

**CITY OF CLARKSVILLE, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
JUNE 30, 2007**

CITY OF CLARKSVILLE, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2007

Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal	1
Schedule of Officials	5
Organizational Chart	6

FINANCIAL SECTION

Independent Auditor's Report	7
Management Discussion and Analysis	9
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Assets	23
Statement of Activities	25
Fund Financial Statements	
Balance Sheet-Governmental Funds	27
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets	28
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Statement of Net Assets-Proprietary Funds	31
Statement of Revenues, Expenses, and Changes in Fund Net Assets-Proprietary Funds	34
Combining Statement of Cash Flows-Proprietary Funds	36
Statement of Fiduciary Net Assets-Fiduciary Fund	39
Statement of Changes in Fiduciary Net Assets-Fiduciary Fund	39
Budgetary Comparison Schedule- General Fund	40
Notes to Financial Statements	45
Required Supplementary Information:	
Schedule of Funding Progress for Pension Plan	73
Modified Approach for Street Network Infrastructure Capital Assets	73
Budgetary Information	74
Supplementary Information:	
Budgetary Comparison Schedule- Non-Major Governmental Funds	76
Combining Balance Sheet Non-Major Governmental Funds	80
Combining Statement of Revenue, Expenditures and Changes in Fund Balances Non-Major Governmental Funds	81
Combining Balance Sheet-Special Revenue Funds	82
Combining Statement of Revenue, Expenditures and Changes in Fund Balances-Special Revenue Funds	83
Combining Statement of Net Assets-Non Major Proprietary Funds	84
Combining Statement of Revenue, Expenses and Changes in Fund Net Assets-Non Major Proprietary Funds	86
Combining Statement of Cash Flows-Non Major Proprietary Funds	87
Combining Statement of Net Assets-Internal Service Funds	89
Combining Statement of Revenue, Expenses and Changes in Fund Net Assets-Internal Service Funds	90
Combining Statement of Cash Flows-Internal Service Funds	91

INTERNAL CONTROL AND COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards	92
Schedule of Expenditures of State Awards	95
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	97
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	99
Schedule of Findings and Questioned Costs	101

STATISTICAL SECTION

103



COMPREHENSIVE ANNUAL FINANCIAL REPORT
LETTER OF TRANSMITTAL

March 20, 2008

The Citizens of the City of Clarksville

Mayor and Clarksville City Council

The Department of Finance and Revenue is issuing the Comprehensive Annual Financial Report (CAFR) of the City of Clarksville, Tennessee, for the fiscal year ended June 30, 2007. This report is published to provide the City Council, city staff, citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government. 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.

To the best of our knowledge, the enclosed data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the City, on a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Report

The Report is presented in three sections: (1) Introductory, (2) Financial, and (3) Statistical. The introductory section includes this transmittal letter, a listing of City Officials, and an organizational chart of the City. The financial section includes a Management's Discussion and Analysis (MD&A), government-wide financial statements and combining and individual fund statements and schedules, as well as the independent auditors' report on the basic financial statements. The Financial Section described above is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB) and other professional and rule setting associations as applicable.

City Profile

The City of Clarksville is the fifth largest city (103,455 population based on 2000 census) in the State of Tennessee. The City of Clarksville 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 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. The City Council's four year terms are staggered with one half of the City Council being elected every two years. The Mayor and the City Council enact local laws, established policies, and adopt an annual budget. The Mayor is the administrative head of the government and is responsible for the day-to-day administration operations of the city government.

Services Provided

The City provides to its citizens services that are necessary and meaningful and which the City can more effectively and efficiently provide. Major services provided under the governmental activities and business-type are:

Governmental activities:

1. Fire and Police protection (Public Safety);
2. Parks and Recreation facilities and programs (Cultural/Recreational);
3. Two municipal golf courses (18 holes at Swan Lake Golf Course and 9 holes at Mason Rudolph Golf Course);

4. Streets and infrastructure improvements and maintenance (Highways and Streets); and
5. General administrative services (General Government).

Business-type activities

1. Public transportation (Clarksville Transit System);
2. Parking facilities (Clarksville Parking Authority);
3. Electric service (Clarksville Department of Electricity);
4. Gas service (Clarksville Gas and Water Department);
5. Water and sewer services (Clarksville Gas and Water Department); and
6. Natural Gas Acquisition Corporation

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

Accounting System and Budgetary Control

The City's accounting records for the general government's operations are maintained under generally accepted accounting principles. Internal accounting controls are to provide reasonable, but not absolute assurance regarding:

1. maintaining the accountability for and the safeguarding of the city's assets against loss from unauthorized use or disposition;
2. maintaining the accuracy and reliability of the financial records; and
3. demonstrating compliance with applicable federal, state, and local rules and regulations.

The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits of the internal controls. The evaluation of internal control requires estimates of costs and the benefits to be derived from the controls. The evaluation of internal controls requires making subjective and quantitative judgments.

All internal control evaluation occurs within the above framework. The City's internal controls for accounting provide for the adequate safeguard of the city's assets and provides for the reasonable assurance that the proper recording of the city's financial transactions has occurred.

The Official Code of the City of Clarksville requires that the City Council shall adopt an annual budget prepared by the Commissioner of Finance and Revenue under the direction of the Mayor. Once the budget is approved, the Mayor is authorized to approve the transfer of appropriations from a Department's salaries and capital outlay items to non-operating/non-capital expenditures within that same department. Any revisions increasing the total expenditures of a department must be approved by the City Council. The annual budget may be amended by ordinance at anytime during the fiscal year.

Budgetary control is established at the fund level. Monthly financial reports listing budgeted and actual expenditures by program or department are issued to the City Council. The departments have access to pertinent financial information relating to their operations at all times. The actual expenditures of the departments are reviewed and analyzed by the Finance and Revenue Department for budgetary compliance and for unusual deviations from their expected expenditure pattern. Within each department emphasis, is placed on total expenditures for the department. Each department has a goal of remaining within their respective budgetary appropriation while providing effective and efficient services to the city's citizens.

Revenues are reviewed monthly and compared to expected collection rates, any unusual revenue patterns that are observed are analyzed for possible changes in trends or possible unfavorable variances from budgeted amounts.

Cash Management

The City of Clarksville's general government's depository was Legends Bank; however since the close of the 2007 fiscal year the city has changed depositories and transitioned to U. S. Bank. The City invests idle funds within the provisions of T. C. A. 6-56-106. Each of the chief financial officers of their respective funds makes investment decisions within the framework of these T.C. A. provisions. The general government does not deposit money in out-of-state banks nor does it deposit funds in banks that are not members of the State of Tennessee's collateral banking pool. The policy of the general government, of limiting investments to banks that are members of the banking pool, enables the collateralization requirements of the State of Tennessee found within T.C.A. 6-56-106 to be easily met. Factors considered when managing cash and making investments are: (1) liquidity, (2) safety of the

investment, and (3) the investment's return. The city's general government cash balances and reserves are maintained at three levels with varying degrees of liquidity:

1. Demand accounts are maintained at levels required for checks to clear.
2. Sweep accounts, provide for the temporary investment of cash not immediately required.
3. State of Tennessee Local Government Investment Pool provides for a slightly greater return on invested funds than the sweep accounts while maintaining many characteristics of demand accounts.
4. Fixed rate investments with specified rates of return and fixed maturity dates. These investments are placed based upon competitive interest quotes. These are funds not currently required to fund operations except in the event of an unforeseen emergency.

The Chief Financial Officers of the utilities and the transit system invest the idle cash under their control in those investments provided for within the provisions of T.C.A. 6-56-106, basing their investment decisions on their respective funds operating requirements and the factors of investment liquidity, safety, and return.

Statement No. 40 of the Governmental Accounting Standards Board, "Deposit and Investment Risk Disclosures", states "If a government has no deposit or investment policy that addresses a specific type of risk that it is exposed to, the disclosure should indicate that fact." The City does not have an official investment policy. We believe the provisions of the Tennessee Code Annotated 6-56-106, "Authorized Investments", provides sufficient guidance in the investment of the City's funds. The City is a passive investor. Investments are made in those investments authorized under Tennessee Code Annotated, Section 6-56-106 and are held to maturity. The city does not invest in the anticipation of making a gain due to the movement up or down in interest rates. The City realizes that one or more types of risk may be found in any investment. The types of risks are: (1) concentrations of credit risk, (2) interest rate risk, and/or (3) foreign currency risk. We believe the passive investment strategy and limiting those investments found within the provisions of the 6-56-106 minimizes the city's exposure investments risks.

During the period June 1 through mid-December, year to date expenditures can exceed year to date revenues by \$10 million. As the City's budget increases, this cash imbalance of revenues exceeding expenditures can be expected to increase. The negative cash flow generally decreases as the end of December approaches. The negative cash flows reappear in January and will continue through mid-May. This imbalance between revenues and expenditures is expected. Significant expenditures are planned around this established trend for revenues and expenditures. Discounts on purchases are taken when available. In the absence of discounts or contractual agreement, payments are normally held 30 days after processing for cash flow purposes. Large purchases are deferred until later in the fiscal year when the deficit of expenditures over revenues decreases. All cash received must be deposited within three days of receipt, however normally deposits are made daily. The city's goal is to expedite the receipt of funds and to slow the disbursement of funds.

Risk Management

The City of Clarksville administers Internal Service Funds and a Self-Insured Retention (SIR) program in order to manage potential liabilities.

Liability claims in excess of the self-insured amounts (SIR) are covered through third-party excess liability insurance policies. The City is self-insured with excess coverage in these areas: (1) general liability, (2) law enforcement liability, (3) public entity management liability, and (4) employment practices liability with a \$1,000,000 (SIR) retention and \$5,000,000 excess limit coverage (umbrella).

On-the-job injury and automobile liability are completely self-insured through the city's Internal Service Fund.

Automobile physical damage is provided through a fully insured third party policy with a \$500 collision/\$250 comprehensive deductible in place for the Clarksville Fire Department, Clarksville Transit System and the Parks and Recreation Department. Liability coverage is also provided with a \$650,000 per occurrence deductible for the covered departments.

Property coverage is provided through a fully insured third party policy with a \$50,000 per occurrence deductible. Valuation is provided on an agreed amount, blanket basis for buildings and contents with a total limit of \$135 million.

The City offers a fully-insured medical plan for regular full-time employees and dependents on a cost-sharing basis. Employees enrolled in medical are automatically enrolled in the self-insured pharmacy program; cost is shared with

employees. Dental is also self insured; the City pays the cost for employees, but employees pay the additional cost for dependents.

Financial Reports and Independent Audit of Financial Reports

Section 6-56-105 to the Tennessee Code Annotated and Article 5, Section 4 of the Official Code of the City of Clarksville requires an annual financial report of all financial books and records of the city. Article IV, Section 5 of the Official Code of the City of Clarksville requires that the Commissioner of Finance and Revenue shall make a yearly report showing in full detail the financial condition of the city and the report will be shall be published in pamphlet form in the manner required by the city council for distribution. The attached audited financial reports are prepared based upon generally accepted accounting principles and the audit was performed in accordance with generally accepted governmental auditing standards and meet minimum audit standards as prescribed by the comptroller of the treasury.

Sincerely,

A handwritten signature in blue ink that reads "Wilbur M. Berry Jr." with a stylized flourish at the end.

Wilbur M. Berry Jr., CPA, CGFM

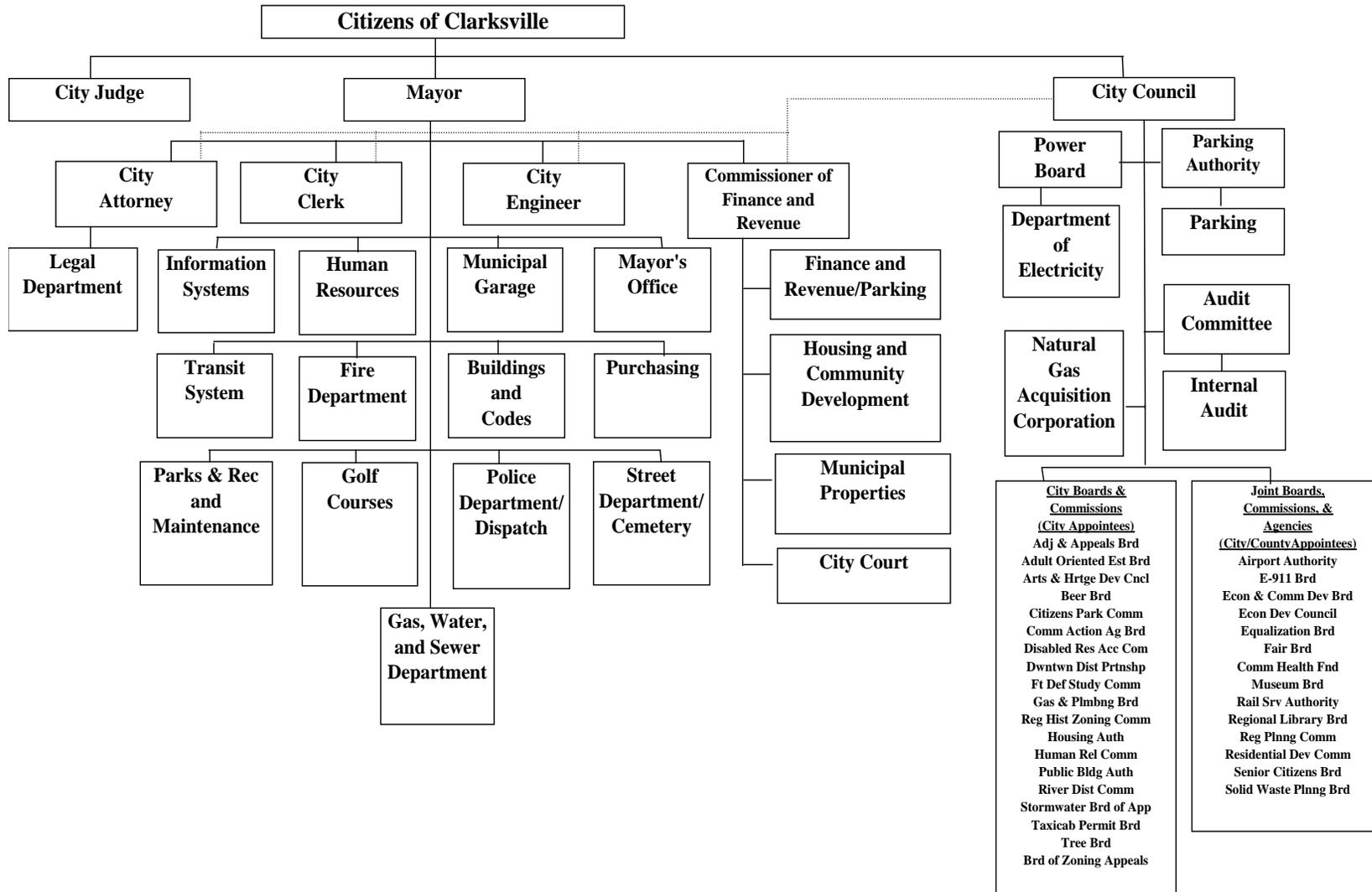
Commissioner of Finance and Revenue
City of Clarksville

**CITY OF CLARKSVILLE
SCHEDULE OF OFFICIALS
JUNE 30, 2007**

Mayor, Honorable John E. Piper	Term expires: December 31, 2010
City Attorney, Raymond Runyon (Interim)	Appointed by the City Council
City Clerk, Sylvia Skinner	Appointed by the City Council
Commissioner of Finance and Revenue, Wilbur M. Berry, Jr.	Appointed by the City Council
City Engineer, Chris Hammer	Appointed by the City Council

<u>Ward</u>	<u>Council Member</u>	<u>Term Expires</u>
1	Barbara Johnson	December 31, 2010
2	Deana M. McLaughlin	December 31, 2010
3	James R. Lewis	December 31, 2008
4	Wallace Redd	December 31, 2008
5	Diana Ward	December 31, 2008
6	Marc Harris	December 31, 2010
7	Geno Grubbs	December 31, 2010
8	James Doyle	December 31, 2008
9	Richard Swift	December 31, 2008
10	Bill Summers	December 31, 2010
11	William Forrester	December 31, 2010
12	Wayne Harrison	December 31, 2008

ORGANIZATIONAL CHART



March 24, 2008

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Department of Electricity, which represents 19 percent and 27 percent, respectively, of the assets and revenues of the aggregate business-type activities. Also, we did not audit the financial statements of the Clarksville-Montgomery County Museum, which comprises the City's discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Department of Electricity and Clarksville-Montgomery County Museum, is based on the reports 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Clarksville, Tennessee, as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2008 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 9 through 22 and the additional required supplementary information on pages 73 through 75 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements on pages 76 through 91 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards on pages 92 through 96 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal and state awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

WEATHERSPOON // LOWE // WALLACE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of City of Clarksville's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the transmittal letter and the City's financial statements.

FINANCIAL HIGHLIGHTS

1. The net assets of the City increased from \$511.1 million in 2006 to \$550.0 million in 2007.
 - The net assets of the governmental activities increased from \$293.9 million in 2006 to \$309.7 million in 2007.
 - The net assets of the business-type activities increased from \$217.1 million in 2006 to \$240.3 million in 2007.
 - The net assets of the electric department increased from \$61.3 million in 2006 to \$66.2 million in 2007.
 - The net assets of the gas department increased from \$40.7 million in 2006 to \$42.0 million in 2007.
 - The net assets of the water and sewer department increased from \$107.2 million in 2006 to \$121.0 million in 2007.
 - The net assets of the natural gas and acquisition corporation increased from (\$241) in 2006 to \$2.1 million in 2007.
 - Non-major enterprise funds' total net assets increased from \$7.9 million in FY 2006 to \$8.9 million in FY 2007.
 - The net assets of the transit system increased from \$6.1 million in 2006 to \$7.0 million in 2007.
 - The net assets of the parking authority increased from \$1.8 million in 2006 to \$1.9 million in 2007.
2. The total fund balance of the governmental funds increased from \$25.7 million in FY 2006 to \$27.8 million in FY 2007.
 - The general fund's fund balance increased from \$19.9 million in FY 2006 to \$21.3 million in FY 2007.
 - The other governmental funds' fund balances increased from \$5.7 million in FY 2006 to \$6.4 million in FY 2007.
 - The special revenue funds' total fund balance decreased from \$3.0 million in FY 2006 to \$1.2 million in FY 2007.
 - The capital projects fund's fund balance increased from \$668 thousand in FY 2006 to \$3.4 million in FY 2007.
 - The debt service fund's fund balance decreased from \$2.0 million in FY 2006 to \$1.8 million in FY 2007.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. The financial statements may be found immediately following the "Management Discussion and Analysis". Fund financial statements follow the Statement of Activities. For the governmental activities, the fund financial statements tell how the governmental activities (governmental services) were financed in the short term as well as what remains for future spending. The fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. The "Notes to Financial Statement" are extremely important component to the complete understanding of the financial statements of the City.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer the question is the city financially better or worse off. The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used

by most private-sector companies. In the Statement of Activities, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities report the City's net assets and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or the City's financial position. Over time, increases or decreases in the City's net assets are indicators of whether the City's financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

1. **Governmental activities**—Most of the City's basic services are reported here, including the police, fire, highways and streets, and recreation departments (includes golf courses), and general government. Property taxes, business taxes, local sales taxes, state shared revenues, local beer and liquor taxes, franchise fees, and state and federal grants finance most of these activities.
2. **Business-type activities**—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's electric, gas, water and sewer system, transit system and parking facilities are reported here.
3. **Component unit**—The City includes two separate legal entities in its report, the Customs House Museum and the Natural Gas Acquisition Corporation (NGAC). The Customs House Museum is presented as a discretely presented component unit. The Natural Gas Acquisition Corporation is presented as a blended component unit of the city and it is reported in the business-type activities. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable and/or the nature and the significance of the relationship with a primary government (the City of Clarksville) is such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
 - The discretely presented component unit (Customs House Museum) reports the financial data of the component unit in a column separate from the financial data of the primary government.
 - The blended component unit (NGAC) reports the financial data and transactions in a manner similar to the presentation of the balances and transactions of the primary government. Because of the closeness of NGAC's relationship with the City, this component unit is blended as though they are part of the City of Clarksville (primary government).

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State or local law and others by bond covenants. The City Council, the State of Tennessee, or the Commissioner of Finance and Revenue may establish other funds to help it control and manage money for particular purposes and/or to demonstrate legal compliance.

The City's two kinds of funds—governmental and proprietary—use different accounting approaches. (See the Notes to Financial Statements, Note A (6).)

1. **Governmental funds**—Most of the City's basic services are reported in governmental funds, focusing on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities and the Governmental funds) by reconciliations. Reconciliations of the governmental funds to the entity-wide statements immediately follow the balance sheet and the statement of revenues, expenditures, and changes of fund balance for the governmental funds.

- Proprietary funds—When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The City’s enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City’s other programs and activities. The city’s business-type activities that are proprietary/enterprise funds are the: (1) Clarksville Department of Electricity, (2) Clarksville Gas Department, (3) Clarksville Water and Sewer Department, (4) Clarksville Transit System, (5) Clarksville Parking Authority, and (6) Natural Gas Acquisition Corporation. Proprietary funds also include the internal funds which provided services internally to the city. The internal service funds are the: (1) the dental fund, (2) health insurance fund, and (3) the self-insurance fund.

The City as Trustee

Reporting the City’s Fiduciary Responsibilities

The City is the trustee, or fiduciary, for its employees’ pension plans. All of the City’s fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. (See notes F and J in Notes to Financial Statements)

THE CITY AS A WHOLE

The City’s combined net assets increased from \$511.1 million in FY 2006 to \$550.00 million in FY 2007. Looking at the net assets and net expenses of governmental and business-type activities highlights the differences between the governmental and business-type activities and their respective sources of funding. Whereas the activities of the governmental funds are generally non-revenue producing and service oriented, the activities of the business type activities are revenue producing and sell a product or service, recovering all or a portion of the cost of the product and/or service. The exception to this rule is the Transit System that receives significant federal, state and local government subsidies. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the city’s governmental and business-type activities.

Table 1
Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 63.0	\$ 53.5	\$ 390.9	\$ 50.0	\$ 453.9	\$ 103.6
Capital assets	\$ 332.7	\$ 321.9	\$ 389.6	\$ 621.2	\$ 722.2	\$ 943.1
Total assets	\$ 395.7	\$ 375.4	\$ 780.4	\$ 671.3	\$ 1,176.1	\$ 1,046.7
Current and other liabilities	\$ 41.6	\$ 37.9	\$ 49.1	\$ 31.8	\$ 90.6	\$ 69.7
Noncurrent liabilities	\$ 44.4	\$ 43.5	\$ 491.1	\$ 422.4	\$ 535.5	\$ 465.9
Total liabilities	\$ 86.0	\$ 81.5	\$ 540.2	\$ 454.1	\$ 626.2	\$ 535.6
Net assets	\$ 309.7	\$ 293.9	\$ 240.3	\$ 217.1	\$ 550.0	\$ 511.1
Invested in capital assets, net of related debt	\$ 284.5	\$ 269.7	\$ 189.6	\$ 170.2	\$ 474.1	\$ 439.9
Restricted net assets	\$ 4.7	\$ 3.7	\$ 24.5	\$ 18.1	\$ 29.1	\$ 21.8
Unrestricted net assets	\$ 20.6	\$ 20.6	\$ 26.2	\$ 28.8	\$ 46.8	\$ 49.4
Total net assets	\$ 309.7	\$ 293.9	\$ 240.3	\$ 217.1	\$ 550.0	\$ 511.1

Source: City of Clarksville, Department of Finance and Revenue

The governmental activities net assets increased from \$293.9 million in FY 2006 to \$309.7 million in FY 2007. The

reasons for the increase were:

- (1) greater than anticipated revenues in the general fund primarily on the strength of tax collections;
- (2) less than anticipated expenditures for the departments, programs and miscellaneous agencies; and
- (3) contributed capital;

The business type activities (electric, gas, water and sewer, transit (non-major activity) and parking (non-major activity)) net assets increased from \$217.1 million in FY 2006 to \$240.3 million in FY 2007. The reasons for the increase were:

- (1) completion of projects;
- (2) pass through rate increases occurred in both the electric and gas departments to recover the cost of energy from TVA and from the gas suppliers;
- (3) the increase in the number of customers serviced by the utilities; and
- (4) significant contributed capital to the gas, water, and sewer departments.

All utilities continue to be impacted by the rapid growth in the Clarksville-Montgomery County area, the customer base of all utilities increased in 2007. The growth obviously expands the customer base and total sales, but also places demands on transmission lines, plant, and other equipment.

The electric and gas utilities are affected by the weather (how warm or how cold the weather during the year). The number of degree days in FY 2007 totaled 3,599, compared to 3,484 in FY 2006. The degree days measures how much the average daily temperature varies from 65 degrees, an increase in the degree days should be reflected in the increase in the units of electricity or gas sold.

Table 2
Changes In Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues						
Charges for services	\$ 6.3	\$ 4.0	\$ 207.4	\$ 182.6	\$ 213.6	\$ 186.7
Operating grants, capital grants, and contributions	21.7	18.3	15.5	11.1	37.2	29.3
General revenues					-	-
Property taxes	22.3	20.5	-	-	22.3	20.5
Other taxes	18.0	15.9	-	-	18.0	15.9
State shared taxes	10.0	8.9	-	-	10.0	8.9
Interest	1.1	0.8	-	-	1.1	0.8
Other general revenues	(0.8)	(0.8)	17.3	2.4	16.5	1.6
Transfers (net)	2.4	3.0	(2.4)	(3.0)	-	-
Total revenues	<u>81.0</u>	<u>70.6</u>	<u>237.7</u>	<u>193.1</u>	<u>318.8</u>	<u>263.7</u>
Expenses						
General government	13.5	7.9	-	-	13.5	7.9
Public safety	31.1	28.4	-	-	31.1	28.4
Highways and streets	9.2	8.0	-	-	9.2	8.0
Recreation	5.3	4.5	-	-	5.3	4.5
Community development	2.0	1.9	-	-	2.0	1.9
Miscellaneous agencies	1.4	1.1	-	-	1.4	1.1
Interest on long-term debt	2.1	2.0	-	-	2.1	2.0
Department of electricity	-	-	98.6	87.4	98.6	87.4
Gas department	-	-	43.4	54.3	43.4	54.3
Parking authority	-	-	0.1	0.1	0.1	0.1
Clarksville transit system	-	-	4.5	4.2	4.5	4.2
Water and sewer department	-	-	33.2	28.7	33.2	28.7
Natural Gas Acquisition Corp.	-	-	34.8	-	34.8	-
Other	0.7	0.7	-	-	0.7	0.7
Total expenses	<u>65.3</u>	<u>54.4</u>	<u>214.6</u>	<u>174.7</u>	<u>279.9</u>	<u>229.1</u>
Changes in net assets	15.7	16.2	23.1	18.4	38.9	34.6
Beginning net assets (adjusted)	293.9	277.7	217.1	198.8	511.1	476.5
Ending net assets	<u>\$ 309.7</u>	<u>\$ 293.9</u>	<u>\$ 240.3</u>	<u>\$ 217.2</u>	<u>\$ 550.0</u>	<u>\$ 511.1</u>

Source: City of Clarksville's Department of Finance and Revenue

The City's total revenues or charges for services (governmental and business-type activities) increased from \$186.7 million in FY 2006 to \$213.6 million in FY 2007, an increase of \$26.9 million or a 14.4% increase. As Table 2 indicates the total revenues of the governmental activities increased from \$70.6 million to \$81.0 million and the

business type activities' revenues increased from \$193.1 million to \$237.7 million. The governmental activities' program revenues increased from \$4.0 million in FY 2006 to \$6.3 million in FY 2007, this increase of \$2.3 was primarily due to the strength of tax collections. Business-type activities revenues increased from \$182.6 million in FY 2006 to \$207.4 million in FY 2007, an increase of \$24.8 million due primarily to pass through rate increases and the increase in the revenues of the Natural Gas Acquisition Corporation (NGAC) from \$0 to \$23 million.

The total cost of all programs and services increased from \$229.1 million in FY 2006 to \$279.9 million to FY 2007. The governmental activities' expenses increased from \$54.4 million to \$65.3 million. The programs with the greatest increases were the general government programs and public safety. The business-type activities' expenses increased from \$174.7 million in 2006 to \$214.6 million in 2007. The \$39.9 million increase in the business-type activities' cost of all programs and services is due to increases in the pass through cost increases of electricity and gas and due to the increase in the expenditures of the NGAC that increased from FY 2006's \$242 to \$34.8 million in FY 2007.

Governmental Activities

Revenues of the governmental activities increased from \$4.0 in FY 2006 to \$6.3 million in FY 2007. In FY 2007 there was a change in the reporting classification for developer contributed capital, changing the classification from general revenues to program revenues. Consolidating operating and capital grants with contributions in FY 2006 will result in a total of \$18.2 million compared with \$21.7 million in FY 2007, an increase of \$3.5 million. General revenues, which are consists primarily of tax revenues (state and local taxes to include the property tax), increased from \$48.3 million in FY 2006 (as adjusted for reclassification) to \$53.1 million in FY 2007. Contributed capital in FY 2006 was \$13.0 million compared to \$16.6 million in FY 2007.

The cost of all governmental activities increased in FY 2007. In FY 2007 the cost of governmental activities was \$65.3 million, compared to \$54.4 million, in FY 2006, an increase of \$10.9 million (an increase of 20.0%). Table 3 identifies the programs where the changes from FY 2006 to FY 2007 occurred:

Table 3
Significant Changes in Governmental Activities' Programs (in millions)

<u>Program</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>\$ Change</u>	<u>% Change</u>
General government	\$ 13.52	\$ 8.08	\$ 5.44	67.3%
Public safety	30.87	28.15	2.72	9.7%
Highways and streets	9.24	7.95	1.30	16.3%
Recreation	5.28	4.53	0.75	16.6%
Community development	1.98	1.86	0.11	6.1%
Drug enforcement	0.19	0.18	0.01	5.0%
Other appropriations	0.74	0.74	-	0.0%
Miscellaneous community agencies	1.35	1.09	0.26	23.9%
Interest on long-term debt	2.13	2.13	-	0.0%
	<u>\$ 65.29</u>	<u>\$ 54.70</u>	<u>\$ 10.59</u>	<u>19.4%</u>

Source: City of Clarksville's Department of Finance and Revenue

In FY 2007 the governmental activities net assets increased \$15.7 million, increasing from \$293.9 million in 2006 to \$309.7 million in 2007. In FY 2007 the charges for services, grants, and contributions provided \$28.0 million in the funding. In FY 2006, charges for services and grants provided \$22.2 million. General revenues, which are composed of property taxes, other local taxes, interest earnings, and transfers in from other funds of the city, provided \$53.1 million in FY 2007 compared to \$48.3 (adjusted for reclassification of contributed capital). As previously discussed, In FY 2007 \$16.6 million contributed capital was included in the program revenues under grants and contributions that had been included in prior years in the general revenues. In FY 2006 contributed capital was \$13.3 million. Property tax revenues in FY 2007 were \$22.3 million compared to FY 2006's \$20.5 million. The property tax revenues provided 27.5% of the funding for governmental activities in FY 2007 compared to 29.0% in FY 2006. The city property tax for the tax year 2006 (collected in FY 2007) was \$1.3091 which was down from the tax year 2005's \$1.50 (collected in FY 2006).

Table 4 presents the cost of each of the City’s five largest programs—public safety, general government, highways and streets, recreation, and community development—as well as each program’s net cost (total cost less revenues generated by the activities).

Table 4
Governmental Activities
(In Millions)

	<u>Total Cost of Services</u>		<u>Less Charges for Services, Grants, and Contributed</u>		<u>Net Cost of Services</u>	
	<u>2007</u>	<u>2006</u>	<u>Capital</u>		<u>2007</u>	<u>2006</u>
			<u>2007</u>	<u>2006</u>		
General government	\$ 13.5	\$ 8.1	\$ 4.3	\$ 2.4	\$ 9.2	\$ 5.7
Public safety	\$ 31.1	\$ 28.3	\$ 1.1	\$ 0.8	\$ 30.0	\$ 27.4
Highways and streets	\$ 9.2	\$ 8.0	\$ 19.7	\$ 16.2	\$ (10.5)	\$ (8.2)
Recreation	\$ 5.3	\$ 4.5	\$ 1.2	\$ 1.1	\$ 4.1	\$ 3.4
Community development	\$ 2.0	\$ 1.9	\$ 1.8	\$ 1.8	\$ 0.2	\$ 0.1
All others	\$ 4.2	\$ 3.7	\$ -	\$ -	\$ 4.2	\$ 3.7
Totals	\$ 65.3	\$ 54.4	\$ 28.0	\$ 22.3	\$ 37.3	\$ 32.1

Source: City of Clarksville’s Department of Finance and Revenue

The net cost shows the financial burden that was placed on the City’s taxpayers by each of these functions. The net cost of services for these activities slightly increased from \$32.1 million in FY 2006 to \$37.3 million in FY 2007, an increase of \$5.2 million. In 2006 and again in 2007, contributed capital as reflected in the “Charges for Services, Grants, and Contributed Capital” Column were \$13.0 million and \$16.6 million respectively.

Business-type Activities

The net assets of the business-type activities increased from FY 2006’s \$217.1 million to FY 2007’s \$240.3 million, an increase of \$23.2. Revenues of the City’s business-type activities (see Table 2) increased by from \$182.6 million in FY 2006 to \$207.4 million in FY 2007, an increase of \$24.8 million. The expenses of the business type activities increased from \$174.7 million in FY 2006 to \$214.6 in FY 2007, an increase of \$39.9 million. In FY 2007 operating and capital grants, contributions and interest earnings contributed to the increase in net assets of the business-type activities. Among those factors influencing the business-type activities’ results include:

- o The net assets of the electric department increased from \$61.3 million in FY 2006 to \$66.2 million in FY 2007, an increase of \$4.9 million. The operating revenues increased from \$93.6 million in FY 2006 to \$103.4 million in FY 2007, an increase of 10.4%. Among the reasons for the increase in revenues:
 - (1) The City’s electric department passed through two fuel adjustment rate increases for power purchased from TVA.
 - (2) The number of kilowatt hours sold increased from 2006’s 1.30 billion kilowatt hours to 2007’s 1.36 billion kilowatt hours, an increase of 55.9 million kilowatt hours (a 4.3% increase).
 - (3) An increase in the number of customers
 - Residential customers increased from FY 2006’s 45,606 to FY 2007’s 48,629.
 - Commercial customers increased from in FY 2006’s 5,570 to FY 2007’s 5,779.
 - Industrial customers increased from FY 2006’s 699 to FY 2007’s 734.
 - (4) The number of heating degree days increased.
 - (5) Operating expenses in FY 2007 increased \$10.1 million, increasing from \$87.1 million in FY 2006 to \$97.6 million in FY 2007. A significant reason for the increase in operating expenses was due to the increase in the cost of power. In FY 2007 the cost of power was approximately 84.4% of the total operating expenses. The cost of power increased from \$73.7 million in 2006 to \$82.4 million in 2007, an increase of \$8.7 million, an 11.8% increase.
 - (6) In FY 2007 the electric department started operations of their telecommunications division. The net assets of the telecommunications had a deficit balance of \$369,900. The deficit is primarily due to the administrative and general expenses of the \$369,200 and miscellaneous expense of \$700 while not receiving operating revenue in FY 2007.
- o The net assets of the gas department increased from \$40.7 million in FY 2006 to \$42.0 million in FY 2007, an increase of \$1.3 million in FY 2007 compared to an increase of to an increase in net assets of \$1.5 million in FY 2006. Operating income in FY 2006 was \$2.6 million compared to FY 2007’s \$2.0 million. Operating expenses in 2006 were \$53.2 million compared to 2007’s \$42.4 million. Reasons for the increase in net assets are:

- The City's gas department passed through monthly changes in the cost of gas purchased to the department's customers.
 - The number of residential customers increased from 17,744 to FY 2007's 18,643.
 - Commercial customers increased from in FY 2006's 2,779 to FY 2007's 2,823.
 - Total sales o in FY 2006 were \$55.1 million and in FY 2007 the total sales were \$43.8, a decrease of \$11.3 million (decrease of 20.5%).
 - Operating expenses in FY 2007's \$42.4 million was 20.3% less than FY 2006's \$53.2 million, a decrease of \$10.8 million.
 - There was a decrease in cubic feet of gas purchased, purchasing 4,789,723 cubic feet (in expressed thousands) in FY 2006 compared to 4,677,260 (in expressed thousands) in FY 2007.
 - The cost of gas purchased decreased from \$46.2 million in 2006 to \$35.9 million in 2007, a decrease of \$10.3 million (a decrease of 22.3%).
 - In FY 2007 the cost of gas was approximately 84.7% of the total operating expenses 86.9% in FY 2006.
- The net assets of the water and sewer department increased from \$107.2 million in FY 2006 to \$121.0 million in FY 2007. Some of he more significant reasons for the increase in the net assets are:
 - The operating revenues increased from \$32.2 million in FY 2006 to \$35.9 million in FY 2007, an increase of \$3.7 million (an increase of 11.5%).
 - The City's rates for water and sewer remained unchanged in FY 2007. There was an increase in the environmental fee from \$3 to \$4.
 - The number of customers for water increased from FY 2006's 47,167 to FY 2007's 50,828 and the number of sewer customers increased from FY 2006's 39,286 to FY 2007's 42,722.
 - The number gallons sold by the water department increased 5.0%, while the sewer system saw an increase of 7.7% gallons processed through the sewer system..
 - \$11.5 million in developer contributions in FY 2007 compared to \$8.0 million in developer contributions in FY 2006.
 - Operating expenses in FY 2007's \$26.3 million was 11.5% more than FY 2006's \$24.0 million, an increase of \$2.3 million, a 9.6% increase in developer contributions.
- The Natural Gas Acquisition Corporation's (NGAC) operations in FY 2006 were minimal, having no reportable revenues for FY 2006 and having only \$242 in operating expenses. In FY 2007 NGAC's operations had revenues of \$23.0 and operating expenses of \$23.3, resulting in an operating loss of \$343,000. NGAC has outstanding debt of \$255 million at June 30 of which \$238.9 million was non-current debt. The City of Clarksville and Humphrey's County are the two customers of NGAC.
- The City non-major business-type funds continue to operate near break-even with the aid of grants and local subsidies, the net assets increased from \$7.9 million to \$8.9 million.

THE CITY'S FUNDS

As the City completed the FY 2007 fiscal year, its governmental funds reported a combined fund balance of \$27.8 million, which is 8.2% above FY 2006's \$25.7 million. The fund balance of the general fund is \$21.3 million of the \$27.8 million fund balance of the governmental funds or 76.6% of the total fund balance. In FY 2006 the fund balance of the general fund is \$19.9 million of the \$25.7 fund balance of the governmental funds or 77.4% of the total fund balance. The governmental funds can be divided into "Major" (General Fund) and "Non-Major" (Special Revenue Fund, Capital Projects Fund, and the Debt Service Fund).

Table 5
Comparison of Fund Balance for Fiscal Years 2006 and 2007

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Governmental Fund			
General Fund	\$ 21,341,758	\$ 19,943,113	\$ 1,398,645
Special Revenue Fund (All Special Revenue Funds)	1,229,414	3,043,579	(1,814,165)
Capital Projects Fund	3,419,351	668,040	2,751,311
Debt Service Fund	1,778,235	2,011,884	(233,649)
Total Governmental Funds	<u>\$ 27,768,758</u>	<u>\$ 25,666,616</u>	<u>\$ 2,102,142</u>

Source: City of Clarksville's Department of Finance and Revenue

- General Fund: The fund balance of the general fund increased from \$19.9 million in FY 2006 to \$21.3 million in FY 2007 due to:

- (a) greater than anticipated revenue collection, taxes were \$1.1 million greater than anticipated (see budgetary comparison schedule for the general fund). Generally any consumption related revenue such as the sales tax and wholesale beer and liquor taxes were greater than anticipated. Property taxes were also greater than anticipated.
 - (b) less than anticipated expenditures for the departments, other expenditures of the general fund, and the financing uses being less than anticipated, public safety and highways and streets were 1.4% under budget (see budgetary comparison schedule for the general fund). The general government departments and the parks and recreation departments were also under budget.
 - (c) Transfers totaling \$1.7 million from other governmental funds to the general funds contributed to the stabilization of the General Fund's fund balance. Transfer of \$196,000 was transferred from the parking fund to pay for the cost of operating the parking authority.
- o Non-major governmental funds' (special revenue funds, capital projects fund, and debt service fund) combined fund balance increased from FY 2006's \$5.7 million to FY 2007's \$6.4 million.

Table 6

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Non-Major Governmental Fund			
Special Revenue Fund (All Special Revenue Funds)	\$ 1,229,414	\$ 3,043,579	\$ (1,814,165)
Capital Projects Fund	3,419,351	668,040	2,751,311
Debt Service Fund	1,778,235	2,011,885	(233,650)
Total Non-Major Governmental Funds	<u>\$ 6,427,000</u>	<u>\$ 5,723,504</u>	<u>\$ 703,496</u>

Source: City of Clarksville Department of Finance and Revenue

The non-major governmental funds' fund balances increased in FY 2007 due primarily to the increases in the capital projects fund. The special revenue funds and the debt service funds total decrease in FY 2007 was \$2.0 million.

The increase in the capital projects fund was due to the issue of taxable bonds for the industrial park. The disbursement of the bond proceeds will span multiple fiscal years. These bonds were fully taxable and are not subject to arbitrage issues. The capital projects fund increased \$2.8 million, increasing from FY 2006's \$668,040 to FY 2007's \$3.4 million.

The debt service fund increase was due to planned reductions in the fund balance to levels consistent with the city's fund balance policy for the debt service fund. The fund balance decreased \$233,000. The expenditures (payment of principal and interest) were funded by transfers from the general fund (\$7,066,806) and from transfers totaling \$390,155 from the E-911 District. The \$49,780 in interest was earned on the invested funds of the debt service fund.

The special revenue funds' total fund balance decreased from \$1.9 million, decreasing from FY 2006's \$3.0 million to \$1.2 million in FY 2007. Reductions of \$1.4 million and \$0.47 million in Extraordinary Emergency Fund and the Emergency Vehicle Special Fund are reflected by transfers from these special revenue funds to the general fund and/or capital projects fund.

A summary of the changes in the special revenue funds follows:

Table 7

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Special Revenue Fund			
Community Development	\$ 146,388	\$ 88,466	\$ 57,922
Drug Fund	62,914	82,387	(19,473)
Extraordinary Emergency Fund	-	1,427,029	(1,427,029)
Police Special Fund	19,558	46,347	(26,789)
Parks Sepcial Fund	210,558	199,075	11,483
Fire Special Fund	34,714	12,060	22,654
Cemetery and Other Special Fund	339,059	305,614	33,445
Emergency Vehicle Special Fund	416,223	882,601	(466,378)
Total Special Revenue Fund	<u>\$ 1,229,414</u>	<u>\$ 3,043,579</u>	<u>\$ (1,814,165)</u>

Source: City of Clarksville Department of Finance and Revenue

General Fund Budgetary Highlights

Over the course of the year, the City Council amended the City budget. The last revision is reflected in the "Budgetary Comparison Schedule". The reader should compare the original budgeted estimates for revenues and expenditures to the actual revenues and expenditures. This comparison is an indicator of how well or how poorly the city did in planning and preparing its budgeted expenditures and revenue estimates for FY 2007. The amended budget is done at the end of the year and will be very close to the actual amount of the revenues or expenditures.

The original and amended budgets and the actual results of operations for FY 2007 for the general fund's revenues and financing sources were as follows:

- (1) the original budgeted revenues were \$55.5 million; original financing sources were \$6.1 million;
- (2) the amended budgeted revenues were \$57.4 million; amended financing sources were \$5.9 million and
- (3) the actual revenues were \$59.1 million; the actual financing sources were \$6.1 million.

The favorable variance of the actual revenues and financing sources from budget amounts was due to the following:

- 1) Local Taxes: the original budgeted revenue estimate was \$38.2 million. The budget was amended to \$39.3 million. The actual revenues were \$43.3 million. The local taxes had a favorable variance of \$1.1 million. Comparing only the amended to the actual for the local sales tax does not accurately reflect the better than anticipated local sales tax revenues. Examination of the "Local Tax" category reveals a healthy local economy as reflected in the increase of the actual local sales taxes above the original budget estimates. The actual revenues were \$2.1 million greater than the original budget estimates. The favorable variance was aided by the unexpected strength of the consumption based taxes in the local taxes revenue category (sales tax, beer and liquor taxes, and business taxes). The property tax revenues were \$514,000 greater than anticipated. Beer and liquor taxes were \$305,000 greater than anticipated as reflected in the amended budget, and business taxes were \$219,000 greater than reflected in the amended budget.
- 2) Intergovernmental revenues (state shared revenues): Included in this category are state shared revenues and grants. State shared revenues: the original budgeted revenue estimate was \$12.8 million. The budget was amended up to \$13.0 million. The actual revenues were \$13.1 million. The Hall's Income Tax was \$204,000 greater than anticipated.
- 3) Licenses and permits: the original budgeted revenue estimate was \$1.5 million. The budget was amended up to \$1.9 million. The actual revenues were \$1.8 million. This category is dominated by building related permits which totaled \$1.4 million.
- 4) Charges for services: Revenues from recreational activities dominate this revenue category. This category consists of fees received from the parks department for programs, from the golf courses, and from other departments that recover a portion of the cost of providing the services for which the fee was charged. The original budgeted revenue estimate was \$1.1 million. The budget was amended down to \$1.7 million. The actual revenues were \$1.8 million.
- 5) Fines and forfeitures: the original budgeted revenue estimate was \$438,000. The budget was amended up to \$537,000. The actual revenues were \$680,000. This category is dominated by fines related to moving violations.

- 6) Miscellaneous revenues: We have previously discussed grants revenues with intergovernmental revenues, they were less than expected. The grant revenues were originally budgeted at \$768,000 and were amended down to \$361,000. The actual grant revenues to the general government totaled \$261,000. The other significant revenue in this category was interest. Budgeted interest revenues were \$547,000; the amended interest revenues were \$584,000; and actual interest revenues were \$814,000. Interest revenues increased due to the increase in investment interest rates available throughout the year and a stronger than anticipated cash balance throughout the year.

The general fund's expenditures and financing uses were less than budgeted. The original budgeted expenditures were \$54.7 million. The amended budget was \$54.4 million. The actual expenditures and financing uses was \$53.4 million. The variance of the actual expenditures and financing uses from budget amounts was due to the following:

- 1) General Government Departments/Programs: the original budgeted expenditure estimate was \$6.9 million. The budget was amended down to \$6.6 million. The actual total expenditures were \$6.5 million. All "General Government" departments except the legal department finished under budget.
- 2) Highway and Streets: the original budgeted expenditure estimate was \$8.9 million. The budget was amended up to \$9.0 million. The actual expenditures were \$8.7 million. Other expenditures which include line items for street materials and other operating supplies were \$183,000 under budget.
- 3) Culture - Recreation (General) and Golf Courses: the original budgeted expenditure estimate was \$4.5 million. The budget was amended down to \$4.5 million. The actual total expenditures were \$4.4 million.
- 4) Other Appropriations: the original budgeted expenditure estimate was \$827,000. The budget was amended down to \$819,000. The actual expenditures were \$740,000. Although "Other Retirement Benefits" original and amended budgets were \$736,000 the actual total expenditure for this expenditure was \$660,000 or \$76,000 less than anticipated.
- 5) Miscellaneous Agencies: the total original budgeted expenditures estimate was \$1.7 million. The budget was amended down to \$1.8 million. The total actual expenditures were \$1.8. The total expenditures for miscellaneous agencies was \$24,000 over budget primarily due to three expenditure line items, (1) payments to the regional airport were \$28,000 greater than estimated, and (2) the amounts paid to the State of Tennessee for their share of taxes were \$55,000 greater than estimated.
- 6) Financing Uses: the original budgeted expenditure estimate was \$9.3 million. The budget was amended down to \$10.4 million. The actual total financing uses were \$10.4 million. The transfer to the gas, water, and sewer department was \$35,000 greater than anticipated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the City had \$722.2 million (net of depreciation) invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines. (See Note D "Capital Assets" in Notes to Financials below.) This amount compares to FY 2006's \$659.4 million.

The general government had increases because several projects were completed in FY 2007. Some of the factors contributing to the increase are:

- o The city uses the modified approach discussed below; the city's street network is not depreciated, as are the other assets of the city.
- o Completion of capital projects by the general government.

The business-type activities' capital assets increased as follows:

- o Gas, Water and Sewer Department: At the end of 2007, the Gas Department had 39.5 million in net capital assets, an increase from FY 2006's \$38.5 million; Water and Sewer Department had \$276.2 million in net capital assets in FY 2007, an increase from 2006's \$239.9 million. Capital assets include construction in progress, transmission lines, distribution lines, collection lines, manholes, fire hydrants, land, land rights, structures, office furniture, vehicles, and equipment. The Gas Department installed

- two new regulator stations and upgraded eight existing stations. Nine new industrial meters were installed and thirteen were upgraded. Approximately 3,095 electronic reading transmitters (ERTs) were installed on residential, commercial and industrial meters. As part of the ten-year change-out program, 1,800 gas meters were changed.
- o Electric Department: At the end of 2007 the department had net capital assets of \$64.9 million. This is an increase from FY 2006's \$56.6. Plant assets include land, poles, substation equipment, conductor, hardware, buildings, communications equipment, and office and computer equipment. A \$4.41 million increase in construction in progress was due to the construction of a fiber optic network. The telecommunications division has \$57.2 thousand in construction in progress.

A comparison of the capital assets of the governmental activities and business type activities for the fiscal years 2006 and 2007 are summarized in Table 8.

Table 8
Capital Assets at Year-End
Net of Depreciation (in Millions)

	Governmental Activities		Business-Type Activities		Totals	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 32.1	\$ 30.6	\$ 59.6	\$ 31.3	\$ 91.6	\$ 61.9
Plant, equipment, and other depreciable assets	57.5	57.1	330.0	311.7	387.4	368.8
Infrastructure	243.1	228.8	-	-	243.1	228.8
	<u>\$ 332.7</u>	<u>\$ 316.5</u>	<u>\$ 389.5</u>	<u>\$ 342.9</u>	<u>\$ 722.2</u>	<u>\$ 659.4</u>

Source: City of Clarksville's Department of Finance and Revenue

Modified Approach for Street Network Infrastructure Capital Assets

In accordance with generally accepted accounting standards, the City is eligible for and has adopted an alternative approach to depreciating its roadways. Under the *modified approach*, governments are permitted to expense the cost of preserving streets rather than to record a periodic charge for depreciation expense. Under the depreciation method, preservation expenses are capitalized. The City is responsible for approximately 560 miles of streets.

The decision to use the modified approach was essentially made because the City has consistently maintained its infrastructure in what it considers an overall fair condition. The most recent condition assessment, which is discussed in more detail in the Required Supplementary Information section, indicated that overall 80% of the streets rated "Fair" or better under one or the other of the two indexes being used, this is down from FY 2007's rating of 82%. FY 2007 was the fifth consecutive year of a decrease in the streets rated "Fair" or better. The City's policy is to maintain a condition level for the overall street network in a "Fair" or better condition based on the index that is being applied to rate the streets. (See Supplementary Information, Section B, "Modified Approach")

The city transitioned from a condition rating index based on the Federal Highway Monitoring System that used a scale of 1 to 5 to the current Pavement Condition Index (PCI) rating that uses a scale of 0 through 100. We believe that the PCI index, which measures 19 different types of pavement stresses, is a more accurate indicator of the streets true condition. The established overall condition or benchmark for the overall condition of the streets will be continue to be "Fair" under either scale, however because of the way the streets are now being graded it is possible for a street that could be graded "Good" under the Federal Highway Monitoring System would be graded as "Fair" using the PCI index.

<u>Federal Highway Monitoring System</u>	<u>Table 9 Condition of the Streets</u>	<u>Pavement Condition Index</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
	Failed	0-10

Table 10

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Good to Excellent	75%	79%	69%	62%	65%	60%
Fair	22%	14%	18%	22%	17%	20%
Poor to Failed	3%	7%	13%	16%	18%	20%
Percent of Streets Rated Fair or Better	97%	93%	87%	84%	82%	80%

Source: City of Clarksville's Department of Finance and Revenue

Debt

The City of Clarksville's overall total long-term debt (bonds, notes, deposits, compensated absences, etc. see note E and Statement of Net Assets) increased from \$478.6 million at June 30, 2006 to \$559.2 million at June 30, 2007 as Table 11 indicates. Bonds and notes payable increased from \$462.7 million at June 30, 2006 to \$538.3 million at June 30, 2007.

Table 11
Long-Term Debt

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Notes payable	\$ 32.0	\$ 34.7	\$ 45.3	\$ 49.6	\$ 77.2	\$ 84.3
Bonds payable	16.2	12.1	444.9	366.3	461.1	378.4
Other debt	-	-	16.1	11.4	16.1	11.4
Compensated absences	2.0	1.8	2.8	2.7	4.8	4.5
Subtotal (includes current portion of long-term debt)	50.1	48.7	509.1	429.9	559.2	478.6
Less current portion	(5.7)	(5.1)	(18.0)	(7.6)	(23.7)	(12.7)
Long-term debt	<u>\$ 44.4</u>	<u>\$ 43.5</u>	<u>\$ 491.1</u>	<u>\$ 422.4</u>	<u>\$ 535.5</u>	<u>\$ 465.9</u>

Source: City of Clarksville's Department of Finance and Revenue

The debt of the governmental activities and the business-type activities increased.

- The debt of the general government increased as the city issued additional debt for the continued expansion of the industrial park (\$4.99 million Series 2006) as part of its \$14.3 commitment has spanned several fiscal years. Additional variable rate debt (\$2.8 million) was issued for building and infrastructure improvements required for ADA compliance issues through the Tennessee Municipal Bond Fund (TMBF). TMBF debt is not due until drawn, and the monthly draws on the loans may span multiple fiscal years.
- The electric department's bonds and notes increased from \$8.5 million in 2006 to \$59.7 million in 2007, the increase was due to the issue of \$52.8 Series 2007 Electric Revenue and Improvement Bonds for improvements to the electrical distribution system to include fiber optics.
- The gas, water and sewer department increased their bonds from \$166.1 million in 2006 to \$189.3 million in 2007. The Gas, Water and Sewer Department issued \$67 million in debt to retire \$15 million in bond anticipation notes and to acquire funding new for capital improvements.
- The Natural Gas Acquisition Corporation (NGAC) bonded debt of \$248.2 million remained unchanged from FY 2006's levels.
- The debt of the city's component unit, the Customs House Museum, declined in 2007 to \$242,000.

The City of Clarksville has an "AA-" rating from Fitch and "Aa3" rating from Moody's for general obligation debt. The Gas, Water and Sewer Department's Fitch bond rating is A+. The Electric Department's bond rating is an A1

rating from Moody's.

Neither state nor local statutes limit the amount of general obligation debt a governmental entity may issue. The current general obligation debt (bonds and notes) issued for the City of Clarksville is \$48.2 million (see Note E in Notes to Financial Statements) this net debt represents is 0.86% of the \$5.6 billion appraised value for the tax year 2006 (see Schedule C-1 of Statistical Section).

The City plans to issue additional debt to finance ADA projects and roads projects in FY 2008 and subsequent fiscal years. The debt issue for ADA compliance in FY 2008 will be the second of a series of debt issues to address ADA issues. The total cost of ADA compliance could reach \$50 million. Additional debt will be issued for roads and streets, Dunlop Lane and Peachers Mill Rd are examples. The utilities will be issuing additional in FY 2008 to fund expansion of the plant and equipment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- The variable interest rates will generally range between 3.6% and 4.0%. This trend will possibly continue throughout 2008 and into 2009 at interest rate levels near 4%. We believe that the interest market will be unstable over the next several years.
- The deployment of the 101st Airborne Division start to deploy in the fall of 2007 (FY 2008). We anticipate that this to have an adverse impact on the local economy.
- The State of Tennessee's sales tax streamlining project was again delayed, if implemented in FY 2009 will result in a reduction of the city's local sales tax collections.
- The increase in oil prices and oil-based products will continue to adversely affect the budgets of public safety and highways/streets.
- Health care cost will continue to increase. Increases of 10% or more are probable.
- Payments into the Tennessee Consolidated Retirement System in FY 2007 and in FY 2008 will be at the rate of 13.45%; however the rate will change for the fiscal years 2009 and 2010 to 13.19 % of covered payroll.
- GASB 45 requires disclosures about the level of funding for other post employment benefits "OPEB". The level of benefits and the level of funding of the OPEB liability will be an issue that will need to be addressed at some point in the future. Currently the city is on a pay as you go basis for OPEB and will continue on pay as you go for FY 2008 and FY 2009. The next actuary study is scheduled to occur in FY 2009 for the fiscal years 2010 and 2011. Moving from pay as you go to annual funding will result in significant increases in the cost of retirement benefits. The city limited the other post employment benefits to persons hired on or before June 30, 2006. We believe that the prudent policy is to defer action on funding the OPEB until after 2009 when the next rate study will occur. The current OPEB liability obligation is \$53.7 million. To fully fund the Annual Required Contribution (ARC) will require annual payments into a state approved trust fund at 13.4% of payroll. The trust fund has not been established nor will it be during FY 2008.
- Annual salary increases will continue to be an important factor in the city's total operating cost as the city continues the annual implementation and periodic update of the pay plan adopted in the 1998-99 fiscal year, a pay study is scheduled to be conducted for the fiscal year 2007.

- The population of the city continues to grow at a rapid rate. The population in the 2000 census was 103,455 by the end 2006 the population will probably be 120,000 or more. Growth brings with it greater demands for services and increased demands on the limited financial resources of the city. Unfortunately under current state law, the state shared revenues continue to be distributed based on official census numbers from the 2000 census.

All of these factors were considered in preparing the City of Clarksville's budget for the 2007 and will be considered in the 2008 fiscal year and subsequent fiscal years.

The City of Clarksville has established fund balance policies applicable to the general fund and to the debt service fund. The fund balance policies guard against sudden and unexpected changes in the revenues, provides a hedge against extraordinary events, provides as a hedge against unanticipated interest rate increases, and allows the city to avoid the need for short-term financing during the fiscal year during those periods where the expenditures exceed the revenues.

Statement No. 40 of the Governmental Accounting Standards Board, "Deposit and Investment Risk Disclosures", states "If a government has no deposit or investment policy that addresses a specific type of risk that it is exposed to, the disclosure should indicate that fact." The city does not have an official investment policy. We believe the provisions of the Tennessee Code Annotated 6-56-106 "Authorized Investments" are sufficient. The City is a passive investor, in that investments of city funds are made in those investments authorized by T.C.A. 6-56-106 and are held to maturity.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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 about the governmental funds should be addressed to the Department of Finance and Revenue, 1 Public Square, Suite 300, Clarksville, Tennessee, 37040. The City's utilities (electric, gas, and water and sewer) issues separate financial statements to include M D & A's). To obtain a copy of these financial reports contact:

- Electric Department: Manager of Financial Accounting, Clarksville Department of Electricity, P. O. Box 31509, Clarksville, Tennessee 37040-0026.
- Gas Department and Water and Sewer Department: Chief Financial Officer, Clarksville Gas, Water, and Sewer, 2215 Madison Street, Clarksville, Tennessee 37040-0387.



Commissioner of Finance and Revenue
March 20, 2008

CITY OF CLARKSVILLE, TENNESSEE
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Primary Government			Component Unit-Museum
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 24,889,167	\$ 34,640,146	\$ 59,529,313	\$ 793,625
Investments	-	16,434	16,434	-
Accounts and taxes receivable	26,167,814	13,937,781	40,105,595	22,679
Notes receivable	429,839	-	429,839	-
Grants receivable	57,600	438,879	496,479	-
Due from component units	245,488	-	245,488	-
Due from other governments	3,205,722	-	3,205,722	-
Inventory	609,404	6,478,395	7,087,799	46,338
Prepaid expenses	228,413	114,995	343,408	4,846
Prepaid gas supplies	-	27,895,876	27,895,876	-
Total current assets	55,833,447	83,522,506	139,355,953	867,488
Noncurrent assets/restricted assets:				
Cash and cash equivalents	1,645,188	81,027,692	82,672,880	60,440
Certificates of deposit	-	4,228,231	4,228,231	-
Investments	-	173,300	173,300	1,636,954
Total restricted assets	1,645,188	85,429,223	87,074,411	1,697,394
Capital assets:				
Assets not depreciated	240,750,347	2,993,202	243,743,549	-
Construction in progress	780,160	56,091,463	56,871,623	-
Assets net of accumulated depreciation	91,123,908	329,389,948	420,513,856	2,124,934
Total capital assets	332,654,415	388,474,613	721,129,028	2,124,934
Unamortized plant acquisition adjustments and plant held for sale	-	1,095,100	1,095,100	-
Net capital assets	332,654,415	389,569,713	722,224,128	2,124,934
Other assets:				
Notes receivable	5,557,236	-	5,557,236	-
Receivables-TVA residential energy services program	-	2,345,800	2,345,800	-
Prepaid gas supplies	-	211,296,510	211,296,510	-
Unamortized debt expense	-	6,670,595	6,670,595	-
Cash value of life insurance	-	858,100	858,100	-
Deferred in lieu of transfer	-	715,000	715,000	-
Other	-	32,700	32,700	-
Total other assets	5,557,236	221,918,705	227,475,941	-
Total noncurrent assets	339,856,839	696,917,641	1,036,774,480	3,822,328
Total assets	\$ 395,690,286	\$ 780,440,147	\$ 1,176,130,433	\$ 4,689,816

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE
STATEMENT OF NET ASSETS
JUNE 30, 2007

	<u>Primary Government</u>			<u>Component Unit-Museum</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 3,144,176	\$ 19,787,364	\$ 22,931,540	\$ 14,261
Contracts and retainage payable	-	61,103	61,103	-
Accrued liabilities	3,560,159	20,656	3,580,815	16,406
Interest payable	8,250	2,990,895	2,999,145	-
Interest payable - City of Clarksville	-	-	-	4,278
Deferred revenue	29,430,584	5,932,332	35,362,916	-
Internal balances	(473,224)	473,224	-	-
Current portion of long term debt	5,268,000	17,124,869	22,392,869	14,324
Current portion of deferred connection fee revenue	-	1,684,150	1,684,150	-
Current portion of accrued sick pay and annual leave	435,039	838,958	1,273,997	14,706
Payable to other governments	186,052	-	186,052	-
Other	-	161,010	161,010	2,563
Total current liabilities	41,559,036	49,074,561	90,633,597	66,538
Noncurrent liabilities:				
Customer deposits	-	4,724,910	4,724,910	-
Accrued sick pay and annual leave	1,542,412	1,938,972	3,481,384	-
Advances - TVA residential energy services program	-	2,396,800	2,396,800	-
Note payable - City of Clarksville	-	-	-	227,204
Notes payable	27,800,365	34,714,444	62,514,809	-
Bonds payable	15,100,000	447,286,810	462,386,810	-
Other payable	-	30,500	30,500	-
Total noncurrent liabilities	44,442,777	491,092,436	535,535,213	227,204
Total liabilities	86,001,813	540,166,997	626,168,810	293,742
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	284,486,050	189,558,554	474,044,604	1,883,406
Reserved for:				
Special revenue	1,229,414	-	1,229,414	-
Capital projects	3,419,351	24,476,182	27,895,533	1,697,394
Unrestricted	20,553,658	26,238,414	46,792,072	815,274
Total net assets	\$ 309,688,473	\$ 240,273,150	\$ 549,961,623	\$ 4,396,074

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>			<u>Component Unit-Museum</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Primary government:								
Governmental activities:								
General government	\$ 13,515,867	\$ 3,814,207	\$ 261,461	212,390	\$ (9,227,809)	\$ -	\$ (9,227,809)	\$ -
Public safety	30,866,671	732,823	-	169,447	(29,964,401)	-	(29,964,401)	-
Highways and streets	9,241,841	-	3,153,464	16,539,260	10,450,883	-	10,450,883	-
Recreation	5,277,100	1,090,136	-	86,881	(4,100,083)	-	(4,100,083)	-
Community development	1,975,448	477,547	-	1,276,502	(221,399)	-	(221,399)	-
Drug enforcement	180,442	160,669	-	-	(19,773)	-	(19,773)	-
Other appropriations	740,261	-	-	-	(740,261)	-	(740,261)	-
Miscellaneous community agencies	1,347,620	-	-	-	(1,347,620)	-	(1,347,620)	-
Interest on long term debt	2,137,717	-	-	-	(2,137,717)	-	(2,137,717)	-
Total governmental activities	65,282,967	6,275,382	3,414,925	18,284,480	(37,308,180)	-	(37,308,180)	-
Business-type activities:								
Department of Electricity	98,586,100	103,341,200	-	-	-	4,755,100	4,755,100	-
Gas Department	43,348,794	44,477,724	-	16,787	-	1,145,717	1,145,717	-
Parking Authority	106,931	417,289	-	-	-	310,358	310,358	-
Clarksville Transit System	4,529,532	479,223	3,998,669	-	-	(51,640)	(51,640)	-
Water and Sewer Department	33,225,363	35,666,394	-	11,480,749	-	13,921,780	13,921,780	-
Natural Gas Acquisition Corporation	34,778,846	22,974,746	-	-	-	(11,804,100)	(11,804,100)	-
Total business-type activities	214,575,566	207,356,576	3,998,669	11,497,536	-	8,277,215	8,277,215	-
Total primary government	\$ 279,858,533	\$ 213,631,958	\$ 7,413,594	\$ 29,782,016	\$ (37,308,180)	\$ 8,277,215	\$ (29,030,965)	\$ -

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
STATEMENT OF ACTIVITIES - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>			<u>Component Unit-Museum</u>
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Component unit:								
Clarksville-Montgomery								
County Museum	\$ 1,343,432	\$ 105,596	\$ 1,139,008	\$ -	\$ -	\$ -	\$ -	\$ (98,828)
General revenues:								
Taxes:								
Property taxes, levied								
for general purpose					22,316,810	-	22,316,810	-
State taxes					9,990,794	-	9,990,794	-
Franchise/business taxes					3,087,000	-	3,087,000	-
Wholesale beer and liquor taxes					3,241,285	-	3,241,285	-
Sales tax					11,308,195	-	11,308,195	-
In lieu of taxes					20,990	-	20,990	-
Other taxes					367,788	-	367,788	-
Interest and investment income					1,134,602	17,261,397	18,395,999	76,856
Net carrying value of capital asset disposals					(814,718)	-	(814,718)	-
Net appreciation of investments					-	-	-	191,541
Transfers (net)					2,404,092	(2,404,092)	-	-
Total general revenues and transfers					<u>53,056,838</u>	<u>14,857,305</u>	<u>67,914,143</u>	<u>268,397</u>
Change in net assets					15,748,658	23,134,520	38,883,178	169,569
Net assets - beginning of year					293,939,815	217,138,630	511,078,445	4,226,505
Net assets - end of year					<u>\$ 309,688,473</u>	<u>\$ 240,273,150</u>	<u>\$ 549,961,623</u>	<u>\$ 4,396,074</u>

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 19,044,387	\$ 3,623,617	\$ 22,668,004
Receivables	26,163,695	4,119	26,167,814
Notes receivable	-	5,987,075	5,987,075
Grant receivable	-	57,600	57,600
Due from other governments	2,991,982	213,740	3,205,722
Due from component units	245,488	-	245,488
Due from other funds of the primary government	1,033,739	2,325,789	3,359,528
Prepaid expenses	178,413	-	178,413
Inventory	278,154	331,250	609,404
Restricted assets:			
Cash and cash equivalents	-	1,645,188	1,645,188
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 49,935,858</u>	<u>\$ 14,188,378</u>	<u>\$ 64,124,236</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 1,851,105	\$ 306,632	\$ 2,157,737
Interest payable	-	8,250	8,250
Due to other funds of the primary government	3,777,947	669,749	4,447,696
Payable to other governments	186,052	-	186,052
Accrued expenses	125,159	-	125,159
Deferred revenue	22,653,837	6,776,747	29,430,584
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>28,594,100</u>	<u>7,761,378</u>	<u>36,355,478</u>
<u>FUND BALANCES:</u>			
Reserved for:			
Special revenue	-	1,229,414	1,229,414
Capital projects	-	3,419,351	3,419,351
Unreserved, reported in:			
General fund	21,341,758	-	21,341,758
Debt service funds	-	1,778,235	1,778,235
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>21,341,758</u>	<u>6,427,000</u>	<u>27,768,758</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 49,935,858</u>	<u>\$ 14,188,378</u>	<u>\$ 64,124,236</u>

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007**

Total fund balances of governmental funds	\$ 27,768,758
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	332,654,415
Internal service funds are used by management to charge the costs of certain activities to other funds. The assets and liabilities of the internal service funds are included as governmental activities in the statement of net assets.	(588,885)
Long-term liabilities, including notes payable, bonds payable and accrued annual leave and sick pay, are not due and payable in the current period and therefore are not reported in the funds.	<u>(50,145,815)</u>
Net assets of governmental activities	<u><u>\$ 309,688,473</u></u>

See notes to financial statements and auditor's report.

CITY OF CLARKSVILLE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Local taxes	\$ 40,342,068	\$ -	\$ 40,342,068
State taxes	13,144,258	-	13,144,258
Licenses and permits	1,781,346	-	1,781,346
Fines and forfeitures	679,727	209,602	889,329
Contributions	-	32,514	32,514
Federal and state grants	261,461	1,688,571	1,950,032
Program income	-	702,317	702,317
Fees for services	1,795,102	-	1,795,102
Interest	814,467	206,982	1,021,449
E-911 Transfer	-	390,155	390,155
Miscellaneous	233,586	483,547	717,133
	<hr/>	<hr/>	<hr/>
Total revenues	59,052,015	3,713,688	62,765,703
<u>EXPENDITURES</u>			
Current:			
General government	6,387,117	-	6,387,117
Public safety	29,420,839	261,227	29,682,066
Highways and streets	7,863,996	-	7,863,996
Recreation	4,077,053	336,294	4,413,347
Community development	-	1,975,448	1,975,448
Drug enforcement	-	154,943	154,943
Other appropriations	740,261	-	740,261
Miscellaneous community agencies	1,347,620	-	1,347,620
Other	465,860	2,229,634	2,695,494
Debt Service:			
Principal	-	4,784,700	4,784,700
Interest and other charges	-	2,137,717	2,137,717
Capital outlay	3,078,485	3,933,366	7,011,851
	<hr/>	<hr/>	<hr/>
Total expenditures	53,381,231	15,813,329	69,194,560
Excess (deficiency) of revenues over expenditures	<hr/>	<hr/>	<hr/>
	5,670,784	(12,099,641)	(6,428,857)
<u>OTHER FINANCING SOURCES (USES)</u>			
Bond proceeds	-	6,126,906	6,126,906
Transfers in	5,677,373	9,849,979	15,527,352
Transfers out	(9,949,512)	(3,173,748)	(13,123,260)
	<hr/>	<hr/>	<hr/>
Total other financing sources and (uses)	(4,272,139)	12,803,137	8,530,998
Net change in fund balances	1,398,645	703,496	2,102,141
<u>FUND BALANCES-BEGINNING OF YEAR</u>	<hr/>	<hr/>	<hr/>
	19,943,113	5,723,504	25,666,617
<u>FUND BALANCES-END OF YEAR</u>	<hr/>	<hr/>	<hr/>
	\$ 21,341,758	\$ 6,427,000	\$ 27,768,758

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Net change in fund balances - total governmental funds	\$ 2,102,141
Amounts reported for governmental activities in the statement of activities are different because:	
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 as depreciation expense:	
Capital assets purchased	5,034,668
Depreciation expense	(4,600,898)
Net carrying value of governmental capital assets disposed of	(814,718)
Contributions of infrastructure assets	16,563,395
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:	
Bond proceeds	(6,126,906)
Bond principal repayments	4,784,700
Increase in accrued sick pay and annual leave	(151,464)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	<u>(1,042,260)</u>
Change in net assets of governmental activities	<u><u>\$ 15,748,658</u></u>

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007**

	<u>Business-Type Activities/Enterprise Funds</u>					<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
	<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>ASSETS</u>							
Current assets:							
Cash and cash equivalents	\$ 14,425,800	\$ 13,140,870	\$ 5,999,641	\$ 699,770	\$ 374,065	\$ 34,640,146	\$ 2,221,163
Certificates of deposit	-	-	16,434	-	-	16,434	-
Accounts receivable	6,997,300	3,190,679	1,892,666	1,833,424	15,330	13,929,399	-
Interest receivable	-	-	-	8,382	-	8,382	-
Due from other funds of the primary government	-	27,836	-	-	61,995	89,831	1,561,391
Inventory	5,348,400	364,104	693,923	-	71,968	6,478,395	-
Prepaid gas supplies	-	-	-	27,895,876	-	27,895,876	-
Grants receivable	-	-	-	-	438,879	438,879	-
Current portion of note receivable from Water and Sewer Department	-	675,171	-	-	-	675,171	-
Prepaid expenses and other	-	10,026	77,008	4,395	23,566	114,995	50,000
Total current assets	26,771,500	17,408,686	8,679,672	30,441,847	985,803	84,287,508	3,832,554
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	52,784,500	3,385,648	12,819,689	11,878,908	158,947	81,027,692	-
Investments	-	-	173,300	-	-	173,300	-
Certificates of deposit	965,500	539,082	2,723,649	-	-	4,228,231	-
Total restricted assets	53,750,000	3,924,730	15,716,638	11,878,908	158,947	85,429,223	-
Capital assets- at cost:							
Assets not depreciated	1,058,300	204,784	1,644,236	-	85,882	2,993,202	-
Construction in progress	6,345,900	1,278,228	48,467,335	-	-	56,091,463	-
Assets net of accumulated depreciation	56,409,700	38,060,883	226,044,830	27,206	8,847,329	329,389,948	-
Total capital assets	63,813,900	39,543,895	276,156,401	27,206	8,933,211	388,474,613	-
Unamortized plant acquisition adjustments and plant held for sale	1,095,100	-	-	-	-	1,095,100	-
Net capital assets	64,909,000	39,543,895	276,156,401	27,206	8,933,211	389,569,713	-

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - CONTINUED
JUNE 30, 2007**

	<u>Business-Type Activities/Enterprise Funds</u>					<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
	<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>		
Other assets:							
Receivables - TVA residential energy services program	2,345,800	-	-	-	-	2,345,800	-
Notes receivable from the Water and Sewer Department	-	688,380	-	-	-	688,380	-
Prepaid gas supplies	-	-	-	211,296,510	-	211,296,510	-
Unamortized expense	1,015,100	329,279	2,215,603	3,105,740	4,873	6,670,595	-
Cash value of life insurance	858,100	-	-	-	-	858,100	-
Deferred in lieu of transfer	715,000	-	-	-	-	715,000	-
Other	32,700	-	-	-	-	32,700	-
Total other assets	4,966,700	1,017,659	2,215,603	214,402,250	4,873	222,607,085	-
Total noncurrent assets	123,625,700	44,486,284	294,088,642	226,308,364	9,097,031	697,606,021	-
Total assets	150,397,200	61,894,970	302,768,314	256,750,211	10,082,834	781,893,529	3,832,554
<u>LIABILITIES</u>							
Current liabilities:							
Accounts payable	12,846,500	4,515,356	1,417,766	831,066	176,676	19,787,364	986,439
Contracts and retainage payable	-	39,849	21,254	-	-	61,103	-
Accrued liabilities	-	-	-	-	20,656	20,656	3,435,000
Interest payable	881,500	341,754	1,264,956	501,094	1,591	2,990,895	-
Due to other funds of the primary government	-	273,985	174,816	-	114,254	563,055	-
Deferred revenue	-	-	-	5,932,332	-	5,932,332	-
Current portion of long-term debt	565,000	634,977	7,291,674	8,515,000	118,218	17,124,869	-
Current portion of note payable to Gas Department	-	-	675,171	-	-	675,171	-
Current portion of deferred connection fee revenue	-	-	1,684,150	-	-	1,684,150	-
Current portion of accrued sick pay and annual leave	577,400	49,009	187,549	-	25,000	838,958	-
Other	40,600	-	-	-	120,410	161,010	-
Total current liabilities	14,911,000	5,854,930	12,717,336	15,779,492	576,805	49,839,563	4,421,439

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - CONTINUED
JUNE 30, 2007**

	<u>Business-Type Activities/Enterprise Funds</u>					<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
	<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>		
Noncurrent liabilities:							
Accrued sick pay and annual leave	1,488,300	147,026	230,077	-	73,569	1,938,972	-
Customer deposits	3,287,700	414,533	1,022,677	-	-	4,724,910	-
Advances - TV A residential energy services program	2,396,800	-	-	-	-	2,396,800	-
Notes payable	-	-	34,198,335	-	516,109	34,714,444	-
Bonds payable	62,033,900	13,446,441	132,908,524	238,897,945	-	447,286,810	-
Note payable to gas department	-	-	688,380	-	-	688,380	-
Other	30,500	-	-	-	-	30,500	-
Total noncurrent liabilities	69,237,200	14,008,000	169,047,993	238,897,945	589,678	491,780,816	-
Total liabilities	84,148,200	19,862,930	181,765,329	254,677,437	1,166,483	541,620,379	4,421,439
<u>NET ASSETS</u>							
Invested in capital assets, net of related debt	54,088,100	25,462,477	101,757,868	27,206	8,222,903	189,558,554	-
Restricted	1,972,000	3,924,730	15,716,638	2,862,814	-	24,476,182	-
Unrestricted	10,188,900	12,644,833	3,528,479	(817,246)	693,448	26,238,414	(588,885)
Total net assets	\$ 66,249,000	\$ 42,032,040	\$ 121,002,985	\$ 2,072,774	\$ 8,916,351	\$ 240,273,150	\$ (588,885)

See notes to financial statements and auditor's report.

CITY OF CLARKSYLLE, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Business-Type Activities/Enterprise Funds</u>					<u>Total</u>	<u>Governmental</u>
	<u>Department of</u> <u>Electricity</u>	<u>Gas</u> <u>Department</u>	<u>Water and Sewer</u> <u>Department</u>	<u>Natural Gas</u> <u>Acquisition</u> <u>Corporation</u>	<u>Non-Major</u> <u>Enterprise</u> <u>Funds</u>		<u>Internal Service</u> <u>Funds</u>
<u>OPERATING REVENUES</u>							
Sales	\$ 103,391,300	\$ 43,814,359	\$ 29,519,413	\$ 22,974,746	\$ -	\$ 199,699,818	\$ -
Insurance premiums	-	-	-	-	-	-	9,689,349
Forfeited Discounts	-	227,455	559,571	-	-	787,026	-
Fees and Fines	-	-	-	-	773,892	773,892	-
Other Income - Water	-	-	2,261,754	-	-	2,261,754	-
Rental Income	-	-	-	-	113,879	113,879	-
Advertising	-	-	-	-	45,750	45,750	-
Other Income - Sewer	-	-	3,565,237	-	-	3,565,237	-
Miscellaneous	-	404,584	-	-	10,476	415,060	857
Total operating revenues	<u>103,391,300</u>	<u>44,446,398</u>	<u>35,905,975</u>	<u>22,974,746</u>	<u>943,997</u>	<u>207,662,416</u>	<u>9,690,206</u>
<u>OPERATING EXPENSES</u>							
Purchased power and gas	82,426,300	35,926,056	-	22,996,655	-	141,349,011	-
Plant operations	-	-	2,295,945	-	-	2,295,945	-
Distribution	2,385,600	1,664,717	1,572,874	-	-	5,623,191	-
Discharge collection lines	-	-	1,157,450	-	-	1,157,450	-
Sewer pumping	-	-	2,007,874	-	-	2,007,874	-
Treatment plant expense	-	-	4,232,480	-	-	4,232,480	-
Customer accounts	2,197,900	-	-	-	-	2,197,900	-
Sales and customer services	665,800	742,277	1,891,297	-	-	3,299,374	-
Administrative and general	3,332,800	1,811,558	2,824,434	107,082	775,312	8,851,186	52,668
Operation and maintenance	2,896,000	-	-	-	2,992,470	5,888,470	-
Engineering	-	196,639	1,205,942	-	-	1,402,581	-
Taxes and tax equivalents	827,700	-	-	-	-	827,700	-
Fort Campbell	-	661,472	-	-	-	661,472	-
Claims	-	-	-	-	-	-	10,792,951
Depreciation	2,834,400	1,351,968	9,042,661	-	831,664	14,060,693	-
Amortization of bond discount and debt expense	-	-	-	214,189	928	215,117	-
Other	-	53,520	107,040	-	-	160,560	-
Total operating expenses	<u>97,566,500</u>	<u>42,408,207</u>	<u>26,337,997</u>	<u>23,317,926</u>	<u>4,600,374</u>	<u>194,231,004</u>	<u>10,845,619</u>
Operating income (loss)	<u>5,824,800</u>	<u>2,038,191</u>	<u>9,567,978</u>	<u>(343,180)</u>	<u>(3,656,377)</u>	<u>13,431,412</u>	<u>(1,155,413)</u>

See notes to financial statements and auditor's report.

CITY OF CLARKSYLLE, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Business-Type Activities/Enterprise Funds</u>					<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
	<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>NONOPERATING REVENUES</u>							
<u>(EXPENSES)</u>							
Interest income	1,575,700	849,118	928,066	13,877,115	31,398	17,261,397	113,153
Interest expense	(1,019,600)	(940,587)	(6,887,366)	(11,460,920)	(36,089)	(20,344,562)	-
Operating grants	-	-	-	-	3,998,669	3,998,669	-
Gain on sale of property	-	-	-	-	(48,742)	(48,742)	-
Other income (expense)	(50,100)	31,326	(239,581)	-	1,257	(257,098)	-
Total nonoperating revenues (expenses)	506,000	(60,143)	(6,198,881)	2,416,195	3,946,493	609,664	113,153
 Income (loss) before contributions and transfers	 6,330,800	 1,978,048	 3,369,097	 2,073,015	 290,116	 14,041,076	 (1,042,260)
<u>CAPITAL CONTRIBUTIONS</u>	-	16,787	11,480,749	-	-	11,497,536	-
<u>TRANSFERS OUT</u>	(1,595,900)	(650,702)	(1,564,762)	-	(196,093)	(4,007,457)	-
<u>TRANSFERS IN</u>	150,000	-	551,880	-	901,485	1,603,365	-
 Change in net assets	 4,884,900	 1,344,133	 13,836,964	 2,073,015	 995,508	 23,134,520	 (1,042,260)
<u>NET ASSETS (DEFICIT)- BEGINNING OF YEAR</u>	61,364,100	40,687,907	107,166,021	(241)	7,920,843	217,138,630	453,375
 <u>NET ASSETS (DEFICIT)- END OF YEAR</u>	 \$ 66,249,000	 \$ 42,032,040	 \$ 121,002,985	 \$ 2,072,774	 \$ 8,916,351	 \$ 240,273,150	 \$ (588,885)

See notes to financial statements and auditor's report.

**CITY OF CLARKSYLLE, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Business-Type Activities/Enterprise Funds</u>					<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
	<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>CASH FLOWS FROM OPERATING ACTIVITIES</u>							
Receipts from customers	\$ 104,891,900	\$ 44,519,806	\$ 32,616,046	\$ 20,161,147	\$ 937,155	\$ 203,126,054	\$ 9,690,206
Payments to suppliers	(90,008,700)	(36,221,601)	(10,012,385)	(7,316,760)	(993,062)	(144,552,508)	-
Payments to employees	(5,514,500)	(2,696,258)	(7,162,809)	(40,282)	(2,673,701)	(18,087,550)	-
Receipts of customer deposits	-	219,064	457,238	-	-	676,302	-
Refunds of customer deposits	-	(140,017)	(654,786)	-	-	(794,803)	-
Internal activity from (to) other funds	-	(53,520)	(107,041)	-	(150,748)	(311,309)	(1,045,785)
Claims paid	-	-	-	-	-	-	(8,822,746)
Other receipts (payments)	1,328,900	31,326	62,946	375,000	-	1,798,172	(102,668)
Net cash provided (used) by operating activities	<u>10,697,600</u>	<u>5,658,800</u>	<u>15,199,209</u>	<u>13,179,105</u>	<u>(2,880,356)</u>	<u>41,854,358</u>	<u>(280,993)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>							
Operating grant	-	-	-	-	3,884,094	3,884,094	-
Operating transfers in	-	-	-	-	901,485	901,485	-
Transfers to other funds	(1,484,400)	(650,702)	(1,564,762)	-	(196,093)	(3,895,957)	-
Other	24,600	-	(668,455)	-	-	(643,855)	-
Net cash provided (used) by noncapital financing activities	<u>(1,459,800)</u>	<u>(650,702)</u>	<u>(2,233,217)</u>	<u>-</u>	<u>4,589,486</u>	<u>245,767</u>	<u>-</u>

See notes to financial statements and auditor's report.

**CITY OF CLARKSYLLE, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Business-Type Activities/Enterprise Funds</u>					<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
	<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>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>							
Acquisition and construction of capital assets	(11,131,800)	(2,422,245)	(32,090,162)	(29,325)	(1,856,627)	(47,530,159)	-
Principal repayments on bond and loan maturities	(1,607,100)	(7,434,745)	(29,010,931)	-	(33,335)	(38,086,111)	-
Interest paid	(292,000)	(821,808)	(6,804,995)	(11,558,563)	(34,498)	(19,511,864)	-
Bond and note proceeds	55,718,200	6,616,500	53,533,500	-	-	115,868,200	-
Proceeds from sale of fixed assets	-	-	-	-	29,310	29,310	-
Prepaid supplies	-	-	-	-	-	-	-
Bond issuance cost (net)	(712,300)	-	-	(559,624)	-	(1,271,924)	-
Net cash provided (used) by capital and related financing activities	<u>41,975,000</u>	<u>(4,062,298)</u>	<u>(14,372,588)</u>	<u>(12,147,512)</u>	<u>(1,895,150)</u>	<u>9,497,452</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>							
Interest received on investments	1,575,700	849,118	1,085,552	133,348	31,398	3,675,116	113,153
Proceeds from sale and maturities of investments	2,396,300	1,157,988	8,306,235	22,587,665	-	34,448,188	-
Purchase of investments	(965,500)	(1,268,484)	(8,422,320)	(22,586,120)	-	(33,242,424)	-
Repayment of note receivable from water and sewer department	-	668,455	-	-	-	668,455	-
Other income	-	-	-	-	1,257	1,257	-
Net cash provided by investing activities	<u>3,006,500</u>	<u>1,407,077</u>	<u>969,467</u>	<u>134,893</u>	<u>32,655</u>	<u>5,550,592</u>	<u>113,153</u>
Net increase (decrease) in cash and cash equivalents	54,219,300	2,352,877	(437,129)	1,166,486	(153,365)	57,148,169	(167,840)
<u>CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR</u>	<u>12,991,000</u>	<u>14,173,641</u>	<u>19,256,459</u>	<u>11,412,192</u>	<u>686,377</u>	<u>58,519,669</u>	<u>2,389,003</u>
<u>CASH AND CASH EQUIVALENTS- END OF YEAR</u>	<u>\$ 67,210,300</u>	<u>\$ 16,526,518</u>	<u>\$ 18,819,330</u>	<u>\$ 12,578,678</u>	<u>\$ 533,012</u>	<u>\$ 115,667,838</u>	<u>\$ 2,221,163</u>

See notes to financial statements and auditor's report.

**CITY OF CLARKSYLLE, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Business-Type Activities/Enterprise Funds</u>					<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
	<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>		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 5,824,100	\$ 2,038,191	\$ 9,567,978	\$ (128,991)	\$ (3,656,377)	\$ 13,644,901	\$ (1,155,413)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Miscellaneous	100,600	-	-	-	-	100,600	-
Depreciation and amortization	2,834,400	1,351,968	9,241,741	2,119	832,592	14,262,820	-
Depletion of prepaid gas supplies	-	-	-	14,314,518	-	14,314,518	-
Blue coupons redeemed by developers	-	-	(1,246,450)	-	-	(1,246,450)	-
(Increase) decrease in:							
Accounts receivable	890,700	(94,515)	377,740	(1,833,424)	(6,253)	(665,752)	-
Due from other funds of the primary government	(4,360,700)	-	-	-	(61,995)	(4,422,695)	(1,045,785)
Inventory	-	(20,555)	(89,138)	-	10,165	(99,528)	-
Prepaid expenses	-	(28,492)	(9,823)	(4,395)	(10,549)	(53,259)	-
Rec-TVA Residential Services	(275,600)	-	-	-	-	(275,600)	-
Other assets	-	-	-	-	-	-	(50,000)
Increase (decrease) in:							
Accounts payable	5,002,400	2,308,611	(2,936,006)	829,278	62,824	5,267,107	841,305
Accrued liabilities	110,000	-	-	-	6,156	116,156	1,128,900
Customer deposits	203,700	79,046	197,558	-	-	480,304	-
Accrued compensated absences	-	(6,780)	20,982	-	(1,566)	12,636	-
Due to other funds of the primary government	-	-	-	-	(55,353)	(55,353)	-
Deferred revenue	-	-	-	-	-	-	-
Advances-TVA Residential Services	273,600	-	-	-	-	273,600	-
Other	94,400	31,326	74,627	-	-	200,353	-
Total adjustments	<u>4,873,500</u>	<u>3,620,609</u>	<u>5,631,231</u>	<u>13,308,096</u>	<u>776,021</u>	<u>28,209,457</u>	<u>874,420</u>
Net cash provided (used) by operating activities	<u>\$ 10,697,600</u>	<u>\$ 5,658,800</u>	<u>\$ 15,199,209</u>	<u>\$ 13,179,105</u>	<u>\$ (2,880,356)</u>	<u>\$ 41,854,358</u>	<u>\$ (280,993)</u>

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2007**

ASSETS

Cash and cash equivalents	\$ 22
Investments	<u>5,506,518</u>
Total assets	<u><u>\$ 5,506,540</u></u>

NET ASSETS

Reserved	<u><u>\$ 5,506,540</u></u>
----------	----------------------------

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2007**

ADDITIONS

Contributions	\$ 463,642
Interest and dividends	24
Gain on investments	<u>742,844</u>
Total additions	1,206,510

DEDUCTIONS

Benefit payments	<u>330,811</u>
Total deductions	<u>330,811</u>

Change in net assets	875,699
----------------------	---------

<u>NET ASSETS-BEGINNING OF YEAR</u>	<u><u>4,630,841</u></u>
--	-------------------------

<u>NET ASSETS-END OF YEAR</u>	<u><u>\$ 5,506,540</u></u>
--------------------------------------	-----------------------------------

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
REVENUES				
Local Taxes:				
Property taxes	\$ 21,804,562	\$ 21,803,105	\$ 22,316,810	\$ 513,705
Local sales tax	10,497,025	11,391,361	11,308,195	(83,166)
Beer and liquor taxes	2,672,253	2,936,016	3,241,285	305,269
Business taxes	1,989,793	1,808,490	2,027,591	219,101
Cable TV franchise fee	967,005	1,016,448	1,059,409	42,961
Hotel and motel taxes	225,703	225,442	240,446	15,004
In lieu of tax payments:				-
Clarksville Housing Authority	11,840	9,798	9,798	-
South Central Village	7,370	7,370	7,370	-
IDB	4,287	3,822	3,822	-
Weed bills/ demolition	16,625	49,797	117,621	67,824
Litigation Tax	6,396	9,026	9,721	695
Total local taxes	38,202,859	39,260,675	40,342,068	1,081,393
State shared revenues:				
Sales tax	7,552,864	7,475,816	7,475,357	(459)
Income tax	496,980	452,488	656,910	204,422
Beer tax	54,839	55,536	55,536	-
Liquor tax	424,188	535,656	542,452	6,796
TVA replacement taxes	769,424	858,397	858,558	161
Excise tax	101,113	174,206	174,206	-
Telecommunication tax	20,246	19,229	16,725	(2,504)
Training supplement-police officers	144,000	144,000	130,800	(13,200)
Training supplement-firefighters	78,300	77,850	77,850	-
Training supplement- parkrang	-	2,400	2,400	-
State street aid	2,897,008	2,929,227	2,925,543	(3,684)
Streets and transportation system revenue	234,694	228,115	227,921	(194)
Total state shared revenues	12,773,656	12,952,920	13,144,258	191,338
Licenses and permits:				
Building and codes enforcement permits	1,186,000	1,471,925	1,372,323	(99,602)
Plumbing permits	170,000	270,399	265,929	(4,470)
Fireworks permits	18,800	20,800	18,400	(2,400)
Other permits	84,189	110,168	124,694	14,526
Total licenses and permits	1,458,989	1,873,292	1,781,346	(91,946)
Fines and forfeitures	437,848	537,331	679,727	142,396
Charges for services	1,093,303	1,673,322	1,795,102	121,780
Miscellaneous revenues:				
Interest	546,968	584,089	814,467	230,378
Grants	768,267	361,000	261,461	(99,539)
Sale of general capital assets	75,000	40,305	52,805	12,500
Other	126,102	149,935	180,781	30,846
Total other revenues	1,516,337	1,135,329	1,309,514	174,185
Total revenues	55,482,992	57,432,869	59,052,015	1,619,146

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

EXPENDITURES	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Favorable/ (Unfavorable)
<u>General government:</u>				
<u>Mayor's office:</u>				
Salaries	200,441	160,759	161,068	(309)
Fringe benefits	63,219	48,223	48,975	(752)
Other	62,197	106,417	86,787	19,630
Capital outlay	-	-	-	-
Total Mayor's office	<u>325,857</u>	<u>315,399</u>	<u>296,830</u>	<u>18,569</u>
<u>City court</u>				
Salaries	118,760	120,350	120,166	184
Fringe benefits	46,771	45,181	45,149	32
Other	56,934	56,770	53,602	3,168
Capital outlay	-	-	-	-
Total city court	<u>222,465</u>	<u>222,301</u>	<u>218,917</u>	<u>3,384</u>
<u>Building codes:</u>				
Salaries	835,284	829,497	829,108	389
Fringe benefits	323,301	307,994	305,968	2,026
Other	117,863	144,957	141,629	3,328
Capital outlay	27,000	27,000	27,000	-
Total building codes	<u>1,303,448</u>	<u>1,309,448</u>	<u>1,303,705</u>	<u>5,743</u>
<u>Building Maintenance:</u>				
Salaries	158,975	144,949	139,977	4,972
Fringe benefits	71,130	60,543	58,280	2,263
Other	49,300	38,345	31,819	6,526
Capital outlay	-	-	-	-
Total building maintenance	<u>279,405</u>	<u>243,837</u>	<u>230,076</u>	<u>13,761</u>
<u>Cemetery:</u>				
Salaries	130,091	122,325	121,094	1,231
Fringe benefits	58,063	51,676	51,247	429
Other	23,927	18,138	13,679	4,459
Capital outlay	39,600	-	-	-
Total cemetery	<u>251,681</u>	<u>192,139</u>	<u>186,020</u>	<u>6,119</u>
<u>Finance and revenue:</u>				
Salaries	574,092	554,709	554,453	256
Fringe benefits	214,802	187,217	186,747	470
Other	172,246	167,519	130,628	36,891
Capital outlay	-	-	-	-
Total finance and revenue	<u>961,140</u>	<u>909,445</u>	<u>871,828</u>	<u>37,617</u>
<u>Parking:</u>				
Salaries	81,847	94,891	95,730	(839)
Fringe benefits	39,811	34,481	33,918	563
Other	68,566	69,640	66,445	3,195
Capital outlay	-	-	-	-
Total parking	<u>190,224</u>	<u>199,012</u>	<u>196,093</u>	<u>2,919</u>
<u>Legal:</u>				
Salaries	91,954	62,033	62,867	(834)
Fringe benefits	29,728	20,146	20,145	1
Other	33,761	58,059	68,478	(10,419)
Capital outlay	-	-	-	-
Total legal	<u>155,443</u>	<u>140,238</u>	<u>151,490</u>	<u>(11,252)</u>

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
<u>Garage:</u>				
Salaries	404,668	404,923	403,456	1,467
Fringe benefits	160,662	150,490	148,230	2,260
Other	599,901	599,876	573,433	26,443
Capital outlay	-	-	-	-
Total garage	1,165,231	1,155,289	1,125,119	30,170
<u>Human resources:</u>				
Salaries	232,736	198,251	195,400	2,851
Fringe benefits	104,191	80,661	79,138	1,523
Other	45,629	44,536	39,222	5,314
Capital outlay	-	-	-	-
Total human resources	382,556	323,448	313,760	9,688
<u>Information Systems:</u>				
Salaries	282,217	249,847	249,847	-
Fringe benefits	109,884	93,279	93,280	(1)
Other	153,480	170,922	165,565	5,357
Capital outlay	15,998	14,498	14,493	5
Total information systems	561,579	528,546	523,185	5,361
<u>Internal Audit:</u>				
Salaries	41,808	29,144	29,144	-
Fringe benefits	13,641	3,303	3,848	(545)
Other	49,379	64,091	62,659	1,432
Capital outlay	-	539	539	-
Total internal audit	104,828	97,077	96,190	887
<u>Municipal properties:</u>				
Salaries	96,474	87,984	87,984	-
Fringe benefits	35,182	28,423	28,421	2
Other	339,093	340,497	310,109	30,388
Capital outlay	26,000	23,062	23,062	-
Total municipal properties	496,749	479,966	449,576	30,390
<u>Legislative</u>				
Salaries	123,527	123,579	123,579	-
Fringe benefits	28,251	27,783	27,781	2
Other	209,553	208,714	198,291	10,423
Capital outlay	-	-	-	-
Total legislative	361,331	360,076	349,651	10,425
<u>Purchasing:</u>				
Salaries	87,006	86,985	86,984	1
Fringe benefits	34,165	32,593	32,589	4
Other	14,510	22,967	20,198	2,769
Capital outlay	-	-	-	-
Total purchasing	135,681	142,545	139,771	2,774
Total general government	6,897,618	6,618,766	6,452,211	166,555

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
Public Safety:				
<u>Fire Department:</u>				
Salaries	7,622,102	7,562,937	7,573,877	(10,940)
Fringe benefits	2,951,470	2,848,510	2,837,520	10,990
Other	665,871	811,744	769,005	42,739
Capital outlay	1,208,046	1,141,750	1,141,488	262
Total fire department	<u>12,447,489</u>	<u>12,364,941</u>	<u>12,321,890</u>	<u>43,051</u>
<u>Police Department:</u>				
Salaries	10,660,204	10,638,129	10,586,752	51,377
Fringe benefits	4,218,934	3,906,432	3,867,776	38,656
Other	2,674,172	2,732,330	2,576,187	156,143
Capital outlay	632,556	701,654	699,261	2,393
Total police department	<u>18,185,866</u>	<u>17,978,545</u>	<u>17,729,976</u>	<u>248,569</u>
<u>Dispatch</u>				
Salaries	836,386	853,554	846,072	7,482
Fringe benefits	363,391	340,377	334,815	5,562
Other	59,867	55,867	28,835	27,032
Capital outlay	2,500	2,500	1,026	1,474
Total dispatch	<u>1,262,144</u>	<u>1,252,298</u>	<u>1,210,748</u>	<u>41,550</u>
Total public safety	<u>31,895,499</u>	<u>31,595,784</u>	<u>31,262,614</u>	<u>333,170</u>
<u>Highways and Streets:</u>				
Salaries	2,850,446	2,717,147	2,703,004	14,143
Fringe benefits	1,207,496	1,083,494	1,075,496	7,998
Other	4,031,740	4,268,078	4,085,496	182,582
Capital outlay	767,500	911,676	865,917	45,759
Total highways and streets	<u>8,857,182</u>	<u>8,980,395</u>	<u>8,729,913</u>	<u>250,482</u>
<u>Recreation:</u>				
<u>Recreation-general:</u>				
Salaries	2,003,553	1,947,472	1,845,334	102,138
Fringe benefits	631,290	570,534	552,447	18,087
Other	846,088	937,637	901,470	36,167
Capital outlay	174,000	267,288	259,499	7,789
Total recreation-general	<u>3,654,931</u>	<u>3,722,931</u>	<u>3,558,750</u>	<u>164,181</u>
<u>Golf courses-Mason Rudolph:</u>				
Salaries	109,484	100,343	97,380	2,963
Fringe benefits	33,324	30,942	30,901	41
Other	80,252	81,712	75,810	5,902
Capital outlay	-	-	-	-
Total Mason Rudolph	<u>223,060</u>	<u>212,997</u>	<u>204,091</u>	<u>8,906</u>
<u>Golf courses-Swan Lake:</u>				
Salaries	279,322	264,225	263,813	412
Fringe benefits	104,076	93,260	93,951	(691)
Other	206,132	219,254	215,947	3,307
Capital outlay	47,500	46,200	46,200	-
Total Swan Lake	<u>637,030</u>	<u>622,939</u>	<u>619,911</u>	<u>3,028</u>
Total recreation	<u>4,515,021</u>	<u>4,558,867</u>	<u>4,382,752</u>	<u>176,115</u>

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
<u>Other Appropriations:</u>				
State Unemployment Insurance	18,000	34,600	34,573	27
Board of Zoning Appeals	3,700	4,300	4,186	114
Pension payments	39,652	39,652	38,578	1,074
HRC general supplies	1,000	1,000	930	70
River District	25,777	570	570	-
Tree Board	3,000	2,500	1,861	639
Other Retirement Benefits	736,049	736,049	659,563	76,486
Total other appropriations	<u>827,178</u>	<u>818,671</u>	<u>740,261</u>	<u>78,410</u>
<u>Miscellaneous Community Agencies:</u>				
GIS (APSU, Montgomery County and City of Clarksville)	50,000	42,321	42,320	1
E911	-	36,537	36,537	-
Regional Planning Commission	285,853	285,853	285,853	-
Senior Citizens Center	174,000	174,000	174,000	-
State of Tennessee's share of taxes	293,369	293,369	287,856	(54,487)
County's share of taxes	614,986	683,184	682,768	416
Property reappraisal	42,066	42,066	42,065	1
Regional airport	138,698	111,398	83,024	28,374
Humane Society	19,000	19,000	19,000	-
Crime Stoppers	5,200	5,200	5,200	-
Habitat for humanities	-	6,251	4,260	1,991
Salvation army shelter	33,000	33,000	33,000	-
Arts & Culture Commission	36,000	36,000	36,000	-
Roxy Theater	19,000	19,000	19,000	-
Total community agencies	<u>1,711,172</u>	<u>1,787,179</u>	<u>1,810,883</u>	<u>(23,704)</u>
Total expenditures	<u>54,703,670</u>	<u>54,359,662</u>	<u>53,378,634</u>	<u>981,028</u>
<u>FINANCING SOURCES</u>				
Transfer from other funds:				
In lieu of tax payment-CDE	2,061,007	2,059,427	2,059,163	(264)
In lieu of tax payment-gas, water and sewer departments	2,166,439	1,977,803	2,215,464	237,661
Transfer from other city funds:	1,709,516	1,669,916	1,669,916	-
Transfer from parking authority	194,588	194,588	196,093	1,505
Total financing sources	<u>6,131,550</u>	<u>5,901,734</u>	<u>6,140,636</u>	<u>238,902</u>
<u>FINANCING USES</u>				
Transfer to Debt Service	7,066,806	7,066,806	7,066,806	-
Transfer to Transit System	901,487	901,487	901,485	2
Transfer to Museum	468,961	468,961	465,860	3,101
Transfer to Gas & Water (PILOT adj)	202,803	202,803	237,672	(34,869)
Transfer to Gas & Water (Revenue)	249,000	314,208	314,208	-
Transfer to Emerg/Vehicle	-	386,364	386,364	-
Transfer to CDE (deferred)	150,000	150,000	150,000	-
Other transfers out of general fund	20,006	20,453	20,453	-
Transfers to capital projects	244,600	872,524	872,524	-
Total financing uses	<u>9,303,663</u>	<u>10,383,606</u>	<u>10,415,372</u>	<u>(31,766)</u>
Net financing sources (uses)	<u>(3,172,113)</u>	<u>(4,481,872)</u>	<u>(4,274,736)</u>	<u>207,136</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ (2,392,791)</u>	<u>\$ (1,408,665)</u>	<u>1,398,645</u>	<u>\$ 2,807,310</u>
<u>FUND BALANCE-BEGINNING OF YEAR</u>			<u>19,943,113</u>	
<u>FUND BALANCE-END OF YEAR</u>			<u>\$ 21,341,758</u>	

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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 accounts of the City of Clarksville, Tennessee (the 'City') are maintained, and the financial statements have been prepared, in conformity with accounting standards generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies of the City:

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 is 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, 2007, 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.

As of June 30, 2007, 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
102 Country Lane, Suite B
Clarksville, Tennessee 37043**

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

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

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

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

2. Related Organizations

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

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

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

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

3. Joint Ventures

Montgomery County and the City of Clarksville jointly created the Clarksville Montgomery County Public Library, the Clarksville Montgomery County Regional Planning Commission and the Clarksville-Montgomery County Regional Airport Authority. Each entity is responsible for funding a portion of any deficits from operations for the Planning Commission. Montgomery County appoints the board members and has control over budgeting and financing of the Public Library only to the extent of representation by the board members appointed. The Airport Authority's board is appointed jointly by both entities. Complete financial statements for these joint ventures can be obtained from their respective administrative offices. See note K for additional information about fiscal stress of the Airport Authority.

4. Government - Wide Financial Statements

The government-wide financial statements include a statement of net assets and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. Fiduciary activities of the City are not included in these statements.

These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying statement of net assets.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that have been obtained to meet the operational or capital requirements of a particular program. Revenues that are not

classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each function of the City is self-financed or draws from general revenues.

5. Fund Financial Statements and Measurement Focus

Fund financial statements report detailed information about the City. The focus of the fund financial statements is on major funds rather than fund type. Each major fund is presented in a separate column and all non-major funds are aggregated and presented in a single column.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on sources and uses of current financial resources.

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. This reporting focuses on the determination of operating income, and changes in net assets, financial position and cash flows. The financial statement requirements are a statement of net assets, statement of revenue, expenses and changes in net assets and a statement of cash flows.

Fiduciary funds are reported using the economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the funds are included in the statement of assets. The statement of changes in fund net assets presents increases and decreases in total net assets.

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

The City allocates indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services. Central services include overall City management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies.

6. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The emphasis of fund financial statements is on major governmental and enterprise funds each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as non major funds.

Governmental Funds

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Funds

Proprietary fund reporting focuses on the degeneration of operating income, changes in net assets, financial position and cash flows. An Enterprise Fund is a type of proprietary fund that is used to account for fund operations that are financed and operated in a manner similar to private business enterprises whereby the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges. The following are the City's major enterprise funds:

Gas Department

The Gas Department accounts for the fiscal activity of all natural gas used throughout the City and certain surrounding portions of Montgomery County and Ft. Campbell, KY.

Water and Sewer Department

The Water and Sewer Department accounts for the fiscal activity of all water and sewer used throughout the City and certain surrounding portions of Montgomery County.

Department of Electricity

The Department of Electricity accounts for the fiscal activity of electric power used throughout the City and certain surrounding areas.

Natural Gas Acquisition Corporation

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

Additionally, the City utilizes the following other fund types:

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources that will be necessary for paying the general long-term obligations.

Internal Service Funds

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.

Fiduciary Fund

Fiduciary fund reporting focuses on net assets and changes in net assets. The City's only fiduciary fund is a pension trust fund which is used to account for assets and liabilities held by the City in a fiduciary capacity for participating employees.

7. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are

expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days after year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Operating Revenues and Expenses of Proprietary Funds

Operating revenues and expenses of proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing or investing activities.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

In the governmental fund financial statements, property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance year 2007 operations, have been recorded as deferred revenue of \$22,256,556. Grants received before the eligibility requirements are met are also recorded as deferred revenue.

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

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.

Election in Accordance with GASB 20 - The Natural Gas Acquisition Corporation has elected to apply all FASB Statement and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements. The Gas, Water and Sewer Departments, Department of Electricity, Parking Authority and Transit Authority have elected to apply all FASB Statements and Interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

8. Budget and Budgetary Accounting

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 shall not exceed the total amount appropriated in the budget ordinance. The accompanying budgetary data, included as required supplementary information, has been revised for amendments authorized during the year. Departmental appropriations comprise a legal spending limit for governmental funds. All annual appropriations lapse at year-end.

9. Self-insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of

assets; errors and omissions; injuries to employees; and natural disasters.

The City, with the exception of the Department of Electricity, is self-insured for worker's compensation and automobile liability claims. The City withdrew from the Worker's Compensation statute and has implemented an "on-the-job" injury program. The City must pay all medical and related expenses of injured employees including 75% of the employee's salary. The City is subject to the Governmental Tort Liability Act (T.C.A. 29-20-101 to 29-20-407), which sets the maximum liability at \$ \$600,000 per occurrence and \$250,000 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. This expense is charged to other funds when claims are actually paid. At June 30, 2007, the amount of these estimated insurance liabilities was \$3,435,000. Changes in the reported liability are as follows:

	<u>Balance Beginning of Fiscal Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at at End of Fiscal Year</u>
1999-2000	\$605,125	\$566,501	\$393,740	\$777,866
2000-2001	777,886	509,254	534,140	753,000
2001-2002	753,000	724,204	522,006	955,198
2002-2003	955,198	576,618	629,407	902,409
2003-2004	902,409	358,474	416,213	844,670
2004-2005	844,670	2,251,075	738,245	2,357,500
2005-2006	2,357,500	1,010,989	1,062,389	2,306,100
2006-2007	2,306,100	2,494,262	1,365,362	3,435,000

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 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 under funding. The Department of Electricity is a reimbursable entity for unemployment purposes and thus pays all claims as they occur.

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. Investments

Investments of the governmental and proprietary fund types consist primarily of certificates of deposit and U.S. Treasury securities and are stated at market value. Pension Trust Fund investments, which also include common stocks, bonds and U.S. Government and other securities, are stated at market value.

12. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheets of the individual funds.

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 and interest payable.

15. Inventories

Supplies inventories of proprietary fund types are valued utilizing moving average cost. Inventory consists of expendable supplies held for consumption and materials held for plant expansion. Inventory items in the General Fund are considered expenditures at the time inventory items are purchased.

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 fair market value when received. City policy has set the capitalization policy 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
Other capital assets	5,000

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

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

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the street system, sidewalks, drainage systems, traffic signals and bridges. The City elected to use the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its streets, concrete and asphalt pavements. The Modified Approach requires the City to capitalize existing infrastructure and preserve those existing assets at or above an established condition level. Infrastructure under the Modified Approach is not depreciated.

For all other infrastructure systems, the City has elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2001 and has completed an internal update for the year ended June 30, 2007. 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. Compensated Absences

Accumulated unpaid vacation is accrued when earned. Employees earn 12 or more days of vacation each year except for the Department of Electricity employees who earn 5 or more days of vacation each year depending on length of service. Unused vacation time may accumulate to a maximum of 30 days with any excess being transferred to sick leave.

Sick leave is not accrued, except by the Department of Electricity, as there is no provision for vesting.

All full-time employees of the Department of Electricity accrue sick leave at the rate of one day (eight hours) for each full month worked. Sick leave time may be accrued up to a maximum of 132 days; however, an employee is not permitted to carry more than 120 days past November 30 of each year. The number of sick days over 120 days is purchased from the employee at a rate of 50% of wages on December 15 of the same year. Sick leave is paid on the basis of straight time and is not used as a basis for overtime pay. Except for retirement, there is no compensation for accrued sick leave when an employee's service is terminated. In the case of retirement, the Department of Electricity purchases total accrued sick leave at the rate of 100% of wages.

18. 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 May 31. Current tax collections of \$21,029,776 for the fiscal year ended June 30, 2007, were approximately 96 percent of the tax levy. This amount includes \$569,391 received within 60 days of year-end.

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 Commissioner of Finance and Revenue. The property tax rate for the year ended June 30, 2007, was \$1.31 per \$100 of assessed value.

19. 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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

20. Intangible Assets

Unamortized Bond Costs are amortized over the life of the applicable bond issue on the straight-line basis.

21. Insurance and Advertising

Insurance and advertising costs are expensed as incurred in the governmental funds.

22. Election in Accordance with GASB 20

The City has elected for its proprietary funds to apply all FASB Statement and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

23. Other Significant Accounting Policies

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

B. CASH AND INVESTMENTS

Statement No. 40, "Deposit and Investment Risk Disclosures", of the Governmental Accounting Standards Board, states "If a government has no deposit or investment policy that addresses a specific type of risk that it is exposed to, the disclosure should indicate that fact." The city does not have an official investment policy. Although there is no official investment policy for the City of Clarksville, in order to provide a safe temporary medium for investment of the City's idle funds, the City invests those idle funds under the provisions of Tennessee Code Annotated 6-56-106. The city is a passive investor, in that investments are held to until maturity. The investments made by the City are authorized by Section 6-56-106 of the Tennessee Code Annotated. The City recognizes its investments may have one or more risks: (1) custodial credit risk, (2) concentrations of credit risk, (3) interest rate risk, and (4) foreign currency risk; however because of the relative safety of the investments authorized in T.C.A. 6-56-106 (a) 1-6 and 8, the exposure to risk is generally limited to interest rate risk.

State statutes authorize the City to invest in: (1) U.S. government securities and obligations guaranteed by the U.S. government; (2) deposit accounts at state and federally chartered banks and savings and loan associations; and (3) the Local Government Investment Pool of the State of Tennessee. During the current fiscal year, the City invested funds that were immediately needed in savings accounts, certificates of deposit and investments in the State of Tennessee Local Government Investment Pool. Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance.

The Natural Gas Acquisition Corporation is authorized by state statutes to invest in repurchase agreements with any bank provided the bank's obligations are secured by a perfected pledge of full faith and credit obligations of the United States or its agencies.

At June 30, 2007, the carrying amount of the City's deposits (restricted and unrestricted) is \$105,242,513. Bank balances for such accounts total \$104,680,698. Bank balances of \$103,590,801 are insured by depository insurance (FDIC), or are deposited with financial institutions who are members of the Tennessee Bank Collateral Pool (the "pool"), or are collateralized with securities held by the City's agent in the City's name. The pool is a multiple financial institution collateral pool where member financial institutions holding public funds pledge collateral to a common pool. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The pool also has the ability to make additional assessments on a pro-rata basis to the members of the pool if the value of the pool's collateral is inadequate to cover a loss. As a result, the pool is similar to depository insurance. Deposits totaling \$1,089,897 of the Natural Gas Acquisition Corporation are uncollateralized. Cash on hand at June 30, 2007 totals \$56,513.

At June 30, 2007, the City's investments consist of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities (In Years)</u>	
		<u>Less Than 1</u>	<u>More Than 1</u>
Tennessee Local Government Investment Pool	\$29,480,997	\$29,480,997	\$ -
U.S. Treasuries	8,344,300	8,171,000	173,300
Bank repurchase agreements	2,618,011	2,618,011	-
Government money market fund	411,224	411,224	-
TVA prepayment account	466,600	466,600	-
	<u>\$41,321,132</u>	<u>\$41,147,832</u>	<u>\$173,300</u>

The Tennessee Local Government Investment Pool is an unrated external investment pool that operates in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. The weighted average maturity of the pool's investments is less than ninety days.

The City's investments in bank repurchase agreements are secured by a perfected pledge of full faith and credit obligations of the United States or its agencies. The government money market fund is not an authorized investment under state statutes, but the fund is an open-end mutual fund that invests in U.S. government and agency securities consistent with state law. The fund is rated AAA by Moody's and Standard and Poor's. The TVA prepayment account reflects amounts to be applied to billings for power costs from Tennessee Valley Authority.

Investments of the Component Unit-Museum consist of the following at June 30, 2007:

Investment Type	Fair Value	Average Credit Quality Rating	Average Maturity In Years
Common stocks			
Domestic	\$ 469,187	n/a	n/a
Foreign	42,340	n/a	n/a
Preferred stocks	10,908	n/a	n/a
Corporate bonds	43,661	AA	2.6
Money market fund	101,995	n/a	n/a
U.S. agency/governmental bonds	28,891	AAA	1.0
Mutual funds			
Equity	763,862	n/a	n/a
Fixed	176,110	n/a	n/a
	<u>\$1,636,954</u>		

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

C. NOTES RECEIVABLE

Notes receivable at June 30, 2007, consists of the following:

Special Revenue Funds - Community Development Fund:

Interest-free loans under the Rental Rehabilitation Program. due in five annual installments with the first installment due seven years from the date of the loan; secured by deed of trust	\$ 153
3% interest loans from HOUSE program income revolving funds, due in 180 to 360 monthly installments; secured by deed of trust and second mortgage.	52,269
Interest-free loans under the Community Development Block Grant, due in 60 monthly installments with the first installment due ten years from the date of the loan; secured by deed of trust.	193
3% interest loans under the Community Development Block Grant, due in 96 to 300 monthly installments; secured by deed of trust	1,073,455
Interest-free loans under the Community Development Block Grant, secured by deed of trust as second mortgage with payments beginning after first mortgage is paid off	20,500
3% interest loans under the Tennessee Housing Development Assistance, due in 96 to 300 monthly installments; secured by deed of trust	321,410
Interest-free loans under the Tennessee Housing Development Assistance; secured by deed of trust as second mortgage with payments beginning after first mortgage is paid off	70,000
Interest-free loans under the Community Development Block Grant with a 20% annual amortization and no payment due as long as ownership is retained for five years; secured by deed of trust	117,016
Interest-free loans made with HOUSE program income with 20% annual amortization and no payment due as long as ownership is retained for five years; secured by deed of trust	39,700
3% interest loans made under the US. Department of Housing and Urban Development Home Investment Partnership; due in 96 to 300 monthly installments; secured by deed of trust	1,122,749
1 % or 3% interest loans made under the Community Development Block Grant, repayment deferred 2 years, secured by deed of trust	217,825
Interest free loan under US Department of Housing and Urban Development first time home buyers program for closing cost assistance. Grants are amortized 20% per year with no payments due as long as ownership is retained for five years , secured by deed of trust.	195,655
Interest-free loans under the HOME Grant with 10% annual amortization and no payment due as long as ownership is retained for five years; secured by deed of trust	175,580
Interest-free loans under the U.S. Department of Housing and Urban Development Home Investment Partnership, due upon sale or transfer of property, secured by deed of trust as second mortgage	697,176
Interest-free loans under the Community Development Block Grant program for first time homebuyers, due upon sale or transfer of property, secured by deed of trust	136,632

Interest-free loans under HOME Grant with a 5% annual amortization and no payment due as long as ownership is retained for 20 years; secured by deed of trust	135,173
Interest-free loans under the Community Development Block Grant program for housing rehabilitation, due upon sale or transfer of property, secured by deed of trust as second mortgage	966,343
1% or 3% interest loans made under the US Department of Housing and Urban Development first time home buyers program for down payment and closing cost assistance, repayment after 2 year deferral.	37,429
Interest-free loans under the US Department of Housing and Urban Development first time home buyers program, due on sale or transfer secured by deed of trust.	135,665
1% interest loan made under the Emergency Repair Fund, for five years, secured by deed of trust.	3,220
1 % interest loan made under Tennessee Housing Development Assistance, secured by deed of trust as second mortgage, due upon sale or after first mortgage is paid off.	152,204
Rehabilitation grant given to low-income applicants. Grants are amortized 20% per year for five years. Grants are forgiven after five years.	<u>64,690</u>
Total Special Revenue Funds Community Development Fund	5,987,075
Less: Current Portion	<u>429,839</u>
Total Special Revenue Funds Notes Receivable, net of current portion	<u>\$ 5,557,236</u>

D. CAPITAL ASSETS

Infrastructure activity for governmental activities for the year ended June 30, 2007 is as follows:

	Balance <u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2007</u>
<u>Governmental Activities:</u>				
Modified Approach Street Network	\$ 198,884,855	\$ 10,596,960	\$ 24,830	\$ 209,456,985
Basic Approach				
Bridges	1,161,766	-	-	1,161,766
Drainage system	31,899,491	2,148,550	-	34,048,041
Sidewalks	890,868	2,394,480	-	3,285,348
Boat docks	23,475	375,269	-	398,744
Traffic signals/ lighting	1,315,196	329,500	-	1,644,696
Total infrastructure	<u>234,175,651</u>	<u>15,844,759</u>	<u>24,830</u>	<u>249,995,580</u>
<u>Less accumulated depreciation:</u>				
Bridges	(93,929)	(19,072)	-	(113,001)
Drainage system	(5,148,684)	(1,202,500)	(79,433)	(6,430,617)
Sidewalks	(20,476)	(48,523)	-	(68,999)
Boat docks	(2,951)	(33,638)	-	(36,589)
Traffic signals/ lighting	(140,439)	(103,410)	-	(243,849)
Total accumulated depreciation	<u>(5,406,479)</u>	<u>(1,407,143)</u>	<u>(79,433)</u>	<u>(6,893,055)</u>
Net infrastructure	<u>\$ 228,769,172</u>	<u>\$ 14,437,616</u>	<u>\$ 104,263</u>	<u>\$ 243,102,525</u>

Other capital asset activity for governmental activities for the year ended June 30, 2007 is as follows:

	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
<u>Governmental Activities:</u>				
Capital assets not depreciated:				
Land	\$ 10,386,249	\$ 136,146	\$ 6,300	\$ 10,516,095
Easements	19,707,497	1,069,770	-	20,777,267
Construction in progress	479,588	1,093,860	793,288	780,160
Total capital assets not depreciated	30,573,334	2,299,776	799,588	32,073,522
Capital assets being depreciated:				
Land improvements	4,693,934	16,527	-	4,710,461
Machinery and equipment	14,616,609	1,355,081	58,128	15,913,562
Buildings	58,002,354	187,121	(36,962)	58,226,437
Motor vehicles	12,371,692	1,894,799	361,153	13,905,338
Total capital assets depreciated	89,684,589	3,453,528	382,319	92,755,798
Less: accumulated depreciation:				
Land improvements	(3,435,682)	(200,747)	282	(3,636,147)
Machinery and equipment	(8,503,185)	(831,394)	(311)	(9,334,890)
Buildings	(11,629,504)	(1,139,204)	123,812	(12,644,896)
Motor vehicles	(8,986,756)	(1,022,410)	347,669	(9,661,497)
Total accumulated depreciation	(32,555,127)	(3,193,755)	471,452	(35,277,430)
Net capital assets depreciated	57,129,462	259,773	(89,133)	57,478,368
Net governmental activities capital assets	87,702,796	2,559,549	710,455	89,551,890
Net governmental activities capital assets and infrastructure	\$ 316,471,968	\$ 16,997,165	\$ 814,718	\$ 332,654,415

Capital asset activity for business activities for the year ended June 30, 2007 is as follows:

	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
<u>Business-Type Activities:</u>				
<u>Parking Authority</u>				
Plant and equipment	\$ 3,409,952	\$ -	\$ -	\$ 3,409,952
Less accumulated depreciation	(1,044,155)	(69,914)	-	(1,114,069)
Net parking authority	2,365,797	(69,914)	-	2,295,883
<u>Transit System</u>				
Capital assets not depreciated:				
Land	85,882	-	-	85,882
Construction in progress	-	262,581	-	262,581
Total capital assets not depreciated	85,882	262,581	-	348,463
Capital assets depreciated:				
Building	2,717,653	5,954	-	2,723,607
Revenue vehicles	5,205,397	1,129,634	605,038	5,729,993
Other vehicles	196,868	38,928	8,000	227,796
Furniture and equipment	726,038	419,530	228,825	916,743
Total capital assets depreciated	8,845,956	1,594,046	841,863	9,598,139

Less accumulated depreciation	(3,311,335)	(761,750)	763,811	(3,309,274)
Net capital assets depreciated	5,534,621	832,296	78,052	6,288,865
Net capital assets	\$ 5,620,503	\$ 1,094,877	\$ 78,052	\$ 6,637,328
Clarksville Electric				
Capital assets not depreciated:				
Land and land rights	\$ 963,800	\$ 94,500	\$ -	\$ 1,058,300
Construction in progress	1,884,200	4,461,700	-	6,345,900
Plant held for sale	226,500	-	-	226,500
Total capital assets not depreciated	3,074,500	4,556,200	-	7,630,700
Capital assets depreciated:				
Station equipment	15,168,900	64,000	-	15,232,900
Electric transmission system	53,078,100	5,538,200	444,700	58,171,600
Transportation equipment	2,024,500	333,300	186,900	2,170,900
Furniture and equipment	5,077,800	138,500	1,068,900	4,147,400
Structures and improvements	3,648,700	665,900	48,000	4,266,600
Plant acquisition adjustments	1,207,300	-	338,700	868,600
Total capital assets depreciated	\$ 80,205,300	\$ 6,739,900	\$ 2,087,200	\$ 84,858,000
Less: accumulated depreciation:				
Station equipment	(5,305,500)	(455,900)	-	(5,761,400)
Electric transmission system	(16,874,200)	(1,736,400)	661,100	(17,949,500)
Transportation equipment	(1,364,900)	(195,500)	186,900	(1,373,500)
Furniture and equipment	(1,599,100)	(255,200)	925,800	(928,500)
Structures and improvements	(1,524,500)	(109,200)	66,900	(1,566,800)
Total accumulated depreciation	(26,668,200)	(2,752,200)	1,840,700	(27,579,700)
Net capital assets depreciated	53,537,100	3,987,700	246,500	57,278,300
Net capital assets	\$ 56,611,600	\$ 8,543,900	\$ 246,500	\$ 64,909,000
Water and Sewer				
Capital Assets Not Depreciated:				
Land and Land Rights	\$ 1,625,150	\$ 28,941	\$ 9,855	\$ 1,644,236
Construction in Progress	25,168,331	33,777,424	10,478,421	48,467,334
Total capital assets not depreciated	26,793,481	33,806,365	10,488,276	50,111,570
Capital Assets Depreciated:				
Plant and Equipment	274,559,231	26,537,359	5,696,800	295,399,790
Less accumulated depreciation	(61,458,589)	(9,490,901)	1,594,531	(69,354,959)
Net capital assets depreciated	213,100,642	17,046,458	4,102,269	226,044,831
Net capital assets	\$ 239,894,123	\$ 50,852,823	\$ 14,590,545	\$ 276,156,401
Gas				
Capital Assets Not Depreciated:				
Land and Land Rights	\$ 204,784	\$ -	\$ -	\$ 204,784
Construction in Progress	1,130,939	6,133,439	5,986,150	1,278,228
Total capital assets not depreciated	1,335,723	6,133,439	5,986,150	1,483,012
Capital Assets Depreciated:				
Plant and Equipment	47,931,950	2,397,466	429,894	49,899,522
Less accumulated depreciation	(10,810,842)	(1,474,135)	446,338	(11,838,639)
Net capital assets depreciated	37,121,108	923,331	(16,444)	38,060,883
Net capital assets	\$ 38,456,831	\$ 7,056,770	\$ 5,969,706	\$ 39,543,895
Natural Gas Acquisition Corporation				
Capital Assets Depreciated:				
Plant and equipment	\$ -	\$ 29,325	\$ -	\$ 29,325
Less accumulated depreciation	-	(2,119)	-	(2,119)
Net capital assets	\$ -	\$ 27,206	\$ -	\$ 27,206
Net business activities capital assets	\$ 342,948,854	\$ 67,505,662	\$ 20,884,803	\$ 389,569,713

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.

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

General government	\$ 1,394,554
Public Safety	1,054,485
Highways and Streets	1,348,165
Recreation	803,694
Total	<u>\$ 4,600,898</u>

E. LONG- TERM DEBT

Governmental long-term debt activity for the year ended June 30, 2007 consists of the following:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Amounts Due</u> <u>In Year</u> <u>Ending</u> <u>June 30, 2008</u>
Bonds payable	\$ 12,115,000	\$ 4,990,000	\$ 890,000	\$ 16,215,000	\$ 1,115,000
Notes payable	34,711,159	1,136,906	3,894,700	31,953,365	4,153,000
Subtotal	46,826,159	6,126,906	4,784,700	48,168,365	5,268,000
Accrued compensated absences	1,825,985	151,466	-	1,977,451	435,039
Total governmental	<u>\$ 48,652,144</u>	<u>\$ 6,278,372</u>	<u>\$ 4,784,700</u>	<u>\$ 50,145,816</u>	<u>\$ 5,703,039</u>

Governmental long-term debt at June 30, 2007 consists of the following obligations:

Bonds Payable

\$800,000 1976 Farmers Administration Loan due in increasing annual installments through January 1, 2016, at an interest rate of 5%.	\$ 330,000
\$6,750,000 2002 Taxable General Obligation Industrial Park Bonds due in increasing annual installments through June 1, 2022, at varying rates of interest from 6.25% to 6.875%.	5,800,000
\$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%.	4,185,000
\$2,180,000 2003 General Obligation Refunding Bonds due in increasing annual installments through August 1, 2008, at varying rates of interest from 1.4 % to 3%.	910,000
\$4,990,000 2006 Taxable General Obligation Industrial Park Bonds due in increasing annual installments through July 1, 2022, at varying rates of from 1.4 % to 3%.	<u>4,990,000</u>
Total bonds payable	<u>16,215,000</u>

Notes Payable

\$4,000,000 1994 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2009, with interest payable monthly at an adjustable rate.	765,200
\$1,500,000 1996 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2011, with interest payable monthly at an adjustable rate.	523,900
\$16,457,000 1998 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2013, with interest payable monthly at an adjustable rate.	8,438,000
\$18,025,000 2000 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2015, with interest payable monthly at an adjustable rate.	11,768,000
\$13,795,000 Public Building Authority of the City of Clarksville, Tennessee; loan agreement provides for repayment of loan in annual installments through May 25, 2016, with interest payable monthly at an adjustable rate.	6,145,000
\$4,976,000 2002 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2022, with interest payable monthly at an adjustable rate.	4,146,999
\$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.	<u>166,266</u>
Total notes payable	<u>31,953,365</u>
Total bonds and notes payable	48,168,365
Add: Accrued compensated absences	1,977,451
Less: Current portion of long-term debt	<u>(5,703,039)</u>
Total governmental activities long-term debt	<u><u>\$ 44,442,777</u></u>

Business long-term debt activity for the year ended June 30, 2007 consists of the following:

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Amount Due</u> <u>In Year</u> <u>Ending</u> <u>June 30, 2008</u>
<u>Gas Department and Water and Sewer Department</u>					
Bonds and notes payable	\$ 166,097,584	\$ 60,150,000	\$ 36,976,386	\$ 189,271,198	\$ 7,926,651
Accrued compensated absences	641,423	27,762	55,524	613,661	236,558
Customer deposits	1,162,732	772,382	497,904	1,437,210	-
Premiums on bonds	323,492	1,811,178	32,558	2,102,112	-
Unamortized discount and deferred loss on defeasance	(3,036,868)	(95,150)	238,659	(2,893,359)	-
Total Gas, Water and Sewer Department	165,188,363	62,666,172	37,323,713	190,530,822	8,163,209
<u>Natural Gas Acquisition Corporation</u>					
Bonds payable	240,525,000	-	-	240,525,000	8,515,000
Premium on bonds	7,698,495	-	810,550	6,887,945	-
Total Natural Gas Acquisition Corporation	248,223,495	-	810,550	247,412,945	8,515,000
<u>Clarksville Transit</u>					
Accrued compensated absences	100,135	-	1,566	98,569	25,000
<u>Parking Authority</u>					
Note payable	748,516	-	114,189	634,327	118,218
<u>Department of Electricity</u>					
Bonds and notes payable	8,487,800	52,819,300	1,607,100	59,700,000	565,000
Premium on bonds	-	2,898,900	-	2,898,900	-
Customer deposits	3,084,000	2,284,500	2,080,800	3,287,700	-
TVA advances	2,123,200	1,024,100	750,500	2,396,800	-
Accrued compensated absences	1,955,700	235,900	125,900	2,065,700	577,400
Other	29,500	1,100	100	30,500	-
Total Department of Electricity	15,680,200	59,263,800	4,564,400	70,379,600	1,142,400
Total Enterprise	\$ 429,940,709	\$ 121,929,972	\$ 42,814,418	\$ 509,056,263	\$ 17,963,827
<u>Museum (Component Unit)</u>					
Note payable	\$ 254,956	\$ -	\$ 13,428	\$ 241,528	\$ 14,324

Business activity long-term debt at June 30, 2007 consists of the following obligations:

Bonds Payable

\$8,560,000 Series 2004 Electric System Revenue and Improvement Bonds due in annual installments of \$270,000 to \$615,000 to September 1, 2024, at 2.25% to 4.25% interest. Substantially all operating revenues of the Department of Electricity are security for these bonds.	\$ 6,910,000
Series 2007 Water, Sewer, and Gas Revenue Bonds due in annual installments of \$905,000 to \$5,370,000 through February 2032 at 4.35% interest.	60,150,000
Series 2002 Water, Sewer, and Gas Revenue Refunding Bonds due in increasing annual installments of \$1,200,000 to \$1,920,000 through February 1, 2018, at varying rates of interest from 4.89% to 5.25%.	16,735,000
Series 2001 Water, Sewer, and Gas Revenue Refunding and Improvement Bonds due in increasing annual installments of \$590,000 to \$3,780,000 through February 2022 at 3.0% to 5.0% interest.	22,875,000
Series 2004 Water and Sewer Revenue Bonds due in increasing annual installments of \$500,000 to \$12,100,000 through 2025 at variable interest rates.	44,875,000
Series 2006 Tennessee Gas Revenue bonds to Natural Gas Acquisition Corporation due in increasing installments of \$8,515,000 to \$25,500,000 through 2021 at 5.00% semiannual interest	240,525,000
\$52,790,000 Series 2007 Electric System Revenue and Improvement Bonds due in annual installments of \$750,000 to \$3,750,000 starting September 1, 2010 to September 1, 2033 at 4.0% - 5.0% interest. Substantially all revenues of the Electric Division are security for these bonds.	<u>52,790,000</u>
Total bonds payable	<u>444,860,000</u>

Notes Payable

Loan from Tennessee State Revolving Loan Fund due in increasing annual installments from \$203,580 to \$306,162 through 2024 at a variable rate of interest.	4,572,858
Loans from the State EPA for construction of a sewage disposal plant, due in increasing monthly installments of \$4,467 to \$4,850 through February 1, 2010, at varying rates of interest from 6.6% to 7.5%.	155,404
Loans from the Tennessee Department of Economic and Community Development Local Government Energy Efficiency Loan Program due in annual installments of \$72,601 at 3.00% on September 1, 2007.	72,601
Loan from the Tennessee State Revolving Loan Fund for waste water treatment plant expansion due in monthly installments of \$123,267 to \$206,071 to July, 2022, at 3.2% interest.	30,120,255
Loan from the Tennessee State Revolving Loan Fund for waste water treatment plant expansion due in monthly installments of \$78,130 through March 1, 2012, at an interest rate of 3.7%.	4,078,080
Series 1994 TML Bond Pool Loan due in annual installments through 2015 of \$549,000 to \$882,000 at an adjustable interest rate.	5,637,000
Series 1990 TML Bond Pool Loan for Parking Authority, due in increasing annual installments through May 2012, at an adjustable rate of interest.	634,327
Total notes payable	45,270,525
Total bonds and notes payable	490,130,525
Add: Accrued Compensated Absences	2,777,930
Customer Deposits	4,724,910
TVA Advances	2,396,800
Bond premiums	11,888,957
Other	30,500
Less: Current portion of long-term debt	(17,963,827)
Unamortized bond discounts and deferred loss on defeasance	(2,893,359)
Total business activity long-term debt	\$ 491,092,436

Component Unit-Museum

Museum promissory note held by the City of Clarksville. Interest is charged on the unpaid balance of the loan at a rate of 3.28% annually.	\$ 241,528
--	------------

The annual debt service requirements to amortize bonds and notes payable outstanding as of June 30, 2007 are as follows:

For the Year Ended June 30	Governmental	Business	Component	Total	
	Activity	Activity	Unit	Debt	
	Debt	Debt	Debt	Principal	Interest
	Principal	Principal	Principal	Principal	
2008	\$ 5,268,000	\$ 16,275,048	\$ 14,324	\$ 21,557,372	\$ 23,878,400
2009	5,444,365	22,674,077	14,794	28,133,236	23,657,809
2010	4,798,300	22,570,638	15,281	27,384,219	22,422,953
2011	5,037,700	21,918,585	15,781	26,972,066	21,222,713
2012	5,145,000	21,187,012	16,298	26,348,310	20,040,198
2013	5,406,000	22,325,016	16,377	27,747,393	18,847,190
2014	3,189,000	23,676,360	16,915	26,882,275	17,567,457
2015	3,009,000	25,242,876	17,469	28,269,345	16,284,482
2016	1,354,000	26,902,636	18,042	28,274,678	14,930,778
2017	1,373,000	28,746,700	18,634	30,138,334	13,538,910
2018	1,453,000	30,448,140	19,245	31,920,385	12,058,989
2019	1,539,000	32,387,028	19,877	33,945,905	10,487,939
2020	1,620,000	34,358,484	20,529	35,999,013	8,850,627
2021	1,717,000	36,587,532	17,962	38,322,494	7,090,972
2022	1,815,000	40,299,292	-	42,114,292	5,192,197
2023	-	15,569,939	-	15,569,939	3,840,829
2024	-	16,031,162	-	16,031,162	3,151,346
2025	-	16,000,000	-	16,000,000	2,445,156
2026	-	4,090,000	-	4,090,000	1,720,745
2027	-	4,285,000	-	4,285,000	1,521,925
2028	-	4,495,000	-	4,495,000	1,311,700
2029	-	4,715,000	-	4,715,000	1,091,025
2030	-	4,950,000	-	4,950,000	859,500
2031	-	5,195,000	-	5,195,000	616,500
2032	-	5,450,000	-	5,450,000	361,400
2033	-	3,750,000	-	3,750,000	93,800
	<u>\$ 48,168,365</u>	<u>\$ 490,130,525</u>	<u>\$ 241,528</u>	<u>\$ 538,540,418</u>	<u>\$ 253,085,540</u>

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

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

On June 28, 2001, the Gas Department and Water and Sewer Department issued Sewer and Gas Revenue Refunding and Improvement Bonds, Series 2001, to, among other things, refund \$1,130,000 Series 1991 bonds, refund \$7,244,138 Series 1992 capital appreciation bonds, and refund \$10,200,000 Series 1997 bonds. Sufficient proceeds were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the balance sheet. At June 30, 2007, bonds outstanding of \$13,256,930 were considered defeased.

Museum Component Unit – Line of Credit

The Museum has a \$30,000 unsecured line of credit with an outstanding balance of \$0 at June 30, 2007. Interest is due monthly at the bank's prime rate of interest less one percent.

F. RETIREMENT COMMITMENTS

Plan Description

Employees of the City are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in 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 of Clarksville 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 www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/ps/>.

Funding Policy

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

The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2007 was 13.45% 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, 2007, the City's annual pension cost of \$5,035,889 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2005 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005 was 18 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2007	\$5,035,889	100%	0.00
June 30, 2006	4,456,253	100%	0.00
June 30, 2005	4,314,239	100%	0.00

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. Additionally, during the year ended June 30, 2007, \$38,579 of expense was recognized and paid for 10 employees covered by an agreement with the City prior to the adoption of the City's PERS.

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

Plan Description

The Department of Electricity (the "Department"), under authority of the Electric Power Board, funds a defined contribution retirement plan through Reliastar known as the Clarksville Department of Electricity Employees' Pension Plan. In order to be covered under the plan, employees must be at least 20.5 years old, have been credited with at least one thousand hours of employment for the plan year, have twelve months service with the Department, and be an employee on July 1, the first day of the plan year. Normal retirement age is 65 with optional retirement from age 55 with reduced benefits. Employees are 100 percent vested after 7 years of service.

Summary of Significant Accounting Policies and Plan Asset Matters

The basis of accounting and method of valuing assets are the same as those used for the City general pension plan. The market value of plan assets at June 30, 2007 was \$5,495,300. Securities traded on national exchanges are valued at the last reported sales price. Short-term investments are reported at cost, which approximates fair value.

Funding Status and Progress

The Department is providing all funding contributions to this money purchase pension plan. On July 1 of each year, the Department's contribution is computed to provide an estimated target retirement benefit. The estimated monthly benefit is computed as 100% of monthly compensation reduced by each year of service less than 80 years as of the participant's normal retirement date. The calculation also assumes normal payment will be a life annuity with 120 payments guaranteed. The total pension contribution required and made by the Department for the year ended June 30, 2007 was \$445,300. The assumed rate of return used in determining contributions is 6.5 percent.

G. OTHER POST EMPLOYMENT BENEFITS

Medical, life and dental insurance coverage under authority of the City Council is provided to substantially all retiring City employees, other than employees of the Department of Electricity and the Museum. This coverage is funded and expensed as the coverage is provided. Current year expense for this coverage approximated \$880,559 for 204 retirees.

The Department of Electricity under authority of the Electric Power Board provides medical insurance coverage for substantially all retiring employees with thirty years of service until they reach age 65. Retirement can begin at age 55. Life insurance coverage based on an employee's compensation is also paid until the cash value of the policy generates enough income to pay the cost of insurance. Coverage is funded and expensed as the coverage is provided. For the year ended June 30, 2007, the Department was funding health insurance coverage for three retired employees and life insurance for ten retired employees, and the expense recognized for the coverage was \$22,200.

The Governmental Accounting Standards Board (GASB) has issued statement No. 45 titled "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions." GASB Statement No. 45 requires the accrual of liabilities of other post-employment benefits (OPEB) generally over the working careers of plan members rather than on a pay-as-you-go basis which is the current practice. The City of Clarksville will have to comply with GASB Statement No. 45 for the fiscal year ending June 30, 2008.

To begin to assess the magnitude of these requirements, the City of Clarksville commissioned a valuation report as of January 1, 2007, covering postretirement medical, dental and life insurance benefits provided by the City. The purpose of the valuation was to determine the Annual Required Contribution (ARC) under selected actuarial cost methods and amortization methods as prescribed by Statement No. 45. These ARC's varied from \$4,594,000 to \$6,018,000 based on various actuarial assumptions. Projected payouts of \$1,202,000 resulted in net costs of between \$3,392,000 and \$4,816,000. The unfunded accrued liability is estimated at between \$48,605,000 and \$53,667,000. The results of these evaluations must be viewed as estimates of the actual results that will occur in the future. In addition, certain assumptions have been made that will impact the results of the valuation.

H. INDIVIDUAL FUND TRANSACTIONS

Interfund receivable and payable balances at June 30, 2007, are as follows:

	<u>Major Funds</u>		<u>Non-Major Governmental</u>	<u>Non-Major Proprietary</u>	<u>Internal Service</u>
	<u>General</u>	<u>Gas</u>			
Interfund Receivable	<u>\$ 1,033,739</u>	<u>\$ 1,391,387</u>	<u>\$ 2,325,789</u>	<u>\$ 61,995</u>	<u>\$ 1,561,391</u>
Interfund Payable:					
Major Funds:					
General	-	27,836	2,325,789	61,995	1,362,327
Water and Sewer	174,816	1,363,551	-	-	-
Gas	74,921				199,064
Non-Major Funds:					
Governmental	669,748	-	-	-	-
Proprietary	114,254				
	<u>\$ 1,033,739</u>	<u>\$ 1,391,387</u>	<u>\$ 2,325,789</u>	<u>\$ 61,995</u>	<u>\$ 1,561,391</u>

At June 30, 2007, the Water and Sewer Department was obligated to repay \$1,363,551 to the Gas Department in monthly installments of \$57,143 to June 2009, at 4.75% interest.

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

I. 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, 2007, were as follows:

<u>Transfer to:</u>	<u>Amount</u>	<u>General Fund</u>	<u>Electricity Dept.</u>	<u>Water and Sewer Dept.</u>	<u>Transit System</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<u>Transfer from:</u>								
General Fund	\$ 9,949,512	-	\$ 150,000	\$ 551,880	\$ 901,485	\$ 7,066,806	\$ 406,817	\$ 872,524
Electricity Dept.	1,595,900	1,595,900	-	-	-	-	-	-
Gas Department	650,702	650,702	-	-	-	-	-	-
Water and Sewer	1,564,762	1,564,762	-	-	-	-	-	-
Parking Authority	196,093	196,093	-	-	-	-	-	-
Special Revenue	2,356,574	852,742	-	-	-	-	-	1,503,832
Debt service	817,174	817,174	-	-	-	-	-	-
Total	\$ 17,130,717	\$ 5,677,373	\$ 150,000	\$ 551,880	\$ 901,485	\$ 7,066,806	\$ 406,817	\$ 2,376,356

J. 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 Department of Electricity maintains a deferred compensation, 401(k) plan for all eligible employees. Eligibility requirements are substantially the same as those for the Department's pension plan. Employees are fully vested in contributions to the plan. Employer and employee contributions to the plan are discretionary and, for the plan year-ended December 31, 2006, were \$91,600 and \$234,500 for employer and employee, respectively. Plan assets at December 31, 2006 were \$3,767,800 (market value). These assets are the property of the employees and are not included in these statements. The expense to the Department for the year ended June 30, 2007 was \$94,800.

K. 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 \$423,003 for the year ended June 30, 2007.

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 the Court of jurisdiction.

Commitments

The Clarksville Gas Department and the Water and Sewer Department have contractual commitments for various construction projects totaling \$7.5 million as of June 30, 2007. Additionally, the City has outstanding construction commitments totaling \$780,160.

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.

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 past adjustments approved by the FERC. Management believes any future rate adjustments will be recovered through amounts charged to affected customers.

Bi-County Solid Waste Post-Closure Costs

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

Montgomery County Regional Airport Authority

The Authority is experiencing fiscal stress that could cause an additional financial burden of an unknown amount on the City at some time in the future.

L. CONCENTRATIONS OF CREDIT RISK

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

M. JOINT VENTURE

The Electric Department and Pennyryle Rural Electric Cooperative Corporation (the Cooperative) have 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 \$924,700 at June 30, 2007. 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.

N. SEGEMENT INFORMATION FOR NON-MAJOR PROPRIETARY FUNDS

	<u>Parking Authority</u>	<u>Clarksville Transit System</u>
<u>Statement of net assets</u>		
Current assets	\$ 204,043	\$ 781,760
Capital assets	2,295,883	6,637,328
Other assets	163,820	0
Total assets	<u>2,663,746</u>	<u>7,419,088</u>
Due to other funds	80,854	33,400
Other current liabilities	118,882	343,669
Non-current liabilities	516,109	73,569
Total liabilities	<u>715,845</u>	<u>450,638</u>
Net assets invested in capital assets net of related debt	1,585,575	6,637,328
Unrestricted net assets	362,326	331,122
Total net assets	<u>\$ 1,947,901</u>	<u>\$ 6,968,450</u>
<u>Statement of revenues, expenses and changes in net assets</u>		
Operating revenues:		
Fees and fines	\$ 302,153	\$ 471,739
Rental	113,879	-
Advertising	-	45,750
Other	-	10,476
	<u>416,032</u>	<u>527,965</u>
Operating expenses:		
Operating and maintenance	-	2,992,470
Depreciation and amortization	70,842	761,750
Other	-	775,312
	<u>70,842</u>	<u>4,529,532</u>
Operating income (loss)	<u>345,190</u>	<u>(4,001,567)</u>
Non-operating revenues (expense)		
Operating grants	-	3,998,669
Interest expense	(36,089)	-
Interest income	12,487	18,911
Other	1,257	(48,742)
Transfers in (out)	(196,093)	901,485
	<u>(218,438)</u>	<u>4,870,323</u>
Change in net assets	126,752	868,756
Beginning net assets	1,821,149	6,099,694
Ending net assets	<u>\$ 1,947,901</u>	<u>\$ 6,968,450</u>

	<u>Parking Authority</u>	<u>Clarksville Transit System</u>
<u>Statement of cash flows</u>		
Cash provided (used) by:		
Operating activities	\$ 262,672	(3,143,028)
Non-capital financing activities	(196,093)	4,785,579
Capital and related financing activities	(67,833)	(1,827,317)
Investing activities	<u>13,744</u>	<u>18,911</u>
Net increase (decrease) in cash	12,490	(165,855)
Beginning cash	<u>286,182</u>	<u>400,195</u>
Ending cash	<u><u>\$ 298,672</u></u>	<u><u>\$ 234,340</u></u>

The Parking Authority is responsible for providing parking for the City and enforcement of parking regulations/laws. Major revenues are from fines and fees and rental of parking spaces.

The Clarksville Transit System is responsible for providing public transportation for the City. Major revenues are from fares, advertising sold, and transportation grants.

**CITY OF CLARKSVILLE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2007**

A. SCHEDULE OF FUNDING PROGRESS FOR PENSION PLAN

(Dollar amounts in thousands)

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 Percentage of Covered Payroll [(b-a)/c]
July 01, 2005	63,998	67,899	3,901	94.26%	34,401	11.34%
July 01, 2003	54,120	58,217	4,097	92.96%	31,030	13.20%
July 30, 2001	45,981	50,008	4,027	91.95%	28,302	14.23%

B. 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, 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 rating index (PCI) 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.

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
JUNE 30, 2007**

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

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

Established Condition Level

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

Assessed Conditions

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

<u>For the Period Ended</u>	<u>Maintenance Rating</u>	<u>Total Miles</u>
June 30, 2007	Good (PCI 58)	560
June 30, 2006	Good (PCI 60)	550
June 30, 2005	Good (PCI 63)	543
June 30, 2004	Good (PCI 65 (old scale 4))	521
June 30, 2003	Good (PCI 68 (old scale 4))	516

The following table illustrates the condition of the entire network.

<u>Maintenance Rating</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Good to Excellent	75%	79%	69%	62%	65%	60%
Fair	22%	14%	18%	22%	17%	20%
Poor to Failed	3%	7%	13%	16%	18%	20%

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>
2002	\$1,600,000	\$1,683,548
2003	1,100,500	1,268,188
2004	1,588,300	1,331,610
2005	2,502,555	2,641,349
2006	3,300,000	2,358,345
2007	2,280,000	2,672,459
2008	2,970,000	N/A

C. BUDGETARY INFORMATION

The Mayor and City Council approve the operating budget for the fiscal year commencing on July 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").

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
JUNE 30, 2007**

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 anytime 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 Departments except salaries or capitalized items, which must be approved by the Mayor. 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.

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
<u>Capital Projects</u>				
<u>Revenue</u>				
Interest	\$ 59,098	\$ 59,098	\$ 64,925	\$ 5,827
Federal and state grants	-	1,877,648	167,541	(1,710,107)
Contributions	32,381	32,381	32,514	133
Transfers in	1,617,022	1,933,696	2,376,356	442,660
Bond proceeds	4,990,000	6,357,054	6,126,906	(230,148)
Other	395	395	113,595	113,200
Total revenue	<u>\$ 6,698,896</u>	<u>\$ 10,260,272</u>	<u>8,881,837</u>	<u>\$ (1,378,435)</u>
<u>Expenditures</u>				
Capital investments	90,500	6,457,724	3,901,992	2,555,732
Other expenditures	1,785,468	8,406,208	2,228,534	6,177,674
Total expenditures	<u>\$ 1,875,968</u>	<u>\$ 14,863,932</u>	<u>6,130,526</u>	<u>\$ 8,733,406</u>
<u>Excess revenues (expenditures)</u>			<u>\$ 2,751,311</u>	
<u>Debt Service</u>				
<u>Revenue</u>				
Interest	\$ 46,000	\$ 49,417	\$ 49,780	\$ 363
Transfers in	7,066,806	7,066,806	7,066,806	-
Transfers from non-component unit	389,855	390,155	390,155	-
Total revenue	<u>\$ 7,502,661</u>	<u>\$ 7,506,378</u>	<u>7,506,741</u>	<u>\$ 363</u>
<u>Expenditures</u>				
Principal retirement	\$ 4,852,275	\$ 4,784,700	4,784,700	\$ -
Interest and other charges	2,608,621	2,129,467	2,137,717	(8,250)
Other	-	800	800	-
Transfers out	817,174	817,174	817,174	-
Total expenditures	<u>\$ 8,278,070</u>	<u>\$ 7,732,141</u>	<u>7,740,391</u>	<u>\$ (8,250)</u>
<u>Excess revenues (expenditures)</u>			<u>\$ (233,650)</u>	
<u>Community Development</u>				
<u>Revenue</u>				
Program income	\$ 281,271	\$ 285,801	\$ 477,547	\$ 191,746
Transfer in	-	-	5,000	5,000
Other	3,432,534	3,432,534	1,550,823	(1,881,711)
Total revenue	<u>\$ 3,713,805</u>	<u>\$ 3,718,335</u>	<u>2,033,370</u>	<u>\$ (1,684,965)</u>
<u>Expenditures</u>				
Community Development	\$ 4,060,248	\$ 3,942,527	1,975,448	\$ 1,967,079
Total expenditures	<u>\$ 4,060,248</u>	<u>\$ 3,942,527</u>	<u>1,975,448</u>	<u>\$ 1,967,079</u>
<u>Excess revenues (expenditures)</u>			<u>\$ 57,922</u>	

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
<u>Drug Fund</u>				
<u>Revenue</u>				
Fines and forfeitures	\$ 245,351	\$ 153,211	\$ 160,669	\$ 7,458
Miscellaneous	-	300	300	-
Total revenue	<u>\$ 245,351</u>	<u>\$ 153,511</u>	<u>160,969</u>	<u>7,458</u>
<u>Expenditures</u>				
Drug enforcement	\$ 196,351	\$ 155,162	154,943	\$ 219
Other	49,000	25,499	25,499	-
Total expenditures	<u>\$ 245,351</u>	<u>\$ 180,661</u>	<u>180,442</u>	<u>\$ 219</u>
<u>Excess revenues (expenditures)</u>			<u>\$ (19,473)</u>	
<u>Extraordinary Emergency Fund</u>				
<u>Revenue</u>				
Interest	\$ -	\$ 76,793	\$ 76,803	\$ 10
Total revenue	<u>\$ -</u>	<u>\$ 76,793</u>	<u>76,803</u>	<u>\$ 10</u>
<u>Expenditures</u>				
Transfers out	\$ -	\$ 1,503,822	1,503,832	\$ (10)
Total expenditures	<u>\$ -</u>	<u>\$ 1,503,822</u>	<u>1,503,832</u>	<u>\$ (10)</u>
<u>Excess revenues (expenditures)</u>			<u>\$ (1,427,029)</u>	
<u>Police Special Fund</u>				
<u>Revenue</u>				
Transfers in	\$ 7,553	\$ 3,000	\$ 3,000	\$ -
Interest	3,112	5,238	1,813	(3,425)
Federal and state grants	58,497	164,279	151,672	(12,607)
Fines and forfeitures	-	46,442	48,933	2,491
Miscellaneous	17,793	21,542	21,923	381
Total revenue	<u>\$ 86,955</u>	<u>\$ 240,501</u>	<u>227,341</u>	<u>\$ (13,160)</u>
<u>Expenditures</u>				
Public safety	\$ 157,060	\$ 245,959	248,255	\$ (2,296)
Other	-	5,875	5,875	-
Total expenditures	<u>\$ 157,060</u>	<u>\$ 251,834</u>	<u>254,130</u>	<u>\$ (2,296)</u>
<u>Excess revenues (expenditures)</u>			<u>\$ (26,789)</u>	

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
<u>Parks Special Fund</u>				
<u>Revenue</u>				
Program income	\$ 241,200	\$ 241,200	\$ 208,020	\$ (33,180)
Federal and state grants	60,000	67,000	75,081	8,081
Miscellaneous	97,500	97,500	64,676	(32,824)
Total revenue	<u>\$ 398,700</u>	<u>\$ 405,700</u>	<u>347,777</u>	<u>\$ (57,923)</u>
<u>Expenditures</u>				
Recreation	\$ 450,100	\$ 457,100	336,294	\$ 120,806
Total expenditures	<u>\$ 450,100</u>	<u>\$ 457,100</u>	<u>336,294</u>	<u>\$ 120,806</u>
<u>Excess revenues (expenditures)</u>			<u>\$ 11,483</u>	
<u>Fire Special Fund</u>				
<u>Revenue</u>				
Transfers in	\$ 12,453	\$ 12,453	\$ 12,453	\$ -
Federal and state grants	49,812	100,194	17,775	(82,419)
Miscellaneous	2,000	2,000	5,398	3,398
Total revenue	<u>\$ 64,265</u>	<u>\$ 114,647</u>	<u>35,626</u>	<u>\$ (79,021)</u>
<u>Expenditures</u>				
Public safety	\$ 64,265	\$ 114,647	12,972	\$ 101,675
Total expenditures	<u>\$ 64,265</u>	<u>\$ 114,647</u>	<u>12,972</u>	<u>\$ 101,675</u>
<u>Excess revenues (expenditures)</u>			<u>\$ 22,654</u>	
<u>Cemetary and special fund</u>				
<u>Revenue</u>				
Program income	\$ 30,000	\$ 16,750	\$ 16,750	\$ -
Interest	7,300	11,769	13,661	1,892
Miscellaneous	4,245	3,369	3,334	(35)
Total revenue	<u>\$ 41,545</u>	<u>\$ 31,888</u>	<u>33,745</u>	<u>\$ 1,857</u>
<u>Expenditures</u>				
Transfers out	\$ 39,600	\$ -	-	\$ -
Miscellaneous	27,392	303	300	3
Total expenditures	<u>\$ 66,992</u>	<u>\$ 303</u>	<u>300</u>	<u>\$ 3</u>
<u>Excess revenues (expenditures)</u>			<u>\$ 33,445</u>	

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
 BUDGETARY COMPARISON SCHEDULE
 NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
<u>Emergency Vehicle Special Fund</u>				
<u>Revenue</u>				
Transfers in	\$ -	\$ 386,364	\$ 386,364	\$ -
Total revenue	<u>\$ -</u>	<u>\$ 386,364</u>	<u>386,364</u>	<u>\$ -</u>
<u>Expenditures</u>				
Transfers out	\$ 852,742	\$ 852,742	852,742	\$ -
Total expenditures	<u>\$ 852,742</u>	<u>\$ 852,742</u>	<u>852,742</u>	<u>\$ -</u>
<u>Excess revenues (expenditures)</u>			<u>\$ (466,378)</u>	

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 975,271	1,529,627	\$ 1,118,719	\$ 3,623,617
Notes receivable	5,987,075	-	-	5,987,075
Accounts receivable	4,119	-	-	4,119
Grant receivable	57,600	-	-	57,600
Due from other governments	163,048	50,692	-	213,740
Due from other funds of the primary government	785,499	872,524	667,766	2,325,789
Inventory	331,250	-	-	331,250
Restricted assets:				
Cash and cash equivalents	-	1,645,188	-	1,645,188
	<u>\$ 8,303,862</u>	<u>\$ 4,098,031</u>	<u>\$ 1,786,485</u>	<u>\$ 14,188,378</u>
Total assets				
<u>LIABILITIES</u>				
Accounts payable	\$ 220,213	\$ 86,419	\$ -	\$ 306,632
Interest payable	-	-	8,250	8,250
Due to other funds of the primary government	77,488	592,261	-	669,749
Deferred revenue	6,776,747	-	-	6,776,747
	<u>7,074,448</u>	<u>678,680</u>	<u>8,250</u>	<u>7,761,378</u>
Total liabilities				
<u>FUND BALANCES</u>				
Fund Balance				
Reserved	1,229,414	3,419,351	-	4,648,765
Unreserved	-	-	1,778,235	1,778,235
	<u>1,229,414</u>	<u>3,419,351</u>	<u>1,778,235</u>	<u>6,427,000</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 8,303,862</u>	<u>\$ 4,098,031</u>	<u>\$ 1,786,485</u>	<u>\$ 14,188,378</u>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
 COMBINING STATEMENT OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>
<u>REVENUE</u>				
Program Income	\$ 702,317	\$ -	\$ -	\$ 702,317
Interest	92,277	64,925	49,780	206,982
Federal and state grants	1,521,030	167,541	-	1,688,571
Contributions	-	32,514	-	32,514
Fines and forfeitures	209,602	-	-	209,602
E-911 Transfer	-	-	390,155	390,155
Miscellaneous	369,952	113,595	-	483,547
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	2,895,178	378,575	439,935	3,713,688
<u>EXPENDITURES</u>				
Recreation	336,294	-	-	336,294
Drug enforcement	154,943	-	-	154,943
Community development	1,975,448	-	-	1,975,448
Public safety	261,227	-	-	261,227
Principal retirement	-	-	4,784,700	4,784,700
Capital outlay	31,374	3,901,992	-	3,933,366
Interest and other charges	-	-	2,137,717	2,137,717
Other expenditures	300	2,228,534	800	2,229,634
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	2,759,586	6,130,526	6,923,217	15,813,329
Excess (deficiency) of revenues over expenditures	135,592	(5,751,951)	(6,483,282)	(12,099,641)
<u>OTHER FINANCING SOURCES AND USES</u>				
Bond proceeds	-	6,126,906	-	6,126,906
Transfers in	406,817	2,376,356	7,066,806	9,849,979
Transfers out	(2,356,574)	-	(817,174)	(3,173,748)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources and uses	(1,949,757)	8,503,262	6,249,632	12,803,137
Excess of revenue and other financing sources over expenditures and other financing uses	(1,814,165)	2,751,311	(233,650)	703,496
<u>FUND BALANCES-BEGINNING OF YEAR</u>				
	<hr/>	<hr/>	<hr/>	<hr/>
	3,043,579	668,040	2,011,885	5,723,504
<u>FUND BALANCES-END OF YEAR</u>				
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 1,229,414	\$ 3,419,351	\$ 1,778,235	\$ 6,427,000
	<hr/>	<hr/>	<hr/>	<hr/>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2007**

	<u>Community Development</u>	<u>Drug Fund</u>	<u>Extraordinary Emergency Fund</u>	<u>Police Special Fund</u>	<u>Parks Special Fund</u>	<u>Fire Special Fund</u>	<u>Cemetery and Other Special Fund</u>	<u>Emergency Vehicle Special Fund</u>	<u>Total</u>
<u>ASSETS</u>									
Cash and cash equivalents	\$ 638,236	\$ 84,758	\$ -	\$ -	\$ -	\$ -	\$ 252,277	\$ -	\$ 975,271
Notes receivable	5,987,075	-	-	-	-	-	-	-	5,987,075
Accounts receivable	-	-	-	-	-	-	4,119	-	4,119
Grant receivable	-	-	-	-	44,399	13,201	-	-	57,600
Due from other governments	136,214	-	-	26,834	-	-	-	-	163,048
Due from other funds of the primary government	-	49,572	-	-	214,898	22,143	82,663	416,223	785,499
Inventory	331,250	-	-	-	-	-	-	-	331,250
Total assets	<u>\$ 7,092,775</u>	<u>\$ 134,330</u>	<u>\$ -</u>	<u>\$ 26,834</u>	<u>\$ 259,297</u>	<u>\$ 35,344</u>	<u>\$ 339,059</u>	<u>\$ 416,223</u>	<u>\$ 8,303,862</u>
<u>LIABILITIES</u>									
Accounts payable	\$ 165,827	\$ 879	\$ -	\$ 4,138	\$ 48,739	\$ 630	\$ -	\$ -	\$ 220,213
Due to other funds of the primary government	77,219	-	-	269	-	-	-	-	77,488
Deferred revenue	6,703,341	70,537	-	2,869	-	-	-	-	6,776,747
Total liabilities	<u>6,946,387</u>	<u>71,416</u>	<u>-</u>	<u>7,276</u>	<u>48,739</u>	<u>630</u>	<u>-</u>	<u>-</u>	<u>7,074,448</u>
<u>FUND BALANCES</u>									
Fund balances									
Reserved	146,388	62,914	-	19,558	210,558	34,714	339,059	416,223	1,229,414
Total fund balances	<u>146,388</u>	<u>62,914</u>	<u>-</u>	<u>19,558</u>	<u>210,558</u>	<u>34,714</u>	<u>339,059</u>	<u>416,223</u>	<u>1,229,414</u>
Total liabilities and fund balances	<u>\$ 7,092,775</u>	<u>\$ 134,330</u>	<u>\$ -</u>	<u>\$ 26,834</u>	<u>\$ 259,297</u>	<u>\$ 35,344</u>	<u>\$ 339,059</u>	<u>\$ 416,223</u>	<u>\$ 8,303,862</u>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
 COMBINING STATEMENT OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Community Development</u>	<u>Drug Fund</u>	<u>Extraordinary Emergency Fund</u>	<u>Police Special Fund</u>	<u>Parks Special Fund</u>	<u>Fire Special Fund</u>	<u>Cemetery and Other Special Fund</u>	<u>Emergency Vehicle Special Fund</u>	<u>Total</u>
<u>REVENUE</u>									
Program income	\$ 477,547	\$ -	\$ -	\$ -	208,020	\$ -	16,750	\$ -	\$ 702,317
Interest	-	-	76,803	1,813	-	-	13,661	-	92,277
Federal and state grants	1,276,502	-	-	151,672	75,081	17,775	-	-	1,521,030
Fines and forfeitures	-	160,669	-	48,933	-	-	-	-	209,602
Miscellaneous	274,321	300	-	21,923	64,676	5,398	3,334	-	369,952
Total revenue	<u>2,028,370</u>	<u>160,969</u>	<u>76,803</u>	<u>224,341</u>	<u>347,777</u>	<u>23,173</u>	<u>33,745</u>	<u>-</u>	<u>2,895,178</u>
<u>EXPENDITURES</u>									
Public safety	-	-	-	248,255	-	12,972	-	-	261,227
Recreation	-	-	-	-	336,294	-	-	-	336,294
Drug enforcement	-	154,943	-	-	-	-	-	-	154,943
Community development	1,975,448	-	-	-	-	-	-	-	1,975,448
Capital outlay	-	25,499	-	5,875	-	-	-	-	31,374
Other expenditures	-	-	-	-	-	-	300	-	300
Total expenditures	<u>1,975,448</u>	<u>180,442</u>	<u>-</u>	<u>254,130</u>	<u>336,294</u>	<u>12,972</u>	<u>300</u>	<u>-</u>	<u>2,759,586</u>
Excess of revenue over (under) expenditures	52,922	(19,473)	76,803	(29,789)	11,483	10,201	33,445	-	135,592
<u>OTHER FINANCING SOURCES/(USES)</u>									
Transfers in	5,000	-	-	3,000	-	12,453	-	386,364	406,817
Transfers out	-	-	(1,503,832)	-	-	-	-	(852,742)	(2,356,574)
Total other financing sources/(uses)	<u>5,000</u>	<u>-</u>	<u>(1,503,832)</u>	<u>3,000</u>	<u>-</u>	<u>12,453</u>	<u>-</u>	<u>(466,378)</u>	<u>(1,949,757)</u>
Excess of revenue over (under) expenditures and other financing uses	57,922	(19,473)	(1,427,029)	(26,789)	11,483	22,654	33,445	(466,378)	(1,814,165)
<u>FUND BALANCE, BEGINNING</u>	<u>88,466</u>	<u>82,387</u>	<u>1,427,029</u>	<u>46,347</u>	<u>199,075</u>	<u>12,060</u>	<u>305,614</u>	<u>882,601</u>	<u>3,043,579</u>
<u>FUND BALANCE, ENDING</u>	<u>\$ 146,388</u>	<u>\$ 62,914</u>	<u>\$ -</u>	<u>\$ 19,558</u>	<u>\$ 210,558</u>	<u>\$ 34,714</u>	<u>\$ 339,059</u>	<u>\$ 416,223</u>	<u>\$ 1,229,414</u>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
 COMBINING STATEMENT OF NET ASSETS
 NON-MAJOR PROPRIETARY FUNDS
 JUNE 30, 2007**

	<u>Business- Type Activities - Enterprise Funds</u>		
	<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 139,725	\$ 234,340	\$ 374,065
Accounts receivable	2,323	13,007	15,330
Due from other funds of the primary government	61,995	-	61,995
Inventory	-	71,968	71,968
Grants receivable	-	438,879	438,879
Prepaid expenses	-	23,566	23,566
Total current assets	204,043	781,760	985,803
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	158,947	-	158,947
Total restricted assets	158,947	-	158,947
Capital assets - at cost:			
Property, plant and equipment	3,409,952	9,946,602	13,356,554
Less accumulated depreciation	(1,114,069)	(3,309,274)	(4,423,343)
Net capital assets	2,295,883	6,637,328	8,933,211
Other assets:			
Unamortized debt costs	4,873	-	4,873
Total other assets	4,873	-	4,873
Total noncurrent assets	2,459,703	6,637,328	9,097,031
Total assets	\$ 2,663,746	\$ 7,419,088	\$ 10,082,834

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
 COMBINING STATEMENT OF NET ASSETS
 NON-MAJOR PROPRIETARY FUNDS - CONTINUED
 JUNE 30, 2007**

	<u>Business- Type Activities - Enterprise Funds</u>		
	Clarksville		
	<u>Parking Authority</u>	<u>Transit System</u>	<u>Total</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ -	\$ 176,676	\$ 176,676
Accrued liabilities	(927)	21,583	20,656
Interest payable	1,591	-	1,591
Due to other funds of the primary government	80,854	33,400	114,254
Accrued annual leave	-	25,000	25,000
Current portion of long-term debt	118,218	-	118,218
Other	-	120,410	120,410
Total current liabilities	<u>199,736</u>	<u>377,069</u>	<u>576,805</u>
Noncurrent liabilities:			
Notes payable	516,109	-	516,109
Accrued annual leave	-	73,569	73,569
Total noncurrent liabilities	<u>516,109</u>	<u>73,569</u>	<u>589,678</u>
Total liabilities	715,845	450,638	1,166,483
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,585,575	6,637,328	8,222,903
Unrestricted	362,326	331,122	693,448
Total net assets	<u>1,947,901</u>	<u>6,968,450</u>	<u>8,916,351</u>
Total liabilities and net assets	<u>\$ 2,663,746</u>	<u>\$ 7,419,088</u>	<u>\$ 10,082,834</u>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
 COMBINING STATEMENT OF REVENUE, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 NON-MAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Parking</u>	<u>Clarksville</u>	
	<u>Authority</u>	<u>Transit</u>	<u>Total</u>
		<u>System</u>	
<u>OPERATING REVENUES</u>			
Fees and fines	\$ 302,153	\$ 471,739	\$ 773,892
Advertising	-	45,750	45,750
Rental income	113,879	-	113,879
Miscellaneous	-	10,476	10,476
	<hr/>	<hr/>	<hr/>
Total operating revenue	416,032	527,965	943,997
<u>OPERATING EXPENSES</u>			
Administrative and general	-	775,312	775,312
Operation and maintenance	-	2,992,470	2,992,470
Depreciation	69,914	761,750	831,664
Amortization of bond discount and debt expense	928	-	928
	<hr/>	<hr/>	<hr/>
Total operating expenses	70,842	4,529,532	4,600,374
Operating income (loss)	345,190	(4,001,567)	(3,656,377)
<u>NONOPERATING REVENUES</u>			
<u>(EXPENSES)</u>			
Interest income	12,487	18,911	31,398
Gain (loss) on sale of property	-	(48,742)	(48,742)
Operating grants	-	3,998,669	3,998,669
Interest expense	(36,089)	-	(36,089)
Other income	1,257	-	1,257
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	(22,345)	3,968,838	3,946,493
<u>INCOME (LOSS) BEFORE TRANSFERS</u>			
	322,845	(32,729)	290,116
Transfers out	(196,093)	-	(196,093)
Transfers in	-	901,485	901,485
	<hr/>	<hr/>	<hr/>
<u>CHANGES IN NET ASSETS</u>			
	126,752	868,756	995,508
<u>NET ASSETS-BEGINNING OF YEAR</u>			
	<hr/>	<hr/>	<hr/>
	1,821,149	6,099,694	7,920,843
<u>NET ASSETS-END OF YEAR</u>			
	<hr/>	<hr/>	<hr/>
	\$ 1,947,901	\$ 6,968,450	\$ 8,916,351

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
 COMBINING STATEMENT OF CASH FLOWS
 NON-MAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Business-Type Activities - Enterprise Fund</u>		
	<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
<u>CASH FLOWS FROM</u>			
<u>OPERATING ACTIVITIES</u>			
Receipts from customers	\$ 413,420	\$ 523,735	\$ 937,155
Internal activity	(150,748)	-	(150,748)
Payments to suppliers	-	(993,062)	(993,062)
Payments to or on behalf of employees	-	(2,673,701)	(2,673,701)
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by operating activities	262,672	(3,143,028)	(2,880,356)
<u>CASH FLOWS FROM NONCAPITAL</u>			
<u>FINANCING ACTIVITIES</u>			
Operating grant collections	-	3,884,094	3,884,094
Operating transfers in	-	901,485	901,485
Transfers to other funds	(196,093)	-	(196,093)
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by noncapital financing activities	(196,093)	4,785,579	4,589,486
<u>CASH FLOWS FROM CAPITAL</u>			
<u>AND RELATED FINANCING ACTIVITIES</u>			
Acquisition and construction of capital assets	-	(1,856,627)	(1,856,627)
Interest paid	(34,498)	-	(34,498)
Repayment of notes payable	(33,335)	-	(33,335)
Proceeds from disposal of equipment	-	29,310	29,310
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by capital and related financing activities	(67,833)	(1,827,317)	(1,895,150)

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
 COMBINING STATEMENT OF CASH FLOWS
 NON-MAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Parking Authority</u>	<u>Transit System</u>	<u>Total</u>
<u>CASH FLOWS FROM</u>			
<u>INVESTING ACTIVITIES</u>			
Interest received	\$ 12,487	\$ 18,911	\$ 31,398
Other income	1,257	-	1,257
	<u>13,744</u>	<u>18,911</u>	<u>32,655</u>
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	12,490	(165,855)	(153,365)
<u>CASH-BEGINNING OF YEAR</u>	<u>286,182</u>	<u>400,195</u>	<u>686,377</u>
<u>CASH-END OF YEAR</u>	<u>\$ 298,672</u>	<u>\$ 234,340</u>	<u>\$ 533,012</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ 345,190	\$ (4,001,567)	\$ (3,656,377)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	70,842	761,750	832,592
(Increase) decrease in:			
Accounts receivable	(2,023)	(4,230)	(6,253)
Due from other funds of the primary government	(61,995)	-	(61,995)
Inventory	-	10,165	10,165
Prepaid expenses	-	(10,549)	(10,549)
Increase (decrease) in:			
Accounts payable	(590)	63,414	62,824
Accrued compensated absences	-	(1,566)	(1,566)
Accrued liabilities	1	6,155	6,156
Due to other funds of the primary government	(88,753)	33,400	(55,353)
Total adjustments	<u>(82,518)</u>	<u>858,539</u>	<u>776,021</u>
Net cash provided (used) by operating activities	<u>\$ 262,672</u>	<u>\$ (3,143,028)</u>	<u>\$ (2,880,356)</u>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2007**

	<u>Dental Fund</u>	<u>Health Insurance Fund</u>	<u>Self-Insurance Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 169,118	\$ 323,472	\$ 1,728,573	\$ 2,221,163
Due from other funds of the primary government	67,200	991,899	502,292	1,561,391
Other assets	-	-	50,000	50,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 236,318</u>	<u>\$ 1,315,371</u>	<u>\$ 2,280,865</u>	<u>\$ 3,832,554</u>
 <u>LIABILITIES</u>				
Accounts payable	\$ 23,984	\$ 703,766	\$ 258,689	\$ 986,439
Accrued liabilities	-	-	3,435,000	3,435,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	23,984	703,766	3,693,689	4,421,439
 <u>NET ASSETS</u>				
Unrestricted	<u>212,334</u>	<u>611,605</u>	<u>(1,412,824)</u>	<u>(588,885)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 236,318</u>	<u>\$ 1,315,371</u>	<u>\$ 2,280,865</u>	<u>\$ 3,832,554</u>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
 COMBINING STATEMENT OF REVENUE, EXPENSES, AND
 CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2007**

	<u>Dental Fund</u>	<u>Health Insurance Fund</u>	<u>Self-Insurance Fund</u>	<u>Total</u>
<u>OPERATING REVENUE</u>				
Insurance premiums	\$ 591,900	\$ 7,743,422	\$ 1,354,027	\$ 9,689,349
Miscellaneous	671	-	186	857
Total operating revenue	592,571	7,743,422	1,354,213	9,690,206
<u>OPERATING EXPENSES</u>				
Administrative and general	45,455	7,213	-	52,668
Claims	534,762	7,763,927	2,494,262	10,792,951
Total operating expenses	580,217	7,771,140	2,494,262	10,845,619
Operating income (loss)	12,354	(27,718)	(1,140,049)	(1,155,413)
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Interest and dividend income	9,599	15,273	88,281	113,153
Total non-operating revenues	9,599	15,273	88,281	113,153
<u>CHANGE IN NET ASSETS</u>	21,953	(12,445)	(1,051,768)	(1,042,260)
<u>NET ASSETS (DEFICIT)-BEGINNING OF YEAR</u>	190,381	624,050	(361,056)	453,375
<u>NET ASSETS (DEFICIT)-END OF YEAR</u>	\$ 212,334	\$ 611,605	\$ (1,412,824)	\$ (588,885)

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Dental Fund</u>	<u>Health Insurance Fund</u>	<u>Self-Insurance Fund</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 592,571	\$ 7,743,422	\$ 1,354,213	\$ 9,690,206
Internal activity	(67,200)	(902,197)	(76,388)	(1,045,785)
Claims paid	(534,762)	(7,060,161)	(1,227,823)	(8,822,746)
Other payments	(45,455)	(7,213)	(50,000)	(102,668)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash provided (used) by operating activities	(54,846)	(226,149)	2	(280,993)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest received on investments	9,599	15,273	88,281	113,153
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash provided by investing activities	9,599	15,273	88,281	113,153
	<hr/>	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	(45,247)	(210,876)	88,283	(167,840)
<u>CASH-BEGINNING OF YEAR</u>	<u>214,365</u>	<u>534,348</u>	<u>1,640,290</u>	<u>2,389,003</u>
<u>CASH-END OF YEAR</u>	<u>\$ 169,118</u>	<u>\$ 323,472</u>	<u>\$ 1,728,573</u>	<u>\$ 2,221,163</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>				
Operating income (loss)	\$ 12,354	\$ (27,718)	\$ (1,140,049)	\$ (1,155,413)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
(Increase) decrease in:				
Due from other funds of the primary government	(67,200)	(902,197)	(76,388)	(1,045,785)
Other assets	-	-	(50,000)	(50,000)
Increase (decrease) in:				
Accounts payable	-	703,766	137,539	841,305
Accrued liabilities	-	-	1,128,900	1,128,900
	<hr/>	<hr/>	<hr/>	<hr/>
Total adjustments	(67,200)	(198,431)	1,140,051	874,420
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash provided (used) by operating activities	\$ (54,846)	\$ (226,149)	\$ 2	\$ (280,993)

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Receivables (Deferred) July 1, 2006</u>	<u>Federal Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant Receivables (Deferred) June 30, 2007</u>
<u>US DEPARTMENT OF HOMELAND SECURITY - FEMA</u>								
Passed through the Tennessee Emergency Management Agency:								
Hazard Mitigation (Vista Lane Drainage Project)	82.548	1010-0005	\$ 337,640	\$ 350,577	\$ -	\$ -	\$ 12,937	\$ -
Direct Program:								
Assistance to Firefighters Grant	97.044	EMW-2005-FG-02165	36,160	40,734	-	4,574	-	-
Fire Prevention Grant	97.044	EMVV-2005-FP-00842	-	-	-	13,201	-	13,201
Total Federal Emergency Management Agency			<u>373,800</u>	<u>391,311</u>	<u>-</u>	<u>17,775</u>	<u>12,937</u>	<u>13,201</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>								
Passed through the Tennessee Department of Human Services:								
Food Distribution - Summer 2006	10.550	30-006	40,332	65,264	-	24,932	-	-
Food Distribution - Summer 2007	10.550	30-006	-	-	-	44,399	-	44,399
Passed through the Tennessee Dept. of Agriculture, Forestry Division:								
Urban Forestry Grant	10.664	Z-07-033314-00	-	-	-	3,181	-	3,181
Passed through the Tennessee Wildlife Resources Agency:								
U.S. Fish and Wildlife Service Grant	15.622	(not issued)	-	92,500	-	92,500	-	-
Total U.S. Department of Agriculture			<u>40,332</u>	<u>157,764</u>	<u>-</u>	<u>165,012</u>	<u>-</u>	<u>47,580</u>
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>								
Direct Program:								
Community Development Block Grant	14.218*	B-04-MC-47-0002	50,086	50,086	-	-	-	-
Community Development Block Grant	14.218*	B-04-MC-47-0002	-	603,337	-	568,988	-	(34,349)
Community Development Block Grant	14.218*	B-04-MC-47-0002	-	-	319,690	319,690	-	-
Passed through TN Department of Human Services:								
Emergency Shelter	14.231	Z-06-026081	19,533	19,533	-	-	-	-
Emergency Shelter	14.231	Z-07-031496	-	56,730	-	76,536	-	19,806
Passed through TN Department of Housing Development Agency:								
Shelter Plus Care	14.235	TN 37C405001	(205)	104,574	-	113,306	-	8,527
Home Investment Partnership Act	14.239*	Various	(137,994)	398,723	113,708	720,857	-	70,432
Total U.S. Department of Housing and Urban Development			<u>(68,580)</u>	<u>1,232,983</u>	<u>433,398</u>	<u>1,799,377</u>	<u>-</u>	<u>64,416</u>

* Considered a major program under OMB Circular A-133

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Receivables (Deferred) July 1, 2006</u>	<u>Federal Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant Receivables (Deferred) June 30, 2007</u>
<u>US DEPARTMENT OF JUSTICE</u>								
Direct Program:								
COPS - Universal Hiring-2003	16.711	2003-UMWX-0109	85,962	254,388	-	168,426	-	-
Bulletproof Vest Partnership Grant- 2004	16.607	02010236	2,765	2,628	-	-	-	137
Byrne Justice Assistance Grant	16.738	2005DJBX02165	(17,581)	-	447	18,028	-	-
Byrne Justice Assistance Grant	16.738	2006DJBX0736	(41,976)	-	1,366	40,473	-	(2,869)
Great Grant 2006	16.737	2006JVFX0087	-	56,538	-	56,538	-	-
Passed through the Tennessee Office of Criminal Justice Programs:								
Byrne Grant	16.58	Z99088441 00	4,521	4,521	-	-	-	-
Byrne Grant (RAD)	16.58	Z99088441 00	-	-	-	6,122	-	6,122
Total U.S. Department of Justice			<u>33,691</u>	<u>318,075</u>	<u>1,813</u>	<u>289,587</u>	<u>-</u>	<u>3,390</u>
<u>US DEPARTMENT OF TRANSPORTATION</u>								
Federal Highway Administration:								
Upland Trails Phase 3 (Commerce St. Trestle)	20.205	STP-EN-6300(18)	88,644	100,056	-	11,412	-	-
Federal Transit Administration:								
Capital Grant	20.507*	TN-90-X219	(3,452)	238,079	-	241,531	-	-
Operating Assistance	20.507*	TN-37-X230	28,362	28,362	-	-	-	-
Capital Grant	20.507*	TN-90-X230	5,462	245,008	-	249,164	-	9,618
Capital Grant	20.507*	TN-90-X249	-	186,812	-	189,558	-	2,746
Capital Grant	20.507*	TN-03-0082	-	215,800	-	215,800	-	-
Capital Grant	20.507*	TN-03-0096	-	219,950	-	219,950	-	-
Capital Grant	20.507*	TN-03-0100	-	178,272	-	200,064	-	21,792
Capital Grant	20.507*	TN-04-0005	-	150,000	-	150,000	-	-
Jobs Access	20.507*	TN-37-X039	88,624	259,537	-	170,913	-	-
Operating Assistance	20.507*	TN-90-X249	-	1,149,533	-	1,383,285	-	233,752
Operating Assistance-Planning	20.507*	TN-80-X015	-	-	-	28,161	-	28,161
Operating Assistance-Planning	20.507*	TN-80-X014	22,581	30,113	-	7,532	-	-
Subtotal Federal Transit Administration			<u>141,577</u>	<u>2,901,466</u>	<u>-</u>	<u>3,055,958</u>	<u>-</u>	<u>296,069</u>

* Considered a major program under OMB Circular A-133

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Receivables (Deferred) July 1, 2006</u>	<u>Federal Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant Receivables (Deferred) June 30, 2007</u>
Passed through the Tennessee Dept. of Transportation								
Governor's Highway Safety Office:								
Alcohol Countermeasures Grant	20.600	Z06027326	24,860	24,966	-	135	(29)	-
Multiple Violation Enforcement	20.600	Z-07-035727-00	-	66,250	-	83,882	-	17,632
High Visibility Law Enforcement Campaign	20.600	Z-07-035741-00	-	-	-	4,874	-	4,874
			<u>24,860</u>	<u>91,216</u>	<u>-</u>	<u>88,891</u>	<u>(29)</u>	<u>22,506</u>
Total U.S. Department of Transportation			<u>255,081</u>	<u>3,092,738</u>	<u>-</u>	<u>3,156,261</u>	<u>(29)</u>	<u>318,575</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>								
Direct Program:								
Brownfields Assessment	66.818	BF96432905	8,935	8,935	-	50,692	-	50,692
Total U.S. Environmental Protection Agency			<u>8,935</u>	<u>8,935</u>	<u>-</u>	<u>50,692</u>	<u>-</u>	<u>50,692</u>
TOTAL FEDERAL AWARDS			<u>\$ 643,259</u>	<u>\$ 5,201,806</u>	<u>\$ 435,211</u>	<u>\$ 5,478,703</u>	<u>\$ 12,908</u>	<u>\$ 497,853</u>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Grantor</u>	<u>Grant Number</u>	<u>Grant Receivables (Deferred) July 1, 2006</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant Receivables (Deferred) June 30, 2007</u>
<u>TENNESSEE ARTS COMMISSION</u>							
Riverfront Festival 2006	Z-07-034828	\$ -	\$ 5,750	\$ -	\$ 5,750	\$ -	\$ -
Total Tennessee Arts Commission		-	5,750	-	5,750	-	-
<u>TENNESSEE DEPARTMENT OF TRANSPORTATION</u>							
Capital Grant	TN-90-X219	1,525	25,036	-	23,511	-	-
Capital Grant	GG-03-10006	1,775	1,775	-	-	-	-
Operating Assistance-Planning	TN-80-X014	2,825	3,764	-	939	-	-
Operating Assistance-Planning	TN-80-X015	-	-	-	3,519	-	3,519
Capital Grant	TN-03-0082	-	22,100	-	22,100	-	-
Capital Grant	TN-03-0096	-	22,525	-	22,525	-	-
Capital Grant	TN-03-0100	-	22,284	-	25,008	-	2,724
Capital Grant	TN-04-0005	-	15,362	-	15,362	-	-
Capital Grant	TN-90-X230	3,855	27,562	-	31,145	-	7,438
Capital Grant	TN-90-X249	-	13,110	-	14,026	-	916
Operating Assistance	TN-90-X249	-	574,768	-	702,981	-	128,213
Operating Assistance	TN-90-X230	168,054	168,054	-	-	-	-
Jobs Access	TN-37-X039	44,312	129,768	-	85,456	-	-
Total Tennessee Department of Transportation		222,346	1,026,108	-	946,572	-	142,810
<u>TENNESSEE HOUSING DEVELOPMENT AGENCY</u>							
House Grant		(434,274)	-	83,837	133,095	-	(385,016)
Total Tennessee Housing Development Agency		(434,274)	-	83,837	133,095	-	(385,016)
<u>TENNESSEE EMERGENCY MANAGEMENT AGENCY</u>							
State Match to Federal Public Assistance Payments		-	21,683	-	-	21,683	-
Total Tennessee Emergency Management Agency		-	21,683	-	-	21,683	-

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Grantor</u>	<u>Grant Number</u>	<u>Grant Receivables (Deferred) July 1, 2006</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Other</u>	<u>Grant Receivables (Deferred) June 30, 2007</u>
<u>OFFICE OF CRIMINAL JUSTICE SYSTEMS</u>							
Safe Neighborhoods Act Grant COPS	2002UMWX011	(26,284)	-	-	26,874	(590)	-
Total Office of Criminal Justice Systems		<u>(26,284)</u>	<u>-</u>	<u>-</u>	<u>26,874</u>	<u>(590)</u>	<u>-</u>
TOTAL STATE AWARDS		<u>\$ (238,212)</u>	<u>\$ 1,053,541</u>	<u>\$ 83,837</u>	<u>\$ 1,112,291</u>	<u>\$ 21,093</u>	<u>\$ (242,206)</u>

See auditor's report.

March 24, 2008

Honorable Mayor and City Council
City of Clarksville, Tennessee

**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**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Clarksville (the City), Tennessee, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 24, 2008. 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. We did not audit the financial statements of the Department of Electricity which represents 19 percent and 27 percent, respectively, of the assets and revenues of the aggregate business-type activities of the City. Also, we did not audit the financial statements of the Clarksville-Montgomery County Museum which comprise the City's discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the Department of Electricity and the Clarksville-Montgomery County Museum, is based on the reports of the other auditors.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented

or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned cost to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items B-1 and B-2 to be material weaknesses.

Compliance and Other Matters

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

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

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

WEATHERSPOON // LOWE // WALLACE

March 24, 2008

Honorable Mayor and City Council
City of Clarksville, Tennessee

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of the City of Clarksville, Tennessee, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We did not test compliance with requirements identified above for the year ended June 30, 2007, for the Clarksville Department of Electricity and the Clarksville-Montgomery County Museum, whose financial statements were audited by other auditors. Separate reports on compliance have been issued by such other auditors for the Clarksville Department of Electricity and are not included in this report. The Natural Gas Acquisition Corporation did not receive any federal assistance for the year ended June 30, 2007.

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 procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

We did not consider internal control for the year ended June 30, 2007, for the Clarksville Department of Electricity and the Clarksville-Montgomery County Museum whose financial statements were audited by other auditors. Separate reports on internal control over compliance have been issued by such other auditors for the Clarksville Department of Electricity and are not included in this report. The Natural Gas Acquisition Corporation did not receive any federal assistance for the year ended June 30, 2007.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the city's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

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

This report is intended solely for the information and use of management, City Council, others within the City, State of Tennessee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

WEATHERSPOON // LOWE // WALLACE

**CITY OF CLARKSVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Clarksville, Tennessee.
2. There were two matters involving internal control over financial reporting and its operations that we consider to be significant deficiencies. However, of the significant deficiencies described at B-1 through B-2 (below), we consider items B-1 and B-2 to be material weaknesses.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the financial statements.
5. The auditor's report on compliance for major programs for the City expresses an unqualified opinion on all major programs.
6. The audit of the financial statements disclosed no audit findings which are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included: Department of Housing and Urban Development, CFDA 14.218, Community Development Block Grant; Department of Housing and Urban Development, CFDA 14.239, House Investment Partnership Act; and Department of Transportation, CFDA 20.507, Federal Transit Administration grants; United States Department of Justice, CFDA 16.711, COPS Universal Hiring Grant.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The City did not qualify as a low-risk auditee.

B. FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

1. LACK OF ACCOUNTING PROCEDURES MANUAL (REPEAT)

The City does not have a detailed manual of its accounting policies and procedures as required by the Internal Control and Compliance Manual for Tennessee Municipalities. A manual would ensure that proper accounting principles are being applied, that similar transactions are treated consistently, and that financial information is produced in the desired form. A well-written accounting manual will provide guidance in the training of new employees and assist with monitoring the performance of employees. The manual would also improve internal communications, and assist management in the assignment and segregating of duties.

Management's response to this observation is that the City is following the written guidelines issued by the Comptroller of the State of Tennessee and thus policies and procedures are in place. Additionally, all employees have been made aware of applicable documents maintained on the computer server and have been instructed to use that library. While we agree that this may be the case, we feel that a manual specific to the City would be useful.

RECOMMENDATION

We recommend that the City develop a comprehensive accounting policies and procedures manual in order to ensure that consistent and proper accounting principles are being applied. Even though policies and procedures are in place and being followed, a uniform manual summarizing such would be useful.

RESPONSE

We do not believe this finding is appropriate. We specifically requested the underlying observations behind this finding: (1) what auditors observed; (2) what they were told, (3) and why they thought the finding should be repeated. We were provided with no more information than what is listed in their above finding. We provided auditors with print screens showing files containing documents that we have made available on a commonly shared drive to our employees, that if read, would explain most aspects of their jobs. To my knowledge they have not taken the time to review what is available. We have a difference of opinion of what is an adequate detailed manual and the form the manual should be in. We do not see this difference of opinion being resolved.

2. ACCOUNTING FOR COMMUNITY DEVELOPMENT

Accounting records are maintained by Community Development, a department of the City, in a separate self-balancing set of accounts. The records had not been brought up-to-date for the audit period when the audit fieldwork began and an outside accounting firm had to be engaged to record/adjust the accounts.

RECOMMENDATION

Maintain the accounting records in a timely manner to facilitate current decisions requiring accurate accounting records, to allow for accurate filing of interim reports, and to assist in the overall auditing process of the City.

RESPONSE

We concur with this finding. We will take steps to insure the records are more timely maintained.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

STATISTICAL SECTION



FOR FISCAL YEAR ENDING JUNE 30, 2007

Table of Contents
Statistical Section

	Table No.	Statistical Section Page No.
Overview and Objectives of Statistical Section		
Overview of Statistical Section	A-1	3
Financial Trends	A-1	3
Revenue Capacity	A-1	3
Debt Capacity	A-1	3
Demographic and Economic Schedules	A-1	3
Operating Schedules	A-1	3
Financial Trends		
Net Assets by Component	B-1	4
Changes in Net Assets	B-2	5
Fund Balances - Governmental Funds	B-3	8
Changes in Fund Balance - Governmental Funds	B-4	9
Revenue Capacity		
Assessed Value and Actual Value of Taxable Property	C-1	10
Direct and Overlapping Tax Rates	C-2	11
Principal Property Tax Payers	C-3	12
Property Tax Levies and Collections	C-4	13
Debt Capacity		
Ratios of Outstanding Debt by Type	D-1	14
Ratios of General Bonded Debt Outstanding	D-2	15
Direct and Overlapping Governmental Debt	D-3	16
Legal Debt Margin Information	D-4	17
Pledged Revenue Coverage	D-5	18
Outstanding Entity Debt by Type	D-6	21
Demographic and Economic Schedules		
Demographic and Economic Statistics	E-1	33
Principal Employers	E-2	34
Operating Schedules		
Full-time Equivalent Employees by Function	F-1	37
Operating Indicators by Function/Program	F-2	38
Capital Asset Statistics by Function Program	F-3	39
Other Statistical Information		
Department of Electricity Comparative Information	G-1	40
Gas Department Comparative Information	G-2	42
Sewer Department Comparative Information	G-3	46
Water Department Comparative Information	G-4	48
Property Taxes Turned Over For Collection	G-5	52

Schedule A-1
Overview and Objectives of Statistical Section

Overview of Statistical Section

The information provided in the statistical section focuses on the primary government, rather than on the financial reporting entity. The term primary government includes the primary government and its blended component units. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

Financial Trends: The financial trends information is intended to assist users in understanding and assessing how a government's financial position has changed over time.

Revenue Capacity: Revenue capacity information is intended to assist users in understanding and assessing the factors affecting a government's ability to generate its own-source revenues.

Debt Capacity: Debt capacity information is intended to assist users in understanding and assessing a government's debt burden and its ability to issue additional debt.

Demographic and Economic Schedules: Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which a government operates and (2) to provide information that facilitates comparisons of financial statement information over time and among governments.

Operating Schedules: Operating information is intended to provide contextual information about a government's operations and resources to assist readers in using financial statement information to understand and assess a government's economic condition.

Schedule B-1
City of Clarksville
Net Assets by Component
Last Six Fiscal Years

	<u>Fiscal Year</u>					
	2002	2003	2004	2005	2006	2007
Governmental activities						
Invested in capital assets, net of related debt	\$ 231,218,506	\$ 238,267,799	\$ 245,091,943	\$ 253,666,569	\$ 269,645,809	\$ 284,486,050
Restricted	2,435,545	2,554,976	2,055,670	4,009,189	3,711,619	4,648,765
Unrestricted	41,185,219	40,385,785	43,261,550	20,047,145	20,582,387	20,553,658
Total governmental activities net assets	274,839,270	281,208,560	290,409,163	277,722,903	293,939,815	309,688,473
Business-type activities						
Invested in capital assets, net of related debt	124,318,400	133,574,891	109,815,806	137,086,834	170,242,541	189,558,554
Restricted	24,180,924	16,168,141	47,976,780	34,905,677	18,129,792	24,476,182
Unrestricted	19,058,754	26,318,835	29,239,482	26,824,929	28,766,297	26,238,414
Total business-type activities net assets	\$ 167,558,078	\$ 176,061,867	\$ 187,032,068	\$ 198,817,440	\$ 217,138,630	\$ 240,273,150
Primary government						
Invested in capital assets, net of related debt	355,536,906	371,842,690	354,907,749	390,753,403	439,888,350	474,044,604
Restricted	26,616,469	18,723,117	50,032,450	38,914,866	21,841,411	29,124,947
Unrestricted	60,243,973	66,704,620	72,501,032	46,872,074	49,348,684	46,792,072
Total governmental activities net assets	\$ 442,397,348	\$ 457,270,427	\$ 477,441,231	\$ 476,540,343	\$ 511,078,445	\$ 549,961,623

Source: City of Clarksville's Department of Finance and Revenue.

Schedule B-2
City of Clarksville
Changes in Net Assets
Last Six Fiscal Years

	<u>Fiscal Year</u>					
	2002	2003	2004	2005	2006	2007
Governmental activities						
Charges for services						
General government	\$ 1,779,238	\$ 1,120,814	\$ 1,384,691	\$ 1,404,126	\$ 1,808,867	\$ 3,814,207
Public safety	738,289	707,884	676,891	843,059	697,876	893,492
Highways and streets	-	-	-	-	-	-
Recreation	1,359,581	1,726,030	1,960,317	942,120	1,047,934	1,090,136
Community development	-	-	-	-	475,323	477,547
Other	-	-	-	364,079	-	-
Operating and capital grants and contributions	3,073,647	7,206,944	11,407,672	13,409,753	18,248,628	21,699,405
Total governmental activities program revenues	6,950,755	10,761,672	15,429,571	16,963,137	22,278,628	27,974,787
Governmental activities						
Taxes						
Property taxes	\$ 39,603,046	\$ 19,924,962	\$ 21,227,055	\$ 19,953,714	\$ 20,506,163	\$ 22,316,810
State taxes	11,095,493	11,072,805	10,792,473	7,989,782	8,887,131	9,990,794
Franchise/business taxes	1,356,368	1,407,533	1,394,125	2,657,850	2,881,320	3,087,000
Wholesale beer and liquor taxes	2,181,804	2,262,177	2,493,503	2,726,287	2,629,540	3,241,285
Sales taxes	7,847,259	8,093,239	8,866,446	9,787,689	10,116,195	11,308,195
In lieu of taxes	7,370	7,370	23,692	15,193	22,978	20,990
Other taxes	205,431	238,556	267,781	243,105	264,752	367,788
Investment earnings	446,444	356,145	265,216	326,553	826,342	1,134,602
Miscellaneous	553,357	416,862	891,487	398,587	(795,254)	(814,718)
Transfers (net)	2,439,331	2,656,782	2,823,764	2,997,279	3,003,932	2,404,092
General revenues-total governmental activities	65,735,903	46,436,431	49,045,542	47,096,039	48,343,099	53,056,838
Total program revenues and general revenues - governmental activities	72,686,658	57,198,103	64,475,113	64,059,176	70,621,727	81,031,625
Expenses						
Governmental activities						
General government	\$ 5,758,409	\$ 4,635,214	\$ 5,766,247	\$ 8,729,212	\$ 8,078,442	\$ 13,515,867
Public safety	23,408,539	23,699,762	25,000,044	26,996,393	28,257,510	31,047,113
Highways and streets	9,362,495	11,192,892	7,387,636	8,368,619	7,946,470	9,241,841
Recreation	3,521,005	3,967,171	4,676,377	5,074,092	4,525,751	5,277,100
Community development	1,363,917	1,486,741	7,286,468	2,025,723	1,862,547	1,975,448
Other appropriations	716,021	873,356	604,892	588,886	697,919	740,261
Miscellaneous agencies	3,182,305	3,137,602	3,162,915	1,514,668	1,087,375	1,347,620
Interest on long-term debt	1,081,234	1,701,695	1,389,931	1,608,661	1,948,801	2,137,717
Total governmental activities expenses	48,393,925	50,694,433	55,274,510	54,906,254	54,404,815	65,282,967
Governmental activities - changes in net assets	24,292,733	6,503,670	9,200,603	9,152,922	16,216,912	15,748,658

Schedule B-2
City of Clarksville
Changes in Net Assets
Last Six Fiscal Years

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Adjustment to Beginning Fund Balance		(134,380)		\$ (21,839,182)		
Beginning net assets-governmental activities	250,546,537	274,839,270	281,208,560	290,409,163	277,722,903	293,939,815
Ending net assets-governmental activities	274,839,270	281,208,560	290,409,163	277,722,903	293,939,815	309,688,473
Business-type activities						
Charges for services						
Department of electricity	71,637,000	76,255,300	79,463,900	82,410,500	93,701,000	103,341,200
Gas department	23,899,108	29,479,666	33,675,030	40,490,639	55,862,600	44,477,724
Parking authority	305,369	353,755	339,200	334,710	332,790	417,289
Clarksville transit system	347,768	363,564	396,401	451,638	519,354	479,223
Water and sewer department	23,428,321	25,041,528	27,511,737	29,859,668	32,222,692	35,666,394
Other	3,294,612	3,359,126	4,563,167	1,329,228	-	22,974,746
Operating and capital grants and contributions	4,241,357	4,364,736	7,699,395	7,266,356	11,089,828	15,496,205
Total business-type activities program revenues	127,153,535	139,217,675	153,648,830	162,142,739	193,728,264	222,852,781
General Revenues						
Business-type activities						
Taxes						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State taxes	-	-	-	-	-	-
Franchise/business taxes	-	-	-	-	-	-
Wholesale beer and liquor taxes	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-
In lieu of taxes	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-
Contributed capital	-	-	-	-	-	-
Investment earnings	2,232,513	1,024,582	626,363	1,452,788	2,345,707	17,261,397
Miscellaneous	40,577	-	-	-	-	-
Transfers (net)	(2,439,331)	(2,412,588)	(2,434,134)	(2,705,303)	(3,003,932)	(2,404,092)
General revenues-total business-type activities	(166,241)	(1,388,006)	(1,807,771)	(1,252,515)	(658,225)	14,857,305
Total program revenues and general revenues - business-type activities	126,987,294	137,829,669	151,841,059	160,890,224	193,070,039	237,710,086
Expenses						
Business-type activities						
Department of electricity	65,891,417	71,627,100	75,280,700	77,463,000	87,431,800	98,586,100
Gas department	23,292,949	27,328,161	31,989,670	39,313,876	54,314,229	43,348,794
Parking authority	84,038	264,600	294,957	100,552	107,007	106,931
Clarksville transit system	2,760,234	3,039,487	3,184,410	3,671,185	4,181,844	4,529,532
Water and sewer department	22,190,576	23,801,255	25,549,377	27,214,435	28,694,587	33,225,363
Other	3,462,124	3,373,897	4,571,744	1,341,804	242	34,778,846
Total business-type activities expenses	117,681,338	129,434,500	140,870,858	149,104,852	174,729,709	214,575,566

Schedule B-2
City of Clarksville
Changes in Net Assets
Last Six Fiscal Years

	<u>Fiscal Year</u>					
	2002	2003	2004	2005	2006	2007
Business-type activities - changes in net assets	9,305,956	8,395,169	10,970,201	11,785,372	18,340,330	23,134,520
Adjustment to Beginning Fund Balance		\$ 108,620			\$ (19,140)	
Beginning net assets-business-type activities	158,252,122	167,558,078	176,061,867	187,032,068	198,817,440	217,138,630
Ending net assets-business-type activities	167,558,078	176,061,867	187,032,068	198,817,440	217,138,630	240,273,150
City-wide						
Changes in net assets	33,598,689	14,898,839	20,170,804	20,938,294	34,557,242	38,883,178
Adjustment to Beginning Fund Balance	-	(25,760)	-	(21,839,182)	(19,140)	-
Beginning net assets	408,798,659	442,397,348	457,270,427	477,441,231	476,540,343	511,078,445
Ending net assets	\$ 442,397,348	\$ 457,270,427	\$ 477,441,231	\$ 476,540,343	\$ 511,078,445	\$ 549,961,623

Source: City of Clarksville's Department of Finance and Revenue.

Schedule B-3
City of Clarksville
Fund Balances - Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 253,684	\$ 257,340	\$ 258,137	\$ 261,372	\$ 403,080	\$ 445,311	\$ 465,934	\$ -	\$ -	\$ -
Unreserved	11,350,850	12,340,446	13,910,658	12,731,942	15,263,799	14,603,529	17,675,645	19,170,386	19,943,113	21,341,758
Total general fund	\$ 11,604,534	\$ 12,597,786	\$ 14,168,795	\$ 12,993,314	\$ 15,666,879	\$ 15,048,840	\$ 18,141,579	\$ 19,170,386	\$ 19,943,113	\$ 21,341,758
All Other Governmental Funds										
Special revenue funds										
Reserved	\$ 581,803	\$ 4,176,083	\$ 1,640,897	\$ 1,731,070	\$ 2,032,465	\$ 1,610,871	\$ 1,589,736	\$ 3,531,951	\$ 3,043,579	\$ 1,229,414
Unreserved	-	-	-	-	-	-	-	-	-	-
Total special funds	\$ 581,803	\$ 4,176,083	\$ 1,640,897	\$ 1,731,070	\$ 2,032,465	\$ 1,610,871	\$ 1,589,736	\$ 3,531,951	\$ 3,043,579	\$ 1,229,414
Debt service fund										
Reserved	\$ 666,526	\$ 901,830	\$ 941,315	\$ 1,658,681	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	1,698,111	2,950,097	3,645,236	1,970,390	2,011,884	1,778,235
Total debt service fund	\$ 666,526	\$ 901,830	\$ 941,315	\$ 1,658,681	\$ 1,698,111	\$ 2,950,097	\$ 3,645,236	\$ 1,970,390	\$ 2,011,884	\$ 1,778,235
Capital projects fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 477,238	\$ 668,040	\$ 3,419,351
Unreserved	913,952	1,664,643	(435,263)	4,514,802	3,304,907	2,413,331	755,158	-	-	-
Total capital projects fund	\$ 913,952	\$ 1,664,643	\$ (435,263)	\$ 4,514,802	\$ 3,304,907	\$ 2,413,331	\$ 755,158	\$ 477,238	\$ 668,040	\$ 3,419,351
All other governmental funds										
Reserved	\$ 1,248,329	\$ 5,077,913	\$ 2,582,212	\$ 3,389,751	\$ 2,032,465	\$ 1,610,871	\$ 1,589,736	\$ 4,009,189	\$ 3,711,619	\$ 4,648,765
Unreserved	913,952	1,664,643	(435,263)	4,514,802	5,003,018	5,363,428	4,400,394	1,970,390	2,011,884	1,778,235
Total all other governmental funds	\$ 2,162,281	\$ 6,742,556	\$ 2,146,949	\$ 7,904,553	\$ 7,035,483	\$ 6,974,299	\$ 5,990,130	\$ 5,979,579	\$ 5,723,503	\$ 6,427,000
All Governmental Funds										
Reserved	\$ 1,502,013	\$ 5,335,253	\$ 2,840,349	\$ 3,651,123	\$ 2,435,545	\$ 2,056,182	\$ 2,055,670	\$ 4,009,189	\$ 3,711,619	\$ 4,648,765
Unreserved	12,264,802	14,005,089	13,475,395	17,246,744	20,266,817	19,966,957	22,076,039	21,140,776	21,954,997	23,119,993
Total all governmental funds	\$ 13,766,815	\$ 19,340,342	\$ 16,315,744	\$ 20,897,867	\$ 22,702,362	\$ 22,023,139	\$ 24,131,709	\$ 25,149,965	\$ 25,666,616	\$ 27,768,758

Source: City of Clarksville's Department of Finance and Revenue.

Schedule B-4
City of Clarksville
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 21,351,262	\$ 23,208,602	\$ 33,028,558	\$ 34,575,221	\$ 30,903,639	\$ 31,503,276	\$ 33,846,572	\$ 34,427,517	\$ 36,420,948	\$ 40,342,068
State taxes	9,331,291	10,074,415	10,193,853	10,444,749	11,095,493	11,072,805	10,792,473	11,156,025	12,029,467	13,144,258
Licenses and permits	1,186,735	1,355,165	1,629,427	1,822,348	1,760,830	1,726,030	2,027,042	2,296,034	1,438,095	1,781,346
Charges for services	1,261,342	1,279,337	1,380,904	1,437,720	1,359,581	1,120,814	1,384,691	1,006,533	1,418,706	1,795,102
Fines and forfeits	934,678	1,012,257	1,167,215	1,070,592	738,289	707,884	610,166	843,059	697,876	889,329
Investment earnings	905,294	85,820	895,740	938,828	400,669	326,778	248,600	283,663	739,113	1,021,449
Grants	1,856,153	3,602,902	3,329,733	3,658,925	3,065,027	2,414,812	2,946,901	2,763,523	2,061,709	1,950,032
Miscellaneous/other	381,502	6,138,722	1,481,823	2,009,588	741,191	733,040	906,567	1,376,740	1,771,947	1,842,119
Total revenues	37,208,257	46,757,220	53,107,253	55,957,971	50,064,719	49,605,439	52,763,012	54,153,094	56,577,861	62,765,703
Expenditures										
General government	2,985,400	3,312,065	3,703,723	4,488,408	4,056,346	4,136,766	5,277,913	5,508,809	5,795,592	6,387,117
Public safety	15,637,924	22,138,889	19,489,937	21,926,869	22,389,721	22,788,744	23,812,337	25,923,202	27,355,708	29,837,009
Highways and streets	5,470,166	6,468,183	6,604,397	7,409,131	8,576,883	8,250,081	6,588,081	7,502,880	7,480,262	7,863,996
Recreation	2,689,956	3,616,110	4,014,832	4,621,501	2,842,848	3,170,682	3,934,892	4,371,776	4,102,190	4,413,347
Community development	1,328,005	2,046,480	1,625,137	1,696,958	1,363,917	1,785,127	1,791,767	2,025,723	1,862,547	1,975,448
Other	1,195,953	2,579,201	5,931,655	631,658	628,709	787,654	548,560	728,259	2,802,358	3,435,755
Miscellaneous agencies	1,672,484	3,246,128	3,027,024	2,866,694	3,162,829	3,123,294	2,839,857	1,438,187	1,087,375	1,347,620
Debt service										
Principal	1,989,743	1,925,731	2,516,091	2,652,030	4,155,119	5,343,016	6,866,757	4,277,500	4,505,900	4,784,700
Interest	779,495	927,625	1,843,138	1,423,970	1,081,234	1,701,695	1,389,931	1,608,661	1,948,801	2,137,717
Capital outlay	7,316,966	5,095,882	8,447,945	18,419,569	22,256,629	13,266,229	4,916,806	3,493,488	2,650,345	7,011,851
Total expenditures	41,066,092	51,356,294	57,203,879	66,136,788	70,514,235	64,353,288	57,966,901	56,878,485	59,591,078	69,194,560
Financing Sources (Uses)										
Proceeds from borrowing	1,616,851	10,917,963	2,003,469	14,448,502	19,693,610	11,677,558	4,392,755	1,139,998	294,891	6,126,906
Transfers in	8,298,579	4,024,242	10,215,038	12,496,039	8,989,293	11,683,766	10,171,924	11,677,370	12,211,663	15,527,352
Transfers out	(8,829,309)	(4,833,044)	(10,951,479)	(13,343,609)	(7,184,213)	(9,208,115)	(7,693,780)	(9,073,721)	(9,207,731)	(13,123,260)
Other	238,844	63,440	(195,000)	(486,627)	-	336,131	441,560	-	-	-
Total financing sources (uses)	1,324,965	10,172,601	1,072,028	13,114,305	21,498,690	14,489,340	7,312,459	3,743,647	3,298,823	8,530,998
Net change in fund balance	\$ (2,532,870)	\$ 5,573,527	\$ (3,024,598)	\$ 2,935,488	\$ 1,049,174	\$ (258,509)	\$ 2,108,570	\$ 1,018,256	\$ 285,606	\$ 2,102,141
Debt service as percent of expenditures										
	22.66%	13.67%	19.17%	31.86%	37.46%	28.92%	20.33%	13.66%	12.01%	17.05%
Debt service as percent of non-capital expenditures										
	23.65%	15.19%	19.78%	33.81%	38.00%	29.31%	20.44%	13.97%	12.36%	17.84%

Source: City of Clarksville Department of Finance and Revenue

Schedule C-1
City of Clarksville
Appraised and Assessed Value of Taxable Property
Last Ten Fiscal Years/Tax Years

Fiscal Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Tax Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Appraised Values										
Locally appraised values										
Land	\$ 605,175,400	\$ 642,018,800	\$ 661,070,600	\$ 686,440,300	\$ 695,044,800	\$ 708,421,100	\$ 923,758,800	\$ 934,853,200	\$ 967,809,000	1,165,789,200
Improvements	2,063,941,300	2,229,140,500	2,330,821,800	2,458,965,600	2,554,804,300	2,658,218,500	3,028,583,300	3,137,997,400	3,358,499,400	4,104,668,100
Tangible personal property	193,729,051	225,698,565	250,055,407	272,158,726	285,636,428	290,040,065	288,427,967	279,086,788	280,040,642	298,964,998
Intangible personal property	-	-	-	-	-	-	-	-	-	-
Total locally appraised value	2,862,845,751	3,096,857,865	3,241,947,807	3,417,564,626	3,535,485,528	3,656,679,665	4,240,770,067	4,351,937,388	4,606,349,042	5,569,422,298
State appraised properties	49,080,845	47,832,600	50,516,630	39,559,433	41,158,922	42,217,993	47,654,358	50,779,198	49,918,009	53,880,105
Total appraised properties	2,911,926,596	3,144,690,465	3,292,464,437	3,457,124,059	3,576,644,450	3,698,897,658	4,288,424,425	4,402,716,586	4,656,267,051	\$ 5,623,302,403
Assessed Values										
Locally assessed value of property										
\$	850,369,667	\$ 916,697,801	\$ 955,906,661	\$ 1,002,051,429	\$ 1,035,917,062	\$ 1,070,408,100	\$ 1,259,370,690	\$ 1,287,259,025	\$ 1,355,184,062	\$1,643,499,010
State assessed value of property	26,994,465	26,307,930	27,784,147	21,757,688	22,637,407	23,219,896	26,209,897	27,928,559	27,454,905	29,634,058
Total assessed values	877,364,132	943,005,731	983,690,808	1,023,809,117	1,058,554,469	1,093,627,996	1,285,580,587	1,315,187,584	1,382,638,967	1,673,133,068
Assessed values as percent of appraised values	30.13%	29.99%	29.88%	29.61%	29.60%	29.57%	29.98%	29.87%	29.69%	29.75%

Source: City of Clarksville's Department of Finance and Revenue.

Schedule C-2
City of Clarksville
Direct and Overlapping Tax Rates
Last Ten Fiscal Years

Fiscal Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Tax Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Tax Rate Per \$100 of Assessed Value											
Tax rate - City	\$ 1.1900	\$ 1.1900	\$ 2.0100	\$ 2.0100	\$ 1.8100	\$ 1.8100	\$ 1.5800	\$ 1.5000	\$ 1.5000	\$ 1.3091	\$ 1.3100
Tax rate - County	\$ 3.3000	\$ 3.3000	\$ 3.3000	\$ 3.3000	\$ 3.3000	\$ 3.3000	\$ 2.9100	\$ 3.1000	\$ 3.2400	\$ 3.1400	\$ 3.1400
Tax rate - City and County	\$ 4.4900	\$ 4.4900	\$ 5.3100	\$ 5.3100	\$ 5.1100	\$ 5.1100	\$ 4.4900	\$ 4.6000	\$ 4.7400	\$ 4.4491	\$ 4.4491

Source: State of Tennessee, Comptroller (unadjusted for adjustments that have occurred after date of issue).

Schedule C-3
City of Clarksville
Principal Property Tax Payers
Comparative of Fiscal/Tax Years 1998/1997 and 2007/2006

Rank	Taxpayer	Fiscal Year/Tax Year			Fiscal Year/Tax Year			
		1998		Percentage of Total Taxable Assessed Value	2007		Percentage of Total Taxable Assessed Value	
		Taxable Assessed Value	Taxes Due		Taxable Assessed Value	Taxes Due		
1	BellSouth Telecommunications	\$ 14,189,832	168,859	1.62%	Governors Square Company	\$ 13,947,080	\$ 182,581	0.83%
2	Governors Square Company	10,325,680	122,876	1.18%	BellSouth Telecommunications	13,539,107	177,240	0.81%
3	Trane Company	9,145,579	\$ 108,832	1.04%	Trane Company	9,503,671	125,061	0.57%
4	Trane Company # 1	6,567,720	78,156	0.75%	Memorial Hospital District	7,097,120	92,908	0.42%
5	Precision Printing	5,236,707	62,317	0.60%	Trane Company # 1	6,494,680	85,022	0.39%
6	Letica Corp	3,144,160	37,416	0.36%	Ronald G Wilkinson	6,443,000	84,345	0.39%
7	Wal-Mart Stores Inc.	3,003,176	35,738	0.34%	Bristol Park At Clarksville Gp	6,027,440	78,905	0.36%
8	New Plan of Tennessee	2,706,520	32,208	0.31%	Cumberland Electric Membership	5,361,131	70,183	0.32%
9	Cumberland Electric Membership	2,674,320	31,824	0.30%	Letica Corp	5,128,953	67,143	0.31%
10	New Plan of Tennessee	2,476,528	29,471	0.28%	Edens Realty Group LLC	4,590,760	60,098	0.27%
	Total	\$ 59,470,222	778,525	6.78%	Total	\$ 78,132,942	1,022,838	4.67%
Total assessed value of all taxable property as originally assessed		\$ 877,364,132	11,485,574	100.00%	Total assessed value of all taxable property as originally assessed	\$ 1,673,133,068	21,902,985	100.00%
Applicable Tax Rate Per \$100 of Assessed Value			\$ 1.1900			\$ 1.3091		

Source: City of Clarksville's Department of Finance and Revenue.

Note: Tax lien for year attach January 1 of each year prior to the June 30 . The properties listed are individual properties. Due to the possible complexities of property ownership we did not group like or similar names because of the possibility of differences in ownership. It should also be noted that not included because of its tax exempt status, but having significant value, is the Fort Campbell Military Base located in two states (Tennessee and Kentucky and partially within the City of Clarksville) spanning 164 square miles with an estimated plant replacement of \$4.6 billion.

Schedule C-4
City of Clarksville
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Tax Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Taxes levied for fiscal year (1)	\$ 10,317,958	\$ 11,204,344	\$ 19,538,035	\$ 20,542,571	\$ 19,166,332	\$ 19,741,784	\$ 20,128,607	\$ 19,742,392	\$ 20,888,142	\$ 21,808,907
Collected within the fiscal year of the levy	9,882,982	10,617,571	18,624,749	19,429,439	18,142,041	18,434,087	19,332,939	18,945,395	19,669,202	21,029,776
Percent collected within the fiscal year of the levy	95.78%	94.76%	95.33%	94.58%	94.66%	93.38%	96.05%	95.96%	94.16%	96.43%
Collections in subsequent fiscal years	433,967	583,144	899,034	1,065,627	940,482	1,230,387	728,835	669,111	908,346	-
Total collections to date	10,316,949	11,200,715	19,523,782	20,495,066	19,082,523	19,664,473	20,061,773	19,614,506	20,577,548	21,029,776
Total collections to date as percent of total levy	99.99%	99.97%	99.93%	99.77%	99.56%	99.61%	99.67%	99.35%	98.51%	96.43%
Balance of tax levy not paid	\$ 1,010	\$ 3,629	\$ 14,252	\$ 47,504	\$ 83,809	\$ 77,310	\$ 66,834	\$ 127,886	\$ 310,594	\$ 779,131

Source: City of Clarksville's Department of Finance and Revenue

Note 1: Taxes levied are based on original tax levy and does not reflect adjusts which may have occurred since tax levy date. Taxes that are delinquent are or are in the process of being turned over to the court system for collection. For those delinquent taxes for which following legal remedies will not result in successful collections, the city will request that the taxes be waived under the provisions of TITLE 67 TAXES AND LICENSES : CHAPTER 5 PROPERTY TAXES : PART 28 WAIVER; 67-5-2801. Personal property taxes, penalties and interest, and attorney fees and costs - Waiver of enforcement and collection; or under 67-5-2802. Real property taxes - Waiver of penalties, interest and attorney fees.

Schedule D-1
City of Clarksville
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental Activities										
General obligation bonds	\$ 8,561,963	\$ 7,340,000	\$ 6,280,000	\$ 5,165,000	\$ 11,095,000	\$ 15,065,000	\$ 13,805,000	\$ 12,985,000	\$ 12,115,000	\$ 16,215,000
Tennessee Municipal Bond Fund Loans	5,644,922	16,043,774	16,656,152	28,785,222	38,617,822	41,582,173	40,364,291	38,052,169	34,711,159	31,953,366
Capital outlay notes	195,000	135,000	70,000	-	-	-	-	-	-	-
Other debt	811,205	686,548	-	852,402	-	-	-	-	-	-
Total governmental activities	15,213,090	24,205,322	23,006,152	34,802,624	49,712,822	56,647,173	54,169,291	51,037,169	46,826,159	48,168,366
Business-Type Activities										
Revenue Bonds	81,508,383	77,360,189	72,830,538	100,910,000	95,985,000	90,565,000	133,645,000	128,540,000	366,300,000	444,860,000
General Obligation Bonds	98,037	-	-	-	-	-	-	-	-	-
Tennessee EPA Loans	573,615	533,313	492,151	450,813	407,424	361,851	314,304	264,084	210,484	155,404
Energy Efficiency Loan	-	-	-	465,893	405,090	342,465	277,960	211,520	143,087	-
Tennessee State Revolving Loan Fund	10,091,687	10,633,907	19,186,674	35,213,203	38,878,545	42,945,171	46,051,557	43,704,909	41,279,013	38,843,794
Tennessee Municipal Bond Fund Loans	10,748,458	10,362,943	9,953,373	10,005,643	12,191,539	11,484,046	10,362,146	9,177,611	7,926,316	6,271,328
Cumberland Electric Membership	3,698,200	2,372,500	2,091,700	1,795,200	1,507,300	1,558,100	1,255,100	-	-	-
Other	-	1,832,100	570,700	-	-	-	-	-	-	-
Total business-type activities	106,718,380	103,094,952	105,125,136	148,840,752	149,374,898	147,256,633	191,906,067	181,898,124	415,858,900	490,130,526
Total primary government	\$ 121,931,470	\$ 127,300,274	\$ 128,131,288	\$ 183,643,376	\$ 199,087,720	\$ 203,903,806	\$ 246,075,358	\$ 232,935,293	\$ 462,685,059	\$ 538,298,892
Personal income	\$ 2,775,607,000	\$ 2,969,519,000	\$ 3,244,755,000	\$ 3,377,368,000	\$ 3,567,211,000	\$ 3,826,948,000	\$ 4,069,467,756	\$ 4,334,445,389	\$ 4,616,676,665	\$ 4,917,285,031
Total Primary Government Debt as Percent of Personal Income	4.39%	4.29%	3.95%	5.44%	5.58%	5.33%	6.05%	5.37%	10.02%	10.95%
Estimated population	97,618	99,049	103,455	105,567	107,723	109,992	112,167	114,458	116,795	119,180
Per capita debt (based on total debt of primary government)	\$ 22,326	\$ 23,260	\$ 24,233	\$ 25,248	\$ 26,304	\$ 27,405	\$ 28,552	\$ 29,747	\$ 30,992	\$ 32,289
Assessed values	\$ 877,364,132	\$ 943,005,731	\$ 983,690,808	\$ 1,023,809,117	\$ 1,058,554,469	\$ 1,093,627,996	\$ 1,285,580,587	\$ 1,315,187,584	\$ 1,382,638,967	\$ 1,673,133,068
Total Primary Government Debt as Percent of Assessed Value	13.9%	13.5%	13.0%	17.9%	18.8%	18.6%	19.1%	17.7%	33.5%	32.2%

Source: Reported and estimated personal income and per capita income City of Clarksville's Department of Finance and Revenue, FY 1993 through 2003 obtained from the Center for Business and Economic Research, University of Tennessee and the Bureau of Economic Analysis, an agency of the U.S. Department of Commerce, estimates for 2004 through 2007 based on an estimated average annual growth rate of 6.5497% and 4.1849% respectively. Estimated population obtained from the Center for Business and Economic Research, University of Tennessee and Tennessee Advisory Commission on Intergovernmental Relations for the years 2000 through 2025 and the City's calculated average annual growth rate of 2.042% to achieve these estimates.

Schedule D-2
City of Clarksville
Ratios of General Bonded Debt Outstanding
Last Ten Years

	Fiscal Year										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
General obligation bonds	\$ 8,561,963	\$ 7,340,000	\$ 6,280,000	\$ 5,165,000	\$ 11,095,000	\$ 15,065,000	\$ 13,805,000	\$ 12,985,000	\$ 12,115,000	\$ 16,215,000	
Other long-term debt (TMBF loans, capital outlay notes, interfund loans) ⁽¹⁾	6,651,127	16,865,322	16,726,152	29,637,624	38,617,822	41,582,173	40,364,291	38,052,169	34,711,159	31,953,366	
Total long-term debt	\$ 15,213,090	\$ 24,205,322	\$ 23,006,152	\$ 34,802,624	\$ 49,712,822	\$ 56,647,173	\$ 54,169,291	\$ 51,037,169	\$ 46,826,159	\$ 48,168,366	
Assessed values of property	\$ 877,364,132	\$ 943,005,731	\$ 983,690,808	\$ 1,023,809,117	\$ 1,058,554,469	\$ 1,093,627,996	\$ 1,285,580,587	\$ 1,315,187,584	\$ 1,382,638,967	\$ 1,673,133,068	
Estimated/actual population	97,618	99,049	103,455	105,567	107,723	109,992	112,167	114,458	116,795	119,180	
Percentage of actual assessed value of property	1.7%	2.6%	2.3%	3.4%	4.7%	5.2%	4.2%	3.9%	3.4%	2.9%	
Per capita	\$ 22,326	\$ 23,260	\$ 24,233	\$ 25,248	\$ 26,304	\$ 27,405	\$ 28,552	\$ 29,747	\$ 30,992	\$ 32,289	

Source: Reported and estimated per capita income City of Clarksville's Department of Finance and Revenue, FY 1993 through 2003 obtained from the Center for Business and Economic Research, University of Tennessee and the Bureau of Economic Analysis, an agency of the U.S. Department of Commerce, estimates for 2004 through 2007 based on an estimated average annual growth rate of 4.1849%. Estimated population obtained from the Center for Business and Economic Research, University of Tennessee and Tennessee Advisory Commission on Intergovernmental Relations for the years 2000 through 2025 and the City's calculated average annual growth rate of 2.042% to achieve these estimates. Assessed values based on values as taken from records of Comptroller of the State of Tennessee for the taxes as they were originally issued and do not reflect subsequent adjustments after issue that may have occurred.

Schedule D-3
City of Clarksville
Direct and Overlapping Debt
As of June 30, 2007

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Governmental Unit			
City of Clarksville			
Debt repaid with property taxes (direct debt) ⁽¹⁾	\$ 46,826,159	100.000%	\$ 46,826,159
Montgomery County			
Debt repaid with property taxes overlapping debt) ⁽²⁾⁽³⁾	\$ 284,040,000	73.790%	<u>\$ 209,593,654</u>
Total direct and overlapping debt			<u><u>\$ 256,419,813</u></u>
 Tax Year 2006 Assessed Values For Locally Assessed Properties			
City of Clarksville			\$ 1,643,499,010
Montgomery County			<u>\$ 2,227,259,512</u>
Percent of Locally Assessed Property Within City			73.79%

Source: City of Clarksville's Department of Finance and Revenue and Montgomery County Accounts and Budget.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Clarksville. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Local assessed property is all taxable property within the City of Clarksville and Montgomery County that is locally assessed by the Montgomery County Tax Assessor.

(1) Amount shown includes self-supporting debt (Series 2002 "General Improvement Revenue and Tax Debt" to be repaid by the E911 District).

(2) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total assessed values.

(3) Outstanding debt at June 30, 2007 for Montgomery County obtained from the Accounts and Budgets Office of Montgomery County.

Schedule D-4
City of Clarksville
Legal Debt Margin Information

The City of Clarksville does not have a legal debt margin. Neither the Official Code of the City of Clarksville nor the Tennessee Code Annotated have established legal debt margins or debt limits.

Source: City of Clarksville's Department of Finance and Revenue

Schedule D-5
City of Clarksville
Pledged Revenue Coverage
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Electric Department - Electric Division										
Utility service charges	\$ 60,404,100	\$ 65,596,400	\$ 66,438,400	\$ 71,016,300	\$ 71,637,000	\$ 76,255,300	\$ 79,389,200	\$ 82,317,600	\$ 93,600,900	\$ 103,391,300
Less: operating expenses	58,157,300	62,464,900	63,611,900	68,133,200	65,404,217	71,180,200	74,848,400	76,957,600	87,065,800	97,229,400
Net available revenues	2,246,800	3,131,500	2,826,500	2,883,100	6,232,783	5,075,100	4,540,800	5,360,000	6,535,100	6,161,900
Debt service										
Principal	1,729,600	1,930,900	2,162,200	1,515,900	1,510,600	1,295,900	5,843,700	2,435,100	1,211,000	2,290,100
Interest	619,000	678,600	554,100	482,900	487,200	444,900	432,300	528,300	366,000	1,019,600
Total debt service	2,348,600	2,609,500	2,716,300	1,998,800	1,997,800	1,740,800	6,276,000	2,963,400	1,577,000	3,309,700
Coverage ⁽¹⁾	0.96	1.20	1.04	1.44	3.12	2.92	0.72	1.81	4.14	1.86
Gas Department										
Utility service charges	\$ 19,058,653	\$ 16,860,382	\$ 16,002,362	\$ 30,515,813	\$ 23,899,108	\$ 29,479,666	\$ 33,649,524	\$ 40,455,372	\$ 55,122,264	\$ 44,446,398
Less: operating expenses	16,838,006	15,211,975	15,740,027	30,357,488	22,319,584	26,422,107	31,102,059	38,435,897	53,220,210	42,408,207
Net available revenues	2,220,647	1,648,407	262,335	158,325	1,579,524	3,057,559	2,547,465	2,019,475	1,902,054	2,038,191
Debt service										
Principal	87,315	51,232	54,981	8,267,406	3,176,067	246,425	262,152	265,647	269,161	7,434,745
Interest	677,469	699,028	724,030	650,158	923,853	896,586	887,611	877,979	1,094,019	940,587
Total debt service	764,784	750,260	779,011	8,917,564	4,099,920	1,143,011	1,149,763	1,143,626	1,363,180	8,375,332
Coverage ⁽¹⁾	2.90	2.20	0.34	0.02	0.39	2.68	2.22	1.77	1.40	0.24
Water and Sewer										
Utility service charges	\$ 18,379,788	\$ 19,601,534	\$ 21,474,744	\$ 22,437,647	\$ 23,428,321	\$ 25,010,232	\$ 27,493,170	\$ 29,811,808	\$ 27,249,005	\$ 35,905,975
Less: operating expenses	12,729,473	13,766,869	15,655,716	16,795,689	17,212,232	19,042,364	20,793,741	22,405,951	24,003,804	26,337,997
Net available revenues	5,650,315	5,834,665	5,819,028	5,641,958	6,216,089	5,967,868	6,699,429	7,405,857	3,245,201	9,567,978
Debt service										
Principal	2,728,700	2,827,364	2,776,549	12,958,122	19,594,888	3,953,622	1,340,313	4,792,525	4,973,769	29,010,931

Schedule D-5
City of Clarksville
Pledged Revenue Coverage
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Interest	3,690,131	3,528,186	3,390,476	3,227,537	4,928,832	4,758,891	4,755,636	4,808,484	4,690,783	6,887,366
Total debt service	6,418,831	6,355,550	6,167,025	16,185,659	24,523,720	8,712,513	6,095,949	9,601,009	9,664,552	35,898,297
Coverage ⁽¹⁾	0.88	0.92	0.94	0.35	0.25	0.68	1.10	0.77	0.34	0.27
Parking Authority										
Fee and fines	\$ 295,379	\$ 259,811	\$ 228,763	\$ 233,979	\$ 305,369	\$ 345,494	\$ 339,073	\$ 331,270	\$ 212,877	\$ 429,774
Less: operating expenses	251,326	259,729	248,195	238,667	243,219	237,408	273,279	253,964	71,653	266,936
Net available revenues	44,053	82	(19,432)	(4,688)	62,150	108,086	65,794	77,306	141,224	162,838
Debt service										
Principal	83,565	86,515	89,570	92,730	100,074	99,393	102,900	106,535	114,955	128,381
Interest	63,200	50,104	52,938	47,933	20,246	27,192	21,678	22,613	35,354	36,089
Total debt service	146,765	136,619	142,508	140,663	120,320	126,585	124,578	129,148	150,309	164,470
Coverage ⁽¹⁾	0.30	0.00	-0.14	-0.03	0.52	0.85	0.53	0.60	0.94	0.99
Natural Gas Acquisition Corporation										
Utility service charges	\$ 3,160,612	\$ 3,044,661	\$ 3,437,649	\$ 3,103,907	\$ 3,294,612	\$ 3,359,126	\$ 4,563,167	\$ 1,329,228	\$ -	\$ 22,974,746
Less: operating expenses	1,885,422	1,133,117	2,445,975	2,255,964	2,577,537	3,012,152	4,388,425	1,309,649	242	23,103,737
Net available revenues	1,275,190	1,911,544	991,674	847,943	717,075	346,974	174,742	19,579	(242)	(128,991)
Debt service										
Principal	1,870,000	2,200,000	2,485,000	2,670,000	4,600,000	3,015,000	3,370,000	2,420,000	-	-
Interest	1,540,897	1,408,979	1,257,367	1,089,016	884,587	361,745	183,319	32,155	-	12,059,656
Total debt service	3,410,897	3,608,979	3,742,367	3,759,016	5,484,587	3,376,745	3,553,319	2,452,155	-	12,059,656
Coverage ⁽¹⁾	0.37	0.53	0.26	0.23	0.13	0.10	0.05	0.01	0.00	-0.01
Telecommunications Division										
Utility service charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule D-5
City of Clarksville
Pledged Revenue Coverage
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Less: operating expenses	-	-	-	-	-	-	-	-	-	342,300
Net available revenues	-	-	-	-	-	-	-	-	-	(342,300)
Debt service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total debt service	-	-	-	-	-	-	-	-	-	-
Coverage ⁽¹⁾	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
All Enterprise Funds										
Fee and fines	\$ 101,298,532	\$ 105,362,788	\$ 107,581,918	\$ 127,307,646	\$ 122,564,410	\$ 134,449,818	\$ 145,434,134	\$ 154,245,278	\$ 176,185,046	\$ 207,148,193
Less: operating expenses	\$ 89,861,527	\$ 92,836,590	\$ 97,701,813	\$ 117,781,008	\$ 107,756,789	\$ 119,894,231	\$ 131,405,904	\$ 139,363,061	\$ 164,361,709	\$ 189,688,577
Net available revenues	11,437,005	12,526,198	9,880,105	9,526,638	14,807,621	14,555,587	14,028,230	14,882,217	11,823,337	17,459,616
Debt service										
Principal	\$ 6,499,180	\$ 7,096,011	\$ 7,568,300	\$ 25,504,158	\$ 28,981,629	\$ 8,610,340	\$ 10,919,065	\$ 10,019,807	\$ 6,568,885	\$ 38,864,157
Interest	\$ 6,590,697	\$ 6,364,897	\$ 5,978,911	\$ 5,497,544	\$ 7,244,718	\$ 6,489,314	\$ 6,280,544	\$ 6,269,531	\$ 6,186,156	\$ 20,943,298
Total debt service	13,089,877	13,460,908	13,547,211	31,001,702	36,226,347	15,099,654	17,199,609	16,289,338	12,755,041	59,807,455
Coverage ⁽¹⁾	0.87	0.93	0.73	0.31	0.41	0.96	0.82	0.91	0.93	0.29

Source: City of Clarksville's Department of Finance and Revenue.

Note 1: 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.

Schedule D-6
City of Clarksville
Outstanding Entity Debt by Type
Schedule of Principal and Interest Due
June 30, 2007

Years Ending June 30,	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total All Debt Issues</u>		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2008	\$ 5,268,000	\$ 2,085,669	\$ 16,275,048	\$ 21,785,264	\$ 21,543,048	\$ 23,870,933	\$ 45,413,981
2009	5,444,366	1,877,694	22,674,077	21,773,119	28,118,443	23,650,813	51,769,256
2010	4,798,300	1,669,657	22,570,638	20,746,786	27,368,938	22,416,443	49,785,381
2011	5,037,700	1,473,761	21,918,585	19,742,942	26,956,285	21,216,703	48,172,988
2012	5,145,000	1,267,737	21,187,013	18,766,968	26,332,013	20,034,705	46,366,718
2013	5,406,000	1,055,791	22,325,016	17,785,985	27,731,016	18,841,776	46,572,792
2014	3,189,000	840,633	23,676,360	16,721,948	26,865,360	17,562,581	44,427,941
2015	3,009,000	702,912	25,242,876	15,577,248	28,251,876	16,280,160	44,532,036
2016	1,354,000	575,234	26,902,636	14,351,795	28,256,636	14,927,029	43,183,665
2017	1,373,000	505,348	28,746,700	13,030,405	30,119,700	13,535,753	43,655,453
2018	1,453,000	432,283	30,448,140	11,624,160	31,901,140	12,056,443	43,957,583
2019	1,539,000	354,040	32,387,028	10,131,985	33,926,028	10,486,025	44,412,053
2020	1,620,000	269,552	34,358,484	8,579,813	35,978,484	8,849,365	44,827,849
2021	1,717,000	180,404	36,587,532	6,909,979	38,304,532	7,090,383	45,394,915
2022	1,815,000	85,288	40,299,292	5,106,909	42,114,292	5,192,197	47,306,489
2023	-	-	15,569,939	3,840,829	15,569,939	3,840,829	19,410,768
2024	-	-	16,031,162	3,151,346	16,031,162	3,151,346	19,182,508
2025	-	-	16,000,000	2,445,156	16,000,000	2,445,156	18,445,156
2026	-	-	4,090,000	1,720,745	4,090,000	1,720,745	5,810,745
2027	-	-	4,285,000	1,521,925	4,285,000	1,521,925	5,806,925
2028	-	-	4,495,000	1,311,700	4,495,000	1,311,700	5,806,700
2029	-	-	4,715,000	1,091,025	4,715,000	1,091,025	5,806,025
2030	-	-	4,950,000	859,500	4,950,000	859,500	5,809,500
2031	-	-	5,195,000	616,500	5,195,000	616,500	5,811,500
2032	-	-	5,450,000	361,400	5,450,000	361,400	5,811,400
2033	-	-	3,750,000	93,800	3,750,000	93,800	3,843,800
Total	\$ 48,168,366	\$ 13,376,003	\$ 490,130,526	\$ 239,649,231	\$ 538,298,892	\$ 253,025,234	\$ 791,324,126

Source: City of Clarksville's Department of Finance and Revenue.

Schedule D6(A)
City of Clarksville
General Government
Schedule of Principal and Interest
June 30, 2007

Years Ending June 30,	<u>TMBF Loan - 1994</u>		<u>TMBF Loan - 1996</u>		<u>TMBF Loan - 1998</u>		<u>TMBF Loan - 2000</u>	
	<u>Loan Closed 09/21/1994</u> Principal	Interest	<u>Loan Closed 05/31/1996</u> Principal	Interest	<u>Loan Closed 10/09/1998</u> Principal	Interest	<u>Loan Closed 07/20/2000</u> Principal	Interest
2008	371,400	28,234	120,600	19,766	1,241,000	320,640	1,232,000	448,804
2009	393,800	13,870	127,300	15,104	1,302,000	272,689	1,294,000	401,196
2010	-	-	134,300	10,182	1,368,000	222,374	1,359,000	351,192
2011	-	-	141,700	4,991	1,436,000	169,514	1,427,000	298,678
2012	-	-	-	-	1,508,000	114,023	1,498,000	243,537
2013	-	-	-	-	1,583,000	55,753	1,573,000	185,651
2014	-	-	-	-	-	-	1,651,000	124,870
2015	-	-	-	-	-	-	1,734,000	61,071
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
Total	765,200	42,104	523,900	50,043	8,438,000	1,154,993	11,768,000	2,114,999

Source: City of Clarksville's Department of Finance and Revenue.

Schedule D6(A)
City of Clarksville
General Government
Schedule of Principal and Interest
June 30, 2007

Years Ending June 30,	<u>TMBF Loan - 2001</u>		<u>TMBF Loan - Series 2002</u>		<u>TMBF Loan - 2001</u>		<u>1976 FmHA</u>	
	<u>Loan Closed 02/22/2001</u>		<u>Loan Closed 06/28/2002</u>		<u>Loan Closed 11/29/2006</u>		<u>Industrial Park</u>	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	855,000	233,666	192,000	160,188	141,000	5,985	30,000	15,750
2009	900,000	200,620	202,000	152,709	25,266	897	30,000	14,250
2010	945,000	165,842	212,000	144,843	-	-	35,000	12,625
2011	990,000	129,333	223,000	136,586	-	-	35,000	10,875
2012	1,040,000	91,076	234,000	127,902	-	-	35,000	9,125
2013	1,095,000	50,879	245,000	118,791	-	-	40,000	7,250
2014	320,000	11,270	258,000	109,247	-	-	40,000	5,250
2015	-	-	270,000	99,203	-	-	40,000	3,250
2016	-	-	284,000	88,687	-	-	45,000	1,125
2017	-	-	298,000	77,627	-	-	-	-
2018	-	-	313,000	66,022	-	-	-	-
2019	-	-	329,000	53,831	-	-	-	-
2020	-	-	345,000	41,020	-	-	-	-
2021	-	-	362,000	27,585	-	-	-	-
2022	-	-	380,000	13,488	-	-	-	-
2023	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
Total	6,145,000	882,686	4,147,000	1,417,729	166,266	6,882	330,000	79,500

Source: City of

Schedule D6(A)
City of Clarksville
General Government
Schedule of Principal and Interest
June 30, 2007

Years Ending June 30,	<u>2002 Series Bonds (04/02/2002)</u>		<u>2002 Series Bonds (07/09/2002)</u>		<u>2003 Series Bonds (10/01/2003)</u>		<u>2006 Series Bonds (08/30/2006)</u>	
	<u>Taxable General Obligation</u>		<u>Gen. Improvement Revenue & Tax</u>		<u>General Obligation Refunding</u>		<u>Taxable General Obligation</u>	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	240,000	384,118	210,000	182,855	450,000	19,425	185,000	266,238
2009	255,000	369,118	215,000	175,505	460,000	6,900	240,000	254,836
2010	270,000	353,180	225,000	167,443	-	-	250,000	241,976
2011	290,000	336,305	230,000	158,893	-	-	265,000	228,586
2012	310,000	318,035	240,000	149,693	-	-	280,000	214,346
2013	325,000	298,195	250,000	140,093	-	-	295,000	199,179
2014	350,000	277,070	260,000	129,780	-	-	310,000	183,146
2015	370,000	254,320	270,000	118,830	-	-	325,000	166,238
2016	395,000	229,900	285,000	107,250	-	-	345,000	148,272
2017	420,000	203,731	295,000	94,710	-	-	360,000	129,280
2018	450,000	175,906	310,000	81,435	-	-	380,000	108,920
2019	480,000	146,094	325,000	67,175	-	-	405,000	86,940
2020	510,000	113,094	340,000	51,738	-	-	425,000	63,700
2021	550,000	78,031	355,000	35,588	-	-	450,000	39,200
2022	585,000	40,219	375,000	18,281	-	-	475,000	13,300
2023	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
Total	5,800,000	3,577,316	4,185,000	1,679,269	910,000	26,325	4,990,000	2,344,157

Source: City of

Schedule D6(A)
City of Clarksville
General Government
Schedule of Principal and Interest
June 30, 2007

Years Ending June 30,	Total All Debt Issues			Less Self-Supporting Debt			Total Net Debt of General Government		
	Principal	Interest	Total	Series 2002 Gen. Improvement Revenue & Tax Principal	Interest	Total	Principal	Interest	Total
2008	5,268,000	2,085,669	7,353,669	(210,000)	(182,855)	(392,855)	5,058,000	1,902,814	6,960,814
2009	5,444,366	1,877,694	7,322,060	(215,000)	(175,505)	(390,505)	5,229,366	1,702,189	6,931,555
2010	4,798,300	1,669,657	6,467,957	(225,000)	(167,443)	(392,443)	4,573,300	1,502,214	6,075,514
2011	5,037,700	1,473,761	6,511,461	(230,000)	(158,893)	(388,893)	4,807,700	1,314,868	6,122,568
2012	5,145,000	1,267,737	6,412,737	(240,000)	(149,693)	(389,693)	4,905,000	1,118,044	6,023,044
2013	5,406,000	1,055,791	6,461,791	(250,000)	(140,093)	(390,093)	5,156,000	915,698	6,071,698
2014	3,189,000	840,633	4,029,633	(260,000)	(129,780)	(389,780)	2,929,000	710,853	3,639,853
2015	3,009,000	702,912	3,711,912	(270,000)	(118,830)	(388,830)	2,739,000	584,082	3,323,082
2016	1,354,000	575,234	1,929,234	(285,000)	(107,250)	(392,250)	1,069,000	467,984	1,536,984
2017	1,373,000	505,348	1,878,348	(295,000)	(94,710)	(389,710)	1,078,000	410,638	1,488,638
2018	1,453,000	432,283	1,885,283	(310,000)	(81,435)	(391,435)	1,143,000	350,848	1,493,848
2019	1,539,000	354,040	1,893,040	(325,000)	(67,175)	(392,175)	1,214,000	286,865	1,500,865
2020	1,620,000	269,552	1,889,552	(340,000)	(51,738)	(391,738)	1,280,000	217,814	1,497,814
2021	1,717,000	180,404	1,897,404	(355,000)	(35,588)	(390,588)	1,362,000	144,816	1,506,816
2022	1,815,000	85,288	1,900,288	(375,000)	(18,281)	(393,281)	1,440,000	67,007	1,507,007
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-
Total	48,168,366	13,376,003	61,544,369	(4,185,000)	(1,679,269)	(5,864,269)	43,983,366	11,696,734	55,680,100

Source: City of

Schedule D6(B)
City of Clarksville, Tennessee
Gas Department and Water and Sewer Department
Schedule of Principal and Interest Due
June 30, 2007

Years Ending June 30,	<u>TDECD 2000</u>		<u>SRF 88-003 1992</u>		<u>State EPA Loan</u>		<u>1994 TML</u>	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	72,601	2,200	800,100	137,400	57,687	(2,780)	549,000	191,658
2009	-	-	830,208	107,300	58,544	(5,200)	588,000	172,992
2010	-	-	861,456	76,100	39,173	(4,200)	629,000	153,000
2011	-	-	893,868	43,600	-	-	673,000	131,614
2012	-	-	692,448	10,700	-	-	720,000	108,732
2013	-	-	-	-	-	-	771,000	84,252
2014	-	-	-	-	-	-	825,000	58,038
2015	-	-	-	-	-	-	882,000	29,988
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
Total	72,601	2,200	4,078,080	375,100	155,404	(12,180)	5,637,000	930,274

Source: City of Clarksville's Department of Finance and Revenue.

Schedule D6(B)
City of Clarksville, Tennessee
Gas Department and Water and Sewer Department
Schedule of Principal and Interest Due
June 30, 2007

Years Ending June 30,	<u>SRF97-1042004</u>		<u>DWF 01-044</u>		<u>Series 2002</u>		<u>Series 2001</u>	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	1,577,328	945,600	215,112	123,500	1,200,000	822,700	1,200,000	1,094,868
2009	1,628,808	894,100	221,124	117,500	1,250,000	771,700	1,235,000	1,046,868
2010	1,681,980	840,900	227,316	111,300	1,305,000	717,900	1,275,000	995,008
2011	1,736,868	786,000	233,664	105,000	1,360,000	659,900	1,325,000	940,208
2012	1,793,556	729,300	240,192	98,400	1,425,000	596,600	635,000	881,908
2013	1,852,104	670,800	246,912	91,700	1,495,000	528,200	940,000	852,988
2014	1,912,548	610,300	253,812	84,800	1,570,000	453,500	980,000	809,285
2015	1,974,972	547,900	260,904	77,700	1,645,000	372,600	1,020,000	762,710
2016	2,039,436	483,500	268,200	70,400	1,735,000	287,100	1,440,000	713,300
2017	2,106,000	416,900	275,700	62,900	1,830,000	196,900	590,000	641,300
2018	2,174,736	348,200	283,404	55,200	1,920,000	100,800	635,000	611,750
2019	2,245,704	277,200	291,324	47,300	-	-	2,480,000	580,050
2020	2,319,012	203,900	299,472	39,200	-	-	2,605,000	456,050
2021	2,394,696	128,200	307,836	30,800	-	-	2,735,000	325,800
2022	2,472,852	50,000	316,440	22,200	-	-	3,780,000	189,000
2023	209,655	600	325,284	13,300	-	-	-	-
2024	-	-	306,162	4,200	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
Total	30,120,255	7,933,400	4,572,858	1,155,400	16,735,000	5,507,900	22,875,000	10,901,092

Source: City of

Schedule D6(B)
City of Clarksville, Tennessee
Gas Department and Water and Sewer Department
Schedule of Principal and Interest Due
June 30, 2007

Years Ending June 30,	Series 2004		Series 2007		Total All Debt Issues		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2008	500,000	1,983,475	905,000	2,126,544	7,076,828	7,425,165	14,501,993
2009	500,000	1,961,375	740,000	2,756,800	7,051,684	7,823,435	14,875,119
2010	525,000	1,939,275	780,000	2,720,800	7,323,925	7,550,083	14,874,008
2011	550,000	1,916,070	820,000	2,681,800	7,592,400	7,264,192	14,856,592
2012	575,000	1,891,760	1,820,000	2,640,800	7,901,196	6,958,200	14,859,396
2013	600,000	1,866,345	2,320,000	2,549,800	8,225,016	6,644,085	14,869,101
2014	625,000	1,839,825	2,420,000	2,433,800	8,586,360	6,289,548	14,875,908
2015	650,000	1,812,200	2,545,000	2,312,800	8,977,876	5,915,898	14,893,774
2016	700,000	1,783,470	3,220,000	2,185,550	9,402,636	5,523,320	14,925,956
2017	725,000	1,752,530	4,295,000	2,024,550	9,821,700	5,095,080	14,916,780
2018	750,000	1,720,485	4,505,000	1,809,800	10,268,140	4,646,235	14,914,375
2019	800,000	1,687,335	4,935,000	1,584,550	10,752,028	4,176,435	14,928,463
2020	825,000	1,651,975	5,145,000	1,374,813	11,193,484	3,725,938	14,919,422
2021	850,000	1,615,510	5,370,000	1,149,719	11,657,532	3,250,029	14,907,561
2022	900,000	1,577,940	4,780,000	908,069	12,249,292	2,747,209	14,996,501
2023	11,100,000	1,538,160	1,270,000	692,969	12,904,939	2,245,029	15,149,968
2024	11,600,000	1,047,540	1,325,000	637,406	13,231,162	1,689,146	14,920,308
2025	12,100,000	534,820	1,385,000	579,436	13,485,000	1,114,256	14,599,256
2026	-	-	1,445,000	518,845	1,445,000	518,845	1,963,845
2027	-	-	1,505,000	455,625	1,505,000	455,625	1,960,625
2028	-	-	1,575,000	387,900	1,575,000	387,900	1,962,900
2029	-	-	1,645,000	317,025	1,645,000	317,025	1,962,025
2030	-	-	1,720,000	243,000	1,720,000	243,000	1,963,000
2031	-	-	1,800,000	165,600	1,800,000	165,600	1,965,600
2032	-	-	1,880,000	84,600	1,880,000	84,600	1,964,600
2033	-	-	-	-	-	-	-
Total	44,875,000	30,120,090	60,150,000	35,342,601	189,271,198	92,255,877	281,527,075

Source: City of

Schedule D6(C)
City of Clarksville
Department of Electricity
Schedule of Principal and Interest Due
June 30, 2007

Years Ending June 30,	<u>Revenue Refunding and Improvement Bonds, Series 2004</u>		<u>Revenue Bonds Series 2007</u>		<u>Total All Debt Issues</u>		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2008	\$ 565,000	\$ 223,400	\$ -	\$ 2,298,500	\$ 565,000	\$ 2,521,900	\$ 3,086,900
2009	575,000	209,900	-	2,492,300	575,000	2,702,200	3,277,200
2010	575,000	194,800	750,000	2,477,300	1,325,000	2,672,100	3,997,100
2011	600,000	177,900	750,000	2,447,300	1,350,000	2,625,200	3,975,200
2012	615,000	158,900	750,000	2,417,300	1,365,000	2,576,200	3,941,200
2013	270,000	144,900	1,470,000	2,373,000	1,740,000	2,517,900	4,257,900
2014	280,000	136,400	1,530,000	2,313,000	1,810,000	2,449,400	4,259,400
2015	290,000	127,400	1,605,000	2,242,200	1,895,000	2,369,600	4,264,600
2016	295,000	117,700	1,680,000	2,166,400	1,975,000	2,284,100	4,259,100
2017	310,000	107,200	1,750,000	2,093,500	2,060,000	2,200,700	4,260,700
2018	320,000	96,000	1,825,000	2,019,800	2,145,000	2,115,800	4,260,800
2019	335,000	84,000	1,900,000	1,945,300	2,235,000	2,029,300	4,264,300
2020	345,000	70,800	1,985,000	1,862,700	2,330,000	1,933,500	4,263,500
2021	360,000	56,700	2,080,000	1,766,000	2,440,000	1,822,700	4,262,700
2022	375,000	51,700	2,175,000	1,670,500	2,550,000	1,722,200	4,272,200
2023	390,000	25,700	2,275,000	1,570,100	2,665,000	1,595,800	4,260,800
2024	410,000	8,700	2,390,000	1,453,500	2,800,000	1,462,200	4,262,200
2025	-	-	2,515,000	1,330,900	2,515,000	1,330,900	3,845,900
2026	-	-	2,645,000	1,201,900	2,645,000	1,201,900	3,846,900
2027	-	-	2,780,000	1,066,300	2,780,000	1,066,300	3,846,300
2028	-	-	2,920,000	923,800	2,920,000	923,800	3,843,800
2029	-	-	3,070,000	774,000	3,070,000	774,000	3,844,000
2030	-	-	3,230,000	616,500	3,230,000	616,500	3,846,500
2031	-	-	3,395,000	450,900	3,395,000	450,900	3,845,900
2032	-	-	3,570,000	276,800	3,570,000	276,800	3,846,800
2033	-	-	3,750,000	93,800	3,750,000	93,800	3,843,800
Total	\$ 6,910,000	\$ 1,992,100	\$ 52,790,000	\$ 42,343,600	\$ 59,700,000	\$ 44,335,700	\$ 104,035,700

Source: City of Clarksville's Department of Finance and Revenue.

Schedule D6(E)
City of Clarksville
Parking Authority
Schedule of Principal and Interest Due
June 30, 2007

Years Ending June 30,	<u>TMBF Loan - 1992</u>		<u>Interfund Loan (For Informational Purposes Only)</u>		<u>Total All Debt (Notes and Interfund Loan)</u>		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2008	\$ 118,220	\$ 24,824	\$ 5,226	\$ 4,774	\$ 123,446	\$ 29,598	\$ 153,044
2009	122,393	20,109	5,535	4,465	127,928	24,574	152,502
2010	126,713	15,228	5,862	4,138	132,575	19,366	151,941
2011	131,185	10,175	6,208	3,792	137,393	13,967	151,360
2012	135,817	4,943	6,574	3,426	142,391	8,369	150,760
2013	-	-	6,963	3,038	6,963	3,038	10,000
2014	-	-	7,374	2,626	7,374	2,626	10,000
2015	-	-	7,809	2,191	7,809	2,191	10,000
2016	-	-	8,270	1,730	8,270	1,730	10,000
2017	-	-	8,758	1,242	8,758	1,242	10,000
2018	-	-	12,275	725	12,275	725	13,000
2019	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-
Total	\$ 634,328	\$ 75,279	\$ 80,854	\$ 32,146	\$ 715,182	\$ 107,425	\$ 822,607

Source: City of Clarksville's Department of Finance and Revenue.

Schedule D6(F)
City of Clarksville
Natural Gas Acquisition Corporation
Schedule of Principal and Interest Due
June 30, 2007

Years Ending June 30,	Series 2004 Gas Revenue Bonds		Total All Debt Issues		Total
	Principal	Interest	Principal	Interest	
2008	\$ 8,515,000	\$ 11,813,375	\$ 8,515,000	\$ 11,813,375	\$ 20,328,375
2009	14,925,000	11,227,375	14,925,000	11,227,375	26,152,375
2010	13,795,000	10,509,375	13,795,000	10,509,375	24,304,375
2011	12,845,000	9,843,375	12,845,000	9,843,375	22,688,375
2012	11,785,000	9,227,625	11,785,000	9,227,625	21,012,625
2013	12,360,000	8,624,000	12,360,000	8,624,000	20,984,000
2014	13,280,000	7,983,000	13,280,000	7,983,000	21,263,000
2015	14,370,000	7,291,750	14,370,000	7,291,750	21,661,750
2016	15,525,000	6,544,375	15,525,000	6,544,375	22,069,375
2017	16,865,000	5,734,625	16,865,000	5,734,625	22,599,625
2018	18,035,000	4,862,125	18,035,000	4,862,125	22,897,125
2019	19,400,000	3,926,250	19,400,000	3,926,250	23,326,250
2020	20,835,000	2,920,375	20,835,000	2,920,375	23,755,375
2021	22,490,000	1,837,250	22,490,000	1,837,250	24,327,250
2022	25,500,000	637,500	25,500,000	637,500	26,137,500
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	-	-	-	-	-
2027	-	-	-	-	-
2028	-	-	-	-	-
2029	-	-	-	-	-
2030	-	-	-	-	-
2031	-	-	-	-	-
2032	-	-	-	-	-
2033	-	-	-	-	-
Total	\$ 240,525,000	\$ 102,982,375	\$ 240,525,000	\$ 102,982,375	\$ 343,507,375

Source: City of Clarksville's Department of Finance and Revenue.

Schedule D6(G)
General Government
Summary of Debt Outstanding at June 30, 2007

	Responsible Fund/Agency	Tax Status	Interest Rate	Principal Due	Interest Due
Other Debt					
TMBF Loan - 1994, \$4,000,000	General Government, Tax Supported	Tax-Exempt	Variable Rate	\$ 765,200	\$ 42,104
TMBF Loan - 1996, \$1,500,000	General Government, Tax Supported	Tax-Exempt	Variable Rate	523,900	50,043
TMBF Loan - 1998, \$16,457,000	General Government, Tax Supported	Tax-Exempt	Variable Rate	8,438,000	1,154,993
TMBF Loan - 2000, \$18,025,000	General Government, Tax Supported	Tax-Exempt	Variable Rate	11,768,000	2,114,999
TMBF Loan - 2001, \$13,795,000	General Government, Tax Supported	Tax-Exempt	Variable Rate	6,145,000	882,686
TMBF Loan - 2001, \$4,976,000	General Government, Tax Supported	Tax-Exempt	Variable Rate	4,147,000	1,417,729
TMBF Loan - 2001, \$2,836,000 (1)	General Government, Tax Supported	Tax-Exempt	Variable Rate	166,266	6,882
Total Other Debt of General Government				<u>31,953,366</u>	<u>5,669,436</u>
Bonded Debt					
1976 FmHA Industrial Park (\$800,000)	General Government, Tax Supported	Tax-Exempt	5%, Fixed Rate	330,000	79,500
2002 Series, \$6,750,000	General Government, Tax Supported	Taxable	6.250% to 6.950% Fixed Rate	5,800,000	3,577,316
0	E911 District's Revenues, Underlying Support of Gen Government	Tax-Exempt	3.500% to 4.875% Fixed Rate	4,185,000	1,679,269
2003 Series, \$2,180,000	General Government, Tax Supported	Tax-Exempt	2.00% to 3.00% Fixed Rate	910,000	26,325
2006 Series, \$4,990,000	General Government, Tax Supported	Taxable	5.200% to 5.450% Fixed Rate	4,990,000	2,344,157
Total Bonded Debt of General Government				<u>16,215,000</u>	<u>7,706,567</u>
Total Debt (Other Debt and Bonded Debt With Underlying General Obligation Pledge)				48,168,366	13,376,003
Less Debt Paid By Others					
2002 Series, \$5,100,000	E911 District's Revenues, Underlying Support of Gen Government (See below)	Tax-Exempt	3.500% to 4.875% Fixed Rate	(4,185,000)	(1,679,269)
Total Debt for Which General Government Is Primarily Liable				<u>43,983,366</u>	<u>11,696,734</u>
General Obligation Debt Supported By Pledge of Payment By Other Agencies or Funds					
2002 Series, \$5,100,000	E911 District's Revenues, Underlying Support of Gen Government	Tax-Exempt	3.500% to 4.875% Fixed Rate	4,185,000	1,679,269
TMBF Loan - 1992	Parking Authority's Revenues, Underlying Support of Gen Government	Tax-Exempt	Variable Rate	634,328	75,279
Total General Obligation Debt Supported By Pledge of Payment By Other Agencies or Funds				<u>4,819,328</u>	<u>1,754,548</u>
Total General Obligation Debt				<u>48,802,694</u>	<u>13,451,282</u>

Source: City of Clarksville's Department of Finance and Revenue.

Schedule E-1
City of Clarksville
Demographic and Economic Statistics
Last Ten Fiscal Years

	<u>Fiscal Year</u>									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Population ⁽¹⁾	97,618	99,049	103,455	105,567	107,723	109,992	112,167	114,458	116,795	119,180
Personal income (in millions) ⁽²⁾	\$ 2,776	\$ 2,970	\$ 3,245	\$ 3,377	\$ 3,567	\$ 3,827	\$ 4,069	\$ 4,334	\$ 4,617	\$ 4,917
Per capita income ⁽³⁾	\$ 22,326	\$ 23,260	\$ 24,233	\$ 25,248	\$ 26,304	\$ 27,405	\$ 28,552	\$ 29,747	\$ 30,992	\$ 32,289
Unemployment rate ⁽⁴⁾	3.80%	3.10%	3.80%	4.50%	5.20%	5.10%	4.80%	4.90%	4.80%	4.10%

Source: Reported and estimated personal income and per capita income City of Clarksville's Department of Finance and Revenue, FY 1993 through 2003 obtained from the Center for Business and Economic Research, University of Tennessee and the Bureau of Economic Analysis, an agency of the U.S. Department of Commerce, estimates for 2004 through 2007 based on an estimated average annual growth rate of 6.5497% and 4.1849% respectively. Estimated population obtained from the Center for Business and Economic Research, University of Tennessee and Tennessee Advisory Commission on Intergovernmental Relations for the years 2000 through 2025 and the City's calculated average annual growth rate of 2.042% to achieve these estimates. Unemployment Rates: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University

Schedule E-2
City of Clarksville
Principal Employers
2005 Through 2007

Rank	Employer	2005		Industry
		Range of Employees	Percent of Labor Force	
1	Department of Defense (Fort Campbell)	3,933	6.10%	Department of Defense
2	Clarksville-Montgomery County School System	2,900	4.50%	Education
3	Trane Commercial Systems	1,400	2.17%	AC, Refrigeration, & Forced Air Heating
4	Convergys Corp	1,400	2.17%	Telemarketing Bureaus
5	Gateway Health System	1,200	1.86%	Health Care
6	City Of Clarksville	1,095	1.70%	Local government
7	Quebecor Printing	1,000	1.55%	Periodical Publishers
8	Montgomery County	850	1.32%	Local government
9	Austin Peay State University	732	1.14%	Education
10	Jostens Printing & Publishing	600	0.93%	Printing
11	Robert Bosch Corp	500	0.78%	New Motor Vehicle Part Merchant Whsle
12	Wal-Mart	379	0.59%	Department Stores, ex. Discount
13	Bridgestone Metalpha	355	0.55%	Automotive
14	Premier Medical Group	350	0.54%	Health Care
15	Hendrickson Trailer Suspension Systems	320	0.50%	Automotive
16	Precision Printing	302	0.47%	Printing
17	Florim USA	287	0.45%	Ceramic & Procelin Tile
18	Zinifex Limited	242	0.38%	Zinc, Sulfuric Acid, and Cadmium
19	Progressive Directions	215	0.33%	Non-Profit Organization
20	Cumberland Electric Membership	215	0.33%	Electric Utility
	Total Civilian Work Force	<u>18,275</u>	<u>28.34%</u>	
	Civilian Labor Force	<u>64,480</u>	<u>100.00%</u>	
	U.S. Military	<u>26,500</u>		

Source: Clarksville-Montgomery County Economic Development Council; Tennessee Department of Labor and Workforce Development; Division of Employment Security R & S and the City of Clarksville's Department of Finance and Revenue.

Schedule E-2
City of Clarksville
Principal Employers
2005 Through 2007

Rank	Employer	<u>2006</u>		Industry
		Approximate No. of Employees	Percent of Labor Force	
1	Department of Defense (Fort Campbell)	4,388	6.46%	Department of Defense
2	Clarksville-Montgomery County School System	2,167	3.19%	Education
3	Convergys Corp	1,400	2.06%	Telemarketing Bureaus
4	Trane Commercial Systems	1,200	1.77%	AC, Refrigeration, & Forced Air Heating
5	Gateway Health System	1,200	1.77%	Health Care
6	City Of Clarksville	1,069	1.57%	Local government
7	Montgomery County	850	1.25%	Local government
8	Quebecor Printing	800	1.18%	Periodical Publishers
9	Austin Peay State University	732	1.08%	Education
10	Jostens Printing & Publishing	550	0.81%	Printing
11	Robert Bosch Corp	550	0.81%	New Motor Vehicle Part Merchant Whsle
12	Bridgestone Metalpha	400	0.59%	Automotive
13	Wal-Mart	379	0.56%	Department Stores, ex. Discount
14	Premier Medical Group	340	0.50%	Health Care
15	Precision Printing	300	0.44%	Printing
16	Florim USA	287	0.42%	Ceramic & Procelin Tile
17	Hendrickson Trailer Suspension Systems	250	0.37%	Automotive
18	Zinifex Limited	250	0.37%	Zinc, Sulfuric Acid, and Cadmium
19	Progressive Directions	215	0.32%	Non-Profit Organization
20	Cumberland Electric Membership	215	0.32%	Electric Utility
	Total Civilian Work Force	<u>17,542</u>	<u>25.83%</u>	
	Civilian Labor Force	<u>67,920</u>	<u>100.00%</u>	
	U.S. Military	<u>30,334</u>		

Source: Clarksville-Montgomery County Economic Development Council; Tennessee Department of Labor and Workforce Development; Division of Employment Security R & S and the City of Clarksville's Department of Finance and Revenue.

Schedule E-2
City of Clarksville
Principal Employers
2005 Through 2007

Rank	Employer	2007		Industry
		Range of Employees	Percent of Labor Force	
1	Department of Defense (Fort Campbell)	4,388	6.43%	Department of Defense
2	Clarksville-Montgomery County School System	3,700	5.42%	Education
3	Trane Commercial Systems	1,700	2.49%	AC, Refrigeration, & Forced Air Heating
4	Convergys Corp	1,400	2.05%	Telemarketing Bureaus
5	Gateway Health System	1,200	1.76%	Health Care
6	Wal-Mart	1,100	1.61%	Department Stores, ex. Discount
7	City Of Clarksville	1,095	1.60%	Local government
8	Quebecor Printing	1,000	1.47%	Periodical Publishers
9	Montgomery County	850	1.25%	Local government
10	Austin Peay State University	732	1.07%	Education
11	Jostens Printing & Publishing	600	0.88%	Printing
12	Robert Bosch Corp	500	0.73%	New Motor Vehicle Part Merchant Whsle
13	Bridgestone Metalpha	400	0.59%	Automotive
14	Premier Medical Group	350	0.51%	Health Care
15	Hendrickson Trailer Suspension Systems	320	0.47%	Automotive
16	Precision Printing	302	0.44%	Printing
17	Florim USA	287	0.42%	Ceramic & Procelin Tile
18	Zinifex Limited	242	0.35%	Zinc, Sulfuric Acid, and Cadmium
19	Progressive Directions	215	0.32%	Non-Profit Organization
20	Cumberland Electric Membership	215	0.32%	Electric Utility
	Total Civilian Work Force	<u>20,596</u>	<u>30.18%</u>	
	Civilian Labor Force	<u>68,240</u>	<u>100.00%</u>	
		<u>30,334</u>		

U.S. Military

NOTE: Principal employers for years prior to 2005 was not available. Military personnel are disclosed because of the significance of the number of personnel assigned to Fort Campbell, KY, a portion of which is within the City of Clarksville.

Source of Information: City of Clarksville's Department of Finance and Revenue; The Clarksville Leaf Chronicle "2006-2007 Fact Book" and Clarksville-Montgomery County Economic Development Council.

Schedule F-1
City of Clarksville
Full-time employees at June 30
Last Ten Fiscal Years

	<u>Fiscal Year</u>									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	81	82	86	91	72	77	75	75	79	67
Public Safety										
Police Department	214	229	233	234	246	245	275	288	292	292
Fire Department	158	174	175	180	183	182	180	182	183	200
Total Public Safety	372	403	408	414	429	427	455	470	475	492
Street Department	86	91	85	83	116	77	78	75	79	82
Recreation	29	36	36	43	25	46	47	44	44	50
Governmental Activities	568	612	615	631	642	627	655	664	677	691
Transit	28	29	36	34	45	36	48	48	49	52
Department of Electricity	0	0	0	0	0	0	0	0	89	90
Gas and Water	196	206	209	227	237	258	262	258	254	246
Other	4	4	4	4	3	0	0	0	0	0
Business-Type Activities	228	239	249	265	285	294	310	306	392	388
Total Employees of Primary Government	796	851	864	896	927	921	965	970	1069	1079

Source: City of Clarksville's Department of Finance and Revenue.

⁽¹⁾ Full-time employees at June 30. This is the actual number of full-time employees on payroll at June 30. This number was used for several reasons: (1) it is readily available, (2) depending upon the department the number of FTE's will vary depending upon the month, for example recreation in June and July will have a large number of part-time employees, whereas the number of full-time employees on payroll remains relative stable, and (3) these are persons for which compensation and employee benefits are actually paid, this is not a budgeted amount.

Schedule F-2
City of Clarksville
Operating Indicators by Function
Last Four Fiscal Years Or As Indicated

	<u>Fiscal Year</u>					
	2002	2003	2004	2005	2006	2007
Governmental activities						
Actual/estimated population ⁽¹⁾	107,723	109,992	112,167	114,458	116,795	119,180
Building permits issued ⁽²⁾	968	955	1,585	1,673	1,362	1,733
Inspections during the period	9,381	10,080	11,538	16,513	14,526	16,017
Number of taxable parcels to be serviced ⁽³⁾	39,879	40,343	41,176	42,078	43,362	44,957
Public Safety						
Fire						
Land area	96	96	96	96	96	98
Calls for service ⁽⁴⁾	5,102	4,866	5,312	5,811	6,443	7,002
Structure fires ⁽⁵⁾	344	100	120	88	75	173
ISO rating ⁽⁶⁾	3	3	3	3	3	3
Police						
Street miles ⁽⁷⁾	638	638	638	638	638	830
TIBRS A & B crimes ⁽⁸⁾	18,609	13,658	13,416	12,408	12,559	17,703
Dispatched calls ⁽⁹⁾	64,075	147,147	143,769	128,147	74,020	155,656
Traffic accidents	4,910	3,564	2,526	6,548	2,684	6,821
Highways and streets						
Percent of streets rated fair or better	97%	93%	87%	84%	82%	80%
Parks and recreation ⁽¹⁰⁾						
Summer program (June-July)	44,904	43,271	44,667	32,381	33,775	35,371
USDS summer lunch program- number served (June-July)	23,770	18,795	21,715	20,930	23,455	25,530
Pool attendance (May-Aug)	75,524	65,975	66,591	66,215	68,712	65,056
Business-type activities						
Electric department						
Total customers	44,939	46,794	49,280	51,549	52,383	55,656
Kilowatt hours sold	1,134,359,653	1,209,471,838	1,207,142,027	1,229,505,650	1,303,604,836	1,359,542,966
Gas department						
Total customers	17,157	17,921	18,611	19,758	20,523	21,343
Cubic feet sold	4,101,326	4,493,795	4,335,374	4,265,189	4,374,062	4,534,150
Water department						
Total customers	41,431	41,812	44,232	46,579	47,167	51,066
Gallons sold	3,599,743	3,567,655	3,496,700	3,687,935	3,837,213	4,522,239
Transit System						
Number of riders	565,110	598,021	631,474	646,905	671,005	662,917

Source: City of Clarksville's Department of Finance and Revenue.

Schedule F-3
City of Clarksville
Capital Asset Statistics by Program
Current Fiscal Years Or As Indicated

	<u>Fiscal Year</u>		
	2005	2006	2007
Governmental activities			
General government			
Number of buildings	119	119	119
Number of vehicles	134	134	149
Public Safety			
Fire			
Fire stations	10	10	10
Fire apparatus and vehicles	43	43	47
Police			
Number of precincts	3	3	3
Number of vehicles	303	303	354
Highways and streets			
Miles of streets	543	543	560
Recreation			
Acres of parks	429.5	429.5	429.5
Number of parks	22	22	22
Number of community centers	3	3	3
Number of pools	7	7	7
Number of soccer fields	12	12	12
Number of lighted softball fields	10	10	10
Number of lighted tennis courts	9	9	9
Business-type activities - Were not available for FY 2005, anticipate having one or more measures in FY 2006			
Electric department			
Number of substations	n/a	5	6
Number of miles of transmission lines	n/a	20	20
Gas department			
Miles of transmission/distribution pipes	n/a	704	758
Water department			
Water pumping stations	n/a	8	10
Water treatment plants	n/a	1	1
Miles of water lines	n/a	841	944
Sewer department			
Miles of sewer lines	n/a	731	781
No. of Sewer Lift Stations	n/a	208	217
Transit system			
Number of buses (fixed route)	n/a	18	18
Number of buses (demand)	n/a	9	10
Parking authority			
Number of parking garages	n/a	2	2

Source: City of Clarksville's Department of Finance and Revenue.

Schedule G1
 Department of Electricity
 Comparative Statistical Data
 FY 1997 and FY 2006

Description	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Number of customers										
Residential	36,362	37,081	37,929	38,973	39,943	40,638	42,877	44,900	45,606	48,629
Commercial	4,279	4,322	4,509	4,685	4,848	4,979	5,243	5,479	5,570	5,779
Industrial	577	614	645	656	650	677	660	660	699	734
Public lighting	425	455	464	480	498	500	500	510	508	547
Total customers	41,643	42,472	43,547	44,794	45,939	46,794	49,280	51,549	52,383	55,689
Security lights	5,063	5,081	5,187	5,296	5,271	5,202	5,151	5,151	5,220	5,215
Number of kilowatt-hours										
Sales	1,000,315,391	1,068,610,782	1,085,286,358	1,153,119,690	1,134,359,653	1,209,471,838	1,207,142,027	1,229,505,650	1,303,604,836	1,359,542,966
Loss	42,448,881	36,568,367	39,722,857	50,643,613	32,375,431	53,925,733	49,007,442	41,496,005	42,836,953	53,362,972
Purchased for own use	1,360,118	2,815,310	1,392,557	1,392,553	1,420,421	1,231,174	1,605,915	1,661,580	1,835,462	1,412,258
Purchased kilowatt hours	1,044,124,390	1,107,994,459	1,126,401,772	1,205,155,856	1,168,155,505	1,264,628,745	1,257,755,384	1,272,663,235	1,348,277,251	1,414,318,196
Percent of loss	4.07%	3.30%	3.53%	4.20%	2.77%	4.26%	3.90%	3.26%	3.18%	3.77%
Residential rates										
Customer charge	\$ 4.67	\$ 4.67	\$ 4.67	\$ 6.50	\$ 6.50	\$ 6.50	\$ 7.27	\$ 7.27	\$ 8.00	\$ 8.00
Energy charge, cents per kilowatt hour (KWH)	5.7415	5.7415	5.7415	5.7515	5.7415	5.7415	6.0360	6.0360	7.0680	6.8770
Commercial Rates - customers not exceeding 50 KW or 15,000 KWH										
Customer charge	\$ 8.20	\$ 8.20	\$ 8.20	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 14.00	\$ 14.00
Energy charge, cents per KWH	6.3530	6.3530	6.3530	6.3530	6.3530	6.3530	6.7640	6.7640	7.9380	7.7070
Commercial rates - customers exceeding 50KW up to 1,000 KW or 15,000 KWH										
Customer charge	\$ 25.00	\$ 25.00	\$ 25.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.90	\$ 75.90
Demand charge										
0- 50 KW, per KW	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51 - 1,000 KW, per KW	\$ 9.25	\$ 9.25	\$ 9.25	\$ 9.25	\$ 9.25	\$ 9.25	\$ 9.97	\$ 9.97	\$ 11.58	\$ 11.15
Energy charge										
0 - 15,000 KW, cents per KWH	6.353	6.353	6.353	6.353	6.353	6.353	6.764	6.764	7.938	7.707
Additional KWH, cents per KWH	3.221	3.221	3.331	3.221	3.221	3.221	3.453	3.453	4.112	4.018
Commercial rates - customers exceeding 1,000 KW Up To 5,000 KW										
Customer charge	\$ 25.00	\$ 25.00	\$ 25.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 151.80	\$ 151.80
Demand charge										
0 - 1,000 KW, per KW	\$ 8.98	\$ 8.98	\$ 8.98	\$ 8.98	\$ 8.98	\$ 8.98	\$ 9.65	\$ 9.65	\$ 11.33	\$ 10.87
1,001 - 5,000 KW, per KW	\$ 9.70	\$ 9.70	\$ 9.70	\$ 9.70	\$ 9.70	\$ 9.70	\$ 10.74	\$ 10.74	\$ 12.74	\$ 12.20
Energy charge, cents per KWH	3.289	3.289	3.289	3.289	3.289	3.289	3.521	3.521	4.180	4.086

Schedule G1
 Department of Electricity
 Comparative Statistical Data
 FY 1997 and FY 2006

Description	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Commercial rates - customers exceeding 5,001 KW Up To 15,000 KW										
Customer charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500.00
Demand charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12.95
Energy charge 0-620 HUD, cents per KWH	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.514
Additional KWH, cents per KWH	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.883
Manufacturing service rates-customers not exceeding 5,000 KWH										
Customer charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
Demand charge, all KWH	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10.01	\$ 10.01	\$ 11.65	\$ 12.95
Energy charge 0-621 HUD, cents per KWH	-	-	-	-	-	-	2.584	2.584	3.055	3.514
Additional KWH, cents per KWH	-	-	-	-	-	-	2.108	2.108	2.492	2.883
Manufacturing service rates-customers not exceeding 5,000 KWH										
Customer charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500.00
Demand charge, all KWH	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11.18
Energy charge 0-620 HUD, cents per KWH	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.005
Additional KWH, cents per KWH	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.466
Manufacturing service rates-customers 5,001 KWH up to 15,000 KWH										
Customer charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
Demand charge, all KWH	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9.51	\$ 9.51	\$ 11.06	\$ 10.61
Energy charge 0-621 HUD, cents per KWH	-	-	-	-	-	-	2.454	2.454	2.901	2.858
Additional KWH, cents per KWH	-	-	-	-	-	-	2.003	2.003	2.368	2.349
Outdoor lighting										
Customer charge	\$ 3.15	\$ 3.15	\$ 3.15	\$ 3.15	\$ 3.15	\$ 3.15	\$ 3.15	\$ 3.15	\$ 3.15	\$ 3.15
Energy charge, cents per KWH	4.378	4.378	4.378	4.378	4.378	4.378	4.615	4.615	5.242	5.147
Security lights										
Energy charge, cents per KWH	4.378	4.378	4.378	4.378	4.378	4.378	4.615	4.615	5.242	5.147

Source: City of Clarksville's Department of Finance and Revenue.

Schedule G-2
Gas Department
Comparative Statistical Data
FY 1998 Through FY 2007

Description	1998		1999		2000		2001		2002	
Residential customers (inside city)										
First 300 cubic feet	\$	2,500	\$	2,500	\$	2,500	\$	3,610	\$	4,500
Next 1,700 cubic feet, per 1,000	\$	5,018	\$	5,018	\$	5,018	\$	7,198		
Next 3,000 cubic feet, per 1,000	\$	4,676	\$	4,676	\$	4,676	\$	6,708		
Next 3,700 cubic feet, per 1,000									\$	5,697
All over 4,000 cubic feet, per 1,000										
Next 5,000 cubic feet, per 1,000	\$	4,505	\$	4,505	\$	4,505	\$	6,462	\$	5,356
All over 10,000 cubic feet, per 1,000	\$	4,448	\$	4,448	\$	4,448	\$	6,381		
Residential customers (outside city)										
First 300 cubic feet										
Next 3,700 cubic feet, per 1,000										
Next 4,000 cubic feet, per 1,000										
Minimum bill	\$	2,500	\$	2,500	\$	2,500	\$	3,610	\$	4,500
Connection charge	\$	25,000	\$	25,000	\$	25,000	\$	25,000	\$	25,000
General commercial and industrial (inside city)	<u>June - October</u>	<u>November - May</u>								
First 500 cubic feet	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 5,390	\$ 5,390		
Next 4,500 cubic feet, per 1,000	\$ 5,934	\$ 6,276	\$ 5,934	\$ 6,276	\$ 6,276	\$ 6,276	\$ 8,511	\$ 9,001		
Next 15,000 cubic feet, per 1,000	\$ 5,022	\$ 5,307	\$ 5,022	\$ 5,307	\$ 5,307	\$ 5,307	\$ 7,203	\$ 7,612		
Next 80,000 cubic feet, per 1,000	\$ 4,680	\$ 4,965	\$ 4,680	\$ 4,965	\$ 4,965	\$ 4,965	\$ 6,712	\$ 7,121		
Next 200,000 cubic feet, per 1,000	\$ 4,566	\$ 4,737	\$ 4,566	\$ 4,737	\$ 4,737	\$ 4,737	\$ 6,549	\$ 6,794		
Over 300,000 cubic feet, per 1,000	\$ 4,452	\$ 4,623	\$ 4,452	\$ 4,623	\$ 4,623	\$ 4,623	\$ 6,385	\$ 6,630		
First 500 cubic feet									\$	6,750
Next 19,500 cubic feet, per 1,000									\$	6,515
Next 180,000 cubic feet, per 1,000									\$	5,691
Over 200,000 cubic feet, per 1,000									\$	5,478
Minimum bill	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 5,390	\$ 5,390	\$	6,750
Connection charge	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$	25,000
General commercial and industrial (outside city)	<u>June - October</u>	<u>November - May</u>								
First 500 cubic feet	\$ 4,120	\$ 4,120	\$ 4,120	\$ 4,120	\$ 4,120	\$ 4,120	\$ 5,910	\$ 5,910		
Next 4,500 cubic feet, per 1,000	\$ 6,667	\$ 7,009	\$ 6,667	\$ 7,009	\$ 7,009	\$ 7,009	\$ 9,563	\$ 10,054		
Next 15,000 cubic feet, per 1,000	\$ 5,755	\$ 6,043	\$ 5,755	\$ 6,043	\$ 6,043	\$ 6,043	\$ 8,255	\$ 8,696		
Next 80,000 cubic feet, per 1,000	\$ 5,412	\$ 5,698	\$ 5,412	\$ 5,698	\$ 5,698	\$ 5,698	\$ 7,763	\$ 8,174		
Next 200,000 cubic feet, per 1,000	\$ 5,299	\$ 5,470	\$ 5,299	\$ 5,470	\$ 5,470	\$ 5,470	\$ 7,601	\$ 7,847		
Over 300,000 cubic feet, per 1,000	\$ 5,185	\$ 5,356	\$ 5,185	\$ 5,356	\$ 5,356	\$ 5,356	\$ 7,438	\$ 7,683		
First 500 cubic feet										
Next 19,500 cubic feet, per 1,000									\$	7,321
Next 180,000 cubic feet, per 1,000									\$	6,395
Over 200,000 cubic feet, per 1,000									\$	6,156
Minimum bill	\$ 4,120	\$ 4,120	\$ 4,120	\$ 4,120	\$ 4,120	\$ 4,120	\$ 5,910	\$ 5,910	\$	7,400
Connection charge	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$	25,000

Schedule G-2
Gas Department
Comparative Statistical Data
FY 1998 Through FY 2007

Description	1998		1999		2000		2001		2002	
	June - October	November - May								
Large commercial and industrial (inside city)										
First 10,400 cubic feet, per 1,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 64,550	\$ 64,550		
Next 29,600 cubic feet, per 1,000	\$ 4,767	\$ 4,767	\$ 4,767	\$ 4,767	\$ 4,767	\$ 4,767	\$ 6,837	\$ 6,837		
Next 60,000 cubic feet, per 1,000	\$ 4,140	\$ 4,140	\$ 4,137	\$ 4,137	\$ 4,140	\$ 4,140	\$ 5,938	\$ 5,938		
Next 100,000 cubic feet, per 1,000	\$ 4,026	\$ 4,026	\$ 4,026	\$ 4,026	\$ 4,026	\$ 4,026	\$ 5,774	\$ 5,774		
All over 200,000 cubic feet, per 1,000	\$ 3,969	\$ 3,969	\$ 3,969	\$ 3,969	\$ 3,969	\$ 3,969	\$ 5,692	\$ 5,692		
First 10,400 cubic feet, per 1,000									\$ 75,000	\$ 75,000
Next 49,600 cubic feet, per 1,000									\$ 5,158	\$ 5,158
Next 60,000 cubic feet, per 1,000									\$ 4,906	\$ 4,906
Minimum bill	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 64,550	\$ 64,550	\$ 75,000	\$ 75,000
Connection charge										
Large commercial and Industrial (outside city)										
First 8,800 cubic feet, per 1,000	\$ 49,500	\$ 49,500	\$ 49,500	\$ 49,500	\$ 49,500	\$ 49,500	\$ 70,800	\$ 70,800		
Next 31,200 cubic feet, per 1,000	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 7,890	\$ 7,890		
Next 60,000 cubic feet, per 1,000	\$ 4,873	\$ 4,873	\$ 4,873	\$ 4,873	\$ 4,873	\$ 4,873	\$ 6,986	\$ 6,986		
Next 100,000 cubic feet, per 1,000	\$ 4,759	\$ 4,759	\$ 4,759	\$ 4,759	\$ 4,759	\$ 4,759	\$ 6,827	\$ 6,827		
All over 200,000 cubic feet, per 1,000	\$ 4,702	\$ 4,702	\$ 4,702	\$ 4,702	\$ 4,702	\$ 4,702	\$ 6,745	\$ 6,745		
First 10,400 cubic feet, per 1,000									\$ 83,500	\$ 83,500
Next 49,600 cubic feet, per 1,000									\$ 5,751	\$ 5,751
Next 60,000 cubic feet, per 1,000									\$ 5,471	\$ 5,471
Minimum bill	\$ 49,500	\$ 49,500	\$ 49,500	\$ 49,500	\$ 49,500	\$ 49,500	\$ 70,800	\$ 70,800	\$ 83,500	\$ 83,500
Consumers:(interruptible consumers)										
Annual contract - all gas consumed at monthly rate										
Minimum bill										
Number of customers										
Residential		11,595		12,442		43,352		14,194		14,639
Commercial		2,274		2,277		2,374		2,485		2,518
Total customers		13,869		14,719		45,726		16,679		17,157
Volume of gas purchased and sold										
Cubic feet purchased (in thousands)		4,643,061		4,185,883		3,978,758		4,617,133		4,196,143
Cubic feet sold (in thousands)		4,630,944		4,167,483		3,714,220		4,530,615		4,101,326
Cubic feet gained (in thousands)		(12,117)		(18,400)		(264,538)		(86,518)		(94,817)
Percentage gained (lost)		-0.261%		-0.440%		-6.649%		-1.874%		-2.260%

Source: City of Clarksville's Department of Finance and Revenue.

Schedule G-2
Gas Department
Comparative Statistical Data
FY 1998 Through FY 2007

Description	2003		2004		2005		2006		2007	
							July-May	June		
Residential customers (inside city)										
First 300 cubic feet	\$	7.020	\$	6.140	\$	7.520			\$	8.140
Next 1,700 cubic feet, per 1,000										
Next 3,000 cubic feet, per 1,000										
Next 3,700 cubic feet, per 1,000	\$	8.888	\$	7.777	\$	9.527			\$	11.607
All over 4,000 cubic feet, per 1,000	\$	8.356	\$	7.312	\$	8.957			\$	11.037
Next 5,000 cubic feet, per 1,000										
All over 10,000 cubic feet, per 1,000										
First 300 cubic feet							\$	7.520	\$	6.620
Next 3,700 cubic feet, per 1,000							\$	9.526	\$	5.542
Next 4,000 cubic feet, per 1,000							\$	8.957	\$	5.972
Minimum bill	\$	7.020	\$	6.140	\$	7.520	\$	7.520	\$	6.620
Connection charge	\$	25.000	\$	25.000	\$	25.000	\$	25.000	\$	25.000
Residential customers (outside city)							July-May	June		
First 300 cubic feet			\$	6.550	\$	8.020			\$	8.640
Next 1,700 cubic feet, per 1,000										
Next 3,000 cubic feet, per 1,000										
Next 3,700 cubic feet, per 1,000			\$	8.914	\$	10.919			\$	12.999
All over 4,000 cubic feet, per 1,000			\$	8.380	\$	10.266			\$	12.346
Next 5,000 cubic feet, per 1,000										
All over 10,000 cubic feet, per 1,000										
First 300 cubic feet	\$	7.490					\$	8.020	\$	7.120
Next 3,700 cubic feet, per 1,000	\$	10.187					\$	10.919	\$	7.935
Next 4,000 cubic feet, per 1,000	\$	9.578					\$	10.266	\$	7.281
Minimum bill	\$	7.490	\$	6.660	\$	8.020	\$	8.020	\$	7.120
Connection charge	\$	25.000	\$	25.000	\$	25.000	\$	25.000	\$	25.000
General commercial and industrial (inside city)	<u>June - October</u>	<u>November - May</u>								
First 500 cubic feet										
Next 4,500 cubic feet, per 1,000										
Next 15,000 cubic feet, per 1,000										
Next 80,000 cubic feet, per 1,000										
Next 200,000 cubic feet, per 1,000										
Over 300,000 cubic feet, per 1,000										
First 500 cubic feet	\$	11.540	\$	11.540	\$	9.210	\$	9.210	\$	11.280
Next 19,500 cubic feet, per 1,000	\$	11.421	\$	11.421	\$	8.893	\$	8.893	\$	9.338
Next 180,000 cubic feet, per 1,000	\$	9.976	\$	9.976	\$	7.777	\$	7.777	\$	8.157
Over 200,000 cubic feet, per 1,000	\$	9.603	\$	9.603	\$	7.478	\$	7.478	\$	7.851
Minimum bill	\$	11.540	\$	9.210	\$	11.280	\$	11.280	\$	11.250
Connection charge	\$	25.000	\$	25.000	\$	25.000	\$	25.000	\$	25.000
General commercial and industrial (outside city)	<u>June - October</u>	<u>November - May</u>								
First 500 cubic feet										
Next 4,500 cubic feet, per 1,000										
Next 15,000 cubic feet, per 1,000										
Next 80,000 cubic feet, per 1,000										
Next 200,000 cubic feet, per 1,000										
Over 300,000 cubic feet, per 1,000										
First 500 cubic feet	\$	11.540	\$	11.540	\$	10.100	\$	10.100	\$	12.370
Next 19,500 cubic feet, per 1,000	\$	11.992	\$	11.992	\$	9.993	\$	9.993	\$	10.493
Next 180,000 cubic feet, per 1,000	\$	10.475	\$	10.475	\$	8.729	\$	8.729	\$	9.165
Over 200,000 cubic feet, per 1,000	\$	10.083	\$	10.083	\$	8.403	\$	8.403	\$	8.823
Minimum bill	\$	11.540	\$	10.100	\$	12.370	\$	12.370	\$	12.370
Connection charge	\$	25.000	\$	25.000	\$	25.000	\$	25.000	\$	25.000

Schedule G-2
 Gas Department
 Comparative Statistical Data
 FY 1998 Through FY 2007

Description	2003		2004		2005		2006		2007
	June - October	November - May							
Large commercial and industrial (inside city)									
First 10,400 cubic feet, per 1,000									
Next 29,600 cubic feet, per 1,000									
Next 60,000 cubic feet, per 1,000									
Next 100,000 cubic feet, per 1,000									
All over 200,000 cubic feet, per 1,000									
First 10,400 cubic feet, per 1,000	\$ 117,000	\$ 117,000	\$ 102,380	\$ 102,380	\$ 125,420	\$ 125,420	\$ 125,420	\$ 147,050	
Next 49,600 cubic feet, per 1,000	\$ 8,046	\$ 8,046	\$ 7,040	\$ 7,040	\$ 8,625	\$ 8,625	\$ 8,625	\$ 10,705	
Next 60,000 cubic feet, per 1,000	\$ 7,654	\$ 7,654	\$ 6,697	\$ 6,697	\$ 8,204	\$ 8,204	\$ 8,204	\$ 10,284	
Minimum bill	\$ 117,000	\$ 117,000	\$ 10,100	\$ 10,100	\$ 125,420	\$ 125,420	\$ 125,420	\$ 147,050	
Connection charge			\$ 25,000	\$ 25,000					
	June - October	November - May							
Large commercial and industrial (outside city)									
First 8,800 cubic feet, per 1,000									
Next 31,200 cubic feet, per 1,000									
Next 60,000 cubic feet, per 1,000									
Next 100,000 cubic feet, per 1,000									
All over 200,000 cubic feet, per 1,000									
First 10,400 cubic feet, per 1,000	\$ 130,260	\$ 130,260	\$ 113,980	\$ 113,980	\$ 139,630	\$ 139,630	\$ 139,630	\$ 161,260	
Next 49,600 cubic feet, per 1,000	\$ 8,973	\$ 8,973	\$ 7,850	\$ 7,850	\$ 9,616	\$ 9,616	\$ 9,616	\$ 11,696	
Next 60,000 cubic feet, per 1,000	\$ 8,534	\$ 8,534	\$ 7,467	\$ 7,467	\$ 9,148	\$ 9,148	\$ 9,148	\$ 11,228	
Minimum bill	\$ 130,260	\$ 130,260	\$ 113,980	\$ 113,980	\$ 139,630	\$ 139,630	\$ 139,630	\$ 161,260	
Consumers:(interruptible consumers)									
Annual contract - all gas consumed at monthly rate									
Minimum bill									
Number of customers									
Residential		15,290		15,963		17,066		17,744	18,643
Commercial		2,631		2,648		2,692		2,779	2,823
Total customers		17,921		18,611		19,758		20,523	21,466
Volume of gas purchased and sold									
Cubic feet purchased (in thousands)		4,489,653		4,263,089		4,200,474		4,409,387	4,677,260
Cubic feet sold (in thousands)		4,493,795		4,335,374		4,265,189		4,360,754	4,536,251
Cubic feet gained (in thousands)		4,142		72,285		64,715		(48,633)	(141,009)
Percentage gained (lost)		0.092%		1.696%		1.541%		-1.103%	-3.015%

Source: City of Clarksville's Department of

Schedule G-3
Sewer Department
Comparative Statistical Data
FY 1998 Through FY 2007

Description	1998		1999		2000		2001		2002	
Customers	29,386		30,564		31,783		32,328		27,961	
	<u>Inside City</u>	<u>Outside City</u>								
Consumption in gallons per month										
First 2000	\$ 2.790	\$ 7.920	\$ 2.790	\$ 7.920	\$ 2.790	\$ 7.920	\$ 2.790	\$ 7.920	\$ 2.430	\$ 6.890
Next 8000	\$ 2.320	\$ 4.650	\$ 2.320	\$ 4.650	\$ 2.790	\$ 5.580	\$ 2.790	\$ 5.580	\$ 2.020	\$ 4.040
Next 40,000	\$ 2.320	\$ 4.650	\$ 2.320	\$ 4.650	\$ 2.790	\$ 5.580	\$ 2.790	\$ 5.580	\$ 1.800	\$ 3.600
All over 50,000	\$ 2.320	\$ 4.650	\$ 2.320	\$ 4.950	\$ 2.790	\$ 5.580	\$ 2.790	\$ 5.580	\$ 1.450	\$ 2.900
City industrial sewer rates (minimum consumption of 300,000 gallons per month)										
Minimum bill per month	\$ 761.810		\$ 761.810		\$ 761.810		\$ 761.810		\$ 705.890	
Usage (per 1,000 gallons)	\$ 2.539		\$ 2.539		\$ 2.817		\$ 2.817		\$ 2.353	
Outside city industrial water rates (minimum consumption of 300,000 gallons per month)										
Minimum bill per month		\$ 1,523.610		\$ 1,523.610		\$ 1,523.610		\$ 1,523.610		\$ 1,411.780
Consumption in gallons per month										
First 300,000		\$ 5.079		\$ 5.079		\$ 5.634		\$ 5.634		\$ 4.706
Next 700,000		\$ 4.571		\$ 4.571		\$ 5.071		\$ 5.071		\$ 4.235
Next 2,000,000		\$ 3.428		\$ 3.428		\$ 3.803		\$ 3.803		\$ 3.412
All over 3,000,000		\$ 2.793		\$ 2.793		\$ 3.099		\$ 3.099		\$ 2.588

Source: City of Clarksville's Department of Finance and Revenue.

Schedule G-3
Sewer Department
Comparative Statistical Data
FY 1998 Through FY 2007

Description	2003		2004		2005		2006		2007	
	Inside City	Outside City								
Customers	34,423		36,412		38,709		39,286		42,722	
Consumption in gallons per month										
First 2000	\$ 3.270	\$ 7.920	\$ 3.540	\$ 7.920	\$ 3.540	\$ 7.920	\$ 3.540	\$ 7.920	\$ 3.540	\$ 7.920
Next 8000	\$ 3.270	\$ 6.540	\$ 3.540	\$ 7.920	\$ 3.540	\$ 7.080	\$ 3.540	\$ 7.920	\$ 3.540	\$ 7.080
Next 40,000	\$ 3.270	\$ 6.540	\$ 3.540	\$ 7.920	\$ 3.540	\$ 7.080	\$ 3.540	\$ 7.920	\$ 3.540	\$ 7.080
All over 50,000	\$ 3.270	\$ 6.540	\$ 3.540	\$ 7.920	\$ 3.540	\$ 7.080	\$ 3.540	\$ 7.920	\$ 3.540	\$ 7.080
City industrial sewer rates (minimum consumption of 300,000 gallons per month)										
Minimum bill per month	\$ 1,236.810		\$ 1,390.400		\$ 1,390.400		\$ 1,585.860		\$ 1,655.860	
Usage (per 1,000 gallons)	\$ 4.123		\$ 4.630		\$ 4.630		\$ 5.286		\$ 5.520	
Outside city industrial water rates (minimum consumption of 300,000 gallons per month)										
Minimum bill per month		\$ 2,473.630		\$ 2,777.790		\$ 2,777.790		\$ 2,061.620		\$ 2,152.610
Consumption in gallons per month										
First 300,000		\$ 8.245		\$ 9.259		\$ 9.259		\$ 6.872		\$ 7.175
Next 700,000		\$ 7.421		\$ 8.333		\$ 8.333		\$ 6.343		\$ 6.623
Next 2,000,000		\$ 5.566		\$ 6.250		\$ 6.250		\$ 5.815		\$ 6.071
All over 3,000,000		\$ 4.535		\$ 5.093		\$ 5.093		\$ 5.286		\$ 5.520

Source: City of Clarksville's Department of Finan

Schedule G-4
Water Department
Comparative Statistical Data
FY 1998 Through FY 2007

Description	1998		1999		2000		2001		2002	
Volume of water pumped and sold										
Total gallons pumped into system (in thousands)	4,546,501		4,690,589		4,772,695		4,626,257		4,453,815	
Total gallons sold (in thousands)	3,606,075		3,747,440		3,786,867		3,820,118		3,599,743	
Total gain (loss)	(940,426)		(943,149)		(985,828)		(806,139)		(854,072)	
Percent gain (loss)	-20.685%		-20.107%		-20.656%		-17.425%		-19.176%	
Customers										
Metered	36,688		37,946		39,239		39,731		41,429	
Other utilities	2		2		2		2		2	
Total	36,690		37,948		39,241		39,733		41,431	
	<u>Inside City</u>	<u>Outside City</u>								
Residential, commercial and small industrial (minimum charges per month)										
Size of Meter										
5/8" to 3/4" meter	\$ 5.580	\$ 15.840	\$ 5.580	\$ 15.840	\$ 5.580	\$ 15.840	\$ 5.580	\$ 15.840	\$ 6.040	\$ 15.840
1" meter	\$ 9.020	\$ 18.440	\$ 9.020	\$ 18.440	\$ 9.020	\$ 18.440	\$ 9.020	\$ 18.440	\$ 9.660	\$ 23.090
1 1/2" meter	\$ 18.160	\$ 36.320	\$ 18.160	\$ 36.320	\$ 18.160	\$ 36.320	\$ 18.160	\$ 36.320	\$ 19.630	\$ 43.020
2" meter	\$ 36.330	\$ 72.660	\$ 36.330	\$ 72.660	\$ 36.330	\$ 72.660	\$ 36.330	\$ 72.660	\$ 39.260	\$ 82.280
3" meter	\$ 90.830	\$ 181.660	\$ 90.830	\$ 181.660	\$ 90.830	\$ 181.660	\$ 90.830	\$ 181.660	\$ 98.150	\$ 200.060
4" meter	\$ 145.330	\$ 290.660	\$ 145.330	\$ 290.660	\$ 145.330	\$ 290.660	\$ 145.330	\$ 290.660	\$ 157.040	\$ 317.840
6" meter	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 294.750	\$ 593.260
Consumption in gallons per month										
First 2000	\$ 2.790	\$ 7.920	\$ 2.790	\$ 7.920	\$ 2.790	\$ 7.920	\$ 2.790	\$ 7.920	\$ 3.020	\$ 7.930
Next 8000	n/a	n/a								
Next 40,000	n/a	n/a								
All over 50,000	n/a	n/a								
All over 2,000 gallons	\$ 2.320	\$ 7.920	\$ 2.320	\$ 4.650	\$ 2.320	\$ 5.580	\$ 2.790	\$ 5.580	\$ 3.020	\$ 6.040

Schedule G-4
Water Department
Comparative Statistical Data
FY 1998 Through FY 2007

Description	1998	1999	2000	2001	2002
City industrial water rates (minimum consumption of 300,000 gallons per month)					
Minimum bill per month	\$ 827.650	\$ 413.820	\$ 413.820	\$ 413.820	\$ 552.830
Consumption (per 1,000 gallons)	\$ 1.288	\$ 1.379	\$ 1.603	\$ 1.600	\$ 1.843
Outside city industrial water rates (minimum consumption of 300,000 gallons per month)					
Minimum bill per month	\$ 773.080	\$ 827.650	\$ 827.650	\$ 827.650	\$ 1,105.650
Consumption in gallons per month					
First 300,000	\$ 2.759	\$ 2.759	\$ 3.001	\$ 3.201	\$ 3.686
Next 700,000	\$ 2.483	\$ 2.483	\$ 2.881	\$ 2.881	\$ 3.317
Next 2,000,000	\$ 1.862	\$ 1.862	\$ 2.160	\$ 2.160	\$ 2.488
All over 3,000,000	\$ 1.517	\$ 1.517	\$ 1.760	\$ 1.760	\$ 2.027

Source: City of Clarksville's Department of Finance and Revenue.

Schedule G-4
Water Department
Comparative Statistical Data
FY 1998 Through FY 2007

Description	2003		2004		2005		2006		2007	
Volume of water pumped and sold										
Total gallons pumped into system (in thousands)		4,325,425		4,434,106		4,588,319		4,869,098		5,099,538
Total gallons sold (in thousands)		<u>3,567,655</u>		<u>3,496,700</u>		<u>3,687,935</u>		<u>3,837,215</u>		<u>4,031,774</u>
Total gain (loss)		<u>(757,770)</u>		<u>(937,406)</u>		<u>(900,384)</u>		<u>(1,031,883)</u>		<u>(1,067,764)</u>
Percent gain (loss)		<u>-17.519%</u>		<u>-21.141%</u>		<u>-19.623%</u>		<u>-21.192%</u>		<u>-20.938%</u>
Customers										
Metered		41,810		44,230		46,577		47,165		50,826
Other utilities		<u>2</u>								
Total		<u>41,812</u>		<u>44,232</u>		<u>46,579</u>		<u>47,167</u>		<u>50,828</u>
	<u>Inside City</u>	<u>Outside City</u>								
Residential, commercial and small industrial (minimum charges per month)										
Size of Meter										
5/8" to 3/4" meter	\$ 7.080	\$ 15.840	\$ 7.080	\$ 15.840	\$ 7.080	\$ 15.840	\$ 7.080	\$ 15.840	\$ 7.080	\$ 15.840
1" meter	\$ 11.330	\$ 24.340	\$ 11.330	\$ 24.340	\$ 11.330	\$ 24.340	\$ 11.330	\$ 24.340	\$ 11.330	\$ 24.340
1 1/2" meter	\$ 23.010	\$ 47.700	\$ 23.010	\$ 47.700	\$ 23.010	\$ 47.700	\$ 23.010	\$ 47.700	\$ 23.010	\$ 47.700
2" meter	\$ 46.020	\$ 93.730	\$ 46.020	\$ 93.720	\$ 46.020	\$ 93.720	\$ 46.020	\$ 93.720	\$ 46.020	\$ 93.720
3" meter	\$ 115.050	\$ 231.780	\$ 115.050	\$ 231.780	\$ 115.050	\$ 231.780	\$ 115.050	\$ 231.780	\$ 115.050	\$ 231.780
4" meter	\$ 184.080	\$ 369.840	\$ 184.080	\$ 369.840	\$ 184.080	\$ 369.840	\$ 184.080	\$ 369.840	\$ 184.080	\$ 369.840
6" meter	\$ 345.500	\$ 692.690	\$ 345.500	\$ 692.690	\$ 345.500	\$ 692.690	\$ 345.500	\$ 692.690	\$ 345.500	\$ 692.690
Consumption in gallons per month										
First 2000	\$ 3.270	\$ 7.920	\$ 3.540	\$ 7.920	\$ 3.540	\$ 7.920	\$ 3.540	\$ 7.920	\$ 3.540	\$ 7.020
Next 8000	n/a	n/a								
Next 40,000	n/a	n/a								
All over 50,000	n/a	n/a								
All over 2,000 gallons	\$ 3.270	\$ 6.540	\$ 3.540	\$ 7.080	\$ 3.540	\$ 7.080	\$ 3.540	\$ 7.080	\$ 3.540	\$ 7.080

Schedule G-4
Water Department
Comparative Statistical Data
FY 1998 Through FY 2007

Description	2003	2004	2005	2006	2007
City industrial water rates (minimum consumption of 300,000 gallons per month)					
Minimum bill per month	\$ 620.120	\$ 683.390	\$ 751.570	\$ 679.240	\$ 751.570
Consumption (per 1,000 gallons)	\$ 2.067	\$ 2.278	\$ 2.505	\$ 2.264	\$ 2.505
Outside city industrial water rates (minimum consumption of 300,000 gallons per month)					
Minimum bill per month	\$ 620.120	\$ 1,366.790	\$ 977.040	\$ 883.010	\$ 977.040
Consumption in gallons per month					
First 300,000	\$ 4.134	\$ 4.556	\$ 3.257	\$ 2.943	\$ 3.257
Next 700,000	\$ 3.721	\$ 4.100	\$ 3.006	\$ 2.717	\$ 3.006
Next 2,000,000	\$ 2.791	\$ 3.075	\$ 2.756	\$ 2.491	\$ 2.756
All over 3,000,000	\$ 2.274	\$ 2.506	\$ 2.505	\$ 2.264	\$ 2.505

Source: City of Clarksville's Department of Finance

Schedule G-5
 Property Taxes Turned Over for Collection
 For Tax Years 1997-2006

Tax Year	Turned Over for Collection - Amount	Balance at 30-Jun-07
1997	\$ 105,012	\$ 1,010
1998	132,362	3,629
1999	341,556	14,252
2000	444,270	47,504
2001	521,788	83,809
2002	438,732	77,310
2003	289,781	66,834
2004	435,205	127,886
2005	495,169	310,594
2006	66,744	779,131
Totals	\$ 3,270,620	\$ 1,511,959

Source: City of Clarksville's Department of Finance and Revenue.

Delinquent property taxes for real property for the tax year 2006 will be turned over to the tax attorney on or about April 1, 2007.