,672 | 165,677 | 458,116 |
| Unearned revenue | - | 557,244 | - | - | - | 207,256 | 764,500 | - |
| Current portion of bonds payable | 2,170,103 | - | 641,350 | 9,223,650 | 13,280,000 | 7,373 | 25,322,476 | - |
| Current portion of notes payable | - | - | - | 2,213,409 | - | - | 2,213,409 | - |
| Current portion of interfund payable | - | 1,250,000 | - | - | - | - | 1,250,000 | - |
| Compensated absences | 481,306 | - | 150,989 | 481,635 | - | 171,359 | 1,285,289 | - |
| Other | 1,241,372 | - | - | - | - | - | 1,241,372 | - |
| Total current liabilities | 27,435,095 | 3,095,695 | 2,371,150 | 19,450,412 | 16,562,285 | 663,033 | 69,577,670 | 1,496,254 |

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Net Position
Proprietary Funds - Continued
June 30, 2013

| | Business-Type Activities/Enterprise Funds | | | | | | | Internal Service Funds |
|--|---|-----------------------|-------------------|----------------------------------|---|----------------------------------|----------------|---------------------------|
| | Department of Electricity | | Gas Department | Water and Sewer Department | Natural Gas Acquisition Corporation | Non-Major Enterprise Funds | Total | |
| | Electric Division | Broadband Division | | | | | | |
| Noncurrent liabilities: | | | | | | | | |
| Compensated absences | 1,231,707 | - | 84,748 | 68,562 | - | - | 1,385,017 | - |
| OPEB liability | 428,206 | - | 1,829,411 | 4,860,481 | - | 1,301,497 | 8,419,595 | - |
| Customer deposits | 4,973,885 | 2,470 | 1,395,207 | 3,924,026 | - | - | 10,295,588 | - |
| Advances- TVA residential energy services program | 7,249,122 | - | - | - | - | - | 7,249,122 | - |
| Bonds payable, less current portion | 81,861,086 | - | 11,180,869 | 179,323,179 | 155,801,947 | - | 428,167,081 | - |
| Notes payable, less current portion | 522,405 | - | - | 41,894,230 | - | 37,112 | 42,453,747 | - |
| Unearned revenue | - | - | - | - | 4,102,400 | - | 4,102,400 | - |
| Interfund payable to the Electric Division | - | 16,516,687 | - | - | - | - | 16,516,687 | - |
| Other | 1,148 | - | - | - | - | - | 1,148 | - |
| Total noncurrent liabilities | 96,267,559 | 16,519,157 | 14,490,235 | 230,070,478 | 159,904,347 | 1,338,609 | 518,590,385 | - |
| Total liabilities | 123,702,654 | 19,614,852 | 16,861,385 | 249,520,890 | 176,466,632 | 2,001,642 | 588,168,055 | 1,496,254 |
| Net Position | | | | | | | | |
| Net investment in capital assets | 66,944,219 | 2,033,508 | 30,842,673 | 189,902,151 | 564 | 7,472,971 | 297,196,086 | - |
| Restricted: | | | | | | | | |
| Expendable - debt service | 6,739,353 | - | 1,573,314 | 16,119,769 | 2,556,783 | - | 26,989,219 | - |
| Unrestricted | 54,305,338 | (16,506,020) | 18,664,463 | 3,771,177 | 1,129,780 | 714,867 | 62,079,605 | 1,981,988 |
| Total net position | \$ 127,988,910 | \$ (14,472,512) | \$ 51,080,450 | \$ 209,793,097 | \$ 3,687,127 | \$ 8,187,838 | \$ 386,264,910 | \$ 1,981,988 |

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

CITY OF CLARKSVILLE, TENNESSEE

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013**

Business-Type Activities/Enterprise Funds

| | <u>Department of Electricity</u> | | <u>Gas Department</u> | <u>Water and Sewer Department</u> | <u>Natural Gas Acquisition Corporation</u> | <u>Non-Major Enterprise Funds</u> | <u>Total</u> | <u>Internal Service Funds</u> |
|------------------------------------|----------------------------------|-------------------------------|---------------------------|---|--|---|--------------------|-----------------------------------|
| | <u>Electric Division</u> | <u>Broadband Division</u> | | | | | | |
| Operating Revenues | | | | | | | | |
| Sales | \$ 152,108,989 | \$ 13,943,243 | \$ 24,219,967 | \$ 42,138,623 | \$ 36,747,313 | \$ - | \$ 269,158,135 | \$ 11,576,078 |
| Fees | - | - | - | - | - | 1,114,854 | 1,114,854 | - |
| Other income | - | - | 693,218 | 5,599,926 | - | - | 6,293,144 | - |
| Rental income | - | - | - | - | - | 95,573 | 95,573 | - |
| Advertising | - | - | - | - | - | 38,550 | 38,550 | - |
| Miscellaneous | - | - | - | - | - | 3,030 | 3,030 | 9,357 |
| Total operating revenues | <u>152,108,989</u> | <u>13,943,243</u> | <u>24,913,185</u> | <u>47,738,549</u> | <u>36,747,313</u> | <u>1,252,007</u> | <u>276,703,286</u> | <u>11,585,435</u> |
| Operating Expenses | | | | | | | | |
| Purchased power and gas | 109,852,732 | 7,979,519 | 15,246,226 | - | 37,506,251 | - | 170,584,728 | - |
| Plant operations | - | - | - | 3,681,064 | - | - | 3,681,064 | - |
| Distribution | 3,085,542 | - | 3,117,636 | 2,755,998 | - | - | 8,959,176 | - |
| Sewer pumping/discharge collection | - | - | - | 4,988,060 | - | - | 4,988,060 | - |
| Treatment plant expense | - | - | - | 4,515,666 | - | - | 4,515,666 | - |
| Sales and customer services | 3,356,988 | 416,725 | 653,226 | 3,738,291 | - | - | 8,165,230 | - |
| Administrative and general | 2,996,189 | 768,976 | 1,203,904 | 2,474,170 | 267,940 | 888,613 | 8,599,792 | 180,379 |
| Operation and maintenance | 4,442,319 | 3,678,057 | - | - | - | 4,731,781 | 12,852,157 | - |
| Engineering | - | - | 159,725 | 1,721,863 | - | - | 1,881,588 | - |
| Taxes and tax equivalents | 1,722,340 | 159,520 | - | - | - | - | 1,881,860 | - |
| Fort Campbell operations | - | - | 443,874 | - | - | - | 443,874 | - |
| Claims | - | - | - | - | - | - | - | 11,357,533 |
| Depreciation | 8,495,523 | 1,751,553 | 1,645,386 | 13,108,393 | 1,141 | 1,207,982 | 26,209,978 | - |
| Amortization | - | - | - | - | - | 232 | 232 | - |
| Other | - | 234,541 | 95,326 | 1,159,949 | - | - | 1,489,816 | 328,677 |
| Total operating expenses | <u>133,951,633</u> | <u>14,988,891</u> | <u>22,565,303</u> | <u>38,143,454</u> | <u>37,775,332</u> | <u>6,828,608</u> | <u>254,253,221</u> | <u>11,866,589</u> |
| Operating income (loss) | <u>18,157,356</u> | <u>(1,045,648)</u> | <u>2,347,882</u> | <u>9,595,095</u> | <u>(1,028,019)</u> | <u>(5,576,601)</u> | <u>22,450,065</u> | <u>(281,154)</u> |

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds - Continued
 For the Year Ended June 30, 2013

| | Business-Type Activities/Enterprise Funds | | | | | | | Internal Service Funds |
|---|---|------------------------|----------------------|----------------------------------|---|----------------------------------|-----------------------|---------------------------|
| | Department of Electricity | | Gas Department | Water and Sewer Department | Natural Gas Acquisition Corporation | Non-Major Enterprise Funds | Total | |
| | Electric Division | Broadband Division | | | | | | |
| Nonoperating Revenues (Expenses) | | | | | | | | |
| Interest and investment earnings | 357,542 | - | 42,566 | 80,670 | 10,387,535 | 608 | 10,868,921 | 743 |
| Interest expense | (3,660,431) | (203,789) | (548,013) | (6,626,311) | (8,755,422) | (2,901) | (19,796,867) | - |
| Grants | - | - | - | - | - | 3,650,273 | 3,650,273 | - |
| Amortization income (expense) | - | - | 19,678 | 275,236 | 577,903 | - | 872,817 | - |
| Gain (loss) on sale of property | (4,107) | - | - | - | (208,001) | 50 | (212,058) | - |
| Other income (expense) | 2,565 | - | 23,948 | (432,584) | - | - | (406,071) | - |
| Total nonoperating revenues (expenses) | <u>(3,304,431)</u> | <u>(203,789)</u> | <u>(461,821)</u> | <u>(6,702,989)</u> | <u>2,002,015</u> | <u>3,648,030</u> | <u>(5,022,985)</u> | <u>743</u> |
| Income (loss) before contributions and transfers | 14,852,925 | (1,249,437) | 1,886,061 | 2,892,106 | 973,996 | (1,928,571) | 17,427,080 | (280,411) |
| Capital Contributions | - | - | 4,180 | 17,447,690 | - | - | 17,451,870 | - |
| Transfers Out | (3,865,540) | (71,622) | (631,950) | (2,581,129) | - | (293,648) | (7,443,889) | - |
| Transfers In | - | - | - | - | - | 1,745,266 | 1,745,266 | - |
| Change in net position | <u>10,987,385</u> | <u>(1,321,059)</u> | <u>1,258,291</u> | <u>17,758,667</u> | <u>973,996</u> | <u>(476,953)</u> | <u>29,180,327</u> | <u>(280,411)</u> |
| Net Position | | | | | | | | |
| Beginning of Year, as restated | 117,001,525 | (13,151,453) | 49,822,159 | 192,034,430 | 2,713,131 | 8,664,791 | 357,084,583 | 2,262,399 |
| Net Position End of Year | <u>\$ 127,988,910</u> | <u>\$ (14,472,512)</u> | <u>\$ 51,080,450</u> | <u>\$ 209,793,097</u> | <u>\$ 3,687,127</u> | <u>\$ 8,187,838</u> | <u>\$ 386,264,910</u> | <u>\$ 1,981,988</u> |

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

| | Business-Type Activities/Enterprise Funds | | | | | | | Internal Service Funds |
|---|---|--------------------|----------------|----------------------------|-------------------------------------|----------------------------|----------------|------------------------|
| | Department of Electricity | | Gas Department | Water and Sewer Department | Natural Gas Acquisition Corporation | Non-Major Enterprise Funds | Total | |
| | Electric Division | Broadband Division | | | | | | |
| Cash Flows From Operating Activities | | | | | | | | |
| Receipts from customers | \$ 147,396,285 | \$ 12,488,116 | \$ 24,434,552 | \$ 50,235,663 | \$ 33,756,759 | \$ 1,222,559 | \$ 269,533,934 | \$ 12,652,221 |
| Payments to suppliers | (114,430,255) | (10,610,971) | (15,932,005) | (15,774,835) | (12,226,767) | (1,577,369) | (170,552,202) | (11,298,553) |
| Payments to employees | (8,374,628) | (2,279,549) | (3,694,471) | (11,534,428) | - | (3,640,282) | (29,523,358) | - |
| Internal activity from (to) other funds | 116,351 | (116,351) | (95,326) | (192,589) | - | - | (287,915) | - |
| Other receipts (payments) | 1,710,672 | 1,146,860 | - | - | - | - | 2,857,532 | (1,172,998) |
| Net cash provided (used) by operating activities | 26,418,425 | 628,105 | 4,712,750 | 22,733,811 | 21,529,992 | (3,995,092) | 72,027,991 | 180,670 |
| Cash Flows From Noncapital Financing Activities | | | | | | | | |
| Grants | - | - | - | - | - | 3,527,018 | 3,527,018 | - |
| Operating transfers in | - | - | - | - | - | 1,983,715 | 1,983,715 | - |
| Transfers to other funds | (3,865,540) | (71,622) | (631,950) | (2,581,129) | - | (420,607) | (7,570,848) | - |
| Advances to Broadband Division | (250,000) | 250,000 | - | - | - | - | - | - |
| Repayments from Broadband Division | 201,057 | (201,057) | - | - | - | - | - | - |
| Other | 2,565 | - | (11,690) | 37,655 | - | - | 28,530 | - |
| Net cash provided (used) by noncapital financing activities | (3,911,918) | (22,679) | (643,640) | (2,543,474) | - | 5,090,126 | (2,031,585) | - |

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Cash Flows
 Proprietary Funds - Continued
 For the Year Ended June 30, 2013

| | Business-Type Activities/Enterprise Funds | | | | | | Total | Internal Service Funds |
|---|---|--------------------|----------------------|----------------------------|-------------------------------------|----------------------------|----------------------|------------------------|
| | Department of Electricity | | Gas Department | Water and Sewer Department | Natural Gas Acquisition Corporation | Non-Major Enterprise Funds | | |
| | Electric Division | Broadband Division | | | | | | |
| Cash Flows from Capital and Related Financing Activities | | | | | | | | |
| Acquisition and construction of capital assets | (13,713,488) | (1,006,535) | (1,108,144) | (22,434,791) | - | (498,158) | (38,761,116) | - |
| Principal repayments on bond and loan maturities | (2,095,103) | - | (615,950) | (82,379,533) | (12,360,000) | (6,962) | (97,457,548) | - |
| Interest paid | (3,866,367) | (203,789) | (559,708) | (6,922,750) | (8,624,000) | (3,039) | (20,179,653) | - |
| Bond and note proceeds | - | - | - | 92,749,851 | - | - | 92,749,851 | - |
| Proceeds from sale of fixed assets | - | - | 22,656 | 23,457 | - | - | 46,113 | - |
| Net cash used in capital and related financing activities | (19,674,958) | (1,210,324) | (2,261,146) | (18,963,766) | (20,984,000) | (508,159) | (63,602,353) | - |
| Cash Flows from Investing Activities | | | | | | | | |
| Interest and investment earnings received | 357,542 | - | 42,566 | 80,670 | 566,948 | 608 | 1,048,334 | 743 |
| Proceeds from sale and maturities of investments | - | - | - | - | 63,027,812 | - | 63,027,812 | - |
| Purchase of investments | - | - | - | - | (63,909,761) | - | (63,909,761) | - |
| Repayment of note receivable from city general fund | 135,396 | - | - | - | - | - | 135,396 | - |
| Net cash provided by (used in) investing activities | 492,938 | - | 42,566 | 80,670 | (315,001) | 608 | 301,781 | 743 |
| Net increase (decrease) in cash and cash equivalents | 3,324,487 | (604,898) | 1,850,530 | 1,307,241 | 230,991 | 587,483 | 6,695,834 | 181,413 |
| Cash and Cash Equivalents- Beginning of Year | 38,676,128 | 1,004,955 | 19,533,884 | 19,926,917 | 150,773 | 823,353 | 80,116,010 | 1,184,653 |
| Cash and Cash Equivalents- End of Year | <u>\$ 42,000,615</u> | <u>\$ 400,057</u> | <u>\$ 21,384,414</u> | <u>\$ 21,234,158</u> | <u>\$ 381,764</u> | <u>\$ 1,410,836</u> | <u>\$ 86,811,844</u> | <u>\$ 1,366,066</u> |

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

CITY OF CLARKSVILLE, TENNESSEE

Statement of Cash Flows
Proprietary Funds - Continued
For the Year Ended June 30, 2013

| | Business-Type Activities/Enterprise Funds | | | | | | | Internal Service Funds |
|--|---|-----------------------|-------------------|----------------------------------|---|----------------------------------|---------------|---------------------------|
| | Department of Electricity | | Gas Department | Water and Sewer Department | Natural Gas Acquisition Corporation | Non-Major Enterprise Funds | Total | |
| | Electric Division | Broadband Division | | | | | | |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | | | | |
| Operating income (loss) | \$ 18,157,356 | \$ (1,045,648) | \$ 2,347,882 | \$ 9,595,095 | \$ (1,028,019) | \$ (5,576,601) | \$ 22,450,065 | \$ (281,154) |
| Adjustments to reconcile operating income(loss) to net cash provided (used) by operating activities: | | | | | | | | |
| Depreciation and amortization | 8,495,523 | 1,751,553 | 1,645,386 | 13,108,393 | 1,141 | 1,208,214 | 26,210,210 | - |
| Depletion of prepaid gas supplies | - | - | - | - | 22,664,578 | - | 22,664,578 | - |
| Deferred connection fees | - | - | - | (251,232) | - | - | (251,232) | - |
| (Increase) decrease in: | | | | | | | | |
| Accounts receivable | (279,780) | (116,556) | (478,633) | 2,497,114 | (2,990,554) | 10,021 | (1,358,388) | - |
| Inventory | 29,979 | 52,857 | 455,435 | (29,741) | - | (3,019) | 505,511 | - |
| Prepaid expenses | 737,866 | 36,981 | (10,674) | (49,612) | - | (6,978) | 707,583 | - |
| Rec-TVA Residential Services | (654,803) | - | - | - | - | - | (654,803) | - |
| Increase (decrease) in: | | | | | | | | |
| Accounts payable | (1,254,883) | 97,460 | 328,230 | (3,152,378) | 2,882,846 | 64,731 | (1,033,994) | 81,942 |
| Accrued liabilities | 156,931 | - | - | - | - | (2,250) | 154,681 | (736,904) |
| Customer deposits | 197,519 | 90 | 77,053 | (36,797) | - | - | 237,865 | - |
| Contracts and retainage | - | - | 1,522 | (34,072) | - | - | (32,550) | - |
| Compensated absences | - | - | (22,106) | (11,747) | - | 13,525 | (20,328) | - |
| OPEB liability | 14,691 | - | 368,655 | 1,098,788 | - | 336,734 | 1,818,868 | - |
| Due to other funds of the primary government | - | - | - | - | - | - | - | 1,066,786 |
| Interdivisional payables | 116,351 | (116,351) | - | - | - | - | - | - |
| Unearned revenue | - | (32,281) | - | - | - | - | (32,281) | - |
| Advances- TVA residential services | 670,681 | - | - | - | - | - | 670,681 | - |
| Other | 30,994 | - | - | - | - | (39,469) | (8,475) | 50,000 |
| Total Adjustments | 8,261,069 | 1,673,753 | 2,364,868 | 13,138,716 | 22,558,011 | 1,581,509 | 49,577,926 | 461,824 |
| Net Cash provided (used) by operating activities | \$ 26,418,425 | \$ 628,105 | \$ 4,712,750 | \$ 22,733,811 | \$ 21,529,992 | \$ (3,995,092) | \$ 72,027,991 | \$ 180,670 |
| Reconciliation of cash and cash equivalents from statement of cash flows to statement of net position: | | | | | | | | |
| Cash and cash equivalents | \$ 33,915,386 | \$ 400,057 | \$ 20,894,368 | \$ 16,848,579 | \$ 381,764 | \$ 1,410,836 | \$ 73,850,990 | \$ 1,366,066 |
| Cash restricted for debt service | - | - | 490,046 | 4,385,579 | - | - | 4,875,625 | - |
| Cash restricted from unspent bonds | 8,085,229 | - | - | - | - | - | 8,085,229 | - |
| Cash and cash equivalents, June 30, 2013 | \$ 42,000,615 | \$ 400,057 | \$ 21,384,414 | \$ 21,234,158 | \$ 381,764 | \$ 1,410,836 | \$ 86,811,844 | \$ 1,366,066 |
| Noncash Capital and Related Financing Activities | | | | | | | | |
| Capital assets contributed by developers | | | \$ 4,180 | \$ 10,540,870 | | | | |
| Unearned interest revenue | | | | | \$ 467,464 | | | |
| Amortization of asset interest earnings | | | | | 9,348,042 | | | |
| Amortization of asset interest expenses | | | | | (157,173) | | | |
| | | | | | \$ 9,658,333 | | | |

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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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, 2013, 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 accordingly; City management believes this meets the almost exclusive test. For the year ended June 30, 2013, sale of gas to the City of Clarksville equaled \$19,876,515 or 54% 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 and managed by City employees. Additionally, 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, management believes 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, 2013 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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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* exists under the provisions of the Tennessee Public Building Authority Act of 1971. The Authority's primary purpose is the issuance of bonds, the proceeds of which are used to make loans to municipalities throughout the State of Tennessee. The loans to the municipalities serve as the sole payment source and security for the bonds issued by the Authority. The Authority works in connection with the Tennessee Municipal Bond Fund to administer the loan program. The Authority has no taxing authority nor does it have the power to pledge the general credit or taxing power of the City or any political subdivisions. 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. The County and City jointly appoint the Board of the Planning Commission. The County has certain additional legislative oversight. 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. The Airport Authority's board is appointed jointly by both entities and the County has primary budgetary control. Complete financial statements for these joint ventures can be obtained from their respective administrative offices. The Electric Department and Pennyriple 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 \$934,734 at June 30, 2013. 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.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements For the Year Ended June 30, 2013

4. Basis of Presentation

Government - Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of significant 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 Net Position presents the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Debt that was issued for capital purposes is not a part of the calculation of net investment in capital assets, until the proceeds have been used to acquire capital assets.

Restricted net position results from restriction placed on net position by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position which does not meet the definition of the two preceding categories.

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 \$1,745,266 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 position of these accounts, (\$280,411), was treated as an increase of expense in the statement of activities.

Fund Financial Statements

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. Non-major funds are combined and reported in a single column.

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.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

- 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 other small Special Revenue Funds.

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 *Department of Electricity* 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 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.

5. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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 and up to one year for certain grant revenues. 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, OPEB 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.

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 U.S. 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 30th 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 departments have 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 under 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 to be immaterial.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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. Cash Equivalents

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

11. 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 using primarily quoted market prices, where available. 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.

12. Internal Balances

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

13. Receivables

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

14. 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. It is the City's policy to use restricted assets before unrestricted assets unless legal requirements disallow.

15. Inventories and Prepaid Items

Proprietary fund 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.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

16. Capital Assets

The City's assets are capitalized at historical costs or estimated historical costs. Gifts or contributions of capital assets are recorded at estimated fair 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 Broadband Divisions | \$ | 2,500 |
| Other Capital Assets | \$ | 5,000 |

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

| | |
|-------------------------|---------------|
| Other Capital Assets: | |
| 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 nor are amounts capitalized in connection with improvements unless they expand capacity.

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, 2013. 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.

17. 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, 2013 were as follows:

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

| | Interest Cost Incurred | Interest Cost Capitalized |
|--------------------------|---------------------------|------------------------------|
| Gas Department | \$ 548,013 | \$ - |
| Water & Sewer Department | 6,830,591 | 204,280 |
| Electric Division | 3,660,431 | - |
| Broadband Division | 203,789 | - |
| | <u>\$ 11,242,824</u> | <u>\$ 204,280</u> |

18. 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. City employees with the exception of the Electric Department (as detailed below) earn 12 sick days each year and 12 or more days of vacation annually. Unused vacation days in excess of 240 hours are rolled into sick leave on the employee's anniversary.

Department of Electricity compensated absences:

The Department of Electricity's annual vacation leave and sick leave policies were updated effective July 1, 2012. Both apply to active full-time employees. Annual vacation leave granted is earned based upon the employee's years of service with the Department. Leave accrual is awarded in the following manner: 1-9 years: 80 hours; 10-14 years: 120 hours; 15+ years: 160 hours. Leave is based upon the employee's standard workday and is paid at the employee's base hourly rate. The earned benefit date is the anniversary date of the employee.

Carry-over is allowed from year to year with a maximum carry-over of 200 hours. Any amount held above 200 hours shall be forfeited at the end of the anniversary year. At the time of termination or retirement, all accumulated vacation leave shall be paid to the employee.

Those employees with carry-over time above the 200 hours maximum from the previous January 2010 policy received two options to reduce their carry-over maximum down to the 200 limit. They were able to choose one of these two options before their next anniversary date and accruing more leave time. Option 1 was to pay out all days beyond 200 hours at \$.50 on the \$1.00. Option 2 was to use the extra time above 200 hours within a 2 year period. If the time had not been utilized by 2 years of the employees' next anniversary date, any time beyond 200 hours shall be forfeited. Time must be approved and scheduled according to policy.

Sick leave is based upon an employee's standard work day and is paid at the employee's hourly rate. Sick leave is accrued at a rate of 1 full day per full calendar month and begins on the first of the month following 90 days of employment.

Carry-over of sick leave is allowed until a maximum of 90 days is reached. Any days earned per year beyond the 90 day maximum will be paid out at a rate of \$.50 on the \$1.00 each year on December 15th. Those employees with balances from the previous policy's sick bank shall roll both balances into one to have one combined "sick days" accrual. If the banked days total is above the 90 day maximum, the \$.50 on the \$1.00 payout made each year will only be on the days earned for that year (maximum of 12 days), not on the previously banked days. At the time of termination, all sick leave is forfeited.

19. Deferred Outflows/Inflows or Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category at June 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has the following types of deferred inflows of resources: the unavailable revenue reported in the governmental funds balance sheet, which arises under a modified accrual basis of accounting, represents amounts that are deferred and recognized as an inflow of resources in the periods that the amounts become available. These amounts relate primarily to unavailable property taxes and amounts of notes receivable that are subject to grant restrictions. The deferred inflows of resources reported in the statement of net position, arises from imposed nonexchange revenues (property taxes) which are assessed prior to the end of the fiscal year, but levied in the subsequent year, and amounts equal to loans receivable that are subject to grant restrictions.

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 \$29,074,992 and included \$28,019,762 collected from current year levy, which was approximately 96.4 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, 2013, 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 position. Bond premiums and discounts 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.

22. Fund Balances

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* 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, 2013 are reported as: nonspendable – \$509,343, restricted – \$9,132,307, committed – \$1,073,919, assigned – \$1,628,066, and unassigned – \$25,040,635. 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.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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 and general fund balance) 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 policy 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 of assets, deferred outflows or resources, liabilities, deferred inflows or resources, and disclosures, and the reported amounts of revenue and expenditures during the reporting period. 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.

26. Restatement of Net Position

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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. In accordance with early implementation of GASB Statement No. 65, *Items Previously Recorded as Assets and Liabilities*, issuance costs except prepaid insurance costs, in the government-wide and proprietary fund statements are expensed as a period cost rather than amortized over the term of the related bonds.

The following restatements of beginning net position have been made within the financial statements:

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

| | Statement of Activities | |
|---|----------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities |
| Net position – beginning of year, as previously reported | \$ 354,697,360 | \$ 370,623,552 |
| Restatement of deferred charge for debt issuance costs (GASB No. 65) | (688,688) | (13,538,969) |
| Restatement of encumbrances | (9,061) | - |
| Restatement of delinquent property taxes | 977,700 | - |
| Restatement of payables | 369,524 | - |
| Net position – beginning of year, as restated | \$ 355,346,835 | \$ 357,084,583 |

The City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2013. The Statement established accounting and financial reporting standards that, among other things, recognized as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. As a result, costs related to the issuance of debt, previously deferred, were restated as if they had been reported as an outflow of resources when incurred.

General Government: \$9,061 represents an encumbered amount from the 2011-12 fiscal year that was not captured in the 2011-12 financial statements. The fund balance has been reduced by this amount as a prior period adjustment.

General Government: \$369,524 has been removed as a payable to other governmental agencies. \$443,750 was booked as a prior period adjustment during fiscal year 2012 as conservative treatment of a possibility of an underpayment to Montgomery County. It has been determined that the actual amount owed was only \$74,226.

General Government: \$977,700 relating to delinquent property taxes had not previously been recognized in the government-wide financial statements.

B. DEPOSITS AND 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 had the following investments with the noted weighted average maturities:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (in years)</u> |
|-----------------------------------|-------------------|---|
| Tennessee LGIP | \$ 15,833,775 | 0.15 |
| US Treasuries/Government Agencies | 27,847,300 | 1.04 |
| Bank Repurchase Agreements | 2,584,851 | 0.06 |
| | \$ 46,265,926 | |

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, 2013.

Custodial credit risk: Investment types permitted are consistent with State laws and 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, 2013, all bank deposits were fully collateralized and insured.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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, 2013, a summary of weighted-average maturities are presented above.

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.

Investments of the Component Unit-Museum consist of the following at June 30, 2013:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Cost</u> |
|------------------------|---------------------|---------------------|
| Common stocks | \$ 397,556 | \$ 301,060 |
| Money market fund | 26,364 | 26,364 |
| Real estate | 2,732 | 2,534 |
| Mutual funds | | |
| Equity | 713,851 | 597,220 |
| Balanced | 29,995 | 32,625 |
| Fixed | 314,493 | 332,027 |
| | <u>\$ 1,484,991</u> | <u>\$ 1,291,830</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 & Broadband Department</u> | <u>Gas, Water & Sewer Department</u> | <u>NGAC</u> | <u>Transit</u> | <u>Other</u> | <u>Total</u> |
|---------------------------------------|-------------------------|----------------------------|--|--|--------------------|------------------|--------------------|----------------------|
| Receivables: | | | | | | | | |
| Accounts | \$ 1,135,313 | \$ 29,360 | \$20,524,878 | \$ 4,238,260 | \$3,703,701 | \$ 17,747 | \$ 5,992 | \$ 29,655,251 |
| Taxes | 31,991,440 | 2,500,000 | - | - | - | - | - | 34,491,440 |
| Other Governments | 3,481,151 | 468,466 | - | - | - | 581,404 | 1,077,174 | 5,608,195 |
| Notes* | 45,361 | 6,450,184 | - | - | - | - | - | 6,495,545 |
| TVA | - | - | 7,080,044 | - | - | - | - | 7,080,044 |
| Other | 138,088 | - | - | - | 11,395 | - | 70,838 | 220,321 |
| Gross receivables | 36,791,353 | 9,448,010 | 27,604,922 | 4,238,260 | 3,715,096 | 599,151 | 1,154,004 | 83,550,796 |
| Less: Allowance for uncollectibles | (567,240) | (179,182) | (421,458) | (105,628) | - | - | - | (1,273,508) |
| Net total receivables | <u>\$36,224,113</u> | <u>\$ 9,268,828</u> | <u>\$27,183,464</u> | <u>\$ 4,132,632</u> | <u>\$3,715,096</u> | <u>\$599,151</u> | <u>\$1,154,004</u> | <u>\$ 82,277,288</u> |

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

| | <u>Unavailable</u> |
|--|----------------------|
| Delinquent property taxes receivable, net of allowance | \$ 1,412,336 |
| Delinquent weed bills receivable | 335,060 |
| 2013 Tax Levy due Oct. 2013 | 29,854,763 |
| Community Development loans* | 7,287,073 |
| Other | <u>10,533</u> |
| Total | <u>\$ 38,899,765</u> |

*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 624 miles of pavement and rates the condition in three conditions: Good to Excellent – 59%; Fair – 30%; and Poor to Failed – 11%. City policy recognizes that streets will always be rated below the 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 "62" at June 30, 2013.

Infrastructure activity for governmental activities for the year ended June 30, 2013 is as follows:

| | <u>Balance</u> <u>July 1, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2013</u> |
|--|---------------------------------------|---------------------|------------------|--|
| <u>Governmental Activities:</u> | | | | |
| Modified Approach Street Network | \$ 250,787,448 | \$ 5,781,600 | \$ - | \$ 256,569,048 |
| Basic Approach | | | | |
| Bridges | 2,117,260 | 877,000 | - | 2,994,260 |
| Drainage Systems | 40,661,905 | 1,133,800 | - | 41,795,705 |
| Sidewalks | 26,153,571 | 2,065,279 | - | 28,218,850 |
| Boat Docks | 390,919 | 754,073 | - | 1,144,992 |
| Traffic Signals / Lighting | 4,193,045 | 626,236 | - | 4,819,281 |
| Total Infrastructure | <u>324,304,148</u> | <u>11,237,988</u> | <u>-</u> | <u>335,542,136</u> |
| | | | | |
| Less Accumulated Depreciation: | | | | |
| Bridges | (288,038) | (43,795) | - | (331,833) |
| Drainage Systems | (8,485,777) | (627,273) | - | (9,113,050) |
| Sidewalks | (3,338,959) | (1,292,591) | - | (4,631,550) |
| Boat Docks | (230,336) | (70,981) | - | (301,317) |
| Traffic Signals / Lighting | (1,271,109) | (313,441) | - | (1,584,550) |
| Total Accumulated Depreciation | <u>(13,614,219)</u> | <u>(2,348,081)</u> | <u>-</u> | <u>(15,962,300)</u> |
| Net Infrastructure | <u>\$ 310,689,929</u> | <u>\$ 8,889,907</u> | <u>\$ -</u> | <u>\$ 319,579,836</u> |

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

Other capital asset activity for governmental activities for the year ended June 30, 2013 is as follows:

| | <u>Balance July 1, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2013</u> |
|--|---------------------------------|----------------------|------------------------|----------------------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital Assets not depreciated: | | | | |
| Land | \$ 13,244,764 | \$ 1,689,541 | \$ - | \$ 14,934,305 |
| Easements | 25,396,627 | 679,869 | - | 26,076,496 |
| Construction in progress | <u>38,150,619</u> | <u>8,057,313</u> | <u>(37,691,092)</u> | <u>8,516,840</u> |
| Total Capital Assets not depreciated | <u>76,792,010</u> | <u>10,426,723</u> | <u>(37,691,092)</u> | <u>49,527,641</u> |
| Capital Assets being depreciated: | | | | |
| Land Improvements | 8,208,877 | 19,389,326 | - | 27,598,203 |
| Machinery and equipment | 20,405,524 | 1,788,235 | (182,074) | 22,011,685 |
| Buildings | 60,829,185 | 13,040,760 | (74,967) | 73,794,978 |
| Motor vehicles | <u>15,616,550</u> | <u>1,508,259</u> | <u>(431,669)</u> | <u>16,693,140</u> |
| Total Capital Assets depreciated | <u>105,060,136</u> | <u>35,726,580</u> | <u>(688,710)</u> | <u>140,098,006</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | (4,487,243) | (313,498) | - | (4,800,741) |
| Machinery and equipment | (13,652,623) | (905,224) | 87,241 | (14,470,606) |
| Buildings | (18,078,021) | (1,207,681) | 33,951 | (19,251,751) |
| Motor vehicles | <u>(11,157,189)</u> | <u>(1,177,183)</u> | <u>405,315</u> | <u>(11,929,057)</u> |
| Total Accumulated Depreciation | <u>(47,375,076)</u> | <u>(3,603,586)</u> | <u>526,507</u> | <u>(50,452,155)</u> |
| Net Capital Assets depreciated | <u>57,685,060</u> | <u>32,122,994</u> | <u>(162,203)</u> | <u>89,645,851</u> |
| Net Governmental Activities Capital Assets | <u>134,477,070</u> | <u>42,549,717</u> | <u>(37,853,295)</u> | <u>139,173,492</u> |
| Net Governmental Activities Capital Assets and Infrastructure | <u>\$ 445,166,999</u> | <u>\$ 51,439,624</u> | <u>\$ (37,853,295)</u> | <u>\$ 458,753,328</u> |

Depreciation expense related to governmental activities was charged to the following functions:

| | |
|------------------------|---------------------|
| General Government | \$ 792,942 |
| Highways and Streets | 2,699,242 |
| Public Safety | 1,429,200 |
| Culture and Recreation | 1,030,283 |
| Total | <u>\$ 5,951,667</u> |

Capital asset activity for business-type activities for the year ended June 30, 2013 is as follows:

| <u>Business-Type Activities:</u> | <u>Balance July 1, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2013</u> |
|--------------------------------------|-------------------------------------|--------------------|------------------|--------------------------------------|
| <u>Parking Authority</u> | | | | |
| Plant and equipment | \$3,494,704 | \$ 12,616 | \$ - | \$ 3,507,320 |
| Less Accumulated Depreciation | <u>(1,476,458)</u> | <u>(67,964)</u> | - | <u>(1,544,422)</u> |
| Net Parking Authority Capital Assets | <u>\$2,018,246</u> | <u>\$ (55,348)</u> | <u>\$ -</u> | <u>\$ 1,962,898</u> |

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

| <u>Transit System</u> | Balance <u>July 1, 2012</u> | <u>Increases</u> | <u>Decreases</u> | Balance <u>June 30, 2013</u> |
|--------------------------------------|--------------------------------|--------------------|--------------------|---------------------------------|
| Capital Assets not depreciated: | | | | |
| Land | \$ 153,432 | \$ - | \$ - | \$ 153,432 |
| Construction in progress | 10,584 | - | (10,584) | - |
| Total Capital Assets not depreciated | <u>164,016</u> | <u>-</u> | <u>(10,584)</u> | <u>153,432</u> |
| Capital Assets being depreciated: | | | | |
| Building | 3,247,353 | 411,805 | (330,298) | 3,328,860 |
| Revenue vehicles | 6,230,685 | 123,514 | (85,193) | 6,269,006 |
| Revenue vehicles-ARRA | 1,896,285 | - | - | 1,896,285 |
| Other vehicles | 276,568 | 89,677 | (35,583) | 330,662 |
| Furniture and equipment | 1,146,643 | 432,342 | (360,723) | 1,218,262 |
| Total Capital Assets depreciated | <u>12,797,534</u> | <u>1,057,338</u> | <u>(811,797)</u> | <u>13,043,075</u> |
| Less Accumulated Depreciation | <u>(6,752,567)</u> | <u>(1,020,390)</u> | <u>(131,008)</u> | <u>(7,641,949)</u> |
| Net Capital Assets depreciated | <u>6,044,967</u> | <u>36,948</u> | <u>680,789</u> | <u>5,401,126</u> |
| Net Transit Capital Assets | <u>\$6,208,983</u> | <u>\$ 36,948</u> | <u>\$(691,373)</u> | <u>\$ 5,554,558</u> |

| <u>Clarksville Electric and Broadband</u> | Balance <u>July 1, 2012</u> | <u>Increases</u> | <u>Decreases</u> | Balance <u>June 30, 2013</u> |
|---|--------------------------------|----------------------|-----------------------|---------------------------------|
| Capital Assets not depreciated: | | | | |
| Land and land rights | \$ 1,762,861 | \$ - | \$ - | \$ 1,762,861 |
| Construction in progress | 6,906,462 | 18,901,009 | (15,822,142) | 9,985,329 |
| Total Capital Assets not depreciated | <u>8,669,323</u> | <u>18,901,009</u> | <u>(15,822,142)</u> | <u>11,748,190</u> |
| Capital Assets being depreciated: | | | | |
| Station equipment | 31,611,306 | 1,309,368 | (664,379) | 32,256,295 |
| Electric transmission system | 81,376,501 | 3,941,618 | (729,939) | 84,588,180 |
| Transportation equipment | 2,564,576 | 721,358 | - | 3,285,934 |
| Furniture and equipment | 2,351,566 | 505,315 | (185,066) | 2,671,815 |
| Communication equipment | 68,481,114 | 4,723,372 | (87,890) | 73,116,596 |
| Poles and fixtures | 1,906,023 | 15,378 | - | 1,921,401 |
| Overhead conductors and devices | 684,257 | - | - | 684,257 |
| Structures and improvements | 6,657,165 | 388,673 | (3,480) | 7,042,358 |
| Plant acquisition adjustments | 882,357 | - | (165,870) | 716,487 |
| Total Capital Assets depreciated | <u>196,514,865</u> | <u>11,605,082</u> | <u>(1,836,624)</u> | <u>206,283,323</u> |
| Less Accumulated Depreciation | <u>(55,405,219)</u> | <u>(10,341,001)</u> | <u>1,962,515</u> | <u>(63,783,705)</u> |
| Net Capital Assets depreciated | <u>141,109,646</u> | <u>1,264,081</u> | <u>125,891</u> | <u>142,499,618</u> |
| Net CDE Capital Assets | <u>\$ 149,778,969</u> | <u>\$ 20,165,090</u> | <u>\$(15,696,251)</u> | <u>\$ 154,247,808</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.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

| | <u>Balance July 1, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2013</u> |
|--------------------------------------|---------------------------------|----------------------|-----------------------|----------------------------------|
| <u>Water and Sewer</u> | | | | |
| Capital Assets not depreciated: | | | | |
| Land and land rights | \$ 3,661,601 | \$ 736,054 | \$ (26,067) | \$ 4,371,588 |
| Construction in progress | 44,822,784 | 39,146,427 | (63,835,014) | 20,134,197 |
| Total Capital Assets not depreciated | <u>48,484,385</u> | <u>39,882,481</u> | <u>(63,861,081)</u> | <u>24,505,785</u> |
| Capital Assets being depreciated: | | | | |
| Plant and equipment | 470,411,289 | 63,835,014 | (2,020,936) | 532,225,367 |
| Less Accumulated Depreciation | <u>(122,121,285)</u> | <u>(13,108,393)</u> | <u>1,055,145</u> | <u>(134,174,533)</u> |
| Net Capital Assets depreciated | <u>348,290,004</u> | <u>50,726,621</u> | <u>(965,791)</u> | <u>398,050,834</u> |
| Net Water and Sewer Capital Assets | <u>\$396,774,389</u> | <u>\$ 90,609,102</u> | <u>(\$64,826,872)</u> | <u>\$422,556,619</u> |

| | <u>Balance July 1, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2013</u> |
|--------------------------------------|---------------------------------|--------------------|-----------------------|----------------------------------|
| <u>Gas</u> | | | | |
| Capital Assets not depreciated: | | | | |
| Land and land rights | \$ 236,659 | \$ - | \$ (13,033) | \$ 223,626 |
| Construction in progress | 910,032 | 1,135,805 | (1,447,870) | 597,967 |
| Total Capital Assets not depreciated | <u>1,146,691</u> | <u>1,135,805</u> | <u>(1,460,903)</u> | <u>821,593</u> |
| Capital Assets being depreciated: | | | | |
| Plant and equipment | 61,838,735 | 1,447,870 | (380,578) | 62,906,027 |
| Less Accumulated Depreciation | <u>(19,797,920)</u> | <u>(1,645,386)</u> | <u>380,578</u> | <u>(21,062,728)</u> |
| Net Capital Assets depreciated | <u>42,040,815</u> | <u>(197,516)</u> | <u>-</u> | <u>41,843,299</u> |
| Net Gas Capital Assets | <u>\$ 43,187,506</u> | <u>\$ 938,289</u> | <u>\$ (1,460,903)</u> | <u>\$ 42,664,892</u> |

| | <u>Balance July 1, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2013</u> |
|--|---------------------------------|-----------------------|-------------------------|----------------------------------|
| <u>Natural Gas Acquisition Corporation</u> | | | | |
| Capital Assets being depreciated: | | | | |
| Plant and equipment | \$ 22,030 | \$ - | \$ - | \$ 22,030 |
| Less Accumulated Depreciation | <u>(20,325)</u> | <u>(1,141)</u> | <u>-</u> | <u>(21,466)</u> |
| Net NGAC Capital Assets | <u>\$ 1,705</u> | <u>\$ (1,141)</u> | <u>\$ -</u> | <u>\$ 564</u> |
| Net Business-Activities Capital Assets | <u>\$ 597,969,798</u> | <u>\$ 111,692,940</u> | <u>\$ (82,675,399)</u> | <u>\$ 626,987,339</u> |

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

| | <u>Balance</u> <u>July 1, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2013</u> |
|-----------------------------------|---------------------------------------|--------------------|------------------|--|
| <u>Museum (Component Unit)</u> | | | | |
| Capital Assets being depreciated: | | | | |
| Leasehold improvements | \$ 3,912,411 | \$ 100,677 | \$ - | \$ 4,013,088 |
| Furniture and equipment | 141,301 | 40 | - | 141,341 |
| Vehicles | 14,565 | - | - | 14,565 |
| Total Capital Assets depreciated | <u>4,068,277</u> | <u>100,717</u> | <u>-</u> | <u>4,168,994</u> |
| Less Accumulated Depreciation | <u>(1,469,599)</u> | <u>(142,321)</u> | <u>-</u> | <u>(1,611,920)</u> |
| Net Capital Assets | <u>\$ 2,598,678</u> | <u>\$ (41,604)</u> | <u>\$ -</u> | <u>\$ 2,557,074</u> |

Depreciation expense related to business-type activities was charged to the following functions:

| | |
|-------------------------------------|----------------------|
| Parking Authority | \$ 67,964 |
| Transit System | 1,140,018 |
| Electric & Broadband | 10,247,076 |
| Water & Sewer | 13,108,393 |
| Gas | 1,645,386 |
| Natural Gas Acquisition Corporation | 1,141 |
| Total | <u>\$ 26,209,978</u> |

Depreciation Expense related to Museum (Component Unit) Activities was charged to the following functions:

| | |
|-------------------------|-------------------|
| Museum (Component Unit) | 142,321 |
| Total | <u>\$ 142,321</u> |

E. LONG-TERM OBLIGATIONS

Governmental long-term debt activity for the year ended June 30, 2013 consists of the following:

| | <u>Balance</u> <u>July 1, 2012</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>June 30, 2013</u> | <u>Amounts Due</u> <u>In Year</u> <u>Ending</u> <u>June 30, 2014</u> |
|-------------------------------|---------------------------------------|----------------------|---------------------|--|---|
| Bonds payable | \$ 38,478,950 | \$ 13,025,000 | \$ 3,510,000 | \$ 47,993,950 | \$ 3,875,950 |
| Notes payable | 62,917,443 | 1,420,265 | 2,327,353 | 62,010,355 | 2,924,000 |
| Bond premiums | 84,521 | 627,755 | 21,089 | 691,187 | - |
| Subtotal | <u>101,480,914</u> | <u>15,073,020</u> | <u>5,858,442</u> | <u>110,695,492</u> | <u>6,799,950</u> |
| Accrued compensated absences | <u>2,767,818</u> | <u>1,832,071</u> | <u>1,780,680</u> | <u>2,819,209</u> | <u>1,572,576</u> |
| Total governmental activities | <u>\$ 104,248,732</u> | <u>\$ 16,905,091</u> | <u>\$ 7,639,122</u> | <u>\$ 113,514,701</u> | <u>\$ 8,372,526</u> |

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

Governmental long-term debt at June 30, 2013 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%. | \$ 17,117,000 |
| \$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%. | 3,475,000 |
| \$4,411,950 2009A General Obligation Refunding Bonds due in increasing annual installments through June 1, 2014, at an interest rate of 3.17%. | 341,950 |
| \$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%. | 2,815,000 |
| \$800,000 1976 Farmers Administration Loan due in increasing annual installments through January 1, 2016, at an interest rate of 5%. | 125,000 |
| \$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%. | 11,095,000 |
| \$13,025,000 2012 General Obligation Public Improvement Bonds due in annual installments through January 15, 2032, at varying rates of interest from 2 to 3%. | <u>13,025,000</u> |
| Total bonds payable | <u>47,993,950</u> |

CITY OF CLARKSVILLE, TENNESSEE

**Notes to Financial Statements
For the Year Ended June 30, 2013**

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. | \$ 14,019,000 |
| \$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. | 3,504,000 |
| \$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. | 5,911,000 |
| \$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. | 1,801,000 |
| \$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. | 24,750,000 |
| \$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%. | 995,000 |
| \$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%. | 568,000 |
| \$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. | 8,062,355 |
| \$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%. | <u>2,400,000</u> |
| Total notes payable | <u>62,010,355</u> |
| Bond premiums | <u>691,187</u> |
| Total bonds, notes payable and premiums | 110,695,492 |
| Add: Accrued compensated absences | 2,819,209 |
| Less: Current portion of long-term debt | (6,799,950) |
| Current portion of accrued compensated absences | <u>(1,572,576)</u> |
| Total governmental activities long-term debt and accrued compensated absences | <u>\$ 105,142,175</u> |

CITY OF CLARKSVILLE, TENNESSEE

**Notes to Financial Statements
For the Year Ended June 30, 2013**

Business long-term liability activity for the year ended June 30, 2013 consists of the following:

| | <u>Balance July 1, 2012</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance June 30, 2013</u> | <u>Due Year End June 30, 2014</u> |
|---|---------------------------------|----------------------|----------------------|----------------------------------|---------------------------------------|
| <u>Gas Department and Water and Sewer Department</u> | | | | | |
| Bonds and notes payable | \$230,500,087 | \$86,663,035 | \$82,995,483 | \$234,167,639 | \$12,078,408 |
| Accrued compensated absences | 819,787 | 586,366 | 620,219 | 785,934 | 632,624 |
| Customer deposits | 5,278,976 | 1,828,164 | 1,787,907 | 5,319,233 | - |
| Premiums on bonds | 4,042,639 | 6,561,323 | 294,914 | 10,309,048 | - |
| Unamortized discount and deferred loss on defeasance | (751,774) | - | (751,774) | - | - |
| Total Gas, Water and Sewer | <u>239,889,715</u> | <u>95,638,888</u> | <u>84,946,749</u> | <u>250,581,854</u> | <u>12,711,032</u> |
| <u>Natural Gas Acquisition Corp.</u> | | | | | |
| Bonds payable | 178,660,000 | - | 12,360,000 | 166,300,000 | 13,280,000 |
| Premium on bonds | 3,359,850 | - | 577,903 | 2,781,947 | - |
| Total NGAC | <u>182,019,850</u> | <u>-</u> | <u>12,937,903</u> | <u>169,081,947</u> | <u>13,280,000</u> |
| <u>Clarksville Transit</u> | | | | | |
| Accrued compensated absences | 157,834 | 128,900 | 115,375 | 171,359 | 171,359 |
| <u>Parking Authority</u> | | | | | |
| Note payable | 51,448 | - | 6,962 | 44,486 | 7,374 |
| <u>Department of Electricity</u> | | | | | |
| Bonds and notes payable | 83,372,611 | - | 2,095,103 | 81,277,508 | 2,170,103 |
| Premium on bonds | 3,443,444 | - | 167,358 | 3,276,086 | - |
| Customer deposits | 4,776,366 | 1,831,713 | 1,631,724 | 4,976,355 | - |
| TVA advances | 6,578,441 | 2,063,135 | 1,392,454 | 7,249,122 | - |
| Accrued compensated absences | 1,614,033 | 142,990 | 44,010 | 1,713,013 | 481,306 |
| Other | 1,148 | - | - | 1,148 | - |
| Total Department of Electricity | <u>99,786,044</u> | <u>4,037,838</u> | <u>5,330,649</u> | <u>98,493,232</u> | <u>2,651,409</u> |
| Total business-type activities | <u>\$ 521,904,891</u> | <u>\$ 99,805,626</u> | <u>\$103,337,638</u> | <u>\$518,372,878</u> | <u>\$28,821,174</u> |
| <u>Museum (Component Unit)</u> | | | | | |
| Note payable | <u>\$ 167,478</u> | <u>\$ -</u> | <u>\$ 16,298</u> | <u>\$ 151,180</u> | <u>\$ 16,833</u> |

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

Business-type activity long-term debt at June 30, 2013 consists of the following obligations:

Bonds Payable:

| | |
|--|--------------------|
| Series 2002 (\$22,040,000) Water, Sewer and Gas Revenue Refunding in annual installments of \$1,570,000 to \$1,920,000 through February 2018, at 4.65% to 5.25% interest. | \$ 8,700,000 |
| 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. | 52,765,000 |
| Series 2006 (\$240,051,000) Natural Gas Acquisition Corp. (NGAC) Gas Revenue in annual installments of \$13,280,000 to \$25,500,000 through December 2022, at 5.0% interest. | 166,300,000 |
| Series 2004 (\$8,560,000) Electric System Revenue in annual installments of \$280,000 to \$410,000 through September 2024, at 2.5% to 4.25% interest. | 3,710,000 |
| Series 2007 (\$52,790,000) Electric System Revenue in annual installments of \$1,530,000 to \$3,750,000 through September 2033, at 4.0% to 5.0% interest. | 49,070,000 |
| 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 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. | 63,680,000 |
| Series 2013A Water, Sewer and Gas Revenue Refunding bonds due in annual installments of \$375,000 to \$3,740,000 to February 2038 at 3.0% to 5.0% interest. | 46,535,000 |
| Series 2013B Water, Sewer and Gas Revenue Refunding bonds due in annual installments of \$2,760,000 to \$3,880,000 to February 2019 at 2.0% to 5.0% interest. | 18,380,000 |
| Total bonds payable | <u>437,000,000</u> |

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

Notes Payable:

| | |
|--|------------------------------|
| Series 1994 (\$10,000,000) TML Bond Fund in annual installments of \$825,000 to \$882,000 through June 2015 at variable interest rates | \$ 1,707,000 |
| 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. | 637,508 |
| Series 2005 (\$49,181,269) Tennessee Municipal Bond Fund Loan due in annual installments of \$1,388,409 to \$3,341,373 through May 2032, at a variable rate of interest. | 42,400,639 |
| Interfund note Parking Authority to purchase garage underneath Transit Garage | <u>44,486</u> |
| Total notes payable | <u>44,789,633</u> |
| Total bonds and notes payable | 481,789,633 |
| Add: Accrued Compensated Absences | 2,670,306 |
| Customer deposits | 10,295,588 |
| TVA advances | 7,249,122 |
| Bond premiums | 16,367,081 |
| Other | 1,148 |
| Less: Current portion of long-term debt and accrued compensated absences | <u>(28,821,174)</u> |
| Total business activity long-term debt | <u><u>\$ 489,551,704</u></u> |

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.

\$ 151,180

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

The annual debt service requirements to amortize bonds and notes payable outstanding as of June 30, 2013 are as follows:

| <u>For the Years Ended June 30,</u> | <u>Governmental Activity Debt Principal</u> | <u>Business-Type Activity Debt Principal</u> | <u>Component Unit Debt Principal</u> | <u>Total Debt Principal</u> | <u>Total Interest</u> |
|---|---|--|--|---------------------------------|-----------------------|
| 2014 | \$ 6,799,950 | \$ 27,528,512 | \$ 16,833 | \$ 34,345,295 | \$ 22,747,107 |
| 2015 | 6,777,000 | 27,979,933 | 17,385 | 34,774,318 | 22,487,333 |
| 2016 | 7,706,000 | 29,745,824 | 17,955 | 37,469,779 | 21,019,013 |
| 2017 | 6,919,000 | 31,742,360 | 18,544 | 38,679,904 | 19,395,606 |
| 2018 | 6,598,000 | 33,587,723 | 19,152 | 40,204,875 | 17,689,988 |
| 2019 | 6,870,000 | 35,617,996 | 19,781 | 42,507,777 | 15,875,410 |
| 2020 | 7,154,000 | 37,791,599 | 20,249 | 44,965,848 | 13,972,279 |
| 2021 | 6,391,000 | 40,208,631 | 21,281 | 46,620,912 | 11,942,703 |
| 2022 | 6,407,000 | 44,141,313 | - | 50,548,313 | 9,768,239 |
| 2023 | 5,203,000 | 19,853,879 | - | 25,056,879 | 8,123,396 |
| 2024 | 4,732,000 | 20,516,573 | - | 25,248,573 | 7,198,231 |
| 2025 | 4,936,000 | 21,269,651 | - | 26,205,651 | 6,281,025 |
| 2026 | 4,210,000 | 9,148,384 | - | 13,358,384 | 5,315,946 |
| 2027 | 4,454,000 | 9,588,053 | - | 14,042,053 | 4,863,812 |
| 2028 | 4,255,000 | 10,063,956 | - | 14,318,956 | 4,377,780 |
| 2029 | 3,811,000 | 10,561,403 | - | 14,372,403 | 3,882,616 |
| 2030 | 3,867,355 | 11,090,724 | - | 14,958,079 | 3,398,000 |
| 2031 | 3,511,000 | 11,622,260 | - | 15,133,260 | 2,911,702 |
| 2032 | 3,662,000 | 12,176,373 | - | 15,838,373 | 2,400,380 |
| 2033 | 3,535,000 | 7,305,000 | - | 10,840,000 | 1,866,895 |
| 2034 | 2,206,000 | 7,675,000 | - | 9,881,000 | 1,422,068 |
| 2035 | - | 8,065,000 | - | 8,065,000 | 991,250 |
| 2036 | - | 8,470,000 | - | 8,470,000 | 581,125 |
| 2037 | - | 2,925,000 | - | 2,925,000 | 299,750 |
| 2038 | - | 3,070,000 | - | 3,070,000 | 153,500 |
| Total | \$ 110,004,305 | \$ 481,745,147 | \$ 151,180 | \$ 591,900,632 | \$ 208,965,154 |

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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.

F. DEFEASED DEBT

Sewer and Gas Revenue Refunding and Improvement Bonds, Series 2001 were issued on June 28, 2001 in part to 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, 2013, bonds outstanding of \$1,644,041 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, 10th 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% of annual covered payroll. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2013 was 15.42% 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, 2013, the City's annual pension cost of \$7,061,753 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

on investment of present and future assets of 7.5% a year compounded annually, (b) projected 3.0% annual rate of inflation, (c) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5% annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5% 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, 2011 was 17 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-----------------------|------------------------------|----------------------------------|---------------------------|
| June 30, 2013 | \$ 7,061,753 | 100.0% | \$ 0.00 |
| June 30, 2012 | 6,865,720 | 100.0% | 0.00 |
| June 30, 2011 | 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%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, and the projected salary increases. 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 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 following is a schedule of funding progress for the City (dollar amounts in thousands):

| Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) -Entry Age (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|---|---|--------------------------------------|--------------------------|---------------------------|---|
| July 1, 2011 | \$ 106,753 | \$ 137,058 | \$ 30,305 | 77.89% | \$ 43,351 | 69.91% |
| July 1, 2009 | 84,793 | 88,205 | 3,412 | 96.13% | 38,821 | 8.79% |
| July 1, 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.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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 - 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's 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 (CDE) 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 retirement plan as discussed in Note G, CDE established a progress sharing plan as part of the 401(K) plan. Employees are divided into three groups, based upon date of hire, to determine the contribution by CDE for each employee. Those hired on or after July 1, 2009 receive 3% Progress Sharing Contribution. Those hired from January 1, 1998 – June 30, 2009, receive 5% Progress Sharing Contribution. Those hired prior to January 1, 1998, are in an Age Based Pool program with a guaranteed minimum contribution of 5%.

Additionally, CDE matches up to an additional 3% contribution to each employee's 401(k) account. Employer contributions to this plan are discretionary.

The following is selected information relating to the plan:

| | |
|---|-------------------|
| Contributions for the year ended June 30, 2013: | |
| Employer 401(K) | \$ 175,561 |
| Employer progress sharing | 443,020 |
| Employee 401(K) | 256,439 |
| Total | <u>\$ 875,020</u> |

The plan is audited on a calendar year basis and the plan market value as of December 31, 2012 is as follows:

| | |
|--|---------------------|
| Plan assets on December 31, 2012 (market value) | <u>\$ 9,883,489</u> |
|--|---------------------|

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

I. OTHER POST EMPLOYMENT BENEFITS

The City accounts for its other post-employment benefit plans in accordance with the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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 was 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. The plan allowed retirees 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 826 participants of which 208 are retired participants and 618 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, 2012. 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 2013 were sufficient to pay the current cost of premiums for other post employment benefits for eligible retirees in fiscal year 2013. For fiscal year 2013, the general government, the Gas, Water, and Sewer Department, and the Clarksville Transit System paid a total of \$556,133 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) | \$ 6,028,729 |
| Interest on net OPEB obligation | 961,753 |
| Adjustment to annual required contribution | <u>(1,121,430)</u> |
| Annual OPEB expense | 5,869,052 |
| Contributions made | <u>(556,133)</u> |
| Increase in net OPEB obligation | 5,312,919 |
| NET OPEB obligation - beginning of year | 23,910,050 |
| NET OPEB obligation - end of year | <u><u>\$ 29,222,969</u></u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2012 and 2011 is as follows:

| Fiscal Year Ended June 30, | Annual OPEB Cost | Annual Employer Contribution | % of Annual OPEB Cost Contributed | Net Ending OPEB Obligation / (Asset) |
|----------------------------------|------------------------|------------------------------------|---|--|
| 2013 | \$ 5,869,052 | \$ 556,133 | 9.48% | \$ 29,222,969 |
| 2012 | 6,450,409 | 1,168,318 | 18.11% | 23,910,050 |
| 2011 | 6,217,632 | 1,024,396 | 16.48% | 18,627,959 |

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$74.5 million, and the actuarial value of assets was \$0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$74.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$44.6 million, and the ratio of the UAAL to the covered payroll was 167.1%.

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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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.

The following is a schedule of funding progress for the City (dollar amounts in thousands):

| Plan Year | Actuarial Value of Assets (a) | Actuarial Accrued 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) |
|-----------|----------------------------------|--|------------------------------|-----------------------|------------------------|--|
| 2010-2011 | \$0 | \$82,389 | \$82,389 | 0% | \$39,525 | 208.4% |
| 2011-2012 | 0 | 87,394 | 87,394 | 0% | 41,184 | 212.2% |
| 2012-2013 | 0 | 74,506 | 74,506 | 0% | 44,574 | 167.1% |

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, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 10.5% initially, reduced by uniform decrements to an ultimate rate of 5.0% over an eleven year period. Dental costs for single coverage are assumed to be \$288 per year for all attained ages. The rate of inflation (assumed rate of increase in payroll) was assumed at 2.0%. 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, 2012 study date was thirty years.

The Department of Electricity – The Department of Electricity under authority of the Electric Power Board provides a medical insurance coverage plan 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. On March 1, 2013, the plan was again amended so that retirement could begin at either age 55 and 30 years of service, or age 60 and 15 years of service. Seven retired employees were covered for medical insurance at June 30, 2013.

The plan is a single-employer defined benefit plan for medical insurance. 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 plan does 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 for fiscal year 2013:

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

| | |
|---|-------------------|
| Normal cost | \$ 19,020 |
| 30 year amortization of accrued liability | 68,210 |
| 15 year amortization of actuarial gain | (49,638) |
| Interest on net OPEB obligation | 14,174 |
| Annual OPEB expense | <u>51,766</u> |
| Contributions made | <u>(37,075)</u> |
| Increase in net OPEB obligation | 14,691 |
| NET OPEB obligation - beginning of year | 413,515 |
| NET OPEB obligation - end of year | <u>\$ 428,206</u> |

The Electric Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2012 and 2011 are as follows:

| Fiscal Year Ended June 30, | Annual OPEB Cost | Annual Employer Contribution | % of Annual OPEB Cost Contributed | Net Ending OPEB Obligation |
|----------------------------------|---------------------|------------------------------------|---|----------------------------------|
| 2013 | \$ 51,766 | \$ 37,075 | 71.62 % | \$ 428,206 |
| 2012 | 51,393 | 39,008 | 75.90% | 413,515 |
| 2011 | 56,719 | 41,494 | 73.16% | 401,130 |

As of June 30, 2013, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$869,756 and the actuarial value of the assets was zero, resulting in an unfunded actuarial liability (UAAL) of \$869,756. The covered payroll (annual payroll of active employees covered by the plan) was \$7,173,000, and the ratio of the UAAL to the covered payroll was 12.13%. The ARC was .52% of covered payroll and the funding was determined on a pay-as-you-go basis.

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, 2013 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included an annual healthcare cost trend rate of 6.0% initially, reduced by .25% until 3.0% is reached. This rate includes a 3.0% inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2013 is twenty-four years.

J. 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

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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, 2013, the amount of these estimated insurance liabilities was \$837,008. Changes in the reported liability are as follows for the last three fiscal years:

| | Balance Beginning of Fiscal Year | Claims and Changes in Estimates | Claim Payments | Balance at at End of Fiscal Year |
|-----------|--|---------------------------------------|-------------------|--|
| 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 |
| 2012-2013 | 1,573,912 | 229,388 | 966,292 | 837,008 |

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.

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, a security deposit or third-party guaranty where appropriate.

L. INTER-FUND TRANSACTIONS

Inter-fund receivable and payable balances at June 30, 2013, are as follows:

| | Major Fund General | Debt Service | Non-Major Governmental | Non-Major Proprietary | Internal Service | Capital Projects | Major Fund Electric |
|----------------------|-----------------------|-------------------|---------------------------|--------------------------|---------------------|---------------------|---------------------------|
| Interfund Receivable | \$ 2,983,972 | \$ 698,712 | \$ 2,887,993 | \$ 511,807 | \$ 2,062,176 | \$ 976,000 | \$ 217,092 |
| Interfund Payable: | | | | | | | |
| Major Funds: | | | | | | | |
| General | \$ - | \$ 698,712 | \$ 2,887,993 | \$ 511,807 | \$ 2,062,176 | \$ - | \$ 217,092 |
| Capital Projects | 2,267,001 | - | - | - | - | - | - |
| Gas | 120,005 | - | - | - | - | - | - |
| Non-Major Funds: | | | | | | | |
| Governmental | 93,178 | - | - | - | - | 976,000 | - |
| Proprietary | 45,672 | - | - | - | - | - | - |
| Internal Service | 458,116 | - | - | - | - | - | - |
| | <u>\$ 2,983,972</u> | <u>\$ 698,712</u> | <u>\$ 2,887,993</u> | <u>\$ 511,807</u> | <u>\$ 2,062,176</u> | <u>\$ 976,000</u> | <u>\$ 217,092</u> |

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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, 2013 allocated infrastructure costs were as follows:

| | Unit Costs | June 30, 2013 Annual Broadband Units | June 30, 2013 Allocated Costs |
|-----------------|----------------|---|----------------------------------|
| Depreciation | \$ 2.70 | 283,965 | \$ 766,706 |
| Interest | 2.15 | 283,965 | 610,525 |
| Taxes | 0.85 | 283,965 | 241,370 |
| Pole Attachment | 0.35 | 283,965 | 99,388 |
| Totals | \$ 6.05 | | \$ 1,717,989 |

During the 2008 fiscal year, the Broadband Division began “renting” an office building from the Electric Division for Broadband operations. During the 2013 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, 2013.

At June 30, 2013, the Electric Division owed the Broadband Division \$1,185,246. This amount represents payment for broadband services the Electric Division had collected on behalf of the Broadband Division.

N. INTERDIVISIONAL RECEIVABLE/PAYABLE BETWEEN THE DEPARTMENT OF ELECTRICITY - ELECTRIC AND BROADBAND DIVISIONS

Changes in the interdivisional payable/receivable account for the year ended June 30, 2013, were as follows:

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|---------------------------------------|-------------------------|--------------|----------------|--------------------------|
| Interdivisional Receivable/Payable | \$ 17,717,744 | \$ 1,048,943 | \$ (1,000,000) | \$ 17,766,687 |

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, 2013.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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 \$1,250,000 to \$3,500,000 annually. The balance of this loan was \$15,000,000 at June 30, 2013.

- *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 interest rate 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. Repayment of this loan will begin during fiscal year 2015. The repayment schedule calls for annual interest payments (based on the outstanding balance of the loan) and principal payments of \$276,669 annually. The balance of this loan was \$2,766,687 at June 30, 2013.

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, 2013, were as follows:

| | <u>Amount</u> | <u>Transfer to:</u> | | | | |
|-----------------------------|----------------------|---------------------|--------------------------|---------------------|----------------------------------|-------------------------|
| | | <u>General Fund</u> | <u>Non-Major Transit</u> | <u>Debt Service</u> | <u>Non-Major Special Revenue</u> | <u>Capital Projects</u> |
| <u>Transfer from:</u> | | | | | | |
| General Fund | \$ 8,536,148 | \$ - | \$ 1,745,266 | \$6,185,952 | \$ 235,537 | \$ 369,393 |
| Electric/Broadband Depts. | 3,937,162 | 3,937,162 | - | - | - | - |
| Gas Department | 631,950 | 631,950 | - | - | - | - |
| Water and Sewer | 2,581,129 | 2,581,129 | - | - | - | - |
| Parking Authority-Non-Major | 293,648 | 293,648 | - | - | - | - |
| Special Revenue-Non-Major | 1,492,002 | - | - | 1,485,398 | - | 6,604 |
| Total | \$ 17,472,039 | \$ 7,443,889 | \$ 1,745,266 | \$7,671,350 | \$ 235,537 | \$ 375,997 |

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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 \$439,630 for the year ended June 30, 2013.

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 approximately \$7 million at June 30, 2013. The Gas Department and the Water and Sewer Department have construction commitments totaling \$76.4 million at June 30, 2013.

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.

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.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

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, have 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 - 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, the 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 for wholesale power purchases. Under this rate structure, TVA billed CDE based upon CDE's sales of power to retail customers. Traditionally, TVA has billed CDE on or about the 19th 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 on a calendar month basis. The new wholesale rate structure applies to metered wholesale energy sales from TVA to CDE. 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 has experienced since 1992.

TVA Residential Energy Services Program – This program provides loans to consumers within the CDE service area for the purchase of qualified electric heating and cooling systems. The program is managed by Regions Bank and the loans are backed by TVA. CDE functions as a conduit for the servicing of these loans. Loan principal and interest payments are included in monthly utility bills. The loan payments are remitted to Regions Bank. Differences in the receivable/payable balances at June 30, 2013 and 2012 are timing differences.

R. EXTRAORDINARY LOSS

Excessive rainfall on May 1st and 2nd of 2010 resulted in the Cumberland River 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 2015 before all permanent solutions are in place.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

For funding purposes, the Federal Emergency Management Agency (FEMA) has divided the damages into smaller components referred to as projects. Since many of the projects are considered "improved projects" the Departments need to await approval from FEMA before beginning the work. The Gas, Water and Sewer department was 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 Departments estimate the total cost of the recovery will be in excess of \$130 million. The projects defunded represent the majority of the costs related to the flood. The approved projects total \$1.4 million and the departments 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. The Departments have spent approximately \$55 million to date.

S. DEFICIT FUND BALANCES

For the fiscal year ended June 30, 2013, there were no instances of deficit fund balance in any funds.

T. ACCOUNTING PRONOUNCEMENTS

The City adopted GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, required for fiscal periods beginning after December 15, 2011, in fiscal 2013. This Statement addresses how to account for and report service concession arrangements.

The City adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, required for fiscal periods beginning after June 15, 2012, in fiscal 2013. This Statement is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statements No. 14 and 34, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued.

The City adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, required for fiscal periods beginning after December 15, 2011, in fiscal 2013. This Statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements.

The City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, required for fiscal periods beginning after December 15, 2011, in fiscal 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government reports with information about how past transactions will continue to impact a government's financial statements in the future.

The City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, required for fiscal periods beginning after December 15, 2012, in fiscal 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows or resources, certain items that were previously reported as assets and liabilities. See Restatement of Net Position in Note A.

The City plans to adopt GASB Statement No. 66, *Technical Corrections- 2012- an amendment of GASB Statements No. 10 and No. 62*, required for fiscal periods beginning after December 15, 2012, in fiscal 2014. This Statement improves accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of Statements No. 54 and No. 62.

The City plans to adopt GASB Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*, required for fiscal periods beginning after June 15, 2013, in fiscal 2014. This Statement improves financial reporting by state and local government pension plans.

CITY OF CLARKSVILLE, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2013

The City plans to adopt GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, required for fiscal periods beginning after June 15, 2014, in fiscal 2015. This Statement improves accounting and financial reporting by state and local governments for pensions.

The City plans to adopt GASB Statement No. 69, *Government Operations and Disposals of Government Operations*, required for fiscal periods beginning after December 15, 2013, in fiscal 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

The City plans to adopt GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, required for fiscal periods beginning after June 15, 2013, in fiscal 2014. This Statement improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

Unless otherwise noted, management is in the process of determining the effects that the adoption of these Statements will have on the City's financial statements.

**CITY OF CLARKSVILLE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013
(Unaudited)**

A. SCHEDULE OF FUNDING PROGRESS FOR PENSION PLAN

| Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b) - (a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b-a)/c) |
|--------------------------------|---|--|--|--------------------------|---------------------------|--|
| July 1, 2011 | \$106,753,000 | \$137,058,000 | \$ 30,305,000 | 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 FOR OPEB

City of Clarksville Departments Excluding Electric and Broadband:

| Plan Year | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b) - (a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b-a)/c) |
|--------------|--|--|--|--------------------------|---------------------------|--|
| July 1, 2012 | \$ - | \$ 74,506,000 | \$ 74,506,000 | 0.00% | \$ 44,574,000 | 167.10% |
| July 1, 2011 | - | 87,394,000 | 87,394,000 | 0.00% | 41,184,000 | 212.20% |
| July 1, 2010 | - | 82,389,000 | 82,389,000 | 0.00% | 39,525,000 | 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) (b) | Unfunded AAL (UAAL) (b) - (a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|--|--------------------------|---------------------------|--|
| June 30, 2013 | - | 869,756 | 869,756 | 0.00% | 7,173,000 | 12.13% |
| 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% |

**CITY OF CLARKSVILLE, TENNESSEE
 REQUIRED SUPPLEMENTARY INFORMATION- CONTINUED
 JUNE 30, 2013
 (Unaudited)**

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.

CITY OF CLARKSVILLE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION- CONTINUED
JUNE 30, 2013
(Unaudited)

Assessed Conditions

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

| For the Period Ended | Maintenance Rating | Total Miles |
|----------------------|--------------------|-------------|
| June 30, 2013 | Good (PCI 62) | 624 |
| 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 2013</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 | 59% | 64% | 56% | 55% | 57% | 60% | 60% | 65% | 62% |
| Fair | 30% | 22% | 18% | 23% | 20% | 18% | 20% | 17% | 22% |
| Poor to Failed | 11% | 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:

| <u>Fiscal Year</u> | <u>Budgeted Estimate</u> | <u>Actual Expenditure</u> |
|--------------------|--------------------------|---------------------------|
| 2014 | \$ 3,720,000 | \$ N/A |
| 2013 | 3,520,000 | 3,872,665 |
| 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 |

CITY OF CLARKSVILLE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION- CONTINUED
JUNE 30, 2013
(Unaudited)

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, 2013**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|---------------------------|---------------------------------------|
| <u>Capital Projects</u> | | | | |
| <u>Revenue</u> | | | | |
| Interest | \$ - | \$ - | \$ 13,891 | \$ 13,891 |
| Federal and state grants | 5,636,865 | 5,636,865 | 2,476,678 | (3,160,187) |
| Contributions | 28,671 | 28,671 | 60,238 | 31,567 |
| <u>Other Financing Sources</u> | | | | |
| Bond Proceeds | 36,982,581 | 36,982,581 | 15,073,020 | (21,909,561) |
| Transfer in | 11,287 | 11,287 | 375,997 | 364,710 |
| Total revenue and other financing sources | <u>42,659,404</u> | <u>42,659,404</u> | <u>17,999,824</u> | <u>(24,659,580)</u> |
| <u>Expenditures</u> | | | | |
| Capital investments | 7,618,076 | 7,618,076 | 1,434,085 | 6,183,991 |
| Other expenditures | 14,290,342 | 14,290,342 | 8,531,326 | 5,759,016 |
| Total expenditures | <u>21,908,418</u> | <u>21,908,418</u> | <u>9,965,411</u> | <u>11,943,007</u> |
| Net Change in Fund Balance | <u>\$ 20,750,986</u> | <u>\$ 20,750,986</u> | <u>8,034,413</u> | <u>\$ (12,716,573)</u> |
| Fund Balance, Beginning of Year | | | 63,751 | |
| Fund Balance, End of Year | | | <u>\$ 8,098,164</u> | |
| | | | | |
| <u>Debt Service</u> | | | | |
| <u>Revenue</u> | | | | |
| Transfers from non-component unit | \$ 390,393 | \$ 390,393 | \$ 390,393 | \$ - |
| <u>Other Financing Sources</u> | | | | |
| Transfers In | 8,355,361 | 8,987,698 | 7,671,349 | (1,316,349) |
| Total revenue and other financing sources | <u>8,745,754</u> | <u>9,378,091</u> | <u>8,061,742</u> | <u>(1,316,349)</u> |
| <u>Expenditures</u> | | | | |
| Principal retirement | 5,837,353 | 5,837,353 | 5,837,353 | - |
| Interest and other charges | 2,902,551 | 2,902,551 | 2,223,351 | 679,200 |
| Other | 5,850 | 5,850 | 900 | 4,950 |
| Total expenditures | <u>8,745,754</u> | <u>8,745,754</u> | <u>8,061,604</u> | <u>684,150</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ 632,337</u> | <u>138</u> | <u>\$ (632,199)</u> |
| Fund Balance, Beginning of Year | | | 1,627,928 | |
| Fund Balance, End of Year | | | <u>\$ 1,628,066</u> | |

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

CITY OF CLARKSVILLE, TENNESSEE

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013

| | Speical Revenue Funds | | | | | | Total |
|---|--------------------------|-------------------|---------------------------|--------------------------|--|--------------------------------------|----------------------|
| | Community Development | Drug Fund | Police Special Fund | Parks Special Fund | Capital Projects Revenue District Fund | Other Special Revenue Funds | |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 349,480 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 349,480 |
| Notes receivable | 6,271,002 | - | - | - | - | - | 6,271,002 |
| Accounts receivable | - | - | - | - | - | 29,360 | 29,360 |
| Taxes receivable | - | - | - | - | 2,500,000 | - | 2,500,000 |
| Grant receivable | 112,539 | - | 93,673 | 145,000 | - | 51,465 | 402,677 |
| Due from other governments | - | 423 | - | 65,366 | - | - | 65,789 |
| Due from other funds of the primary government | 138,514 | 596,203 | 54,844 | 504,438 | 1,534,808 | 59,186 | 2,887,993 |
| Inventory | - | - | - | 2,229 | - | - | 2,229 |
| Other | 883,321 | - | - | 17,477 | - | - | 900,798 |
| Restricted assets: | | | | | | | |
| Cash and cash equivalents | - | 134,152 | - | - | - | - | 134,152 |
| Total assets | <u>\$ 7,754,856</u> | <u>\$ 730,778</u> | <u>\$ 148,517</u> | <u>\$ 734,510</u> | <u>\$ 4,034,808</u> | <u>\$ 140,011</u> | <u>\$ 13,543,480</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 79,211 | \$ 71,118 | \$ 29,586 | \$ 199,693 | \$ - | \$ 15,342 | \$ 394,950 |
| Due to other funds of the primary government | 73,699 | - | - | - | 976,000 | 19,479 | 1,069,178 |
| Unearned revenues | - | 134,152 | 30,359 | - | - | - | 164,511 |
| Total liabilities | <u>152,910</u> | <u>205,270</u> | <u>59,945</u> | <u>199,693</u> | <u>976,000</u> | <u>34,821</u> | <u>1,628,639</u> |
| Deferred Inflows of Resources | | | | | | | |
| Unavailable revenues | <u>7,287,073</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,500,000</u> | <u>-</u> | <u>9,787,073</u> |
| Fund Balances | | | | | | | |
| Nonspendable | - | - | - | 19,706 | - | - | 19,706 |
| Restricted | 314,873 | 525,508 | 88,572 | - | - | 105,190 | 1,034,143 |
| Committed | - | - | - | 515,111 | 558,808 | - | 1,073,919 |
| Unassigned | - | - | - | - | - | - | - |
| Total fund balances | <u>314,873</u> | <u>525,508</u> | <u>88,572</u> | <u>534,817</u> | <u>558,808</u> | <u>105,190</u> | <u>2,127,768</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 7,754,856</u> | <u>\$ 730,778</u> | <u>\$ 148,517</u> | <u>\$ 734,510</u> | <u>\$ 4,034,808</u> | <u>\$ 140,011</u> | <u>\$ 13,543,480</u> |

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

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Revenue, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2013

| | Special Revenue Funds | | | | | | Total |
|--|----------------------------|-------------------|---------------------|--------------------|--|-----------------------------|---------------------|
| | Community Development Fund | Drug Fund | Police Special Fund | Parks Special Fund | Capital Projects Revenue District Fund | Other Special Revenue Funds | |
| Revenues | | | | | | | |
| Local taxes | \$ - | \$ - | \$ - | \$ - | \$ 1,900,000 | \$ - | \$ 1,900,000 |
| Program income | 174,569 | - | - | 320,511 | - | - | 495,080 |
| Interest | 41 | - | - | - | - | - | 41 |
| Federal and state grants | 1,616,742 | 12,482 | 481,044 | 223,113 | - | 65,960 | 2,399,341 |
| Fines and forfeitures | - | 313,157 | 117,299 | - | - | 339,454 | 769,910 |
| Contributions | - | - | 8,572 | 64,025 | - | - | 72,597 |
| Miscellaneous | 18,204 | - | - | - | - | - | 18,204 |
| Total revenues | <u>1,809,556</u> | <u>325,639</u> | <u>606,915</u> | <u>607,649</u> | <u>1,900,000</u> | <u>405,414</u> | <u>5,655,173</u> |
| Expenditures | | | | | | | |
| Recreation | - | - | - | 631,818 | - | 197,719 | 829,537 |
| Drug enforcement | - | 145,520 | - | - | - | - | 145,520 |
| Community development | 1,877,301 | - | - | - | - | - | 1,877,301 |
| Public safety | - | - | 487,200 | - | - | 130,679 | 617,879 |
| Capital outlay | - | 76,446 | 144,842 | - | - | 175,984 | 397,272 |
| Other expenditures | - | - | - | - | - | 51,466 | 51,466 |
| Total expenditures | <u>1,877,301</u> | <u>221,966</u> | <u>632,042</u> | <u>631,818</u> | <u>-</u> | <u>555,848</u> | <u>3,918,975</u> |
| Excess (deficiency) of revenue over (under) expenditures | (67,745) | 103,673 | (25,127) | (24,169) | 1,900,000 | (150,434) | 1,736,198 |
| Other Financing Sources(Uses) | | | | | | | |
| Transfers in | 80,000 | - | 2,152 | 83,400 | - | 69,985 | 235,537 |
| Transfers out | - | - | - | - | (1,485,398) | (6,604) | (1,492,002) |
| Total other financing sources (uses) | <u>80,000</u> | <u>-</u> | <u>2,152</u> | <u>83,400</u> | <u>(1,485,398)</u> | <u>63,381</u> | <u>(1,256,465)</u> |
| Net change in fund balances | 12,255 | 103,673 | (22,975) | 59,231 | 414,602 | (87,053) | 479,734 |
| Fund Balance - Beginning as previously reported | <u>311,679</u> | <u>421,835</u> | <u>111,547</u> | <u>475,586</u> | <u>144,206</u> | <u>192,243</u> | <u>1,657,096</u> |
| Prior period adjustment as discussed in Note A | <u>(9,061)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(9,061)</u> |
| Fund Balance - Beginning as restated | <u>302,618</u> | <u>421,835</u> | <u>111,547</u> | <u>475,586</u> | <u>144,206</u> | <u>192,243</u> | <u>1,648,035</u> |
| Fund Balance - Ending | <u>\$ 314,873</u> | <u>\$ 525,508</u> | <u>\$ 88,572</u> | <u>\$ 534,817</u> | <u>\$ 558,808</u> | <u>\$ 105,190</u> | <u>\$ 2,127,768</u> |

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

CITY OF CLARKSVILLE, TENNESSEE

Non-Major Governmental Funds
Schedules of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For Year Ended June 30, 2013

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|---------------------------|---------------------------------------|
| <u>Community Development</u> | | | | |
| <u>Revenue</u> | | | | |
| Program income | \$ 220,000 | \$ 220,000 | \$ 174,569 | \$ (45,431) |
| Interest | - | - | 41 | 41 |
| Federal and state grants | 1,202,276 | 1,395,716 | 1,616,742 | 221,026 |
| Other | - | - | 18,204 | 18,204 |
| <u>Other Financing Sources</u> | | | | |
| Transfer In | 80,000 | 80,000 | 80,000 | - |
| Total revenue and other financing sources | <u>1,502,276</u> | <u>1,695,716</u> | <u>1,889,556</u> | <u>193,840</u> |
| <u>Expenditures</u> | | | | |
| Community development | 1,052,276 | 1,695,716 | 1,877,301 | (181,585) |
| Capital investments | - | - | - | - |
| Total expenditures | <u>1,052,276</u> | <u>1,695,716</u> | <u>1,877,301</u> | <u>(181,585)</u> |
| Net Change in Fund Balance | <u>\$ 450,000</u> | <u>\$ -</u> | <u>12,255</u> | <u>\$ 12,255</u> |
| Fund Balance, Beginning of Year | | | 311,679 | |
| Prior Period Adjustment (See Note A) | | | (9,061) | |
| Fund Balance, End of Year | | | <u>\$ 314,873</u> | |
| <u>Drug Fund</u> | | | | |
| <u>Revenue</u> | | | | |
| Fines and forfeitures | \$ 225,789 | \$ 301,830 | \$ 313,157 | \$ 11,327 |
| Federal reimbursements | - | - | 12,482 | 12,482 |
| Total revenue | <u>225,789</u> | <u>301,830</u> | <u>325,639</u> | <u>23,809</u> |
| <u>Expenditures</u> | | | | |
| Drug enforcement | 264,789 | 229,068 | 145,520 | 83,548 |
| Capital investments | 109,271 | 99,492 | 76,446 | 23,046 |
| Total expenditures | <u>374,060</u> | <u>328,560</u> | <u>221,966</u> | <u>106,594</u> |
| Net Change in Fund Balance | <u>\$ (148,271)</u> | <u>\$ (26,730)</u> | <u>103,673</u> | <u>\$ 130,403</u> |
| Fund Balance, Beginning of Year | | | 421,835 | |
| Fund Balance, End of Year | | | <u>\$ 525,508</u> | |

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

CITY OF CLARKSVILLE, TENNESSEE

Non-Major Governmental Funds
Schedules of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For Year Ended June 30, 2013

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|---------------------------|---------------------------------------|
| <u>Police Special Fund</u> | | | | |
| <u>Revenue</u> | | | | |
| Interest | \$ - | \$ 28 | \$ - | \$ (28) |
| Federal and state grants | 742,009 | 539,823 | 481,044 | (58,779) |
| Fines and forfeitures | 180,000 | 119,978 | 117,299 | (2,679) |
| Contributions | - | 8,772 | 8,572 | (200) |
| <u>Other Financing Sources</u> | | | | |
| Transfers in | 2,000 | 2,152 | 2,152 | - |
| Total revenue and other financing sources | <u>924,009</u> | <u>670,753</u> | <u>609,067</u> | <u>(61,686)</u> |
| <u>Expenditures</u> | | | | |
| Public safety | 759,806 | 541,237 | 487,200 | 54,037 |
| Capital investments | 299,098 | 144,844 | 144,842 | 2 |
| Total expenditures | <u>1,058,904</u> | <u>686,081</u> | <u>632,042</u> | <u>54,039</u> |
| Net Change in Fund Balance | <u>\$ (134,895)</u> | <u>\$ (15,328)</u> | <u>(22,975)</u> | <u>\$ (7,647)</u> |
| Fund Balance, Beginning of Year | | | 111,547 | |
| Fund Balance, End of Year | | | <u>\$ 88,572</u> | |
| <u>Parks Special Fund</u> | | | | |
| <u>Revenue</u> | | | | |
| Program income | \$ 312,662 | \$ 303,662 | \$ 320,511 | \$ 16,849 |
| Federal and state grants | 230,212 | 248,212 | 223,113 | (25,099) |
| Contributions | 74,775 | 74,275 | 64,025 | (10,250) |
| <u>Other Financing Sources</u> | | | | |
| Transfers In | - | 83,400 | 83,400 | - |
| Total revenue and other financing sources | <u>617,649</u> | <u>709,549</u> | <u>691,049</u> | <u>(18,500)</u> |
| <u>Expenditures</u> | | | | |
| Recreation | 762,983 | 844,576 | 631,818 | 212,758 |
| Total expenditures | <u>762,983</u> | <u>844,576</u> | <u>631,818</u> | <u>212,758</u> |
| Net Change in Fund Balance | <u>\$ (145,334)</u> | <u>\$ (135,027)</u> | <u>59,231</u> | <u>\$ 194,258</u> |
| Fund Balance, Beginning of Year | | | 382,420 | |
| Absorb Special Events Fund | | | 93,166 | |
| Fund Balance, End of Year | | | <u>\$ 534,817</u> | |

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

CITY OF CLARKSVILLE, TENNESSEE

Non-Major Governmental Funds
 Schedules of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For Year Ended June 30, 2013

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|----------------------------|-------------------------|---------------------------|---------------------------------------|
| <u>Other Special Revenue Fund</u> | | | | |
| <u>Revenue</u> | | | | |
| Federal and state grants | \$ 18,568 | \$ 65,822 | \$ 65,960 | \$ 138 |
| Fines and forfeitures | 475,700 | 340,225 | 339,454 | (771) |
| <u>Other Financing Sources</u> | | | | |
| Transfers In | 86,500 | 86,500 | 69,985 | (16,515) |
| Total revenue and other financing sources | <u>580,768</u> | <u>492,547</u> | <u>475,399</u> | <u>(17,148)</u> |
| <u>Expenditures</u> | | | | |
| Miscellaneous | 102,508 | 51,022 | 51,466 | (444) |
| Public safety | 191,722 | 131,145 | 130,679 | 466 |
| Recreation | 210,000 | 197,554 | 197,719 | (165) |
| Capital investments | 289,472 | 175,985 | 175,984 | 1 |
| <u>Other Financing Uses</u> | | | | |
| Transfer out | - | 6,604 | 6,604 | - |
| Total expenditures and other financing uses | <u>793,702</u> | <u>562,310</u> | <u>562,452</u> | <u>(142)</u> |
| Net Change in Fund Balance | <u>\$ (212,934)</u> | <u>\$ (69,763)</u> | <u>(87,053)</u> | <u>\$ (17,290)</u> |
| Fund Balance, Beginning of Year | | | 192,243 | |
| Fund Balance, End of Year | | | <u>\$ 105,190</u> | |
| <u>Capital Projects Revenue District Fund</u> | | | | |
| <u>Revenue</u> | | | | |
| Local taxes | \$ 1,900,000 | \$ 1,900,000 | \$ 1,900,000 | \$ - |
| Total revenue | <u>1,900,000</u> | <u>1,900,000</u> | <u>1,900,000</u> | <u>-</u> |
| <u>Other Financing Uses</u> | | | | |
| Transfers out | 1,963,785 | 1,963,785 | 1,485,398 | 478,387 |
| Total other financing uses | <u>1,963,785</u> | <u>1,963,785</u> | <u>1,485,398</u> | <u>478,387</u> |
| Net Change in Fund Balance | <u>\$ (63,785)</u> | <u>\$ (63,785)</u> | 414,602 | <u>\$ 478,387</u> |
| Fund Balance, Beginning of Year | | | 144,206 | |
| Fund Balance, End of Year | | | <u>\$ 558,808</u> | |

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

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Net Position
Non-Major Proprietary Funds
June 30, 2013

| | | <u>Business-Type Activities / Enterprise Funds</u> | | |
|---------------------------|---|--|---|----------------------|
| | | <u>Parking Authority</u> | <u>Clarksville Transit System</u> | <u>Total</u> |
| Assets | | | | |
| Current assets: | | | | |
| | Cash and cash equivalents | \$ 315,186 | \$ 1,095,650 | \$ 1,410,836 |
| | Accounts receivable | 5,992 | 17,747 | 23,739 |
| | Due from other funds of the primary government | 20,956 | 490,851 | 511,807 |
| | Inventory | - | 103,081 | 103,081 |
| | Grants receivable | - | 581,404 | 581,404 |
| | Prepaid items | - | 41,157 | 41,157 |
| | Total current assets | <u>342,134</u> | <u>2,329,890</u> | <u>2,672,024</u> |
| Noncurrent assets: | | | | |
| Capital assets - at cost: | | | | |
| | Assets not depreciated | - | 153,432 | 153,432 |
| | Property, plant and equipment | 3,507,320 | 13,043,075 | 16,550,395 |
| | Less accumulated depreciation | <u>(1,544,422)</u> | <u>(7,641,949)</u> | <u>(9,186,371)</u> |
| | Net capital assets | <u>1,962,898</u> | <u>5,554,558</u> | <u>7,517,456</u> |
| | Total noncurrent assets | <u>1,962,898</u> | <u>5,554,558</u> | <u>7,517,456</u> |
| | Total assets | <u>\$ 2,305,032</u> | <u>\$ 7,884,448</u> | <u>\$ 10,189,480</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| | Accounts payable | \$ 12,615 | \$ 195,902 | \$ 208,517 |
| | Accrued liabilities | - | 21,981 | 21,981 |
| | Interest payable | 875 | - | 875 |
| | Due to other funds of the primary government | - | 45,672 | 45,672 |
| | Accrued compensated absences | - | 171,359 | 171,359 |
| | Current portion of long-term debt | 7,373 | - | 7,373 |
| | Unearned revenue | <u>5,253</u> | <u>202,003</u> | <u>207,256</u> |
| | Total current liabilities | <u>26,116</u> | <u>636,917</u> | <u>663,033</u> |
| Noncurrent liabilities: | | | | |
| | Notes payable | 37,112 | - | 37,112 |
| | OPEB liability | - | 1,301,497 | 1,301,497 |
| | Total noncurrent liabilities | <u>37,112</u> | <u>1,301,497</u> | <u>1,338,609</u> |
| | Total liabilities | <u>63,228</u> | <u>1,938,414</u> | <u>2,001,642</u> |
| Net Position | | | | |
| | Net investment in capital assets | 1,918,413 | 5,554,558 | 7,472,971 |
| | Unrestricted | 323,391 | 391,476 | 714,867 |
| | Total net position | <u>2,241,804</u> | <u>5,946,034</u> | <u>8,187,838</u> |
| | Total liabilities and net position | <u>\$ 2,305,032</u> | <u>\$ 7,884,448</u> | <u>\$ 10,189,480</u> |

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

CITY OF CLARKSVILLE, TENNESSEE
Combining Statement of Revenue, Expenses and
Changes in Fund Net Position
Non-Major Proprietary Funds
June 30, 2013

| | <u>Business-Type Activities / Enterprise Funds</u> | | |
|---|--|-----------------------------------|--------------|
| | <u>Parking Authority</u> | <u>Clarksville Transit System</u> | <u>Total</u> |
| Operating Revenues | | | |
| Fees | \$ 357,204 | \$ 757,650 | \$ 1,114,854 |
| Advertising | - | 38,550 | 38,550 |
| Rental income | 95,573 | - | 95,573 |
| Miscellaneous | 954 | 2,076 | 3,030 |
| Total operating revenues | 453,731 | 798,276 | 1,252,007 |
| Operating Expenses | | | |
| Administrative and general | - | 888,613 | 888,613 |
| Operation and maintenance | 10,000 | 4,721,781 | 4,731,781 |
| Depreciation | 67,964 | 1,140,018 | 1,207,982 |
| Amortization | 232 | - | 232 |
| Total operating expenses | 78,196 | 6,750,412 | 6,828,608 |
| Operating income (loss) | 375,535 | (5,952,136) | (5,576,601) |
| Nonoperating Revenues (Expenses) | | | |
| Interest income | 226 | 382 | 608 |
| Gain on sale of property | - | 50 | 50 |
| Grants | - | 3,650,273 | 3,650,273 |
| Interest expense | (2,901) | - | (2,901) |
| Total nonoperating (expenses) revenues | (2,675) | 3,650,705 | 3,648,030 |
| Income (Loss) Before Transfers | 372,860 | (2,301,431) | (1,928,571) |
| Transfers out | (293,648) | - | (293,648) |
| Transfers in | - | 1,745,266 | 1,745,266 |
| Changes in Net Position | 79,212 | (556,165) | (476,953) |
| Net Position - Beginning of Year | 2,162,592 | 6,502,199 | 8,664,791 |
| Net Position - End of Year | \$ 2,241,804 | \$ 5,946,034 | \$ 8,187,838 |

The notes to the financial statements 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, 2013

| | <u>Business-Type Activities / Enterprise Funds</u> | | |
|---|--|-----------------------------------|---------------------|
| | <u>Parking Authority</u> | <u>Clarksville Transit System</u> | <u>Total</u> |
| Cash Flows From Operating Activities | | | |
| Receipts from customers | \$ 455,023 | \$ 767,536 | \$ 1,222,559 |
| Payments to suppliers | (11,800) | (1,565,569) | (1,577,369) |
| Payments to or on behalf of employees | - | (3,640,282) | (3,640,282) |
| | <u>443,223</u> | <u>(4,438,315)</u> | <u>(3,995,092)</u> |
| Net cash provided (used) by operating activities | | | |
| Cash Flows From Noncapital Financing Activities | | | |
| Grant collections | - | 3,527,018 | 3,527,018 |
| Operating transfers in | - | 1,983,715 | 1,983,715 |
| Transfers to other funds | (420,607) | - | (420,607) |
| | <u>(420,607)</u> | <u>5,510,733</u> | <u>5,090,126</u> |
| Net cash provided (used) by noncapital financing activities | | | |
| Cash Flows From Capital and Related Financial Activities | | | |
| Acquisition and construction of capital assets | (12,615) | (485,543) | (498,158) |
| Interest paid | (3,039) | - | (3,039) |
| Repayment of notes payable | (6,962) | - | (6,962) |
| | <u>(22,616)</u> | <u>(485,543)</u> | <u>(508,159)</u> |
| Net cash used by capital and related financing activities | | | |
| Cash Flows From Investing Activities | | | |
| Interest received | 226 | 382 | 608 |
| | <u>226</u> | <u>382</u> | <u>608</u> |
| Net cash provided by investing activities | | | |
| Net increase in cash and cash equivalents | 226 | 587,257 | 587,483 |
| Cash - Beginning of Year | <u>314,960</u> | <u>508,393</u> | <u>823,353</u> |
| Cash - End of Year | <u>\$ 315,186</u> | <u>\$ 1,095,650</u> | <u>\$ 1,410,836</u> |

The notes to the financial statements 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, 2013

| | <u>Business-Type Activities / Enterprise Funds</u> | | |
|---|--|---|-----------------------|
| | <u>Parking Authority</u> | <u>Clarksville Transit System</u> | <u>Total</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | |
| Operating income (loss) | \$ 375,535 | \$ (5,952,136) | \$ (5,576,601) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation and amortization | 68,196 | 1,140,018 | 1,208,214 |
| (Increase) decrease in: | | | |
| Accounts receivable | 488 | 9,533 | 10,021 |
| Inventory | - | (3,019) | (3,019) |
| Prepaid items | - | (6,978) | (6,978) |
| Increase (decrease) in: | | | |
| Accounts payable | (1,792) | 66,523 | 64,731 |
| Accrued compensated absences | - | 13,525 | 13,525 |
| Accrued liabilities | (8) | (2,242) | (2,250) |
| OPEB liability | - | 336,734 | 336,734 |
| Other | 804 | (40,273) | (39,469) |
| | <u>67,688</u> | <u>1,513,821</u> | <u>1,581,509</u> |
| Total adjustments | | | |
| Net cash provided (used) by operating activities | <u>\$ 443,223</u> | <u>\$ (4,438,315)</u> | <u>\$ (3,995,092)</u> |

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

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Net Position
Internal Service Funds
June 30, 2013

| | <u>Dental Fund</u> | <u>Health Insurance Fund</u> | <u>Self-Insurance Fund</u> | <u>Total</u> |
|---|------------------------|--------------------------------------|--------------------------------|---------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 121,426 | \$ 687,117 | \$ 557,523 | \$ 1,366,066 |
| Due from other funds of the primary government | - | - | 2,062,176 | 2,062,176 |
| Other assets | - | - | 50,000 | 50,000 |
| Total assets | <u>\$ 121,426</u> | <u>\$ 687,117</u> | <u>\$ 2,669,699</u> | <u>\$ 3,478,242</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 16,104 | \$ 72,435 | \$ 112,591 | \$ 201,130 |
| Due to other funds of the primary government | 777 | 457,339 | - | 458,116 |
| Accrued liabilities | - | - | 837,008 | 837,008 |
| Total liabilities | <u>16,881</u> | <u>529,774</u> | <u>949,599</u> | <u>1,496,254</u> |
| Net Position | | | | |
| Unrestricted | <u>104,545</u> | <u>157,343</u> | <u>1,720,100</u> | <u>1,981,988</u> |
| Total liabilities and net position | <u>\$ 121,426</u> | <u>\$ 687,117</u> | <u>\$ 2,669,699</u> | <u>\$ 3,478,242</u> |

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

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Revenue, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2013

| | Dental Fund | Health Insurance fund | Self-Insurance Fund | Total |
|--|-------------------|-----------------------------|------------------------|---------------------|
| Operating Revenues | | | | |
| Insurance premiums | \$ 854,002 | \$ 9,450,595 | \$ 1,271,481 | \$ 11,576,078 |
| Miscellaneous | - | - | 9,357 | 9,357 |
| Total operating revenues | <u>854,002</u> | <u>9,450,595</u> | <u>1,280,838</u> | <u>11,585,435</u> |
| Operating Expenses | | | | |
| Administrative and general | 51,942 | 55,705 | 72,732 | 180,379 |
| Other | - | 328,677 | - | 328,677 |
| Claims | 890,442 | 10,290,899 | 176,192 | 11,357,533 |
| Total operating expenses | <u>942,384</u> | <u>10,675,281</u> | <u>248,924</u> | <u>11,866,589</u> |
| Operating (loss) income | <u>(88,382)</u> | <u>(1,224,686)</u> | <u>1,031,914</u> | <u>(281,154)</u> |
| Non-Operating Revenues (Expenses) | | | | |
| Interest and dividend income | - | - | 743 | 743 |
| Total non-operating revenues | <u>-</u> | <u>-</u> | <u>743</u> | <u>743</u> |
| Changes in Net Position | (88,382) | (1,224,686) | 1,032,657 | (280,411) |
| Net Position - Beginning of Year | <u>192,927</u> | <u>1,382,029</u> | <u>687,443</u> | <u>2,262,399</u> |
| Net Position - End of Year | <u>\$ 104,545</u> | <u>\$ 157,343</u> | <u>\$ 1,720,100</u> | <u>\$ 1,981,988</u> |

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

CITY OF CLARKSVILLE, TENNESSEE

Combining Statement of Cash Flows
Internal Service Funds
For Year Ended June 30, 2013

| | Dental Fund | Health Insurance Fund | Self-Insurance Fund | Total |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Cash Flows from Operating Activities | | | | |
| Receipts from customers | \$ 951,378 | \$ 10,787,977 | \$ 912,866 | \$ 12,652,221 |
| Claims paid | (903,897) | (10,218,464) | (176,192) | (11,298,553) |
| Other | (51,942) | (384,382) | (736,674) | (1,172,998) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided (used) by operating activities | (4,461) | 185,131 | - | 180,670 |
| Cash Flows from Investing Activities | | | | |
| Interest received | - | - | 743 | 743 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided by investing activities | - | - | 743 | 743 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net change in cash and cash equivalents | (4,461) | 185,131 | 743 | 181,413 |
| Cash - Beginning of Year | <u>125,887</u> | <u>501,986</u> | <u>556,780</u> | <u>1,184,653</u> |
| Cash - End of Year | <u>\$ 121,426</u> | <u>\$ 687,117</u> | <u>\$ 557,523</u> | <u>\$ 1,366,066</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | |
| Operating income (loss) | \$ (88,382) | \$ (1,224,686) | \$ 1,031,914 | \$ (281,154) |
| 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 | 96,599 | 880,043 | (367,972) | 608,670 |
| Other | - | - | 50,000 | 50,000 |
| Increase (decrease) in: | | | | |
| Accounts payable | (13,455) | 72,435 | 22,962 | 81,942 |
| Accrued liabilities | - | - | (736,904) | (736,904) |
| Due to other funds of the primary government | 777 | 457,339 | - | 458,116 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total adjustments | 83,921 | 1,409,817 | (1,031,914) | 461,824 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided (used) by operating activities | \$ (4,461) | \$ 185,131 | \$ - | \$ 180,670 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

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

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

| <u>Grantor</u> | <u>Federal CFDA Number</u> | <u>Grant Number</u> | <u>Grant (Receivables) Deferred July 1, 2012</u> | <u>Federal Receipts</u> | <u>Program Income</u> | <u>Expenditures</u> | <u>Other</u> | <u>Grant (Receivables) Deferred June 30, 2013</u> |
|---|------------------------------------|-------------------------|--|-----------------------------|---------------------------|---------------------|-----------------|---|
| US DEPARTMENT OF HOMELAND SECURITY - FEMA | | | | | | | | |
| Passed through TEMA: | | | | | | | | |
| Disaster Declaration - Flood-GF | 97.036 | FEMA-1909-DR-TN | \$ (90,825) | \$ - | \$ - | \$ - | \$ - | \$ (90,825) |
| Disaster Declaration - Flood-GWS | 97.036 | FEMA-1909-DR-TN | (63,763) | - | - | - | - | (63,763) |
| Disaster Declaration - Flood-CDE | 97.036 | FEMA-1909-DR-TN | (160,954) | - | - | - | (81,292) | (79,662) |
| Passed through TEMA: | | | | | | | | |
| 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 | - | - | - | 51,182 | 9,442 | (60,624) |
| Disaster Declaration - Property Buyout - GF | 97.039 | FEMA-1909-0004 | - | 151,793 | - | 161,899 | 1,313 | (11,419) |
| 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 | <u>(299,455)</u> | <u>300,108</u> | <u>-</u> | <u>7,013</u> | <u>-</u> | <u>(6,360)</u> |
| TOTAL US DEPARTMENT OF HOMELAND SECURITY | | | <u>(1,376,265)</u> | <u>451,901</u> | <u>-</u> | <u>220,094</u> | <u>(70,538)</u> | <u>(1,073,921)</u> |

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

| <u>Grantor</u> | <u>Federal CFDA Number</u> | <u>Grant Number</u> | Grant (Receivables) Deferred <u>July 1, 2012</u> | <u>Federal Receipts</u> | <u>Program Income</u> | <u>Expenditures</u> | <u>Other</u> | Grant (Receivables) Deferred <u>June 30, 2013</u> |
|---|------------------------------------|-------------------------|---|-----------------------------|---------------------------|---------------------|--------------|--|
| US DEPARTMENT OF AGRICULTURE | | | | | | | | |
| Passed through the TN Department of Human Services: | | | | | | | | |
| Food Distribution - Summer 2012 | 10.550 | 30-006 | (66,048) | 87,295 | - | 21,247 | - | - |
| Food Distribution - Summer 2013 | 10.550 | 30-006 | - | - | - | 65,366 | - | (65,366) |
| TOTAL US DEPARTMENT OF AGRICULTURE | | | (66,048) | 87,295 | - | 86,613 | - | (65,366) |
| US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | | | | |
| Direct Program: | | | | | | | | |
| Community Development Block Grant | 14.218 | B-11-MC-47-0002 | - | 798,884 | - | 843,645 | - | (44,761) |
| Community Development Block Grant | 14.218 | B-10-MC-47-0002 | (70,551) | 70,551 | - | - | - | - |
| Community Development Block Grant | 14.218 | Various | 1,309 | - | 106,124 | 103,040 | - | 4,393 |
| ARRA - Community Development Block Grant-Recovery | 14.253 | B-09-MY-47-0002 | (1,102) | 14,661 | - | 13,559 | - | - |
| Home Investment Partnership Act | 14.239 | M-10-MC-47-0206 | (90,121) | 380,906 | - | 296,627 | - | (5,842) |
| Home Investment Partnership Act | 14.239 | M-11-MC-47-0206 | - | 328,159 | - | 350,891 | - | (22,732) |
| Home Investment Partnership Act | 14.239 | M-09-MC-47-0206 | - | 53,856 | - | 44,036 | 16,792 | (6,972) |
| Home Investment Partnership Act | 14.239 | Various | 19,879 | - | 70,824 | 90,272 | - | 431 |
| Shelter Plus Care | 14.235 | TN0113C4J031002 | (8,980) | 8,980 | - | - | - | - |
| Shelter Plus Care | 14.235 | TN0113C4J031103 | (4,396) | 22,053 | - | 34,520 | 4,401 | (21,264) |
| | | | (153,962) | 1,678,050 | 176,948 | 1,776,590 | 21,193 | (96,747) |
| Passed through TN Department of Housing Development Agency: | | | | | | | | |
| Emergency Shelter | 14.231 | ESG-11-24 | (53,263) | 55,865 | 41 | 19,770 | (2,643) | (14,484) |
| Emergency Shelter | 14.231 | ESG-10-24 | 3,584 | - | - | 3,584 | - | - |
| ARRA - Neighborhood Stabilization Progm | 14.218 | NSP1-09-008 | (4,101) | 5,403 | - | 1,302 | - | - |
| | | | (53,780) | 61,268 | 41 | 24,656 | (2,643) | (14,484) |
| TOTAL US DEPT. OF HOUSING AND URBAN DEVELOPMENT | | | (207,742) | 1,739,318 | 176,989 | 1,801,246 | 18,550 | (111,231) |

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

| <u>Grantor</u> | <u>Federal CFDA Number</u> | <u>Grant Number</u> | <u>Grant (Receivables) Deferred July 1, 2012</u> | <u>Federal Receipts</u> | <u>Program Income</u> | <u>Expenditures</u> | <u>Other</u> | <u>Grant (Receivables) Deferred June 30, 2013</u> |
|---|------------------------------------|-------------------------|--|-----------------------------|---------------------------|---------------------|-----------------|---|
| US DEPARTMENT OF JUSTICE | | | | | | | | |
| Direct Program: | | | | | | | | |
| Office of Violence Against Women-Arrest | 16.590 | 2009-WE-AX-029 | (37,049) | 37,049 | - | - | - | - |
| Byrne Justice Assistance Grant | 16.738 | 2010-DJ-BX-0472 | 44,794 | - | - | 44,629 | - | 165 |
| COPS Hiring | 16.710 | 2010UMWX0296 | (134,103) | 567,358 | - | 586,799 | - | (153,545) |
| JAG 2011 | 16.738 | 2011-DJ-BX-2948 | 44,899 | - | - | 42,336 | - | 2,563 |
| Bulletproof Vest Partnership | 16.607 | | - | 15,562 | - | 1,971 | 13,591 | - |
| JAG 2012 | 16.738 | 2012-DJ-BX-0072 | - | 60,434 | - | 32,803 | - | 27,631 |
| | | | <u>(81,459)</u> | <u>680,402</u> | <u>-</u> | <u>708,539</u> | <u>13,591</u> | <u>(123,186)</u> |
| Passed through the State of TN: | | | | | | | | |
| JAG/BYRNE - TN Office of Criminal Justice Program | 16.738 | Edison #16420 | <u>(188,771)</u> | <u>361,278</u> | <u>-</u> | <u>231,005</u> | <u>-</u> | <u>(58,498)</u> |
| TOTAL US DEPARTMENT OF JUSTICE | | | <u>(270,230)</u> | <u>1,041,681</u> | <u>-</u> | <u>939,544</u> | <u>13,591</u> | <u>(181,684)</u> |
| US DEPARTMENT OF TRANSPORTATION | | | | | | | | |
| Direct Program: | | | | | | | | |
| Federal Transit Administration | | | | | | | | |
| Capital Grant | 20.500 | TN-04-0064 | - | 31,671 | - | 157,870 | - | (126,199) |
| Capital Operating Grant | 20.507 | TN-90-X337 | (30,731) | 30,731 | - | - | - | - |
| Capital Operating Grant | 20.507 | TN-90-X348 | - | 623,010 | - | 747,605 | - | (124,595) |
| Capital Grant | 20.500 | TN-04-0037 | - | 5,600 | - | 18,031 | - | (12,431) |
| Operating Assistance - Planning | 20.500 | TN-90-0004-2 | (31,122) | 49,404 | - | 44,568 | - | (26,286) |
| Capital Grant | 20.507 | TN-90-X301 | (22,196) | 74,479 | - | 70,730 | (10,333) | (8,114) |
| Capital Grant | 20.507 | TN-90-X317 | (19,480) | 58,959 | - | 46,871 | (7,392) | - |
| Capital Operating Grant | 20.507 | TN-90-X337 | - | 61,230 | - | 61,945 | - | (715) |
| Operating Assistance | 20.507 | TN-90-X348 | - | 1,070,191 | - | 1,070,191 | - | - |
| Operating Assistance | 20.507 | TN-95-X052 | (12,411) | 96,948 | - | 105,961 | - | (21,424) |
| Jobs Access | 20.516 | TN-37-X087 | - | 217,377 | - | 289,836 | - | (72,459) |
| Jobs Access | 20.516 | TN-90-X310 | (33,332) | 33,332 | - | - | - | - |
| | | | <u>91 (149,272)</u> | <u>2,352,932</u> | <u>-</u> | <u>2,613,608</u> | <u>(17,725)</u> | <u>(392,223)</u> |

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

| <u>Grantor</u> | <u>Federal CFDA Number</u> | <u>Grant Number</u> | Grant (Receivables) Deferred <u>July 1, 2012</u> | <u>Federal Receipts</u> | <u>Program Income</u> | <u>Expenditures</u> | <u>Other</u> | Grant (Receivables) Deferred <u>June 30, 2013</u> |
|--|------------------------------------|-------------------------|---|-----------------------------|---------------------------|---------------------|-------------------|--|
| Passed through the Tennessee Dept. of Transportation | | | | | | | | |
| Governor's Highway Safety Office: | | | | | | | | |
| Multiple Violation Grant 2011-12 | 20.607 | 154AL-12-23 | (22,032) | 62,679 | - | 40,648 | - | - |
| Clarksville 2012 Alcohol Countermeasures | 20.607 | 154AL-13-42 | - | 36,267 | - | 65,082 | - | (28,815) |
| | | | <u>(22,032)</u> | <u>98,947</u> | <u>-</u> | <u>105,730</u> | <u>-</u> | <u>(28,815)</u> |
| Intersection Improvements | 20.205 | CM9301(18) | (605,835) | 1,407,994 | - | 1,011,681 | - | (209,522) |
| Safe Routes to Schools Grant - Community | 20.205 | 63LPLM-F3-019 | (5,563) | 20,058 | - | 65,960 | - | (51,465) |
| Rossvie Rd | 20.205 | STP-M-237(14) | - | - | - | 34,810 | 40,569 | (75,379) |
| Sango Rd | 20.205 | STP-M-9301(22) | - | - | - | 20,877 | 1,692 | (22,570) |
| STP Paving Program | 20.205 | STP-M_9310(29) | (16,800) | 28,190 | - | 781,093 | - | (769,703) |
| Intersection Improvements | 20.205 | STP-SIP-12(44) | - | - | - | 17,902 | 9,633 | (27,535) |
| | | | <u>(628,198)</u> | <u>1,456,242</u> | <u>-</u> | <u>1,932,323</u> | <u>51,894</u> | <u>(1,156,174)</u> |
| TOTAL US DEPARTMENT OF TRANSPORTATION | | | <u>(799,502)</u> | <u>3,908,120</u> | <u>-</u> | <u>4,651,661</u> | <u>34,169</u> | <u>(1,577,212)</u> |
| US DEPARTMENT OF THE INTERIOR | | | | | | | | |
| Passed through Tennessee Wildlife Resources Agency: | | | | | | | | |
| Boating Infrastructure Grant -GF | 15.616 | GG1133788 | - | 325,956 | - | 325,956 | - | - |
| Boating Infrastructure Grant -GF | 15.616 | GG1133759 | - | 100,000 | - | 100,000 | - | - |
| Boating Infrastructure Grant -GF | 15.616 | GG1237685 | - | 100,000 | - | 100,000 | - | - |
| Boating Infrastructure Grant -GF | 15.616 | GG1133758 | - | 60,000 | - | 60,000 | - | - |
| TOTAL US DEPARTMENT OF THE INTERIOR | | | <u>-</u> | <u>585,956</u> | <u>-</u> | <u>585,956</u> | <u>-</u> | <u>-</u> |
| TOTAL FEDERAL AWARDS | | | <u>\$ (2,719,787)</u> | <u>\$ 7,814,271</u> | <u>\$ 176,989</u> | <u>\$ 8,285,114</u> | <u>\$ (4,227)</u> | <u>\$ (3,009,414)</u> |

See independent auditor's report and accompanying notes to the schedules of expenditures of federal and state awards.

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Expenditures of State Awards and State Loans
For the Year Ended June 30, 2013

| Grantor | Federal CFDA Number | Grant Number | Grant (Receivables) | | Program Income | Expenditures | Other | Grant (Receivables) | |
|--|---------------------------|-----------------|--------------------------|-------------------|-------------------|----------------|----------------|---------------------------|---------------------------|
| | | | Deferred July 1, 2012 | State Receipts | | | | Deferred June 30, 2013 | Deferred June 30, 2013 |
| STATE OF TENNESSEE - TEMA GRANT PROGRAM | | | | | | | | | |
| Disaster Declaration - Flood-GF | 97.036 | FEMA-1909-DR | \$ (38,508) | \$ - | \$ - | \$ - | \$ - | \$ (38,508) | |
| Disaster Declaration - Property Buyout - GF | 97.039 | FEMA-1909-0004 | - | - | - | - | 10,104 | (10,104) | |
| Disaster Declaration - Property Buyout - GF | 97.039 | FEMA-1909-0004 | - | 25,299 | - | 26,983 | 219 | (1,903) | |
| TOTAL TEMA | | | <u>(38,508)</u> | <u>25,299</u> | <u>-</u> | <u>26,983</u> | <u>10,323</u> | <u>(50,515)</u> | |
| TENNESSEE DEPARTMENT OF TRANSPORTATION | | | | | | | | | |
| Operating Assistance-Planning | 20.500 | TN-04-0064 | - | 3,061 | - | 19,734 | - | (16,673) | |
| Capital Grant | 20.500 | TN-04-0037 | (20,500) | 20,500 | - | 2,254 | - | (2,254) | |
| Operating Assistance-Planning | 20.500 | TN-90-0004-02 | (3,890) | 6,175 | - | 5,571 | - | (3,286) | |
| Capital Grant | 20.507 | TN-90-X317 | (3,257) | 6,002 | - | 3,675 | (924) | (6) | |
| Capital Grant | 20.507 | TN-90-X337 | - | 7,655 | - | 7,937 | - | (282) | |
| Capital Grant | 20.507 | TN-90-X301 | (14,613) | 20,604 | - | 9,255 | (1,292) | (1,972) | |
| Capital Operating Grant | 20.507 | TN-90-X317 | (6,993) | 6,993 | - | - | - | - | |
| Capital Operating Grant | 20.507 | TN-90-X301 | (1,277) | 1,276 | - | - | - | (1) | |
| Capital Operating Grant | 20.507 | TN-90-X337 | (79,393) | 79,393 | - | - | - | - | |
| Capital Operating Grant | 20.507 | TN-90-X348 | - | 46,725 | - | 93,449 | - | (46,724) | |
| Operating Assistance | 20.507 | TN-90-X348 | - | 617,883 | - | 695,218 | - | (77,335) | |
| Operating Assistance | 20.507 | TN-90-X301 | - | - | - | - | (345) | 345 | |
| Operating Assistance | 20.507 | TN-90-X337 | (152,403) | 152,403 | - | - | - | - | |
| Operating Assistance | 20.507 | TN-95-X052 | (1,551) | 10,376 | - | 13,246 | - | (4,421) | |
| Jobs Access | 20.516 | TN-90-X310 | (25,000) | 25,000 | - | - | - | - | |
| Jobs Access | 20.516 | TN-37-X087 | - | 108,689 | - | 144,918 | - | (36,229) | |
| TOTAL TENNESSEE DEPARTMENT OF TRANSPORTATION | | | <u>(308,877)</u> | <u>1,112,735</u> | <u>-</u> | <u>995,257</u> | <u>(2,561)</u> | <u>(188,838)</u> | |

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Expenditures of State Awards and State Loans
For the Year Ended June 30, 2013

| Grantor | Federal CFDA Number | Grant Number | Grant (Receivables) | | | | Grant (Receivables) | |
|---|---------------------------|-----------------|--------------------------|----------------------|-------------------|---------------------|------------------------|---------------------------|
| | | | Deferred July 1, 2012 | State Receipts | Program Income | Expenditures | Other | Deferred June 30, 2013 |
| TENNESSEE DEPARTMENT OF AGRICULTURE DIVISION OF FORESTRY | | | | | | | | |
| TAEP Grant - Liberty Park Trees | | DG-1235484 | (6,940) | 6,940 | - | - | - | - |
| TAEP Grant - Heritage Park Trees | | DG-1235484 | (4,650) | 4,650 | - | - | - | - |
| TOTAL TENNESSEE DEPARTMENT OF AGRICULTURE | | | <u>(11,590)</u> | <u>11,590</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TENNESSEE HOUSING DEVELOPMENT AGENCY | | | | | | | | |
| House Grant | | | 215,892 | - | 16,657 | 10,196 | (8,482) | 230,835 |
| TOTAL TENNESSEE HOUSING DEVELOPMENT AGENCY | | | <u>215,892</u> | <u>-</u> | <u>16,657</u> | <u>10,196</u> | <u>(8,482)</u> | <u>230,835</u> |
| TN DEPARTMENT OF FINANCE AND ADMINISTRATION | | | | | | | | |
| Passed through the Industrial Development Board of Montgomery County Hemlock Reimbursement Grant | | 529/000-04-2009 | (2,486,993) | 10,843,829 | - | 8,650,551 | - | (293,715) |
| TOTAL TN DEPARTMENT OF FINANCE AND ADMINISTRATION | | | <u>(2,486,993)</u> | <u>10,843,829</u> | <u>-</u> | <u>8,650,551</u> | <u>-</u> | <u>(293,715)</u> |
| TN DEPARTMENT OF ENVIRONMENT AND CONSERVATION | | | | | | | | |
| Local Parks and Recreation Funding Program | | GG1236818 | - | - | - | 130,500 | 14,500 | (145,000) |
| TOTAL TN DEPARTMENT OF ENVIRONMENT AND CONSERVATION | | | <u>-</u> | <u>-</u> | <u>-</u> | <u>130,500</u> | <u>14,500</u> | <u>(145,000)</u> |
| TENNESSEE WILDLIFE RESOURCES AGENCY | | | | | | | | |
| TWRA-NFSP Curriculum Kit | | | - | 1,000 | - | 1,000 | - | - |
| TOTAL TENNESSEE WILDLIFE RESOURCES AGENCY | | | <u>-</u> | <u>1,000</u> | <u>-</u> | <u>1,000</u> | <u>-</u> | <u>-</u> |
| TOTAL STATE AWARDS | | | <u>\$ (2,630,076)</u> | <u>\$ 11,994,453</u> | <u>\$ 16,657</u> | <u>\$ 9,814,487</u> | <u>\$ 13,780</u> | <u>\$ (447,233)</u> |

See independent auditor's report and accompanying notes to the schedules of expenditures of federal and state awards.

CITY OF CLARKSVILLE, TENNESSEE

**Notes to the Schedules of Expenditures of Federal and State Awards
For the Year Ended June 30, 2013**

Note 1 – Basis of Presentation

The accompanying schedules 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 gross loan balances outstanding at June 30, 2013. These 2013 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 2013 Loan Funding</u> | <u>Outstanding Balance</u> |
|--------------------------------------|------------------------|---------------------------------|--------------------------------|
| Community Development Block Grant | 14.218 | \$ 245,097 | \$ 2,658,208 |
| HOME Investment Partnerships Program | 14.239 | 769,570 | 3,545,282 |
| House Program Income | N/A | - | 379,925 |
| Total Loans | | <u>\$1,014,664</u> | <u>\$ 6,583,415</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>CDFA Number</u> | <u>Amount Provided to Subrecipient</u> |
|------------------------------------|------------------------|--|
| Community Development Block Grants | 14.218 | \$ 98,000 |
| Emergency Shelter Grants Program | 14.231 | 185,000 |

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

CITY OF CLARKSVILLE, TENNESSEE

**Notes to the Schedules of Expenditures of Federal and State Awards
For the Year Ended June 30, 2013**

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 GASB Statement No. 33, Voluntary Non-Exchange Transactions are accounted for in the period when all eligibility requirements have been met. At June 30, 2013, 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 2013, for which the eligibility requirements have been met, are included in this schedule.



STATISTICAL SECTION

**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. These schedules include:

- Net Position by Component
- Change in Net Position
- Fund Balance for Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity

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

- Assessed Value of Taxable Property
- Property Tax Rates - Direct and Overlapping Governments
- Principal Property Tax Payers
- Property Tax Levies and Collections

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.

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding and Legal Debt Margin
- Direct and Overlapping Governmental Activities Debt
- Pledged Revenue Coverage
- Entity Debt - Schedule of Principal and Interest Due

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.

- Demographic and Economic Statistics
- Principal Employers

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.

- Full-time Equivalent City Government Employees by Function
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function/Program

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 Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 245,091,943 | \$ 253,666,569 | \$ 269,645,809 | \$ 284,486,050 | \$ 296,693,136 | \$ 300,297,372 | \$ 317,377,117 | \$ 332,839,322 | \$ 343,686,085 | \$ 338,798,535 |
| Restricted | 2,055,670 | 4,009,189 | 3,711,619 | 4,648,765 | 1,634,639 | 2,868,025 | 3,599,666 | 3,277,831 | 1,101,055 | 9,132,307 |
| Unrestricted | 43,261,550 | 20,047,145 | 20,582,387 | 20,553,658 | 16,778,949 | 20,846,794 | 16,227,159 | 9,061,179 | 9,910,220 | 16,426,163 |
| Restatement | - | - | - | - | - | - | - | - | 649,475 | - |
| Total governmental activities net assets | <u>\$ 290,409,163</u> | <u>\$ 277,722,903</u> | <u>\$ 293,939,815</u> | <u>\$ 309,688,473</u> | <u>\$ 315,106,724</u> | <u>\$ 324,012,191</u> | <u>\$ 337,203,942</u> | <u>\$ 345,178,332</u> | <u>\$ 355,346,835</u> | <u>\$ 364,357,005</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 109,815,806 | \$ 137,086,834 | \$ 170,242,541 | \$ 189,558,554 | \$ 226,120,091 | \$ 236,803,367 | \$ 247,377,919 | \$ 252,456,757 | \$ 290,098,769 | \$ 297,196,086 |
| Restricted | 47,976,780 | 34,905,677 | 18,129,792 | 24,476,182 | 17,098,245 | 15,377,345 | 22,321,872 | 34,172,671 | 29,590,189 | 26,989,219 |
| Unrestricted | 29,239,482 | 26,824,929 | 28,766,297 | 26,238,414 | 17,701,085 | 23,081,116 | 20,789,524 | 33,813,473 | 50,934,594 | 62,079,605 |
| Restatement | - | - | - | - | - | - | - | - | (13,538,969) | - |
| Total business-type activities net assets | <u>\$ 187,032,068</u> | <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>\$ 290,489,315</u> | <u>\$ 320,442,901</u> | <u>\$ 357,084,583</u> | <u>\$ 386,264,910</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 354,907,749 | \$ 390,753,403 | \$ 439,888,350 | \$ 474,044,604 | \$ 522,813,227 | \$ 537,100,739 | \$ 564,755,036 | \$ 585,296,079 | \$ 633,784,854 | \$ 635,994,621 |
| Restricted | 50,032,450 | 38,914,866 | 21,841,411 | 29,124,947 | 18,732,884 | 18,245,370 | 25,921,538 | 37,450,502 | 30,691,244 | 36,121,526 |
| Unrestricted | 72,501,032 | 46,872,074 | 49,348,684 | 46,792,072 | 34,480,034 | 43,927,910 | 37,016,683 | 42,874,652 | 60,844,814 | 78,505,768 |
| Restatement | - | - | - | - | - | - | - | - | (12,889,494) | - |
| Total primary activities net assets | <u>\$ 477,441,231</u> | <u>\$ 476,540,343</u> | <u>\$ 511,078,445</u> | <u>\$ 549,961,623</u> | <u>\$ 576,026,145</u> | <u>\$ 599,274,019</u> | <u>\$ 627,693,257</u> | <u>\$ 665,621,233</u> | <u>\$ 712,431,418</u> | <u>\$ 750,621,915</u> |

CITY OF CLARKSVILLE, TENNESSEE
Changes in Net Position
Last Ten Fiscal Years

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General government | \$ 6,371,139 | \$ 8,729,212 | \$ 8,078,442 | \$ 13,515,867 | \$ 15,875,133 | \$ 18,342,129 | \$ 11,811,412 | \$ 15,562,204 | \$ 15,528,920 | \$ 14,765,546 |
| 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 | 43,552,996 | 41,739,117 |
| 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 | 13,878,954 |
| 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 | 7,772,196 |
| 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 | 1,693,443 | 1,877,301 |
| Community support | 3,162,915 | 2,103,554 | 1,785,294 | 2,087,881 | 2,442,187 | 2,528,041 | 2,852,958 | 3,032,424 | 2,784,054 | 2,462,680 |
| Interest on long-term debt | 1,389,931 | 1,608,661 | 1,948,801 | 2,137,717 | 1,946,699 | 1,614,428 | 2,491,624 | 2,350,821 | 2,519,582 | 2,436,591 |
| 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>72,427,167</u> | <u>79,249,078</u> | <u>85,024,091</u> | <u>84,932,385</u> |
| Business-type activities | | | | | | | | | | |
| 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 | \$ 134,691,552 | \$ 137,616,171 |
| Broadband Division | - | - | - | - | 2,283,900 | 6,415,601 | 9,159,839 | 11,456,880 | 13,295,702 | 15,192,680 |
| 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 | 23,113,316 |
| Parking authority | 294,957 | 100,552 | 107,007 | 106,931 | 97,761 | 137,722 | 125,761 | 97,340 | 96,827 | 81,097 |
| 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 | 6,750,412 |
| 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 | 45,202,349 |
| Natural Gas Acquisition Corporation (NGAC) | 4,571,744 | - | 242 | 34,778,846 | 54,245,779 | 49,032,836 | 44,494,960 | 39,813,273 | 38,972,919 | 46,738,755 |
| Other | - | 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>262,356,903</u> | <u>274,694,780</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>\$ 357,887,784</u> | <u>\$ 347,380,994</u> | <u>\$ 359,627,165</u> |

CITY OF CLARKSVILLE, TENNESSEE
Changes in Net Position
Last Ten Fiscal Years

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Program Revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 1,384,691 | \$ 1,404,126 | \$ 1,808,867 | \$ 3,814,207 | \$ 2,856,461 | \$ 3,199,776 | \$ 2,989,138 | \$ 1,541,697 | \$ 2,268,575 | \$ 2,156,278 |
| Public safety | 676,891 | 843,059 | 697,876 | 893,492 | 877,388 | 617,667 | 1,158,580 | 1,749,304 | 2,810,250 | 2,511,019 |
| Highways and streets | - | - | - | - | - | - | 58,105 | 56,090 | 42,670 | 27,274 |
| 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 | 1,523,965 |
| Community development | - | - | 475,323 | 477,547 | 426,510 | 256,061 | 623,830 | 228,356 | 194,931 | 174,569 |
| Other | - | 364,079 | - | - | - | 227,508 | 249,592 | 207,041 | - | - |
| Operating and capital grants and contributions | 2,953,501 | 5,929,766 | 5,204,045 | 21,699,405 | 15,537,899 | 14,787,401 | 16,187,429 | 19,029,886 | 18,853,099 | 17,913,847 |
| Total governmental activities program revenues | <u>6,975,400</u> | <u>9,483,150</u> | <u>9,234,045</u> | <u>27,974,787</u> | <u>20,957,712</u> | <u>20,356,018</u> | <u>22,803,851</u> | <u>24,227,392</u> | <u>25,684,481</u> | <u>24,306,952</u> |
| Business-type activities | | | | | | | | | | |
| 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 | \$ 152,469,096 |
| Broadband Division | - | - | - | - | 109,000 | 2,079,485 | 6,452,512 | 9,410,270 | 12,006,623 | 13,943,243 |
| 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 | 24,999,377 |
| Parking authority | 339,200 | 334,710 | 332,790 | 417,289 | 375,631 | 365,034 | 396,179 | 418,632 | 463,606 | 453,957 |
| Clarksville transit system | 396,401 | 451,638 | 519,354 | 479,223 | 475,255 | 671,111 | 649,089 | 681,854 | 733,476 | 798,708 |
| 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 | 48,094,455 |
| Natural Gas Acquisition Corporation | 4,563,167 | - | - | 22,974,746 | 41,666,101 | 36,944,069 | 32,885,757 | 28,041,133 | 26,169,264 | 36,843,830 |
| Other | - | 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 | 20,361,952 | 23,989,012 | 37,489,775 | 21,102,143 |
| 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>274,128,756</u> | <u>301,377,641</u> | <u>304,274,011</u> | <u>298,704,810</u> |
| Total Primary Government Program Revenues | <u>\$ 160,624,230</u> | <u>\$ 171,625,889</u> | <u>\$ 202,962,309</u> | <u>\$ 250,827,568</u> | <u>\$ 281,334,215</u> | <u>\$ 294,350,467</u> | <u>\$ 296,932,607</u> | <u>\$ 325,605,033</u> | <u>\$ 329,958,492</u> | <u>\$ 323,011,761</u> |
| Net (Expenses)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (48,299,110) | \$ (45,423,104) | \$ (45,170,770) | \$ (37,308,180) | \$ (49,453,509) | \$ (57,195,334) | \$ (49,623,317) | \$ (55,021,686) | \$ (59,339,610) | \$ (60,625,434) |
| Business-type activities | 12,777,972 | 13,037,887 | 18,998,555 | 8,277,215 | 6,912,580 | 5,097,927 | 18,509,200 | 22,738,935 | 41,917,108 | 24,010,030 |
| Total primary government net expenses | <u>\$ (35,521,138)</u> | <u>\$ (32,385,217)</u> | <u>\$ (26,172,215)</u> | <u>\$ (29,030,965)</u> | <u>\$ (42,540,929)</u> | <u>\$ (52,097,407)</u> | <u>\$ (31,114,117)</u> | <u>\$ (32,282,751)</u> | <u>\$ (17,422,502)</u> | <u>\$ (36,615,404)</u> |

CITY OF CLARKSVILLE, TENNESSEE
Changes in Net Position
Last Ten Fiscal Years

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Revenues & Other Changes in Net Position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| 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 | \$ 29,788,414 |
| 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 | 12,287,775 |
| 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 | 3,684,984 |
| 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 | 3,672,043 |
| 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 | 13,362,798 |
| In-lieu-of taxes | 23,692 | 15,193 | 22,978 | 20,990 | 14,591 | 38,155 | 52,315 | 34,042 | 61,613 | 95,293 |
| Other taxes | 267,781 | 243,105 | 264,752 | 367,788 | 377,448 | 471,880 | 579,133 | 416,235 | 478,282 | 552,704 |
| Investment earnings | 265,216 | 326,553 | 826,342 | 1,134,602 | 835,447 | 278,982 | 81,348 | 32,803 | 25,937 | 40,357 |
| Miscellaneous | 9,345,658 | 7,878,574 | 12,249,329 | (814,718) | (734,077) | (54,599) | (254,015) | 1,255,265 | 1,566,512 | 452,612 |
| 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 | 4,666,634 | 5,698,623 |
| Prior period adjustment | - | (21,839,182) | (19,140) | - | (109,918) | 9,174,792 | 4,086,020 | - | 264,154 | - |
| Total governmental activities | <u>57,499,713</u> | <u>32,736,844</u> | <u>61,368,542</u> | <u>53,056,838</u> | <u>54,871,760</u> | <u>66,100,801</u> | <u>62,815,068</u> | <u>62,996,076</u> | <u>69,508,114</u> | <u>69,635,602</u> |
| Business-type activities | | | | | | | | | | |
| 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 | \$ 12,930,177 | \$ 10,868,921 |
| Miscellaneous | - | - | - | - | - | 100 | (13,669,012) | - | - | - |
| 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) | (4,666,634) | (5,698,623) |
| Prior period adjustment | - | - | - | - | - | (366,644) | 2,437,927 | - | (13,538,969) | - |
| Total business-type activities | <u>(1,807,771)</u> | <u>(1,252,515)</u> | <u>(658,225)</u> | <u>14,857,305</u> | <u>13,733,691</u> | <u>9,244,480</u> | <u>(3,281,713)</u> | <u>7,214,651</u> | <u>(5,275,426)</u> | <u>5,170,298</u> |
| Total primary government | <u>\$ 55,691,942</u> | <u>\$ 31,484,329</u> | <u>\$ 60,710,317</u> | <u>\$ 67,914,143</u> | <u>\$ 68,605,451</u> | <u>\$ 75,345,281</u> | <u>\$ 59,533,355</u> | <u>\$ 70,210,727</u> | <u>\$ 64,232,688</u> | <u>\$ 74,805,900</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | \$ 9,200,603 | \$ (12,686,260) | \$ 16,197,772 | \$ 15,748,658 | \$ 5,418,251 | \$ 8,905,467 | \$ 13,191,752 | \$ 7,974,390 | \$ 9,519,028 | \$ 9,010,170 |
| Restatement - GASB 65 | - | - | - | - | - | - | - | - | (12,889,494) | - |
| Business-type activities | 10,970,201 | 11,785,372 | 18,340,330 | 23,134,520 | 20,646,271 | 14,342,407 | 15,227,487 | 29,953,586 | 50,180,651 | 29,180,327 |
| Total primary government | <u>\$ 20,170,804</u> | <u>\$ (900,888)</u> | <u>\$ 34,538,102</u> | <u>\$ 38,883,178</u> | <u>\$ 26,064,522</u> | <u>\$ 23,247,874</u> | <u>\$ 28,419,238</u> | <u>\$ 37,927,976</u> | <u>\$ 46,810,185</u> | <u>\$ 38,190,497</u> |

CITY OF CLARKSVILLE, TENNESSEE
Fund Balances of Governmental Funds
Last Ten Fiscal Years

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Non-Spendable | \$ 231,021 | \$ 292,279 | \$ 373,305 | \$ 456,567 | \$ 444,224 | \$ 490,924 | \$ 437,536 | \$ 489,987 | \$ 527,631 | \$ 489,637 |
| Restricted | 349,316 | 432,209 | 85,962 | 3,181 | 144,020 | 219,783 | 163,818 | 290,490 | - | - |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | 17,561,242 | 18,445,898 | 19,483,846 | 20,882,010 | 20,755,219 | 21,110,552 | 18,867,947 | 16,747,856 | 25,260,258 | 25,040,635 |
| Total general fund | <u>\$ 18,141,579</u> | <u>\$ 19,170,386</u> | <u>\$ 19,943,113</u> | <u>\$ 21,341,758</u> | <u>\$ 21,343,463</u> | <u>\$ 21,821,259</u> | <u>\$ 19,469,301</u> | <u>\$ 17,528,333</u> | <u>\$ 25,787,889</u> | <u>\$ 25,530,272</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Special Revenue Funds | | | | | | | | | | |
| Non-Spendable | \$ 78,012 | \$ 85,993 | \$ 88,466 | \$ 146,388 | \$ 48,895 | \$ (201,168) | \$ 314,558 | \$ 358,618 | \$ 1,605 | \$ 19,706 |
| Restricted | - | 269,496 | 486,740 | 500,644 | 514,563 | 516,952 | 324,019 | 368,594 | 1,028,243 | 1,034,143 |
| Committed | - | 1,806,109 | 1,041,344 | 582,382 | 1,071,181 | 2,552,241 | 2,961,089 | 2,550,619 | 618,187 | 1,073,919 |
| Assigned | 1,511,724 | 1,370,353 | 1,427,029 | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | - | - |
| Total Special Revenue Funds | <u>1,589,736</u> | <u>3,531,951</u> | <u>3,043,579</u> | <u>1,229,414</u> | <u>1,634,639</u> | <u>2,868,025</u> | <u>3,599,666</u> | <u>3,277,831</u> | <u>1,648,035</u> | <u>2,127,768</u> |
| Debt Service Fund | | | | | | | | | | |
| Non-Spendable | - | - | - | - | - | - | - | 298,195 | - | - |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | 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 | 1,628,066 |
| Unassigned | - | - | - | - | - | - | - | - | - | - |
| Total Debt Service Fund | <u>3,645,236</u> | <u>1,970,390</u> | <u>2,011,884</u> | <u>1,778,235</u> | <u>1,583,949</u> | <u>1,062,338</u> | <u>967,039</u> | <u>1,931,123</u> | <u>1,627,928</u> | <u>1,628,066</u> |
| Capital Projects Fund | | | | | | | | | | |
| Non-Spendable | - | - | - | - | - | - | - | - | - | - |
| Restricted | 755,158 | 477,238 | 435,219 | 50,692 | 124,124 | 324,132 | 460,739 | 1,979,352 | 63,751 | 8,098,164 |
| Committed | - | - | 232,821 | 3,368,659 | (1,830,066) | 5,117,544 | 4,590,087 | 2,513,517 | - | - |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | - | - |
| Total Capital Projects Fund | <u>755,158</u> | <u>477,238</u> | <u>668,040</u> | <u>3,419,351</u> | <u>(1,705,942)</u> | <u>5,441,676</u> | <u>5,050,826</u> | <u>4,492,869</u> | <u>63,751</u> | <u>8,098,164</u> |
| Total all other governmental funds | <u>\$ 5,990,130</u> | <u>\$ 5,979,579</u> | <u>\$ 5,723,503</u> | <u>\$ 6,427,000</u> | <u>\$ 1,512,646</u> | <u>\$ 9,372,039</u> | <u>\$ 9,617,531</u> | <u>\$ 9,701,823</u> | <u>\$ 3,339,714</u> | <u>\$ 11,853,998</u> |

CITY OF CLARKSVILLE, TENNESSEE
Changes in Fund Balance for Governmental Funds
Last Ten Fiscal Years

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------------------|---------------------|--------------------|---------------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------|---------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 33,846,572 | \$ 34,427,517 | \$ 36,420,948 | \$ 40,342,068 | \$ 41,597,487 | \$ 43,145,156 | \$ 45,021,445 | \$ 46,203,310 | \$ 50,874,613 | \$ 50,626,307 |
| State Taxes | 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 | 15,981,505 |
| Licenses and permits | 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 | 1,739,842 |
| Charges for services | 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 | 2,669,819 |
| Fines and forfeits | 610,166 | 843,059 | 697,876 | 889,329 | 877,388 | 845,175 | 1,622,284 | 1,478,261 | 1,827,158 | 1,593,050 |
| Investment earnings | 248,600 | 283,663 | 739,113 | 1,021,449 | 745,469 | 242,179 | 73,210 | 32,803 | - | - |
| Grants | 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 | 5,732,552 |
| Miscellaneous / other | 906,567 | 1,376,740 | 1,771,947 | 1,842,119 | 1,517,007 | 2,187,651 | 2,128,736 | 3,791,771 | 2,145,273 | 1,090,403 |
| Total revenues | <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>80,430,446</u> | <u>79,433,478</u> |
| Expenditures | | | | | | | | | | |
| General government | 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 | 8,760,422 |
| Public safety | 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 | 38,036,705 |
| Highways and streets | 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 | 10,703,334 |
| Recreation | 3,934,892 | 4,371,776 | 4,102,190 | 4,413,347 | 4,862,034 | 4,620,495 | 5,193,818 | 5,803,807 | 6,478,112 | 7,502,940 |
| Community development | 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 | 1,877,301 |
| Other | 548,560 | 728,259 | 2,571,313 | 3,435,754 | 5,243,382 | 8,384,620 | 1,621,696 | 2,035,695 | 3,097,826 | 1,972,451 |
| Miscellaneous agencies | 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 | 1,838,367 |
| Debt service | | | | | | | | | | |
| Principal | 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 | 5,837,353 |
| Interest | 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 | 2,224,251 |
| Capital outlay | 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 | 13,195,329 |
| Total expenditures | <u>57,966,901</u> | <u>56,878,485</u> | <u>59,360,033</u> | <u>69,194,559</u> | <u>75,319,711</u> | <u>85,722,860</u> | <u>91,109,374</u> | <u>112,398,475</u> | <u>92,842,077</u> | <u>91,948,453</u> |
| Excess (deficiency) of revenues over expenditures | <u>(5,203,889)</u> | <u>(2,725,391)</u> | <u>(2,782,172)</u> | <u>(6,428,856)</u> | <u>(11,870,981)</u> | <u>(21,059,497)</u> | <u>(23,314,051)</u> | <u>(37,362,974)</u> | <u>(12,411,631)</u> | <u>(12,514,975)</u> |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 10,171,924 | 11,677,370 | 12,211,663 | 15,527,352 | 12,158,725 | 12,138,589 | 13,962,760 | 15,271,369 | 15,590,258 | 15,726,772 |
| Transfers out | (7,693,780) | (9,073,721) | (9,207,731) | (13,123,260) | (8,973,779) | (8,050,665) | (9,406,393) | (10,401,169) | (10,923,624) | (10,028,150) |
| Other Prior Period Adjustments | 441,560 | - | - | - | (109,918) | (335,032) | - | - | - | - |
| Proceeds of general obligation bonds | 4,392,755 | 1,139,998 | 294,891 | 6,126,906 | 3,883,304 | 25,643,794 | 16,651,218 | 18,364,384 | 9,642,443 | 15,073,020 |
| Proceeds of refunding bonds | - | - | - | - | - | - | - | 12,271,714 | - | - |
| Total other financing sources (uses) | <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>35,506,298</u> | <u>14,309,077</u> | <u>20,771,643</u> |
| Net Change in fund balance | <u>\$ 2,108,570</u> | <u>\$ 1,018,256</u> | <u>\$ 516,651</u> | <u>\$ 2,102,142</u> | <u>\$ (4,912,649)</u> | <u>\$ 8,337,189</u> | <u>\$ (2,106,466)</u> | <u>\$ (1,856,676)</u> | <u>\$ 1,897,447</u> | <u>\$ 8,256,667</u> |
| Debt service as a percentage of noncapital expenditures | 15.6% | 11.0% | 11.4% | 11.1% | 10.7% | 7.7% | 8.8% | 21.6% | 9.4% | 10.2% |
| Debt service as a percentage of total expenditures | 14.2% | 10.3% | 10.9% | 10.0% | 9.6% | 6.4% | 6.5% | 16.0% | 7.8% | 8.8% |

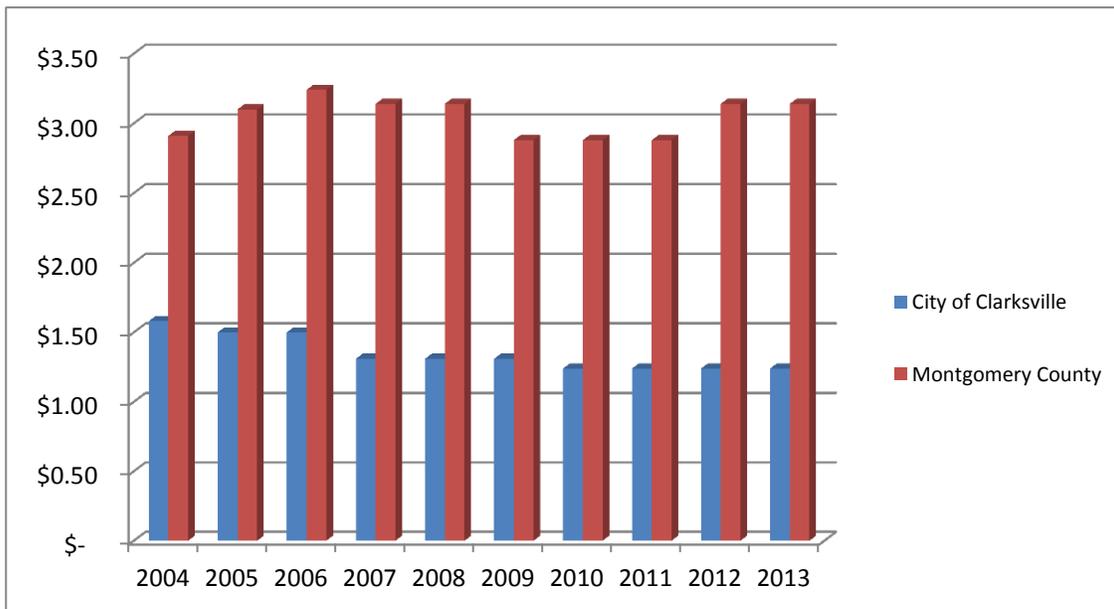
CITY OF CLARKSVILLE, TENNESSEE
Assessed Value of Property Taxes
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Real Property | | | | Personal Property | |
|--|-----------------------------------|---------------------------|---------------------------|----------------------------|-----------------------------------|---------------------------|
| | Public Utility 55% | Commercial 40% | Industrial 40% | Residential 25% | Public Utility 55% | Commercial 30% |
| 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 | 123,061 | 112,399,890 |
| 2013 | 528,550 | 881,230,682 | 29,728,283 | 1,327,457,089 | 158,945 | 117,037,321 |

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

| Fiscal Year ** | Direct Rate | Overlapping Rate * |
|--------------------------|----------------------------|---------------------------|
| | City of Clarksville | Montgomery County |
| 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 |
| 2013 | \$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 (2013 fiscal year would represent the 2012 tax levy). This represents the period for which the taxes were levied.

CITY OF CLARKSVILLE, TENNESSEE
Principal Property Tax Payers
Current Year and Nine Years Ago

| Taxpayer | Type of Business | Fiscal Year 2013 | | | Fiscal Year 2004 | | |
|-----------------------------------|------------------|------------------------|------|--|------------------------|------|--|
| | | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Clarksville Health System | Hospital | \$ 145,919,400 | 1 | 6.31% | | | 0.00% |
| Governor's Square Co. | Retail | 39,471,400 | 2 | 1.71% | 12,892,840 | 3 | 1.00% |
| Clarksville Nine L P | Residential | 23,851,900 | 3 | 1.03% | | | 0.00% |
| Independence Place | Real Estate | 18,974,400 | 4 | 0.82% | | | 0.00% |
| Campus Crest at Clarksville LLC | Residential | 17,906,079 | 5 | 0.77% | | | 0.00% |
| Autumn Winds LLC | Residential | 16,738,600 | 6 | 0.72% | | | 0.00% |
| Bristol Park @ Clarksville Group | Real Estate | 15,616,100 | 7 | 0.68% | | | 0.00% |
| Trane Company | Manufacturer | 11,273,986 | 8 | 0.49% | 16,341,976 | 1 | 1.27% |
| Bellsouth Telecommunications, Inc | Utilities | 10,749,620 | 9 | 0.46% | 14,096,167 | 2 | 1.10% |
| Gateway Medical Center | Hospital | 8,567,518 | 10 | 0.37% | | | 0.00% |
| Wal-Mart Stores, Inc. | Retail | | | | 12,324,652 | 4 | 0.96% |
| Letica Corp. | Manufacturer | | | | 6,325,925 | 5 | 0.49% |
| Charter Communications II | Utilities | | | | 5,411,855 | 6 | 0.42% |
| Evans & Avant Financing | Financial | | | | 5,316,280 | 7 | 0.41% |
| Cumberland Electric Membership | Utilities | | | | 3,529,516 | 8 | 0.27% |
| A.J. Pressler | Farming | | | | 3,466,025 | 9 | 0.27% |
| Averitt Lumber Company, Inc. | Lumber | | | | 3,284,476 | 10 | 0.26% |
| Total | | \$ 309,069,003 | | 13.37% | \$ 82,989,712 | | 6.46% |

Total Assessed Value for 2013: \$ 2,312,003,931
Total Assessed Value for 2004: \$ 1,285,580,587

CITY OF CLARKSVILLE, TENNESSEE
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year | Collected Within The Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---------------------------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 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% | 740,232 | 27,812,994 | 98.6% |
| 2013 | 29,074,992 | 28,019,762 | 96.4% | - | - | 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 (2013 fiscal year would represent the 2012 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 |
|-------------|-----------------------------|--|-------------------------|---------------|-------------|
| 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 | - | - | 96,494,949 |
| 2012 | 38,478,950 | 58,077,442 | 4,840,000 | - | 101,396,392 |
| 2013 | 47,993,950 | 58,047,355 | 3,963,000 | - | 110,004,305 |

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* |
|-------------|------------------|---|---|---|-------------|--------------------------------|--------------------------------------|----------------|
| 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 | 592,696,916 | 8.86% | 4,458 |
| 2012 | 392,190,000 | 99,641,535 | - | 752,612 | 492,584,147 | 593,980,539 | 7.73% | 4,468 |
| 2013 | 437,000,000 | 44,152,125 | - | 637,508 | 481,789,633 | 591,793,938 | 7.70% | 4,241 |

*See Demographic and Economic Statistics, page 114 for personal income and population data.

CITY OF CLARKSVILLE, TENNESSEE
Ratios of General Bonded Debt Outstanding and Legal Debt Margin*
Last Ten Fiscal Years

| Fiscal Year | General Obligation Bonds | All Other Long Term Debt | Total Long Term Debt | Per Capita** | Percentage of Actual Assessed Property Value*** |
|--------------------|---------------------------------|---------------------------------|-----------------------------|---------------------|--|
| 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 | 54,766,999 | 96,494,949 | 725.91 | 4.4% |
| 2012 | 38,478,950 | 62,917,442 | 101,396,392 | 726.69 | 4.4% |
| 2013 | 47,993,950 | 62,010,355 | 110,004,305 | 788.38 | 4.7% |

* The City has no legal debt margin.

**See Demographic and Economic Statistics, page 114, for population data.

***Property value obtained from page 104.

CITY OF CLARKSVILLE, TENNESSEE
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013

| Jurisdiction | Net Bonded Debt Outstanding | Percentage Applicable to City* | Estimated Share of Overlapping Debt |
|---------------------|--------------------------------|-----------------------------------|--|
| City of Clarksville | \$ 110,004,305 | 100% | \$ 110,004,305 |
| Montgomery County | \$ 312,620,000 | 72.97% | \$ 228,110,034 |
| Total | <u>\$ 422,624,305</u> | | <u>\$ 338,114,339</u> |

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

| | |
|---------------------|------------------|
| City of Clarksville | \$ 2,371,439,511 |
| Montgomery County | \$ 3,250,007,933 |
| | <u>72.97%</u> |

CITY OF CLARKSVILLE, TENNESSEE
Pledged 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 | |
| 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 |
| 2013 | 152,108,989 | 133,951,633 | 18,157,356 | 2,170,103 | 3,774,263 | 5,944,366 | 3.05 |

Electric Department - Broadband Division**

| Fiscal Year | Utility Service Charges | Less: | Net | Debt Service | | | Coverage* |
|-------------|-------------------------|--------------------|-------------------|--------------|----------|---------|-----------|
| | | Operating Expenses | Available Revenue | Principal | Interest | Total | |
| 2004 | - | - | - | - | - | - | - |
| 2005 | - | - | - | - | - | - | - |
| 2006 | - | - | - | - | - | - | - |
| 2007 | - | 342,300 | (342,300) | - | - | - | - |
| 2008 | 109,000 | 2,164,900 | (2,055,900) | - | - | - | - |
| 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 |
| 2013 | 13,943,243 | 14,988,891 | (1,045,648) | - | 203,789 | 203,789 | -5.13 |

Gas, Water and Sewer Department

| Fiscal Year | Utility Service Charges | Less: | Net | Debt Service | | | Coverage* |
|-------------|-------------------------|--------------------|-------------------|--------------|-----------|------------|-----------|
| | | Operating Expenses | Available Revenue | Principal | Interest | Total | |
| 2004 | 61,615,875 | 44,259,778 | 17,356,097 | 4,663,727 | 5,410,500 | 10,074,227 | 1.72 |
| 2005 | 71,448,919 | 52,467,523 | 18,981,396 | 4,848,969 | 6,505,769 | 11,354,738 | 1.67 |
| 2006 | 89,860,998 | 68,350,391 | 21,510,607 | 5,242,930 | 7,064,900 | 12,307,830 | 1.75 |
| 2007 | 82,235,510 | 68,350,391 | 13,885,119 | 5,451,855 | 7,169,000 | 12,620,855 | 1.10 |
| 2008 | 88,544,550 | 62,299,745 | 26,244,805 | 7,076,828 | 7,425,165 | 14,501,993 | 1.81 |
| 2009 | 89,916,910 | 57,653,703 | 32,263,207 | 8,137,263 | 9,097,355 | 17,234,618 | 1.87 |
| 2010 | 78,640,588 | 55,625,374 | 23,015,214 | 9,619,913 | 7,388,097 | 17,008,010 | 1.35 |
| 2011 | 80,533,155 | 57,048,997 | 23,484,158 | 8,791,760 | 7,557,135 | 16,348,895 | 1.44 |
| 2012 | 74,170,038 | 46,615,197 | 27,554,841 | 9,272,772 | 7,439,165 | 16,711,937 | 1.65 |
| 2013 | 72,366,334 | 45,953,410 | 26,412,924 | 9,957,330 | 7,482,417 | 17,439,747 | 1.51 |

CITY OF CLARKSVILLE, TENNESSEE
Pledged Revenue Coverage
Last Ten Fiscal Years

Parking Authority

| Fiscal Year | Fines and Fees | Less: Operating Expenses | Net Available Revenue | Debt Service | | | Coverage* |
|-------------|----------------|--------------------------|-----------------------|--------------|----------|---------|-----------|
| | | | | Principal | Interest | Total | |
| 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 | 366,623 | 92,158 | 274,465 | 3,426 | 6,574 | 10,000 | 27.45 |
| 2013 | 357,204 | 78,196 | 279,008 | 3,039 | 6,962 | 10,001 | 27.90 |

All Enterprise Funds

| Fiscal Year | Utility Service Charges/Fines and Fees | Less: Operating Expenses | Net Available Revenue | Debt Service | | | Coverage* |
|-------------|--|--------------------------|-----------------------|--------------|------------|------------|-----------|
| | | | | Principal | Interest | Total | |
| 2004 | 141,344,148 | 119,381,457 | 21,962,691 | 6,178,027 | 5,864,478 | 12,042,505 | 1.82 |
| 2005 | 154,097,789 | 129,503,062 | 24,594,727 | 7,784,565 | 7,615,813 | 14,447,286 | 1.70 |
| 2006 | 183,784,331 | 155,487,844 | 28,296,487 | 6,564,225 | 7,466,254 | 14,030,479 | 2.02 |
| 2007 | 186,042,842 | 165,992,933 | 20,049,909 | 7,856,143 | 8,224,689 | 16,080,832 | 1.25 |
| 2008 | 201,620,681 | 171,567,408 | 30,053,273 | 7,760,046 | 9,945,163 | 17,705,209 | 1.70 |
| 2009 | 227,224,021 | 189,668,687 | 37,555,334 | 8,918,756 | 12,070,991 | 20,989,747 | 1.79 |
| 2010 | 220,322,261 | 180,594,668 | 39,727,593 | 11,161,596 | 10,986,422 | 22,148,018 | 1.79 |
| 2011 | 248,060,922 | 211,666,382 | 36,394,540 | 11,090,800 | 11,587,059 | 22,677,859 | 1.60 |
| 2012 | 239,455,193 | 190,800,665 | 48,654,528 | 11,256,198 | 11,510,931 | 22,767,129 | 2.14 |
| 2013 | 238,775,770 | 194,972,130 | 43,803,640 | 12,130,472 | 11,467,431 | 23,597,903 | 1.86 |

*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.

**CDE Broadband Division was created during Fiscal Year 2007. The Broadband Division's debt is in the form of an interdepartmental loan due to the Electric Department - Electric Division.

Note: This schedule presents coverage information for different departments. The basis used for the calculation of coverage for these departments may be different depending on the circumstances.

CITY OF CLARKSVILLE, TENNESSEE

Schedule of Principal and Interest Due

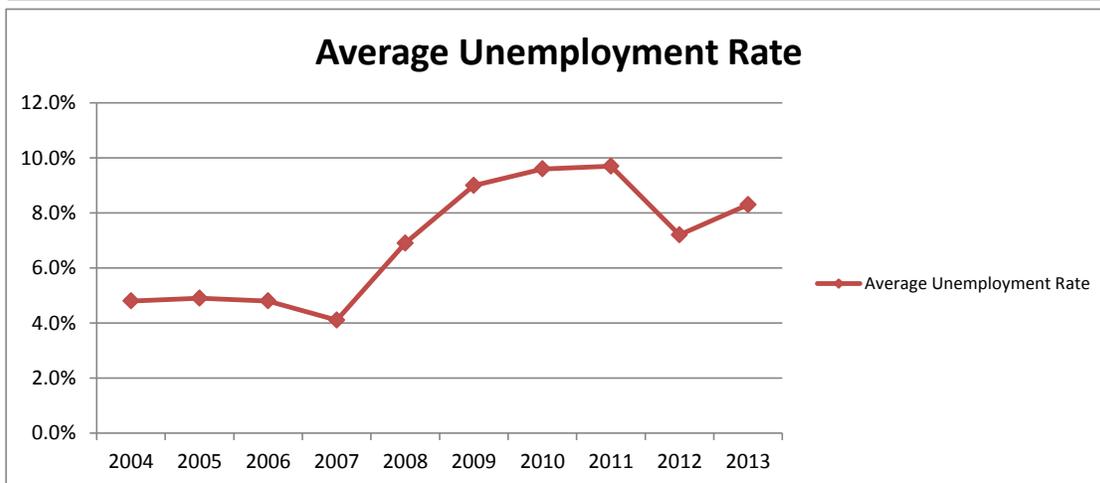
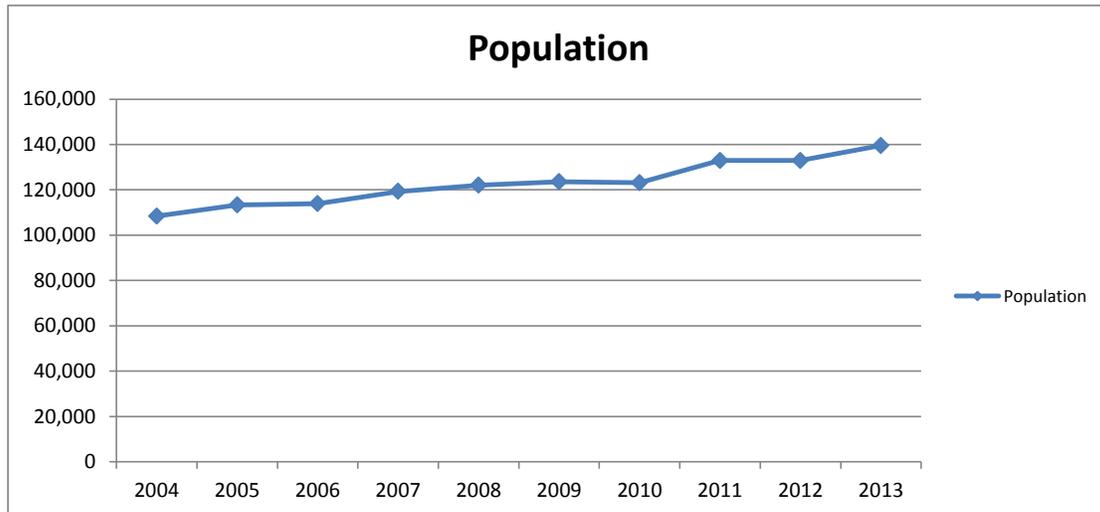
| Years Ending June 30, | Governmental Activities | | Business Type Activities | | Total Add Debt Issues | | |
|-----------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Total |
| 2014 | \$ 6,799,950 | \$ 3,184,056 | \$ 27,528,512 | \$ 19,558,092 | \$ 34,328,462 | \$ 22,742,148 | \$ 57,070,610 |
| 2015 | 6,777,000 | 2,881,659 | 27,979,933 | 19,601,267 | 34,756,933 | 22,482,926 | 57,239,859 |
| 2016 | 7,706,000 | 2,668,848 | 29,745,824 | 18,346,329 | 37,451,824 | 21,015,177 | 58,467,001 |
| 2017 | 6,919,000 | 2,451,193 | 31,742,360 | 16,941,166 | 38,661,360 | 19,392,359 | 58,053,719 |
| 2018 | 6,598,000 | 2,241,806 | 33,587,723 | 15,445,543 | 40,185,723 | 17,687,349 | 57,873,072 |
| 2019 | 6,870,000 | 2,045,077 | 35,617,996 | 13,828,322 | 42,487,996 | 15,873,399 | 58,361,395 |
| 2020 | 7,154,000 | 1,827,421 | 37,791,599 | 12,143,496 | 44,945,599 | 13,970,917 | 58,916,516 |
| 2021 | 6,391,000 | 1,609,523 | 40,208,631 | 10,332,468 | 46,599,631 | 11,941,991 | 58,541,622 |
| 2022 | 6,407,000 | 1,398,778 | 44,141,313 | 8,369,461 | 50,548,313 | 9,768,239 | 60,316,552 |
| 2023 | 5,203,000 | 1,200,166 | 19,853,879 | 6,923,230 | 25,056,879 | 8,123,396 | 33,180,275 |
| 2024 | 4,732,000 | 1,049,225 | 20,516,573 | 6,149,006 | 25,248,573 | 7,198,231 | 32,446,804 |
| 2025 | 4,936,000 | 916,958 | 21,269,651 | 5,364,067 | 26,205,651 | 6,281,025 | 32,486,676 |
| 2026 | 4,210,000 | 778,391 | 9,148,384 | 4,537,555 | 13,358,384 | 5,315,946 | 18,674,330 |
| 2027 | 4,454,000 | 668,331 | 9,588,053 | 4,195,481 | 14,042,053 | 4,863,812 | 18,905,865 |
| 2028 | 4,255,000 | 549,640 | 10,063,956 | 3,828,140 | 14,318,956 | 4,377,780 | 18,696,736 |
| 2029 | 3,811,000 | 440,055 | 10,561,403 | 3,442,561 | 14,372,403 | 3,882,616 | 18,255,019 |
| 2030 | 3,867,355 | 360,058 | 11,090,724 | 3,037,942 | 14,958,079 | 3,398,000 | 18,356,079 |
| 2031 | 3,511,000 | 277,528 | 11,622,260 | 2,634,174 | 15,133,260 | 2,911,702 | 18,044,962 |
| 2032 | 3,662,000 | 189,157 | 12,176,373 | 2,211,223 | 15,838,373 | 2,400,380 | 18,238,753 |
| 2033 | 3,535,000 | 113,770 | 7,305,000 | 1,753,125 | 10,840,000 | 1,866,895 | 12,706,895 |
| 2034 | 2,206,000 | 40,443 | 7,675,000 | 1,381,625 | 9,881,000 | 1,422,068 | 11,303,068 |
| 2035 | - | - | 8,065,000 | 991,250 | 8,065,000 | 991,250 | 9,056,250 |
| 2036 | - | - | 8,470,000 | 581,125 | 8,470,000 | 581,125 | 9,051,125 |
| 2037 | - | - | 2,925,000 | 299,750 | 2,925,000 | 299,750 | 3,224,750 |
| 2038 | - | - | 3,070,000 | 153,500 | 3,070,000 | 153,500 | 3,223,500 |
| Total | \$ 110,004,305 | \$ 26,892,083 | \$ 481,745,147 | \$ 182,049,898 | \$ 591,749,452 | \$ 208,941,981 | \$ 800,691,433 |

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. This schedule does not include the debt from the Clarksville-Montgomery County Museum, which is due to the City.

CITY OF CLARKSVILLE, TENNESSEE
Demographic and Economic Statistics*
Last Ten Fiscal Years

| Fiscal Year | Population | Personal Income (thousands) | Per Capita Personal Income | Median Age | Public School Enrollment | Average Unemployment Rate |
|--------------------|-------------------|------------------------------------|-----------------------------------|-------------------|---------------------------------|----------------------------------|
| 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 | 132,929 | 6,785,738 | 39,155 | 28.2 | 30,566 | 7.2% |
| 2013 | 139,532 | 7,680,293 | 43,485 | 28.2 | 31,300 | 8.3% |



*The above information came from the following sources: U.S. Bureau of Economic Analysis, Clarksville-Montgomery County Office of Economic Development, Clarksville-Montgomery County School System and the US Department of Labor: Bureau of Labor Statistics. 2011 - Tennessee Certified Populations, other years are estimated based on 2000 Tennessee Certified Population

CITY OF CLARKSVILLE, TENNESSEE
Principal Employers
Current Year and Nine Years Ago

| Employer | Year 2013 | | | Year 2004 | | |
|---|------------------|-------------|--|------------------|-------------|--|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Department of Defense (Fort Campbell) | 5,100 | 1 | 7.15% | 25,964 * | 1 | 40.32% |
| Clarksville-Montgomery County School System | 3,900 | 2 | 5.47% | 3,000 | 2 | 4.66% |
| Trane Company | 1,400 | 3 | 1.96% | 1,494 | 4 | 2.32% |
| Wal-Mart Supercenter | 1,363 | 4 | 1.91% | | | 0.00% |
| City of Clarksville | 1,330 | 5 | 1.86% | 1,185 | 7 | 1.84% |
| Gateway Medical Center | 1,165 | 6 | 1.63% | 1,200 | 5 | 1.86% |
| Montgomery County | 921 | 7 | 1.29% | 850 | 9 | 1.32% |
| Austin Peay State University | 900 | 8 | 1.26% | 756 | 10 | 1.17% |
| Convergys Corporation | 800 | 9 | 1.12% | 1,800 | 3 | 2.80% |
| Jostens Printing & Publishing | 600 | 10 | 0.84% | | | 0.00% |
| Akebono | 500 | 11 | 0.70% | | | 0.00% |
| Letica | 400 | 12 | 0.56% | | | 0.00% |
| Bridgestone Metalpha | 400 | 13 | 0.56% | | | 0.00% |
| Hendrickson Trailer Suspension Systems | 320 | 14 | 0.45% | | | 0.00% |
| Spear USA | 302 | 15 | 0.42% | | | 0.00% |
| Quebecor Printing | | | | 858 | 8 | 1.33% |
| | <u>19,401</u> | | <u>27.18%</u> | <u>37,107</u> | | <u>57.62%</u> |

*Includes active duty personnel

| | |
|-----------------------------|--------|
| Civilian Labor Force - 2013 | 71,304 |
| Civilian Labor Force - 2004 | 64,390 |

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

| Function | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | 75 | 75 | 79 | 67 | 75 | 83 | 89 | 131 | 135 | 135 |
| Public Safety | | | | | | | | | | |
| Police Department | 275 | 288 | 292 | 292 | 301 | 322 | 296 | 307 | 315 | 319 |
| Fire Department | 180 | 182 | 183 | 200 | 197 | 197 | 197 | 204 | 204 | 204 |
| Total Public Safety | 455 | 470 | 475 | 492 | 498 | 519 | 493 | 511 | 519 | 523 |
| Street Department | 78 | 75 | 79 | 82 | 83 | 86 | 86 | 86 | 86 | 90 |
| Recreation | 47 | 44 | 44 | 50 | 82 | 79 | 81 | 93 | 94 | 94 |
| Governmental Activities | 655 | 664 | 677 | 691 | 738 | 767 | 749 | 821 | 834 | 842 |
| Transit | 48 | 48 | 49 | 52 | 52 | 52 | 77 | 76 | 76 | 77 |
| Department of Electricity | 0 | 0 | 89 | 90 | 90 | 90 | 127 | 167 | 167 | 167 |
| Gas, Water & Sewer | 262 | 258 | 254 | 246 | 245 | 244 | 245 | 244 | 244 | 244 |
| Business-Type Activities | 310 | 306 | 392 | 388 | 387 | 386 | 449 | 487 | 487 | 488 |
| Total Employees of Primary Government | 965 | 970 | 1,069 | 1,079 | 1,125 | 1,153 | 1,198 | 1,308 | 1,321 | 1,330 |

CITY OF CLARKSVILLE, TENNESSEE
Operating Indicators by Function / Program
Last Ten Fiscal Years*

| Function / Program | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| Building Permits Issued | | | | | | 630 | 1,203 | 1,128 | 1,557 | 1,112 |
| Building Inspections Conducted | | | | | | 12,984 | 5,886 | 4,514 | 7,119 | 5,915 |
| Police | | | | | | | | | | |
| Calls for Service | | | | | 152,562 | 143,210 | 143,210 | 145,894 | 150,000 | 154,445 |
| TIBRS Type A Crime | | | | | 13,509 | 13,356 | 13,356 | 12,060 | 13,053 | 12,647 |
| TIBRS Type B Crime | | | | | 2,066 | 1,879 | 1,879 | 2,019 | 2,243 | 2,260 |
| Fire | | | | | | | | | | |
| Calls for Service | | | | | 6,353 | 6,635 | 5,710 | 6,573 | 8,008 | 9,139 |
| Fire Calls | | | | | 620 | 586 | 478 | 128 | 129 | 487 |
| Inspections | | | | | 2,023 | 2,599 | 2,547 | 2,601 | 1,840 | 2,189 |
| Public Works | | | | | | | | | | |
| Miles of Street | | 543 | 543 | 560 | 572 | 572 | 592 | 615 | 615 | 624 |
| Parks & Recreation | | | | | | | | | | |
| Acres of Parks | | 429.5 | 429.5 | 429.5 | 430 | 430 | 600 | 650 | 650 | 775 |
| Gas, Water & Sewer | | | | | | | | | | |
| Miles of Gas Lines | | | 704 | 758 | 859 | 859 | 859 | 895 | 894 | 904 |
| Miles of Water Lines | | | 841 | 841 | 944 | 970 | 992 | 1,008 | 1,030 | 1,032 |
| Miles of Sewer Lines | | | 731 | 731 | 781 | 781 | 860 | 871 | 893 | 906 |
| Gas Customers | 18,611 | 19,758 | 20,523 | 21,343 | 21,871 | 22,223 | 23,081 | 24,110 | 24,473 | 24,652 |
| Water Customers | 44,232 | 46,579 | 47,167 | 51,066 | 51,035 | 53,266 | 52,558 | 56,726 | 58,405 | 58,694 |
| Sewer Customers | | | | | | 45,578 | 46,780 | 48,964 | 50,453 | 50,628 |
| Electric | | | | | | | | | | |
| # of Residential Customers | 42,877 | 44,900 | 45,606 | 48,629 | 49,219 | 49,295 | 52,413 | 54,019 | 55,434 | 55,837 |
| # of Commercial Customers | 4,243 | 5,479 | 5,570 | 5,779 | 5,827 | 5,784 | 6,279 | 6,336 | 6,553 | 6,580 |
| # of Industrial Customers | 660 | 660 | 699 | 734 | 734 | 754 | 727 | 769 | 741 | 725 |
| Public Lighting | 500 | 510 | 508 | 547 | 523 | 528 | 561 | 552 | 577 | 419 |
| Transit | | | | | | | | | | |
| # of Riders | 631,474 | 646,905 | 671,005 | 662,917 | 727,757 | 727,757 | 733,718 | 793,923 | 894,356 | 873,368 |

*Information included as available.

CITY OF CLARKSVILLE, TENNESSEE
Capital Asset Statistics by Function / Program
Last Nine Fiscal Years*

| Function / Program | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | |
| # of Buildings | 119 | 119 | 119 | 122 | 122 | 123 | 103 | 103 | 119 |
| # of Vehicles | 134 | 134 | 149 | 150 | 150 | 165 | 173 | 173 | 184 |
| Public Safety | | | | | | | | | |
| Police Stations | 3 | 3 | 3 | 3 | 3 | 3 | 5 | 5 | 5 |
| Police Patrol Units | 303 | 303 | 354 | 315 | 315 | 326 | 252 | 279 | 303 |
| Fire Stations | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Fire Vehicles | 43 | 43 | 47 | 51 | 51 | 52 | 50 | 50 | 48 |
| Public Works | | | | | | | | | |
| Streets (miles) | 543 | 543 | 543 | 560 | 572 | 592 | 615 | 615 | 624 |
| Parks & Recreation | | | | | | | | | |
| Acreage | 429.5 | 429.5 | 429.5 | 430 | 430 | 600 | 650 | 650 | 775 |
| # of Parks | 22 | 22 | 22 | 22 | 22 | 30 | 25 | 25 | 25 |
| Community Centers | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Pools / Field & Courts | 38 | 38 | 38 | 38 | 38 | 38 | 56 | 64 | 34 |
| Gas, Water, Sewer & Electric | | | | | | | | | |
| Gas Line Miles | 704 | 704 | 758 | 859 | 859 | 859 | 895 | 894 | 904 |
| Water Line Miles | 841 | 841 | 841 | 944 | 970 | 992 | 1,008 | 1,030 | 1,032 |
| Sewer Line Miles | 731 | 731 | 731 | 781 | 781 | 860 | 871 | 893 | 906 |
| Electric Substations | 10 | 10 | 10 | 10 | 10 | 10 | 11 | 12 | 12 |
| Transit | | | | | | | | | |
| # of Vehicles | 12 | 12 | 15 | 16 | 18 | 20 | 34 | 34 | 34 |

*The information for fiscal year 2004 is not available.



**INTERNAL CONTROL
AND COMPLIANCE SECTION**

INDEPENDENT AUDITOR'S 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 Mayor and City Council
City of Clarksville, Tennessee

We have audited, in accordance with the 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, the 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 City of Clarksville, Tennessee (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2013. Our report includes a reference to other auditors who 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 auditor's 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

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2013-1 and 2013-2, that we consider to be significant deficiencies.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crosslin & Associates, P.C.

Nashville, Tennessee
December 31, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Mayor and City Council
City of Clarksville, Tennessee

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of 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, 2013.



Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency on internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-2, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Crosslin & Associates, P.C.

Nashville, Tennessee
December 31, 2013

CITY OF CLARKSVILLE, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified? x yes none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified? x yes none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported
 in accordance with Section 510(a) of OMB Circular A-133? x yes no

Identification of major programs for the City of Clarksville for the fiscal year ended June 30, 2013 are:

| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
|--------------------|---|
| 14.218 / 14.253 | Community Development Block Grants - including ARRA |
| 14.239 | Home Investment Partnership Program |
| 16.710 | Public Safety Partnership and Community Policing Grants |
| 20.500 / 20.507 | Federal Transit Cluster |
| 15.616 | Boating Infrastructure Grants |
| 20.205 | Highway Planning and Construction |

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes x no

CITY OF CLARKSVILLE, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2013

II. Findings related to the audit of the financial statements of the City of Clarksville

2013 - 1 Actuarial Census Data

Criteria:

The valuation of the other post employment benefit ("OPEB") liability should be based on accurate census data of plan participants.

Condition:

During our analysis of the census data, we noted certain instances in which employee information did not appear to reconcile with the information in the underlying personnel file. Additionally, we noted that census data for the OPEB plan appears to be based on the census data for the City's pension plan, which is administered by TCRS. There are two different populations for the pension plan and OPEB plan as the OPEB plan is closed to employees hired after June 30, 2006.

Context:

The amount recorded in the financial statements for OPEB liability is significant and is based on a valuation performed by third-party actuaries. The actuaries base their calculations on census data of eligible employees provided by the City.

Cause:

The information provided by the City for the actuarial computations should be periodically reviewed to determine if discrepancies exist with personnel files.

Effect:

The amount recorded in the financial statement for OPEB liability is an actuarial estimate. The estimate should be based on data that is as complete and accurate as possible in order to avoid discrepancies in the actuarial results.

Recommendation:

We recommend that a review of the OPEB census data be performed. Such a review should include comparing the census data to underlying payroll records for birth date, hire date, and other pertinent information. The review should be performed periodically by the Human Resources department. The City should also consider adding this review to the internal audit schedule during payroll or other employee benefit audits. The OPEB plan is a closed plan; however, new employees can participate in pension plan through TCRS. Therefore, we recommend that separate lists be maintained for the OPEB plan and the TCRS plan. This will help ensure that the actuaries perform their valuation on the OPEB of only eligible participants and decreases the risk a group of participants being accidentally included or excluded from the valuation. Review of census data will help to ensure that information in the financial statements is based on accurate valuations.

Views of Responsible Officials and Planned Corrective Actions:

We agree and will coordinate with the HR Department to review data prior to submission to ensure only eligible employees are included in the census. We have discussed the addition of this review with our Internal Audit Department to be included in their schedule of audits.

CITY OF CLARKSVILLE, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2013

II. Findings related to the audit of the financial statements of the City of Clarksville - Continued

2013 - 2 Clarksville Transit System

Criteria:

Clarksville Transit System's (CTS) financial accounting software, MUNIS, should be utilized to effectively perform accounting, financial and grant reporting functions.

Condition:

CTS uses the MUNIS system for financial accounting and reporting; however, certain functions could be performed more efficiently and effectively.

Questioned Cost:

None.

Context:

MUNIS is the primary financial accounting and reporting software for CTS.

Cause:

The MUNIS system is capable of maintaining the general ledger as well as certain accounting records necessary for grant compliance, which is significant to CTS. The system also has certain internal control features. Thorough set-up, updates, and on-going training are necessary to maintain adequate knowledge of the system. Additional training regarding the system's capabilities is needed.

Effect:

The system has not been utilized to its fullest extent. System generated reports do not have all information fields possible and project cost centers have not been established. This leads to significant work by the CTS finance team for year-end financial and compliance reporting.

Recommendation:

We recommend that the MUNIS software accounting and reporting functions be more fully utilized at CTS. Specifically, the system should be utilized to provide detailed reports of receivables and payables from the trial balance, which will help in monitoring and following on past due A/R balances, tracking capital assets in the fixed asset module, creating cost centers in the system, which will help track grant expenditures on a grant-by-grant basis, and other functions frequently used by CTS. In order to more fully utilize the system, training should be provided on the system and its capabilities specifically for CTS. The training could be provided by City General personnel and should include specific functions for project modules and report generation. Training will help ensure that producing complete and relevant reports for management review becomes a routine accounting procedure. It will also help improve the efficiency of the accounting function at CTS. Additionally, the City should consider whether City General finance staff should have access to read certain information within the CTS general ledger.

CITY OF CLARKSVILLE, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2013

II. Findings related to the audit of the financial statements of the City of Clarksville - Continued

2013 - 2 Clarksville Transit System - Continued

Most importantly, more effective use the system will help CTS financial accounting personnel in their job functions.

Views of Responsible Officials and Planned Corrective Actions:

We agree and have already met with the Director of CTS, IT and CTS finance staff to coordinate training and work sessions with CTS, City General Finance and IT staff. Our goal is to utilize MUNIS to its fullest potential thereby providing improvements in CTS reporting, functionality and efficiency in the coming year.

CITY OF CLARKSVILLE, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2013

III. Findings and questioned costs related to the audit of Federal awards

2013 - 2 Clarksville Transit System

Federal Program:

U.S. Department of Transportation
CFDA No. 20.500 / 20.507
Federal Transit Cluster

See Item 2013-2 in Section II above.

CITY OF CLARKSVILLE, TENNESSEE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2013

Federal Programs:

Department of Homeland Security - CFDA 97.116

Department of Transportation - CFDA 20.205; 20.219; 20.500; 20.507

Department of Housing and Urban Development - CFDA 14.218; 14.239; 14.253

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.

Current Status:

This finding has been resolved during fiscal year 2013.