



**CITY OF CLARKSVILLE, TENNESSEE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
AND REPORTS OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS  
YEAR ENDED JUNE 30, 2009**

**CITY OF CLARKSVILLE, TENNESSEE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 JUNE 30, 2009**

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**STATISTICAL SECTION**



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
LETTER OF TRANSMITTAL

February 28, 2010

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

As a general purpose local government, the City of Clarksville, Tennessee hereby submits the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009 as required by state law. This report is published to provide the Mayor, City Council, city staff, citizens, bondholders, and other interested parties with detailed information concerning the financial activities and fiscal condition of the City government. Although the financial statements have been audited by a licensed, certified public accountant as required by Generally Accepted Auditing Standards (GAAS), responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Clarksville.

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

The City of Clarksville's financial statements have been audited by Thurman Campbell Group, PLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Clarksville for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Clarksville's financial statement for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

**Profile of the Government**

The City of Clarksville is the fifth largest city (103,455 population based on 2000 census) in the State of Tennessee, and currently has a 2009 estimated population of 123,564, which represents an 18.8% growth in population since 2000. Originally founded in 1784, the City is organized under Chapter 292 of the 1957 Private Acts of the General Assembly of the State of Tennessee and operates under a Mayor-Council form of government. The terms of office of the Mayor and City Council are for four years, not to exceed three consecutive terms of office. The City Council consists of twelve members, whose four year terms are staggered with one half of the Council being elected every two years. The Mayor and the City Council enact local laws, establish policies, and adopt an annual budget. The

Mayor is the administrative head of the government and is responsible for the day-to-day administration operations of the city government. Clarksville has been nationally recognized for its diverse economic base and enjoys substantial stability in part because of adjoining Fort Campbell, which as the home to over 30,000 soldiers, is the largest employer in both Kentucky and Tennessee. The fact that Clarksville is a TVA-Certified Megasite and the recent decision of Hemlock Semiconductor to locate a facility in Clarksville which will be the largest industrial development in Tennessee to date, points to continued growth in all areas of residential, commercial and industrial development.

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

The annual budget serves as the foundation for the City's financial planning and control. 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-salary/non-capital expenditures within that same department. Any revisions increasing the total expenditures of a department must be approved by the City Council. Budgetary control is established at the fund level and the annual budget may be amended by ordinance at anytime during the fiscal year.

### **Cash Management**

The City does not currently have an official investment policy, but believes the provisions of the Tennessee Code Annotated 6-56-106, "Authorized Investments", provides sufficient guidance in the investment of the City's funds. Temporarily idle cash during the year was invested in sweep accounts with the City's depository bank or in the State of Tennessee Local Government Investment Pool (LGIP).

### **Risk Management**

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

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

The City started the first phase of the "Marina Project" which will be a major investment in both the prosperity of the community and a significant tourism draw for the City's River District on the Cumberland River. This is the first of three phases, includes the renovation of Fairgrounds Park and is a public/private partnership.

Because of the long-range planning of City and numerous community leaders, the city used its status as a TVA-Certified Megasite to attract the largest industrial development in the history of the State of Tennessee to the County Industrial Development Park. Hemlock Semiconductor is currently underway in the construction of their new \$1.2billion facility which will create 800 permanent jobs and thousands of other jobs during the construction phase and as suppliers to the new facility.

Clarksville Greenways, which was originally dubbed "Rails-to-Trails" in 1999 was started during the year and opened shortly after the end of the fiscal year and provides an additional 3.6 miles of hiking, biking and walking trails in a serene setting from what was an abandoned railroad line.

Strawberry Alley, formally known as Legion Street, was completion of a major downtown renovation adjacent to City Hall and has added an attractive venue to our downtown area, enhancing both the beauty and access for local residents and tourists to better enjoy Clarksville's historic and attractive downtown.

Trailway construction was begun at Fort Defiance and renovation and restoration there will include parking, trails and exhibits. The project is being completed in a large part by grants and is another triumph in preserving the history of our area and providing additional tourism opportunities to compliment the many opportunities available in Clarksville, from Fort Campbell, and the Cumberland River to our historic downtown.

### **Major Challenges**

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

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

Sincerely,

*Ben Griffin*

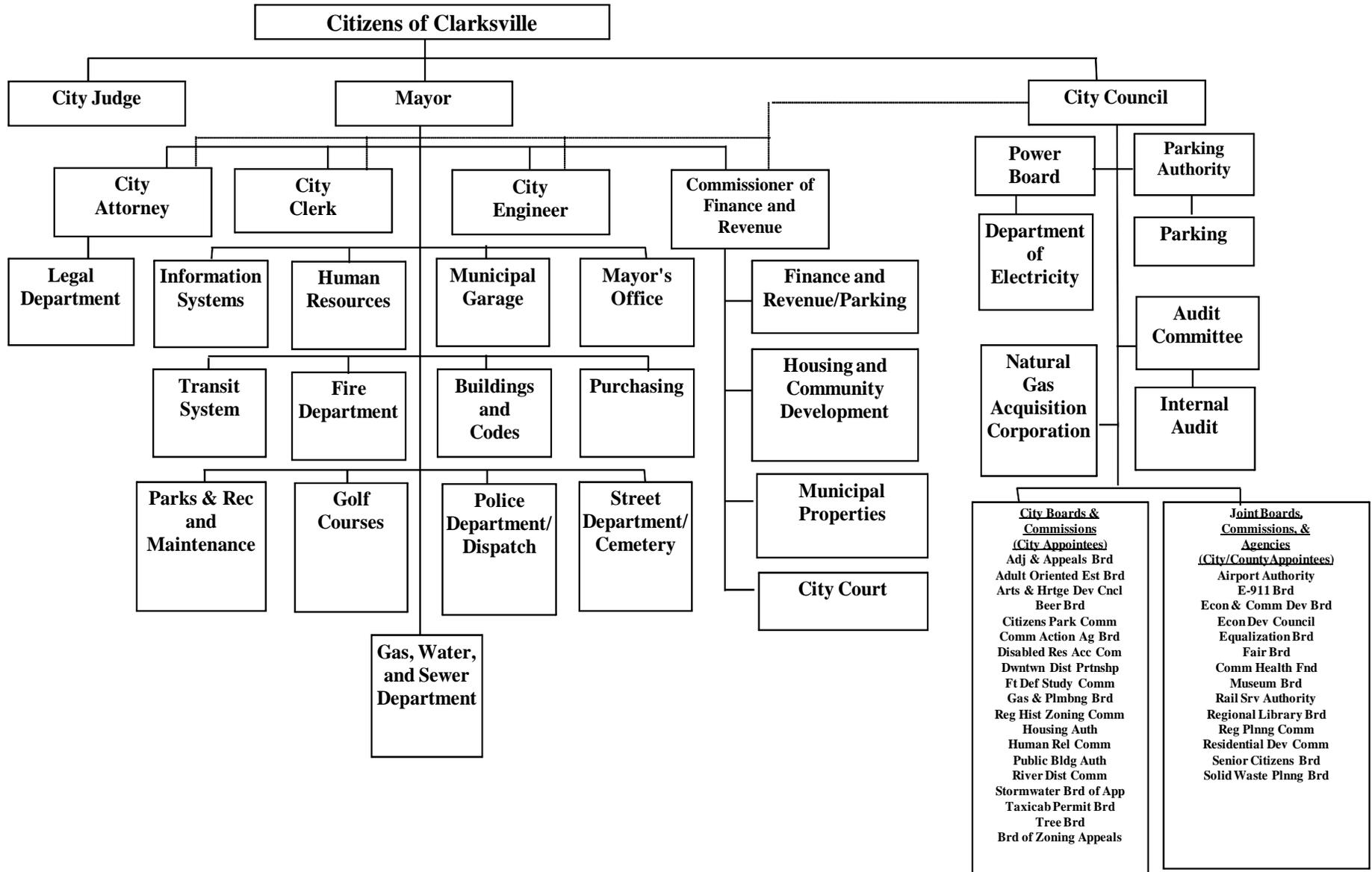
Ben Griffin, CPA  
Finance Director  
City of Clarksville, Tennessee

**CITY OF CLARKSVILLE  
SCHEDULE OF OFFICIALS  
JUNE 30, 2009**

Mayor, Honorable John E. Piper	Term expires: December 31, 2010
City Attorney, Lance Baker	Appointed by the City Council
City Clerk, Sylvia Skinner	Appointed by the City Council
Commissioner of Finance and Revenue, Ben Griffin	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, 2012
4	Wallace Redd	December 31, 2012
5	Candy Johnson	December 31, 2012
6	Marc Harris	December 31, 2010
7	Geno Grubbs	December 31, 2010
8	David Allen	December 31, 2012
9	Joel Wallace	December 31, 2012
10	Bill Summers	December 31, 2010
11	William Forrester	December 31, 2010
12	Jeff Burkhart	December 31, 2012

**ORGANIZATIONAL CHART**





**THURMAN CAMPBELL GROUP, PLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL SERVICE CORPORATION

Members

American Institute of  
Certified Public Accountants

Tennessee Society of  
Certified Public Accountants

Kentucky Society of  
Certified Public Accountants

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 units, each major fund, and the aggregate remaining fund information of the City of Clarksville, Tennessee (the "City") as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Clarksville-Montgomery County Museum, which comprises the City's discretely presented component unit. These financial statements were audited by the other auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Clarksville-Montgomery County Museum, is based on the report of the other auditor.

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

In our opinion, based on our audit and the report of other auditor, 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 units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, 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 February 28, 2010, 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 and budgetary comparison information 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 auditor 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, 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 awards and state awards 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 the State of Tennessee, Department of Audit, *Audit Manual*, and are also not a required part of the basic financial statements of the City. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state awards have been subjected to the auditing procedures applied by us and the other auditor in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditor, 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 in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Thurman Campbell Group, PLC*

February 28, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Clarksville, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Readers are encouraged to consider the information presented here in conjunction with our letter of transmittal and the City's financial statements and notes to the financial statements.

### **FINANCIAL HIGHLIGHTS**

- **Net Assets** - The net assets of the City increased from \$584.8 million in 2008 to \$599.3 million in 2009 with the most significant changes occurring in the city's proprietary funds.
  - The net assets of the electric department decreased from \$67.2 million in 2008 to \$65.6 million in 2009 due to the continuing startup costs of the department's new Telecommunication division. However, the Telecommunication division is scheduled to reach breakeven in 2012 and is expected to produce positive business results from that point forward.
  - The net assets of the Gas, Water & Sewer department increased from \$182.6 million in 2008 to \$198.2 million in 2009.
- **Fund Balance** – The total fund balance of the governmental funds increased from \$22.9 million in 2008 to \$31.2 million in 2009 as a result of an increase in Capital Projects and the ongoing Marina Project.
- **Capital Assets** – The City had \$850.8 million (net of depreciation) invested in a broad range of capital assets at the end of 2009. These capital assets include police and fire equipment, buildings, park facilities, roads, bridges, utility plant, and water and sewer lines. This compared to \$809.5 million at the end of 2008.
- **Debt** – The City's total debt was \$525.6 million at the end of 2009.
- **Component Units** – The City has one *blended component unit*, the Natural Gas Acquisition Corporation and one *discretely presented component unit*, the Clarksville Montgomery County Museum. The City also has related organizations, such as The Public Building Authority, the Industrial Development Board of Montgomery County and joint ventures such as the Montgomery County Public Library, the Clarksville Montgomery County Regional Airport Authority and the Clarksville Montgomery County Regional Planning Commission which, under generally accepted accounting principles, do not meet the requirements to be reported as component units.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over periods of time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Clarksville include general government, public safety, highways and streets, economic development, and cultural and recreation. The *government-wide financial statements* can be found on pages 19 through 22 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintained twenty-three (23) individual governmental funds during 2009. The General Fund is the only fund considered to be a major fund and is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Governmental Funds. Data from the other non-major governmental funds is combined into a single, aggregated presentation in the form of combining statements elsewhere in this report.

The City of Clarksville, Tennessee adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison has been provided for the general fund on pages 36 through 40 and for the special revenue funds on pages 79 through 81 to demonstrate compliance with this budget. The *basic governmental fund financial statements* can be found on pages 23 through 26 of this report.

*Proprietary Funds:* The City of Clarksville maintains two proprietary funds. An enterprise fund is used to report the same functions presented in the business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for its electric and telecommunication operations and for its gas, water, and sewer operations. The City has three (3) internal service funds – dental, health, and self-insurance – to account for the revenues and expenses of services funded through employee contributions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the electric, telecommunication, gas, water, and sewer fund, which are considered to be major funds. The *basic proprietary fund financial statements* can be found on pages 27 through 34 of this report.

*Fiduciary Funds:* A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The City uses a fiduciary fund to account for its pension plan. The fiduciary fund is not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for these fiduciary funds is much like that used in proprietary funds.

The *basic financial information* can be found in the footnotes on page 35 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 through 74 of this report.

## FINANCIAL ANALYSIS OF THE FINANCIAL STATEMENTS

### Government-wide Financial Analysis

Over time, net assets may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$599.3 million at the close of the most recent fiscal year

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	(as restated)		(as restated)		(as restated)	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 73.9	\$ 58.5	\$ 308.2	\$ 344.0	\$ 382.1	\$ 402.5
Capital assets	368.8	353.0	482.0	456.5	850.8	809.5
Total assets	442.7	411.5	790.2	800.5	1,232.9	1,212.0
Current and other liabilities	46.1	42.3	60.3	68.6	106.4	110.9
Noncurrent liabilities	72.6	44.9	454.6	471.0	527.2	515.9
Total liabilities	118.7	87.2	514.9	539.6	633.6	626.8
Net assets	\$ 324.0	\$ 324.3	\$ 275.3	\$ 260.9	\$ 599.3	\$ 585.2
Invested in capital assets, net of related debt	\$ 300.3	\$ 306.2	\$ 236.8	\$ 226.1	\$ 537.1	\$ 532.3
Restricted net assets	2.9	1.6	15.4	17.1	18.3	18.7
Unrestricted net assets	20.8	16.5	23.1	17.3	43.9	33.8
Total net assets	\$ 324.0	\$ 324.3	\$ 275.3	\$ 260.5	\$ 599.3	\$ 584.8

The largest portion of the City's net assets, \$537,100,739 (89.6% of total net assets), reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. A portion of the City's net assets, \$18,245,370 (3.0% of total net assets) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$43,927,910 (7.3% of total net assets), may be used to meet the governments ongoing obligations to citizens and creditors.

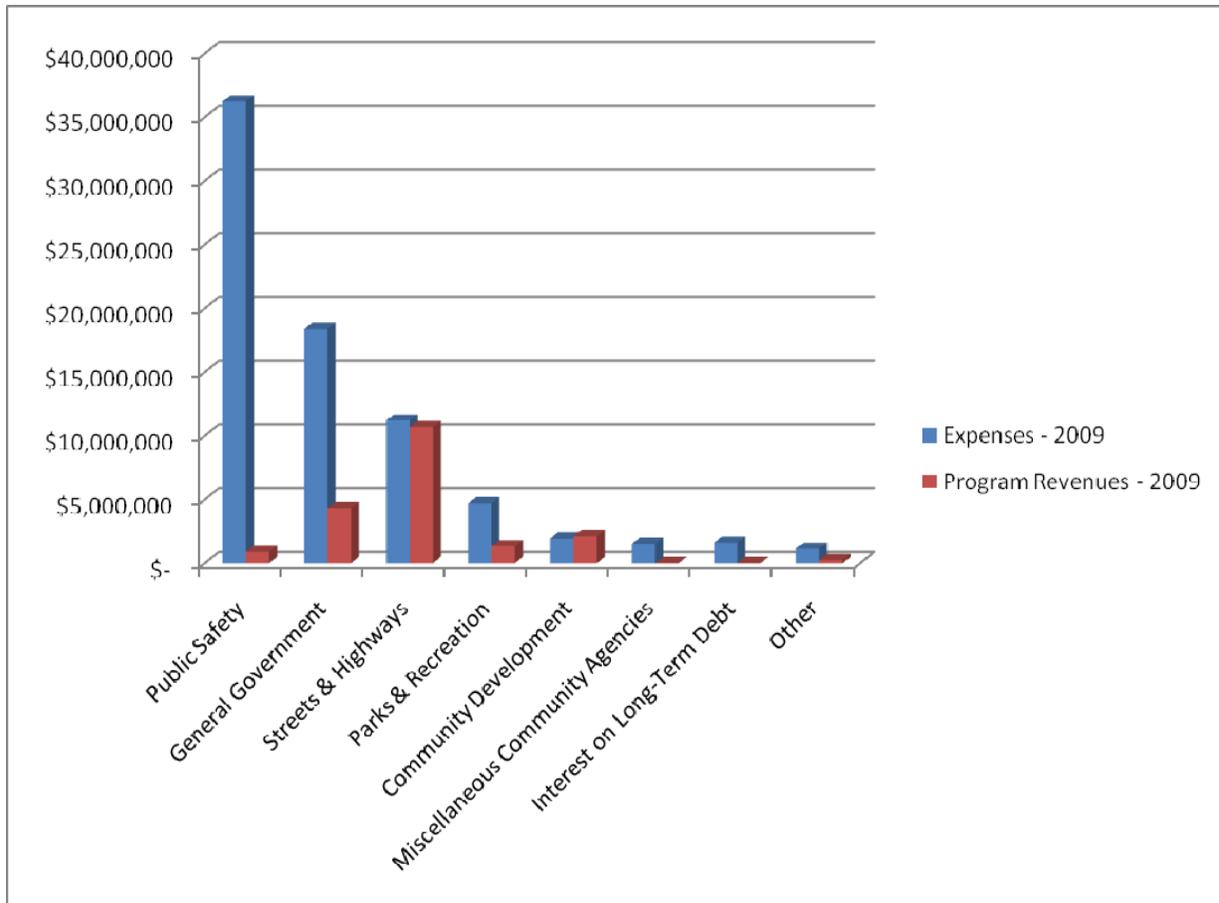
### Governmental Activities

Governmental activities decreased the City's net assets by \$269,325, as management struggled to maintain a high level of service during a period of continued growth, although the general economy remained in a downturn. Clarksville was one of the few areas in the state to see tax revenues increase and home prices remain steady, preventing a larger decrease.

City of Clarksville, Tennessee Changes in Net Assets  
(In Millions)

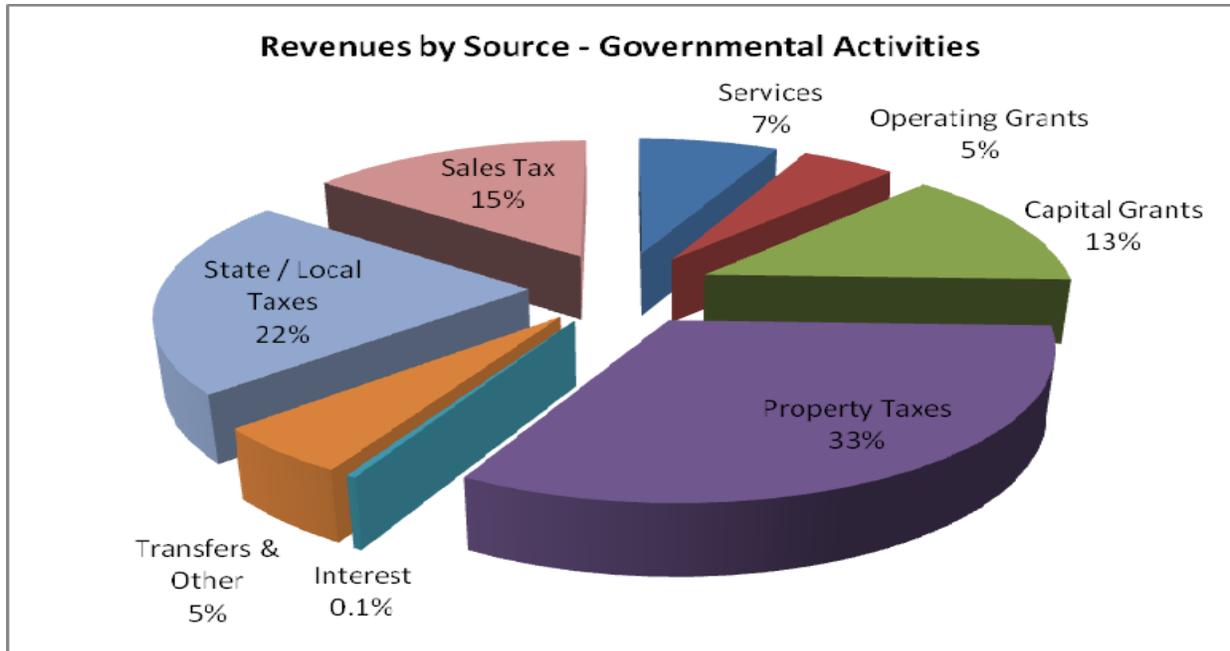
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Program revenues						
Charges for services	\$ 5.6	\$ 5.4	\$ 262.9	\$ 242.4	\$ 268.5	\$ 247.8
Operating grants, capital grants and contributions	14.8	15.5	11.1	18.0	25.9	33.5
General revenues					-	-
Property taxes	24.8	23.8	-	-	24.8	23.8
Other taxes	18.3	17.8	-	-	18.3	17.8
State shared taxes	9.4	10.1	-	-	9.4	10.1
Interest	0.3	0.8	13.7	16.9	14.0	17.7
Other revenues	(0.1)	(0.7)	-	-	(0.1)	(0.7)
Transfers (net)	4.1	3.2	(4.1)	(3.2)	-	-
Total revenues	<u>77.2</u>	<u>75.9</u>	<u>283.6</u>	<u>274.1</u>	<u>360.8</u>	<u>350.0</u>
Expenses						
General government	18.3	15.9	-	-	18.3	15.9
Public safety	36.2	34.8	-	-	36.2	34.8
Highways and streets	12.0	7.5	-	-	12.0	7.5
Recreation	4.7	6.0	-	-	4.7	6.0
Community development	2.0	1.9	-	-	2.0	1.9
Drug enforcement	0.2	0.2	-	-	0.2	0.2
Other appropriations	1.0	0.8	-	-	1.0	0.8
Miscellaneous community agencies	1.5	1.7	-	-	1.5	1.7
Interest on long term debt	1.6	1.9	-	-	1.6	1.9
Electric Division	-	-	128.4	109.6	128.4	109.6
Telecommunications Division	-	-	6.4	2.3	6.4	2.3
Gas Department	-	-	40.6	46.5	40.6	46.5
Parking Authority	-	-	0.1	0.1	0.1	0.1
Clarksville Transit System	-	-	5.2	5.0	5.2	5.0
Water and Sewer Department	-	-	39.1	35.7	39.1	35.7
Natural Gas Acquisition Corporation	-	-	49.0	54.3	49.0	54.3
Total Expenses	<u>77.5</u>	<u>70.7</u>	<u>268.8</u>	<u>253.5</u>	<u>346.3</u>	<u>324.2</u>
Change in net assets	(0.3)	5.2	14.8	20.6	14.5	25.8
Beginning net assets	324.3	309.7	260.5	240.3	584.8	550.0
Prior period adjustment	-	9.4	-	(0.4)	-	9.0
Ending net assets	<u>\$ 324.0</u>	<u>\$ 324.3</u>	<u>\$ 275.3</u>	<u>\$ 260.5</u>	<u>\$ 599.3</u>	<u>\$ 584.8</u>

### Expenses and Program Revenues - Governmental Activities



	<u>Expenses - 2008</u>	<u>Expenses - 2009</u>	<u>Program Revenues - 2009</u>
Public Safety	\$ 34,569,785	\$ 36,228,980	\$ 852,653
General Government	\$ 15,875,133	\$ 18,341,799	\$ 4,331,496
Streets & Highways	\$ 7,461,170	\$ 11,195,600	\$ 10,658,011
Parks & Recreation	\$ 5,983,397	\$ 4,710,640	\$ 1,323,004
Community Development	\$ 1,925,943	\$ 1,946,176	\$ 2,129,937
Miscellaneous Community Agencies	\$ 1,672,747	\$ 1,549,929	\$ -
Interest on Long-Term Debt	\$ 1,946,699	\$ 1,614,428	\$ -
Other	\$ 976,347	\$ 1,130,390	\$ 227,508

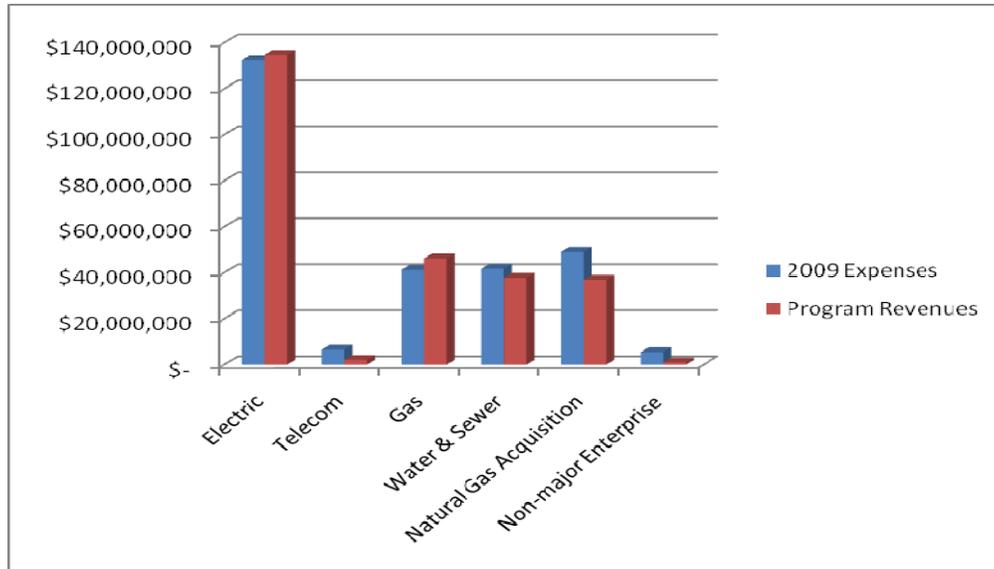
General government activities such as police protection, fire suppression, street maintenance and recreational activities are normally financed through taxes, as is the case in Clarksville; and, any other revenues comes in the form of grants from other agencies and limited user fees. The chart above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



	2009		2008	
Services	\$ 5,568,617	7.4%	\$ 5,419,813	7.1%
Operating Grants	3,760,569	4.9%	3,797,506	5.0%
Capital Grants	10,193,423	13.4%	11,740,393	15.5%
Property Taxes	24,758,862	32.4%	23,812,464	31.4%
Interest	278,982	0.1%	835,447	1.1%
Transfers & Other	4,033,325	5.2%	2,465,460	3.2%
State / Local Taxes	16,603,818	21.8%	16,947,102	22.3%
Sales Tax	11,251,021	14.8%	10,921,205	14.4%
<b>Total</b>	<b>\$ 76,448,617</b>	<b>100.0%</b>	<b>\$ 75,939,390</b>	<b>100.0%</b>

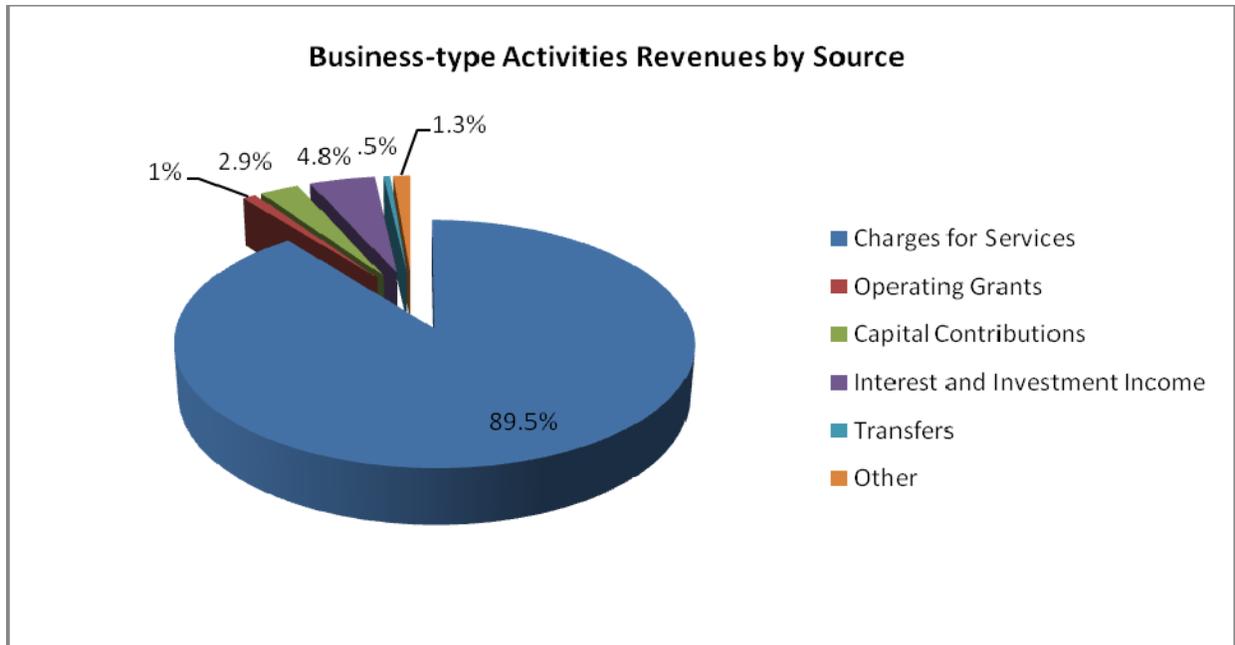
The small increase in revenues of \$0.5 million was indicative of the strong economy in Clarksville as property tax collections increased by \$0.9 million and sales tax collections increased by \$0.3 million, while state and local tax collections decreased by \$0.3 million and were indicators of the overall weakness in the state economy.

**Expenses and Program Revenues - Business Type Activities**



**2009**

	<b>2008 - Expenses</b>	<b>2009 Expenses</b>	<b>Program Revenues</b>
Electric	\$ 111,581,650	\$ 132,476,213	\$ 134,792,681
Telecom	\$ 2,283,900	\$ 6,553,801	\$ 2,149,396
Gas	\$ 47,243,015	\$ 41,268,514	\$ 46,241,685
Water & Sewer	\$ 37,462,760	\$ 41,717,746	\$ 37,802,274
Natural Gas Acquisition	\$ 54,245,779	\$ 49,032,836	\$ 36,944,069
Non-major Enterprise	\$ 5,263,446	\$ 5,514,508	\$ 1,036,145



The City's total charges for services (governmental and business-type activities) increased from \$247.8 million in FY 2008 to \$268.5 million in FY 2009, an increase of \$20.7 million, or an 8.4% increase. As the City of Clarksville Changes in Net Assets table indicates, the total revenues of the governmental activities increased from \$75.9 million to \$76.4 million and the business type activities' revenues increased from \$274.1 million to \$283.6 million. The governmental activities' program revenues increased from \$5.4 million in FY 2008 to \$5.6 million in FY 2009. Business-type activities' revenues increased from \$242.4 million in FY 2008 to \$269.9 million in FY 2009. This increase was due primarily to rate increases by the utilities and an increase in the number of product units sold by all utilities.

### Financial Analysis of the City's Funds

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

#### Government Funds

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

At the end of the current fiscal year – June 30, 2009 – the City's governmental funds reported combined ending fund balances of \$31,193,298, an increase of \$8,337,189 over the prior year balance. The increase is primarily due to increases in the primary Capital Projects Fund and the Special Revenue Capital Project Fund, which is funded through tax increases, set aside for restricted, high dollar economic development capital projects.

The General Fund is the chief operating fund of the City of Clarksville. The General Fund had a year-end balance of \$21,821,259, all of which was considered unreserved and is available for spending at the government's discretion. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. For 2009 the unreserved fund balance represents 37.2% of total fiscal year 2009 general fund expenditures, including transfers.

The General Funds' two largest revenue sources both increased based on the strength of the local economy, although other local and state taxes decreased. Property taxes increased from \$23.8 million to \$24.8 million or 4% and the City was named by Kiplinger as one of the only two U.S. cities where home prices increased in 2009. The local sales tax increased 3% to \$11.3 million in 2009, partially because of the areas diversified economy and the proximity of Fort Campbell, Kentucky.

### Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the business-activities section of the government-wide financial statements, but in more detail. The following table shows actual revenues, expenses, and results of operations for the current fiscal year in the City's proprietary funds (in millions):

	Operating Revenues	Operating Expenses	Operating Income (Loss)	Non-Operating Revenues (Expenses)	Capital Contributions Revenues (Expenses)	interfund Transfers	Change in Net Assets
Electric	\$ 134.8	\$ 125.8	\$ 9.0	\$ (3.7)	\$ -	\$ (2.5)	\$ 2.8
Telecommunications	2.1	6.1	(4.0)	(0.3)	-	(0.1)	(4.4)
Gas	47.3	39.8	7.5	(0.5)	-	(0.7)	6.3
Water & Sewer	42.1	30.6	11.5	(8.3)	8.4	(1.9)	9.7
Natural Gas Acquisition Corporation	36.9	38.3	(1.4)	2.2	-	-	0.8
Parking Authority	0.4	0.1	0.3	-	-	(0.2)	0.1
Transit	0.7	5.2	(4.5)	2.7	-	1.2	(0.6)
<b>Total</b>	<b>\$ 264.3</b>	<b>\$ 245.9</b>	<b>\$ 18.4</b>	<b>\$ (7.9)</b>	<b>\$ 8.4</b>	<b>\$ (4.2)</b>	<b>\$ 14.7</b>

### General Fund Budgetary Highlights

The original budgeted revenues were reduced by approximately \$1.6 million as the economy stalled early in the fiscal year. However, as the local economy recovered earlier than many areas, actual revenues ended approximately \$1 million above the amended budget. Budgeted expenditures were reduced by approximately \$4.8 million as a result of position vacancies not being filled, and as a result of the Regional Airport asking to carryover their funding to 2010 while they complete plans for their new terminal. The largest reduction was approximately \$2.9 million in savings when several variable rate notes were refinanced during the year, avoiding both planned principal and interest payments. This resulted in the City ending the year with a much healthier general fund balance than had been expected at \$21,821,259.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

The City of Clarksville's investment in capital assets from its governmental and business-type activities as of June 30, 2009 is \$850,876,989 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways and bridges.

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

- The City began construction of a new marina to be completed in 2010
- Under the City's multi-year commitment to improve quality of live through better pedestrian accessibility, \$6,462,321 was spent to build or repair sidewalks
- Contractors contributed \$8.5 million in capital assets to the Gas & Water Department
- The Electric Department's plant and equipment increased \$14.7 million and construction-in-progress increased to \$33.8 million as a result of the department's continued investment in the fiber optic network, benefitting both the electric and telecommunications divisions.

## City of Clarksville, Tennessee Capital Assets

	Governmental Activities	Business-Type Activities	Total
Land and Easements	\$ 32,291,532	\$ 3,667,120	\$ 35,958,652
Buildings and Utility Plant	57,496,437	523,951,127	581,447,564
Vehicles	14,687,476	8,122,572	22,810,048
Equipment and Furniture	17,293,743	35,477,883	52,771,626
Construction in Progress	16,901,330	54,732,718	71,634,048
Infrastructure	280,748,396	-	280,748,396
Total Capital Assets	419,418,914	625,951,420	1,045,370,334
Less Accumulated Depreciation	50,574,190	143,919,155	194,493,345
Net Capital Assets	\$ 368,844,724	\$ 482,032,265	\$ 850,876,989

Additional information on the City of Clarksville capital assets can be found in the notes to the financial statements section of this report beginning on page 52.

### Long-term bonded debt

At the end of the current fiscal year, the City of Clarksville had total long-term bonded debt outstanding of \$525,636,687. Of this amount, \$68,547,352 comprises debt backed by the full faith and credit (general obligation) of the City and \$457,089,335 comprises bonds secured solely by specified revenue sources (i.e. revenue bonds).

### City of Clarksville, Tennessee Outstanding Debt General Obligation and Revenue Bonds June 30, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$68,547,32	\$46,789,68	\$ -	\$ -	\$68,547,352	\$46,789,658
Revenue and Tax Bonds	-	-	457,089,335	475,084,289	457,089,335	475,084,289
Total	\$68,547,32	\$46,789,68	\$457,089,35	\$475,084,29	\$525,636,67	\$521,873,97

The City's long-term bonded debt increased by \$3.7 million in 2009, despite substantial principal payments including \$14.9 million paid by the Natural Gas Acquisition Corporation, \$8.1 million paid by the Gas & Water Department, and \$3.9 million paid by the General Government.

The General Fund has a Bond Anticipation Note of \$7,149,000 which it plans to roll into long-term debt when it matures in March 2011.

The Department of Electricity has a Revenue Anticipation Note of \$7,675,000 which it plans to roll into other long-term debt in early 2010, along with obtaining financing to complete its Fiber Optic Ring and construction of several power sub-stations.

The City issued \$21.8 billion in debt in 2009 and started construction on the new marina, which is expected to be a significant attraction for the City.

The City of Clarksville's general obligation bonds have an "AA-" rating from Fitch and an "Aa<sub>3</sub>" rating from Moody's. The Gas, Water & Sewer Department is rated "A-" by Fitch, and the Clarksville Department of Electricity is rated "A<sub>1</sub>" by Moody's.

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

The City of Clarksville considered the fragile overall state economy, as well as the possibility of continued deployment of soldiers from Fort Campbell, Kentucky in preparing its budget for 2009. The proposed budget focused on meeting the needs of our continued growth, while maintaining a very conservative approach to our revenue streams, resulting in a decrease in property tax rates from \$1.31 per one-hundred valuation to \$1.24 per one-hundred.

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

The Department of Electricity is expecting increases from its power supplier, TVA, which will be passed directly to consumers.

In addition to the 1000+ construction jobs and 800+ permanent jobs expected to be created by the opening of Hemlock Semiconductor LLC, the City will start construction of the marina in the coming budget year and that is expected to have a substantial long term positive influence on the local economy.

### **Requests for Information:**

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

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

CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

	Primary Government			Component Unit-Museum
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 26,576,357	\$ 29,044,791	\$ 55,621,148	\$ 484,876
Accounts and taxes receivable	29,158,909	15,356,675	44,515,584	28,391
Notes receivable	180,952	1,891,317	2,072,269	-
Grants receivable	85,201	381,993	467,194	6,000
Due from component units	216,831	-	216,831	-
Due from other governments	3,303,577	-	3,303,577	-
Inventory	616,206	8,122,384	8,738,590	45,170
Prepaid expenses	261,367	536,118	797,485	5,174
Prepaid gas supplies	-	13,000,920	13,000,920	-
<b>Total current assets</b>	<b>60,399,400</b>	<b>68,334,198</b>	<b>128,733,598</b>	<b>569,611</b>
<b>Noncurrent assets/restricted assets:</b>				
Cash and cash equivalents	7,826,264	30,997,754	38,824,018	14,701
Certificates of deposit	-	-	-	-
Investments	-	53,040	53,040	1,113,967
<b>Total restricted assets</b>	<b>7,826,264</b>	<b>31,050,794</b>	<b>38,877,058</b>	<b>1,128,668</b>
<b>Capital assets:</b>				
Assets not depreciated	252,267,347	3,667,120	255,934,467	-
Construction in progress	16,901,330	54,732,718	71,634,048	-
Assets net of accumulated depreciation	99,676,047	422,473,436	522,149,483	2,302,664
<b>Total capital assets</b>	<b>368,844,724</b>	<b>480,873,274</b>	<b>849,717,998</b>	<b>2,302,664</b>
Unamortized plant acquisition adjustments and plant held for sale	-	1,158,991	1,158,991	-
<b>Net capital assets</b>	<b>368,844,724</b>	<b>482,032,265</b>	<b>850,876,989</b>	<b>2,302,664</b>
<b>Other assets:</b>				
Notes receivable	5,639,392	48,771	5,688,163	-
Receivables-TVA residential energy services program	-	3,410,938	3,410,938	-
Prepaid gas supplies	-	197,433,695	197,433,695	-
Unamortized debt expense	-	6,649,808	6,649,808	-
Cash value of life insurance	-	418,064	418,064	-
Deferred in lieu of transfer	-	720,386	720,386	-
Other	-	72,883	72,883	-
<b>Total other assets</b>	<b>5,639,392</b>	<b>208,754,545</b>	<b>214,393,937</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>382,310,380</b>	<b>721,837,604</b>	<b>1,104,147,984</b>	<b>3,431,332</b>
<b>Total assets</b>	<b>\$ 442,709,780</b>	<b>\$ 790,171,802</b>	<b>\$ 1,232,881,582</b>	<b>\$ 4,000,943</b>

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF NET ASSETS - CONTINUED  
JUNE 30, 2009**

	<u>Primary Government</u>			<u>Component Unit-Museum</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<b><u>LIABILITIES</u></b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 5,423,131	\$ 14,757,590	\$ 20,180,721	\$ 3,744
Contracts and retainage payable	-	59,946	59,946	-
Accrued liabilities	3,486,616	69,435	3,556,051	3,213
Interest payable	-	3,433,306	3,433,306	-
Interest payable - City of Clarksville	-	-	-	3,499
Deferred revenue	32,425,297	5,528,672	37,953,969	-
Internal balances	(134,268)	134,268	-	-
Short term bond payable	-	7,675,000	7,675,000	-
Current portion of long term debt	3,723,300	23,809,240	27,532,540	14,794
Current portion of deferred connection fee revenue	-	3,400,992	3,400,992	-
Current portion of accrued sick pay and annual leave	823,670	879,156	1,702,826	14,706
Payable to other governments	341,074	-	341,074	-
Other	-	508,017	508,017	-
<b>Total current liabilities</b>	<b>46,088,820</b>	<b>60,255,622</b>	<b>106,344,442</b>	<b>39,956</b>
<b>Noncurrent liabilities:</b>				
Accrued sick pay and annual leave	1,425,824	1,991,582	3,417,406	-
OPEB liability	6,358,893	2,210,316	8,569,209	-
Customer deposits	-	6,672,115	6,672,115	-
Advances - TVA residential energy services program	-	3,481,042	3,481,042	-
Note payable - City of Clarksville	-	-	-	198,538
Notes payable	28,061,102	30,365,989	58,427,091	-
Bonds payable	36,762,950	409,903,160	446,666,110	-
Other payable	-	30,148	30,148	-
<b>Total noncurrent liabilities</b>	<b>72,608,769</b>	<b>454,654,352</b>	<b>527,263,121</b>	<b>198,538</b>
<b>Total liabilities</b>	<b>118,697,589</b>	<b>514,909,974</b>	<b>633,607,563</b>	<b>238,494</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	300,297,372	236,803,367	537,100,739	2,089,332
Restricted for:				
Special revenue	2,868,025	-	2,868,025	-
Debt service	-	15,377,345	15,377,345	1,128,668
Unrestricted	20,846,794	23,081,116	43,927,910	544,449
<b>Total net assets</b>	<b>\$ 324,012,191</b>	<b>\$ 275,261,828</b>	<b>\$ 599,274,019</b>	<b>\$ 3,762,449</b>

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

	<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>	
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General government	\$ 18,342,129	\$ 3,199,776	\$ 790,560	\$ 309,499	\$ (14,042,294)	\$ -	\$ (14,042,294)	\$ -
Public safety	36,228,718	617,667	3,171	231,815	(35,376,065)	-	(35,376,065)	-
Highways and streets	12,028,971	-	2,949,750	8,541,670	(537,551)	-	(537,551)	-
Recreation	4,710,611	1,267,605	17,088	69,972	(3,355,946)	-	(3,355,946)	-
Community development	1,946,176	256,061	-	1,873,876	183,761	-	183,761	-
Drug enforcement	152,278	227,508	-	-	75,230	-	75,230	-
Other appropriations	978,112	-	-	-	(978,112)	-	(978,112)	-
Miscellaneous community agencies	1,549,929	-	-	-	(1,549,929)	-	(1,549,929)	-
Interest on long term debt	1,614,428	-	-	-	(1,614,428)	-	(1,614,428)	-
<b>Total governmental activities</b>	<b>77,551,352</b>	<b>5,568,617</b>	<b>3,760,569</b>	<b>11,026,832</b>	<b>(57,195,334)</b>	<b>-</b>	<b>(57,195,334)</b>	<b>-</b>
<b>Business-type activities:</b>								
Electric Division	128,435,297	133,401,540	-	-	-	4,966,243	4,966,243	-
Telecommunications Division	6,415,601	2,079,485	-	-	-	(4,336,116)	(4,336,116)	-
Gas Department	40,592,919	47,287,531	-	107	-	6,694,719	6,694,719	-
Parking Authority	137,722	365,034	-	-	-	227,312	227,312	-
Clarksville Transit System	5,156,951	671,111	2,768,580	-	-	(1,717,260)	(1,717,260)	-
Water and Sewer Department	39,125,196	42,106,034	-	8,370,958	-	11,351,796	11,351,796	-
Natural Gas Acquisition Corporation	49,032,836	36,944,069	-	-	-	(12,088,767)	(12,088,767)	-
<b>Total business-type activities</b>	<b>268,896,522</b>	<b>262,854,804</b>	<b>2,768,580</b>	<b>8,371,065</b>	<b>-</b>	<b>5,097,927</b>	<b>5,097,927</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 346,447,874</b>	<b>\$ 268,423,421</b>	<b>\$ 6,529,149</b>	<b>\$ 19,397,897</b>	<b>\$ (57,195,334)</b>	<b>\$ 5,097,927</b>	<b>\$ (52,097,407)</b>	<b>\$ -</b>

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF ACTIVITIES - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</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>	<u>Component Unit-Museum</u>
<b>Component unit:</b>								
Clarksville-Montgomery								
County Museum	\$ 1,358,315	\$ 66,755	\$ 987,999	\$ -	\$ -	\$ -	\$ -	\$ (303,561)
<b>General revenues:</b>								
<b>Taxes:</b>								
Property taxes, levied for general purpose					24,758,862	-	24,758,862	-
State taxes					9,464,445	-	9,464,445	-
Franchise/business taxes					3,117,953	-	3,117,953	-
Wholesale beer and liquor taxes					3,511,386	-	3,511,386	-
Sales tax					11,251,021	-	11,251,021	-
In lieu of taxes					38,155	-	38,155	-
Other taxes					471,880	-	471,880	-
Interest and investment income					278,982	13,698,948	13,977,930	65,138
Gain on sale of property					(54,599)	100	(54,499)	-
Net change in fair value of investments					-	-	-	(365,505)
Transfers (net)					4,087,924	(4,087,924)	-	-
<b>Total general revenues and transfers</b>					<b>56,926,009</b>	<b>9,611,124</b>	<b>66,537,133</b>	<b>(300,367)</b>
<b>Change in net assets</b>					<b>(269,325)</b>	<b>14,709,051</b>	<b>14,439,726</b>	<b>(603,928)</b>
Net assets, beginning of the year, as previously reported					315,106,724	260,956,198	576,062,922	4,366,377
Prior period adjustment, as discussed in Note S					9,174,792	(403,421)	8,771,371	-
Net assets, beginning of the year, as restated					324,281,516	260,552,777	584,834,293	4,366,377
<b>Net assets - end of year</b>					<b>\$ 324,012,191</b>	<b>\$ 275,261,828</b>	<b>\$ 599,274,019</b>	<b>\$ 3,762,449</b>

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 20,446,977	\$ 3,369,804	\$ 23,816,781
Receivables	28,563,892	595,017	29,158,909
Notes receivable	-	5,820,344	5,820,344
Grant receivable	-	85,201	85,201
Due from other governments	2,700,043	603,534	3,303,577
Due from component units	216,831	-	216,831
Due from other funds of the primary government	370,003	2,930,966	3,300,969
Prepaid expenses	205,968	5,399	211,367
Inventory	284,956	331,250	616,206
Restricted assets:			
Cash and cash equivalents	-	7,826,264	7,826,264
	<hr/>	<hr/>	<hr/>
Total assets	\$ 52,788,670	\$ 21,567,779	\$ 74,356,449
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 1,666,345	\$ 3,253,860	\$ 4,920,205
Due to other funds of the primary government	3,766,755	248,552	4,015,307
Payable to other governments	280,990	60,084	341,074
Accrued expenses	121,030	1,340,238	1,461,268
Deferred revenue	25,132,291	7,293,006	32,425,297
	<hr/>	<hr/>	<hr/>
Total liabilities	30,967,411	12,195,740	43,163,151
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>FUND BALANCES:</u></b>			
Reserved for:			
Special revenue	-	2,868,025	2,868,025
Unreserved, reported in:			
Capital projects	-	5,441,676	5,441,676
General fund	21,821,259	-	21,821,259
Debt service funds	-	1,062,338	1,062,338
	<hr/>	<hr/>	<hr/>
Total fund balances	21,821,259	9,372,039	31,193,298
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and fund balances	\$ 52,788,670	\$ 21,567,779	\$ 74,356,449
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2009**

<b>Total fund balances of governmental funds</b>	<b>\$ 31,193,298</b>
 <b>Amounts reported for governmental activities in the statement of net assets are different because:</b>	
 <b>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</b>	 <b>368,844,724</b>
 <b>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.</b>	 <b>1,129,908</b>
 <b>Long-term liabilities, including notes payable, bonds payable, accrued annual leave and sick pay and OPEB liability, are not due and payable in the current period and, therefore are not reported in the funds.</b>	 <b><u>(77,155,739)</u></b>
 <b>Net assets of governmental activities</b>	 <b><u><u>\$ 324,012,191</u></u></b>

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, 2009**

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>			
Local taxes	\$ 41,801,875	\$ 1,343,281	\$ 43,145,156
State taxes	12,414,195	-	12,414,195
Licenses and permits	910,453	-	910,453
Fines and forfeitures	617,667	227,508	845,175
Contributions	-	170,785	170,785
Federal and state grants	749,526	2,372,905	3,122,431
Program income	-	505,200	505,200
Fees for services	1,796,123	-	1,796,123
Interest	192,831	49,348	242,179
E-911 transfer	-	390,805	390,805
Miscellaneous	578,460	542,401	1,120,861
	<hr/>	<hr/>	<hr/>
Total revenues	59,061,130	5,602,233	64,663,363
<b><u>EXPENDITURES</u></b>			
Current:			
General government	7,378,804	-	7,378,804
Public safety	32,227,189	214,760	32,441,949
Highways and streets	9,202,326	-	9,202,326
Recreation	4,433,882	186,613	4,620,495
Community development	-	1,946,176	1,946,176
Drug enforcement	-	146,003	146,003
Other appropriations	978,112	-	978,112
Miscellaneous community agencies	1,549,929	-	1,549,929
Other	431,060	6,829,445	7,260,505
Debt service:			
Principal	-	3,886,100	3,886,100
Interest and other charges	-	1,614,428	1,614,428
Capital outlay	1,930,046	12,767,987	14,698,033
	<hr/>	<hr/>	<hr/>
Total expenditures	58,131,348	27,591,512	85,722,860
Excess (deficiency) of revenues over expenditures	<hr/>	<hr/>	<hr/>
	929,782	(21,989,279)	(21,059,497)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Bond proceeds	-	25,643,794	25,643,794
Transfers in	6,306,613	5,831,976	12,138,589
Transfers out	(6,758,599)	(1,292,066)	(8,050,665)
	<hr/>	<hr/>	<hr/>
Total other financing sources and (uses)	(451,986)	30,183,704	29,731,718
	<hr/>	<hr/>	<hr/>
Net change in fund balances	477,796	8,194,425	8,672,221
<b><u>FUND BALANCES - June 30, 2008, as previously reported</u></b>			
	21,343,463	1,512,646	22,856,109
<b><u>PRIOR PERIOD ASJUSTMENT, as discussed in Note S</u></b>			
	-	(335,032)	(335,032)
<b><u>FUND BALANCES - June 30, 2008, as restated</u></b>			
	21,343,463	1,177,614	22,521,077
<b><u>FUND BALANCE - END OF YEAR</u></b>			
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 21,821,259	\$ 9,372,039	\$ 31,193,298

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, 2009**

Net change in fund balances - total governmental funds \$ 8,672,221

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	12,319,482
Depreciation expense	(4,961,312)
Net carrying value of governmental capital assets disposed of	(54,599)

Contributions of infrastructure assets	8,548,536
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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	(25,643,794)
Bond principal repayments	3,886,100

Increase in accrued sick pay and annual leave	(81,943)
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Increase in OPEB liability	(3,536,666)
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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.	582,650
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Change in net assets of governmental activities	\$ (269,325)
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**CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009**

	Business-Type Activities/Enterprise Funds							Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds			
	Electric Division	Telecommunications Division							
<b>ASSETS</b>									
<b>Current assets:</b>									
Cash and cash equivalents	\$ 2,414,855	\$ 54,469	\$ 18,190,435	\$ 7,076,717	\$ 586,973	\$ 721,342	\$ 29,044,791	\$ 2,759,576	
Certificates of deposit	-	-	-	-	-	-	-	-	
Accounts receivable	8,666,575	614,055	1,623,483	3,301,233	1,116,464	19,928	15,341,738	-	
Interest receivable	-	-	-	-	14,937	-	14,937	-	
Due from other funds of the primary government	-	-	-	-	-	29,835	29,835	848,606	
Inventory	6,755,380	267,411	370,327	652,634	-	76,632	8,122,384	-	
Prepaid gas supplies	-	-	-	-	13,000,920	-	13,000,920	-	
Grants receivable	-	-	-	-	-	381,993	381,993	-	
Current portion of note receivable	-	-	1,891,317	-	-	-	1,891,317	-	
Prepaid expenses and other	407,420	-	20,192	77,969	2,967	27,570	536,118	50,000	
<b>Total current assets</b>	<b>18,244,230</b>	<b>935,935</b>	<b>22,095,754</b>	<b>11,108,553</b>	<b>14,722,261</b>	<b>1,257,300</b>	<b>68,364,033</b>	<b>3,658,182</b>	
<b>Noncurrent assets:</b>									
<b>Restricted assets:</b>									
Cash and cash equivalents	4,943,980	-	1,084,391	7,325,041	17,476,781	167,561	30,997,754	-	
Investments	-	-	-	53,040	-	-	53,040	-	
Certificates of deposit	-	-	-	-	-	-	-	-	
<b>Total restricted assets</b>	<b>4,943,980</b>	<b>-</b>	<b>1,084,391</b>	<b>7,378,081</b>	<b>17,476,781</b>	<b>167,561</b>	<b>31,050,794</b>	<b>-</b>	
<b>Capital assets-at cost:</b>									
Assets not depreciated	1,216,069	-	214,903	2,150,266	-	85,882	3,667,120	-	
Construction in progress	33,756,779	425,764	2,469,786	18,080,389	-	-	54,732,718	-	
Assets net of accumulated depreciation	88,374,362	3,674,197	40,153,468	282,837,211	13,008	7,421,190	422,473,436	-	
<b>Total capital assets</b>	<b>123,347,210</b>	<b>4,099,961</b>	<b>42,838,157</b>	<b>303,067,866</b>	<b>13,008</b>	<b>7,507,072</b>	<b>480,873,274</b>	<b>-</b>	
<b>Unamortized plant acquisition   adjustments</b>	<b>1,158,991</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,158,991</b>	<b>-</b>	
<b>Net capital assets</b>	<b>124,506,201</b>	<b>4,099,961</b>	<b>42,838,157</b>	<b>303,067,866</b>	<b>13,008</b>	<b>7,507,072</b>	<b>482,032,265</b>	<b>-</b>	

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS - CONTINUED  
JUNE 30, 2009**

	<b>Business-Type Activities/Enterprise Funds</b>						<b>Total</b>	<b>Governmental Activities Internal Service Funds</b>
	<b>Department of Electricity</b>		<b>Gas Department</b>	<b>Water and Sewer Department</b>	<b>Natural Gas Acquisition Corporation</b>	<b>Non-Major Enterprise Funds</b>		
	<b>Electric Division</b>	<b>Telecommunications Division</b>						
<b>Other assets:</b>								
Receivables - TVA residential energy services program	3,410,938	-	-	-	-	-	3,410,938	-
Interfund receivable from the Telecommunications Division	11,200,007	-	-	-	-	-	11,200,007	-
Notes receivable	-	-	48,771	-	-	-	48,771	-
Prepaid gas supplies	-	-	-	-	197,433,695	-	197,433,695	-
Unamortized expense	928,512	251,443	247,330	2,542,144	2,677,362	3,017	6,649,808	-
Cash value of life insurance	418,064	-	-	-	-	-	418,064	-
Deferred in lieu of transfer	720,386	-	-	-	-	-	720,386	-
Other	72,883	-	-	-	-	-	72,883	-
<b>Total other assets</b>	<b>16,750,790</b>	<b>251,443</b>	<b>296,101</b>	<b>2,542,144</b>	<b>200,111,057</b>	<b>3,017</b>	<b>219,954,552</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>146,200,971</b>	<b>4,351,404</b>	<b>44,218,649</b>	<b>312,988,091</b>	<b>217,600,846</b>	<b>7,677,650</b>	<b>733,037,611</b>	<b>-</b>
<b>Total assets</b>	<b>164,445,201</b>	<b>5,287,339</b>	<b>66,314,403</b>	<b>324,096,644</b>	<b>232,323,107</b>	<b>8,934,950</b>	<b>801,401,644</b>	<b>3,658,182</b>
<b>LIABILITIES</b>								
<b>Current liabilities:</b>								
Accounts payable	10,782,298	815,355	1,510,719	1,328,146	223,426	97,646	14,757,590	502,926
Contracts and retainage payable	-	-	5,778	54,168	-	-	59,946	-
Accrued liabilities	46,181	-	-	-	-	23,254	69,435	2,025,348
Interest payable	1,074,496	-	287,860	1,617,310	452,261	1,379	3,433,306	-
Due to other funds of the primary government	4,940	-	75,105	66,028	-	18,030	164,103	-
Deferred revenue	-	183,554	-	-	5,345,118	-	5,528,672	-
Short-term bond payable	7,675,000	-	-	-	-	-	7,675,000	-
Current portion of long-term debt	1,409,108	-	625,950	7,846,607	13,795,000	132,575	23,809,240	-
Current portion of note payable to Gas Department	-	-	-	-	-	-	-	-
Current portion of deferred connection fee revenue	-	-	-	3,400,992	-	-	3,400,992	-
Current portion of accrued sick pay and annual leave	537,513	-	65,884	169,818	-	105,941	879,156	-
Other	344,214	-	-	-	-	163,803	508,017	-
<b>Total current liabilities</b>	<b>21,873,750</b>	<b>998,909</b>	<b>2,571,296</b>	<b>14,483,069</b>	<b>19,815,805</b>	<b>542,628</b>	<b>60,285,457</b>	<b>2,528,274</b>

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS - CONTINUED  
JUNE 30, 2009**

	<b>Business-Type Activities/Enterprise Funds</b>						<b>Total</b>	<b>Governmental Activities Internal Service Funds</b>
	<b>Department of Electricity</b>		<b>Gas Department</b>	<b>Water and Sewer Department</b>	<b>Natural Gas Acquisition Corporation</b>	<b>Non-Major Enterprise Funds</b>		
	<b>Electric Division</b>	<b>Telecommunications Division</b>						
<b>Noncurrent liabilities:</b>								
Accrued sick pay and annual leave	1,610,563	-	119,957	261,062	-	-	1,991,582	-
OPEB liability	262,692	-	390,769	1,177,758	-	379,097	2,210,316	-
Customer deposits	4,149,246	470	572,712	1,949,687	-	-	6,672,115	-
Advances -TVA residential energy services program	3,481,042	-	-	-	-	-	3,481,042	-
Notes payable	672,865	-	-	29,361,891	-	331,233	30,365,989	-
Bonds payable	59,899,625	-	12,377,810	128,993,107	208,632,618	-	409,903,160	-
Note payable to gas department	-	-	-	-	-	-	-	-
Interfund payable to the Electric Division	-	11,200,007	-	-	-	-	11,200,007	-
Other	30,148	-	-	-	-	-	30,148	-
<b>Total noncurrent liabilities</b>	<b>70,106,181</b>	<b>11,200,477</b>	<b>13,461,248</b>	<b>161,743,505</b>	<b>208,632,618</b>	<b>710,330</b>	<b>465,854,359</b>	<b>-</b>
<b>Total liabilities</b>	<b>91,979,931</b>	<b>12,199,386</b>	<b>16,032,544</b>	<b>176,226,574</b>	<b>228,448,423</b>	<b>1,252,958</b>	<b>526,139,816</b>	<b>2,528,274</b>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	56,108,231	4,099,961	30,130,498	139,408,405	13,008	7,043,264	236,803,367	-
Restricted for debt service	3,685,353	-	1,084,391	7,378,081	3,229,520	-	15,377,345	-
Unrestricted	12,671,686	(11,012,008)	19,066,970	1,083,584	632,156	638,728	23,081,116	1,129,908
<b>Total net assets</b>	<b>\$ 72,465,270</b>	<b>\$ (6,912,047)</b>	<b>\$ 50,281,859</b>	<b>\$ 147,870,070</b>	<b>\$ 3,874,684</b>	<b>\$ 7,681,992</b>	<b>\$ 275,261,828</b>	<b>\$ 1,129,908</b>

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, 2009**

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Telecommunications Division						
<b><u>OPERATING REVENUES</u></b>								
Sales	\$ 134,792,681	\$ 2,149,396	\$ 45,942,346	\$ 37,075,908	\$ 36,944,069	\$ -	\$ 256,904,400	\$ -
Insurance premiums	-	-	-	-	-	-	-	11,761,592
Forfeited discounts	-	-	299,339	726,366	-	-	1,025,705	-
Fees and fines	-	-	-	-	-	887,772	887,772	-
Other income	-	-	1,032,584	4,255,604	-	-	5,288,188	-
Rental income	-	-	-	-	-	85,818	85,818	-
Advertising	-	-	-	-	-	45,750	45,750	-
Miscellaneous	-	-	-	-	-	16,805	16,805	31,563
<b>Total operating revenues</b>	<b>134,792,681</b>	<b>2,149,396</b>	<b>47,274,269</b>	<b>42,057,878</b>	<b>36,944,069</b>	<b>1,036,145</b>	<b>264,254,438</b>	<b>11,793,155</b>
<b><u>OPERATING EXPENSES</u></b>								
Purchased power and gas	107,278,764	-	33,594,529	-	37,340,992	-	178,214,285	-
Plant operations	-	-	-	3,316,036	-	-	3,316,036	-
Distribution	2,493,555	-	1,971,006	1,471,274	-	-	5,935,835	-
Discharge collection lines	-	-	-	2,196,355	-	-	2,196,355	-
Sewer pumping	-	-	-	2,285,276	-	-	2,285,276	-
Treatment plant expense	-	-	-	3,880,200	-	-	3,880,200	-
Customer accounts	3,405,516	-	-	-	-	-	3,405,516	-
Sales and customer services	590,513	218,113	471,569	1,204,737	-	-	2,484,932	-
Administrative and general	3,004,577	1,193,062	1,651,138	3,666,267	826,308	3,478,909	13,820,261	52,967
Operation and maintenance	2,702,120	3,858,435	-	-	-	918,837	7,479,392	-
Engineering	-	-	156,789	1,208,577	-	-	1,365,366	-
Taxes and tax equivalents	1,120,307	51,366	-	-	-	-	1,171,673	-
Fort Campbell	-	-	357,321	-	-	-	357,321	-
Claims	-	-	-	-	-	-	-	11,194,341
Depreciation	5,148,867	824,719	1,539,119	11,147,384	3,878	883,347	19,547,314	-
Amortization of bond discount and debt expense	-	-	-	-	214,189	928	215,117	-
Other	-	-	73,660	148,966	-	-	222,626	-
<b>Total operating expenses</b>	<b>125,744,219</b>	<b>6,145,695</b>	<b>39,815,131</b>	<b>30,525,072</b>	<b>38,385,367</b>	<b>5,282,021</b>	<b>245,897,505</b>	<b>11,247,308</b>
<b>Operating income (loss)</b>	<b>9,048,462</b>	<b>(3,996,299)</b>	<b>7,459,138</b>	<b>11,532,806</b>	<b>(1,441,298)</b>	<b>(4,245,876)</b>	<b>18,356,933</b>	<b>545,847</b>

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, 2009**

	<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>Electric Division</u>	<u>Telecommunications Division</u>						
<b><u>NONOPERATING REVENUES</u></b>								
<b><u>(EXPENSES)</u></b>								
Interest income	291,683	-	294,156	229,186	12,873,116	10,807	13,698,948	36,803
Interest expense	(2,691,078)	(269,906)	(777,788)	(8,600,124)	(10,647,469)	(12,652)	(22,999,017)	-
Operating grants	-	-	-	-	-	2,768,580	2,768,580	-
Gain on sale of property	-	-	-	-	-	100	100	-
Other income (expense)	(1,391,141)	(69,911)	13,262	48,156	-	-	(1,399,634)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(3,790,536)</b>	<b>(339,817)</b>	<b>(470,370)</b>	<b>(8,322,782)</b>	<b>2,225,647</b>	<b>2,766,835</b>	<b>(7,931,023)</b>	<b>36,803</b>
<b>Income (loss) before contributions and transfers</b>	<b>5,257,926</b>	<b>(4,336,116)</b>	<b>6,988,768</b>	<b>3,210,024</b>	<b>784,349</b>	<b>(1,479,041)</b>	<b>10,425,910</b>	<b>582,650</b>
<b><u>CAPITAL CONTRIBUTIONS</u></b>	<b>-</b>	<b>-</b>	<b>107</b>	<b>8,370,958</b>	<b>-</b>	<b>-</b>	<b>8,371,065</b>	<b>-</b>
<b><u>TRANSFERS OUT</u></b>	<b>(2,649,775)</b>	<b>(68,289)</b>	<b>(688,857)</b>	<b>(1,994,706)</b>	<b>-</b>	<b>(219,835)</b>	<b>(5,621,462)</b>	<b>-</b>
<b><u>TRANSFERS IN</u></b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>132,801</b>	<b>-</b>	<b>1,250,737</b>	<b>1,533,538</b>	<b>-</b>
<b>Change in net assets</b>	<b>2,758,151</b>	<b>(4,404,405)</b>	<b>6,300,018</b>	<b>9,719,077</b>	<b>784,349</b>	<b>(448,139)</b>	<b>14,709,051</b>	<b>582,650</b>
<b><u>NET ASSETS (DEFICIT)- BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</u></b>	<b>69,707,119</b>	<b>(2,507,642)</b>	<b>44,385,262</b>	<b>138,150,993</b>	<b>3,090,335</b>	<b>8,130,131</b>	<b>260,956,198</b>	<b>547,258</b>
<b><u>PRIOR PERIOD ADJUSTMENT, AS DISCUSSED IN NOTE S</u></b>	<b>-</b>	<b>-</b>	<b>(403,421)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(403,421)</b>	<b>-</b>
<b><u>NET ASSETS (DEFICIT)- BEGINNING OF YEAR, AS RESTATED</u></b>	<b>69,707,119</b>	<b>(2,507,642)</b>	<b>43,981,841</b>	<b>138,150,993</b>	<b>3,090,335</b>	<b>8,130,131</b>	<b>260,552,777</b>	<b>547,258</b>
<b><u>NET ASSETS (DEFICIT)- END OF YEAR</u></b>	<b>\$ 72,465,270</b>	<b>\$ (6,912,047)</b>	<b>\$ 50,281,859</b>	<b>\$ 147,870,070</b>	<b>\$ 3,874,684</b>	<b>\$ 7,681,992</b>	<b>\$ 275,261,828</b>	<b>\$ 1,129,908</b>

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, 2009**

	<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>Electric Division</u>	<u>Telecommunications Division</u>						
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>								
Receipts from customers	\$ 132,066,184	\$ 2,033,446	\$ 49,664,856	\$ 40,083,239	\$ 37,904,399	\$ 984,617	\$ 262,736,741	\$ 11,793,155
Payments to suppliers	(116,196,197)	(3,922,698)	(36,382,815)	(12,549,620)	(14,099,327)	(1,228,790)	(184,379,447)	-
Payments to employees	(6,034,982)	(879,553)	(3,396,776)	(12,614,966)	-	(2,980,002)	(25,906,279)	-
Receipts of customer deposits	-	-	287,137	1,454,939	-	-	1,742,076	-
Refunds of customer deposits	-	-	(173,267)	(597,055)	-	-	(770,322)	-
Internal activity from (to) other funds	(2,638,249)	(68,288)	(73,660)	(148,966)	-	(58,534)	(2,987,697)	(2,176,428)
Claims paid	-	-	-	-	-	-	-	(9,400,102)
Other receipts (payments)	3,020,251	(51,366)	13,260	13,644	750,000	-	3,745,789	(52,967)
Net cash provided (used) by operating activities	<u>10,217,007</u>	<u>(2,888,459)</u>	<u>9,938,735</u>	<u>15,641,215</u>	<u>24,555,072</u>	<u>(3,282,709)</u>	<u>54,180,861</u>	<u>163,658</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>								
Operating grant	-	-	-	-	-	2,714,846	2,714,846	-
Operating transfers in	-	-	-	-	-	1,250,737	1,250,737	-
Transfers to other funds	267,275	(266,880)	(688,857)	(1,994,706)	-	(219,835)	(2,903,003)	-
Advances to Telecommunications Division	(4,943,599)	4,943,599	-	-	-	-	-	-
Other	88,226	-	-	-	-	-	88,226	-
Net cash provided (used) by noncapital financing activities	<u>(4,588,098)</u>	<u>4,676,719</u>	<u>(688,857)</u>	<u>(1,994,706)</u>	<u>-</u>	<u>3,745,748</u>	<u>1,150,806</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, 2009**

	Business-Type Activities/Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Department of Electricity		Gas Department	Water and Sewer Department	Natural Gas Acquisition Corporation	Non-Major Enterprise Funds		
	Electric Division	Telecommunications Division						
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>								
Acquisition and construction of capital assets	(21,514,411)	(1,716,720)	(3,228,254)	(10,416,800)	-	(202,077)	(37,078,262)	-
Principal repayments on bond and loan maturities	(659,108)	-	(6,401,726)	(1,735,537)	(14,925,000)	(52,300)	(23,773,671)	-
Interest paid	(2,643,655)	(60,051)	(773,526)	(8,367,419)	(11,216,833)	(12,761)	(23,074,245)	-
Bond and note proceeds	7,675,000	-	-	5,793,110	-	-	13,468,110	-
Proceeds from sale of fixed assets	-	-	-	-	3,491	100	3,591	-
Bond issuance cost (net)	(170,938)	-	-	-	-	-	(170,938)	-
Net cash provided (used) by capital and related financing activities	(17,313,112)	(1,776,771)	(10,403,506)	(14,726,646)	(26,138,342)	(267,038)	(70,625,415)	-
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>								
Interest received on investments	80,244	-	294,610	262,865	204,544	10,807	853,070	36,803
Investment income (loss)	150,000	-	-	-	(73,201)	-	76,799	-
Proceeds from sale and maturities of investments	-	-	136,976	1,794,540	-	-	1,931,516	-
Purchase of investments	-	-	-	(1,066,146)	-	-	(1,066,146)	-
Repayment of note receivable from water and sewer department	-	-	688,380	-	-	-	688,380	-
Net cash provided by investing activities	230,244	-	1,119,966	991,259	131,343	10,807	2,483,619	36,803
Net increase (decrease) in cash and cash equivalents	(11,453,959)	11,489	(33,662)	(88,878)	(1,451,927)	206,808	(12,810,129)	200,461
<b><u>CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR</u></b>	18,812,794	42,980	19,308,488	14,490,636	19,515,681	682,095	72,852,674	2,559,115
<b><u>CASH AND CASH EQUIVALENTS- END OF YEAR</u></b>	\$ 7,358,835	\$ 54,469	\$ 19,274,826	\$ 14,401,758	\$ 18,063,754	\$ 888,903	\$ 60,042,545	\$ 2,759,576

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, 2009**

	<u>Business-Type Activities/Enterprise Funds</u>						<u>Total</u>	<u>Governmental 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>Electric Division</u>	<u>Telecommunications Division</u>						
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>								
Operating income (loss)	\$ 9,048,462	\$ (3,996,299)	\$ 7,459,138	\$ 11,532,806	\$ (1,441,298)	\$ (4,245,876)	\$ 18,356,933	\$ 545,847
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization	5,148,867	824,719	1,539,119	11,147,384	218,067	884,275	19,762,431	-
Depletion of prepaid gas supplies	-	-	-	-	26,027,778	-	26,027,778	-
Blue coupons redeemed by developers	-	-	-	(455,501)	-	-	(455,501)	-
(Increase) decrease in:								
Accounts receivable	(891,029)	(285,823)	2,399,808	(1,490,530)	1,710,329	(1,655)	1,441,100	-
Due from other funds of the primary government	-	-	-	-	-	54,010	54,010	(710,849)
Inventory	5,482,033	(269,958)	(36,774)	(1,083)	-	16,866	5,191,084	-
Prepaid expenses	313,034	100,829	(7,051)	(8,162)	(365)	(7,636)	390,649	-
Rec-TVA Residential Services	(567,090)	-	-	-	-	-	(567,090)	-
Increase (decrease) in:								
Accounts payable	(7,294,486)	636,489	(1,546,782)	(5,965,716)	(1,959,439)	(52,696)	(16,182,630)	340,452
Accrued liabilities	(136,408)	-	-	-	-	10,419	(125,989)	1,453,787
Customer deposits	715,984	-	113,871	857,884	-	-	1,687,739	-
Accrued compensated absences	-	-	4,145	10,489	-	(4,062)	10,572	-
OPEB liability	20,074	-	-	-	-	176,190	196,264	-
Due to other funds of the primary government	(2,638,249)	(68,288)	-	-	-	(112,544)	(2,819,081)	(1,465,579)
Deferred revenue	-	169,872	-	-	-	-	169,872	-
Advances-TVA Residential Services	584,594	-	-	-	-	-	584,594	-
Other	431,221	-	13,261	13,644	-	-	458,126	-
Total adjustments	<u>1,168,545</u>	<u>1,107,840</u>	<u>2,479,597</u>	<u>4,108,409</u>	<u>25,996,370</u>	<u>963,167</u>	<u>35,823,928</u>	<u>(382,189)</u>
Net cash provided (used) by operating activities	<u>\$ 10,217,007</u>	<u>\$ (2,888,459)</u>	<u>\$ 9,938,735</u>	<u>\$ 15,641,215</u>	<u>\$ 24,555,072</u>	<u>\$ (3,282,709)</u>	<u>\$ 54,180,861</u>	<u>\$ 163,658</u>

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2009**

**ASSETS**

Cash and cash equivalents	\$ -
Investments	<u>4,641,760</u>
<b>Total assets</b>	<b><u><u>\$ 4,641,760</u></u></b>

**NET ASSETS**

Reserved	<b><u><u>\$ 4,641,760</u></u></b>
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**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009**

**ADDITIONS**

Contributions	\$ 534,542
Interest and dividends	-
<b>Total additions</b>	<u>534,542</u>

**DEDUCTIONS**

Benefit payments	50,272
Loss on investments	<u>1,211,854</u>
<b>Total deductions</b>	<u>1,262,126</u>

Change in net assets	(727,584)
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<b><u>NET ASSETS-BEGINNING OF YEAR</u></b>	<u>5,369,344</u>
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<b><u>NET ASSETS-END OF YEAR</u></b>	<b><u><u>\$ 4,641,760</u></u></b>
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**CITY OF CLARKSVILLE, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
<b>REVENUES</b>				
<b>Local Taxes:</b>				
Property taxes	\$ 23,596,890	\$ 23,220,191	\$ 23,415,581	\$ 195,390
Local sales tax	11,230,473	11,323,758	11,251,021	(72,737)
Beer and liquor taxes	2,936,687	3,078,080	3,511,385	433,305
Business taxes	2,157,677	1,841,562	2,053,111	211,549
Cable TV franchise fee	1,048,928	1,037,973	1,064,842	26,869
Hotel and motel taxes	268,667	241,867	261,667	19,800
<b>In lieu of tax payments:</b>				
Clarksville Housing Authority	13,346	25,689	25,690	1
South Central Village	7,370	7,370	7,370	-
IDB	7,221	5,095	5,095	-
Weed bills/demolition	8,663	183,751	196,294	12,543
Litigation Tax	10,383	9,832	9,819	(13)
<b>Total local taxes</b>	<b>41,286,305</b>	<b>40,975,168</b>	<b>41,801,875</b>	<b>826,707</b>
<b>State shared revenues:</b>				
Sales tax	7,471,520	6,917,524	6,774,550	(142,974)
Income tax	501,532	533,532	608,495	74,963
Beer tax	56,588	53,963	53,963	-
Liquor tax	523,606	599,456	606,400	6,944
TVA replacement taxes	998,341	992,144	992,144	-
Excise tax	149,620	167,225	167,225	-
Telecommunication tax	8,539	15,087	12,068	(3,019)
Training supplement-police officers	148,200	132,600	132,600	-
Training supplement-firefighters	115,800	115,200	115,200	-
Training supplement-park ranger	3,600	1,800	1,800	-
State street aid	2,883,291	2,717,696	2,727,481	9,785
Streets and transportation system	223,463	221,998	222,269	271
<b>Total state shared revenues</b>	<b>13,084,100</b>	<b>12,468,225</b>	<b>12,414,195</b>	<b>(54,030)</b>
<b>Licenses and permits:</b>				
Building and codes enforcement permits	1,103,483	633,298	646,932	13,634
Plumbing permits	173,480	150,245	151,990	1,745
Fireworks permits	20,650	12,900	19,200	6,300
Other permits	101,490	89,199	92,331	3,132
<b>Total licenses and permits</b>	<b>1,399,103</b>	<b>885,642</b>	<b>910,453</b>	<b>24,811</b>
<b>Fines and forfeitures</b>	<b>619,016</b>	<b>609,004</b>	<b>617,667</b>	<b>8,663</b>
<b>Charges for services</b>	<b>1,808,178</b>	<b>1,783,136</b>	<b>1,796,123</b>	<b>12,987</b>
<b>Miscellaneous revenues:</b>				
Interest	423,770	194,479	192,831	(1,648)
Grants	539,213	604,260	749,526	145,266
Sale of general capital assets	51,222	10,240	31,376	21,136
Other	501,166	513,295	547,084	33,789
<b>Total other revenues</b>	<b>1,515,371</b>	<b>1,322,274</b>	<b>1,520,817</b>	<b>198,543</b>
<b>Total revenues</b>	<b>59,712,073</b>	<b>58,043,449</b>	<b>59,061,130</b>	<b>1,017,681</b>

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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
<b><u>EXPENDITURES</u></b>				
<b><u>General government:</u></b>				
<b><u>Mayor's office:</u></b>				
Salaries	414,935	379,823	378,145	1,678
Fringe benefits	141,595	118,622	118,222	400
Other	170,401	179,618	121,543	58,075
Capital outlay	17,000	17,000	17,000	-
Total Mayor's office	<u>743,931</u>	<u>695,063</u>	<u>634,910</u>	<u>60,153</u>
<b><u>City court</u></b>				
Salaries	128,771	128,771	125,803	2,968
Fringe benefits	52,501	50,262	50,261	1
Other	67,594	51,837	48,387	3,450
Capital outlay	-	-	-	-
Total city court	<u>248,866</u>	<u>230,870</u>	<u>224,451</u>	<u>6,419</u>
<b><u>Building codes:</u></b>				
Salaries	850,445	814,478	807,429	7,049
Fringe benefits	330,333	312,813	311,548	1,265
Other	237,696	304,971	266,121	38,850
Capital outlay	-	12,986	12,986	-
Total building codes	<u>1,418,474</u>	<u>1,445,248</u>	<u>1,398,084</u>	<u>47,164</u>
<b><u>Finance and revenue:</u></b>				
Salaries	637,225	578,090	568,130	9,960
Fringe benefits	220,530	193,572	191,322	2,250
Other	146,587	185,064	178,761	6,303
Capital outlay	-	-	-	-
Total finance and revenue	<u>1,004,342</u>	<u>956,726</u>	<u>938,213</u>	<u>18,513</u>
<b><u>Parking:</u></b>				
Salaries	111,882	96,791	96,634	157
Fringe benefits	58,115	40,999	41,236	(237)
Other	61,516	93,723	81,966	11,757
Capital outlay	-	-	-	-
Total parking	<u>231,513</u>	<u>231,513</u>	<u>219,836</u>	<u>11,677</u>
<b><u>Legal:</u></b>				
Salaries	123,990	115,049	115,049	-
Fringe benefits	39,879	34,881	34,861	20
Other	134,806	133,206	84,969	48,237
Capital outlay	-	1,600	1,600	-
Total legal	<u>298,675</u>	<u>284,736</u>	<u>236,479</u>	<u>48,257</u>
<b><u>Garage:</u></b>				
Salaries	477,602	465,165	463,365	1,800
Fringe benefits	210,505	188,661	190,116	(1,455)
Other	139,261	109,091	96,805	12,286
Capital outlay	-	-	-	-
Total garage	<u>827,368</u>	<u>762,917</u>	<u>750,286</u>	<u>12,631</u>
<b><u>Human resources:</u></b>				
Salaries	273,012	240,218	238,432	1,786
Fringe benefits	113,565	99,673	99,894	(221)
Other	41,941	59,030	38,351	20,679
Capital outlay	-	-	-	-
Total human resources	<u>428,518</u>	<u>398,921</u>	<u>376,677</u>	<u>22,244</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
<b><u>Information Systems:</u></b>				
Salaries	394,531	356,018	356,394	(376)
Fringe benefits	142,302	115,403	116,117	(714)
Other	984,769	796,481	682,214	114,267
Capital outlay	229,750	190,417	187,081	3,336
Total information systems	<u>1,751,352</u>	<u>1,458,319</u>	<u>1,341,806</u>	<u>116,513</u>
<b><u>Internal Audit:</u></b>				
Salaries	90,251	89,666	89,665	1
Fringe benefits	27,720	27,306	27,303	3
Other	100,338	100,338	99,177	1,161
Capital outlay	-	-	-	-
Total internal audit	<u>218,309</u>	<u>217,310</u>	<u>216,145</u>	<u>1,165</u>
<b><u>Municipal properties:</u></b>				
Salaries	59,480	59,480	59,480	-
Fringe benefits	20,555	19,866	19,866	-
Other	425,891	417,261	393,809	23,452
Capital outlay	150,000	183,057	173,721	9,336
Total municipal properties	<u>655,926</u>	<u>679,664</u>	<u>646,876</u>	<u>32,788</u>
<b><u>Legislative</u></b>				
Salaries	137,016	137,016	138,216	(1,200)
Fringe benefits	28,111	28,614	28,299	315
Other	541,172	553,704	490,940	62,764
Capital outlay	-	27,500	26,750	750
Total legislative	<u>706,299</u>	<u>746,834</u>	<u>684,205</u>	<u>62,629</u>
<b><u>Purchasing:</u></b>				
Salaries	81,390	78,741	79,081	(340)
Fringe benefits	34,632	31,141	30,252	889
Other	21,638	21,638	20,641	997
Capital outlay	-	-	-	-
Total purchasing	<u>137,660</u>	<u>131,520</u>	<u>129,974</u>	<u>1,546</u>
Total general government	<u>8,671,233</u>	<u>8,239,641</u>	<u>7,797,942</u>	<u>441,699</u>
<b><u>Public Safety:</u></b>				
<b><u>Fire Department:</u></b>				
Salaries	8,425,410	8,387,917	8,371,782	16,135
Fringe benefits	3,318,294	3,173,215	3,166,988	6,227
Other	707,858	621,116	592,482	28,634
Capital outlay	175,500	185,269	180,368	4,901
Total fire department	<u>12,627,062</u>	<u>12,367,517</u>	<u>12,311,620</u>	<u>55,897</u>
<b><u>Police Department:</u></b>				
Salaries	11,172,126	11,195,237	11,103,649	91,588
Fringe benefits	4,354,737	4,172,536	4,141,801	30,735
Other	4,058,412	3,743,914	3,667,218	76,696
Capital outlay	918,224	697,158	689,112	8,046
Total police department	<u>20,503,499</u>	<u>19,808,845</u>	<u>19,601,780</u>	<u>207,065</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
<b><u>Dispatch</u></b>				
Salaries	877,701	827,119	826,535	584
Fringe benefits	343,870	337,295	334,213	3,082
Other	27,153	27,153	22,521	4,632
Capital outlay	1,000	896	896	-
Total dispatch	<u>1,249,724</u>	<u>1,192,463</u>	<u>1,184,165</u>	<u>8,298</u>
Total public safety	<u>34,380,285</u>	<u>33,368,825</u>	<u>33,097,565</u>	<u>271,260</u>
<b><u>Highways and Streets:</u></b>				
Salaries	3,099,355	2,990,419	2,950,149	40,270
Fringe benefits	1,320,524	1,255,630	1,245,664	9,966
Other	5,123,858	5,115,415	5,006,513	108,902
Capital outlay	355,000	351,577	351,577	-
Total highways and streets	<u>9,898,737</u>	<u>9,713,041</u>	<u>9,553,903</u>	<u>159,138</u>
<b><u>Recreation:</u></b>				
<b><u>Recreation-general:</u></b>				
Salaries	1,967,771	1,961,738	1,880,984	80,754
Fringe benefits	675,165	596,844	584,652	12,192
Other	951,024	1,125,245	1,114,301	10,944
Capital outlay	271,453	275,286	275,285	1
Total recreation-general	<u>3,865,413</u>	<u>3,959,113</u>	<u>3,855,222</u>	<u>103,891</u>
<b><u>Golf courses-Mason Rudolph:</u></b>				
Salaries	93,934	93,501	88,354	5,147
Fringe benefits	24,148	22,148	20,603	1,545
Other	81,280	81,280	152,111	(70,831)
Capital outlay	-	-	-	-
Total Mason Rudolph	<u>199,362</u>	<u>196,929</u>	<u>261,068</u>	<u>(64,139)</u>
<b><u>Golf courses-Swan Lake:</u></b>				
Salaries	276,810	277,816	276,172	1,644
Fringe benefits	117,409	100,532	98,641	1,891
Other	231,375	231,375	218,064	13,311
Capital outlay	25,700	13,670	13,670	-
Total Swan Lake	<u>651,294</u>	<u>623,393</u>	<u>606,547</u>	<u>16,846</u>
Total recreation	<u>4,716,069</u>	<u>4,779,435</u>	<u>4,722,837</u>	<u>56,598</u>
<b><u>Other Appropriations:</u></b>				
Other retirement benefits	751,900	700,188	687,308	12,880
State unemployment insurance	60,000	56,562	57,435	(873)
Pension payments	32,255	29,563	29,563	-
River district	169,000	185,746	185,984	(238)
HRC general supplies	2,500	1,260	1,129	131
BOZA general supplies	5,200	5,200	4,018	1,182
Tree board	13,600	13,200	12,675	525
Total other appropriations	<u>1,034,455</u>	<u>991,719</u>	<u>978,112</u>	<u>13,607</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
<b><u>Miscellaneous Community Agencies:</u></b>				
State of Tennessee's share of taxes	318,059	296,677	296,677	-
Regional Planning Commission	342,929	342,929	342,929	-
County's share of taxes	261,803	300,728	300,728	-
Senior Citizens Center	252,500	252,500	252,500	-
Regional airport	748,911	139,367	139,366	1
GIS (APSU, Montgomery County and City of Clarksville)	-	-	-	-
Property reappraisal	54,876	54,876	54,876	-
E911	43,853	43,853	43,853	-
Arts & Culture Commission	36,000	36,000	36,000	-
Salvation army shelter	-	-	-	-
Roxy Theater	20,000	20,000	20,000	-
Humane Society	19,000	19,000	19,000	-
Korean American Association	11,500	11,500	11,500	-
Crime Stoppers	8,500	8,500	8,500	-
Habitat for Humanities	5,000	5,000	4,000	1,000
Other non-profit charitable organizations	20,000	20,000	20,000	-
Total community agencies	<u>2,142,931</u>	<u>1,550,930</u>	<u>1,549,929</u>	<u>1,001</u>
Total expenditures	<u>60,843,710</u>	<u>58,643,591</u>	<u>57,700,288</u>	<u>943,303</u>
<b><u>FINANCING SOURCES</u></b>				
Transfer from other funds:				
In lieu of tax payment-CDE	2,622,491	2,723,772	2,718,064	(5,708)
In lieu of tax payment-gas, water and sewer departments	2,762,092	2,683,563	2,683,563	-
Transfer from other city funds	685,151	685,151	685,151	-
Transfer from parking authority	229,425	220,630	219,835	(795)
Total financing sources	<u>6,299,159</u>	<u>6,313,116</u>	<u>6,306,613</u>	<u>(6,503)</u>
<b><u>FINANCING USES</u></b>				
Transfer to Debt Service	7,595,854	4,715,051	4,715,058	(7)
Transfer to Transit System	1,250,737	1,250,737	1,250,737	-
Transfer to Museum	431,060	431,060	431,060	-
Transfer to Gas & Water (Revenue)	184,000	129,444	132,801	(3,357)
Transfer to CDE (deferred)	150,000	150,000	150,000	-
Other transfers out of general fund	102,234	102,234	96,003	6,231
Transfers to capital projects	150,000	414,000	414,000	-
Total financing uses	<u>9,863,885</u>	<u>7,192,526</u>	<u>7,189,659</u>	<u>2,867</u>
Net financing sources (uses)	<u>(3,564,726)</u>	<u>(879,410)</u>	<u>(883,046)</u>	<u>(3,636)</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<u>\$ (4,696,363)</u>	<u>\$ (1,479,552)</u>	<u>477,796</u>	<u>\$ 1,957,348</u>
<b><u>FUND BALANCE-BEGINNING OF YEAR</u></b>			<u>21,343,463</u>	
<b><u>FUND BALANCE-END OF YEAR</u></b>			<u>\$ 21,821,259</u>	

See notes to financial statements and auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**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, 2009, 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, 2009 the City had one discretely presented component unit. The Clarksville-Montgomery County Museum (the "Museum"), a non-profit corporation, was established in November 1982 to collect and interpret significant historic, political, social, intellectual and technological achievements of Clarksville and Montgomery County and further the understanding of the historical developments of Clarksville and Montgomery County from their beginning to the present. The City is responsible for appointing the majority of the Museum's board of directors and provides its primary funding support.

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

Natural Gas Acquisition Corporation  
2215 Madison Street  
Clarksville, Tennessee 37043

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

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

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

Clarksville Gas 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 M 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 primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those required to be accounted for in other funds.

## **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 and telecommunications 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 or administratively restricted to expenditures for specified purposes.

### **Capital Projects Fund**

The Capital Projects Fund is used to account for the accumulation of activity for the City's capital projects.

### **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 and Non-operating Revenues and Expenses of Proprietary Funds**

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

### **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, 2009, but which were levied to finance year 2009 operations, have been recorded as deferred revenue of \$25,025,855. 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 \$700,000 per occurrence and \$300,000 per individual.

The City is also self-insured on its general liability claims and maintains reinsurance for claims in excess of \$1,000,000 and up to \$5,000,000 annual aggregate. The policy of the City is to recognize as an expense claims actually filed plus claims estimated by the City to have been incurred but not yet reported based on historical data. This expense is charged to other funds when claims are actually paid. At June 30, 2009, the amount of these estimated insurance liabilities was \$2,025,348. Changes in the reported liability are as follows:

	<u>Balance</u> <u>Beginning of</u> <u>Fiscal Year</u>	<u>Claims and</u> <u>Changes in</u> <u>Estimates</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>at End of</u> <u>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
2007-2008	3,435,000	333,897	3,197,336	571,561
2008-2009	571,561	1,918,111	464,324	2,025,348

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

**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, U.S. Treasury securities and repurchase agreements and are stated at market value. Pension Trust Fund investments, which include common stocks, bonds and U.S. Government investments and other securities, are stated at market value.

**12. Internal Balances**

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

**13. Receivables**

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

**14. Restricted Assets**

Restricted assets represent cash and investments required to be set aside for the retirement of bonds, interest payable and construction of plant assets.

**15. Inventories**

Supplies inventories of proprietary fund types are valued at 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:

<b>Infrastructure:</b>	
Sidewalks	\$ 30,000
Drainage Systems	100,000
Traffic Systems	50,000
Bridges	500,000
Electric and telecommunications department	2,500
Other capital assets	5,000

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

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

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the street 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, 2009. 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<sup>th</sup> each year. Sick leave is paid on the basis of straight time and is not used as a basis for overtime pay. Except for retirement or death, 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 February 28. Current tax collections of \$22,333,061 for the fiscal year ended June 30, 2009, were approximately 90.4 percent of the tax levy. This amount includes \$50,262 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, 2009, was \$1.31 per \$100 of assessed value.

#### 19. Unamortized Discount, Premium and Debt Expense

The bond issuance cost, original issue discount, premium and the underwriters discount are being amortized over the fifteen year life of the gas purchase agreement,

**20. Prepaid Gas Supplies**

Prepaid gas supplies represent Natural Gas Acquisition Corporation's secured prepayment of natural gas to be received by the Corporation at specified quantities per month through September 2021. This amount is reduced monthly by the cost of gas sold and is increased by imputed interest based on the effective interest rate implied in the prepayment based on the prepayment amount and term.

**21. 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.

**22. Intangible Assets**

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

**23. Insurance and Advertising**

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

**24. 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 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 statute 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. The Corporation's attorney confirmed that this repurchase agreement is structured to meet the Tennessee Code Annotated requirement.

At June 30, 2009, the carrying amount of the City's deposits (restricted and unrestricted) is \$94,498,206. Bank balances for such accounts total \$78,353,740. Bank balances of \$77,310,140 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. Deposits totaling \$1,043,600 of the Natural Gas Acquisition Corporation are uncollateralized.

At June 30, 2009, the City's investments consist of the following:

Investment Type	Fair Value	Maturities	
		Less Than One Year	More Than One Year
Tennessee Local Government Investment Pool	\$ 38,439,377	\$ 38,439,377	\$ -
U.S. Treasuries	13,996,967	13,996,967	-
Bank repurchase agreements	2,489,254	2,489,254	-
	<u>\$ 54,925,598</u>	<u>\$ 54,925,598</u>	<u>\$ -</u>

The Tennessee Local Government Investment Pool is an unrated external investment pool that operates in a manner consistent with the Securities 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.

Investments of the Component Unit-Museum consist of the following at June 30, 2009:

Investment Type	Fair Value	Cost	Average Credit Quality Rating	Average Maturity In Years
Common stocks	\$ 406,192	\$ 419,003	n/a	n/a
Money market fund	35,654	35,654	n/a	n/a
Real estate	2,272	2,994	n/a	n/a
U.S. agency/governmental bonds	31,057	28,697	AAA	1.0
Mutual funds				
Equity	435,576	596,354	n/a	n/a
Fixed	203,216	223,293	n/a	n/a
	<u>\$1,113,967</u>	<u>\$1,305,995</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, 2009, consists of the following:

	<u>Balance</u> <u>June 30, 2009</u>
<b><u>Special Revenue Funds - Community Development Fund:</u></b>	
3% interest loans under the Community Development Block Grant, due in 96 to 300 monthly installments; secured by deed of trust	\$ 818,010
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	964,065
3% interest loans made under U.S. Department of Housing and Urban Development Home Investment Partnership; due in 96 to 300 monthly installments, secured by deed of trust	712,706
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	657,762
Interest free loans made with CDBG Grant funds with 5% annual amortization and no payment due as long as occupancy and ownership is retained; secured by deed of trust	315,302
Interest free loans made with HOME Grant funds with 5% annual amortization and no payment due as long as occupancy and ownership is retained; secured by deed of trust	305,331
Interest-free loans with the U.S. Department of Housing and Urban Development first time homebuyers program for closing cost assistance. Grants are amortized 100% at the end of five years no payment due as long as ownership is retained for five years; secured by deed of trust	441,333
3% interest loans under Tennessee Housing Development Assistance; due in 96 to 300 monthly installments; secured by deed of trust	153,247
Interest free loans made with CDBG Grant funds with 10% annual amortization and no payment due as long as occupancy and ownership is retained; secured by deed of trust	269,844
Interest-free loans under the U.S. Department of Housing and Urban Development first time homebuyers on program, due sale or transfer, secured by deed of trust	244,593
1% or 3% interest loans made under the Community Development Block Grant, repayment deferred 2 years, secured by deed of trust	133,825
Interest free loans made with HOME Grant funds with 10% annual amortization and no payment due as long as occupancy and ownership is retained; secured by deed of trust	181,787
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	119,422
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	128,998
3% interest loans from HOUSE program income revolving funds, due in 180 to 360 monthly installments; secured by deed of trust and second mortgage.	142,584
Interest free loans under 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	45,387
1% or 3% interest loans made under the U.S. Department of Housing and Urban Development first time homebuyers program, repayment after 2 years deferral	26,202

Interest free loans made with HOUSE program income with 5% annual amortization and no payment due as long as occupancy and ownership is retained; secured by deed of trust	27,000
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	13,233
Rehabilitation Grant given to low-income applicants. Grants are amortized 20% per year for five years. Grants are forgiven after five years.	26,684
Interest-free loans under Community Development Block Grant, secured by deed of trust as second mortgage with payments beginning after first mortgage is paid off	20,500
1% interest loan made under the Emergency Repair Fund, for five years; secured by deed of trust	2,377
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	152
	<u>5,820,344</u>
Less current portion	(180,952)
Total Special Revenue Funds Notes Receivables, net of current portion	<u>\$ 5,639,392</u>

**D. CAPITAL ASSETS**

Infrastructure activity for governmental activities for the year ended June 30, 2009 is as follows:

	(as restated)			
	Balance			Balance
	July 1, 2008	Increases	Decreases	June 30, 2009
<b><u>Governmental Activities:</u></b>				
Modified Approach Street Network	\$ 215,488,724	\$ 4,487,091	\$ -	\$ 219,975,815
Basic Approach				
Bridges	2,117,221	-	-	2,117,221
Drainage system	35,660,423	1,440,665	-	37,101,088
Sidewalks	12,743,607	1,096,905	-	13,840,512
Boat docks	398,744	-	-	398,744
Traffic signals/ lighting	2,305,945	193,500	-	2,499,445
Total infrastructure	<u>268,714,664</u>	<u>7,218,161</u>	<u>-</u>	<u>275,932,825</u>
<b><u>Less accumulated depreciation:</u></b>				
Bridges	(136,224)	(23,223)	-	(159,447)
Drainage system	(7,353,953)	(1,067,801)	-	(8,421,754)
Sidewalks	(239,185)	(246,129)	-	(485,314)
Boat docks	(76,481)	(39,893)	-	(116,374)
Traffic signals/lighting	(380,903)	(183,951)	-	(564,854)
Total accumulated depreciation	<u>(8,186,746)</u>	<u>(1,560,997)</u>	<u>-</u>	<u>(9,747,743)</u>
Net infrastructure	<u>\$ 260,527,918</u>	<u>\$ 5,657,164</u>	<u>\$ -</u>	<u>\$ 266,185,082</u>

Other capital asset activity for governmental activities for the year ended June 30, 2009 is as follows:

	(as restated) Balance <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2009</u>
<b><u>Governmental Activities:</u></b>				
<b>Capital assets not depreciated:</b>				
Land	\$ 10,493,591	\$ -	\$ 12,336	\$ 10,481,255
Easements	21,320,177	490,100	-	21,810,277
Construction in progress	5,235,263	11,666,067	-	16,901,330
<b>Total capital assets not depreciated</b>	<b>37,049,031</b>	<b>12,156,167</b>	<b>12,336</b>	<b>49,192,862</b>
<b>Capital assets being depreciated:</b>				
Land improvements	4,721,211	94,360	-	4,815,571
Machinery and equipment	17,138,532	461,390	306,179	17,293,743
Buildings	57,496,437	-	-	57,496,437
Motor vehicles	13,765,987	937,939	16,450	14,687,476
<b>Total capital assets depreciated</b>	<b>93,122,167</b>	<b>1,493,689</b>	<b>322,629</b>	<b>94,293,227</b>
<b>Less accumulated depreciation:</b>				
Land improvements	(3,838,054)	(203,898)	-	(4,041,952)
Machinery and equipment	(10,397,445)	(1,214,938)	265,681	(11,346,702)
Buildings	(13,683,200)	(1,118,060)	-	(14,801,260)
Motor vehicles	(9,787,799)	(863,419)	14,685	(10,636,533)
<b>Total accumulated depreciation</b>	<b>(37,706,498)</b>	<b>(3,400,315)</b>	<b>280,366</b>	<b>(40,826,447)</b>
<b>Net capital assets depreciated</b>	<b>55,415,669</b>	<b>(1,906,626)</b>	<b>42,263</b>	<b>53,466,780</b>
<b>Net governmental activities capital assets</b>	<b>92,464,700</b>	<b>10,249,541</b>	<b>54,599</b>	<b>102,659,642</b>
<b>Net governmental activities capital assets and infrastructure</b>	<b>\$ 352,992,618</b>	<b>\$ 15,906,705</b>	<b>\$ 54,599</b>	<b>\$ 368,844,724</b>

Capital asset activity for business activities for the year ended June 30, 2009 is as follows:

	Balance <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2009</u>
<b><u>Business-Type Activities:</u></b>				
<b><u>Parking Authority</u></b>				
Plant and equipment	\$ 3,409,952	\$ -	\$ -	\$ 3,409,952
Less accumulated depreciation	(1,183,604)	(68,420)	-	(1,252,024)
<b>Net parking authority</b>	<b>\$ 2,226,348</b>	<b>\$ (68,420)</b>	<b>\$ -</b>	<b>\$ 2,157,928</b>
<b><u>Transit System</u></b>				
<b>Capital assets not depreciated:</b>				
Land	\$ 85,882	\$ -	\$ -	\$ 85,882
Construction in progress	-	-	-	-
<b>Total capital assets not depreciated</b>	<b>85,882</b>	<b>-</b>	<b>-</b>	<b>85,882</b>
<b>Capital assets being depreciated:</b>				
Building	2,890,231	-	-	2,890,231
Revenue vehicles	5,551,974	89,472	-	5,641,446
Other vehicles	245,485	-	22,442	223,043
Furniture and equipment	907,869	112,605	54,740	965,734
<b>Total capital assets depreciated</b>	<b>9,595,559</b>	<b>202,077</b>	<b>77,182</b>	<b>9,720,454</b>
<b>Less accumulated depreciation</b>	<b>(3,719,447)</b>	<b>(814,927)</b>	<b>77,182</b>	<b>(4,457,192)</b>
<b>Net capital assets depreciated</b>	<b>5,876,112</b>	<b>(612,850)</b>	<b>-</b>	<b>5,263,262</b>
<b>Net capital assets</b>	<b>\$ 5,961,994</b>	<b>\$ (612,850)</b>	<b>\$ -</b>	<b>\$ 5,349,144</b>

**Clarksville Electric and Telecommunications****Capital assets not depreciated:**

Land and land rights	\$ 1,196,487	\$ 19,582	\$ -	\$ 1,216,069
Construction in progress	28,303,497	5,879,046	-	34,182,543
Plant held for sale	-	-	-	-
<b>Total capital assets not depreciated</b>	<b>29,499,984</b>	<b>5,898,628</b>	<b>-</b>	<b>35,398,612</b>

**Capital assets being depreciated:**

Station equipment	19,771,205	1,242,413	-	21,013,618
Transmission system	64,568,460	6,091,977	882,996	69,777,441
Transportation equipment	2,250,282	53,684	45,883	2,258,083
Furniture and equipment	1,456,127	85,852	5,295	1,536,684
Communication equipment	15,890,444	9,663,512	421,660	25,132,296
Poles and fixtures	1,336,841	70,585	-	1,407,426
Overhead conductors and devices	627,589	-	-	627,589
Structures and improvements	4,502,807	146,355	-	4,649,162
Plant acquisition adjustments	1,399,248	-	240,256	1,158,992
<b>Total capital assets depreciated</b>	<b>111,803,003</b>	<b>17,354,378</b>	<b>1,596,090</b>	<b>127,561,291</b>

**Less accumulated depreciation:**

Station equipment	(6,186,360)	(576,790)	-	(6,763,150)
Transmission system	(17,706,957)	(3,397,742)	797,758	(20,306,941)
Transportation equipment	(1,450,642)	(149,686)	13,800	(1,586,528)
Furniture and equipment	(735,224)	(110,065)	4,486	(840,803)
Communication equipment	(529,462)	(1,309,269)	27,441	(1,811,290)
Poles and fixtures	(686,872)	(37,743)	-	(724,615)
Overhead conductors and devices	(469,509)	(15,690)	-	(485,199)
Structures and improvements	(1,698,867)	(136,348)	-	(1,835,215)
<b>Total accumulated depreciation</b>	<b>(29,463,893)</b>	<b>(5,733,333)</b>	<b>843,485</b>	<b>(34,353,741)</b>
<b>Net capital assets depreciated</b>	<b>82,339,110</b>	<b>11,621,045</b>	<b>752,605</b>	<b>93,207,550</b>
<b>Net capital assets</b>	<b>\$ 111,839,094</b>	<b>\$ 17,519,673</b>	<b>\$ 752,605</b>	<b>\$ 128,606,162</b>

**Water and Sewer****Capital assets not depreciated:**

Land and land rights	\$ 2,009,225	\$ 141,041	\$ -	\$ 2,150,266
Construction in progress	20,719,639	11,108,575	13,747,825	18,080,389
<b>Total capital assets not depreciated</b>	<b>22,728,864</b>	<b>11,249,616</b>	<b>13,747,825</b>	<b>20,230,655</b>

**Capital assets being depreciated:**

Plant and equipment	351,032,267	25,655,876	4,975,741	371,712,402
<b>Less accumulated depreciation</b>	<b>(78,466,442)</b>	<b>(11,179,443)</b>	<b>770,694</b>	<b>(88,875,191)</b>

<b>Net capital assets depreciated</b>	<b>272,565,825</b>	<b>14,476,433</b>	<b>4,205,047</b>	<b>282,837,211</b>
<b>Net capital assets</b>	<b>\$ 295,294,689</b>	<b>\$ 25,726,049</b>	<b>\$ 17,952,872</b>	<b>\$ 303,067,866</b>

**Gas****Capital assets not depreciated:**

Land and land rights	\$ 214,903	\$ -	\$ -	\$ 214,903
Construction in progress	398,225	5,859,173	3,787,612	2,469,786
<b>Total capital assets not depreciated</b>	<b>613,128</b>	<b>5,859,173</b>	<b>3,787,612</b>	<b>2,684,689</b>

**Capital assets being depreciated:**

Plant and equipment	54,278,813	1,356,202	509,562	55,125,453
<b>Less accumulated depreciation</b>	<b>(13,743,019)</b>	<b>(1,539,119)</b>	<b>310,153</b>	<b>(14,971,985)</b>

<b>Net capital assets depreciated</b>	<b>40,535,794</b>	<b>(182,917)</b>	<b>199,409</b>	<b>40,153,468</b>
<b>Net capital assets</b>	<b>\$ 41,148,922</b>	<b>\$ 5,676,256</b>	<b>\$ 3,987,021</b>	<b>\$ 42,838,157</b>

**Natural Gas Acquisition Corporation**

**Capital assets being depreciated:**

Plant and equipment	\$ 26,473	\$ -	\$ 4,443	\$ 22,030
Less accumulated depreciation	(6,096)	(3,878)	952	(9,022)
Net capital assets	<u>20,377</u>	<u>(3,878)</u>	<u>3,491</u>	<u>13,008</u>
Net business activities capital assets	<u>\$ 456,491,424</u>	<u>\$ 48,236,830</u>	<u>\$ 22,695,989</u>	<u>\$ 482,032,265</u>

**Museum (Component Unit)**

**Capital assets being depreciated:**

Leasehold improvements	\$ 3,297,602	\$ 3,789	\$ -	\$ 3,301,391
Furniture and equipment	129,098	9,208	-	138,306
Vehicles	14,565	-	-	14,565
Total capital assets depreciated	<u>3,441,265</u>	<u>12,997</u>	<u>-</u>	<u>3,454,262</u>
Less accumulated depreciation	<u>(1,044,276)</u>	<u>(107,322)</u>	<u>-</u>	<u>(1,151,598)</u>
Net capital assets	<u>\$ 2,396,989</u>	<u>\$ (94,325)</u>	<u>\$ -</u>	<u>\$ 2,302,664</u>

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	\$ 1,270,660
Highways and streets	1,978,595
Public safety	928,367
Recreation	783,690
Total	<u>\$ 4,961,312</u>

**E. LONG-TERM OBLIGATIONS**

Governmental long-term debt activity for the year ended June 30, 2009 consists of the following:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts Due</u>
	<u>June 30, 2008</u>			<u>June 30, 2009</u>	<u>In Year</u>
					<u>Ending</u>
					<u>June 30, 2010</u>
Bonds payable	\$ 15,100,000	\$ 25,510,950	\$ 1,200,000	\$ 39,410,950	\$ 2,648,000
Notes payable	31,689,658	132,844	2,686,100	29,136,402	1,075,300
Subtotal	46,789,658	25,643,794	3,886,100	68,547,352	3,723,300
Accrued compensated absences	2,167,551	81,943	-	2,249,494	823,670
Total governmental	<u>\$ 48,957,209</u>	<u>\$ 25,725,737</u>	<u>\$ 3,886,100</u>	<u>\$ 70,796,846</u>	<u>\$ 4,546,970</u>

The general fund has been used in prior years to liquidate accrued compensated absences.

Governmental long-term debt at June 30, 2009 consists of the following obligations:

**Bonds Payable**

\$21,753,000 2009 General Obligation Refunding Bonds due in increasing annual installments through June 1, 2027, at an interest rate of 3.76%.	\$ 21,099,000
\$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%.	5,305,000
\$4,990,000 2006 Taxable General Obligation Industrial Park Bonds due in increasing annual installments through July 1, 2022, at varying rates from 1.4% to 3%.	4,565,000
\$4,411,950 2009A General Obligation Refunding Bonds due in increasing annual installments through June 1, 2014, at an interest rate of 3.17%.	4,411,950
\$5,100,000 2002 E-911 General Improvement Bonds due in increasing annual installments through June 1, 2022, at varying rates of interest from 3.5% to 4.875%.	3,760,000
\$800,000 1976 Farmers Administration Loan due in increasing annual installments through January 1, 2016, at an interest rate of 5%.	<u>270,000</u>
Total bonds payable	<u>39,410,950</u>

**Notes Payable**

\$16,047,000 2007 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2033, with interest payable monthly at an adjustable rate.	8,588,526
\$7,149,000 2009 Taxable General Obligation Bond Anticipation Note provides for repayment of note on March 1, 2011 with interest due semiannually at an interest rate of 2.59%	7,149,000
\$4,000,000 2007 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2032, with interest payable monthly at an adjustable rate.	3,910,000
\$6,193,353 2008 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2034, with interest payable monthly at an adjustable rate.	2,591,609
\$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.	2,451,852
\$25,175,000 2008 Tennessee Municipal Bond Pooled Loan Program; loan agreement provides for repayment of loan in annual installments through May 25, 2034, with interest payable monthly at an adjustable rate.	1,579,415

<b>\$1,380,000 2008A Tennessee Municipal Bond Fund Alternative Loan Program; taxable capital outlay note provides for repayment of note in increasing annual installments through December 1, 2015, at an interest rate of 4.39%.</b>	<b>1,380,000</b>
<b>\$1,210,000 2008 Tennessee Municipal Bond Fund Alternative Loan Program; taxable capital outlay note provides for repayment of note in increasing annual installments through August 1, 2015, at an interest rate of 4.2%.</b>	<b>1,210,000</b>
<b>\$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.</b>	<b><u>276,000</u></b>
<b>Total notes payable</b>	<b><u>29,136,402</u></b>
<b>Total bonds and notes payable</b>	<b>68,547,352</b>
<b>Add: Accrued compensated absences</b>	<b>2,249,494</b>
<b>Less: Current portion of long-term debt and accrued compensated absences</b>	<b><u>(4,546,970)</u></b>
<b>Total governmental activities long-term debt</b>	<b><u><u>\$ 66,249,876</u></u></b>

Business long-term debt activity for the year ended June 30, 2009 consists of the following:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Amount Due</u> <u>In Year</u> <u>Ending</u> <u>June 30, 2010</u>
<b><u>Gas Department and Water and Sewer Department</u></b>					
Bonds and notes payable	\$ 182,354,375	\$ 5,793,110	\$ 8,137,263	\$ 180,010,222	\$ 8,472,557
Accrued compensated absences	607,603	9,118	-	616,721	235,702
Customer deposits	1,558,446	1,734,275	770,322	2,522,399	-
Premiums on bonds	2,001,938	-	100,171	1,901,767	-
Unamortized discount and deferred loss on defeasance	(2,935,768)	-	(229,144)	(2,706,624)	-
<b>Total Gas, Water and Sewer Department</b>	<b>183,586,594</b>	<b>7,536,503</b>	<b>8,778,612</b>	<b>182,344,485</b>	<b>8,708,259</b>
<b><u>Natural Gas Acquisition Corporation</u></b>					
Bonds payable	232,010,000	-	14,925,000	217,085,000	13,795,000
Premium on bonds	6,095,140	-	752,522	5,342,618	-
<b>Total Natural Gas Acquisition Corporation</b>	<b>238,105,140</b>	<b>-</b>	<b>15,677,522</b>	<b>222,427,618</b>	<b>13,795,000</b>
<b><u>Clarksville Transit</u></b>					
Accrued compensated absences	110,003	-	4,062	105,941	105,941
<b><u>Parking Authority</u></b>					
Note payable	516,108	-	52,300	463,808	132,575
<b><u>Department of Electricity and Telecommunications</u></b>					
Bonds and notes payable	59,976,149	-	659,176	59,316,973	1,409,108
Premium on bonds	2,781,751	-	117,126	2,664,625	-
Customer deposits	3,433,762	2,280,802	1,564,848	4,149,716	-
TVA advances	2,896,449	1,267,388	682,795	3,481,042	-
Accrued compensated absences	2,259,582	283,991	395,497	2,148,076	537,513
Other	30,148	-	-	30,148	-
<b>Total Department of Electricity</b>	<b>71,377,841</b>	<b>3,832,181</b>	<b>3,419,442</b>	<b>71,790,580</b>	<b>1,946,621</b>
<b>Total business activities</b>	<b>\$ 493,695,686</b>	<b>\$ 11,368,684</b>	<b>\$ 27,931,938</b>	<b>\$ 477,132,432</b>	<b>\$ 24,688,396</b>
<b><u>Museum (Component Unit)</u></b>					
Note payable	\$ 227,657	\$ -	\$ 14,325	\$ 213,332	\$ 14,794

Business activity long-term debt at June 30, 2009 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 through September 1, 2024, at 2.50% to 4.25% interest. Substantially all operating revenues of the Department of Electricity are security for these bonds.	\$ 5,770,000
Series 2007 Water, Sewer, and Gas Revenue Bonds due in annual installments of \$740,000 to \$1,880,000 through February 2032 at 4.35% interest.	58,505,002
Series 2002 Water, Sewer, and Gas Revenue Refunding Bonds due in annual installments of \$1,250,000 through February 1, 2018, at varying rates of interest from 4.89% to 5.25%.	14,285,000
Series 2001 Water, Sewer, and Gas Revenue Refunding and Improvement Bonds due in increasing annual installments of \$1,235,000 through February 2022 at 3.0% to 5.0% interest.	20,440,000
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.	43,875,000
Series 2006 Tennessee Gas Revenue bonds to Natural Gas Acquisition Corporation due in increasing installments of \$8,515,000 to \$25,500,000 through December 15, 2021 at 5.00% semiannual interest.	217,085,000
\$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 through September 1, 2033 at 4.0% to 5.0% interest. Substantially all revenues of the Electric Division are security for these bonds.	<u>52,790,000</u>
Total bonds payable	<u>412,750,002</u>

**Notes Payable**

Loan from Tennessee State Revolving Loan Fund due in increasing annual installments from \$221,124 to \$306,162 through 2024 at a variable rate of interest.	4,136,622
Loans from the State EPA for construction of a sewage disposal plant, due in increasing monthly installments of \$3,225 to \$4,878 through February 1, 2010, at varying rates of interest from 6.6% to 7.5%.	45,557
Loan from the Tennessee State Revolving Loan Fund for wastewater treatment plant expansion due in monthly installments of \$135,734 to \$209,655 through July 2022, at 3.2% interest.	26,914,119
Loan from the Tennessee State Revolving Loan Fund for wastewater treatment plant expansion due in monthly installments of \$57,704 to \$69,184 through March 1, 2012, at an interest rate of 3.7%.	2,447,772
Loan from Cumberland Electric Membership Corporation for purchase of electric plant due in annual installments of \$84,100 through June 2018, at 0.0% interest.	756,973
Series 2005 TML Bond Pool Loan due in annual installments through May 2032 of \$1,087,855 to \$3,341,373 at an interest rate of 5.0%.	4,861,150
Series 1994 TML Bond Pool Loan due in annual installments through 2015 of \$500,000 to \$882,000 at an adjustable interest rate.	4,500,000

<b>Series 2007 TML Bond Pool Loan for Parking Authority, due in increasing annual installments through May 2012, at an adjustable rate of interest.</b>	<b>463,808</b>
	<hr/>
<b>Total notes payable</b>	<b>44,126,001</b>
	<hr/>
<b>Total bonds and notes payable</b>	<b>456,876,003</b>
<b>Add: Accrued Compensated Absences</b>	<b>2,870,738</b>
<b>Customer deposits</b>	<b>6,672,115</b>
<b>TVA advances</b>	<b>3,481,042</b>
<b>Bond premiums</b>	<b>9,909,010</b>
<b>Other</b>	<b>30,148</b>
<b>Less: Unamortized bond discounts and deferred loss on defeasance</b>	<b>(2,706,624)</b>
	<hr/>
	<b>477,132,432</b>
<b>Less: Current portion of long-term debt and accrued compensated absences</b>	<b>(24,688,396)</b>
<b>Total business activity long-term debt</b>	<b>\$ 452,444,036</b>
	<hr/> <hr/>

**Component Unit-Museum**

<b>Museum promissory note held by the City of Clarksville. Minimum annual principal and interest payments of \$20,000 are due on December 31st of each year through 2020. Interest is charged on the unpaid balance of the loan at a rate of 3.28% annually.</b>	<b>\$ 213,332</b>
	<hr/> <hr/>

The annual debt service requirements to amortize bonds and notes payable outstanding as of June 30, 2009 are as follows:

For the Year Ended June 30,	Governmental Activity Debt Principal	Business Activity Debt Principal	Component Unit Debt Principal	Total Debt Principal	Total Interest
2010	\$ 3,723,300	\$ 23,809,240	\$ 14,794	\$ 27,547,334	\$ 28,339,652
2011	11,092,700	23,208,261	15,280	34,316,241	34,504,464
2012	4,062,000	22,537,023	15,781	26,614,804	26,102,518
2013	4,438,353	23,676,303	16,298	28,130,954	25,282,562
2014	4,374,950	23,767,842	16,833	28,159,625	23,920,059
2015	3,877,415	25,334,793	17,385	29,229,593	22,107,811
2016	4,298,000	26,995,014	17,955	31,310,969	20,425,592
2017	3,438,000	28,839,566	18,544	32,296,110	18,085,211
2018	3,617,000	30,544,524	19,152	34,180,676	16,713,796
2019	3,807,000	32,387,028	19,781	36,213,809	15,258,606
2020	3,997,000	34,358,484	20,429	38,375,913	13,733,812
2021	4,189,852	36,587,532	21,100	40,798,484	12,087,035
2022	4,150,000	40,299,292	-	44,449,292	10,054,572
2023	2,844,000	15,569,939	-	18,413,939	7,325,645
2024	2,237,256	16,031,162	-	18,268,418	5,928,951
2025	2,045,526	16,000,000	-	18,045,526	4,848,085
2026	505,000	4,090,000	-	4,595,000	2,301,366
2027	595,000	4,285,000	-	4,880,000	2,174,920
2028	227,000	4,495,000	-	4,722,000	1,575,639
2029	239,000	4,715,000	-	4,954,000	1,360,274
2030	250,000	4,950,000	-	5,200,000	1,132,550
2031	263,000	5,195,000	-	5,458,000	894,994
2032	276,000	5,450,000	-	5,726,000	644,927
2033	-	3,750,000	-	3,750,000	93,749
	<u>\$ 68,547,352</u>	<u>\$ 456,876,003</u>	<u>\$ 213,332</u>	<u>\$ 525,636,687</u>	<u>\$ 294,896,790</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, 2009, bonds outstanding of \$8,410,233 were considered defeased.

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

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

The Water and Sewer department ("Department") entered into an interest rate swap agreement for the Series 2004 variable interest rate bonds. The intention of the swap was to effectively change the variable interest rate on the Series 2004 bonds to a synthetic fixed rate of 4.16%. Under the swap agreement, the Department owes the counterparty interest at a fixed rate of 4.16% and the counterparty owes the Department interest based on a variable rate that is calculated at 64% of the BBA LIBOR Daily Floating Rate plus 0.34%. Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged; it is used as the basis on which the interest payments are calculated.

The Department would be exposed to variable rates if the counterparty to the swap agreement defaults, or if the swap agreement is terminated. If the bonds are pre-paid prior to maturity and the Department decides to terminate the swap agreement, a termination fee may be owed either to the counterparty by the Department, or to the Department by the counterparty, depending upon current market conditions. Other than the net interest expense resulting from these agreements, no other amounts are recorded in the financial statements. At June 30, 2009 the swap has a negative fair market value of \$6,093,903 based on mid-market level prices. Because the swap has a negative fair value the District is not exposed to credit risk. However, should interest rates change and the fair value of the swap becomes positive, the District would be exposed to credit risk to the extent of the amount of the derivative's fair value. The swap counterparty is rated A2 by Moody's Investors Service, A+ by Fitch Ratings, and A by Standard & Poor's at June 30, 2009. The Department or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If at the time of termination the swap has a negative fair value, the Department would be liable to the counterparty for a payment equal to the swap's fair value.

During 2009, the Electric Department (CDE) experienced a non-payment default on its 2007 series bonds. The terms of the 2007 series bond agreements required CDE to fund a reserve account in the amount of \$3,541,657. The terms of the bond agreement allowed the reserve to be funded by a surety bond or cash deposit. When the bonds were issued, CDE elected to fund the reserve by purchasing a surety bond. In February 2008, the surety bond insurer became insolvent. Under the terms of the bond agreement, CDE was required to reserve the cash, beginning 90 days after the loss of the surety bond which required \$147,570 monthly installments over a twenty-four month period. As of June 30, 2009, the reserve funding requirement was \$2,065,980, and CDE had a reserve deficiency of \$1,165,200. CDE intends to issue long-term bonds during fiscal year 2010 to fund the reserve deficiency.

#### F. SHORT-TERM DEBT

In March 2009, the Electric Department (CDE) issued short-term bonds totaling \$7,675,000 to finance construction of the fiber ring infrastructure. These bonds bear interest at 1.625% per year and mature on February 1, 2010. These bonds are secured by a subordinate interest in substantially all of the net revenues of the Electric Division. CDE management intends to refinance these bonds into long-term debt before their due date.

#### 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, 2009. Interest is due monthly at the bank's prime rate of interest less one percent.

#### G. PENSION PLAN

##### 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 participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at <http://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, 2009 was 13.19% 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, 2009, the City's annual pension cost of \$5,097,436 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short- term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 16 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

#### 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, 2009	\$ 5,097,436	100.0%	\$ 0.00
June 30, 2008	5,125,234	100.0%	0.00
June 30, 2007	5,035,889	100.0%	0.00

#### Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 83.29% funded. The actuarial accrued liability for benefits was \$93.09 million, and the actuarial value of assets was \$77.53 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$15.56 million. The covered payroll (annual payroll of active employees covered by the plan) was \$37 million, and the ratio of the UAAL to the covered payroll was 42.11 percent.

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

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

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

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ration (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2007	\$ 77,538,000	\$ 93,093,000	\$ 15,555,000	83.29%	\$ 36,938,000	42.11%

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

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

**Component Units**

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

**Department of Electricity - Pension Plan**

**Plan Description**

The Department of Electricity (CDE), 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 CDE, 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.

**Funding Status and Progress**

CDE provides all funding contributions to this money purchase pension plan. On July 1 of each year, CDE'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 CDE for the year ended June 30, 2009 was approximately \$534,000. The assumed rate of return used in determining contributions is 6.5 percent.

## 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, 2009 was \$4,641,759. Securities traded on national exchanges are valued at the last reported sales price. Short-term investments are reported at cost, which approximates fair value.

Effective June 30, 2009, the defined contribution plan was discontinued by CDE. Participant account balances were subsequently transferred to employee 401(k) accounts as described in Note H.

### **H. DEFERRED COMPENSATION PLAN**

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

Department of Electricity - The Electric Department (CCE) maintains a deferred compensation 401(K) plan for all eligible employees. Eligibility requirements are substantially the same as those for the Department's pension plan. Employees are fully vested in contributions to the plan. To offset the loss of the defined contribution plan as discussed in Note G, CDE established a progress sharing plan as part of the 401(K) plan. CDE contributes 3% of gross pay to the progress sharing plan and also matches up to an additional 3% contribution for all eligible employees. Employer and employee contributions to the plan are discretionary and, for the year-ended June 30, 2009, were \$101,616 for DCE and \$285,584 for the employees. Plan assets at December 31, 2008 were \$4,061,058 (market value). These assets are the property of the employees and are not included in these statements.

### **I. OTHER POST EMPLOYMENT BENEFITS**

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

Plan Description - The City of Clarksville's Retired Employees' Benefit Plan ("Plan") is a single-employer defined benefit healthcare, dental, and life insurance plan administered by the City of Clarksville. The plan is provided for in Section 1-1340 through Section 1-1348 of the Official Code of the City of Clarksville. The Plan provides medical, dental, and life insurance benefits to eligible retirees of the general government, the Gas, Water and Sewer Department and the Transit System. Retirees of the general government, the Gas, Water and Sewer Department and the Transit System are able to obtain medical and dental insurance at the City group rates for their spouses. Employees hired on or after July 1, 2007 are not eligible for the retirement benefits provided by the Plan. Eligible employees must have been hired on or before June 30, 2007. The Plan has a total of 1,224 participants of which 230 are retired participants and 994 are active participants. The Plan does not issue a publicly available financial report that includes financial statements and required supplementary information.

Funding Policy - The contribution requirements of the general government, the Gas, Water, and Sewer Department, and the Transit System are determined by an actuary study performed as of January 1, 2009. The level of actual funding is determined by the Clarksville City Council during the budget process. The City Council approved funding the estimated cost of insurance for current premiums. The City will continue to pay current premiums on a pay-as-you-go basis. Funds approved in fiscal year 2009 were sufficient to pay the current cost of premiums for other post employment benefits for eligible retirees in fiscal year 2009. For fiscal year 2009, the general government, the Gas, Water, and Sewer Department, and the Clarksville Transit System paid a total of \$998,703 for current premiums for retiree insurance coverage.

**Annual OPEB Cost and Net OPEB Obligation** - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Annual required contribution (ARC)	\$ 5,579,940
Interest on net OPEB obligation	148,121
Adjustment to annual required contribution	<u>(125,879)</u>
Annual OPEB cost (expense)	5,602,182
Contributions made	<u>(998,703)</u>
Increase in net OPEB obligation	4,603,479
NET OPEB obligation - beginning of year	<u>3,703,038</u>
NET OPEB obligation - end of year	<u><u>\$ 8,306,517</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and 2008 is as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Annual Employer Contribution	% of Annual OPEB Cost Contributed	Net Ending OPEB Obligation / (Asset)
2009	\$ 5,602,182	\$ 998,703	17.83%	\$ 8,306,517
2008	4,630,000	926,962	20.02%	3,703,038

**Funded Status and Funding Progress** - As of July 1, 2009, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$70.95 million, and the actuarial value of assets was \$0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$70.95 million. The covered payroll (annual payroll of active employees covered by the plan) was \$37.66 million, and the ratio of the UAAL to the covered payroll was 188.4 percent.

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

**Actuarial Methods and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern to the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the rate of the expected long-term investment returns on the plan's assets, and an annual healthcare cost trend rate of 11.0 percent initially, reduced by uniform decrements to an ultimate rate of 5.0 percent over a twelve year period. Dental costs are assumed to increase 4.0 percent annually. The rate of inflation (assumed rate of increase in payroll) was assumed at 4.0 percent. The actuarial value of assets

was not applicable to the actuarial valuation. The UAAL is being amortized as a level percentage of projected payroll. The plan is closed to any employees hired on or after July 1, 2007. The remaining amortization period as of the January 1, 2009 study date was thirty years.

**The Department of Electricity** – The Department of Electricity under authority of the Electric Power Board provides medical insurance coverage for substantially all retiring employees with thirty years of service until they reach age 65. Retirement can begin at age 55. One retired employee was covered under the medical insurance plan at June 30, 2009. Prior to 2009, the Department of Electricity also provided life insurance coverage to retirees with thirty years of service until they reached age 65. Retirement could begin at age 55. During 2009, the post employment life insurance plan for retirees was terminated.

The medical insurance plan for retirees is a single-employer defined benefit plan. The provisions of the plan can be amended by the Electric Power Board at any time. Plan benefits are funded on a pay-as-you-go basis. The plan does not issue stand-alone financial reports.

The annual OPEB expense is calculated based on the annual required contributions of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

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

Annual required contribution (ARC)	\$ 125,636
Interest on net OPEB obligation	7,651
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>133,287</u>
Contributions made	<u>-</u>
Increase in net OPEB obligation	133,287
NET OPEB obligation - beginning of year	<u>129,405</u>
NET OPEB obligation - end of year	<u><u>\$ 262,692</u></u>

The Electric Department’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and 2008 are as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Annual Employer Contribution	% of Annual OPEB Cost Contributed	Net Ending OPEB Obligation / (Asset)
2009	\$ 133,287	\$ -	0.00%	\$ 262,692
2008	\$ 129,405	\$ -	0.00%	\$ 129,405

As of June 30, 2008, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$1,377,100 and the actuarial value of the assets was zero, resulting in an unfunded actuarial liability (UAAL) of \$1,377,100. The covered payroll (annual payroll of active employees covered by the plan) was \$5,841,000, and the ratio of the UAAL to the covered payroll was 23.58%.

Actuarial valuations of ongoing plans involve estimates of the value reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed consistent with the long-term perspective of the calculations.

In the June 30, 2008 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included an annual healthcare cost trend rate of seven percent initially, reduced by decrements to an ultimate rate of the three percent after sixteen years. The rate of inflation (assumed rate of increase in payroll) was assumed at 3.0 percent. The actuarial value of assets was not applicable to the actuarial valuation. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 is twenty-eight years.

**J. RISK AND UNCERTAINTIES OF INVESTMENTS**

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the City's investment account balances and the amounts reported in the related financial statements at June 30, 2009.

**K. CONCENTRATIONS OF CREDIT RISK**

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

**L. INDIVIDUAL FUND TRANSACTIONS**

Inter-fund receivable and payable balances at June 30, 2009, are as follows:

	<u>Major Fund General</u>	<u>Non-Major Governmental</u>	<u>Non-Major Proprietary</u>	<u>Internal Service</u>
<b>Interfund Receivable</b>	<b>\$ 370,003</b>	<b>\$ 2,930,966</b>	<b>\$ 29,835</b>	<b>\$ 848,606</b>
<b>Interfund Payable:</b>				
<b>Major Funds:</b>				
General	\$ -	\$ 2,888,314	\$ 29,835	\$ 848,606
Gas	75,105	-	-	-
Water and Sewer	66,028	-	-	-
Electric	4,940	-	-	-
<b>Non-Major Funds:</b>				
Governmental	205,900	42,652	-	-
Proprietary	18,030	-	-	-
Internal Service	-	-	-	-
	<b>\$ 370,003</b>	<b>\$ 2,930,966</b>	<b>\$ 29,835</b>	<b>\$ 848,606</b>

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

**M. 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, 2009, 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	\$ 6,758,599	\$ -	\$ 150,000	\$ 132,801	\$ 1,250,737	\$ 4,715,058	\$ 96,003	\$ 414,000
Electricity Dept.	2,718,064	2,718,064	-	-	-	-	-	-
Gas Department	688,857	688,857	-	-	-	-	-	-
Water and Sewer	1,994,706	1,994,706	-	-	-	-	-	-
Parking Authority	219,835	219,835	-	-	-	-	-	-
Debt Service	685,151	685,151	-	-	-	-	-	-
Special Revenue	606,915	-	-	-	-	553,182	53,733	-
<b>Total</b>	<b>\$ 13,672,127</b>	<b>\$ 6,306,613</b>	<b>\$ 150,000</b>	<b>\$ 132,801</b>	<b>\$ 1,250,737</b>	<b>\$ 5,268,240</b>	<b>\$ 149,736</b>	<b>\$ 414,000</b>

**N. 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 \$385,281 for the year ended June 30, 2009.

**Litigation**

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

**Americans with Disabilities Act (Consent Order)**

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

**Commitments**

The Clarksville general government has contractual commitments for various construction projects totaling \$2.53 million at June 30, 2009. The Gas Department and the Water and Sewer Department have construction commitments totaling \$8.4 million at June 30, 2009.

The Clarksville Gas Department has an easement agreement with the U.S. Department of the Army that expires on January 30, 2053. Pursuant to this contract, the Gas Department will manage the construction, operation, maintenance, repair and replacement of the natural gas utility system at Fort Campbell Army post. The Gas Department will be compensated for these services on a cost-plus basis. Total task orders per contract totaled \$7,627,664. At June 30, 2009, total receivable was \$1,930,380 with an interest factor of 1.0%.

At June 30, 2009, future payments are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2010	\$ 1,891,317
2011	48,771
Subtotal	1,940,088
Less amount representing interest	(9,708)
Total	<u>\$ 1,930,380</u>

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

On September 7, 2004 the Water and Sewer Department received a Tennessee Department of Environment and Conservation (TDEC) Commissioner issued enforcement order. From the period March 2001 through March 2003 the Sewer Department's wastewater discharges exceeded TDEC National Pollutant Discharge Elimination System Permit limit and provisions. In order to comply with the TDEC Commissioner's order, the Sewer Department must develop several response and corrective action plans, complete assessments and maintenance, and issue reports on the status of the compliance with the order. All projects are to be completed by December 31, 2016. The consequences of not complying with the Commissioner's order include possible civil penalties up to \$250,000. In addition, noncompliance with the order could be a factor in future enforcement actions. For the fiscal year ended June 30, 2009, the Sewer Department spent approximately \$4,000,000 to meet the requirements of the Commissioner's order. The Sewer Department estimates spending approximately \$10,000,000 for the fiscal year ending June 30, 2010. Future year expenses past June 30, 2010 related to complying with the order cannot be reasonably estimated at this time. Noncompliance with the order is not anticipated.

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

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

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

#### 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.

**O. JOINT VENTURE**

The Electric Department and Pennyrile Rural Electric Cooperative Corporation (the Cooperative) constructed jointly-owned electric facilities. Under the terms of the joint venture, the Electric Department owns 54% of the facilities and the Cooperative owns 46%. The amount of the Electric Department's plant covered by this agreement was \$927,696 at June 30, 2009. 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.

**P. RELATED PARTY TRANSACTIONS**

During fiscal year 2009, the Electric Department paid \$717,821 to a material supplier. The sales representative of the material supplier is the son of the Electric Department's purchasing manager.

**Q. ASSET IMPAIRMENTS**

During the year-ended June 30, 2009, the Electric Department identified certain assets as being impaired and other assets were returned to suppliers, subsequent to year-end, for refunds of less than their original costs. These asset impairments are reported as other expenses in the Statement of Revenues, Expenses and Changes in Net Assets, and the value of the related assets have been adjusted as of June 30, 2009 accordingly. The following is a summary of asset impairment charges for the year ended June 30, 2009:

	Electric Division	Telecommunications Division
Water damaged inventory	\$ 870,763	\$ -
Damaged property and equipment	393,918	10,214
Loss on returned equipment	76,213	59,697
	<u>\$ 1,340,894</u>	<u>\$ 69,911</u>

**R. SUBSEQUENT EVENTS**

In July 2009, the Electric Department's president was terminated amidst a criminal investigation by Tennessee Valley Authority, Office of the Inspector General. Allegations of fraudulent payments and improper relationships between Electric Department employees and vendors have surfaced and are being investigated by the appropriate officials. The Power Board has appointed an interim president pending the selection of a permanent replacement.

**S. PRIOR PERIOD ADJUSTMENTS**

Net assets of the governmental activities and the fund balance of the capital projects fund at June 30, 2008 have been restated to correct for an error due to the failure to record certain accounts payable at that date. The effect of the restatement decreased net assets of the governmental activities and the fund balance of the capital projects fund by \$335,032. The restatement also decreased the change in net assets of the governmental activities and the change in fund balance of the capital projects fund by \$335,032 for the year ended June 30, 2008.

Net assets of the governmental activities of the City at June 30, 2008 have been restated to correct for errors due to the failure to record certain infrastructure assets contributed to the City and other capital assets purchased by the City at that date. The effect of the restatement increased net assets of the governmental activities by \$9,509,824. The restatement also increased the change in net assets of the governmental activities by \$4,130,862 for the year ended June 30, 2008.

Additionally, net assets of the business activities and net assets of the gas department fund at June 30, 2008 have been restated to correct a note payable balance between the gas department and Ft. Campbell for overpayment of interest in prior years. The effect of the restatement decreased net asset of the business activities and net assets of the gas department fund by \$403,421. The effect of the restatement on the change in net assets of the business activities and the change in net assets of the gas department fund for the year ended June 30, 2008 has not been determined.

**T. DEFICIT FUND BALANCE**

At June 30, 2009, the Community Development Fund has a deficit fund balance in the amount of \$201,168.

**U. SEGEMENT INFORMATION FOR NON-MAJOR PROPRIETARY FUNDS**

	<u>Parking Authority</u>	<u>Clarksville Transit System</u>
<b><u>Statement of net assets</u></b>		
Current assets	\$ 180,743	\$ 1,076,557
Capital assets	2,157,928	5,349,144
Other assets	170,578	-
<b>Total assets</b>	<b>2,509,249</b>	<b>6,425,701</b>
Due to other funds	-	18,030
Other current liabilities	133,954	390,644
Non-current liabilities	331,233	379,097
<b>Total liabilities</b>	<b>465,187</b>	<b>787,771</b>
Net assets invested in capital assets net of related debt	1,694,120	5,349,144
Unrestricted net assets	349,942	288,786
<b>Total net assets</b>	<b>\$ 2,044,062</b>	<b>\$ 5,637,930</b>
<b><u>Statement of revenues, expenses and changes in net assets</u></b>		
<b>Operating revenues:</b>		
Fees and fines	\$ 275,723	\$ 612,049
Rental	85,818	-
Advertising	-	45,750
Miscellaneous	3,493	13,312
	<b>365,034</b>	<b>671,111</b>
<b>Operating expenses:</b>		
Operating and maintenance	55,722	863,115
Depreciation and amortization	69,348	814,927
Administrative and general	-	3,478,909
	<b>125,070</b>	<b>5,156,951</b>
<b>Operating income (loss)</b>	<b>239,964</b>	<b>(4,485,840)</b>
<b>Non-operating revenues (expense)</b>		
Operating grants	-	2,768,580
Interest expense	(12,652)	-
Interest income	3,835	6,972
Other	-	100
Transfers in (out)	(219,835)	1,250,737
	<b>(228,652)</b>	<b>4,026,389</b>
Change in net assets	11,312	(459,451)
Beginning net assets	2,032,750	6,097,381
Ending net assets	<b>\$ 2,044,062</b>	<b>\$ 5,637,930</b>

	Parking Authority	Clarksville Transit System
<b><u>Statement of cash flows</u></b>		
Cash provided (used) by:		
Operating activities	\$ 284,897	\$ (3,567,606)
Non-capital financing activities	(219,835)	3,965,583
Capital and related financing activities	(65,061)	(201,977)
Investing activities	3,835	6,972
Net increase in cash	<u>3,836</u>	<u>202,972</u>
Beginning cash	308,917	373,178
Ending cash	<u><u>\$ 312,753</u></u>	<u><u>\$ 576,150</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.

#### V. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued Statement No. 53 (GASBS No. 53), *Accounting and Financial Reporting for Derivative Instruments*. GASBS No. 53 requires derivative instruments (which includes the Water and Sewer Department's interest-rate swap) to be reported at fair value in the statement of net assets. Changes in fair-value must be reported in the statement of activities and the statement revenues, expenses, and changes in net assets as investment gains or losses. However, the changes in fair value of a hedging derivative instrument should be reported as deferred inflows or deferred outflows in the statement of net assets.

The City is required to implement GASBS No. 53 no later than during its fiscal year ending June 30, 2010, and GASBS No. 53 must be applied retroactively. Presently, the Water and Sewer Department's interest-rate swap qualifies as a hedging derivative under GASBS No. 53; therefore, changes in the fair value of the interest-rate swap will be reported as deferred inflows and deferred outflows in the statement of net assets. If GASBS No. 53 had been implemented by the City during the fiscal year ended June 30, 2009, deferred outflows at June 30, 2009 would be \$6,093,903 and liabilities would be increased by \$6,093,903 in the statement of net assets. There would have been no effect on the increase in net assets for the year ended June 30, 2009.

The Governmental Accounting Standards Board has also issued Statement No. 54 (GASBS No. 54) *Fund Balance Reporting and Governmental Fund Type Definitions* in March 2009. GASBS No. 54 enhances the usefulness of fund balance information presented in the governmental funds by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. Fund balance in the governmental funds will be classified as follows:

1. Non-spendable – amounts that cannot be spent because they are either (1) not in spendable form (such as inventories, prepaid assets, etc...) or (2) legally or contractually required to be maintained intact (such as corpus or principal of a permanent fund).
2. Restricted - amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed - amounts that can be used only for the specific purposes determined by a formal action (e.g. ordinance or resolution) of the government's highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – represents the residual classification for the government's general fund and includes all amounts not contained in the other classifications. For funds other than the

**general fund, this category includes a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.**

**Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.**

**The City is required to implement GASBS No. 54 no later than during its fiscal year ending June 30, 2011 with earlier implementation encouraged. Upon implementation of GASBS 54, all governmental fund balances presented for prior years must be restated to conform to GASBS 54. The City has not yet determined the effect the implementation of GASBS 54 will have on the classification of governmental fund balances.**

**CITY OF CLARKSVILLE, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2009**

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

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ration (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2007	\$ 77,538,000	\$ 93,093,000	\$ 15,555,000	83.29%	\$ 36,938,000	42.11%

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

City of Clarksville:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b) - (a)	Funded Ration (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2009	\$ -	\$ 70,949,000	\$ 70,949,000	0.00%	\$ 37,658,000	188.40%
July 1, 2007	-	53,667,000	53,667,000	0.00%	36,938,000	145.29%

Electric Department:

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

	<u>City of Clarksville</u>	<u>Electric Department</u>
Valuation date:	July 1, 2009	June 30, 2008
Actuarial cost method:	Entry age normal actuarial cost method	Projected unit credit method
Amortization method:	Level percentage	Level percentage
Asset valuation method:	not applicable	not applicable
<b><u>Actuarial assumptions:</u></b>		
Investment rate of return:	4.00%	3.00%
Salary increase rate:	4.00%	4.00%
Health insurance cost trend rate:	11.00% to 5.00% graded over 12 years	7.00% to 3.00% graded over 16 years
Dental insurance cost trend rate:	4.00%	not applicable
Life care cost trend rate:	3.00%	3.00%

See auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
 REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED  
 JUNE 30, 2009

**C. MODIFIED APPROACH FOR STREET NETWORK INFRASTRUCTURE CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as the basic physical assets including the street network, sidewalks, traffic signals, 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.

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

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

**Established Condition Level**

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

**CITY OF CLARKSVILLE, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED  
JUNE 30, 2009**

**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, 2009	Good (PCI 56)	585
June 30, 2008	Good (PCI 58)	572
June 30, 2007	Good (PCI 58)	560
June 30, 2006	Good (PCI 60)	550
June 30, 2005	Good (PCI 63)	543
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 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2004</u>	<u>FY 2003</u>
Good to Excellent	57%	60%	60%	65%	62%	69%	79%
Fair	20%	18%	20%	17%	22%	18%	14%
Poor to Failed	23%	22%	20%	18%	16%	13%	7%

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>
2009	\$ 2,970,000	\$ 2,913,953
2008	2,970,000	2,780,995
2007	2,280,000	2,672,459
2006	3,300,000	2,358,345
2005	2,502,555	2,641,349
2004	1,588,300	1,331,610
2003	1,100,500	1,268,188

**D. 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”).

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.

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED  
JUNE 30, 2009**

**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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
<b><u>Capital Projects</u></b>				
<b><u>Revenue</u></b>				
Interest	\$ 59,098	\$ 59,098	\$ 35,771	\$ (23,327)
Federal and state grants	-	3,859,208	200,007	(3,659,201)
Contributions	32,381	32,381	109,492	77,111
Transfers in	15,617,022	16,922,286	414,000	(16,508,286)
Bond proceeds	4,990,000	82,953,624	25,643,794	(57,309,830)
Other	395	395	-	(395)
Total revenue	<u>\$ 20,698,896</u>	<u>\$ 103,826,992</u>	<u>\$ 26,403,064</u>	<u>\$ (77,423,928)</u>
<b><u>Expenditures</u></b>				
Capital investments	\$ 3,885,939	\$ 32,502,428	\$ 12,273,739	\$ 20,228,689
Other expenditures	34,885,293	51,536,052	6,646,675	44,889,377
Total expenditures	<u>\$ 38,771,232</u>	<u>\$ 84,038,480</u>	<u>\$ 18,920,414</u>	<u>\$ 65,118,066</u>
<b><u>Excess revenues (expenditures)</u></b>			<u>\$ 7,482,650</u>	
<b><u>Debt Service</u></b>				
<b><u>Revenue</u></b>				
Interest	\$ 20,000	\$ 6,200	\$ 6,574	\$ 374
Transfers in	8,636,428	5,268,233	5,268,240	7
Transfers from non-component unit	390,505	390,205	390,805	600
Total revenue	<u>\$ 9,046,933</u>	<u>\$ 5,664,638</u>	<u>\$ 5,665,619</u>	<u>\$ 981</u>
<b><u>Expenditures</u></b>				
Principal retirement	\$ 6,030,100	\$ 3,886,100	\$ 3,886,100	\$ -
Interest and other charges	2,996,834	1,570,211	1,614,428	(44,217)
Transfers out	685,151	685,151	685,151	-
Other	1,000	1,550	1,551	(1)
Total expenditures	<u>\$ 9,713,085</u>	<u>\$ 6,143,012</u>	<u>\$ 6,187,230</u>	<u>\$ (44,218)</u>
<b><u>Excess revenues (expenditures)</u></b>			<u>\$ (521,611)</u>	
<b><u>Community Development</u></b>				
<b><u>Revenue</u></b>				
Program income	\$ 457,678	\$ 476,854	\$ 256,061	\$ (220,793)
Interest	1,700	1,700	2,278	578
Federal and state grants	1,303,380	1,303,380	1,873,876	570,496
Other	15,000	15,000	12,238	(2,762)
Total revenue	<u>\$ 1,777,758</u>	<u>\$ 1,796,934</u>	<u>\$ 2,144,453</u>	<u>\$ 347,519</u>
<b><u>Expenditures</u></b>				
Community Development	\$ 2,315,401	\$ 2,197,603	\$ 1,946,176	\$ 251,427
Capital investments	-	-	448,340	(448,340)
Total expenditures	<u>\$ 2,315,401</u>	<u>\$ 2,197,603</u>	<u>\$ 2,394,516</u>	<u>\$ (196,913)</u>
<b><u>Excess revenues (expenditures)</u></b>			<u>\$ (250,063)</u>	

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
<b><u>Drug Fund</u></b>				
<b><u>Revenue</u></b>				
Fines and forfeitures	\$ 222,951	\$ 228,632	\$ 227,508	\$ (1,124)
Total revenue	<u>\$ 222,951</u>	<u>\$ 228,632</u>	<u>\$ 227,508</u>	<u>\$ (1,124)</u>
<b><u>Expenditures</u></b>				
Drug enforcement	\$ 195,451	\$ 151,588	\$ 146,003	\$ 5,585
Capital investments	27,500	6,275	6,275	-
Total expenditures	<u>\$ 222,951</u>	<u>\$ 157,863</u>	<u>152,278</u>	<u>\$ 5,585</u>
<b><u>Excess revenues (expenditures)</u></b>			<u>\$ 75,230</u>	
<b><u>Police Special Fund</u></b>				
<b><u>Revenue</u></b>				
Transfers in	\$ 2,234	\$ 4,617	\$ 4,617	\$ -
Interest	504	412	427	15
Federal and state grants	281,228	242,494	224,950	(17,544)
Contributions	1,500	2,654	2,653	(1)
Total revenue	<u>\$ 285,466</u>	<u>\$ 250,177</u>	<u>\$ 232,647</u>	<u>\$ (17,530)</u>
<b><u>Expenditures</u></b>				
Public safety	\$ 255,902	\$ 211,603	\$ 207,321	\$ 4,282
Capital investments	32,833	39,633	39,633	-
Total expenditures	<u>\$ 288,735</u>	<u>\$ 251,236</u>	<u>246,954</u>	<u>\$ 4,282</u>
<b><u>Excess revenues (expenditures)</u></b>			<u>\$ (14,307)</u>	
<b><u>Parks Special Fund</u></b>				
<b><u>Revenue</u></b>				
Program income	\$ 118,600	\$ 118,766	\$ 124,025	\$ 5,259
Federal and state grants	70,000	77,500	69,972	(7,528)
Contributions	35,800	11,078	17,088	6,010
Transfers in	-	42,950	42,652	(298)
Other	-	30,162	30,163	1
Total revenue	<u>\$ 224,400</u>	<u>\$ 280,456</u>	<u>\$ 283,900</u>	<u>\$ 3,444</u>
<b><u>Expenditures</u></b>				
Recreation	\$ 260,306	\$ 201,475	\$ 186,613	\$ 14,862
Capital investments	-	-	-	-
Total expenditures	<u>\$ 260,306</u>	<u>\$ 201,475</u>	<u>186,613</u>	<u>\$ 14,862</u>
<b><u>Excess revenues (expenditures)</u></b>			<u>\$ 97,287</u>	

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE  
NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
<b><u>Fire Special Fund</u></b>				
<b><u>Revenue</u></b>				
Contributions	\$ -	\$ 518	\$ 518	\$ -
Total revenue	<u>\$ -</u>	<u>\$ 518</u>	<u>\$ 518</u>	<u>\$ -</u>
<b><u>Expenditures</u></b>				
Public safety	\$ -	\$ 7,441	\$ 7,439	\$ 2
Transfers out	-	11,081	11,081	-
Total expenditures	<u>\$ -</u>	<u>\$ 18,522</u>	<u>\$ 18,520</u>	<u>\$ 2</u>
<b><u>Excess revenues (expenditures)</u></b>			<u>\$ (18,002)</u>	
<b><u>Cemetery and Other Special Fund</u></b>				
<b><u>Revenue</u></b>				
Program income	\$ 16,750	\$ 16,750	\$ 18,350	\$ 1,600
Federal and state grants	-	4,083	-	(4,083)
Interest	9,000	9,000	4,298	(4,702)
Contributions	3,100	2,915	2,879	(36)
Transfers in	-	2,482	2,482	-
Total revenue	<u>\$ 28,850</u>	<u>\$ 35,230</u>	<u>\$ 28,009</u>	<u>\$ (7,221)</u>
<b><u>Expenditures</u></b>				
Miscellaneous	\$ 43,146	\$ 47,033	\$ 8,723	\$ 38,310
Transfers out	-	-	42,652	(42,652)
Total expenditures	<u>\$ 43,146</u>	<u>\$ 47,033</u>	<u>\$ 51,375</u>	<u>\$ (4,342)</u>
<b><u>Excess revenues (expenditures)</u></b>			<u>\$ (23,366)</u>	
<b><u>Capital Projects Revenue District Fund</u></b>				
<b><u>Revenue</u></b>				
Local taxes	\$ 1,013,693	\$ 1,352,245	\$ 1,343,281	\$ (8,964)
Other	500,000	500,000	500,000	-
Total revenue	<u>\$ 1,513,693</u>	<u>\$ 1,852,245</u>	<u>\$ 1,843,281</u>	<u>\$ (8,964)</u>
<b><u>Expenditures</u></b>				
Transfers out	\$ 939,081	\$ 553,182	\$ 553,182	\$ -
Total expenditures	<u>\$ 939,081</u>	<u>\$ 553,182</u>	<u>\$ 553,182</u>	<u>\$ -</u>
<b><u>Excess revenues (expenditures)</u></b>			<u>\$ 1,290,099</u>	

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
 BUDGETARY COMPARISON SCHEDULE  
 NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
<b><u>Special Events Fund</u></b>				
<b><u>Revenue</u></b>				
Program income	\$ 73,150	\$ 105,564	\$ 106,764	\$ 1,200
Federal and state grants	11,000	-	4,100	4,100
Contributions	51,000	33,155	38,155	5,000
Transfers in	100,000	100,000	99,985	(15)
Other	400	-	-	-
Total revenue	<u>\$ 235,550</u>	<u>\$ 238,719</u>	<u>\$ 249,004</u>	<u>\$ 10,285</u>
 <b><u>Expenditures</u></b>				
Other	155,945	174,280	\$ 172,496	1,784
Total expenditures	<u>\$ 155,945</u>	<u>\$ 174,280</u>	<u>172,496</u>	<u>\$ 1,784</u>
<b><u>Excess revenues (expenditures)</u></b>			<u>\$ 76,508</u>	

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 687,116	\$ 1,619,156	\$ 1,063,532	\$ 3,369,804
Notes receivable	5,820,344	-	-	5,820,344
Accounts receivable	595,017	-	-	595,017
Grant receivable	85,201	-	-	85,201
Due from other governments	279,403	324,131	-	603,534
Due from other funds of the primary government	2,843,483	87,483	-	2,930,966
Inventory	331,250	-	-	331,250
Other	5,399	-	-	5,399
Restricted assets:				
Cash and cash equivalents	-	7,826,264	-	7,826,264
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 10,647,213</u>	<u>\$ 9,857,034</u>	<u>\$ 1,063,532</u>	<u>\$ 21,567,779</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 175,840	\$ 3,078,020	\$ -	\$ 3,253,860
Due to other funds of the primary government	247,358	-	1,194	248,552
Payable to other governments	60,084	-	-	60,084
Accrued expenses	2,900	1,337,338	-	1,340,238
Deferred revenue	7,293,006	-	-	7,293,006
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	7,779,188	4,415,358	1,194	12,195,740
<b><u>FUND BALANCES</u></b>				
Fund Balance				
Reserved	2,868,025	-	-	2,868,025
Unreserved	-	5,441,676	1,062,338	6,504,014
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	2,868,025	5,441,676	1,062,338	9,372,039
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 10,647,213</u>	<u>\$ 9,857,034</u>	<u>\$ 1,063,532</u>	<u>\$ 21,567,779</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, 2009**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>
<b><u>REVENUE</u></b>				
Local taxes	\$ 1,343,281	\$ -	\$ -	\$ 1,343,281
Program income	505,200	-	-	505,200
Interest	7,003	35,771	6,574	49,348
Federal and state grants	2,172,898	200,007	-	2,372,905
Contributions	61,293	109,492	-	170,785
Fines and forfeitures	227,508	-	-	227,508
E-911 transfer	-	-	390,805	390,805
Miscellaneous	542,401	-	-	542,401
<b>Total revenue</b>	<b>4,859,584</b>	<b>345,270</b>	<b>397,379</b>	<b>5,602,233</b>
<b><u>EXPENDITURES</u></b>				
Recreation	186,613	-	-	186,613
Drug enforcement	146,003	-	-	146,003
Community development	1,946,176	-	-	1,946,176
Public safety	214,760	-	-	214,760
Principal retirement	-	-	3,886,100	3,886,100
Capital outlay	494,248	12,273,739	-	12,767,987
Interest and other charges	-	-	1,614,428	1,614,428
Other expenditures	181,219	6,646,675	1,551	6,829,445
<b>Total expenditures</b>	<b>3,169,019</b>	<b>18,920,414</b>	<b>5,502,079</b>	<b>27,591,512</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,690,565</b>	<b>(18,575,144)</b>	<b>(5,104,700)</b>	<b>(21,989,279)</b>
<b><u>OTHER FINANCING SOURCES AND USES</u></b>				
Bond proceeds	-	25,643,794	-	25,643,794
Transfers in	149,736	414,000	5,268,240	5,831,976
Transfers out	(606,915)	-	(685,151)	(1,292,066)
<b>Total other financing sources and (uses)</b>	<b>(457,179)</b>	<b>26,057,794</b>	<b>4,583,089</b>	<b>30,183,704</b>
<b>Net change in fund balances</b>	<b>1,233,386</b>	<b>7,482,650</b>	<b>(521,611)</b>	<b>8,194,425</b>
<b><u>FUND BALANCES - June 30, 2008, as previously reported</u></b>	<b>1,634,639</b>	<b>(1,705,942)</b>	<b>1,583,949</b>	<b>1,512,646</b>
<b><u>PRIOR PERIOD ASJUSTMENT, as discussed in Note S</u></b>	<b>-</b>	<b>(335,032)</b>	<b>-</b>	<b>(335,032)</b>
<b><u>FUND BALANCES - June 30, 2008, as restated</u></b>	<b>1,634,639</b>	<b>(2,040,974)</b>	<b>1,583,949</b>	<b>1,177,614</b>
<b><u>FUND BALANCES - ENDING</u></b>	<b>\$ 2,868,025</b>	<b>\$ 5,441,676</b>	<b>\$ 1,062,338</b>	<b>\$ 9,372,039</b>

See auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2009

	<u>Community Development</u>	<u>Drug 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>Capital Projects Revenue District Fund</u>	<u>Special Events Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>									
Cash and cash equivalents	\$ 285,422	\$ 135,647	\$ -	\$ -	\$ -	\$ 266,047	\$ -	\$ -	\$ 687,116
Notes receivable	5,820,344	-	-	-	-	-	-	-	5,820,344
Accounts receivable	-	-	-	-	-	1,360	593,657	-	595,017
Grant receivable	-	-	38,777	46,424	-	-	-	-	85,201
Due from other governments	279,403	-	-	-	-	-	-	-	279,403
Due from other funds of the primary government	72	123,039	-	296,918	17,104	116,053	2,199,693	90,604	2,843,483
Inventory	331,250	-	-	-	-	-	-	-	331,250
Other	895	-	-	-	-	-	-	4,504	5,399
<b>Total assets</b>	<b>\$ 6,717,386</b>	<b>\$ 258,686</b>	<b>\$ 38,777</b>	<b>\$ 343,342</b>	<b>\$ 17,104</b>	<b>\$ 383,460</b>	<b>\$ 2,793,350</b>	<b>\$ 95,108</b>	<b>\$ 10,647,213</b>
<b><u>LIABILITIES</u></b>									
Accounts payable	\$ 110,468	\$ 5,887	\$ 5,508	\$ 53,382	\$ -	\$ 295	\$ -	\$ 300	\$ 175,840
Due to other funds of the primary government	182,513	-	22,193	-	-	42,652	-	-	247,358
Payable to other governments	60,084	-	-	-	-	-	-	-	60,084
Accrued expenses	-	-	-	-	-	-	-	2,900	2,900
Deferred revenue	6,565,489	127,107	6,753	-	-	-	593,657	-	7,293,006
<b>Total liabilities</b>	<b>6,918,554</b>	<b>132,994</b>	<b>34,454</b>	<b>53,382</b>	<b>-</b>	<b>42,947</b>	<b>593,657</b>	<b>3,200</b>	<b>7,779,188</b>
<b><u>FUND BALANCES</u></b>									
Fund balances									
Reserved	(201,168)	125,692	4,323	289,960	17,104	340,513	2,199,693	91,908	2,868,025
<b>Total fund balances</b>	<b>(201,168)</b>	<b>125,692</b>	<b>4,323</b>	<b>289,960</b>	<b>17,104</b>	<b>340,513</b>	<b>2,199,693</b>	<b>91,908</b>	<b>2,868,025</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,717,386</b>	<b>\$ 258,686</b>	<b>\$ 38,777</b>	<b>\$ 343,342</b>	<b>\$ 17,104</b>	<b>\$ 383,460</b>	<b>\$ 2,793,350</b>	<b>\$ 95,108</b>	<b>\$ 10,647,213</b>

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, 2009**

	<u>Community Development Fund</u>	<u>Drug 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>Capital Projects Revenue District Fund</u>	<u>Special Events Fund</u>	<u>Total</u>
<b><u>REVENUE</u></b>									
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,343,281	\$ -	\$ 1,343,281
Program income	256,061	-	-	124,025	-	18,350	-	106,764	505,200
Interest	2,278	-	427	-	-	4,298	-	-	7,003
Federal and state grants	1,873,876	-	224,950	69,972	-	-	-	4,100	2,172,898
Fines and forfeitures	-	227,508	-	-	-	-	-	-	227,508
Contributions	-	-	2,653	17,088	518	2,879	-	38,155	61,293
Miscellaneous	12,238	-	-	30,163	-	-	500,000	-	542,401
Total revenue	<u>2,144,453</u>	<u>227,508</u>	<u>228,030</u>	<u>241,248</u>	<u>518</u>	<u>25,527</u>	<u>1,843,281</u>	<u>149,019</u>	<u>4,859,584</u>
<b><u>EXPENDITURES</u></b>									
Recreation	-	-	-	186,613	-	-	-	-	186,613
Drug enforcement	-	146,003	-	-	-	-	-	-	146,003
Community development	1,946,176	-	-	-	-	-	-	-	1,946,176
Public safety	-	-	207,321	-	7,439	-	-	-	214,760
Capital outlay	448,340	6,275	39,633	-	-	-	-	-	494,248
Other expenditures	-	-	-	-	-	8,723	-	172,496	181,219
Total expenditures	<u>2,394,516</u>	<u>152,278</u>	<u>246,954</u>	<u>186,613</u>	<u>7,439</u>	<u>8,723</u>	<u>-</u>	<u>172,496</u>	<u>3,169,019</u>
Excess of revenue over (under) expenditures	(250,063)	75,230	(18,924)	54,635	(6,921)	16,804	1,843,281	(23,477)	1,690,565
<b><u>OTHER FINANCING SOURCES/(USES)</u></b>									
Transfers in	-	-	4,617	42,652	-	2,482	-	99,985	149,736
Transfers out	-	-	-	-	(11,081)	(42,652)	(553,182)	-	(606,915)
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>4,617</u>	<u>42,652</u>	<u>(11,081)</u>	<u>(40,170)</u>	<u>(553,182)</u>	<u>99,985</u>	<u>(457,179)</u>
Excess of revenue over (under) expenditures and other financing uses	(250,063)	75,230	(14,307)	97,287	(18,002)	(23,366)	1,290,099	76,508	1,233,386
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>48,895</u>	<u>50,462</u>	<u>18,630</u>	<u>192,673</u>	<u>35,106</u>	<u>363,879</u>	<u>909,594</u>	<u>15,400</u>	<u>1,634,639</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ (201,168)</u>	<u>\$ 125,692</u>	<u>\$ 4,323</u>	<u>\$ 289,960</u>	<u>\$ 17,104</u>	<u>\$ 340,513</u>	<u>\$ 2,199,693</u>	<u>\$ 91,908</u>	<u>\$ 2,868,025</u>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
COMBINING STATEMENT OF NET ASSETS  
NON-MAJOR PROPRIETARY FUNDS  
JUNE 30, 2009**

	<u>Business- Type Activities - Enterprise Funds</u>		
	Clarksville		<u>Total</u>
	<u>Parking Authority</u>	<u>Transit System</u>	
<b><u>ASSETS</u></b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 145,192	\$ 576,150	\$ 721,342
Accounts receivable	5,716	14,212	19,928
Due from other funds of the primary government	29,835	-	29,835
Inventory	-	76,632	76,632
Grants receivable	-	381,993	381,993
Prepaid expenses	-	27,570	27,570
<b>Total current assets</b>	<b>180,743</b>	<b>1,076,557</b>	<b>1,257,300</b>
<b>Noncurrent assets:</b>			
<b>Restricted assets:</b>			
Cash and cash equivalents	<u>167,561</u>	-	<u>167,561</u>
<b>Total restricted assets</b>	<b>167,561</b>	-	<b>167,561</b>
<b>Capital assets - at cost:</b>			
Assets not depreciated	-	85,882	85,882
Property, plant and equipment	3,409,952	9,720,454	13,130,406
Less accumulated depreciation	<u>(1,252,024)</u>	<u>(4,457,192)</u>	<u>(5,709,216)</u>
<b>Net capital assets</b>	<b>2,157,928</b>	<b>5,349,144</b>	<b>7,507,072</b>
<b>Other assets:</b>			
Unamortized debt costs	<u>3,017</u>	-	<u>3,017</u>
<b>Total other assets</b>	<b>3,017</b>	-	<b>3,017</b>
<b>Total noncurrent assets</b>	<b>2,328,506</b>	<b>5,349,144</b>	<b>7,677,650</b>
<b>Total assets</b>	<b>\$ 2,509,249</b>	<b>\$ 6,425,701</b>	<b>\$ 8,934,950</b>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENT OF NET ASSETS  
 NON-MAJOR PROPRIETARY FUNDS - CONTINUED  
 JUNE 30, 2009**

				<u>Business- Type Activities - Enterprise Funds</u>		
				Clarksville		
				<u>Parking</u>	<u>Transit</u>	
				<u>Authority</u>	<u>System</u>	<u>Total</u>
<b><u>LIABILITIES</u></b>						
<b>Current liabilities:</b>						
Accounts payable			\$	-	\$ 97,646	\$ 97,646
Accrued liabilities				-	23,254	23,254
Interest payable				1,379	-	1,379
Due to other funds of the primary government				-	18,030	18,030
Accrued annual leave				-	105,941	105,941
Current portion of long-term debt				132,575	-	132,575
Other				-	163,803	163,803
	<b>Total current liabilities</b>			<u>133,954</u>	<u>408,674</u>	<u>542,628</u>
<b>Noncurrent liabilities:</b>						
Notes payable				331,233	-	331,233
OPEB liability				-	379,097	379,097
	<b>Total noncurrent liabilities</b>			<u>331,233</u>	<u>379,097</u>	<u>710,330</u>
	<b>Total liabilities</b>			<b>465,187</b>	<b>787,771</b>	<b>1,252,958</b>
<b><u>NET ASSETS</u></b>						
Invested in capital assets, net of related debt				1,694,120	5,349,144	7,043,264
Unrestricted				349,942	288,786	638,728
	<b>Total net assets</b>			<u>2,044,062</u>	<u>5,637,930</u>	<u>7,681,992</u>
	<b>Total liabilities and net assets</b>			<u>\$ 2,509,249</u>	<u>\$ 6,425,701</u>	<u>\$ 8,934,950</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, 2009**

	<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>	
<b><u>OPERATING REVENUES</u></b>			
Fees and fines	\$ 275,723	\$ 612,049	\$ 887,772
Advertising	-	45,750	45,750
Rental income	85,818	-	85,818
Miscellaneous	3,493	13,312	16,805
	<hr/>	<hr/>	<hr/>
Total operating revenue	365,034	671,111	1,036,145
<b><u>OPERATING EXPENSES</u></b>			
Administrative and general	-	3,478,909	3,478,909
Operation and maintenance	55,722	863,115	918,837
Depreciation	68,420	814,927	883,347
Amortization of bond discount and debt expense	928	-	928
	<hr/>	<hr/>	<hr/>
Total operating expenses	125,070	5,156,951	5,282,021
Operating income (loss)	239,964	(4,485,840)	(4,245,876)
<b><u>NONOPERATING REVENUES</u></b>			
<b><u>(EXPENSES)</u></b>			
Interest income	3,835	6,972	10,807
Gain (loss) on sale of property	-	100	100
Operating grants	-	2,768,580	2,768,580
Interest expense	(12,652)	-	(12,652)
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	(8,817)	2,775,652	2,766,835
<b><u>INCOME (LOSS) BEFORE TRANSFERS</u></b>			
	231,147	(1,710,188)	(1,479,041)
Transfers out	(219,835)	-	(219,835)
Transfers in	-	1,250,737	1,250,737
	<hr/>	<hr/>	<hr/>
<b><u>CHANGES IN NET ASSETS</u></b>			
	11,312	(459,451)	(448,139)
<b><u>NET ASSETS-BEGINNING OF YEAR</u></b>			
	2,032,750	6,097,381	8,130,131
	<hr/>	<hr/>	<hr/>
<b><u>NET ASSETS-END OF YEAR</u></b>			
	\$ 2,044,062	\$ 5,637,930	\$ 7,681,992
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENT OF CASH FLOWS  
 NON-MAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Business-Type Activities - Enterprise Fund</u>		
	Clarksville		
	<u>Parking Authority</u>	<u>Transit System</u>	<u>Total</u>
<b><u>CASH FLOWS FROM</u></b>			
<b><u>OPERATING ACTIVITIES</u></b>			
Receipts from customers	\$ 306,514	\$ 678,103	\$ 984,617
Internal activity	(21,617)	(36,917)	(58,534)
Payments to suppliers	-	(1,228,790)	(1,228,790)
Payments to or on behalf of employees	-	(2,980,002)	(2,980,002)
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by operating activities	284,897	(3,567,606)	(3,282,709)
<b><u>CASH FLOWS FROM NONCAPITAL</u></b>			
<b><u>FINANCING ACTIVITIES</u></b>			
Operating grant collections	-	2,714,846	2,714,846
Operating transfers in	-	1,250,737	1,250,737
Transfers to other funds	(219,835)	-	(219,835)
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by noncapital financing activities	(219,835)	3,965,583	3,745,748
<b><u>CASH FLOWS FROM CAPITAL</u></b>			
<b><u>AND RELATED FINANCING ACTIVITIES</u></b>			
Acquisition and construction of capital assets	-	(202,077)	(202,077)
Interest paid	(12,761)	-	(12,761)
Repayment of notes payable	(52,300)	-	(52,300)
Proceeds from disposal of equipment	-	100	100
	<hr/>	<hr/>	<hr/>
Net cash used by capital and related financing activities	(65,061)	(201,977)	(267,038)

See auditor's report.

CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENT OF CASH FLOWS  
 NON-MAJOR PROPRIETARY FUNDS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Business-Type Activities - Enterprise Fund</u>		
	<u>Parking Authority</u>	<u>Clarksville Transit System</u>	<u>Total</u>
<b><u>CASH FLOWS FROM</u></b>			
<b><u>INVESTING ACTIVITIES</u></b>			
Interest received	3,835	6,972	10,807
	<hr/>	<hr/>	<hr/>
Net cash provided by investing activities	3,835	6,972	10,807
	<hr/>	<hr/>	<hr/>
Net increase in cash and cash equivalents	3,836	202,972	206,808
	<hr/>	<hr/>	<hr/>
<b><u>CASH-BEGINNING OF YEAR</u></b>	308,917	373,178	682,095
	<hr/>	<hr/>	<hr/>
<b><u>CASH-END OF YEAR</u></b>	\$ 312,753	\$ 576,150	\$ 888,903
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>RECONCILIATION OF OPERATING INCOME</u></b>			
<b><u>(LOSS) TO NET CASH PROVIDED (USED)</u></b>			
<b><u>BY OPERATING ACTIVITIES:</u></b>			
Operating income (loss)	\$ 239,964	\$ (4,485,840)	\$ (4,245,876)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	69,348	814,927	884,275
(Increase) decrease in:			
Accounts receivable	(2,798)	1,143	(1,655)
Due from other funds of the primary government	54,010	-	54,010
Inventory	-	16,866	16,866
Prepaid expenses	-	(7,636)	(7,636)
Increase (decrease) in:			
Accounts payable	-	(52,696)	(52,696)
Accrued compensated absences	-	(4,062)	(4,062)
Accrued liabilities	-	10,419	10,419
OPEB liability	-	176,190	176,190
Due to other funds of the primary government	(75,627)	(36,917)	(112,544)
	<hr/>	<hr/>	<hr/>
Total adjustments	44,933	918,234	963,167
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by operating activities	\$ 284,897	\$ (3,567,606)	\$ (3,282,709)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2009**

	<u>Dental</u> <u>Fund</u>	<u>Health</u> <u>Insurance</u> <u>Fund</u>	<u>Self-Insurance</u> <u>Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 255,822	\$ 673,905	\$ 1,829,849	\$ 2,759,576
Due from other funds of the primary government	48,709	380,847	419,050	848,606
Other assets	-	-	50,000	50,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 304,531</u>	<u>\$ 1,054,752</u>	<u>\$ 2,298,899</u>	<u>\$ 3,658,182</u>
 <b><u>LIABILITIES</u></b>				
Accounts payable	\$ 13,868	\$ 434,697	\$ 54,361	\$ 502,926
Due to other funds of the primary government	-	-	-	-
Accrued liabilities	-	-	2,025,348	2,025,348
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	13,868	434,697	2,079,709	2,528,274
 <b><u>NET ASSETS</u></b>				
Unrestricted	<u>290,663</u>	<u>620,055</u>	<u>219,190</u>	<u>1,129,908</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 304,531</u>	<u>\$ 1,054,752</u>	<u>\$ 2,298,899</u>	<u>\$ 3,658,182</u>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
 COMBINING STATEMENT OF REVENUE, EXPENSES, AND  
 CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Dental Fund</u>	<u>Health Insurance Fund</u>	<u>Self-Insurance Fund</u>	<u>Total</u>
<b><u>OPERATING REVENUE</u></b>				
Insurance premiums	\$ 742,909	\$ 8,806,136	\$ 2,212,547	\$ 11,761,592
Miscellaneous	10,694	-	20,869	31,563
<b>Total operating revenue</b>	<b>753,603</b>	<b>8,806,136</b>	<b>2,233,416</b>	<b>11,793,155</b>
<b><u>OPERATING EXPENSES</u></b>				
Administrative and general	46,915	6,052	-	52,967
Claims	618,070	8,658,160	1,918,111	11,194,341
<b>Total operating expenses</b>	<b>664,985</b>	<b>8,664,212</b>	<b>1,918,111</b>	<b>11,247,308</b>
<b>Operating income</b>	<b>88,618</b>	<b>141,924</b>	<b>315,305</b>	<b>545,847</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>				
Interest and dividend income	2,918	4,676	29,209	36,803
<b>Total non-operating revenues</b>	<b>2,918</b>	<b>4,676</b>	<b>29,209</b>	<b>36,803</b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b>91,536</b>	<b>146,600</b>	<b>344,514</b>	<b>582,650</b>
<b><u>NET ASSETS (DEFICIT) - BEGINNING OF YEAR</u></b>	<b>199,127</b>	<b>473,455</b>	<b>(125,324)</b>	<b>547,258</b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b>\$ 290,663</b>	<b>\$ 620,055</b>	<b>\$ 219,190</b>	<b>\$ 1,129,908</b>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Dental</u> <u>Fund</u>	Health <u>Insurance</u> <u>Fund</u>	<u>Self-Insurance</u> <u>Fund</u>	<u>Total</u>
<b><u>CASH FLOWS FROM OPERATING</u></b>				
<b><u>ACTIVITIES</u></b>				
Receipts from customers	\$ 753,603	\$ 8,806,136	\$ 2,233,416	\$ 11,793,155
Internal activity	(10,567)	(413,958)	(1,751,903)	(2,176,428)
Claims paid	(628,188)	(8,290,401)	(481,513)	(9,400,102)
Other payments	(46,915)	(6,052)	-	(52,967)
Net cash provided by operating activities	67,933	95,725	-	163,658
<b><u>CASH FLOWS FROM INVESTING</u></b>				
<b><u>ACTIVITIES</u></b>				
Interest received on investments	2,918	4,676	29,209	36,803
Net cash provided by investing activities	2,918	4,676	29,209	36,803
Net increase in cash and cash equivalents	70,851	100,401	29,209	200,461
<b><u>CASH - BEGINNING OF YEAR</u></b>	<b>184,971</b>	<b>573,504</b>	<b>1,800,640</b>	<b>2,559,115</b>
<b><u>CASH - END OF YEAR</u></b>	<b>\$ 255,822</b>	<b>\$ 673,905</b>	<b>\$ 1,829,849</b>	<b>\$ 2,759,576</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>				
Operating income	\$ 88,618	\$ 141,924	\$ 315,305	\$ 545,847
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
(Increase) decrease in:				
Due from other funds of the primary government	(10,567)	(281,232)	(419,050)	(710,849)
Increase (decrease) in:				
Accounts payable	(10,118)	367,759	(17,189)	340,452
Accrued liabilities	-	-	1,453,787	1,453,787
Due to other funds of the primary government	-	(132,726)	(1,332,853)	(1,465,579)
Total adjustments	(20,685)	(46,199)	(315,305)	(382,189)
Net cash provided by operating activities	\$ 67,933	\$ 95,725	\$ -	\$ 163,658

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Receivables (Deferred) July 1, 2008</u>	<u>Federal Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Grant Receivables (Deferred) June 30, 2009</u>
<b><u>US DEPARTMENT OF HOMELAND SECURITY - FEMA</u></b>							
<b>Direct Program:</b>							
SAFER Grant	97.083	EMW-2006-FF-03284	\$ 129,817	\$ 533,594	\$ -	\$ 493,411	\$ 89,634
<b>Passed through the Tennessee Emergency Management Agency:</b>							
Disaster Declaration Grant	97.083	FEMA-1821-DR-TN	-	-	-	215,265	215,265
<b>Total Federal Emergency Management Agency</b>			<u>129,817</u>	<u>533,594</u>	<u>-</u>	<u>708,676</u>	<u>304,899</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>							
<b>Passed through the Tennessee Department of Human Services:</b>							
Food Distribution - Summer 2009	10.550	30-006	-	-	-	46,424	46,424
Food Distribution - Summer 2008	10.550	30-006	46,486	70,034	-	23,548	-
<b>Passed through the Tennessee Dept. of Agriculture, Forestry Division:</b>							
Urban Forestry Grant	10.664	Z-08-20892-00	-	13,892	-	13,892	-
<b>Total U.S. Department of Agriculture</b>			<u>46,486</u>	<u>83,926</u>	<u>-</u>	<u>83,864</u>	<u>46,424</u>
<b><u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>							
<b>Direct Program:</b>							
Community Development Block Grant	14.218	B-06-MC-47-0002	(26,418)	381,738	-	408,156	-
Community Development Block Grant	14.218	B-07-MC-47-0003	-	696,470	-	736,780	40,310
Community Development Block Grant	14.218	Various	-	-	211,496	208,502	(2,994)
Home Investment Partnership Act	14.239	M-06-MC-47-0206	38,165	289,363	-	251,198	-
Home Investment Partnership Act	14.239	M-07-MC-47-0206	-	310,776	-	310,776	-
Home Investment Partnership Act	14.239	Various	-	-	173,176	182,413	9,237
<b>Passed through TN Department of Human Services:</b>							
Emergency Shelter	14.231	Z-08-022623	42,079	42,079	-	-	-
<b>Passed through Tennessee Housing Development Agency:</b>							
Emergency Shelter	14.231	ESG-08-21	-	13,375	-	86,312	72,937
Shelter Plus Care	14.235	TN 37C405001	1,504	101,226	-	106,952	7,230
<b>Total U.S. Department of Housing and Urban Development</b>			<u>55,330</u>	<u>1,835,027</u>	<u>384,672</u>	<u>2,291,089</u>	<u>126,720</u>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Receivables (Deferred) July 1, 2008</u>	<u>Federal Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Grant Receivables (Deferred) June 30, 2009</u>
<b><u>US DEPARTMENT OF JUSTICE</u></b>							
<b>Direct Program:</b>							
Bulletproof Vest Partnership Grant- 2004	16.607	02010236	137	137	-	-	-
Bulletproof Vest Partnership Grant- 2006	16.607	02010236	3,164	3,164	-	-	-
Byrne Justice Assistance Grant	16.738	2006DJBX0736	(1,113)	-	6	1,119	-
Byrne Justice Assistance Grant	16.738	2007DJBX0638	(36,914)	-	338	34,551	(2,701)
Byrne Justice Assistance Grant	16.738	2007DJBX0328	-	29,970	67	25,984	(4,053)
Great Grant 2007	16.737	2007JVFX0273	14,204	28,774	-	14,570	-
Juvenile Justice Disapportionate Minority Contract	16.54	DG092407400	-	-	-	6,332	6,332
Total U.S. Department of Justice			<u>(20,522)</u>	<u>62,045</u>	<u>411</u>	<u>82,556</u>	<u>(422)</u>
<b><u>US DEPARTMENT OF TRANSPORTATION</u></b>							
<b>Federal Transit Administration:</b>							
Capital Grant	20.507	TN-03-0100	-	1,102	-	35,446	34,344
Capital Grant	20.507	TN-90-X249	1,438	12,468	-	12,940	1,910
Capital Grant	20.507	TN-90-X283	-	103,307	-	109,380	6,073
Capital Grant	20.507	TN-90-X308	3,405	4,016	-	3,891	3,280
Capital Operating Grant	20.507	TN-90-X283	-	279,347	-	373,995	94,648
Operating Assistance	20.507	TN-90-X283	-	1,017,020	-	1,017,020	-
Operating Assistance	20.507	TN-90-X308	144,871	144,871	-	-	-
Operating Assistance - Planning	20.507	TN-80-0002	28,152	37,795	-	37,990	28,347
Jobs Access	20.507	TN-37-X062	32,327	236,478	-	287,598	83,447
			<u>210,193</u>	<u>1,836,404</u>	<u>-</u>	<u>1,878,260</u>	<u>252,049</u>

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Receivables (Deferred) July 1, 2008</u>	<u>Federal Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Grant Receivables (Deferred) June 30, 2009</u>
<b><u>US DEPARTMENT OF TRANSPORTATION (CONTINUED)</u></b>							
Passed through the Tennessee Dept. of Transportation							
Governor's Highway Safety Office:							
Impaired Driver Abatement Grant	20.607	Z-08-024032	46,437	120,330	-	73,893	-
Impaired Driver Abatement Grant	20.607	Z-09-214587	-	51,037	-	83,482	32,445
Ft. Defiance Trail Grant	20.600	60114	21,150	-	-	87,624	108,774
Ft. Defiance Interpretive Center Grant	20.600	60115	102,974	-	-	112,383	215,357
			<u>170,561</u>	<u>171,367</u>	<u>-</u>	<u>357,382</u>	<u>356,576</u>
Total U.S. Department of Transportation			380,754	2,007,771	-	2,235,642	608,625
<b>TOTAL PRIMARY GOVERNMENT FEDERAL AWARDS</b>			<u>\$ 591,865</u>	<u>\$ 4,522,363</u>	<u>\$ 385,083</u>	<u>\$ 5,401,827</u>	<u>\$ 1,086,246</u>
<b><u>MUSEUM (COMPONENT UNIT)</u></b>							
Tennessee Arts Commission - Arts Project Support	45.024	Z-08-21717-00	\$ 6,000	\$ 6,000	\$ -	\$ -	\$ -
Tennessee Arts Commission - Arts Project Support	45.024	Z-09-215824-00	-	-	-	6,000	6,000
<b>TOTAL MUSEUM (COMPONENT UNIT)</b>			<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>

**Note 1:** The accompanying schedule of federal awards and state financial assistance summarizes the expenditures of City of Clarksville, Tennessee under programs of the federal and state governments for the year ended June 30, 2009. The schedule is presented using the modified accrual basis of accounting.

**Note 2:** On the June 30, 2008 schedule of federal expenditures, amounts were shown for deferred revenues for programs under US Department of Housing and Urban Development. After further review, it was determined these amounts do not reflect any obligations to or from a federal agency and so have been removed from the schedule for the year ended June 30, 2009.

See auditor's report.

**CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Grantor</u>	<u>Grant Number</u>	<u>Grant Receivables (Deferred) July 1, 2008</u>	<u>State Receipts</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>Grant Receivables (Deferred) June 30, 2009</u>
<b><u>TENNESSEE ARTS COMMISSION</u></b>						
Riverfront Festival 2008	Z-09-215809-00	\$ -	\$ 4,100	\$ -	\$ 4,100	\$ -
Total Tennessee Arts Commission		-	4,100	-	4,100	-
<b><u>TENNESSEE DEPARTMENT OF TRANSPORTATION</u></b>						
Operating Assistance - Planning	TN-80-0002	3,528	4,725	-	4,740	3,543
Jobs Access	TN-37-X062	16,164	118,239	-	143,798	41,723
Capital Grant	TN-03-0100	-	138	-	4,431	4,293
Capital Grant	TN-90-X249	830	1,787	-	1,496	539
Capital Grant	TN-90-X283	-	11,969	-	13,672	1,703
Capital Grant	TN-90-X308	4,670	-	-	485	5,155
Capital Operating Grant	TN-90-X283	-	46,749	-	46,749	-
Operating Assistance	TN-90-X283	-	598,550	-	674,949	76,399
Operating Assistance	TN-90-X308	92,885	92,885	-	-	-
Total Tennessee Department of Transportation		118,077	875,042	-	890,320	133,355
<b><u>TENNESSEE DEPARTMENT OF AGRICULTURE, DIVISION OF FORESTRY</u></b>						
TAEP Community Tree Planting Grant	Z-08-201162	-	-	-	4,518	4,518
Total Tennessee Department of Transportation		-	-	-	4,518	4,518
<b><u>TENNESSEE HOUSING DEVELOPMENT AGENCY</u></b>						
House Grant	N/A	(385,016)	-	74,364	147,360	(312,020)
Total Tennessee Housing Development Agency		(385,016)	-	74,364	147,360	(312,020)
<b><u>TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION</u></b>						
Hemlock Reimbursement Grant	N/A	-	526,696	-	2,837,145	2,310,449
Biodiesel Reimbursement Grant	N/A	-	-	-	5,872	5,872
Total Tennessee Department of Environment and Conservation		-	526,696	-	2,843,017	2,316,321
<b><u>MUNICIPAL BOND FUND</u></b>						
State Revolving Loan Fund	N/A	-	5,793,111	-	5,793,111	-
Total Municipal Bond Fund		-	5,793,111	-	5,793,111	-
<b>TOTAL STATE AWARDS</b>		<b>\$ (266,939)</b>	<b>\$ 7,198,949</b>	<b>\$ 74,364</b>	<b>\$ 9,682,426</b>	<b>\$ 2,142,174</b>

**Note 1:** The outstanding balance on loans obtained in the current year and previous years through the State Revolving Loan Fund totaled \$42,905,220 at June 30, 2009. \$38,044,070 of the loans were 80% federally funded. Principal payments during the current fiscal year totaled \$4,412,265.

**Note 2:** The accompanying schedule of federal awards and state financial assistance summarizes the expenditures of City of Clarksville, Tennessee under programs of the federal and state governments for the year ended June 30, 2009. The schedule is presented using the modified accrual basis of accounting.

See auditor's report.



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To the 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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Clarksville, Tennessee (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditor audited the financial statements of the Clarksville-Montgomery County Museum, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by the other auditor.

**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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in 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 a 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 costs as B-1 and B-2 to be significant deficiencies in internal control over financial reporting.

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

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 City's response and, accordingly, we express no opinion on it.

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

*Thurman Campbell Group, PLC*

February 28, 2010



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To the 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, 2009. 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, 2009, for the Clarksville-Montgomery County Museum, whose financial statements were audited by the other auditor. Separate report on compliance has not been issued by such other auditor for the Museum. The Natural Gas Acquisition Corporation did not receive any federal assistance for the year ended June 30, 2009.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City’s compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

**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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over compliance.

We did not consider internal control for the year ended June 30, 2009, for the Clarksville-Montgomery County Museum, whose financial statements were audited by the other auditor. Separate report on internal control over compliance has not been issued by such other auditor for the Museum. The Natural Gas Acquisition Corporation did not receive any federal assistance for the year ended June 30, 2009.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. 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, audit committee, city council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Thurman Campbell Group, PLC*

February 28, 2010

CITY OF CLARKSVILLE, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2009

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, we consider items B-1 & B-2 (below) 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.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The City did qualify as a low-risk auditee.

B. FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

1. Management Oversight of Financial Reporting: We noted a lack of management oversight over financial reporting that includes the preparation of financial statements and footnote disclosures in conformity with generally accepted accounting principles and the periodic comparison of actual to budgeted results. This lack of oversight contributed to material misstatements in one or more general ledger account balances.

Recommendation: We recommend that a responsible member of management perform periodic reviews of all significant general ledger account balances. Such a review should include comparisons of general ledger balances to prior periods and budgeted amounts.

Management Response: City management will implement procedures to perform periodic reviews of significant general ledger account balances.

2. Operation of Controls: We noted deficiencies in the operation of controls over the process of recording fixed assets in the City's general ledger. These deficiencies appeared to be the result of inadequate training, communication, and oversight in the area of fixed asset management. These deficiencies resulted in the prior period adjustments described in Note S to the financial statements.

**Recommendation:** We recommend that a responsible member of management review the City's procedures for recording fixed assets in the general ledger; insure that all employees involved in the process are adequately trained; and periodically review financial records supporting fixed asset additions, repairs, maintenance, and other related accounts to identify any asset acquisitions that have been inappropriately recorded.

**Management Response:** City management will implement procedures to rectify deficiencies in the operation of controls over the process of recording fixed assets in the City's general ledger.

C. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

D. **PRIOR YEAR FINDINGS**

The City resolved prior year finding B-1 as detailed in the June 30, 2008 audit report.



**STATISTICAL SECTION**

**CITY OF CLARKSVILLE, TENNESSEE  
STATISTICAL SECTION- UNAUDITED**

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

<b>Contents</b>	<b>Page #</b>
<b>Financial Trends</b> These schedules contain trend information to help readers understand how the City's financial performance and well-being have changed over time.	<b>3</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's revenue sources, including its most significant local tax sources, local sales tax and its property tax.	<b>9</b>
<b>Debt Capacity</b> These schedules present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>13</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place.	<b>20</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	<b>22</b>

**Sources:**

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

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Governmental activities</b>								
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	\$ 296,693,136	\$ 290,787,548
Restricted	2,435,545	2,554,976	2,055,670	4,009,189	3,711,619	4,648,765	1,634,639	2,868,025
Unrestricted	41,185,219	40,385,785	43,261,550	20,047,145	20,582,387	20,553,658	16,778,949	20,846,794
Total governmental activities net assets	<u>\$ 274,839,270</u>	<u>\$ 281,208,560</u>	<u>\$ 290,409,163</u>	<u>\$ 277,722,903</u>	<u>\$ 293,939,815</u>	<u>\$ 309,688,473</u>	<u>\$ 315,106,724</u>	<u>\$ 314,502,367</u>
<b>Business-type activities</b>								
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	\$ 226,120,091	\$ 236,803,367
Restricted	24,180,924	16,168,141	47,976,780	34,905,677	18,129,792	24,476,182	17,098,245	15,377,345
Unrestricted	19,058,754	26,318,835	29,239,482	26,824,929	28,766,297	26,238,414	17,701,085	23,081,116
Total business-type activities net assets	<u>\$ 167,558,078</u>	<u>\$ 176,061,867</u>	<u>\$ 187,032,068</u>	<u>\$ 198,817,440</u>	<u>\$ 217,138,630</u>	<u>\$ 240,273,150</u>	<u>\$ 260,919,421</u>	<u>\$ 275,261,828</u>
<b>Primary government</b>								
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	\$ 522,813,227	\$ 527,590,915
Restricted	26,616,469	18,723,117	50,032,450	38,914,866	21,841,411	29,124,947	18,732,884	18,245,370
Unrestricted	60,243,973	66,704,620	72,501,032	46,872,074	49,348,684	46,792,072	34,480,034	43,927,910
Total primary activities net assets	<u>\$ 442,397,348</u>	<u>\$ 457,270,427</u>	<u>\$ 477,441,231</u>	<u>\$ 476,540,343</u>	<u>\$ 511,078,445</u>	<u>\$ 549,961,623</u>	<u>\$ 576,026,145</u>	<u>\$ 589,764,195</u>

Note: The city began to report accrual information when it implemented GASB 34 in fiscal year 2002.

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>								
<b>Governmental activities</b>								
General government	\$ 5,758,409	\$ 4,635,214	\$ 5,766,247	\$ 8,729,212	\$ 8,078,442	\$ 13,515,867	\$ 15,875,133	\$ 18,341,799
Public safety	23,408,539	23,699,762	25,000,044	26,996,393	28,257,510	31,047,113	34,776,692	36,228,980
Highways and streets	9,362,495	11,192,892	7,387,636	8,368,619	7,946,470	9,241,841	7,461,170	11,195,600
Recreation	3,521,005	3,967,171	4,676,377	5,074,092	4,525,751	5,277,100	5,983,397	4,710,640
Community development	1,363,917	1,486,741	7,286,468	2,025,723	1,862,547	1,975,448	1,925,943	1,946,176
Other appropriations	716,021	873,356	604,892	588,886	697,919	740,261	769,440	1,130,390
Miscellaneous agencies	3,182,305	3,137,602	3,162,915	1,514,668	1,087,375	1,347,620	1,672,747	1,549,929
Interest on long-term debt	1,081,234	1,701,695	1,389,931	1,608,661	1,948,801	2,137,717	1,946,699	1,614,428
Total governmental activities expenses	<u>48,393,925</u>	<u>50,694,433</u>	<u>55,274,510</u>	<u>54,906,254</u>	<u>54,404,815</u>	<u>65,282,967</u>	<u>70,411,221</u>	<u>76,717,942</u>
<b>Business-type activities</b>								
Department of electricity - electric division	\$ 65,891,417	\$ 71,627,100	\$ 75,280,700	\$ 77,463,000	\$ 87,431,800	\$ 98,586,100	\$ 109,663,800	\$ 128,435,297
Department of electricity - telecommunications	-	-	-	-	-	-	2,283,900	6,415,601
Gas department	23,292,949	27,328,161	31,989,670	39,313,876	54,314,229	43,348,794	46,530,275	40,592,919
Parking authority	84,038	264,600	294,957	100,552	107,007	106,931	97,761	137,722
Clarksville transit system	2,760,234	3,039,487	3,184,410	3,671,185	4,181,844	4,529,532	4,962,419	5,156,951
Water and sewer department	22,190,576	23,801,255	25,549,377	27,214,435	28,694,587	33,225,363	35,679,989	39,125,196
Natural Gas Acquisition Corporation (NGAC)	-	-	-	-	242	34,778,846	54,245,779	-
Other	3,462,124	3,373,897	4,571,744	1,341,804	-	-	-	49,032,836
Total business-type activities expenses	<u>117,681,338</u>	<u>129,434,500</u>	<u>140,870,858</u>	<u>149,104,852</u>	<u>174,729,709</u>	<u>214,575,566</u>	<u>253,463,923</u>	<u>268,896,522</u>
Total Primary Government Expenses	<u>\$ 166,075,263</u>	<u>\$ 180,128,933</u>	<u>\$ 196,145,368</u>	<u>\$ 204,011,106</u>	<u>\$ 229,134,524</u>	<u>\$ 279,858,533</u>	<u>\$ 323,875,144</u>	<u>\$ 345,614,464</u>
<b>Program Revenues</b>								
<b>Governmental activities</b>								
Charges for services								
General government	\$ 1,779,238	\$ 1,120,814	\$ 1,384,691	\$ 1,404,126	\$ 1,808,867	\$ 3,814,207	\$ 2,856,461	\$ 3,231,437
Public safety	738,289	707,884	676,891	843,059	697,876	893,492	877,388	617,667
Highways and streets	-	-	-	-	-	-	-	-
Recreation	1,359,581	1,726,030	1,960,317	942,120	1,047,934	1,090,136	1,259,454	1,235,944
Community development	-	-	-	-	475,323	477,547	426,510	256,061
Other	-	-	-	364,079	-	-	-	227,508
Operating and capital grants and contributions	3,073,647	7,206,944	11,407,672	13,409,753	18,248,628	21,699,405	15,537,899	13,953,992
Total governmental activities program revenues	<u>6,950,755</u>	<u>10,761,672</u>	<u>15,429,571</u>	<u>16,963,137</u>	<u>22,278,628</u>	<u>27,974,787</u>	<u>20,957,712</u>	<u>19,522,609</u>

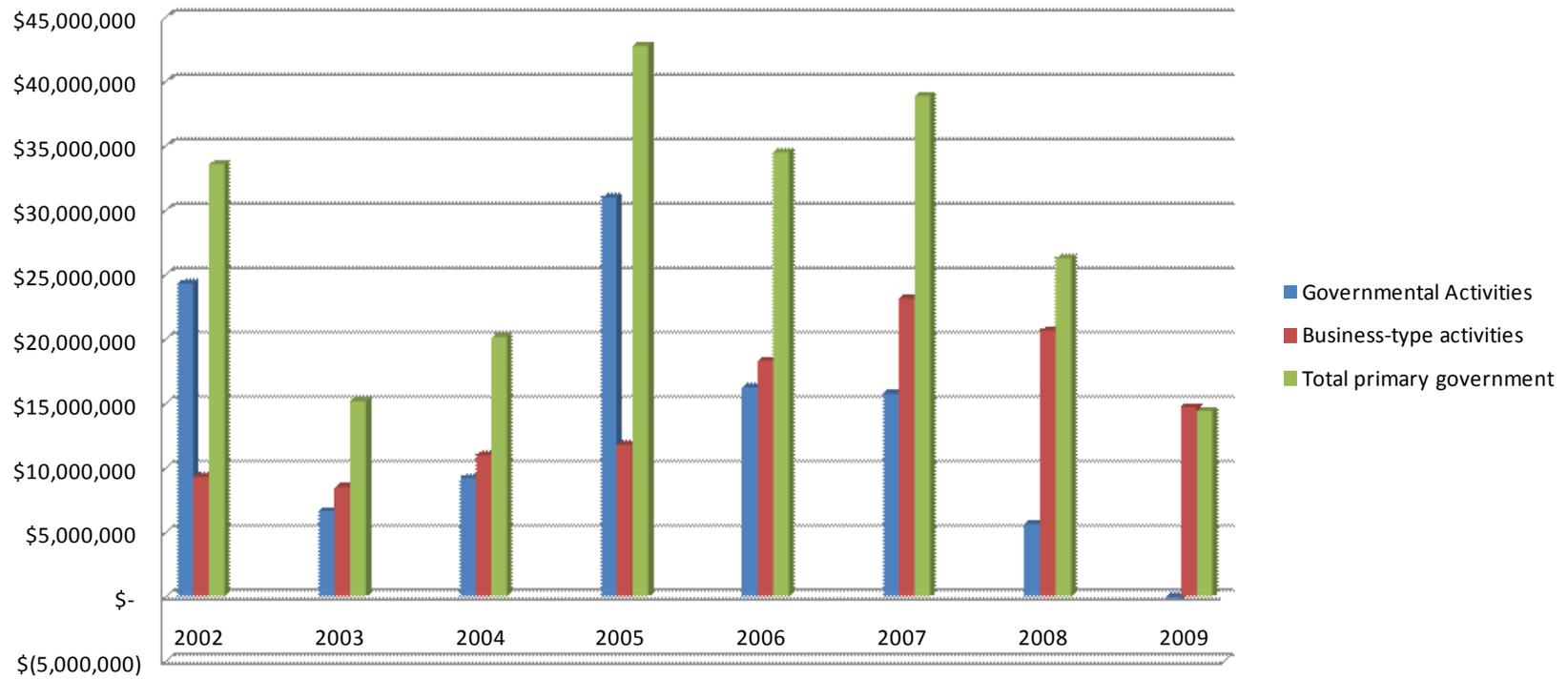
**CITY OF CLARKSVILLE**  
**CHANGES IN NET ASSETS (Continued)**  
**LAST EIGHT FISCAL YEARS**

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Business-type activities</b>								
Charges for services								
Department of electricity - electric division	71,637,000	76,255,300	79,463,900	82,410,500	93,701,000	103,341,200	112,617,775	133,401,540
Department of electricity - telecommunications	-	-	-	-	-	-	109,000	2,079,485
Gas department	23,899,108	29,479,666	33,675,030	40,490,639	55,862,600	44,477,724	48,879,233	47,287,531
Parking authority	305,369	353,755	339,200	334,710	332,790	417,289	375,631	365,034
Clarks ville transit system	347,768	363,564	396,401	451,638	519,354	479,223	475,255	671,111
Water and sewer department	23,428,321	25,041,528	27,511,737	29,859,668	32,222,692	35,666,394	38,243,180	42,106,034
Natural Gas Acquisition Corporation (NGAC)	-	-	-	-	-	22,974,746	41,666,101	36,944,069
Other	3,294,612	3,359,126	4,563,167	1,329,228	-	-	-	-
Operating and capital grants and contributions	4,241,357	4,364,736	7,699,395	7,266,356	11,089,828	15,496,205	18,010,328	11,139,645
Total business-type activities program revenues	<u>127,153,535</u>	<u>139,217,675</u>	<u>153,648,830</u>	<u>162,142,739</u>	<u>193,728,264</u>	<u>222,852,781</u>	<u>260,376,503</u>	<u>273,994,449</u>
Total Primary Government Program Revenues	<u>\$ 134,104,290</u>	<u>\$ 149,979,347</u>	<u>\$ 169,078,401</u>	<u>\$ 179,105,876</u>	<u>\$ 216,006,892</u>	<u>\$ 250,827,568</u>	<u>\$ 281,334,215</u>	<u>\$ 293,517,058</u>
<b>Net (Expenses)/Revenue</b>								
Governmental activities	\$ (41,443,170)	\$ (39,932,761)	\$ (39,844,939)	\$ (37,943,117)	\$ (32,126,187)	\$ (37,308,180)	\$ (49,453,509)	\$ (57,195,333)
Business-type activities	<u>9,472,197</u>	<u>9,783,175</u>	<u>12,777,972</u>	<u>13,037,887</u>	<u>18,998,555</u>	<u>8,277,215</u>	<u>6,912,580</u>	<u>5,097,927</u>
Total primary government net expenses	<u>\$ (31,970,973)</u>	<u>\$ (30,149,586)</u>	<u>\$ (27,066,967)</u>	<u>\$ (24,905,230)</u>	<u>\$ (13,127,632)</u>	<u>\$ (29,030,965)</u>	<u>\$ (42,540,929)</u>	<u>\$ (52,097,406)</u>

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Revenues &amp; Other Changes in Net Assets</b>								
<b>Governmental activities</b>								
Taxes								
Property taxes	\$ 39,603,046	\$ 19,924,962	\$ 21,227,055	\$ 19,953,714	\$ 20,506,163	\$ 22,316,810	\$ 23,812,464	\$ 24,758,862
State taxes	11,095,493	11,072,805	10,792,473	7,989,782	8,887,131	9,990,794	10,097,875	9,464,445
Franchise/business taxes	1,356,368	1,407,533	1,394,125	2,657,850	2,881,320	3,087,000	3,340,745	3,117,953
Wholesale beer and liquor taxes	2,181,804	2,262,177	2,493,503	2,726,287	2,629,540	3,241,285	3,131,034	3,511,385
Sales taxes	7,847,259	8,093,239	8,866,446	9,787,689	10,116,195	11,308,195	10,921,205	11,251,021
In-lieu-of taxes	7,370	7,370	23,692	15,193	22,978	20,990	14,591	38,155
Other taxes	205,431	238,556	267,781	243,105	264,752	367,788	377,448	471,880
Investment earnings	446,444	356,145	265,216	326,553	826,342	1,134,602	835,447	278,982
Miscellaneous	553,357	416,862	891,487	398,587	(795,254)	(814,718)	(734,077)	(54,599)
Transfers	2,439,331	2,656,782	2,823,764	2,997,279	3,003,932	2,404,092	3,184,946	4,087,924
Prior period adjustment	-	134,380	-	21,839,182	-	-	109,918	-
Total governmental activities	<u>65,735,903</u>	<u>46,570,811</u>	<u>49,045,542</u>	<u>68,935,221</u>	<u>48,343,099</u>	<u>53,056,838</u>	<u>55,091,596</u>	<u>56,926,008</u>
<b>Business-type activities</b>								
Investment earnings	\$ 2,232,513	\$ 1,024,582	\$ 626,363	\$ 1,452,788	\$ 2,345,707	\$ 17,261,397	\$ 16,918,637	\$ 13,772,149
Miscellaneous	40,577	-	-	-	-	-	-	(73,101)
Transfers	(2,439,331)	(2,412,588)	(2,434,134)	(2,705,303)	(3,003,932)	(2,404,092)	(3,184,946)	(4,087,924)
Prior period adjustment	-	108,620	-	-	(19,140)	-	-	-
Total business-type activities	<u>(166,241)</u>	<u>(1,279,386)</u>	<u>(1,807,771)</u>	<u>(1,252,515)</u>	<u>(677,365)</u>	<u>14,857,305</u>	<u>13,733,691</u>	<u>9,611,124</u>
Total primary government	<u>\$ 65,569,662</u>	<u>\$ 45,291,425</u>	<u>\$ 47,237,771</u>	<u>\$ 67,682,706</u>	<u>\$ 47,665,734</u>	<u>\$ 67,914,143</u>	<u>\$ 68,825,287</u>	<u>\$ 66,537,132</u>
<b>Change in Net Assets</b>								
Governmental Activities	\$ 24,292,733	\$ 6,638,050	\$ 9,200,603	\$ 30,992,104	\$ 16,216,912	\$ 15,748,658	\$ 5,638,087	\$ (269,325)
Business-type activities	9,305,956	8,503,789	10,970,201	11,785,372	18,321,190	23,134,520	20,646,271	14,709,051
Total primary government	<u>\$ 33,598,689</u>	<u>\$ 15,141,839</u>	<u>\$ 20,170,804</u>	<u>\$ 42,777,476</u>	<u>\$ 34,538,102</u>	<u>\$ 38,883,178</u>	<u>\$ 26,284,358</u>	<u>\$ 14,439,726</u>

**Changes in Net Assets**



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

	<b>Fiscal Year</b>									
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>General Fund</b>										
Reserved	258,137	261,372	403,080	445,311	465,934	-	-	-	-	-
Unreserved	13,910,658	12,731,942	15,263,799	14,603,529	17,675,645	19,170,386	19,943,113	21,341,758	21,343,463	21,821,259
Total general fund	<u>\$ 14,168,795</u>	<u>\$ 12,993,314</u>	<u>\$ 15,666,879</u>	<u>\$ 15,048,840</u>	<u>\$ 18,141,579</u>	<u>\$ 19,170,386</u>	<u>\$ 19,943,113</u>	<u>\$ 21,341,758</u>	<u>\$ 21,343,463</u>	<u>\$ 21,821,259</u>
<b>All Other Governmental Funds</b>										
Unreserved	(435,263)	4,514,802	5,003,018	5,363,428	4,400,394	1,970,390	2,011,884	1,778,235	(121,993)	6,504,014
Reserved										
Reserved for debt services	941,315	1,658,681	-	-	-	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-	477,238	668,040	3,419,351	-	-
Reserved for special revenue funds	1,640,897	1,731,070	2,032,465	1,610,871	1,589,736	3,531,951	3,043,579	1,229,414	1,634,639	2,868,025
Total reserved	<u>2,582,212</u>	<u>3,389,751</u>	<u>2,032,465</u>	<u>1,610,871</u>	<u>1,589,736</u>	<u>4,009,189</u>	<u>3,711,619</u>	<u>4,648,765</u>	<u>1,634,639</u>	<u>2,868,025</u>
Total all other governmental funds	<u>\$ 2,146,949</u>	<u>\$ 7,904,553</u>	<u>\$ 7,035,483</u>	<u>\$ 6,974,299</u>	<u>\$ 5,990,130</u>	<u>\$ 5,979,579</u>	<u>\$ 5,723,503</u>	<u>\$ 6,427,000</u>	<u>\$ 1,512,646</u>	<u>\$ 9,372,039</u>

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>										
Taxes	\$ 33,028,558	\$ 34,575,221	\$ 30,903,639	\$ 31,503,276	\$ 33,846,572	\$ 34,427,517	\$ 36,420,948	\$ 40,342,068	\$ 41,597,487	\$ 43,145,156
State Taxes	10,193,853	10,444,749	11,095,493	11,072,805	10,792,473	11,156,025	12,029,467	13,144,258	13,224,296	12,414,195
Licenses and permits	1,629,427	1,822,348	1,760,830	1,726,030	2,027,042	2,296,034	1,438,095	1,781,346	1,309,561	910,453
Charges for services	1,380,904	1,437,720	1,359,581	1,120,814	1,384,691	1,006,533	1,418,706	1,795,102	1,819,642	1,791,146
Fines and forfeits	1,167,215	1,070,592	738,289	707,884	610,166	843,059	697,876	889,329	877,388	845,175
Investment earnings	895,740	938,828	400,669	326,778	248,600	283,663	739,113	1,021,449	745,469	242,179
Grants	3,329,733	3,658,925	3,065,027	2,414,812	2,946,901	2,763,523	2,061,709	1,950,032	2,357,880	3,122,431
Miscellaneous / other	1,481,823	2,009,588	741,191	733,040	906,567	1,376,740	1,771,947	1,842,119	1,517,007	2,192,628
Total revenues	<u>53,107,253</u>	<u>55,957,971</u>	<u>50,064,719</u>	<u>49,605,439</u>	<u>52,763,012</u>	<u>54,153,094</u>	<u>56,577,861</u>	<u>62,765,703</u>	<u>63,448,730</u>	<u>64,663,363</u>
<b>Expenditures</b>										
General government	3,703,723	4,488,408	4,056,346	4,136,766	5,277,913	5,508,809	5,795,592	6,387,117	6,414,046	7,179,705
Public safety	19,489,937	21,926,869	22,389,721	22,788,744	23,812,337	25,923,202	27,355,708	29,837,009	31,149,720	32,286,405
Highways and streets	6,604,397	7,409,131	8,576,883	8,250,081	6,588,081	7,502,880	7,480,262	7,863,996	8,938,226	9,197,222
Recreation	4,014,832	4,621,501	2,842,848	3,170,682	3,934,892	4,371,776	4,102,190	4,413,347	4,862,034	4,549,228
Community development	1,625,137	1,696,958	1,363,917	1,785,127	1,791,767	2,025,723	1,862,547	1,975,448	1,925,443	1,946,176
Other	5,931,655	631,658	628,709	787,654	548,560	728,259	2,802,358	3,435,755	5,242,852	8,380,748
Miscellaneous agencies	3,027,024	2,866,694	3,162,829	3,123,294	2,839,857	1,438,187	1,087,375	1,347,620	1,672,747	1,549,929
Debt service										
Principal	2,516,091	2,652,030	4,155,119	5,343,016	6,866,757	4,277,500	4,505,900	4,784,700	5,268,000	3,886,100
Interest	1,843,138	1,423,970	1,081,234	1,701,695	1,389,931	1,608,661	1,948,801	2,137,717	1,946,699	1,614,428
Capital outlay	8,447,945	18,419,569	22,256,629	13,266,229	4,916,806	3,493,488	2,650,345	7,011,851	7,899,414	15,132,919
Total expenditures	<u>57,203,879</u>	<u>66,136,788</u>	<u>70,514,235</u>	<u>64,353,288</u>	<u>57,966,901</u>	<u>56,878,485</u>	<u>59,591,078</u>	<u>69,194,560</u>	<u>75,319,711</u>	<u>85,722,860</u>
Excess (deficiency ) of revenues over expenditures	<u>(4,096,626)</u>	<u>(10,178,817)</u>	<u>(20,449,516)</u>	<u>(14,747,849)</u>	<u>(5,203,889)</u>	<u>(2,725,391)</u>	<u>(3,013,217)</u>	<u>(6,428,857)</u>	<u>(11,870,981)</u>	<u>(21,059,497)</u>
<b>Other financing sources (uses)</b>										
Transfers in	10,215,038	12,496,039	8,989,293	11,683,766	10,171,924	11,677,370	12,211,663	15,527,352	12,158,725	12,138,589
Transfers out	(10,951,479)	(13,343,609)	(7,184,213)	(9,208,115)	(7,693,780)	(9,073,721)	(9,207,731)	(13,123,260)	(8,973,779)	(8,050,665)
Other	(195,000)	(486,627)	-	336,131	441,560	-	-	-	(109,918)	-
Proceeds of general obligation bonds	2,003,469	14,448,502	19,693,610	11,677,558	4,392,755	1,139,998	294,891	6,126,906	3,883,304	25,643,794
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,072,028</u>	<u>13,114,305</u>	<u>21,498,690</u>	<u>14,489,340</u>	<u>7,312,459</u>	<u>3,743,647</u>	<u>3,298,823</u>	<u>8,530,998</u>	<u>6,958,332</u>	<u>29,731,718</u>
Net Change in fund balance	<u>\$ (3,024,598)</u>	<u>\$ 2,935,488</u>	<u>\$ 1,049,174</u>	<u>\$ (258,509)</u>	<u>\$ 2,108,570</u>	<u>\$ 1,018,256</u>	<u>\$ 285,606</u>	<u>\$ 2,102,141</u>	<u>\$ (4,912,649)</u>	<u>\$ 8,672,221</u>
Debt service as a percentage of noncapital expenditures	8.9%	8.5%	10.9%	13.8%	15.6%	11.0%	11.3%	11.1%	10.7%	7.8%
Debt service as a percentage of total expenditures	7.6%	6.2%	7.4%	10.9%	14.2%	10.3%	10.8%	10.0%	9.6%	6.4%

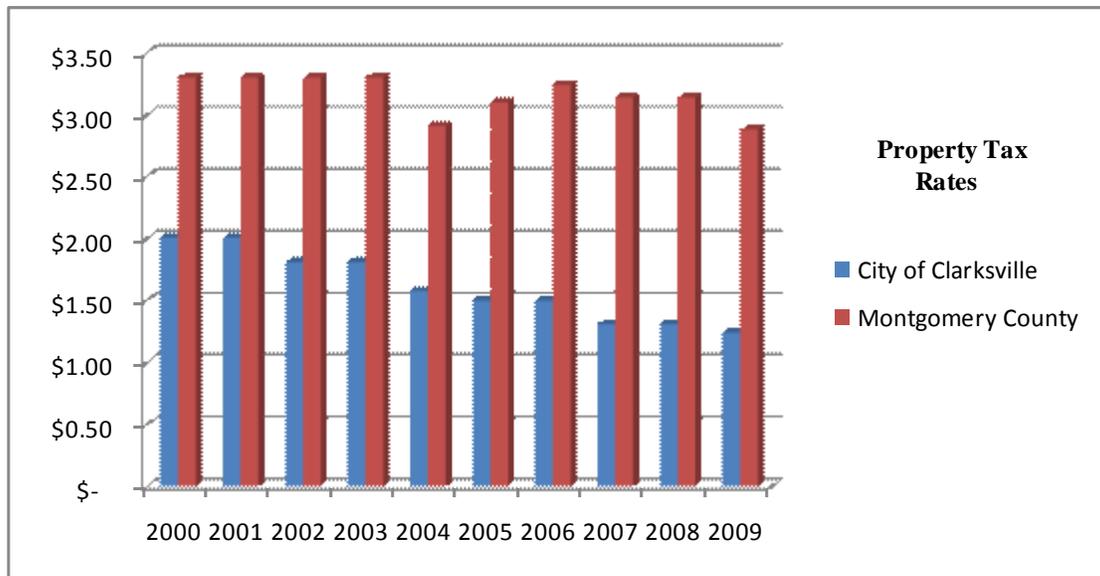
**CITY OF CLARKSVILLE, TENNESSEE**  
**ASSESSED VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>				<b>Personal Property</b>	
	<b>Public Utility 55%</b>	<b>Commercial 40%</b>	<b>Industrial 40%</b>	<b>Residential 25%</b>	<b>Public Utility 55%</b>	<b>Commercial 30%</b>
2000	\$ -	\$ 342,327,720	\$ 18,164,560	\$ 522,665,425	\$ 98,756	\$ 72,647,200
2001	-	353,028,040	17,023,880	555,069,161	47,175	76,883,173
2002	-	365,451,600	14,969,320	574,699,200	189,228	80,607,714
2003	-	383,572,560	14,932,360	592,563,075	214,593	79,075,512
2004	-	471,310,600	21,022,560	680,377,300	289,785	86,370,445
2005	470,030	471,411,840	21,993,440	709,620,700	81,018	83,681,997
2006	470,030	495,272,120	22,371,880	757,835,950	90,389	79,143,693
2007	534,050	601,682,400	27,288,920	924,264,500	86,965	89,642,175
2008	534,050	703,233,600	26,872,640	1,034,087,125	100,495	92,237,524
2009	569,910	847,710,280	33,115,880	1,182,885,700	150,058	120,163,939

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

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

<b>Fiscal Year **</b>	<b>Direct Rate</b>	<b>Overlapping Rate *</b>
	<b>City of Clarksville</b>	<b>Montgomery County</b>
2000	\$2.01 / 100	\$3.30 / 100
2001	\$2.01 / 100	\$3.30 / 100
2002	\$1.81 / 100	\$3.30 / 100
2003	\$1.81 / 100	\$3.30 / 100
2004	\$1.58 / 100	\$2.91 / 100
2005	\$1.50 / 100	\$3.10 / 100
2006	\$1.50 / 100	\$3.24 / 100
2007	\$1.31 / 100	\$3.14 / 100
2008	\$1.31 / 100	\$3.14 / 100
2009	\$1.24 / 100	\$2.88 / 100



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

\*\* The fiscal year listed corresponds to the preceding tax year levy (2009 fiscal year would represent the 2008 tax levy). This represents the period for which the taxes were levied.

**CITY OF CLARKSVILLE, TENNESSEE  
PRINCIPAL PROPERTY TAX PAYERS  
Current Fiscal Year and Nine Fiscal Years Ago**

<b>Fiscal Year 2009</b>							
<b>Taxpayer</b>	<b>Type of Business</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Clarksville Health System	Hospital	\$ 152,200,300	1	6.97%	\$ -		0.00%
Governor's Square Co.	Retail	37,459,800	2	1.71%	11,426,960	1	1.14%
Ronald G. Wilkinson	Real Estate	19,150,200	3	0.88%	-		0.00%
Trane Company #1	Manufacturer	18,620,500	4	0.85%	6,567,720	5	0.66%
Autumn Winds LLC	Residential	16,775,000	5	0.77%	-		0.00%
Bristol Park @ Clarksville Group	Real Estate	16,250,000	6	0.74%	-		0.00%
Billy J. Mace	Real Estate	15,784,200	7	0.72%	-		0.00%
Parc @ Clarksville	Real Estate	15,539,600	8	0.71%	-		0.00%
Bellsouth Telecommunication, Inc.	Utilities	13,130,133	9	0.60%	-		0.00%
Independence Place	Real Estate	13,077,300	10	0.60%	-		0.00%
Trane Company	Manufacturer				10,480,368	2	1.05%
Precision Printing	Manufacturer				7,377,364	3	0.74%
New Plan Excel Realty	Real Estate				6,995,960	4	0.70%
Edens & Avant Financing	Commercial				5,443,360	6	0.54%
Wal-Mart Stores Inc.	Retail				5,211,480	7	0.52%
Letica Corporation	Manufacturer				3,556,243	8	0.35%
Charter Communications II	Utilities				3,556,243	9	0.35%
Averitt Lumber Company, Inc.	Commercial				3,436,576	10	0.34%
<b>Total</b>		<b>\$ 317,987,033</b>		<b>14.56%</b>	<b>\$ 64,052,274</b>		<b>6.39%</b>
Total Assessed Value for 2009:		\$ 2,184,595,767					
Total Assessed Value for 2000:		\$ 1,002,051,429					

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

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected Within The Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2000	19,537,121	18,624,749	95.3%	901,117	19,525,866	99.9%
2001	20,541,754	19,429,439	94.6%	1,067,447	20,496,886	99.8%
2002	19,165,028	18,142,041	94.7%	950,882	19,092,923	99.6%
2003	19,740,607	18,434,087	93.4%	1,244,305	19,678,392	99.7%
2004	20,122,199	19,332,939	96.1%	740,593	20,073,532	99.8%
2005	19,719,457	18,945,395	96.1%	714,653	19,660,048	99.7%
2006	21,506,916	19,669,202	91.5%	1,113,378	20,782,580	96.6%
2007	22,787,546	21,029,776	92.3%	618,159	21,647,935	95.0%
2008	24,327,557	22,036,319	90.6%	690,712	22,727,031	93.4%
2009	27,088,959	22,333,061	82.4%	-	22,333,061	82.4%

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

The fiscal year listed corresponds to the preceding tax year levy (2009 fiscal year would represent the 2008 tax levy). This represents the period for which the taxes were levied.

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

**GOVERNMENTAL ACTIVITIES**

Fiscal Year	General Obligation Bonds	Tennessee Municipal Bond Fund Loans	Capital Outlay Notes	Other Debt	Subtotal
2000	\$ 6,280,000	\$ 16,656,152	\$ 70,000	\$ -	\$ 23,006,152
2001	5,165,000	28,785,222		852,402	34,802,624
2002	11,095,000	38,617,822			49,712,822
2003	15,065,000	41,582,173			56,647,173
2004	13,805,000	40,364,291			54,169,291
2005	12,985,000	38,052,169			51,037,169
2006	12,115,000	34,711,159			46,826,159
2007	16,215,000	31,953,366			48,168,366
2008	15,100,000	31,689,658			46,789,658
2009	39,410,950	19,397,402	2,590,000	7,149,000	68,547,352

**BUSINESS TYPE ACTIVITIES**

Fiscal Year	Revenue Bonds	Tennessee State Revolving /TML Loans	Tennessee EPA/ Energy Efficiency Loans	Cumberland Electric Membership/Other	Subtotal	Total Primary Government	Percentage of Personal Income*	Per Capita*
2000	\$ 72,830,538	\$ 29,140,047	\$ 492,151	\$ 2,662,400	\$ 105,125,136	\$ 128,131,288	3.95%	\$ 1,239
2001	100,910,000	45,218,846	916,706	1,795,200	148,840,752	183,643,376	5.44%	1,765
2002	95,985,000	51,070,084	812,514	1,507,300	149,374,898	199,087,720	5.58%	1,899
2003	90,565,000	54,429,217	704,316	1,558,100	147,256,633	203,903,806	5.34%	1,917
2004	133,645,000	56,413,703	592,264	1,255,100	191,906,067	246,075,358	6.06%	2,270
2005	128,540,000	52,882,520	264,084	211,520	181,898,124	232,935,293	4.93%	2,056
2006	366,300,000	49,205,329	353,571	-	415,858,900	462,685,059	8.87%	4,063
2007	444,860,000	45,042,520	155,404	72,601	490,130,525	538,298,891	9.54%	4,513
2008	431,975,000	41,940,656	99,827	841,100	474,856,583	521,646,241	8.54%	4,273
2009	412,750,002	43,323,471	45,557	756,973	456,876,003	525,423,355	9.63%	4,252

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

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>All Other Long Term Debt</b>	<b>Total Long Term Debt</b>	<b>Per Capita**</b>	<b>Percentage of Actual Assessed Property Value***</b>
2000	\$ 6,280,000	\$ 16,656,152	\$ 22,936,152	\$ 221.70	2.3%
2001	5,165,000	28,785,222	33,950,222	326.29	3.3%
2002	11,095,000	38,617,822	49,712,822	474.20	4.7%
2003	15,065,000	41,582,173	56,647,173	532.60	5.1%
2004	13,805,000	40,364,291	54,169,291	499.74	4.2%
2005	12,985,000	38,052,169	51,037,169	450.52	3.9%
2006	12,115,000	34,711,159	46,826,159	411.21	3.4%
2007	16,215,000	31,953,366	48,168,366	403.81	2.9%
2008	15,100,000	31,689,658	46,789,658	383.30	2.6%
2009	39,410,950	29,136,402	68,547,352	554.75	3.6%

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

\* The City has no legal debt margin.

\*\*See Demographic and Economic Statistics for population data.

\*\*\*Property value obtained from page 9 of 25.

**CITY OF CLARKSVILLE, TENNESSEE**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2009**

<u>GOVERNMENTAL UNIT</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Direct and Overlapping Debt**</u>
Direct:			
City of Clarksville	\$ 68,547,352	100%	\$ 68,547,352
Overlapping:			
Montgomery County	\$ 315,668,371	74.07%	<u>\$ 233,811,035</u>
Total Direct and Overlapping Debt			\$ 302,358,387

Tax Year 2008 Assessed Values for Assessed Properties

City of Clarksville	\$ 1,886,153,794
Montgomery County	<u>\$ 2,546,496,987</u>
	74.07%

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

\* Determined by ration of assessed valuation of property subject to taxation in City of Clarksville to valuation of property subject to taxation in Montgomery County as of 6-30-2009.

\*\*Amount in debt outstanding column multiplied by percentage applicable.

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

**Electric Department - Electric Division**

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2000	\$ 66,438,400	\$ 63,611,900	\$ 2,826,500	\$ 2,162,200	\$ 554,100	\$ 2,716,300	1.04
2001	71,016,300	68,133,200	2,883,100	1,515,900	482,900	1,998,800	1.44
2002	71,637,000	65,404,217	6,232,783	1,510,600	487,200	1,997,800	3.12
2003	76,255,300	71,180,200	5,075,100	1,301,700	444,900	1,746,600	2.91
2004	79,389,200	74,848,400	4,540,800	1,411,400	432,300	1,843,700	2.46
2005	82,317,600	76,957,600	5,360,000	2,435,100	528,300	2,963,400	1.81
2006	93,600,900	87,065,800	6,535,100	1,211,000	366,000	1,577,000	4.14
2007	103,391,300	97,229,400	6,161,900	2,290,100	1,019,600	3,309,700	1.86
2008	112,591,500	107,032,300	5,559,200	565,000	2,492,700	3,057,700	1.82
2009	134,792,681	125,744,219	9,048,462	659,100	2,691,078	3,350,178	2.70

**Electric Department - Telecommunications Division**

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2001	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	342,300	(342,300)	-	-	-	0.00
2008	109,000	2,164,900	(2,055,900)	-	-	-	0.00
2009	2,149,396	6,145,695	(3,996,299)	-	269,906	269,906	-14.81

**Gas Department**

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2000	\$ 16,002,362	\$ 15,740,027	\$ 262,335	\$ 54,981	\$ 724,030	\$ 779,011	0.34
2001	30,515,813	30,357,488	158,325	8,267,406	650,158	8,917,564	0.02
2002	23,899,108	22,319,584	1,579,524	3,176,067	923,853	4,099,920	0.39
2003	29,479,666	26,422,107	3,057,559	246,425	896,586	1,143,011	2.68
2004	33,649,524	31,102,059	2,547,465	262,152	887,611	1,149,763	2.22
2005	40,455,372	38,435,897	2,019,475	265,647	877,979	1,143,626	1.77
2006	55,122,264	53,220,210	1,902,054	269,161	1,094,019	1,363,180	1.40
2007	44,446,398	42,408,207	2,038,191	7,434,745	940,587	8,375,332	0.24
2008	48,844,550	45,786,140	3,058,410	634,977	606,384	1,241,361	2.46
2009	47,274,269	39,815,131	7,459,138	609,513	777,788	1,387,301	5.38

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

**Water and Sewer Department**

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2000	\$ 21,474,744	\$ 15,655,716	\$ 5,819,028	\$ 2,776,549	\$ 3,390,476	\$ 6,167,025	0.94
2001	22,437,647	16,795,689	5,641,958	12,958,122	3,227,537	16,185,659	0.35
2002	23,428,321	17,212,232	6,216,089	19,594,888	4,928,832	24,523,720	0.25
2003	25,010,232	19,042,364	5,967,868	3,934,132	4,758,891	8,693,023	0.69
2004	27,493,170	20,793,741	6,699,429	4,401,575	4,755,636	9,157,211	0.73
2005	29,811,808	22,405,951	7,405,857	4,865,855	4,808,484	9,674,339	0.77
2006	32,158,409	24,003,804	8,154,605	4,973,769	4,690,783	9,664,552	0.84
2007	35,905,975	26,337,997	9,567,978	5,163,560	6,887,366	12,050,926	0.79
2008	38,192,012	28,238,613	9,953,399	7,291,674	7,441,376	14,733,050	0.68
2009	42,057,878	30,525,072	11,532,806	6,600,066	8,600,124	15,200,190	0.76

**Natural Gas Acquisition Corporation**

Fiscal Year	Utility Service Charges	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2000	\$ 3,437,649	\$ 2,445,975	\$ 991,674	\$ 2,485,000	\$ 1,257,367	\$ 3,742,367	0.26
2001	3,103,907	2,255,964	847,943	2,670,000	1,089,016	3,759,016	0.23
2002	3,294,612	2,577,537	717,075	4,600,000	884,587	5,484,587	0.13
2003	3,359,126	3,012,152	346,974	3,015,000	361,745	3,376,745	0.10
2004	4,563,167	4,388,425	174,742	3,370,000	183,319	3,553,319	0.05
2005	1,329,228	1,309,649	19,579	2,420,000	32,155	2,452,155	0.01
2006	-	242	(242)	-	-	-	0.00
2007	22,974,746	23,103,737	(128,991)	-	11,460,920	11,460,920	-0.01
2008	41,666,101	43,027,208	(1,361,107)	8,515,000	11,218,571	19,733,571	-0.07
2009	36,944,069	38,171,178	(1,227,109)	14,925,000	11,196,281	26,121,281	-0.05

**Parking Authority**

Fiscal Year	Fines and Fees	Less:	Net	Debt Service			Coverage*
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2000	\$ 228,763	\$ 248,195	\$ (19,432)	\$ 89,570	\$ 52,938	\$ 142,508	-0.14
2001	233,979	238,667	(4,688)	92,730	47,933	140,663	-0.03
2002	305,369	243,219	62,150	100,074	20,246	120,320	0.52
2003	345,494	237,408	108,086	99,393	27,192	126,585	0.85
2004	339,073	273,279	65,794	102,900	21,678	124,578	0.53
2005	331,270	77,939	253,331	106,535	22,613	129,148	1.96
2006	322,433	71,653	250,780	110,295	35,354	145,649	1.72
2007	416,032	70,842	345,190	114,188	36,089	150,277	2.30
2008	375,631	70,463	305,168	118,218	27,298	145,516	2.10
2009	365,034	125,070	239,964	122,393	12,652	135,045	1.78

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

<b>All Enterprise Funds</b>							
Fiscal Year	Utility Service	Less:	Net	Debt Service			Coverage*
	Charges/Fines and Fees	Operating Expenses	Available Revenue	Principal	Interest	Total	
2000	\$ 107,581,918	\$ 97,701,813	\$ 9,880,105	\$ 7,568,300	\$ 5,978,911	\$ 13,547,211	0.73
2001	127,307,646	117,781,008	9,526,638	25,504,158	5,497,544	31,001,702	0.31
2002	122,564,410	107,756,789	14,807,621	28,981,629	7,244,718	36,226,347	0.41
2003	134,449,818	119,894,231	14,555,587	8,596,650	6,489,314	15,085,964	0.96
2004	145,434,134	131,405,904	14,028,230	9,548,027	6,280,544	15,828,571	0.89
2005	154,245,278	139,187,036	15,058,242	10,093,137	6,269,531	16,362,668	0.92
2006	181,204,006	164,361,709	16,842,297	6,564,225	6,186,156	12,750,381	1.32
2007	207,134,451	189,492,483	17,641,968	15,002,593	20,344,562	35,347,155	0.50
2008	241,778,794	226,319,624	15,459,170	17,124,869	21,786,329	38,911,198	0.40
2009	263,583,327	240,526,365	23,056,962	22,916,072	23,547,829	46,463,901	0.50

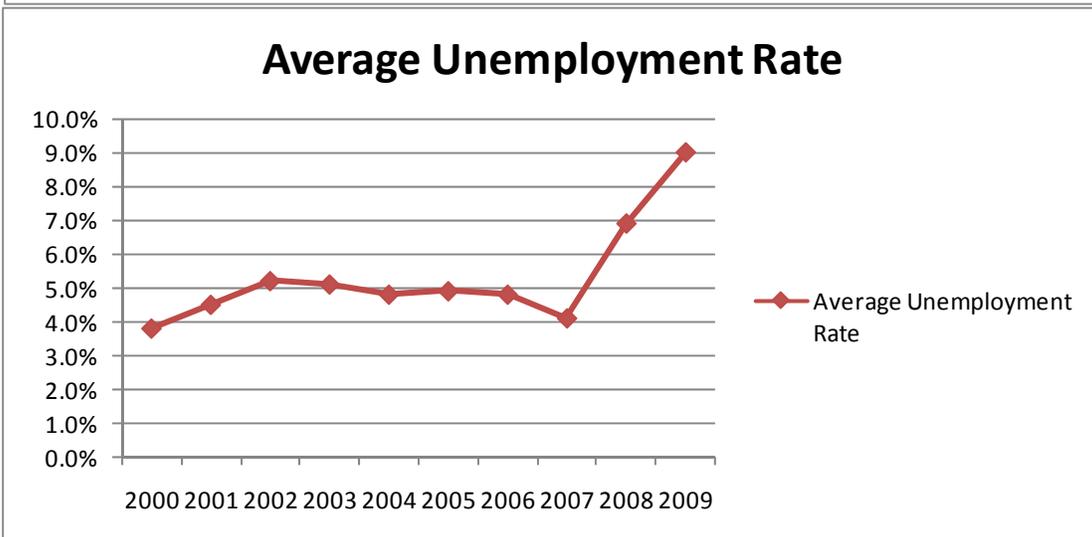
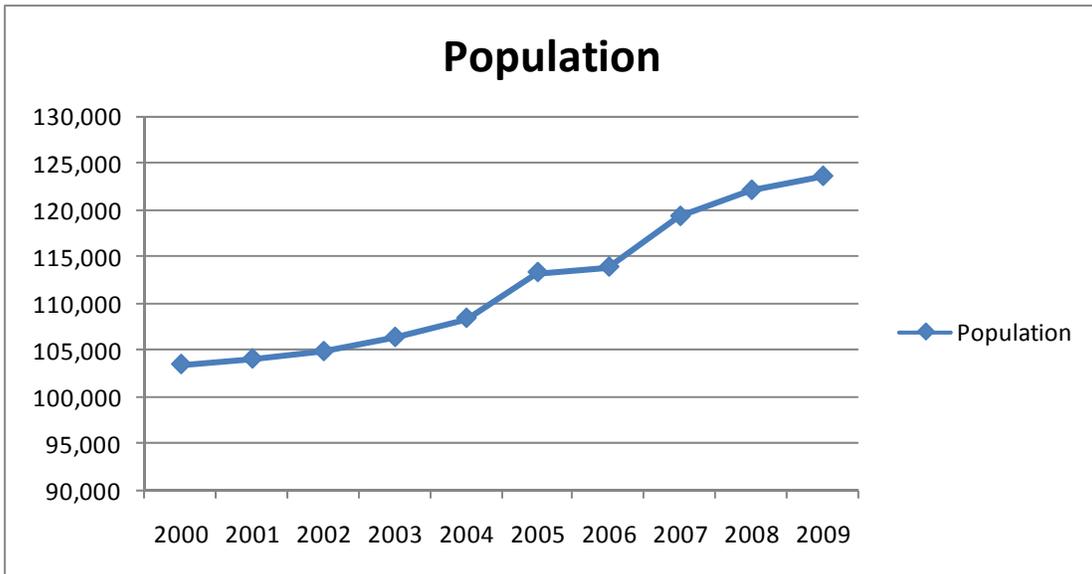
**CITY OF CLARKSVILLE, TENNESSEE  
ENTITY DEBT  
SCHEDULE OF PRINCIPAL AND INTEREST DUE**

Years Ending June 30,	Governmental Activities		Business Type Activities		Total Add Debt Issues		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2010	\$ 3,723,300	\$ 3,852,892	\$ 23,803,377	\$ 20,990,367	\$ 27,526,677	\$ 24,843,259	\$ 52,369,936
2011	11,092,700	3,786,781	23,202,053	19,926,444	34,294,753	23,713,225	58,007,978
2012	4,062,000	3,458,788	22,530,449	18,891,793	26,592,449	22,350,581	48,943,030
2013	4,438,353	3,300,647	23,669,339	17,848,909	28,107,692	21,149,556	49,257,248
2014	4,374,950	3,116,767	23,760,468	16,721,936	28,135,418	19,838,703	47,974,121
2015	3,877,415	2,884,001	25,326,984	15,577,223	29,204,399	18,461,224	47,665,623
2016	4,298,000	2,067,753	26,986,744	14,351,754	31,284,744	16,419,507	47,704,251
2017	3,438,000	1,907,820	28,830,808	13,030,474	32,268,808	14,938,294	47,207,102
2018	3,617,000	1,764,792	30,532,249	11,624,216	34,149,249	13,389,008	47,538,257
2019	3,807,000	1,613,204	32,387,028	10,131,960	36,194,028	11,745,164	47,939,192
2020	3,997,000	1,452,822	34,358,484	8,579,744	38,355,484	10,032,566	48,388,050
2021	4,189,852	1,282,107	36,587,532	6,909,947	40,777,384	8,192,054	48,969,438
2022	4,150,000	1,103,209	40,299,292	5,096,943	44,449,292	6,200,152	50,649,444
2023	2,844,000	936,359	15,569,939	3,840,867	18,413,939	4,777,226	23,191,165
2024	2,237,256	803,546	16,031,164	3,151,359	18,268,420	3,954,905	22,223,325
2025	2,045,526	339,836	16,000,000	2,445,131	18,045,526	2,784,967	20,830,493
2026	505,000	75,642	4,090,000	1,720,717	4,595,000	1,796,359	6,391,359
2027	595,000	58,038	4,285,000	1,521,875	4,880,000	1,579,913	6,459,913
2028	227,000	37,083	4,495,000	1,311,650	4,722,000	37,082	4,759,082
2029	239,000	30,242	4,715,000	1,091,025	4,954,000	1,121,267	6,075,267
2030	250,000	23,045	4,950,000	859,500	5,200,000	882,545	6,082,545
2031	263,000	15,513	5,195,000	616,475	5,458,000	15,512	5,473,512
2032	276,000	7,590	5,450,000	361,350	5,726,000	368,940	6,094,940
2033	-	-	3,750,000	93,750	3,750,000	93,750	3,843,750
2034	-	-	-	-	-	-	-
Total	\$ 68,547,352	\$ 33,918,477	\$ 456,805,910	\$ 196,695,409	\$ 525,353,262	\$ 228,685,759	\$ 754,039,021

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

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Public School Enrollment</b>	<b>Average Unemployment Rate</b>
2000	103,455	3,245,000	24,233	29.0	23,239	3.8%
2001	104,050	3,377,000	25,248	28.8	23,609	4.5%
2002	104,836	3,567,000	26,304	29.3	24,063	5.2%
2003	106,359	3,820,000	27,405	NA	24,325	5.1%
2004	108,395	4,060,000	28,552	29.0	24,789	4.8%
2005	113,284	4,729,000	29,747	29.0	25,876	4.9%
2006	113,873	5,215,000	30,992	32.6	26,438	4.8%
2007	119,284	5,643,000	32,289	32.0	27,201	4.1%
2008	122,069	6,105,000	35,232	28.8	27,754	6.9%
2009	123,564	5,456,126	35,232	NA	29,205	9.0%



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

<b>Employer</b>	<b>Year 2009</b>			<b>Year 2005</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Department of Defense (Ft. Campbell, KY)	3,936	1	3.67%	3,933	1	6.10%
Clarksville-Montgomery County School System	3,900	2	3.64%	2,900	2	4.50%
Convergys Corporation	1,400	3	1.31%	1,400	3	2.17%
Trane Company	1,400	4	1.31%	1,400	4	2.17%
Wal-Mart	1,363	5	1.27%	379	12	0.59%
Gateway Medical Center	1,165	6	1.09%	1,200	5	1.86%
City of Clarksville	1,079	7	1.01%	1,095	6	1.70%
Montgomery County	921	8	0.86%	850	8	1.32%
Austin Peay State University	900	9	0.84%	732	9	1.14%
Quebecor Printing	850	10	0.79%	1,000	7	1.55%
Jostens Printing & Publishing	375	11	0.35%	600	10	0.93%
Bridgestone Metalpha	365	12	0.34%	355	13	0.55%
Robert Bosch Corporation	328	13	0.31%	500	11	0.78%
Progressive Directions	300	14	0.28%	215	20	0.33%
Premier Medical Group	275	15	0.26%	350	14	0.54%
Florim USA	260	16	0.24%	287	17	0.45%
Lowe's	250	17	0.23%			
Nyrstar (previously Zinifex Limited)	249	18	0.23%	242	18	0.38%
F & M Bank	231	19	0.22%			
Cumberland Electric Membership Corp.	225	20	0.21%	215	19	0.33%
Spear USA (previously Precision Printing)	206	21	0.19%	302	16	0.47%
Centerstone	184	22	0.17%			
Sam's Club	170	23	0.16%			
Jenkins & Wynne	165	24	0.15%			
Hendrickson Trailer Suspension Systems	150	25	0.14%	320	15	0.50%
	<u>20,647</u>		<u>19.26%</u>	<u>18,275</u>		<u>28.34%</u>
Civilian Labor Force - 2009	107,220					
Civilian Labor Force - 2005	64,480					

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

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
General Government	86	91	72	77	75	75	79	67	75	83
Public Safety										
Police Department	233	234	246	245	275	288	292	292	301	322
Fire Department	175	180	183	182	180	182	183	200	197	197
Total Public Safety	408	414	429	427	455	470	475	492	498	519
Street Department	85	83	116	77	78	75	79	82	83	86
Recreation	36	43	25	46	47	44	44	50	50	53
Governmental Activities	615	631	642	627	655	664	677	691	706	741
Transit	36	34	45	36	48	48	49	52	52	52
Department of Electricity	0	0	0	0	0	0	89	90	90	90
Gas, Water & Sewer	209	227	237	258	262	258	254	246	245	244
Other	4	4	3	0	0	0	0	0	0	0
Business-Type Activities	249	265	285	294	310	306	392	388	387	386
Total Employees of Primary Government	864	896	927	921	965	970	1,069	1,079	1,093	1,127

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

<b>Function / Program</b>	<b>Fiscal Year</b>									
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>General Government</b>										
Building Permits Issued										630
Building Inspections Conducted										12,984
<b>Police</b>										
Calls for Service									152,562	143,210
TIBRS Type A Crime									13,509	13,356
TIBRS Type B Crime									2,066	1,879
<b>Fire</b>										
Calls for Service									6,353	6,635
Fire Calls									620	586
Inspections									2,023	2,599
<b>Public Works</b>										
Miles of Street	N/A	N/A	N/A	N/A	N/A	543	543	560	572	572
<b>Parks &amp; Recreation</b>										
Acres of Parks	N/A	N/A	N/A	N/A	N/A	429.5	429.5	429.5	430	430
<b>Gas, Water &amp; Sewer</b>										
Miles of Gas Lines	N/A	N/A	N/A	N/A	N/A	N/A	704	758	859	859
Miles of Water Lines	N/A	N/A	N/A	N/A	N/A	N/A	841	841	944	970
Miles of Sewer Lines	N/A	N/A	N/A	N/A	N/A	N/A	731	731	781	781
Gas Customers			17,157	17,921	18,611	19,758	20,523	21,343	21,871	22,223
Water Customers			41,431	41,812	44,232	46,579	47,167	51,066	51,035	53,266
Sewer Customers										45,578
<b>Electric</b>										
# of Residential Customers	37,929	38,973	39,943	40,638	42,877	44,900	45,606	48,629	49,219	49,295
# of Commercial Customers	4,509	4,685	4,848	4,979	4,243	5,479	5,570	5,779	5,827	5,784
# of Industrial Customers	645	656	650	677	660	660	699	734	734	754
Public Lighting	464	480	498	500	500	510	508	547	523	528
<b>Transit</b>										
# of Riders	N/A	N/A	565,110	598,021	631,474	646,905	671,005	662,917	727,757	727,757

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

<b>Function / Program</b>	<b>Fiscal Year</b>									
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>General Government</b>										
# of Buildings						119	119	119	122	122
# of Vehicles						134	134	149	150	150
<b>Public Safety</b>										
Police Stations						3	3	3	3	3
Police Patrol Units						303	303	354	315	315
Fire Stations						10	10	10	10	10
Fire Vehicles						43	43	47	51	51
<b>Public Works</b>										
Streets (miles)							543	543	560	572
<b>Parks &amp; Recreation</b>										
Acreage						429.5	429.5	429.5	430	430
# of Parks						22	22	22	22	22
Community Centers						3	3	3	3	3
Pools / Field & Courts						38	38	38	38	38
<b>Gas, Water, Sewer &amp; Electric</b>										
Gas Lines						704	704	758	859	859
Water Line Miles						841	841	841	944	970
Sewer Line Miles						731	731	731	781	781
Electric Substations						10	10	10	10	10
<b>Transit</b>										
# of Vehicles						12	12	15	16	18